North American Energy Standards Board

Executive Committee Meeting

Wholesale Electric Quadrant
Retail Gas Quadrant
Retail Electric Quadrant
Wholesale Gas Quadrant

November 14-16, 2006

Hosted by TXU Electric Delivery in Dallas, Texas

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

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NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

TAB 1

Welcome and Opening Remarks

EC Members & Terms

Schedule of 2006 Meetings

Schedule of 2007 Meetings

- This section of the meeting materials includes the welcome and opening remarks, the antitrust statement guidance, the EC members and alternates terms, and the schedule of the 2006 meetings.
- No action is required by the EC for any of these documents.
- The meeting materials are references for agenda item 1 of each of the quadrant meetings.
- Laura Kennedy will call roll to establish quorum.

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

1. Welcome and Opening Remarks

The November 14-16 Executive Committee meetings will be held in Dallas, hosted by TXU Electric Delivery. Meeting arrangements and nearby hotels are posted and were contained in the meeting announcements. The meetings will take place on the 13th floor of Lincoln Plaza, 500 N Akard, Dallas, Texas, 75201. Attendees are to sign in with Security on the 14th floor and have security call Stephanie Dyer of TXU to escort attendees to the meeting location.

Tuesday, November 14	TIME:	10 am to 4 pm CT
	EVENT:	**WEQ EC Meeting (conference calling available)**
	LOCATION:	13th floor of Lincoln Plaza, 500 N. Akard, Dallas, TX 75201.
Wednesday, November 15	TIME:	10 am to 4 pm CT
	EVENT:	**Retail EC Meeting (conference calling available)**
	LOCATION:	13th floor of Lincoln Plaza, 500 N. Akard, Dallas, TX 75201.
Thursday, November 16	TIME:	10 am to 4 pm CT
	EVENT:	**WGQ EC Meeting (conference calling available)**
	LOCATION:	13th floor of Lincoln Plaza, 500 N. Akard, Dallas, TX 75201.

- For further assistance please reach:

  Veronica Thomason at (713) 356 - 0060

- The officers and meeting administration presiding over the Executive Committee meeting are:

Jim Buccigross	- WGQ Chairman
Kathy York	- WEQ Chairman
Mike Novak	- RGQ Chairman
Ruth Kiselewich	- REQ Chairman
Rae McQuade	- President and COO
Laura Kennedy	- NAESB Counsel
Veronica Thomason	- NAESB Staff
LaRita Cormier	- Transcription Services

- Transcripts will be available and can be ordered either during the meeting through Ms. Cormier, or by contacting the NAESB office after the meeting for further information, 713-356-0060.

- To participate by phone, please call the NAESB Office (713-356-0060, naesb@naesb.org) for conference calling information. Because these meeting topics do not include extensive document editing or presentations, it was determined not to offer the meetings via web casting.

Antitrust Guidelines

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

1. Antitrust Guidelines

- The antitrust guidelines will be covered by Ms. Laura Kennedy. The points are:

  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.

EC Members & Terms

North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@naesb.org
Home Page: www.naesb.org

NORTH AMERICAN ENERGY STANDARDS BOARD
2006 EXECUTIVE COMMITTEE TERMS – Wholesale Gas Quadrant

PRODUCERS SEGMENT		**TERM END:**
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company	12-31-2008
Paul Keeler	Senior Counsel - ConocoPhillips, Burlington Resources Trading	12-31-2008
Chuck Cook	Manager - Regulatory Affairs, ChevronTexaco	12-31-2007
V A C A N C Y		12-31-2006
Mike Shepard	General Counsel, Mewbourne Oil Company	12-31-2006
PIPELINE SEGMENT		
Bill Griffith	Consultant, El Paso Natural Gas Company	12-31-2008
Kathryn Burch	Project Manager, Standards and Regulatory, Duke Energy	12-31-2008
Dale Davis	Consultant, Williams Gas Pipeline	12-31-2007
Randy Young	Director Regulatory Compliance, Gulf South Pipeline	12-31-2006
Kim Van Pelt	Regulatory Compliance Manager, Panhandle Eastern Pipe Line	12-31-2006
LOCAL DISTRIBUTION COMPANY (LDC) SEGMENT		
Rodger Schwecke	Pipeline Products Projects Manager, Southern California Gas	12-31-2008
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	12-31-2008
Scott Butler	Projects Manager – Energy Markets Policy Group, Consolidated Edison Company of New York, Inc.	12-31-2007
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	12-31-2006
Craig Colombo	Energy Trader III, Dominion Resources	12-31-2006
END USERS SEGMENT		
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	12-31-2008
Valerie Crockett	Energy Markets & Policy Specialist, Tennessee Valley Authority	12-31-2008
Kelly Daly	Partner, Stinson, Morrison & Hecker	12-31-2007
Dona Gussow	Contracts Coordinator, Florida Power and Light	12-31-2006
Tina Burnett	Natural Gas Operations Administrator, The Boeing Company	12-31-2006
SERVICES SEGMENT		
Suzanne Calcagno	Director – Regulatory Compliance, UBS Energy LLC	12-31-2008
Lisa Simpkins	Director Regulatory/Legislative Affairs, Constellation Energy Commodities Group	12-31-2008
Leigh Spangler	CEO, Latitude Technologies	12-31-2007
Jim Buccigross	Vice President, 8760 Inc.	12-31-2006
Keith Sappenfield	Regional Director – US Regulatory Affairs, EnCana Marketing (USA) Inc.	12-31-2006

EXECUTIVE COMMITTEE OFFICERS: Jim Buccigross is WGQ chairman of the Executive Committee, Mike Novak is WGQ vice chairman; Mike Novak is the RGQ chairman, Suzanne Calcagno is the RGQ vice chairman, Ruth Kiselewich is the REQ chairman, Vacancy - REQ vice chairman, Kathy York is the WEQ chairman and Lou Oberski is the WEQ vice chairman.

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 EXECUTIVE COMMITTEE TERMS – Retail Electric Quadrant

SUPPLIERS SEGMENT		**TERM END:**
Bill Barkas	Manager of Retail State Government Relations, Dominion Retail, Inc.	12-31-2007
V A C A N C Y		12-31-2007
Jason Bear	Director – Market Advocacy, Direct Energy	12-31-2006
Jansen Pollock	Manager of Regulatory Affairs, Constellation NewEnergy	12-31-2006
DISTRIBUTORS SEGMENT		
Ruth Kiselewich	Director Special Projects and Supplier Services, Baltimore Gas & Electric Company (MAAC NERC Region)	12-31-2007
Terry Moran	Regulatory Issues Manager, PSEG (MAAC NERC Region)	12-31-2007
Judy Ray	Industrial Segment Manager – Contract Administrator, Alabama Power Company (SERC NERC Region)	12-31-2006
Mary Edwards	Senior Customer Choice Analyst – Regulation and Competition, Dominion Virginia Power (SERC NERC Region)	12-31-2006
END USERS SEGMENT		
V A C A N C Y		12-31-2007
V A C A N C Y		12-31-2007
Barbara Alexander	Consumer Affairs Consultant, State of Maine Public Advocate	12-31-2006
V A C A N C Y		12-31-2006
SERVICE PROVIDERS SEGMENT		
Jim Minneman	Controller, PPL Solutions LLC	12-31-2007
Jennifer Teel	Director – Business Solutions, EC Power	12-31-2007
Rob Connell	Director Program Management, Electric Reliability Council of Texas	12-31-2006
Mark S. Jarrett	Team Leader – Market Information and Analysis, Market Intelligence, Southern Company	12-31-2006

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 EXECUTIVE COMMITTEE TERMS – Wholesale Electric Quadrant

TRANSMISSION SEGMENT		**TERM END:**	**SUBSEGMENT:**
Patrick McGovern	Manger - System Services, Georgia Transmission Corporation	12-31-2007	Muni/Coop
Steven C. Cobb	Manager Transmission Services, Salt River Project	12-31-2006	Fed/State/Prov.
Dean Ulch	Principal Engineer, Transmission Policy and Services Group, Southern Company Services	12-31-2006	IOU
Edward Davis	Policy Consultant, Entergy Services, Inc.	12-31-2007	IOU
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	12-31-2006	ITC
V A C A N C Y		12-31-2007	ITC
Linda Campbell	Director of Reliability, Florida Reliability Coordinating Council	12-31-2007	At-Large
GENERATION SEGMENT			
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	12-31-2007	Muni/Coop
Kathy York	Sr. Energy Markets & Policy Specialist, Tennessee Valley Authority	12-31-2006	Fed/State/Prov.
Louis Oberski	Director Electric Market Policy, Dominion Resource Services, Inc.	12-31-2006	IOU
Roman Carter	Reliability Standards Coordinator, Southern Company Services	12-31-2007	IOU
Barry Green	Director, Markets and Research Regulatory Affairs Division, Ontario Power Generation	12-31-2006	Merchant
V A C A N C Y		12-31-2007	Merchant
V A C A N C Y		12-31-2007	At-Large
MARKETERS/BROKERS SEGMENT			
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	12-31-2006	Muni/Coop
Clyde Harmon	Senior Manager, Trading Operations, Tennessee Valley Authority	12-31-2007	Fed/State/Prov.
Suzanne Calcagno	Director – Regulatory Compliance, UBS Energy LLC	12-31-2006	Not IOU Affiliated
V A C A N C Y		12-31-2007	Not IOU Affiliated
Mark Tallman	Managing Director, Commercial & Trading, PacifiCorp	12-31-2006	IOU
Joel Dison	Project Manager, Southern Company Generation and Energy Marketing	12-31-2007	IOU
V A C A N C Y		12-31-2007	At-Large

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DISTRIBUTION/LOAD SERVING ENTITIES (LSE) SEGMENT		**TERM END:**	**SUBSEGMENT:**
Robert Williams	Director of Regulatory Affairs, Florida Municipal Power Agency	12-31-2006	Muni/Coop
Robert Schwermann	Energy Coordinator, Sacramento Municipal Utility District	12-31-2007	Muni/Coop
Ollie Frazier	Manager of Regulatory Research, Duke Energy	12-31-2006	IOU
John McCawley	Director – Energy Acquisition, Exelon Energy Delivery, Exelon Corporation – PECO Energy	12-31-2007	IOU
V A C A N C Y		12-31-2006	Competitive Retailer
Syd Berwager	Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line	12-31-2007	Other
V A C A N C Y		12-31-2007	At-Large
END USERS SEGMENT			
V A C A N C Y		12-31-2007	End Use (Also in another segment)
V A C A N C Y		12-31-2006	End Use (Self Generator)
Lou Ann Westerfield	Policy Strategist, Idaho Public Utilities Commission, rep. National Association of Regulatory Utility Commissioners	12-31-2006	Regulator
V A C A N C Y		12-31-2007	Residential/ Commercial
V A C A N C Y		12-31-2006	Large Industrial
John Hughes	Vice President Technical Affairs, Electricity Consumers Resource Council (ELCON)	12-31-2007	Large Industrial
Paul Sorenson	Director-Central Markets Strategy, Open Access Technology International, Inc.	12-31-2007	At-Large

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2006 EXECUTIVE COMMITTEE TERMS – Retail Gas Quadrant

SUPPLIERS SEGMENT		**TERM END:**
Suzanne Calcagno	Director, Regulatory Compliance, UBS Energy, LLC	12-31-2007
V A C A N C Y		12-31-2006
V A C A N C Y		12-31-2007
Richard Zollars	Director, Data and Information, Dominion Retail, Inc.	12-31-2006
V A C A N C Y		12-31-2006
V A C A N C Y		12-31-2007
DISTRIBUTORS SEGMENT		
V A C A N C Y		12-31-2007
V A C A N C Y		12-31-2007
Leslie H. Nishida	Gas Federal Regulatory Supervisor, Wisconsin Public Service Corporation	12-31-2007
Michael Novak	Assistant General Manager, National Fuel Gas Distribution Corporation	12-31-2006
V A C A N C Y		12-31-2006
Phil Precht	Director of Gas Choice Programs - Gas Operations, Baltimore Gas and Electric Company	12-31-2006
END USERS SEGMENT		
V A C A N C Y		12-31-2006
V A C A N C Y		12-31-2006
V A C A N C Y		12-31-2006
V A C A N C Y		12-31-2007
V A C A N C Y		12-31-2007
V A C A N C Y		12-31-2007
SERVICE PROVIDERS SEGMENT		
V A C A N C Y		12-31-2006
V A C A N C Y		12-31-2006
George M. Behr	Director, Energy Services Group, Inc.	12-31-2006
V A C A N C Y		12-31-2007
V A C A N C Y		12-31-2007
V A C A N C Y		12-31-2007

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 EXECUTIVE COMMITTEE ALTERNATES – Wholesale Gas Quadrant
As of November 3, 2006

End User Segment	
Curt Brechtel	Arizona Public Service Company
Heather Stubblefield	Florida Power & Light Company
Distribution Segment	
George Simmons	NiSource Inc.
Rick Ishikawa	Transportation Contract Administrator, Sempra Energy - Southern California Gas Company
Marjorie Perlman	Director, Federal Regulatory Proceedings, Energy East Management Corporation (Rochester Gas & Electric)
Phil Precht	Baltimore Gas & Electric Company
Amy Hamilton	Manager – Gas Regulation and Transportation Services, PECO Energy Company
Pipeline Segment	
Bill Grygar	Vice President, Panhandle Eastern Pipe Line
Scott Hansen	Questar Pipeline Company
Iris King	Director, Technical and Marketing Support, Dominion Transmission, Inc.
Paul Love	Director, Electronic Customer Services, Natural Gas Pipe Line Company of America
Mark Gracey	Consultant, Tennessee Gas Pipeline Company
Tom Gwilliam	Iroquois Gas Transmission System
Producer Segment	
David Ogden	Manager, Marketing Administration, Dominion E&P
Pete Frost	Director - Regulatory Affairs, ConocoPhillips Gas and Power Marketing (Burlington Resources)
Jim K. Hanrahan	Americas – Regulatory Analyst, ExxonMobil Gas Marketing
Services Segment	
Richard (Dick) Couron	President, Trinity Apex Solutions, Inc.

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2006 EXECUTIVE COMMITTEE ALTERNATES – Retail Electric Quadrant
As of November 3, 2006

Distribution Segment	
Keith P. Hock	Director ARES Business Center, Ameren Services
Thomas Kilgore	General Manager-Customer Service, Gulf Power Company
Dorman Davis	Mississippi Power Company
End User Segment	
Bruce Hayes	Senior Regulatory Analyst, Ohio Consumers' Counsel
Steve Ward	Office of Public Advocate, State of Maine
Services Segment	
Yvette Camp	Policy & Planning, Southern Company Services
Susan Munson	Retail Market Liaison, ERCOT
Supplier Segment	

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 EXECUTIVE COMMITTEE ALTERNATES – Wholesale Electric Quadrant
As of November 3, 2006

End User Segment		**Sub-Segment**
Bill Heinrich	New York State Dept. of Public Service	Regulators
Distribution/LSE Segment		**Sub-Segment**
Alan Prichard	Senior Engineer, Duke Energy Corporation	IOU
Shannon Black	Senior Regulatory and Contracts Specialist, Sacramento Municipal Utility District	Muni/Coop
Wendy Weathers	Principal Analyst, Salt River Project	Other
Gerry W. Cauley	Vice President and Director of Standards, North American Electric Reliability Council	At Large
Generation Segment		**Sub-Segment:**
Francis Halpin	Bonneville Power Administration	Fed/State/Prov.
Brian Evans-Mongeon	Manager, Power Supply and Marketing Services, Vermont Public Power Supply Authority	Fed/State/Prov Muni/Coop
Scott Corse	Chairman, Board of Directors, Vermont Public Power Supply Authority	Muni/Coop
Neal Balu	Director of Transmission Policy, Wisconsin Public Service Corp Resources	IOU
John Ciza	Project Manager Energy Policy and Regulatory Affairs, Southern Company Generation	IOU
Tony Petrella	Ontario Power Generation	Merchant
Greg Olsen	Ontario Power Generation	Merchant
Marketer/Broker Segment		**Sub-Segment:**
Jeff Ackerman	Manager, CRSP-Energy Mgmt., Western Area Power Administration	Fed/State/Prov
Brenda Anderson	Bonneville Power Administration	Fed/State/Prov
Edison G. Elizeh	PacifiCorp	IOU Affiliated
Greg Locke	Manager, Strategic Analysis, ElectriCities of North Carolina	Muni/Coop
Valerie Crockett	Energy Markets & Policy Specialist, Tennessee Valley Authority	Fed/State/Prov
Carol McCrary	ElectriCities (North Carolina Municipal Power Agency #1)	Muni/Coop
Transmission Segment		**Sub-Segment:**
Barbara Rehman	Policy Manager, Bonneville Power Administration	Fed/State/Prov.
Mark Fidrych	Western Area Power Administration	Fed/State/Prov.
Tim Ponseti	Tennessee Valley Authority	Fed/State/Prov.
Chuck Feagans	Tennessee Valley Authority	Fed/State/Prov.
Jim Hicks	PacifiCorp	IOU
William O. Ball	Vice President, Transmission Planning, Policy and Support Services, Southern Company Services, Inc.	IOU

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Herb Schrayshuen	Vice President Commercial Services, National Grid	ITC

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 EXECUTIVE COMMITTEE ALTERNATES – Retail Gas Quadrant
As of November 3, 2006

DISTRIBUTORS SEGMENT	
Joe Stengel	Federal Regulatory Affairs Manager, Philadelphia Gas Works
Paul J. Szykman	Director – Rates and Gas Supply, UGI Utilities, Inc.
Mike McShane	Gas Choice Programs Leader, Baltimore Gas and Electric Company
END USERS SEGMENT	
Barbara Alexander	Consumer Affairs Consultant, rep. Indiana Office of Utility Consumer Counselor
SERVICE PROVIDERS SEGMENT	
SUPPLIER SEGMENT	
Paul Cherevka	Project Manager Data Warehouse, Dominion Retail

Schedule of 2006 Meetings

North American Energy Standards Board
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November 23, 2005

TO: NAESB Executive Committee and Interested Industry Participants

FROM: Rae McQuade, NAESB Executive Director

RE: Schedule of 2006 Meetings

Below is the schedule for 2006 meetings for the Executive Committee, Board of Directors and Advisory Council. Unless sponsors are noted for the meetings or the location has already been set as noted below, they will be held in Houston. Should other sponsors volunteer in the next few weeks, these locations may change:

Date	Meeting	Location
February 21-23	Executive Committee Meetings (WEQ. Retail, WGQ)	Houston
May 9-11	Executive Committee Meetings (WEQ. Retail, WGQ)	Washington DC hosted by AGA
August 15-17	Executive Committee Meetings (WEQ, Retail, WGQ)	Colorado Springs hosted by El Paso Western Pipelines
November 14-16	Executive Committee Meetings (WEQ, Retail, WGQ)	Dallas Hosted by TXU
March 23	Board of Directors	Houston
June 22	Board of Directors Meeting & Strategic Planning Session	San Antonio
September 21	Board of Directors	Houston
December 14	Board of Directors	Houston
February 11	Advisory Council Meeting	Washington D.C. in conjunction with the NARUC Winter meetings

Schedule of 2007 Meetings

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November 6, 2006

TO: NAESB Executive Committee and Interested Industry Participants

FROM: Rae McQuade, NAESB Executive Director

RE: Schedule of 2007 Meetings

Below is the schedule for 2007 meetings for the Executive Committee, Board of Directors and Advisory Council. Unless sponsors are noted for the meetings or the location has already been set as noted below, they will be held in Houston. Should other sponsors volunteer in the next few weeks, these locations may change:

Date	Meeting	Location
February 6-8	EC Meetings – WEQ. Retail and WGQ	
February 17	Advisory Council Meeting	Washington D.C. in conjunction with the NARUC Winter meetings
March 22	Board of Directors	Houston
May 8-10	Executive Committee Meetings (WEQ, Retail, WGQ)	
June 28	Board of Directors Meeting & Strategic Planning Session	
August 14-16	Executive Committee Meetings (WEQ, Retail, WGQ)	
September 27	Board of Directors Meeting & Strategic Planning Session	Houston
November 6-8	Executive Committee Meetings (WEQ, Retail, WGQ)	
December 13	Board of Directors	Houston

TAB 2

Agendas

- Contained in this section is the agenda and meeting announcement as posted on the NAESB web site.
- Each of the EC chairs for the respective quadrants will entertain motions from the EC members of that quadrant to adopt the agendas following that are specific to that quadrant. The motions to adopt are simple majority.
- The materials in Tab 2 correspond to agenda item 2 for each of the quadrant EC agendas.

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October 24, 2006

TO: NAESB Executive Committee and Interested Industry Participants

FROM: Rae McQuade, NAESB President

RE: Executive Committee Meeting Agendas

NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETINGS
Hosted by TXU Electric Delivery, Dallas, Texas
November 14-16, 2006

As announced at prior Executive Committee meetings, meeting announcements and in other communications, the Executive Committee (EC) will meet via conference call and in person in Dallas on November 14-16, 2006. Below are the meeting arrangements:

Tuesday, November 14	TIME:	10 am to 4 pm CT
	EVENT:	**WEQ EC Meeting (conference calling available)**
	LOCATION:	13th floor of Lincoln Plaza, 500 N. Akard, Dallas, TX 75201.
Wednesday, November 15	TIME:	10 am to 4 pm CT
	EVENT:	**Retail EC Meeting (conference calling available)**
	LOCATION:	13th floor of Lincoln Plaza, 500 N. Akard, Dallas, TX 75201.
Thursday, November 16	TIME:	10 am to 4 pm CT
	EVENT:	**WGQ EC Meeting (conference calling available)**
	LOCATION:	13th floor of Lincoln Plaza, 500 N. Akard, Dallas, TX 75201.

Contact: Veronica Thomason
713-356-0060 (main number)

If you plan to attend the EC meetings, please RSVP to the NAESB office (naesb@naesb.org) by **Tuesday, October 31, 2006**. Hotel information is posted on the NAESB web site at the following link: http://www.naesb.org/pdf2/ec111406ma.doc.

NOTE: Attendees will need to sign in with Security on the 14th floor and have security call Stephanie Dyer of TXU to escort attendees to the meeting location.

If you plan to participate by conference call, please contact the NAESB Office (713-356-0060 or naesb@naesb.org) to obtain the calling number and pass code. The meeting is open to any interested party.

The materials for the meeting will be emailed to the participants and posted on the web site shortly. As always, the chair reserves the right to extend the time of the meeting to ensure that agenda items are addressed. The times indicated on the agenda will be followed to ensure that agenda items are allotted appropriate time slots. Should an agenda item conclude earlier than its stated time slot, the remaining time can be allotted to other agenda items at the discretion of the chair.

Please feel free to call the NAESB office should you have any questions or comments.

Best Regards,
Rae

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NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING
Hosted by TXU Electric Delivery, Dallas, Texas
Tuesday, November 14, 2006 - 10:00 am to 4:00 pm CT

WHOLESALE ELECTRIC QUADRANT (WEQ) DRAFT AGENDA

10:00 a.m. CT

1. Welcome
   - Antitrust Guidelines
   - Welcome to members and attendees
   - Introduction and Roll Call

2. Wholesale Electric Quadrant Draft Agenda & Draft Minutes
   - Adoption of WEQ Agenda
   - Adoption of Draft Minutes of August 15, 2006 WEQ EC Meeting

3. Subcommittee Updates and Plan Updates
   - Triage Subcommittee
   - Business Practices Subcommittee (BPS)
     - ATC/TTC joint Effort with NERC
   - Electronic Scheduling (ESS) and Information Technology (ITS) Subcommittees
     - OASIS Task Force
     - Joint Interchange Scheduling Working Group (JISWG)
   - Standards Review Subcommittee (SRS)
   - Identify and vote to adopt proposed changes to the 2006 Annual Plan

4. 2007 Annual Plan
   - Discuss all proposed changes
   - Vote to Approve Plan

5. Update on TLR Progress – Joint Effort with NERC

6. Board of Directors and Board Committee Updates and Regulatory Action Updates

7. New Business

4:00 p.m. CT

8. Adjourn

Attire – Business Casual

North American Energy Standards Board
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NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING
Hosted by TXU Electric Delivery, Dallas, Texas
Wednesday, November 15, 2006 - 10:00 am to 4:00 pm CT

JOINT SESSION OF RETAIL GAS AND RETAIL ELECTRIC QUADRANTS DRAFT AGENDA

10:00 am CT

1. Welcome
   - Antitrust guidelines
   - Welcome to members and attendees
   - Introduction and roll call
2. Joint Retail Electric Quadrant & Retail Gas Quadrant Draft Agenda & Draft Minutes
   - Adoption of Joint Agenda
   - Adoption of Draft Minutes of August 16, 2006 EC Meeting
3. Discuss Retail Contracts Recommendation (R05013) and Comments and Vote to Approve
4. Discuss Customer Enrollment Recommendation (REQ/RGQ 2006 Annual Plan Item 4(i)) and Comments and Vote to Approve
5. 2007 Annual Plan Drafting and Update of 2006 Annual Plan
   - Update 2006 Annual Plan and Vote to Approve Changes
   - Discuss all comments for 2007 plan
   - Determine if comments are to result in change to plan for 2007 and draft language for such
   - Determine response to comments where the suggested project is not included in the plan
   - Vote to Approve Plan
6. New Business

4:00 pm CT

7. Adjourn

Attire – Business Casual

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NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING
Hosted by TXU Electric Delivery, Dallas, Texas
Thursday, November 16, 2006 - 10:00 am to 4:00 pm CT

WHOLESALE GAS QUADRANT (WGQ) DRAFT AGENDA

10:00 am CT

1. Welcome
   - Antitrust guidelines
   - Welcome to members and attendees
   - Introduction and roll call

2. Wholesale Gas Quadrant Draft Agenda & Draft Minutes
   - Adoption of WGQ agenda
   - Adoption of draft minutes of August 17, 2006

3. Recommended Standards and Standards Modifications – Discuss, Review Comments and Vote to Approve
   - Recommendation R01003
   - Recommendation R02008
   - Recommendation R03005
   - Recommendation R03009

4. Minor Corrections for Version 1.8
   - Identification and Discussion of minor corrections
   - Vote to approve minor corrections

5. Subcommittee and Task Force Updates and Review of 2006 Annual Plan
   - Triage Subcommittee
   - Business Practices Subcommittee
   - Contracts Subcommittee
   - Electronic Delivery Mechanisms (EDM) Subcommittee
   - Information Requirements Subcommittee
   - Technical and ANSI X12 Subcommittee
   - Identify and Vote to Adopt Proposed Changes to the 2006 Annual Plan

6. 2007 Annual Plan
   - Discuss all comments
   - Determine if comments are to result in change to plan for 2007 and draft language for such
   - Determine response to comments where the suggested project is not included in the plan
   - Vote to Approve Plan

7. Update on Board of Directors Meeting and Board Committee Efforts and Regulatory Action Updates

8. New Business

4:00 pm CT

9. Adjourn

Attire – Business Casual

TAB 3

Minutes – August 15, 2006 (WEQ)

Minutes – August 16, 2006 (Retail)

Minutes – August 17, 2006 (WGQ)

- Contained in this section are three sets of minutes for approval. The retail minutes have redlines provided by Marcy McCain. The WGQ EC minutes have redlines provided by Dale Davis.
- Each of the EC chairs for the respective quadrants will entertain motions from the EC members of that quadrant to adopt the minutes following that are specific to that quadrant. The motions to adopt are simple majority.
- The materials in Tab 3 correspond to agenda item 2 for each of the quadrant EC agendas.

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August 30, 2006

TO: NAESB Wholesale Electric Quadrant Executive Committee and Interested Industry Participants

FROM: Laura B. Kennedy, Meeting/Project Manager

RE: Wholesale Electric Quadrant Executive Committee Draft Minutes – August 15, 2006

NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING
WHOLESALE ELECTRIC QUADRANT (WEQ)
Tuesday, August 15, 2006 – 8:00 am to 2:00 pm Mountain
Hosted by El Paso Western Pipelines – Colorado Springs, CO
DRAFT MINUTES

1. Welcome

Ms. York called the meeting to order and welcomed the participants. Ms. York thanked Mr. Griffith and El Paso Western Pipelines for hosting the meeting. Ms. Kennedy gave the antitrust advice and called the roll of Executive Committee members. Quorum was established.

Ms. York welcomed the newest Executive Committee members: Mr. Ulch and Mr. Blevins. She also welcomed the newest Executive Committee alternates: Mr. Balu, Mr. Black, Mr. Pritchard, and Mr. Ciza.

2. Wholesale Electric Quadrant Draft Agenda & Draft Minutes

Adoption of WEQ Agenda: Mr. Schwermann moved, seconded by Mr. Dison, to adopt the agenda as drafted. The motion passed without objection.

Adoption of Draft Minutes: Mr. Norris moved, seconded by Mr. Ulch, to adopt the minutes from the May 9, 2006 meeting as drafted. The motion passed without objection. The final minutes from the May 9, 2006 meeting are posted on the NAESB website at: http://www.naesb.org/pdf2/weq_ec050906fm.doc.

3. Consideration of Recommendations for Standards, Comments Submitted, and Vote

Recommendation WEQ 2006 Annual Plan Item (3)(c)(i) (Revised) – Development of business practice for Standards of Conduct link on OASIS page: Ms. York stated that the recommendation for Annual Plan Item (3)(c)(i) was revised by the WEQ Business Practices Subcommittee (BPS) and forwarded to the WEQ Executive Committee after a thirty day comment period. The revised recommendation was included in the Executive Committee book under Tab 6, beginning on page 110. Comments were submitted by Southern Company (posted as supplemental Executive Committee material: http://www.naesb.org/pdf2/weq_ec081506w2.doc and Basin Electric Power Cooperative (beginning on page 112 of the Executive Committee book).

Ms. York stated that the links were listed in the order that the corresponding sections are set out in the FERC regulations. Ms. York noted that the BPS included a link for the Chief Compliance Officer in the recommendation though the FERC regulations do not specifically require that the name of the Chief Compliance Officer be posted. The FERC regulations do require that a Chief Compliance Officer be appointed. Ms. York stated that the BPS held a conference call on August 11, 2006 to review the comments submitted on the revised

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recommendation. The BPS determined that the comment submitted by Basin Electric Power Cooperative to change the name of the link titled "Voluntary Consent to Information Sharing" to "Voluntary Consent to Share Non-Affiliated Customer Information" should be adopted. The BPS recommended to the Executive Committee that this modification be made to the recommendation for WEQ 2006 Annual Plan 3(c)(i) before it is adopted. Ms. York stated that this revision would clarify the information that is to be included behind the link.

Mr. Dison stated that during the WEQ Executive Committee meeting on May 9, the Executive Committee agreed to remand the recommendation for Annual Plan 3(c)(i) to the BPS with the direction that the references to the regulations that support the particular links be included in the standards. Mr. Dison noted that the references to the regulations were included in the revised recommendation language, but not in the section of the revised recommendation that includes the standards language. Mr. Fidrych stated that the BPS did not want to include the references in the standards because the references can change over time.

Mr. Sorenson suggested including the references to the NAESB WEQ Standards that correspond to the FERC regulations in the standards.

Mr. Dison noted that the names of the links in the proposed standards do not exactly match the terms used in the FERC regulations. Mr. Dison stated that if the actual terms were not used, the references to the regulations should be used so that those who implement the standards will know what information to include behind each link.

Mr. Cobb stated that he supported NAESB's efforts to respond to the request from the FERC to adopt standards that provide a standardized method for accessing Standards of Conduct information on OASIS sites. Mr. Cobb noted that at the last Executive Committee meeting he noted that the name of the Chief Compliance Officer is not a requirement in the FERC regulations. Mr. Cobb stated that this information is not required as part of any particular FERC Order, but that some Transmission Providers have added the name and contact information of Chief Compliance Officers to their OASIS sites as a result of FERC audits. Mr. Cobb stated that rather than having the CCO contacted when issues arise, it would be preferable for the personnel directly involved in the functional business be contacted to determine if issues can be worked out on that level. Mr. Cobb added that the recommendation would not preclude a Transmission Provider from including additional links on the Standards of Conduct site that are not included in the recommendation. Mr. Ulch supported Mr. Cobb's comments.

Ms. York stated that the BPS has considered the recommendation for this particular Annual Plan item twice. The recommendation of the BPS is that the link to the Chief Compliance Officer be included in the standards. Ms. York suggested that the Executive Committee consider each of the issues identified separately before there is a vote on the entire recommendation.

Mr. Dison moved that as the Executive Committee continues to consider the recommendation for WEQ 2006 Annual Plan Item 3(c)(i) that it does so without the inclusion of Chief Compliance Officer in the list of links.

Mr. Cobb stated that he did not think that Chief Compliance Officer should be included because it is not a piece of information that is required to be posted based on FERC Orders and from a business perspective the Chief Compliance Officer should not be contacted when minor issues arise. The personnel on the front lines are in a better position to address minor issues. If an issue escalates into a compliance issue, it can be forwarded to the Chief Compliance Officer.

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Mr. Norris stated that the real issue is whether the WEQ should establish best practices or if the WEQ should only develop standards as a result of what is required in FERC Orders. Mr. Gallagher stated that if auditors have requested specific Transmission Providers to include the Chief Compliance Officer information on the OASIS sites, then it represents a good business practice that should be adopted by NAESB.

Mr. Dison noted that Southern Company has twelve compliance officers and it is not clear in the draft standard which compliance office is referenced. Ms. York stated that the FERC regulation states that a Chief Compliance Officer of Standards of Conduct must be designated. Mr. Berwager supported Mr. Dison's suggestion that the references to the FERC regulations specific to each title be added to the standards.

Mr. Rosenberg stated that if Transmission Providers have been asked to include this information on OASIS sites as a result of FERC audits, it is possible that when NAESB files its next set of WEQ standards the FERC will require this item to be added to the standards. Mr. Sorenson noted that the standards are voluntary until the FERC adopts the standards in an Order, so those who do not want to include this item can exclude it while the standards remain voluntary.

After further discussion, the Executive Committee voted on the motion. The vote was a simple majority vote. The motion did not pass a simple majority vote. [*Vote 1*].

Next, Mr. Dison moved, seconded by Mr. Sorenson, to add a sentence in the last paragraph in the standards section of the recommendation to state "Other information may be posted as per specific FERC direction or local business practice.

Mr. Berwager stated that stronger language should be used other than "may". Mr. Sorenson stated that the first paragraph in the standards section of the recommendation is already permissive by stating "The following types of information…should be accessible form the Standards of Conduct link."

Mr. Dison supported modification of his motion to revise the language proposed. The following language was proposed: "These items shall appear in the order specified above and before any other items which may be required as per specific FERC direction or local business practice."

Mr. Dison and Mr. Sorenson as the authors of the motion supported the modification. The motion unanimously passed a simple majority vote. [*Vote 2*].

Next, Mr. Norris moved, seconded by Ms. Crockett, to adopt the modification supported by the WEQ BPS after its review of the comments submitted on the recommendation: revision of the link "Voluntary Consent to Information Sharing" to "Voluntary Consent to Share Non-Affiliated Customer Information." The motion unanimously passed a simple majority vote. [*Vote 3*].

The Executive Committee further discussed whether the references to the FERC regulations should be included in the standards language or, in the alternative, whether the references to the appropriate NAESB standards should be added to the standards language. After discussion, Ms. McQuade suggested that the references be added to the standards section in parentheses and a sentence be added to state that the sites noted in the parentheses is optional. Mr. Berwager moved to add the sites in parentheses to the standards section and to add a sentence that inclusion of the sites in the parentheses as part of the links is optional. Mr. Gallagher seconded the motion. The sentence proposed was: "Posting of the sites noted in the parentheses is optional." It was noted that the site for Chief Compliance Officer should be added: §348.4(e)(6). The motion unanimously passed a simple majority vote. [*Vote 4*].

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Mr. Sorenson moved, seconded by Ms. Crockett, to adopt the recommendation as revised above. The motion unanimously passed a super majority vote. The revised recommendation is posted as an attachment to these minutes http://www.naesb.org/doc_view2.asp?doc=weq_ec081506a5.doc (Clean)/ http://www.naesb.org/doc_view2.asp?doc=weq_ec081506a6.doc (Redline). The revised recommendation will be distributed to the WEQ Membership for ratification. [*Vote 5*].

Recommendation WEQ 2006 Annual Plan Item (3)(a)(x) – Respond to issues in FERC Order 676 (Docket No. RM05-5-000) – NAESB WEQ Standard 001-9.7 (paragraph 51 of the order): Mr. Sorenson presented the recommendation for WEQ 2006 Annual Plan Item (3)(a)(x), which is located behind Tab 6 of the Executive Committee book, beginning on page 84. Comments were submitted by Southern Company Generation (http://www.naesb.org/pdf2/weq_ec081506w6.doc) and (http://www.naesb.org/pdf2/weq_ec081506w7.doc); Bonneville Power Administration (http://www.naesb.org/pdf2/weq_ec081506w5.doc); Hydro-Quebec Transenergie (http://www.naesb.org/pdf2/weq_ec081506w4.doc); and Open Access Technology International (OATI) (http://www.naesb.org/pdf2/weq_ec081506w10.doc). The 2nd set of comments submitted by Southern Company Generation and the comments submitted by OATI were not reviewed by the ESS/ITS.

Mr. Sorenson stated that page 2 of the recommendation cites an example that was included in Order 676. Mr. Sorenson stated that the recommendation notes that the ESS/ITS "leaned heavily on the language from the pro forma tariff Section 22.2 which states 'Any request by a transmission Customer to modify Receipt and Delivery points on a firm basis shall be treated as a new request for service in accordance with Section 17…'" The ESS/ITS considered the example cited in the Order to be "at odds" with Section 22.2 of the tariff. The tariff states that a new request for service of less than one year in duration would not be considered a request for long-term firm service or eligible for rollover rights as set forth in the tariff.

Mr. Sorenson noted that proposed Standard 9.7.1 differs from the example cited in FERC Order 676 because it states that the term of the Redirect must be eligible for rollover rights per the pro forma tariff. Mr. Sorenson noted that he submitted two alternative recommendations for the Executive Committee consider. The alternatives were drafted as a result of the discussion during the August 11, 2006 ESS/ITS conference call. The alternatives are included in the OATI comments referenced above.

Mr. Cobb asked Mr. Sorenson to confirm that the language drafted by the ESS/ITS in the 2nd Revised Recommendation is not consistent with the guidance FERC provided in Order 676. Mr. Sorenson clarified that the language in the recommendation is not consistent with the example provided in Order 676. Mr. Sorenson stated that the majority of the participants of the ESS/ITS agreed that Section 22.2 of the pro forma tariff that requires that a Redirect request shall be treated as a new request for service should be treated literally.

Mr. Rosenberg stated that this issue should probably be discussed with the FERC. Mr. Rosenberg stated that based on his understanding, when rights are redirected, the rollover rights are lost for the amount redirected. Mr. Rosenberg suggested that the NAESB WEQ discuss these issues with the FERC staff who are experts on these issues. Mr. Sorenson stated that Midwest ISO reported to the ESS/ITS that when they filed comments on this issue on Order 676 that they were told to raise the issues with NAESB.

Mr. Dison asked if the intent of the recommendation is that rollover rights would not transfer unless the Redirect was at least one year in duration. Mr. Sorenson stated that was the intent of the language. Mr. Dison stated that intent is not clear in the draft language.

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Mr. Pritchard stated that he participated on the ESS/ITS in the drafting of the recommendation at issue. Mr. Pritchard stated that the ESS/ITS recognized that the FERC has scheduled Order 676 for rehearing and noted that the WEQ Executive Committee directed the ESS/ITS to draft standards in response to Order 676 as soon as possible.

Mr. Ulch stated that the WEQ should not adopt standards on this issue until the requests for rehearing are settled by the FERC. Mr. Dison noted that the FERC specifically directed NAESB to modify standard 9.7 in Order 676. Ms. McQuade added that Order 676 also included an implementation date.

Mr. Dison stated that based on the language in the recommendation once the service has started, it will be impossible to get the same level on the Redirect as the Parent Reservation. Mr. Sorenson stated that would not be the case if there was a two year reservation on which six months has expired.

Mr. Gallagher supported having the NAESB WEQ ESS/ITS consult with FERC staff on this issue before further action is taken on the recommendation.

Mr. Cobb moved to remand the proposed standard back to the ESS/ITS with the stipulation that the ESS/ITS contact FERC staff who are experts in this area and get their opinion on the interpretation in Order 676. Mr. Dison seconded the motion.

There was significant support by the Executive Committee members during the discussion to wait to further develop the standards for 9.7 until after the Order on Rehearing of Order 676. Mr. Cobb and Mr. Dison removed the motion from consideration.

Mr. Dison moved, seconded by Ms. Crockett, to table the consideration of the recommendation for WEQ 2006 Annual Plan Item (3)(a)(x) and to direct the WEQ ESS/ITS to counsel with the appropriate FERC staff regarding the intent of their direction. If the counsel with FERC staff determines that the standard is consistent with the guidance, the recommendation as drafted would be distributed to the WEQ Executive Committee for adoption via notational ballot. If the counsel with FERC staff determines that the recommendation is inconsistent with the guidance, the WEQ Executive Committee will vote via notational ballot whether to remand the recommendation to the WEQ ESS/ITS for modification based on the guidance.

Mr. Dison stated that he would agree to consider an alternative set of standards language in place of the original recommendation language. After further discussion, Mr. Dison modified his motion so that the standards language to be considered would be Recommendation #1 submitted in the OATI comments. Ms. Crockett agreed with this modification to the motion. Mr. Sorenson requested that he be able to modify Recommendation #1 to include comments on this language that were submitted by Bonneville Power Administration via the ESS/ITS Exploder. Mr. Dison and Ms. Crockett agreed that Mr. Sorenson would draft a revised version of Recommendation #1 that would be considered the standards language included in the motion. Mr. Sorenson submitted a revised work paper based on Recommendation #1 that was posted during the meeting and distributed to the participants. The work paper is posted on the WEQ Executive Committee page: http://www.naesb.org/pdf2/weq_ec081506w11.doc.

Mr. Rosenberg stated that he contacted FERC staff regarding the example cited in Order 676 that has been the subject of discussion. Mr. Rosenberg stated that the example in the Order is correct and that a Redirect does not convert a long term reservation into a short term reservation. Mr. Rosenberg cited two FERC cases that support the example: AEP – 97 FERC ¶61,207 at page 61,906 and Commonwealth Edison – 95 FERC ¶61,027.

Mr. Sorenson stated that if the example in Order 676 is correct, the standards drafted in the recommendation are not consistent with the Order.

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Mr. Dison revised his motion to the following: remand the recommendation for Annual Plan Item 3(a)(x) to the subcommittee to address issues of inconsistency to the FERC direction including any necessary changes to the rest of the Redirect standards. Ms. Crockett agreed with the modification to the motion. Mr. Dison stated that the starting point for the subcommittee would be the revised recommendation submitted by Mr. Sorenson and referenced above.

Mr. Ulch requested that the motion be modified so that after the subcommittee gets guidance from the appropriate FERC staff, the subcommittee would not begin modification of the recommendation until such time as the FERC has issued a final order on rehearing on Order 676. This way the subcommittee will be able to incorporate any additional modifications required as a result of the order on rehearing. Ms. Crockett, as the Executive Committee member who seconded the motion, stated that she would not agree to the proposed amendment to Mr. Dison's amended motion. Mr. Ulch restated his request in the form of a formal motion to revise Mr. Dison's motion. Mr. Davis seconded Mr. Ulch's motion.

Mr. Rosenberg stated that if the rehearing is going to influence the FERC's position on this issue, then NAESB might as well wait until the order on rehearing is issued.

Mr. Pritchard noted that the ESS/ITS had similar discussions on whether to wait on FERC's order on rehearing to draft standards, but that there was not a clear mechanism for getting the comments of the subcommittee submitted to the FERC. Mr. Dison stated that if there were issues in the requests for rehearing that are directly related to rollover rights for redirect, then the Executive Committee should vote in favor of Mr. Ulch's motion to revise Mr. Dison's revised motion. It was determined that the requests for rehearing directly related to the issues at hand.

Mr. Ulch restated his motion to revise Mr. Dison's motion: that after the subcommittee gets guidance from the appropriate FERC staff, the subcommittee would not begin modification of the recommendation until such time as the FERC has issued a final order on rehearing on Order 676. The motion passed a simple majority vote. [*Vote 6*].

Next, the Executive Committee voted on Mr. Dison's motion with Mr. Ulch's amendment included. The motion in its entirety is: Remand the recommendation for Annual Plan Item 3(a)(x) to the subcommittee to address issues of inconsistency to the FERC direction including any necessary changes to the rest of the Redirect standards. The starting point for the subcommittee would be the revised recommendation submitted by Mr. Sorenson and referenced above. After the subcommittee gets guidance from the appropriate FERC staff, the subcommittee will not begin modification of the recommendation until such time as the FERC has issued a final order on rehearing on Order 676. The motion unanimously passed a simple majority vote. [*Vote 7*].

Recommendation R04006D (Second Revised) – OASIS 1A Enhancements – Sale or Assignment of Transmission Service: Mr. Sorenson stated that the 2nd Revised Recommendation for R04006D was included behind Tab 6, beginning on page 86 of the Executive Committee book. Comments were submitted by Southern Company Generation and Hydro-Quebec Transenergie. The ESS/ITS submitted a response to comments document that was posted as supplemental material for the Executive Committee: http://www.naesb.org/pdf2/weq_ec081506w9.doc.

Mr. Sorenson reviewed the response to comments document submitted by the ESS/ITS and highlighted each response drafted by the ESS/ITS. The document included two proposed modifications to the recommendation based on the comments. The proposed modifications were included in Attachment A of the response to comments document.

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Mr. Dison stated that he could not support the proposed recommendation as modified by the ESS/ITS. He stated that the proposed standards for Resales and Transfers would result in the elimination of the secondary market and that the proposal is legally problematic in that it is inappropriate to place a financial liability on one customer that does not have control over the actions of the reseller. Mr. Sorenson stated that the ESS/ITS drafted the standards so that if the holder of conditional firm service has to be displaced, the Transmission Provider would not be required to unwind the numerous transactions in order to give capacity to the customer. If this were required, it would be administratively burdensome for the TP.

Ms. Davis stated that in the wholesale gas industry, the original shipper that releases capacity charges a reservation charge and a commodity charge. When the shipper releases capacity, the replacement shipper has the obligation to pay the corresponding charges. If the replacement shipper fails to pay the corresponding charges, the original shipper is still obligated for the release. This obligation passes down every time the capacity is re-released.

Mr. Pritchard stated that if the financial responsibility passes to the customer receiving the Resale, the Transmission Provider needs to become a party to the Resale transaction. Ms. Crockett stated that in the wholesale gas industry, parties must sign an umbrella agreement with pipelines in order to participate in the resale market. Mr. Dison stated that Southern Company Generation's comments require that the Resale be posted on OASIS and executed on OASIS and the Transmission Provider would have the right to go to the customer and require the execution of a service agreement.

After further discussion, Mr. Dison moved that the WEQ Executive Committee adopt the ESS/ITS response to the comments for Item number 7 in the response document. Ms. Crockett seconded the motion. The motion unanimously passed a simple majority vote. [*Vote 8*].

Next, Mr. Norris moved that the Executive Committee accept the recommendations of the ESS/ITS in the response document except for items three and four. For items three and four, Mr. Norris moved that the Executive Committee adopt the comments and proposed modifications proposed by Southern Company Generation. After discussion, Mr. Norris modified his motion to state that the Executive Committee accept the recommendations of the ESS/ITS in the response document for items one, five, and nine and accept the comments and proposed modifications proposed by Southern Company Generation for items two, three, and four. Mr. Dison seconded the revised motion.

After further discussion, Mr. Norris further revised his motion that the Executive Committee adopt the Southern Company Generation proposed language in item 3 of the response document. Mr. Dison seconded the motion. Mr. Dison stated that adoption of the Southern Company Generation proposed language in item 3 would result in modifications to Standards Y, Y.1, Y.7, and Y.7.1 of the recommendation. The proposed modified standards submitted by Southern Company Generation are set forth below:

> Standard Y: Resales
>
> Any Transmission Customer (Reseller) shall have the right to offer for sale the scheduling rights associated with the points of delivery and receipt of a Firm or Non-Firm Point-To-Point Transmission Service reservation (i.e. Parent Reservation). Once a reseller has made such an offer, any Eligible Customer (Assignee) may request to purchase those scheduling rights.
>
> Standard Y.1: Rights Conveyed

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The confirmation of a Resale shall convey the rights to schedule Point-To-Point Transmission Service from the Reseller to the Assignee, but shall also convey any outstanding conditions that may exist on the Parent Reservation (such as conditional approval pursuant to Section 13.2 (ii) of the OATT).

Standard Y.7 Displacement of a Resale

In the event a Transmission Provider's Tariff requires that a higher priority, competing transmission service request must displace all or a portion of a confirmed lower priority reservation, the TP shall have the right to nullify any Resales that reference the displaced reservation as their Parent.

Standard Y.7.1 Once the conditional window on the Parent Reservation has closed, resales for firm service are not subject to displacement in accordance with Standard Y.

Mr. Sorenson requested the Executive Committee consider a revision to the original proposal for Standard Y, with two modifications to replace Standard Y as proposed by Southern Company Generation: strike the word "unconditional"; and change the last sentence to state: "Any Eligible Customer (Assignee) may request to purchase scheduling rights form the Reseller." Mr. Dison supported the proposed alternative modification to Standard Y.

After further discussion, the revised motion passed a simple majority vote. [*Vote 9*].

Mr. Dison stated that items one and two of the ESS/ITS response to comments document were addressed by the previous vote. Next, the Executive Committee reviewed Item four of the ESS/ITS response to comments document.

Mr. Dison moved, seconded by Mr. Norris, to adopt the language proposed by Southern Company Generation to replace Y.2 with modified Y.2, Y.2.1, and Y.2.2 as set forth below:

Standard Y.2: Financial Obligations

Resales shall not affect the Financially Obligated Transmission Customer's (FOTC) financial obligation to the TP or any other terms of service under the tariff with respect to reservation-based charges.

Standard Y.2.1 The Assignee shall be obligated directly to the TP for any usage-based charges or overuse penalties resulting from its subsequent use of the Resale.

Standard Y.2.2 Prior to confirming a Resale, the TP shall have the right to require that all potential Assignees execute a Transmission Service Agreement.

Ms. Rehman stated that the proposed language would insert the TP into the off OASIS negotiations between the assignee and the Reseller. Ms. Crockett stated that Y.2.1 as proposed obligates the Assignee directly to the TP and Y.2.2 as proposed would create the need for the TP and Assignee to have a contractual relationship. Ms. Crockett stated that is how similarly situated transactions are handled on the gas side. Ms. Crockett stated that once the initial agreements are in place, the process on the gas side is not administratively burdensome. Mr. Pritchard stated that requiring TPs to enter into agreements with Assignees prior to the confirmation of the reservation could significantly slow down the Resale process.

Mr. Sorenson proposed two additional changes to the proposals to modify Y.2, Y.2.1, and Y.2.2. First, Mr. Sorenson requested that the word "fixed" be inserted between the words "to" and "reservation-based charges" in the last phrase of proposed Y.2. Second, Mr. Sorenson stated that language should be added to state that if the TP determines that the Assignee is not the

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legitimate owner; the TP has the right to nullify the Resale. Mr. Dison and Mr. Norris supported Mr. Sorenson's proposal. The proposed language to revise Y.2.2 was proposed as: "The TP shall have the right to require that the potential Assignee execute a transmission service agreement and may nullify all Resales in absence of such an agreement." Mr. Berwager suggested adding the phrase to the end of the revised Y.2.2 to state "…or if the Resale exceeds the financial limits in such agreement." Mr. Dison and Mr. Norris supported this modification to the motion.

Ms. Weathers requested that the phrase "…for any usage-based charges or overuse penalties…" in Y.2.1 be revised to state "…for any usage-based charges and overuse penalties…" Mr. Dison and Mr. Norris supported this modification.

Mr. Dison proposed adding Section Y.2.1.1 to state "In the event of default by the Assignee, the Reseller is responsible for the financial obligations of the Assignee." The resulting language for Standards Y.2., Y.2.1, Y.2.1.1, and Y.2.2 is set forth below. Mr. Dison and Mr. Norris agreed to all of the proposed changes to the language as modifications to their motion.

> Standard Y.2: Financial Obligations
>
> Resales shall not affect the Financially Obligated Transmission Customer's (FOTC) financial obligations to the TP or any other terms of service under the tariff with respect to fixed reservation-based charges.
>
> Standard Y.2.1 The Assignee shall be obligated directly to the TP for any usage-based charges and overuse penalties resulting from its subsequent use of the Resale.
>
> Standard Y.2.1.1 In the event of default by the Assignee, the Reseller is responsible for the financial obligations of the Assignee.
>
> Standard Y.2.2 The TP shall have the right to require that the potential Assignee execute a transmission service agreement and may nullify all Resales in absence of such an agreement or if the Resale exceeds the financial limits in such agreement.

The motion passed a simple majority vote. [*Vote 10*].

Next, Mr. Sorenson moved, seconded by Mr. Gallagher, to adopt the recommendation for R04006D as revised by the WEQ Executive Committee for items three, four, and seven, and to adopt the recommendation of the ESS/ITS for items five, eight, and nine. Mr. Gallagher seconded the motion. The votes were not conclusive to determine if the required super majority of the WEQ Executive Committee (67% of the entire Executive Committee and 40% of each segment) was achieved (The 40% of each segment was achieved). [*Vote 11*].

Mr. Cobb requested that the WEQ Executive Committee re-vote on the adoption of the recommendation. Mr. Cobb stated that he thought the vote was on a sub-set of modifications instead of the recommendation in its entirety. Mr. Cobb moved, seconded by Mr. Schwermann, to reconsider the Vote 11. The motion passed a simple majority vote. [*Vote 12*].

The WEQ Executive Committee voted the motion made by Mr. Sorenson for Vote 11 as set forth above. The votes were not conclusive to determine if the required super majority of the WEQ Executive Committee was achieved (The 40% of each segment was achieved, but the 67% was not achieved). The recommendation as revised will be distributed to the WEQ Executive Committee members and alternates who have not cast a vote on this recommendation (the revised recommendation was posted as an attachment to these minutes:

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http://www.naesb.org/doc_view2.asp?doc=weq_ec081506a3.doc (Clean)/ http://www.naesb.org/doc_view2.asp?doc=weq_ec081506a2.doc (Redline). [*Vote 13*].

Recommendation R04036 – Amend definitions, terms, and numbering of WEQ Order 2004 (affiliate standards): Mr. Sorenson presented the recommendation for R04036, included in the WEQ Executive Committee book behind Tab 6, beginning on page 79. Mr. Sorenson noted that comments were submitted by Southern Company Generation (http://www.naesb.org/pdf2/weq_ec081506w3.doc). The ESS/ITS submitted a revised recommendation for R04036 after reviewing the comments. The revised recommendation was posted as supplemental material for the WEQ Executive Committee: http://www.naesb.org/pdf2/weq_ec081506w8.doc. The revised recommendation includes the deletion of the term Appropriate Regulating Authority, as the only place that term is used is in the definition of Commission.

Mr. Pritchard moved, seconded by Mr. Cobb, to adopt the revised recommendation submitted by the ESS/ITS. Mr. Dison stated that the revised recommendation does not address all of the issues set forth in the comments submitted by Southern Company Generation. Mr. Dison stated that the term Marketing Affiliate has the same definition as the term Energy Affiliate for purposes of the Standards of Conduct. He stated that use of the term Marketing Affiliate is duplicative and confusing when read in conjunction with the Code of Conduct. Mr. Dison requested that the definition of Marketing Affiliate and its use in the NAESB Standards of Conduct be deleted.

Mr. Ulch requested that the Executive Committee address Mr. Dison's comments before it voted on Mr. Pritchard's motion. Mr. Pritchard and Mr. Cobb did not object to this course of action.

Mr. Dison moved, seconded by Mr. Sorenson, that Marketing Affiliate be struck and the corresponding changes be made within the standard. The motion passed a simple majority vote. [*Vote 14*].

Mr. Pritchard revised his motion to adopt the revised recommendation submitted by the ESS/ITS with the inclusion of the deletion of Marketing Affiliate as set forth above. Mr. Cobb seconded the motion. The motion unanimously passed a super majority vote. The revised recommendation is posted as an attachment to these minutes http://www.naesb.org/doc_view2.asp?doc=weq_ec081506a4.doc. The revised recommendation will be distributed to the WEQ Membership for ratification. [*Vote 15*].

4. Subcommittee Updates and Plan Updates

This item was not discussed.

5. Review of OATT NOPR Analysis

Ms. York stated that the team that reviewed the OATT NOPR in order to help NAESB develop comments to the FERC that were submitted on August 7, 2006, it was determined that the Request for the ATC business practice standards development, R05004, did not include all of the items in the OATT NOPR that dealt with ATC. The OATT NOPR team identified the items that should be added to the scope of the OATT NOPR and a revised Request R05004 was drafted. The revised Request R05004 was included in the Executive Committee materials behind Tab 8, beginning on page 138.

Mr. Norris moved, seconded by Ms. Crockett, to adopt the expanded scope of Request No. R05004. The motion unanimously passed a simple majority vote. [*Vote 16*].

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6. Discussion on 2007 Annual Plan Creation

This item was not discussed.

7. Discussion of release date for Version 1 of the NAESB WEQ Standards

This item was not discussed.

8. Board of Directors and Board Committee Updates and Regulatory Action Updates

This item was not discussed.

9. New Business

This item was not discussed.

10. Adjourn

The meeting adjourned by consensus at 3:33 PM Mountain.

11. Executive Committee Attendance and Voting Record[1] (Vacancies not shown on the table)

TRANSMISSION SEGMENT		SUBSEGMENT:	ATTENDANCE	VOTE 1	VOTE 2	VOTE 3	VOTE 4
Patrick McGovern	Manger - System Services, Georgia Transmission Corporation	Muni/Coop	In Person	O	S	S	S
Steven C. Cobb	Manager Transmission Services, Salt River Project	Fed/State/Prov.	In Person	S	S	S	S
Dean Ulch	Principal Engineer, Transmission Policy and Services Group, Southern Company Services	IOU	In Person	S	S	S	S
Edward Davis	Policy Consultant, Entergy Services, Inc.	IOU	In Person	S	S	S	S
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	ITC	Absent				
Linda Campbell	Director of Reliability, Florida Reliability Coordinating Council	At-Large	Absent				
GENERATION SEGMENT							
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	Muni/Coop	In Person	O	S	S	S
Kathy York	Sr. Energy Markets & Policy Specialist, Tennessee Valley Authority	Fed/State/Prov.	In Person	O	S	S	S
Louis Oberski	Director Electric Market Policy, Dominion Resource Services, Inc.	IOU	Phone	O	S	S	S
Roman Carter	Reliability Standards Coordinator, Southern Company Services	IOU	Phone	S	S	S	S
Barry Green	Director, Markets and Research Regulatory Affairs Division, Ontario Power Generation	Merchant	Absent				
MARKETERS/BROKERS SEGMENT							
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	Muni/Coop	In Person	O	S	S	S
Valerie Crockett, Alt. for C. Harmon	Tennessee Valley Authority	Fed/State/Prov.	In Person	O	S	S	S
Suzanne Calcagno	Director – Regulatory Compliance, UBS Energy LLC	Not IOU Affiliated	Absent				

[1] Voting Record Legend: S = Support; O = Oppose; A = Abstain; B = Notational Ballot

Mark Tallman	Managing Director, Commercial & Trading, PacifiCorp	IOU	Absent				
Joel Dison	Project Manager, Southern Company Generation and Energy Marketing	IOU	In Person	A	S	S	S
DISTRIBUTION/LOAD SERVING ENTITIES (LSE) SEGMENT							
Robert Williams	Director of Regulatory Affairs, Florida Municipal Power Agency	Muni/Coop	Phone	O	S	S	S
Robert Schwermann	Energy Coordinator, Sacramento Municipal Utility District	Muni/Coop	In Person	S	S	S	S
Alan Pritchard, Alt. for O. Frazier	Duke Energy	IOU	In Person	S	S	S	S
John McCawley	Director – Energy Acquisition, Exelon Energy Delivery, Exelon Corporation – PECO Energy	IOU	Absent				
Syd Berwager	Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line	Other	In Person	S	S	S	S
Bill Blevins	Manager of Business Practices Interface, North American Electric Reliability Council	At-Large	In Person	A	S	S	S
END USERS SEGMENT							
Lou Ann Westerfield	Policy Strategist, Idaho Public Utilities Commission, rep. National Association of Regulatory Utility Commissioners	Regulator	Absent				
John Hughes	Vice President Technical Affairs, Electricity Consumers Resource Council (ELCON)	Large Industrial	Phone	S	S	S	S
Paul Sorenson	Director-Central Markets Strategy, Open Access Technology International, Inc.	At-Large	In Person	O	S	S	S

TRANSMISSION SEGMENT		**SUBSEGMENT:**	**VOTE 5**	**VOTE 6**	**VOTE 7**	**VOTE 8**	**VOTE 9**
Patrick McGovern	Manger - System Services, Georgia Transmission Corporation	Muni/Coop	S	S	S	S	
Steven C. Cobb	Manager Transmission Services, Salt River Project	Fed/State/Prov.	S	O	S	S	O
Dean Ulch	Principal Engineer, Transmission Policy and Services Group, Southern Company Services	IOU	S	S	S	S	S

Edward Davis	Policy Consultant, Entergy Services, Inc.	IOU	S	O	S	S	O
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	ITC					
Linda Campbell	Director of Reliability, Florida Reliability Coordinating Council	At-Large					
GENERATION SEGMENT							
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	Muni/Coop	S	S	S	S	S
Kathy York	Sr. Energy Markets & Policy Specialist, Tennessee Valley Authority	Fed/State/Prov.	S	S	S	S	S
Louis Oberski	Director Electric Market Policy, Dominion Resource Services, Inc.	IOU	S				
Roman Carter	Reliability Standards Coordinator, Southern Company Services	IOU	S	S	S	S	
Barry Green	Director, Markets and Research Regulatory Affairs Division, Ontario Power Generation	Merchant					
MARKETERS/BROKERS SEGMENT							
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	Muni/Coop	S	S	S	S	S
Valerie Crockett, Alt. for C. Harmon	Tennessee Valley Authority	Fed/State/Prov.	S	S	S	S	S
Suzanne Calcagno	Director – Regulatory Compliance, UBS Energy LLC	Not IOU Affiliated					
Mark Tallman	Managing Director, Commercial & Trading, PacifiCorp	IOU					
Joel Dison	Project Manager, Southern Company Generation and Energy Marketing	IOU	S	S	S	S	S
DISTRIBUTION/LOAD SERVING ENTITIES (LSE) SEGMENT							
Robert Williams	Director of Regulatory Affairs, Florida Municipal Power Agency	Muni/Coop	S	S	S	S	S
Robert Schwermann	Energy Coordinator, Sacramento Municipal Utility District	Muni/Coop	S	S	S	S	O
Alan Pritchard, Alt.	Senior Engineer, Duke Energy	IOU	S	S	S	S	O

for O. Frazier							
John McCawley	Director – Energy Acquisition, Exelon Energy Delivery, Exelon Corporation – PECO Energy	IOU					
Syd Berwager	Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line	Other	S	O	S	S	O
Bill Blevins	Manager of Business Practices Interface, North American Electric Reliability Council	At-Large	S	O	S	S	A
END USERS SEGMENT							
Lou Ann Westerfield	Policy Strategist, Idaho Public Utilities Commission, rep. National Association of Regulatory Utility Commissioners	Regulator					
John Hughes	Vice President Technical Affairs, Electricity Consumers Resource Council (ELCON)	Large Industrial	S	S	S	S	S
Paul Sorenson	Director-Central Markets Strategy, Open Access Technology International, Inc.	At-Large	S	S	S	S	S

TRANSMISSION SEGMENT		**SUBSEGMENT:**	**VOTE 10**	**VOTE 11**	**VOTE 12**	**VOTE 13**	**VOTE 14**
Patrick McGovern	Manger - System Services, Georgia Transmission Corporation	Muni/Coop	S	S	S	S	O
Steven C. Cobb	Manager Transmission Services, Salt River Project	Fed/State/Prov.	O	S	S	O	S
Dean Ulch	Principal Engineer, Transmission Policy and Services Group, Southern Company Services	IOU	S	S	S	S	S
Edward Davis	Policy Consultant, Entergy Services, Inc.	IOU	O	S	S	S	S
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	ITC				AB	
Linda Campbell	Director of Reliability, Florida Reliability Coordinating Council	At-Large					
GENERATION SEGMENT							
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	Muni/Coop	S	S	S	S	S
Kathy York	Sr. Energy Markets & Policy Specialist, Tennessee	Fed/State/Prov.	A	S	S	S	S

	Valley Authority						
Louis Oberski	Director Electric Market Policy, Dominion Resource Services, Inc.	IOU				SB	
Roman Carter	Reliability Standards Coordinator, Southern Company Services	IOU				S	S
Barry Green	Director, Markets and Research Regulatory Affairs Division, Ontario Power Generation	Merchant				SB	
MARKETERS/BROKERS SEGMENT							
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	Muni/Coop	S	S	S	S	S
Valerie Crockett, Alt. for C. Harmon	Tennessee Valley Authority	Fed/State/Prov.	S	S	S	S	S
Suzanne Calcagno	Director – Regulatory Compliance, UBS Energy LLC	Not IOU Affiliated				SB	
Mark Tallman	Managing Director, Commercial & Trading, PacifiCorp	IOU				OB	
Joel Dison	Project Manager, Southern Company Generation and Energy Marketing	IOU	S	S	A	S	S
DISTRIBUTION/LOAD SERVING ENTITIES (LSE) SEGMENT							
Robert Williams	Director of Regulatory Affairs, Florida Municipal Power Agency	Muni/Coop	S	S	S	S	S
Robert Schwermann	Energy Coordinator, Sacramento Municipal Utility District	Muni/Coop	O	S	S	O	S
Alan Pritchard, Alt. for O. Frazier	Senior Engineer, Duke Energy	IOU	O	A	S	S	S
John McCawley	Director – Energy Acquisition, Exelon Energy Delivery, Exelon Corporation – PECO Energy	IOU				SB	
Syd Berwager	Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line	Other	S	S	S	O	S
Bill Blevins	Manager of Business Practices Interface, North American Electric Reliability Council	At-Large	A	S	S	S	S
END USERS SEGMENT							
Lou Ann Westerfield	Policy Strategist, Idaho Public Utilities	Regulator				OB	

	Commission, rep. National Association of Regulatory Utility Commissioners						
John Hughes	Vice President Technical Affairs, Electricity Consumers Resource Council (ELCON)	Large Industrial	S	S	S	S	S
Paul Sorenson	Director-Central Markets Strategy, Open Access Technology International, Inc.	At-Large	S	S	O	S	S

TRANSMISSION SEGMENT		**SUBSEGMENT:**	**VOTE 15**	**VOTE 16**
Patrick McGovern	Manger - System Services, Georgia Transmission Corporation	Muni/Coop	S	S
Steven C. Cobb	Manager Transmission Services, Salt River Project	Fed/State/Prov.	S	S
Dean Ulch	Principal Engineer, Transmission Policy and Services Group, Southern Company Services	IOU	S	S
Edward Davis	Policy Consultant, Entergy Services, Inc.	IOU	S	S
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	ITC		
Linda Campbell	Director of Reliability, Florida Reliability Coordinating Council	At-Large		
GENERATION SEGMENT				
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	Muni/Coop	S	S
Kathy York	Sr. Energy Markets & Policy Specialist, Tennessee Valley Authority	Fed/State/Prov.	S	S
Louis Oberski	Director Electric Market Policy, Dominion Resource Services, Inc.	IOU		
Roman Carter	Reliability Standards Coordinator, Southern Company Services	IOU	S	S
Barry Green	Director, Markets and Research Regulatory Affairs Division, Ontario Power Generation	Merchant		
MARKETERS/BROKERS SEGMENT				
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	Muni/Coop	S	S

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Valerie Crockett, Alt. for C. Harmon	Tennessee Valley Authority	Fed/State/Prov.	S	S
Suzanne Calcagno	Director – Regulatory Compliance, UBS Energy LLC	Not IOU Affiliated		
Mark Tallman	Managing Director, Commercial & Trading, PacifiCorp	IOU		
Joel Dison	Project Manager, Southern Company Generation and Energy Marketing	IOU	S	S
DISTRIBUTION/LOAD SERVING ENTITIES (LSE) SEGMENT				
Robert Williams	Director of Regulatory Affairs, Florida Municipal Power Agency	Muni/Coop	S	S
Robert Schwermann	Energy Coordinator, Sacramento Municipal Utility District	Muni/Coop	S	S
Alan Pritchard, Alt. for O. Frazier	Senior Engineer, Duke Energy	IOU	S	S
John McCawley	Director – Energy Acquisition, Exelon Energy Delivery, Exelon Corporation – PECO Energy	IOU		
Syd Berwager	Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line	Other	S	S
Bill Blevins	Manager of Business Practices Interface, North American Electric Reliability Council	At-Large	S	S
END USERS SEGMENT				
Lou Ann Westerfield	Policy Strategist, Idaho Public Utilities Commission, rep. National Association of Regulatory Utility Commissioners	Regulator		
John Hughes	Vice President Technical Affairs, Electricity Consumers Resource Council (ELCON)	Large Industrial	S	S
Paul Sorenson	Director-Central Markets Strategy, Open Access Technology International, Inc.	At-Large	S	S

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12. Additional Attendance

Name	Organization	Attendance
Shannon Black	SMUD	In Person
Neal Balu	Wisconsin Public Service Corp. Resources	Phone
Kathryn Burch	Duke Energy Gas Transmission	In Person
Christopher Burden	Williams Gas Pipeline	In Person
Jim Busbin	Southern Company	In Person
Clay Calhoun	Midwest ISO	Phone
John Ciza	Southern Company Generation	In Person
LaRita Cormier	Riverside Reporting	In Person
Dale Davis	Williams Gas Pipeline	In Person
Mark Fidrych	Western Area Power Administration	In Person
Bill Griffith	El Paso Natural Gas	In Person
Bob Harshbarger	Puget Sound Energy	In Person
Laura Kennedy	NAESB	In Person
DeDe Kirby	NAESB	Phone
Ruth Kiselewich	Baltimore Gas and Electric	In Person
Marcy McCain	Duke Energy Gas Transmission	In Person
Rae McQuade	NAESB	In Person
Marjorie Perlman	Energy East	Phone
Jim Pewarski	Midwest ISO	Phone
Raj Rana	AEP	Phone
Barbara Rehman	Bonneville Power Administration	Phone
Marv Rosenberg	FERC	In Person
Veronica Thomason	NAESB	In Person
Wendy Weathers	Salt River Project	In Person
Mike Wells	WECC	In Person
JT Wood	Southern Company	In Person

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August 16, 2006

TO: NAESB Retail Gas and Electric Executive Committee Members and Interested Industry Participants

FROM: Rae McQuade

RE: Redlined Draft Minutes from the NAESB Retail Electric Quadrant (REQ) and Retail Gas Quadrant (RGQ) Executive Committee Meeting – August 16, 2006

Retail Gas Quadrant and Retail Electric Quadrant
Joint Executive Committee Meeting
Wednesday, August 16, 2006 – 8:00 am to Noon MT
Hosted by El Paso Western Pipelines – Colorado Springs, CO
Redlined Draft Minutes

1. Welcome

Ms. Kiselewich called the meeting to order at 8:00 am MT and welcomed the Executive Committee members and other participants. Ms. Kirby gave the antitrust advice, and Ms. McQuade called roll and established quorum for both quadrants. Ms. Kiselewich thanked Mr. Griffith and the El Paso Western Pipelines for hosting the meeting. Ms. Kiselewich thanked Mr. Overtree for his service in NAESB and welcomed Ms. Munson of ERCOT to the REQ EC as an alternate.

2. Joint Retail Electric Quadrant & Retail Gas Quadrant Draft Agenda & Draft Minutes

Adoption of Joint Agenda: Ms. McCain moved, seconded by Mr. Novak to approve the Retail Gas agenda. The motion passed with a unanimous in favor vote. Ms. Edwards moved, seconded by Mr. Jarrett to approve the Retail Electric agenda. The motion passed with a unanimous in favor vote.

Adoption of Draft Minutes: After a page by page review of the minutes, no changes were suggested. Ms. McCain moved, seconded by Mr. Precht to adopt the minutes of May 10, 2006 for the RGQ. The motion passed with a unanimous in favor vote. Similarly, Mr. Minneman moved, seconded by Ms. Ray to adopt the minutes of May 10, 2006 for the REQ. The motion passed with a unanimous in favor vote. The final minutes are posted on the NAESB website: http://www.naesb.org/pdf2/req_rgq_ec051006fm.doc.

3. Subcommittee Updates and Plan Updates

Triage Subcommittee: Ms. McQuade updated the group on recent triage actions. Request Nos. R06010 (assigned to WEQ), R06011 (assigned to WGQ) and R06012 (assigned to WGQ) have been triaged as indicated in the meeting materials using the normal triage process applied via email. None of the requests were assigned to either REQ or RGQ. Request Nos. R06013, R06014 and R06015 should go out today for triage decisions – all three requests address changes to code values for existing WGQ standards. Triage actions will be taken via email to expedite the process unless the requests address multiple quadrant assignments, are controversial in nature, or any EC member asks that the requests be addressed via conference call or meeting.

Information Requirements Subcommittee (IR) and Technical Electronic Implementation Subcommittee (TEIS): Ms. Teel provided the update for IR and TEIS. On August 29, a joint call is scheduled to review comments made by Mr. Precht and Mr. Eynon on the billing and payment business model (Retail Annual Plan Item 1(a)). The agenda also includes a possible vote on the draft of the technical implementation of the Customer Information model business practices currently in process and review and possible vote on the draft of the technical implementation of the Customer Invoice model business practices currently in process. It is expected that two recommendations will be prepared for comment and EC consideration at the November 15 meeting in Dallas ((1) the technical

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implementation of Customer Information model business practices and (2) the technical implementation of Customer Invoice model business practices).

Business Practices Subcommittee (BPS): Mr. Precht provided the update on the BPS. BPS has worked jointly with the Glossary Subcommittee on terms needed for billing and payments model business practices and is making headway on development of ~~standards~~ model business practices for enrollments, drops and customer account information. The BPS approved the Process Flow Diagram for the Development of MBPs (discussed further below); and voted to support additional model business practices for Billing & Payment. In its meeting on September 14, the BPS should complete customer enrollments model business practices and continue efforts on drops and customer account information. Specific attention will be paid to registration agent model enrollment and the process flow diagrams for such will be reviewed. In addition, the BPS will review the retail contract underway by the Contracts Subcommittee. . It is expected that the enrollment model business practices recommendation will be prepared for comment and EC consideration at the November 15 meeting in Dallas (see discussion below on comment period – in "schedule of completions" topic).

Mr. Precht reviewed the process flow document in the meeting materials. The diagram shows interactions between BPS, IR and Technical subcommittees during ~~standards~~ the development of model business practices and the interaction of the three groups with the retail Executive Committees. The diagram shows existing procedures and does not create any new ones. Ms. McQuade stated that Mr. Boswell has reviewed the document and found it fully consistent with the NAESB governance documents. The intent is to post the diagram on the NAESB web site as reference material for the three groups. There was a motion made Mr. Precht and seconded by Ms. McCain for RGQ and similarly by Ms. Edwards and seconded by Ms. Teel ~~for~~ to adopt the chart as reference material and post it on the NAESB web site. Both simple majority motions were carried through a unanimous in favor vote.

Glossary Subcommittee: Ms. Edwards noted that the REQ/RGQ Glossary subcommittee met on June 20, and approved the following six definitions:

(1) First In - The Enrollment process which uses the first Enrollment Request received for the same Enrollment Effective Date as the operative Enrollment.
(2) Last In - The Enrollment process which uses the last Enrollment Request received for the same Enrollment Effective Date as the operative Enrollment.
(3) Rescission - The Enrollment process which uses the last Enrollment Request received for the same Enrollment Effective Date as the operative Enrollment.
(4) Pending Enrollment - An Enrollment Request that has been responded to with an Enrollment Confirmation, but has not reached its Enrollment Effective Date.
(5) Pending Drop - A Drop Request that has been responded to with a Drop Confirmation, but has not reached its Drop Effective Date.
(6) Reinstatement - The process of canceling a Pending Drop or a Pending Enrollment so that the existing Market Participant continues to have the responsibility for providing energy to the Customer.

The revised glossary has been posted on the NAESB web site and can be accessed via http://www.naesb.org/pdf/req_rgq_glossary_defined_terms.xls.

Contracts Subcommittee: Ms. McCain reviewed the significant progress made by the Contracts Subcommittee since the last EC meeting. The subcommittee held an informal comment period and reviewed and resolved comments from 6 organizations – a total of 110 separate items. In addition the subcommittee is in the process of reviewing the WGQ contract adopted in late July by the WGQ EC ~~for~~ to identify any changes made by the WGQ ~~to~~ that should be applied to the retail contract. All but one of the WGQ changes has been reviewed and a determination made of whether modifications to the retail contract are required. In accordance with the ~~direction~~ directive that the retail contract should follow the WGQ base contract for content and clauses where applicable, most changes from the WGQ contract have been represented in the retail contract. The next scheduled meeting is August 28, during which the subcommittee should conclude review on changes and develop a user guide for the contract. The subcommittee should present its work product to BPS at the BPS meeting on September 14. Where the contract has defined terms that coincide with terms present in the retail glossary, the definitions are the same. The subcommittee will determine if terms present in the contract that are not currently present in the glossary should be added to the

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glossary. It is expected that the subcommittee will have a recommendation including a user guide ready for EC consideration at the November 15 meeting. –As an aside, Ms. Kiselewich noted that Mr. Bourbonnais reported from the EEI National Accounts meeting that there was support for a standardized retail contract, but only if it was concise and less detailed than the WGQ contract.

Schedule of Completions: In general discussion of subcommittee progress, several points were made regarding state commission interest in the ~~retail standards~~ work products of the retail quadrants and the need to be responsive to their requests and in general, to show quick development. Specifically, Ms. Kiselewich noted that draft regulations in MD PSC shows reliance on NAESB standards and/or model business practices in defining the term for retention of customer data at 12 months. It was originally set for 24 months – which would have created a significant cost to the utilities. In a similar vein, the PA working group in which Mr. Novak has a leadership role has asked for updates on NAESB retail deliverables and it would be advantageous to NAESB if we could show a steady stream of completed ~~standards~~ model business practices. Both discussions in PA and MD point to the need for NAESB to expedite delivery of model business practices.

To show a steady stream of accomplishments, it was determined to complete and vote on model business practices in parts rather than wait until an entire suite of related ~~standards are~~ model business practices is completed. For example, it was determined beneficial to have enrollments completed through the final action stage rather than waiting until the ~~standards~~ model business practices for drops and customer account information were developed. There is a drawback to this approach -- as drops are developed it may be realized that changes are needed to enrollments. However, any changes that are needed as a result of related ~~standards~~ development of model business practices can easily be accomplished through maintenance to existing ~~standards~~ model business practices and final actions without first creating a new request and adding such to the annual plan.

In order to split the development of customer enrollment, drops and account maintenance into three separate areas and vote on enrollment this year, it was determined to shorten the comment period to 25 days to give BPS as much time as possible to develop the recommendation. The motion was made to reduce the comment period to 25 days from 30 days for the recommendation for model business practices for customer enrollments and to present the recommendation after the 25 day comment period to the retail ECs at the November 15 meeting. The motion was made by Ms. Edwards and seconded by Mr. Jarrett for REQ, and by Ms. McCain and seconded by Mr. Precht for RGQ. The motion passed with a unanimous in favor vote.

Proposed Changes to the 2006 Annual Plan: Ms. Kiselewich reviewed the 2006 Annual Plan for the Retail Gas and Electric Quadrants ~~with the retail ECs~~. Modifications were made to update status, committee assignment and completion dates for several of the annual plan items, and are shown as redlines to the plan, posted on the NAESB web site at: http://www.naesb.org/pdf2/req_rgq_ec081606a1.doc. In addition, the 2007 deliverables were reviewed and quarters assigned to them to help in building the 2007 annual plan. There was also discussion on the annual plan item for development of an AS2 and AS3 white paper which caries a completion date of 4th quarter 2006. Ms. McQuade will contact the retail and WGQ EC technical leadership to complete this item by yearend and coordinate its delivery for all three quadrants. The motion was made by Mr. Jarrett and seconded by Ms. Camp for REQ, and by Mr. Precht and seconded by Ms. McCain for RGQ, to adopt the changes to the 2006 annual plan. The motion passed with a unanimous in favor vote.

4. Discussion of release date for Version 1.1 of the Retail Quadrants ~~standards~~ model business practices

Ms. Kiselewich provided background for the discussion. The retail quadrants are building up a strong base of updates to version 1 ~~standards~~ model business practices that were published in September of last year. It was generally agreed that June 30, 2007 should be the target for publishing the next release of retail ~~standards~~ model business practices. To date, the primary additions for version 1.1 include: customer enrollment, drops, customer account information, retail contract, technical implementation for billing and payments, retail electronic invoicing, and technical means for exchanging customer information prior to enrollments.

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5. Discussion of 2007 Annual Plan Creation

Ms. McQuade will send out the 2006 annual plan, and list of possible development projects as developed through the R~~r~~etail S~~s~~tructure R~~r~~eview S~~s~~ubcommittee and the retail leadership group, along with a cover letter asking for comments. The cover letter will ask for several items including:

- Contact information of the submitter, so that follow up questions can be asked, if needed.
- Identification of annual plan items including a description, with a designation of whether the items are to be considered in 2007 or 2008.
- Comments on the annual plan items identified including a level of priority and how fast the development should occur, and an estimate of how much time the development time will be needed.
- An indication for those items identified, whether the submitter, his staff or colleagues are interested in participating or leading the development effort and if they consider themselves subject matter experts on the item.

There was recognition that we should manage expectations as the retail quadrants already have quite a few 2007 items identified in the 2006 plan. Some of the new development areas that may be considered are demand side management, measurement standards for DSM, meter standardization, additional standards for electronic billing including web based standards, and green energy credits.

The letter containing the above points and request for information with the annual plan and list of potential standards development should be sent in late August to retail quadrants members, interested parties and trade associations. Responses will be due into the NAESB office in late September, and mid-October, a conference call will be convened to review the responses and craft the 2007 annual plan. The Retail ECs will vote on the plan on November 15 and it will be presented to the Board of Directors on December 14.

6. Board of Directors and Board Committee Updates

Board Updates The Board minutes and retail leadership notes were referenced and there were no questions. Ms: McQuade reviewed the NAESB copyright policy, the presentation made by Mr. Boswell at the Board meeting in June, and the reports that are now posted on the NAESB web site. In answer to questions, Ms. McQuade reviewed the process for gaining waivers and who has received them in the past. As state commission staff request NAESB standards and/or model business practices for evaluation purposes, they are given waivers to use the materials for evaluation purposes only. The regulators can reference NAESB standards and/or model business practices as the FERC does, using incorporation by reference. As companies need access to the standards and/or model business practices, they can join NAESB, purchase annual web access, purchase the standards and/or model business practices themselves or attend courses given by NAESB.

NARUC Trimester meeting: Ms. Kiselewich and Mr. Novak gave an update on the recent NARUC meeting and noted that not much new was learned at the meeting. Mr. Bourbonnais talked to several commissioners and staff regarding the NARUC talking points and will have follow up letters. Ms. McQuade noted that there was a focus on gas-electric interdependency at this NARUC session.

WEQ EC Meeting: Ms. McQuade reviewed the recent WEQ EC meeting and the work that may be planned for standards development based on the OAT NOPR analysis and the comments submitted to the FERC from NAESB on August 7.

7. New Business

The next retail ECs meeting is scheduled for Wednesday November 15 in Dallas hosted by TXU Energy. The agenda will include several recommendations for vote and will also include a draft 2007 annual plan. Should there be other items to include on this agenda, please contact Ms. Kiselewich, Mr. Novak or Ms. McQuade.

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The WEQ EC will be considering using web casting at EC meetings where there is expected to be significant language modifications by the EC to the recommendations. The retail ECs will consider using web casting on a case by case basis and the decisions will be made by Ms. Kiselewich and Mr. Novak. Web casting can require additional time for the meeting but serves a purpose if extensive document editing is expected. The retail ECs will encourage attendance at a face-to-face meeting where contentious issues are to be discussed.

8. Adjourn

Ms. McCain moved that the meeting adjourn. There was no opposition to the motion. The meeting adjourned at 10:30 am MT.

9. Executive Committee Attendance

2006 Executive Committee – Retail Gas Quadrant

DISTRIBUTORS SEGMENT		**ATTENDANCE**
Leslie H. Nishida	Gas Federal Regulatory Supervisor, Wisconsin Public Service Corporation	Phone
Michael Novak	Assistant General Manager, National Fuel Gas Distribution Corporation	Phone
Phil Precht	Director of Gas Choice Programs - Gas Operations, Baltimore Gas and Electric Company	Phone
END USERS SEGMENT		
Barbara Alexander for vacancy	Consumer Affairs Consultant, rep. Indiana Office of Utility consumer Counselor	Phone
SERVICE PROVIDERS SEGMENT		
George M. Behr	Director, Energy Services Group, Inc.	Absent
SUPPLIER SEGMENT		
Suzanne Calcagno	Director, Regulatory Compliance, UBS Energy, LLC	Absent
Marcy McCain	Project Manager – Regulatory Affairs, Duke Energy Gas Transmission, LLP	In Person
Richard Zollars	Director, Data and Information, Dominion Retail, Inc.	Absent

2006 Executive Committee – Retail Electric Quadrant

Distribution Segment		**ATTENDANCE**
Ruth Kiselewich	Director Special Projects and Supplier Services, Baltimore Gas & Electric Company (MAAC NERC Region)	In Person
Terry~~.~~ Moran	Regulatory Issues Manager, PSEG (MAAC NERC Region)	Phone
Judy Ray	Industrial Segment Manager – Contract Administrator, Alabama Power Company (SERC NERC Region)	Phone

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2006 Executive Committee – Retail Electric Quadrant

Mary Edwards	Senior Customer Choice Analyst – Regulation and Competition, Dominion Virginia Power (SERC NERC Region)	Phone
End User Segment		
Barbara Alexander	Consumer Affairs Consultant, State of Maine Public Advocate	Phone
Services Segment		
Jim Minneman	Director of Operations, PPL Solutions LLC	Phone
Jennifer Teel	Director – Business Solutions, EC Power	Phone
Susan Munson for Rob Connell	Retail Market Liaison, Electric Reliability Council of Texas	Phone
Mark S. Jarrett	Team Leader – Market Information and Analysis, Market Intelligence, Southern Company	Phone
Supplier Segment		
Bill Barkas	Manager of Retail State Government Relations, Dominion Retail, Inc.	Phone
Jason Bear	Director – Market Advocacy, Direct Energy	Absent
Jansen Pollock	Manager of Regulatory Affairs, Constellation NewEnergy	Absent

10. Other Participation

Name	Organization	Attendance
Yvette Camp	Southern Company Services	Phone
Debbie McKeever	TXU Electric Delivery	Phone
Laura Kennedy	NAESB	In Person
DeDe Kirby	NAESB	Phone
Rae McQuade	NAESB	In Person
Veronica Thomason	NAESB	In Person

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August 30, 2006

TO: NAESB Wholesale Gas Quadrant Executive Committee and Interested Industry Participants

FROM: Laura B. Kennedy, Meeting/Project Manager

RE: Wholesale Gas Quadrant Executive Committee Draft Minutes – August 17, 2006

NORTH AMERICAN ENERGY STANDARDS BOARD
EXECUTIVE COMMITTEE MEETING
WHOLESALE GAS QUADRANT (WGQ)
Hosted by El Paso Western Pipelines – Colorado Springs, Colorado
Thursday, August 17, 2006 – 8:00 am to 10:00 am Mountain
DRAFT MINUTES

1. Welcome

Mr. Buccigross called the meeting to order and welcomed attendees. Ms. Kennedy gave the antitrust advice and called the roll of Executive Committee members. Quorum was established.

2. Wholesale Gas Quadrant Draft Agenda & Draft Minutes

The WGQ Executive Committee reviewed the draft agenda for this meeting. Ms. Davis requested that an item be added to adopt a minor correction that was submitted to the NAESB office on August 16, 2006. Mr. Buccigross stated that adoption of the minor correction could be added as Item 3a. Ms. Davis moved, seconded by Mr. Novak, to adopt the agenda as modified. The motion passed without objection.

The draft minutes from the May 11, 2006 meeting were included in the Executive Committee material behind Tab 3, beginning on page 38. Ms. Davis submitted redlines of the May 11, 2006 minutes that were posted as supplemental material for the WGQ Executive Committee: http://www.naesb.org/pdf2/wgq_ec081706w1.doc. Ms. Davis moved, seconded by Ms. Van Pelt, to adopt the revised draft minutes as ~~drafted~~ redlined by Ms. Davis. The motion passed unanimously. The final minutes of the May 11, 2006 meeting are posted on the NAESB website at http://www.naesb.org/pdf2/wgq_ec051106fm.doc.

The draft minutes from the July 27, 2006 meeting were included in the Executive Committee material behind Tab 3, beginning on page 42. Ms. Davis submitted redlines of the July 27, 2006 minutes that were posted as supplemental material for the WGQ Executive Committee: http://www.naesb.org/pdf2/wgq_ec081706w2.doc. Ms. McQuade noted that Ms. Davis' redlines include deletion of the part of the minutes that indicated that the minor corrections were adopted via a super majority vote. Ms. Davis stated that deletion should be disregarded. Ms. Gussow requested that the second full paragraph on page 4 be modified to state "Ms. Gussow stated that Florida Power and Light is not opposed to inclusion of Triangular Setoff except for the inclusion of Section 10.3.2(v)." Ms. Davis moved, seconded by Mr. Young, to adopt the revised draft minutes as ~~drafted~~ redlined by Ms. Davis with the additional modification by Ms. Gussow. The motion passed unanimously. The final minutes of the July 27, 2006 meeting are posted on the NAESB website at http://www.naesb.org/pdf2/wgq_ec072706fm.doc.

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3. Subcommittee and Task Force Updates and Review of 2006 Annual Plan

Triage Subcommittee: Ms. McQuade stated that the Triage Subcommittee has agreed to vote on assignments of requests via e-mail instead of conference calls. The Triage Subcommittee will schedule a conference call if there is an expectation that a particular request would be assigned to more than one quadrant, if the request is expected to be controversial, or if any Executive Committee member requests that the particular request be considered during a conference call instead of via e-mail.

The Triage Subcommittee assigned the following requests on August 11, 2006:

R06010, submitted by Mike Wells on behalf of WECC, was found to be within scope, was assigned to the Wholesale Electric Quadrant (WEQ), and was assigned to the WEQ Business Practices Subcommittee. The priority of the request is that it should be handled expeditiously.

R06011, submitted by Micki Schmitz on behalf of Northern Natural Gas, was found to be within scope, was assigned to the WGQ, and was assigned to the WGQ Information Requirements Subcommittee. The request was assigned a priority of normal course of business.

R06012, submitted by Christopher Burden, on behalf of Williams Gas Pipeline, was found to be within scope, was assigned to the WGQ, and assigned to the WGQ Information Requirements Subcommittee. The request was assigned a priority of normal course of business.

An e-mail ballot is due on August 25, 2006 for the following requests:

R06013 submitted by Kathryn Burch and Marcy McCain on behalf of Duke Energy Gas Transmission to add code values for the Charge Type data element in the Transportation/Sales Invoice dataset (NAESB WGQ Standard 3.4.1).

R06014 submitted by Kathryn Burch and Marcy McCain on behalf of Duke Energy Gas Transmission to add code values for the Rate Identification Code data element in the Transactional Reporting datasets (NAESB WGQ Standards 5.4.20, 5.4.21 and 5.4.22).

R06015 submitted by Kathryn Burch and Marcy McCain on behalf of Duke Energy Gas Transmission to add code values for the Rate Identification Code data element in the Offer Download, Bid Download, Award Download, Offer Upload, Offer Upload Quick Response, Offer Upload Notification, Bid Upload and Bid Upload Quick Response datasets (NAESB WGQ Standards 5.4.1, 5.4.2, 5.4.3, 5.4.7, 5.4.8, 5.4.9, 5.4.18 and 5.4.19).

Business Practices Subcommittee: Ms. Van Pelt stated that the Business Practices Subcommittee (BPS) has held two meetings since the last WGQ Executive Committee meeting: July 10 and August 3. The BPS has been working on a recommendation for Request No. R06008 (Modify WGQ Business Practice Standard 4.3.90 to clarify that all available data at representative points should be made available by Transmission Service Providers) submitted by National Fuel Gas Distribution to modify some of the gas quality standards that were adopted in 2005. The LDC segment and Pipeline segment participants are working offline in order to agree on language before the next meeting on August 30, 2006.

On August 30, 2006 the BPS is scheduled to meet via conference call. The agenda items include recommendation for R06008; R06009 (Develop a standard that would enhance the communications between Transportation Service Providers (TSP) and their customers pertaining to nominations related deadlines); and R03036 (Conform WGQ capacity release standards 5.3.zD to FERC policy in RP03-545).

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Contracts Subcommittee: Mr. Sappenfield reported that the Contracts Subcommittee would next begin work on developing the Frequently Answered Questions (FAQ) document for the modified NAESB Base Contract. Mr. Sappenfield stated that he expects to schedule a conference call for the Contracts Subcommittee during the second week of September. During this call, the Contracts Subcommittee will begin to draft a preliminary list of topics to include in the FAQ. Mr. Sappenfield stated that he expects that ~~a~~ two requests will be submitted to NAESB soon to (1) update the ISDA Gas Annex and (2) update the Canadian Addendum ~~will be submitted to NAESB soon~~.

Electronic Delivery Mechanisms (EDM) Subcommittee: Mr. Burden reported that the EDM expects to address the items in the Sandia Report once it is released for publication by the Department of Energy.

Information Requirements Subcommittee: Ms. Davis reported that the Information Requirements Subcommittee met three times since the May 11, 2006 Executive Committee meeting. The subcommittee has completed all but one of the requests on its agenda~~save one~~. The next meeting is scheduled on September 14, 2006 hosted by KeySpan in Brooklyn, New York. Three requests are proposed to be assigned to the Information Requirements subcommittee by the Triage Subcommittee – R06013, R06014, and R06015.

Technical and ANSI X12 Subcommittee: Ms. Van Pelt stated that the Technical Subcommittee is scheduled to meet on August 17 and 18 in Colorado Springs, Colorado. The subcommittee is scheduled to complete the ~~s~~Supported ~~c~~Code ~~v~~Values data set~~s~~ for R98047, which is a request to allow a ~~requestor~~ party to request a TSP to provide a list of ~~what~~ code values it~~a pipeline~~ supports. The Technical Subcommittee is scheduled to request code values from X12 during the August 17 meeting. The next requests that the Technical Subcommittee is scheduled to address are R99033 (Add the name and definition for design capacity and scheduled quantity to the data set 5.4.13 Operationally Available and Unsubscribed Capacity) submitted by Dynegy; and R98048 (Add a new data set, "Fuel Matrix Information", plus a new code value, "Fuel Matrix", in the Upload of Request for Download (and Response) data sets to facilitate the transfer of fuel matrix information to and from trading partners) submitted by TransCapacity.

After further discussion, it was determined that the Technical Subcommittee will likely have several recommendations completed after the meeting on October 17-18, 2006, which would not be sufficient time to post the recommendations for 30 day comment prior to the November 16, 2006 WGQ Executive Committee meeting. Ms. Davis moved, seconded by Mr. Griffith, to have a two week comment period for the recommendations that will be completed by the Technical Subcommittee during its meeting in October. The motion passed a simple majority vote unanimously. [*Vote 1*].

Identify and Vote to Adopt Proposed Changes to the 2006 Annual Plan: The Executive Committee reviewed the WGQ 2006 Annual Plan, which was included in the Executive Committee material behind Tab 13, beginning on page 157. The following modifications were made to the Annual Plan: The completion date of Item 3 was changed from 3rd Quarter, to 4th Quarter, 2006 and the status of Item 6 was changed to Completed.

Mr. Novak moved, seconded by Ms. Gussow, to adopt the revised 2006 WGQ Annual Plan. The motion passed unanimously.

3a. Adoption of Minor Correction

Ms. Davis stated that one of the Minor Corrections that was adopted by the WGQ Executive Committee at the July 27 meeting included modifications that should not have been included.

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The changes listed in the Minor Correction that was posted as supplemental material for this meeting (http://www.naesb.org/pdf2/wgq_ec081706w3.doc) should not have been made in two of the data sets – NAESB WGQ Standard 5.4.3 – Award Download and NAESB WGQ 5.4.9 – Offer Upload Notification. The condition for these data elements as it existed prior to the previous Minor Correction should be maintained: Mandatory when present in the Offer Upload. The modifications processed in the previous Minor Correction should only be made to the following data sets: NAESB WGQ 5.4.1 – Offer Download; NAESB WGQ 5.4.4 – Replacement Capacity; and NAESB WGQ 5.4.7 Offer Upload.

Ms. Davis moved, seconded by Ms. Burch, to adopt the Minor Correction as revised. There were not sufficient votes to obtain the required super majority vote to adopt the Minor Correction. A notational ballot will be distributed to the WGQ Executive Committee members and alternates who have not cast a vote on the Minor Correction. [*Vote 2*][1]

4. Progress Report on Publication of Version 1.8 of the WGQ Standards

Ms. McQuade noted that during the July 27, 2006 WGQ Executive Committee meeting, the Executive Committee voted to postpone the publication of Version 1.8 to September 30, 2006. Ms. Rager reported that Ms. Davis and Mr. Burden have reviewed the applications of the Final Actions and Minor Corrections for errors. Ms. Van Pelt is scheduled to meet with Ms. Rager to review the EDISIM changes.

5. Discuss 2007 Annual Plan Creation

Mr. Buccigross suggested that he work with Ms. McQuade to draft a strawman proposal for the WGQ 2007 Annual Plan. The Annual Plan Subcommittee can then schedule a conference call to review and modify the strawman proposal in September. The WGQ Executive Committee can adopt the proposed WGQ 2007 Annual Plan at its November meeting that will be presented to the NAESB Board of Directors at its December meeting.

6. Update on Board of Directors Meeting and Board Committee Efforts and Regulatory Action Updates

Ms. McQuade stated that updates on the activities of the Board and the Board Committees can be found behind Tab 5 of the Executive Committee material. Ms. McQuade stated that the WEQ and Retail Quadrants schedule leadership meetings prior to each Board meeting and that the WGQ was welcome to do so as well.

7. New Business

~~No New Business was discussed~~Ms. Van Pelt requested that Ms. McQuade review the ratification process. ~~.~~Ms. McQuade explained that ballots are sent to member in good standing and they are given 30 days to vote. For ratification to pass on EC actions, 67% of those returning ballots must vote in favor. There is no quorum requirement. For ratification to pass on BOD issues, it is 90% of returning ballots. Abstentions are not included in the numerator or the denominator.

8. Adjourn

[1] Subsequent to the meeting a notational ballot was distributed. Sufficient votes were cast to adopt the Minor Correction. Please see the voting record for further information.

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Ms. Van Pelt moved, seconded by Mr. Young, to adjourn. The meeting adjourned at 9:10 AM Mountain.

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9. Executive Committee Attendance and Voting Record[1]

		ATTENDANCE	VOTE 1	VOTE 2
PRODUCERS SEGMENT				
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company	Absent		SB
Paul Keeler	Senior Counsel - ConocoPhillips, Burlington Resources Trading	Absent		
Randy Mills	Manager of Regulatory Affairs, ChevronTexaco Natural Gas	Absent		SB
Richard Smith	Regulatory, ExxonMobil Gas & Power Marketing	Absent		
Mike Shepard	General Counsel, Mewbourne Oil Company	Absent		SB
PIPELINE SEGMENT				
Bill Griffith	Consultant, El Paso Natural Gas Company	In Person	S	S
Kathryn Burch	Project Manager, Standards and Regulatory, Duke Energy	In Person	S	S
Dale Davis	Consultant, Williams Gas Pipeline	In Person	S	S
Randy Young	Director Regulatory Compliance, Gulf South Pipeline	In Person	S	S
Kim Van Pelt	Regulatory Compliance Manager, Panhandle Eastern Pipe Line	In Person	S	S
LOCAL DISTRIBUTION COMPANY (LDC) SEGMENT				
Richard Ishikawa Alt. for R. Schwecke	Transportation Contract Administrator, Southern California Gas Company	Phone	S	S
Marjorie Perlman Alt. for D. Chezar	Director, Federal Regulatory Proceedings, Energy East Management Corporation (Rochester Gas & Electric)	Phone	S	S
Amy Hamilton Alt. for S. Butler	Manager – Gas Regulation and Transportation Services, PECO Energy Company	Phone	S	S
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	Phone	S	S
Phil Precht Alt. for C. Colombo	Baltimore Gas and Electric Company	Phone	S	S
END USERS SEGMENT				
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	Absent		SB
Valerie Crockett	Energy Markets & Policy Specialist, Tennessee Valley Authority	In Person	S	S
Kelly Daly	Partner, Stinson, Morrison & Hecker	Absent		

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Dona Gussow	Contracts Coordinator, Florida Power and Light	Phone	S	S
Tina Burnett	Natural Gas Operations Administrator, The Boeing Company	Phone	S	S
SERVICES SEGMENT				
Suzanne Calcagno	Director – Regulatory Compliance, UBS Energy LLC	Absent		
Lisa Simpkins	Director Regulatory/Legislative Affairs, Constellation Energy Commodities Group	~~Absent~~Phone	S	s
Leigh Spangler	CEO, Latitude Technologies	Phone	S	S
Jim Buccigross	Vice President, 8760 Inc.	Phone	S	S
Keith Sappenfield	Regional Director – US Regulatory Affairs, EnCana Marketing (USA) Inc.	~~Phone~~In Person	S	S

10. Additional Participation

Name	Organization	Attendance
Christopher Burden	Williams Gas Pipeline	In Person
LaRita Cormier	Riverside Reporting	In Person
Mark Gracey	Tennessee Gas Pipe Line	In Person
Laura Kennedy	NAESB	In Person
Iris King	Dominion Transmission, Inc.	Phone
Paul Love	Natural Gas Pipe Line Company of America	Phone
Rae McQuade	NAESB	In Person
Denise Rager	NAESB	Phone
Marv Rosenberg	FERC	In Person
Veronica Thomason	NAESB	In Person
Kathy York	Tennessee Valley Authority	In Person
Steve Zavodnick	Baltimore Gas and Electric	Phone

[1] Voting Record Legend and List of Votes:
S = Support; O = Oppose; A = Abstain; B = Notational Ballot

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TAB 4

Triage Outstanding Requests

- Contained in this section are the dispositions for requests R06013 – R06024. The Triage Committee and the EC have approved the disposition for these requests on August 25 and October 23.
- The materials in Tab 4 correspond to agenda item 3 on the wholesale electric quadrant EC agendas, and agenda item 5 on the retail quadrants and wholesale gas quadrant EC agenda.

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September 5, 2006

Via email and posting

TO:	**NAESB Executive Committee (EC) Members, Triage Subcommittee Members**
FROM:	Rae McQuade, President
cc:	Kathryn Burch, Marcy McCain, EC Alternates
RE:	NAESB Triage Results for R06013, R06014, R06015

Dear Triage Committee and EC members,

The three requests were triaged as follows:

For R06013 –submitted by Kathryn Burch (klburch@duke-energy.com) and Marcy McCain (mlmccain@duke-energy.com) on behalf of Duke Energy Gas Transmission:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request solely to add code values for the Charge Type data element in the Transportation/Sales Invoice dataset (NAESB WGQ Standard 3.4.1), it is assigned to the WGQ Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it is to be addressed in the normal course of business of the WGQ IR.

For R06014 - submitted by Kathryn Burch (klburch@duke-energy.com) and Marcy McCain (mlmccain@duke-energy.com) on behalf of Duke Energy Gas Transmission:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request solely to add code values for the Rate Identification Code data element in the Transactional Reporting datasets (NAESB WGQ Standards 5.4.20, 5.4.21 and 5.4.22)., it is assigned to the WGQ Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it is to be addressed in the normal course of business of the WGQ IR.

For R06015 - submitted by Kathryn Burch (klburch@duke-energy.com) and Marcy McCain (mlmccain@duke-energy.com) on behalf of Duke Energy Gas Transmission:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request solely to add code values for the Rate Identification Code data element in the Offer Download, Bid Download, Award Download, Offer Upload, Offer Upload Quick Response, Offer Upload Notification, Bid Upload and Bid Upload Quick Response datasets (NAESB WGQ Standards 5.4.1, 5.4.2, 5.4.3, 5.4.7, 5.4.8, 5.4.9, 5.4.18 and 5.4.19), it is assigned to the WGQ Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it is to be addressed in the normal course of business of the WGQ IR.

The recommended dispositions for the requests and the requests themselves were forwarded to the Triage Subcommittee and the EC members on August 16. There were no dissenting comments received. As such, the requests are considered in scope and assigned as noted above.

Thanks, Rae

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October 23, 2006

Via email and posting

TO:	**NAESB Executive Committee (EC) Members, Triage Subcommittee Members**
FROM:	Rae McQuade, President
cc:	Jeff Bittel, Carl Wilkins
RE:	NAESB Triage Actions Taken on R06016-R06024

Dear Triage Committee and EC members,

The nine requests were triaged as follows:

For R06016 –submitted by Jeff Bittel (Jeff.L.Bittel@txgt.com) on behalf of Texas Gas Transmission, LLC:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ); and (3) because it is a request that the processing function definition for "Submit" found in standard 4.3.69 be expanded to include the sending of records to the TSP for processing from the Form as well as the Matrix, it is assigned to the WGQ Business Practices Subcommittee (WGQ BPS). There was nothing in the request indicating that it should be assigned a high priority, therefore, it should be addressed in the normal course of business of the WGQ BPS.

For R06017 –submitted by Jeff Bittel (Jeff.L.Bittel@txgt.com) on behalf of Texas Gas Transmission, LLC:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request to add new code values for Nomination Quick Response, standard 1.4.2, at the sub-detail level to provide for a more accurate reflection of warning or error, it is assigned to the WGQ Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it should be addressed in the normal course of business of the WGQ IR.

For R06018 –submitted by Jeff Bittel (Jeff.L.Bittel@txgt.com) on behalf of Texas Gas Transmission, LLC:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request to add new code values for Confirmation Response Quick Response, standard 1.4.2, at the detail level to provide for a more accurate reflection of warning or error, it is assigned to the WGQ Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it should be addressed in the normal course of business of the WGQ IR.

For R06019 –submitted by Jeff Bittel (Jeff.L.Bittel@txgt.com) on behalf of Texas Gas Transmission, LLC:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request to add new code values for Pre-determined Allocation Quick Response, standard 2.4.2, at the sub-detail level to provide for a more accurate reflection of warning, it is assigned to the WGQ Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it should be addressed in the normal course of business of the WGQ IR.

For R06020 –submitted by Jeff Bittel (Jeff.L.Bittel@txgt.com) on behalf of Texas Gas Transmission, LLC:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request to add new code values for Pre-determined Allocation Quick Response, standard 2.4.2, at the detail level to provide for a more accurate reflection of warning, it is assigned to the WGQ

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Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it should be addressed in the normal course of business of the WGQ IR.

For R06021 –submitted by Jeff Bittel (Jeff.L.Bittel@txgt.com) on behalf of Texas Gas Transmission, LLC:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request to add new code values for Transaction Type in Nomination, Scheduled Quantity, Transportation/Sales Invoice and any other applicable NAESB datasets to support Meter Bounce Receipt and Delivery to allow Texas Gas to determine which side of a pathed transaction is the bounce., it is assigned to the WGQ Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it should be addressed in the normal course of business of the WGQ IR.

For R06022 –submitted by Jeff Bittel (Jeff.L.Bittel@txgt.com) on behalf of Texas Gas Transmission, LLC:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request to add new Location Quantity Type Indicator code values for Offer Download, Bid Download, Award Download, Replacement Capacity, Offer Upload, Offer Upload Notification, Operationally Available, Unsubscribed Capacity, Bid Upload, Transactional Reporting – Capacity Release, Firm Transportation, and Interruptible Transportation, it is assigned to the WGQ Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it should be addressed in the normal course of business of the WGQ IR.

For R06023 –submitted by Jeff Bittel (Jeff.L.Bittel@txgt.com) on behalf of Texas Gas Transmission, LLC:

> This request is (1) found within scope; (2) to be assigned to the Wholesale Gas Quadrant (WGQ);and (3) because it is a request to add new Reduction Reason code values for Scheduled Quantity, Scheduled Quantity for Operator and any other applicable NAESB datasets, it is assigned to the WGQ Information Requirements Subcommittee (WGQ IR). There was nothing in the request indicating that it should be assigned a high priority, therefore, it should be addressed in the normal course of business of the WGQ IR.

For R06024 including an introduction –submitted by Carl Wilkins (cwilkins@advancedenergy.org) on behalf of Advanced Energy:

> This request is (1) found within scope; (2) to be assigned to the Retail Electric Quadrant (REQ);and (3) because it is a request that is specific to the REQ Annual Planning Process ("Standardize Method for Quantifying Benefits, Savings, Cost Avoidance and/or the Reduction in Energy Demand Derived From the Implementation of Demand Side Management and Energy Efficiency Programs"), the REQ 2007 Annual Planning Process determine disposition for 2007 for discussion and adoption at the Retail EC meetings on 11-15-06 as a recommendation to the Board of Directors on 12-14-06.

The recommended dispositions for the requests and the requests themselves were forwarded to the Triage Subcommittee and the EC members on October 16. There were no dissenting comments received. As such, the requests are considered in scope and assigned as noted above.

Thanks, Rae

TAB 5

Board Updates

- For informational and update purpose only. No action is needed.
- This section includes the minutes of the September Board meeting and the summaries of the Board committee efforts.
- Tab 5 corresponds to agenda item 8 for WEQ, and agenda item 7 for WGQ.

NAESB Executive Committee Meeting Materials for November 14-16, 2006
Board Committee Updates

BOARD OF DIRECTORS AND BOARD COMMITTEES

BOARD OF DIRECTORS

- **September 20, 2006:** The Retail Leadership met in Houston, TX at the Marriott Intercontinental Hotel to address the future direction of the Retail Quadrants. The participants discussed how to move forward to draft a proposal for increasing the number of discount memberships; reviewed the efforts of Retail members with external groups such as EEI, FREDI, and AGA; reviewed the 2006 Annual Plan and the projected workload for the 2007 Annual Plan; discussed areas for possible model business practices development by the NAESB Retail Quadrants; discussed model business practices focused on estimating the impact of demand side management (DSM) and energy efficiency initiatives; reviewed the work of the Board Committees and related efforts specific to the Retail Quadrants; reviewed the agenda for the meeting of the Board of Directors; and reviewed highlights of the Retail Quadrants' Executive Committee Activities.
- **September 20, 2006:** The Wholesale Electric Quadrant Leadership met in Houston, TX at the Marriott Intercontinental Hotel. The agenda included: review of the meeting with the ISO/RTO Council on August 24, 2006 to discuss membership issues; review of NAESB Comments submitted on the OATT NOPR, comments by others on NAESB's comments and FERC references to NAESB, and possible additions to the 2007 Annual Plan in response to the NOPR; discussion of additional 2007 Annual Plan Items; discussion of coordination with external groups including NERC, the Department of Energy, and the FERC; and discussion of the efforts of the Resources Committee. These items were also raised at the Board meeting on September 21.
- **September 21, 2006:** The Board of Directors met on September 21, 2006 in Houston, Texas at the Marriott Houston Intercontinental Hotel. In addition to the reports from the Board Committees (Resources, Retail Structure Review, ISO/RTO Participation, and the Managing Committee), the chairs of the Executive Committees provided an update of the work of each Quadrant and presented the proposed changes to the 2006 Annual Plans. The Managing Committee presented the Resolution on Member Benefits and Access to Copyrighted Materials adopted by the Managing Committee on August 11, 2006. Specific standards development activities that were reviewed during this meeting included: standards to address the OATT Reform set forth in the FERC NOPR issued in Docket Nos. RM05-25 and RM05-17 (WEQ); gas quality (WGQ); the revised NAESB Base Contract for the Purchase and Sale of Natural Gas (WGQ); model business practices for electronic retail billing transactions and bill payment transactions between customers, suppliers, and utilities (Retail); and development of a model retail contract (Retail). The Board members also reviewed the progress made to date with Sandia National Laboratories and the U.S. Department of Energy to complete the surety assessment of the NAESB standards, and the efforts in the WEQ to coordinate standards development for ATC issues and TLR with NERC.
- **Planned, December 13, 2006:** The Retail Leadership will meet in Houston, TX at the Marriott Intercontinental Hotel to address the future direction of the Retail Quadrants. The meeting will be scheduled from 3:00 PM to 5:00 PM Central instead of 2:00 PM to 5:00 PM Central.
- **Planned, December 14, 2006:** The NAESB Board of Directors is scheduled to meet on December 14, 2006 in Houston, Texas at the Marriott Intercontinental Hotel. In addition to the regular business of the Board, the RSRC will provide its annual report; the Board will adopt the 2007 Annual Plans for each Quadrant and adopt the budget for 2007.

NAESB Executive Committee Meeting Materials for November 14-16, 2006
Board Committee Updates

ADVISORY COUNCIL

- The Advisory Council is chaired by Bruce Ellsworth**.**
- **February 11, 2006:** The NAESB Advisory Council meeting was held in conjunction with the NARUC winter session. Discussions on how to use the GEIC report, how to increase retail participation and the coordination between NERC and NAESB were key topics of the meeting. Mr. Ellsworth was re-elected as chair of the group.
- **Planned, February 17, 2007:** The NAESB Advisory Council meeting is scheduled to take place in conjunction with the NARUC winter session. The meeting is scheduled from 4:00 PM to 6:00 PM Eastern at the Renaissance Washington Hotel in Washington, DC.

JOINT INTERFACE COMMITTEE

- **August 23, 2006:** This meeting was cancelled as there were neither NAESB requests or NERC SARs for the JIC to review.
- **October 17, 2006:** This meeting was cancelled as there were neither NAESB requests or NERC SARs for the JIC to review.
- **Planned, December 20, 2006:** The JIC will meet via conference call on December 20, 2006 to conduct its regular business. The agenda for this meeting will include a review of the NERC Annual Plan, the NAESB WEQ 2007 Annual Plan, and the IRC Annual Plan.

RESOURCES COMMITTEE

- The Resources Committee, chaired by Mr. Brown, was formed to evaluate and increase the resources available to NAESB for standards drafting activities. It efforts have focused on increasing the number and diversity of the membership.
- Since its inception in September 2004, the Resources Committee has contributed to the addition of 39 new members as of Jan. 31, 2006. However, the resignation of 31 members during that period has dampened the impact of these efforts. The Resources Committee has also seen the addition of 4 subscriptions to Home Page Access. Current efforts are targeting members of the end-users segments and managing a board-member referral program.
- **August 22, 2006:** The Resources Committee met to review action items taken during the June 22, 2006 meeting related to outreach efforts for NAESB membership. The Committee asked that the Board and EC vacancies chart be updated to include those seats that are up for election in December 2006. Several updates were made on contacts for membership that had been approached by Committee members and/or the NAESB office had submitted membership letters to.
- **September 21, 2006:** The Resources Committee met prior to the NAESB Board meeting to discuss action items taken during the June 22nd and August 22nd meeting. During this meeting, the Resources Committee updated the Membership Projects List; discussed the letter that will be distributed to members' general counsels regarding the copyright policy; and discussed the creation of a quarterly report to be included with membership invoices. The Resources Committee members also discussed attending other industry organizations' meetings, such as EPSA, WECC, APPA, and NRECA and making presentations during those meetings.
- **October 24, 2006:** The Resources Committee met via conference call to discuss progress made on contacts for NAESB membership to date. Several organizations included in the "Updated Membership Analysis, Vacancies on the Board and EC, Membership Prospects" were noted as having joined, or going to join. Additional action items were taken to continue contacting potential members. The group was updated as to planned presentations on NAESB to EPSA and the WECC. In addition, updates were given on the status of ISO/RTO membership and on the development of succinct copyright language to be included in membership letters. At the request of the chair, the November

and December conference calls were cancelled and a meeting was scheduled for the Resources Committee immediately prior to the NAESB Board meeting on December 14, 2006.

- **Planned, December 14, 2006:** The Resources Committee will meet in Houston, TX prior to the NAESB Board meeting to continue updating the "Membership Analysis, Vacancies on the Board and EC, Membership Prospects" report and in doing so will continue discussions on potential new NAESB memberships. In addition, the Committee plans to receive updates on succinct copyright language for membership letters, a condensed NAESB quarterly report of activities for membership letters, and ISO/RTO membership.

RETAIL STRUCTURE REVIEW COMMITTEE

- The Retail Structure Review Committee (RSRC), chaired by Mr. Bourbonnais, was formed to address the membership levels in the retail electric and retail gas quadrants through the possible merger of the two quadrants or other structural changes to the quadrants or their segments.
- **September 11, 2006:** This conference call was cancelled and rescheduled for September 15, 2006
- **September 15, 2006:** The RSRC met via conference call on September 15, 2006. The agenda included a review of the August 16, 2006 Retail Quadrant Executive Committee meeting and development of the work plan for the December 2006 Board Recommendation.
- **November 27, 2006:** The RSRC will meet via conference call on November 27. The agenda includes a review of the outcome of the November 15 Retail Quadrant Executive Committee meeting; review of the draft Retail 2007 Annual Plan; and draft recommendation for presentation to Board of Directors at the December 2006 Board meeting.
- **RSRC** anticipates submitting an updated report to the Board by **December 2006.**

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September 28, 2006

TO: NAESB Board Members, Posting for Interested Industry Participants

FROM: Laura Kennedy, NAESB Meeting/Project Manager

RE: Draft Minutes from the NAESB Board of Directors Meeting – September 21, 2006

NORTH AMERICAN ENERGY STANDARDS BOARD
NAESB BOARD OF DIRECTORS MEETING
September 21, 2006 in Houston, TX
Draft Minutes

1. Administration and Welcome

Mr. Boswell read the antitrust guidelines. Mr. Stepenovitch welcomed the Board Members and guests. Mr. Desselle moved, seconded by Mr. Brown, to adopt the agenda. The motion passed unanimously. Next, the Board members reviewed the draft minutes from the June 22, 2006 Board meeting. The draft minutes were included in the Board Book behind Tab 3, beginning on page 16. Mr. Desselle moved, seconded by Mr. Horting, to adopt the draft minutes from the June 22, 2006 meeting as the final minutes. The motion passed unanimously. The final minutes from the June 22, 2006 Board meeting are posted on the NAESB website at http://www.naesb.org/pdf2/bd062206fm.doc.

2. Reports from Board Committees

Resources Committee: Mr. Brown provided the update of the work of the Resources Committee. The material in the Board Book provided by the Resources Committee was included behind Tab 4, on pages 30-72. Mr. Brown stated that NAESB membership has increased by a net of 2 since the last Board meeting. Since the creation of the Resources Committee, the efforts of the Committee have resulted in 52 new members and 6 home page access applications. There have been 45 member resignations since the creation of the Resources Committee. The Resources Committee members are involved in several initiatives to increase the membership including the development of a Quarterly Report, limited to one page, which will highlight NAESB accomplishments to include with invoices. The Resources Committee has also developed a Membership Prospects list that includes the names of prospective members, the source of the lead, the contact at the organization, and who has been assigned that particular lead. During the next quarter, the members of the Resources Committee will conduct an outreach to several trade organizations including: EPSA, WECC, AGA, and AWEA. The Resources Committee will also encourage the Board and Executive Committee members who have terms that expire on December 31, 2006 to run for their seats again in the end of term elections.

Retail Structure Review: Mr. Bourbonnais provided the update of the work of the Retail Structure Review Committee (RSRC). The material in the Board Book provided by the RSRC was included behind Tab 4, on pages 73-77. Mr. Bourbonnais met with the National Accounts contingent of EEI on behalf of the NAESB RSRC on two occasions. Mr. Bourbonnais stated that the National Accounts indicated a fair amount of interest in NAESB and provided items for model business practice development that may be included in the Joint Retail 2007 Annual Plan. Mr. Bourbonnais also met with several state commissioners during the Summer NARUC meetings. Mr. Bourbonnais stated that based on the amount of time he spent providing an

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overview of the work of NAESB when he spoke to the commissioners, an educational outreach should be conducted to increase NAESB awareness.

Mr. Koogler stated that he met with representatives of Advanced Energy, a research and development organization that was commissioned by the North Carolina Public Utility Commission. Advanced Energy conducts research and develops tools in the area of energy efficiency. The North Carolina Public Utility Commissioners recently charged Advanced Energy with developing a methodology to measure the impacts of its demand side initiatives. Mr. Koogler talked to the Advanced Energy representatives about NAESB providing a forum where the methodology could be developed. Mr. Koogler's staff is working with Advanced Energy to draft information on the effort that will be submitted as a potential Joint Retail 2007 Annual Plan item. Mr. Haynes noted that EEI has initiated an effort to evaluate similar issues.

ISO/RTO Participation: Mr. Desselle stated that the Board authorized him to name a committee to work with the ISO/RTO Council (IRC) to determine if the WEQ Segment definitions can be modified in order to provide a place for IRC members to join and participate in NAESB standards development. On August 24, the committee met with the IRC members in Washington, DC. The notes from the meeting were included in the Board Book behind Tab 4, on pages 78-82.

> If the following four conditions are met, the Board Committee supports the creation of a sixth segment in the WEQ Quadrant: Independent Grid Operators/Planners, to be composed of ISOs, RTOs and other independent grid operators – with no sub-segments defined at this time. The sixth segment will have 7 Board seats and 7 EC seats, as required by the NAESB bylaws. The conditions to be met are:
>
> a. The IRC and NAESB support the dissolution of the JIC and will pursue such action with NERC.
>
> b. The creation of the new segment will comply fully with the WEQ sub-segment principles as noted in Section 2.4 on the WEQ Procedures.
>
> c. The "At Large" sub-segment in the other five segments will be redefined to exclude the ISOs, RTOs and other independent grid operators and planners.
>
> d. The nine IRC members will join NAESB as members and commit resources to the development of NAESB business practices.

Mr. Desselle requested that the Board members, particularly the WEQ Board Members, indicate whether the direction of the committee was appropriate. Mr. Desselle noted that during the WEQ Leadership meeting on September 20 participants indicated concern whether creation of the new segment would comply with the sub-segment principles set forth in the WEQ Quadrant Procedures Section 2.4. Mr. Desselle stated that a response from the IRC is expected at any time.

Mr. Haynes asked if the IRC accept the recommendation, what steps would need to be taken to implement the recommendation. Mr. Boswell stated that the revised procedures would need to be reviewed by himself as General Counsel to assure that what has been decided is consistent with the NAESB Certificate and NAESB Bylaws.

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Mr. Ellsworth asked whether sub-segments would be required to be established in the new segment. Mr. Boswell stated that the WEQ Procedures permit creation of sub-segments within the segments, but that sub-segments were not required to be created.

Mr. Lawson stated that while NRECA is supportive of representatives of ISOs and RTOs having seats on the Board of Directors and Executive Committee, if the new segment is not divided into sub-segments, the members of the new segment would have the ability to block action, whether on the Executive Committee or Board level. Mr. Lawson stated that a new segment should include legitimate sub-segments, much like the sub-segments in the existing segments. Mr. Anderson stated that he agreed with Mr. Lawson. The members of the IRC have cited the potential of compromising their independence requirements by joining a particular segment within NAESB as a reason to not join within the existing segment structure, but three of the nine ISOs and RTOs are members of NAESB. Mr. Anderson noted that when the WEQ was created, NAESB offered the ISOs and RTOs the establishment of a specific segment. The ISOs and RTOs declined the establishment of segment.

Mr. Brown stated that he was a member of the committee that negotiated with the IRC and that the recommendation, if accepted by the IRC, would be beneficial for NAESB. Mr. Brown noted that the committee that met with the IRC included a diverse representation of industry participants, including co-ops, end users, investor owned utilities, and government representatives. Mr. Brown stated that there is a need for the technical resources available to the ISOs and RTOs in the standards development subcommittees and in order to have access to those resources, the ISOs and RTOs need to be members.

Mr. Severance stated that NAESB should pursue the membership of the IRC members as a worthy goal, but it would affect the credibility of the WEQ for a segment to have veto power. Mr. Klempel stated that even if the IRC does not organize sub-segments and therefore do not violate the sub-segment principles, it would violate the intent to provide a membership option for the IRC members that does not provide a way for them to block action as a group. Mr. Bourbonnais echoed Mr. Severance's concern with the IRC members having veto power as a group and noted that this has been a concern since the beginning of the formation of the WEQ. Mr. Klempel asked Mr. Boswell to interpret Section 2.4 of the WEQ Quadrant Procedures.

Mr. Boswell stated that nothing in the WEQ Quadrant Procedures require sub-segments, but if sub-segments are created, then Section 2.4 would apply. Mr. Klempel stated that the WEQ should consider revising the Quadrant Procedures because it was the intent of the drafters of the procedures to require the establishment of sub-segments.

Mr. Lucas stated that he was also a member of the committee that negotiated with the IRC. He stated that the proposal provides a reasonable compromise to obtain resources to assist NAESB in standards development. Mr. Lucas stated that he thought the intent of section b of the proposal was to say that the ISO/RTO Grid Planner group as a block could not block action. Mr. Lucas stated that if there is a loophole in the WEQ Quadrant Procedures that sub-segments are not required, the Procedures should be revised.

Mr. Boswell stated that the checks and balances that are included in the NAESB procedures currently allow for one segment to block action. Mr. Lawson stated that while a segment can block action, a sub-segment, which is a single business interest or stakeholder group, cannot block action alone.

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Mr. Anderson stated that the credibility of NAESB would be affected if a single business interest were able to control the action of the organization. The ISOs and RTOs would be a more homogenous segment than any other NAESB segment.

After further discussion, Mr. Ellsworth suggested that the committee and Board members wait to receive the response of the IRC. At that time, the WEQ can determine whether the proposal will lend itself to the IRC members having more control over the actions of the WEQ than any other segment. Mr. Ellsworth suggested that the Board members give the committee the vote of confidence to move ahead with the recommendation and to request that the committee provide an update at the next Board meeting. Mr. Desselle stated that he has heard the comments of the Board members and that once NAESB received a response from the IRC that the committee will present a proposed modification to the WEQ Quadrant Procedures to the WEQ Board for approval and then to the WEQ membership for ratification.

Managing Committee: Mr. Boswell provided the report of the Managing Committee. On August 11, the Managing Committee adopted a Resolution on Member Benefits and Access to Copyrighted Materials. The Resolution was included behind Tab 4, pages 84-104 of the Board book. The modification, effective September 30, 2006, provides the opportunity for NAESB members to purchase NAESB standards at the discounted membership rate for use by an affiliate. This discount applies to standards purchased in CD or printed format and does not extend to the ability to download the standards via the NAESB website.

Mr. Boswell stated that the Managing Committee wanted to report its action to the full Board. Ms. Davis asked whether the discount would be retroactively applied to the time since the June 22, 2006 Board meeting where these issues were discussed. Mr. Boswell stated that the policy is effective as of September 30 and would not be applied retroactively.

Ms. Van Pelt asked if the discount would extend to Final Actions in between publication periods. Ms. McQuade stated that the discount would only apply to CD or printed format versions of the standards and do not apply to Final Actions.

Mr. Boswell stated that NAESB will send letters to the compliance officers of the organizations that are obligated to implement the NAESB standards pursuant to FERC regulations to notify the organizations that the NAESB standards are copyrighted.

Mr. Kruse stated that NAESB members are providing the resources to generate the NAESB standards and that the Board has had discussions about the need for additional resources. NAESB should not turn its copyright into a monetary consideration. Mr. Kruse noted that many organizations have copyrighted material that is made available at no charge. Mr. Kruse stated it sends the wrong signal to NAESB members to require members who provide significant resources to the standards development process pay for each affiliate that uses the standards. Mr. Kruse stated that members should be able to obtain a site license for its affiliates.

Mr. Boswell stated that NAESB must protect its copyrighted materials not only for monetary reasons but also to ensure that the organizations that utilize the standards have the most current versions of the standards.

Mr. Haynes stated that it was his idea to send a letter to the compliance officers of organizations that are not NAESB members but are required by the FERC to implement NAESB standards, not to send the letter to NAESB members. Mr. Haynes supported consideration of site licenses for NAESB members to be able to use for their affiliates.

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3. Updates on Specific Standards Development

OATT NOPR Reform Comments and Analysis: Mr. Desselle provided the review of the comments NAESB submitted on the NOPR issued in FERC Docket Nos. RM05-17-000 and RM05-25-000 Preventing Undue Discrimination and Preference in Transmission Services." The comments filed with the FERC were included in the Board Book behind Tab 5, on pages 106-123. Mr. Desselle stated that the comments stated that "NAESB reviewed the NOPR and identified potential NAESB standards development efforts and estimated the level of effort for each task" as well as staging the development of the standards.

NAESB will not file reply comments to this NOPR, but member organizations that wish to provide their own comments are able to do so. Several trade organizations have submitted reply comments that are supportive of the NAESB comments.

Gas Quality Progress: Mr. Buccigross began the review of the development of Gas Quality business practice standards in the WGQ. On October 20, 2004, the WGQ ratified Recommendation R03035A. Recommendation R03035A included standards to establish web-based reports for tracking all physical and chemical properties of natural gas defined in pipeline tariffs, including timelines for reporting. On June 23, 2006, the WGQ ratified Recommendation R0303B that included standards to develop a uniform process, including the underlying assumptions and methodologies, for determining gas quality specifications from measured data.

National Fuel Gas Distribution submitted Request No. R06008 to modify WGQ Business Practice Standard 4.3.90 to clarify that all available data at representative points should be made available by Transmission Service Providers. This request will result in a modification to the standards adopted to address R03035A. Mr. Buccigross stated that the WGQ Business Practices Subcommittee has been meeting to address this request. While several proposals have been considered and a proposal as been adopted at the subcommittee level, it is expected that the recommendation will not receive the required 40% support in each segment on the WGQ Executive Committee. Mr. Buccigross noted that if the recommendation does not garner the super majority vote at the Executive Committee it will nevertheless be submitted to the FERC for information purposes. Material that applies to this standards development effort was included in the Board Book, behind Tab 5 pages 128-133.

Mr. Novak stated that the segments within the WGQ should be able to reach a compromise prior to the WGQ Executive Committee meeting in November. Ms. Van Pelt stated that this issue was not properly resolved in the WGQ Business Practices Subcommittee. Ms. Van Pelt stated that she was not sure what will be able to be accomplished between now and the November WGQ Executive Committee meeting, but that she was sure that the pipeline segment participants would submit comments on the recommendation during the comment period.

Retail Invoicing: Ms. Kiselewich stated that the Retail Quadrant subcommittees are working to complete the model business practices to address Request No. R05016 (Standards or model business practices for electronic retail billing transactions and bill payment transactions between customers, suppliers, and utilities) submitted by J.C. Penney Company, Inc. The model business practices have been completed and the Retail Information Requirements Subcommittee and Technical Electronic Implementation Subcommittee are working to complete the technical implementation pieces to correspond with the model business practices. It is the expectation that the entire recommendation will be posted for comment in October in order that the Joint Retail Executive Committees can vote on the recommendation during the November Executive Committee meeting.

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Retail Contracts: Ms. Kiselewich stated that the Retail Contracts Subcommittee has completed its work to develop a model retail contract. The recommendation should be posted for comment soon. The Contracts Subcommittee used the NAESB WGQ Base Contract for the Purchase and Sale of Natural Gas as a basis to develop the Retail contract. Ms. Kiselewich commended Ms. McCain's work as Retail Contracts Subcommittee co-chair.

Wholesale Gas Base Contract: Mr. Sappenfield conducted the review of the adoption of the revised NAESB WGQ Base Contract for Purchase and Sale of Natural Gas. The WGQ membership ratified the new contract on October 4, 2006. The contract was given a publication date of October 5 as October 4 was a holiday.

Mr. Sappenfield reviewed the material provided that includes the differences in the new contract when compared to the contract included in NAESB WGQ Standards 1.7. The list of major changes was included behind Tab 5 on page 143 of the Board Book. Most of the changes were made in the financial responsibility and credit area. The cover page was modified from one page to two pages and the layout of the cover page was revised to provide more space for information. NAESB has scheduled a Contracts class on October 25-26 in Houston. The class will include review of the new Base Contract.

Joint effort with Sandia National Laboratories: Ms. McQuade stated that report from the Department of Energy surety assessment of NAESB technical standards should be released to the NAESB office soon. The assessment will go to each quadrant so that a response can be drafted. It is the expectation that items that are identified in the report will become 2007 Annual Plan items for the applicable quadrants. A Summary of Department of Energy Sponsored Information Assurance Work for NAESB can be found behind Tab 5 on page 144 of the Board Book.

Joint Efforts with NERC: Mr. Desselle provided an update on the joint efforts with NERC. The Joint Interchange Scheduling Working Group (JISWG) is a joint NERC and NAESB subcommittee that has been working to draft standards for Public Key Infrastructure (PKI) and developing standards to modify the e-tag specification.

Mr. Desselle stated that NERC and NAESB are scheduled to implement the NERC/NAESB Joint Standards Development Procedure to review the split of the TLR standards. The NERC SAR has not been presented to the NERC Standards Authorization Committee (SAC) to date. It is the expectation that the SAR will be presented during the first quarter of 2007. Mr. Desselle noted that if the TLR standards are completed in 2007 it will be two years later than the time that NAESB represented to the FERC the standards would be completed and filed with the FERC.

NERC and NAESB are using the Joint Standards Development Procedure to develop standards to address R05004A (Develop transmission service request and scheduling standards using TTC/ATC/AFC and CBM/TRM) and the complementary NERC SARs. The standards development subcommittees that have been assigned these requests will incorporate standards to address FERC OATT Reform Order when the order is issued.

4. Executive Committee Reports

Wholesale Gas Quadrant: Mr. Buccigross reviewed the progress of the WGQ Executive Committee. The WGQ 2006 Annual Plan as revised by the WGQ Executive Committee during the August 17, 2006 conference call is included behind Tab 6, pages 155-158 of the Board

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Book. Mr. Buccigross stated that the majority of the items on the 2006 Annual Plan have been completed and were completed on time.

Item 4 – Review of minimum technical characteristics in Appendices, B, C, and D of the WGQ QEDM Manual will likely be on the WGQ 2007 Annual Plan as the WGQ Electronic Delivery Mechanisms Subcommittee conducts this review of the QEDM every year. The WGQ will also include any modifications that are deemed to be necessary as a result of the review of the surety assessment findings and recommendations issued by the Department of Energy and Sandia National Laboratories in the WGQ 2007 Annual Plan.

Wholesale Electric Quadrant: Mr. Desselle reviewed the progress of the WEQ Executive Committee. The WEQ 2006 Annual Plan as revised by the WEQ Executive Committee during the August 15, 2006 meeting is included behind Tab 6, pages 159-164 of the Board Book. Item 1(a)(ii) – Review the NAESB WEQ "Version 0" business practice standards and remove any references to ERCOT (R05007) was ratified on June 22, 2006. Item 2 – Develop business practice standards for Version 1 to support ATC calculations was modified to include the expanded request to include the OATT NOPR items. Item 3(a)(i) – Business Practices for Resale or Reassignment of transmission service (R04006D) has been posted for ratification, with ballots due on October 2, 2006.Item 3(a)(x) – Respond to issues in FERC Order No. 676 (Docket NO. RM05-5-000) – NAESB WEQ Standards 001-9.7, (paragraph 51 of the order) was delayed awaiting an order on rehearing. Item 3(c) – Develop business practices as needed for clarification of definitions and terminology in the Standards of Conduct has been posted for ratification, with ballots due on October 2, 2006.

Joint Retail Quadrants' Annual Plan: Mr. Novak reviewed the progress of the 2006 Annual Plan for the Retail Gas and Retail Electric Quadrants as revised by the Retail Gas and Electric Executive Committees during the August 16, 2006 conference call. The revised Annual Plan was included behind Tab 6, pages 165-169 of the Board Book. The Billing & Payment model business practices for reversal and reissue, transformer loss factors, budget billing and payment plans, and missed bill windows have been completed by the Retail Business Practices Subcommittee and submitted to the Information Requirements Subcommittee. It is the expectation that the Retail Executive Committees will vote on recommendations for Pre-Enrollment Customer Information, Electronic Retail Billing, Customer Enrollment, and the Retail Contract at the November Executive Committee meeting.

Mr. Chapman moved, seconded by Mr. Lucas, to approve all three Annual Plans as modified in the Board Book. The motion unanimously passed a simple majority vote. [*Vote 1*].

Annual Plans for 2007: Ms. McQuade stated that the WGQ and Retail Quadrants have begun the process to draft the 2007 Annual Plans. An e-mail was distributed to any interested party to request submission of prospective Annual Plan Items for the 2007 Annual Plans with responses due on October 11. The proposals will be presented to the Executive Committees during the November Executive Committee meetings and presented to the Board of Directors for approval during the December meeting.

The draft of the WEQ 2007 Annual Plan will be developed by the subcommittee chairs and presented for comment to the entire WEQ. The 2007 Annual Plan will be presented to the WEQ Executive Committee at the November Executive Committee meeting and presented to the Board of Directors for approval during the December meeting.

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Standards Adopted Since the June 22 Board Meeting: Ms. McQuade stated that thirteen requests have been submitted since the June 22 Board Meeting. All thirteen requests have been assigned to the WGQ.

NAESB has submitted two FERC Filings since the June 22 Board Meeting: On June 28, 2006 in Docket No. RM05-28-000: permanent numbers were assigned to the NAESB WGQ and WEQ standards to implement uniform gas/electric coordination communications that were previously provided to the Commission on June 27, 2005. The renumbered standards were provided to the FERC for the Commission's reference. On August 7, 2006 in Docket Nos. RM05-25-000 and RM05-17-000: NAESB reviewed the NOPR issued in the referenced Dockets and identified potential NAESB standards development efforts. The analysis includes identification of possible NAESB standards development tasks, estimates of the level of effort for each task, and identifies possible task interdependencies.

The Recommendations that have been ratified since the June 22 Board Meeting can be found behind Tab 6 on pages 171-172 of the Board Book.

5. Financial Report

Ms. McQuade provided the Financial Report. The material that corresponds to this agenda item can be found behind Tab 7 of the Board Book. As of July 31, NAESB had $792,509.05 in Total Assets and Total Liability and Equity. The Total Accounts Receivable as of July 2006 was $299,500, with only $15,500 90 days or more outstanding. On September 12, 2006, Dishongh, Jankowski and Eubank, PC began the financial review of the 2005 financial statements. There are currently 319 members.

6. Plan for December 14, 2006 Board Meeting

The December 14, 2006 Board Meeting is scheduled at the Marriott Houston Intercontinental Hotel. The meeting is scheduled from 9:00 AM to 1:00 PM Central.

7. Old and New Business

Mr. Ellsworth provided a presentation titled "Natural Gas Pipeline Regional Disruption Project". Mr. Ellsworth stated that he and Mr. Smead were members of the Natural Gas Pipeline Regional Disruption Project sponsored by the Department of Energy – Office of Electricity Delivery and Energy Reliability. The objective of this effort is to "provide information and analyses to assist development of effective policies and action plans to assure natural gas deliveries in the face of potential disruptions."

8. Adjourn

The meeting adjourned by consensus at 12:53 PM Central.

9. Board Attendance (Vacancies Omitted)

Wholesale Gas Quadrant Board Members

PRODUCERS SEGMENT		ATTENDANCE:	VOTE 1
Jay Ellzey	Manager – Regulatory and Opco Support, ChevronTexaco Natural Gas	Absent	
William T. Benham	Vice President – Regulatory Affairs, BP Energy Company	Absent	
Keith Sappenfield	Regional Director – US Regulatory Affairs, EnCana Oil & Gas (USA) Inc.	In Person	Support
Pete Frost	Director - Regulatory Affairs, ConocoPhillips Gas and Power Marketing	Absent	
PIPELINE SEGMENT			
Jim Goldmann	Vice President for Transportation Services and Development, Alliance Pipeline	Absent	
Larry Smith	Vice President Commercial Operations, Tennessee Gas Pipeline Company	In Person	Support
Bill Grygar	Vice President, Panhandle Eastern Pipe Line	Absent	
Anne Bomar	Vice President, Dominion	Phone	Support
Richard Kruse	Senior Vice President, Duke Energy Gas Transmission	In Person	Support
LOCAL DISTRIBUTION COMPANY (LDC) SEGMENT			
Clifton Olson	Vice President of Supply and Transmission, Energy East Corporation	Phone	Support
Adrian Chapman	Vice President, Regulatory Affairs & Energy Acquisition, Washington Gas	In Person	Support
Reed Horting	Vice President, Gas Supply & Transportation, PECO Energy Co.	In Person	Support
Mike Novak	Asst. General Manager, National Fuel Gas Distribution Corporation	Phone	Support
Lee Stewart	Senior Vice President, Gas Transmission, Southern California Gas Company		
END USERS SEGMENT			
Valerie Crockett	Tennessee Valley Authority	In Person	Support
Joe Stepenovitch		In Person	Support
Diane McVicker	Senior Principal Fuel Analyst, Salt River Project	In Person	Support
Terry Morrison	Vice President of Energy Marketing and Trading, Florida Power & Light	In Person	Support
Jim Templeton	Principal, Comprehensive Energy Services	Absent	
SERVICES SEGMENT			
John Bretz	Vice President - Gas Marketing, Anadarko Energy Services Company	Absent	
Michael Smith	Vice President—Regulatory and Legislative Affairs, Constellation Energy Commodities Group	Absent	
Jim Buccigross	Vice President Energy Industry Practice, Group 8760 LLC	Phone	Support

Retail Electric Quadrant Board Members

SUPPLIERS SEGMENT	ATTENDANCE:	VOTE 1

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Peter Kelly-Detwiler	Director of Operations, Constellation NewEnergy	Absent	
Richard Zelenko	General Manager, Dominion Retail Inc.	Absent	
DISTRIBUTORS SEGMENT			
David Koogler	Director – State Regulation, Dominion Virginia Power (SERC NERC Region)	In Person	Support
Bill Bourbonnais	Vice President - Transmission, WPS Resources Corporation (MAIN NERC Region)	In Person	Support
Ruth Kiselewich	Director Special Projects and Supplier Services, Baltimore Gas & Electric Company (MAAC NERC Region)	In Person	Support
Leonard Haynes	Executive Vice President, Supply Technologies, Renewables, and Demand, Southern Company Services (SERC NERC Region)	In Person	Support
END USERS SEGMENT			
Sonny Popowsky	Consumer Advocate, Pennsylvania Office of Consumer Advocate	Absent	
SERVICE PROVIDERS SEGMENT			
Jim Minneman	Director of Business Services, PPL Solutions LLC	Absent	
J Cade Burks	President, EC Power	In Person	Support

Wholesale Electric Quadrant Board Members

TRANSMISSION SEGMENT		SUBSEGMENT:	ATTENDANCE	VOTE 1
Dan Klempel	Director Transmission Regulatory Compliance, Basin Electric Power Cooperative	Muni/Coop	In Person	Support
W Terry Boston	Executive Vice President – Transmission/Power Supply Group, Tennessee Valley Authority	Fed/State/Prov.	Absent	
John E. Lucas	Manager, Transmission Services, Southern Company	IOU	In Person	Support
Michael Desselle	Chief Administrative Officer and Vice President of Process Integrity – Southwest Power Pool	IOU	In Person	Support
Paul McCoy	Managing Director & Chief Operating Officer, Trans-Elect	ITC	Absent	
Ken Wiley	President and Chief Executive Officer, Florida Reliability Coordinating Council	At-Large	Absent	
GENERATION SEGMENT				
Curtis Winterfeld	Vice President of Power Marketing, Deseret Generation & Transmission Cooperative	Muni/Coop	Absent	
Belinda Thornton	Senior Manager – Real Time Trading, Tennessee Valley Authority	Fed/State/Prov.	Absent	
John J. Dellas	Executive Manager, Electric Supply, Consumers Energy	IOU	Absent	
Charles W. Severance	Manager – Supply & Wholesale Services, Wisconsin Public Service Corporation	IOU	In Person	Support
Michael Gildea	Executive Director, Regulatory Affairs, Constellation Generation Group	Merchant	Absent	
Gloria Ogenyi	Vice President Energy Policy, Conectiv Energy Supply, Inc.	Merchant	Phone	Support

Ron Mucci	Senior Vice President Shared Services, Williams Power Company	At-Large	Absent	
MARKETERS/BROKERS SEGMENT				
Roy True	Manager of RTO Market Development, ACES Power Marketing	Muni/Coop	In Person	Support
Jeff Ackerman	Manager, Colorado River Storage Project Energy Management and Marketing Office, Western Area Power Administration	Fed/State/Prov.	Absent	
Michael Grim	Director of Markets and Regulation, TXU Business Services	Not IOU Affiliated	Phone	Support
Joseph Hartsoe	Vice President and Associate General Counsel, American Electric Power Service Corp.	IOU	Absent	
R. Scott Brown	Vice President and Director, Exelon Generation Power Team	IOU	In Person	Support
Rick Smead	Director, Navigant Consulting, Inc.	At-Large	In Person	Support
DISTRIBUTION/LOAD SERVING ENTITIES (LSE) SEGMENT		**SUBSEGMENT:**		
Arthur G. Fusco	Vice President and General Counsel, Central Electric Power Cooperative Inc.	Muni/Coop	Phone	Support
Barry R. Lawson	Manager-Power Delivery, National Rural Electric Cooperative Association	Muni/Coop	Phone	Support
Mark Crosswhite	Senior Vice President & General Counsel – Generation and Energy Marketing, Southern Company	IOU	Absent	
Frank Johnson	Senior Vice President Electric Transmission and Distribution, Consumers Energy	IOU	Absent	
Bruce Ellsworth	New York State Reliability Council	At-Large	In Person	Support
END USERS SEGMENT				
Carol Guthrie	General Manager, Electric Market Strategies, ChevronTexaco Energy Research and Technology Company	End Use (Self Generator)	Absent	
John Reese	Senior Policy Advisor & Director of the Office of Economic Development and Policy, New York State Department of Public Service	Regulator	Absent	
Jeanne Zaiontz	Director, Regulatory Affairs, BP Energy Co.	Large Industrial	Absent	
John A. Anderson	President and CEO, Electricity Consumers Resource Council (ELCON)	Large Industrial	In Person	Support
Kevin Burns	Vice President Sales and Marketing, Open Access Technology International, Inc.	At-Large	Absent	

Retail Gas Quadrant Board Members

SUPPLIERS SEGMENT		**ATTENDANCE:**	**VOTE 1**
Kathy Fudali	Manager, Contract Administration, Sprague Energy Corp.	Absent	

DISTRIBUTORS SEGMENT			
Craig White	Chief Operating Officer, Philadelphia Gas Works	Absent	
Mark T. Maassel	President, Northern Indiana Public Service Company (NiSource, Inc.)	Absent	
Ralph Cleveland	Senior Vice President – Engineering and Operations, AGL Resources, Inc.	Absent	
END USERS SEGMENT			
SERVICE PROVIDERS SEGMENT			
Leigh Spangler	President, Latitude Technologies Inc.	In Person	Support
Dave Darnell	President & CEO, Systrends USA	Phone	Support
Greg Lander	Principal, Commerce Energy Group	Absent	

10. Other Attendance

Name	Organization	Attendance
Barbara Alexander	State of Maine Public Advocate	Phone
Kathryn Burch	Duke Energy Gas Transmission	In Person
Christopher Burden	Williams Gas Pipeline	In Person
LaRita Cormier	Riverside Reporting	In Person
Dale Davis	Williams Gas Pipeline	In Person
Rhonda Denton	BP Energy	In Person
Mark Gracey	Tennessee Gas Pipeline	In Person
Dona Gussow	Florida Power and Light	Phone
Laura Kennedy	NAESB	In Person
Deborah McKeever	TXU Electric Delivery	In Person
Rae McQuade	NAESB	In Person
Susan Munson	ERCOT	In Person
Phil Precht	Baltimore Gas and Electric	Phone
Lisa Simpkins	Constellation Energy Commodities Group	In Person
Veronica Thomason	NAESB	In Person
Kim Van Pelt	Panhandle Eastern Pipe Line	Phone
Tommy Weathersbee	TXU Electric Delivery	In Person
Charles Yeung	Southwest Power Pool	In Person

TAB 6

FERC Actions

- For informational and update purpose only. While no action is needed of the EC, FERC actions may be reflected in the annual planning process of the WEQ and WGQ.
- This section includes a FERC action summary and the following::
  - Order 676A which affects NAESB WEQ standards
  - Gas-Electric Coordination Actions Taken by the FERC (NOPR RM05-5-000 (WEQ) and RM96-1-027 (WGQ) and Order of Inquiry (WEQ)) and a NAESB press release
  - Speaker notes and addendum for responses to questions related to the FERC OATT Reform Technical Conference.
  - WEQ Minor Correction
- Tab 6 corresponds to agenda item 6 for WEQ, and agenda item 7 for WGQ.

NAESB Executive Committee Meeting Materials for November 14-16, 2006
FERC Action Updates

FEDERAL ENERGY REGULATORY COMMISSION

- **March 6, 2006:** Michael Desselle and Rae McQuade met with Commissioner Brownell and discussed the GEIC report, the efforts underway by WECC regarding development of regional business practices, the need to enhance the OASIS standards per FERC Order No. 888, the ATC/TTC planned development, the joint development process between NERC and NAESB, the impact of the ERO creation and this joint development process on the JIC, and the participation by RTOs and ISOs in NAESB. Commissioner Brownell would like to see action taken by FERC by October on GEIC, and for NAESB to begin work on OASIS and ATC/TTC development (NAESB has requests for both of these efforts). Rae will begin to set up meetings with Commissioner Kelly and Chairman Kelliher to cover the same topics. On WECC efforts, Rae will call Louise McCarren to see if NAESB needs to pursue any efforts with them to ensure that NAESB and WECC are coordinating business practices development. Commissioner Brownell and Chm Kelliher will be visiting the IRC and will note that they should become more involved with NAESB. Rae will call Gordon Van Welie and Phil Harris to notify them of the meting and discussions.
- **April 10, 2006:** Rae McQuade, Kathy York and Paul Sorenson met with FERC staff to review progress made on OASIS related efforts.
- **April 18, 2006:** Rae McQuade, Bill Boswell and Michael Desselle met with Chairman Kelliher to discuss the GEIC report, the efforts underway by WECC regarding development of regional business practices, the need to enhance the OASIS standards per FERC Order No. 888, the ATC/TTC planned development, the joint development process between NERC and NAESB, the impact of the ERO creation and this joint development process on the JIC, and the participation by RTOs and ISOs in NAESB.
- **May 18, 2006:** Business Practices for the ATC/TTC functions should be filed with the FERC by summer 2007 as requested by the Commission on May 18 in Docket No. RM05-25-000.
- **October 12, 2006:** Ron Mucci represented NAESB and participated on a panel at the OATT Reform NOPR Technical Conference and provided follow-up comments on **November 2, 2006.**
- **Planned, November 9, 2006:** Rae McQuade, Bill Boswell and Ron Mucci will met with Chairman Kelliher, Commissioner Kelly, and commissioner Wellinghoff to discuss 2006 annual plan progress and 2007 annual plan expectations.

FERC FILINGS

- **February 17, 2006**: An update was filed with the FERC which addressed 4 issues: (1) the comments filed by NERC that asked that three sets of business practices in Version 0 be remanded back to NERC, (2) the TLR process and the plans for ensuring that the business practices and the reliability standards stay closely coordinated, (3) the Inadvertent Interchange Payback report which noted that the Inadvertent Interchange business practices standards for Version 0 are to remain unchanged, and (4) a joint standards development process for NERC and NAESB. The update related to Docket No. RM05-5-000.
- **February 24, 2006**: The Board of Directors unanimously approved the GEIC report on February 17 which was subsequently filed with the FERC on February 24, 2006.
- **April 25, 2006:** FERC Order 676 issued along with a NAESB press release and NAESB summary of the order. The utilities are to adopt and implement standards by July 1 with waivers to be requested by June 1.
- **June 28, 2006**: Docket No. RM05-28-000: Standards for the Coordination of Business Practices between Public Utilities and Interstate Natural Gas Pipelines: Permanent numbers were assigned to the NAESB WGQ and WEQ standards to implement uniform gas/electric coordination communications

that were previously provided to the Commission on June 27, 2005. The renumbered standards were provided to the FERC for the Commission's reference.

- **August 7, 2006**: NAESB Comments on Docket Nos. RM05-25-000 and RM05-17-000: Preventing Undue Discrimination and Preference in Transmission Services. NAESB reviewed the NOPR issued in Docket Nos. RM05-25-000 and RM05-17-000 and identified potential NAESB standards development efforts. The analysis includes identification of possible NAESB standards development tasks, estimates of the level of effort for each task, and identifies possible task interdependencies.
- **September 21, 2006:** FERC issued Order 676A (Docket No. RM05-5-000) Order Denying Rehearing on several NAESB WEQ business practices.
- **October 19, 2006**: FERC issued notices of proposed rulemakings for Docket Nos. RM96-1-027 and RM05-5-001 as well as an order instituting inquiries for ISOs and RTOs regarding gas-electric coordination issues. The NOPRs outline the expectation that the FERC will adopt NAESB gas-electric coordination standards. The NOPRs appeared in the Federal Register on November 3, which began the clock for commenting.
- **October 30, 2006**: NAESB WEQ Filing with FERC on Minor Correction to Manual Time Error Correction Standards (Docket No. RM05-5).
- **November 2, 2006:** NAESB provided comments to the FERC regarding the October 12 Technical Conference on OATT Reform.

FERC FILING PROPOSED SCHEDULE

- NAESB has submitted two filings to the FERC to date in 2006 as noted below.

Filed in the 1st Quarter 2006

(1) WEQ: Version 0 split of transmission loading relief (RM05-5-000) –Filed 2-17-06

(2) WEQ: Inadvertent Interchange Payback report and comments (RM05-5-000) – Filed 2-17-06

(3) WEQ and WGQ: Follow up report from the Gas-Electric Interdependency Committee (RM05-28-000) – Filed 2-24-06

Filed in the 3rd Quarter 2006

(4) WEQ: A report was provided to the Commission on August 7 related to Docket Nos. RM05-25-000 and RM05-17-000. The report included a list of items that may require NAESB attention and standards development dependent on the final order and proposed staging of development and industry implementation. – Filed August 7, 2006.

Planned by 4th Quarter 2006

(5) WEQ: A minor correction on WECC timing – Filed 10-30-06

(6) .WEQ: A set of speaker points and addendum answering Commission questions on the OATT Reform NOPR as part of the October 12 FERC Technical Conference – Filed 11-2-06.

(7) 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)

(8) WGQ: Version 1.8 WGQ standards (published September 30, 2006) (RM96 et al)

Planned by 1st Quarter 2007

(9) 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)

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

(11) WEQ: TLR Version 0 split to be filed after it ratified and verified against the NERC reliability standards using the joint standards development template. (RM05-5-000)

(12) WEQ: Possible Version 1 changes to the standards including Coordinate Interchange Business Practices, TLR.

Planned by 2nd Quarter 2007

(13) WEQ: Business Practices for the ATC/TTC functions should be filed with the FERC by summer 2007 as requested by the Commission on May 18 in Docket No. RM05-25-000.

116 FERC ¶61,255
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Standards for Business Practices and
Communication Protocols for Public Utilities Docket No. RM05-5-002

ORDER NO. 676-A

ORDER DENYING REHEARING

(Issued September 21, 2006)

1. On April 25, 2006, the Commission issued a Final Rule (Order No. 676) amending its regulations under the Federal Power Act (FPA)[1] to incorporate by reference certain standards promulgated by the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB).[2] These standards established a set of business practice standards and communication protocols for the electric industry.

2. In response to the issuance of Order No. 676, timely requests for rehearing were filed by Southern Company Services, Inc.[3] and by the Midwest Independent

[1] 16 U.S.C. 791a, et seq.

[2] Standards for Business Practices and Communication Protocols for Public Utilities, Order No. 676, 71 FR 26199, FERC Stats. & Regs., Regulations Preambles ¶ 31,216 (2006).

[3] On behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company, Savannah Electric and Power Company and Southern Power Company (collectively referred to herein as the "Southern Companies").

Transmission System Operator, Inc. (Midwest ISO). In this order, we deny both of these requests for rehearing.

Background

3. Order No. 676 explains that the standards adopted therein establish a set of business practice standards and communication protocols for the electric industry that will enable industry members to achieve efficiencies by streamlining utility business and transactional processes and communication procedures.[4] These standards replace, with modifications, the Commission's existing Business Practice Standards for Open Access Same-Time Information Systems (OASIS) Transactions and OASIS Standards and Communication Protocols and Data Dictionary requirements.[5] In addition, the standards include business practices to complement the proposed reliability standards submitted to the Commission for approval pursuant to 18 C.F.R. § 39.5(a). In adopting Order No. 676, the Commission established a formal ongoing process for reviewing and upgrading the Commission's OASIS standards as well as adopting other electric industry business practice standards. The Final Rule became effective on June 5, 2006 and required implementation by public utilities of the new standards by July 1, 2006.

4. Southern Companies and Midwest ISO filed requests for rehearing dealing with rollover rights and redirects, the application of the standards to RTOs and ISOs, and the

[4] Order No. 676 at P 1.

[5] Id.

language to be used by public utilities to include the standards in their open access transmission tariffs (OATTs).

Discussion

A. Rollover Rights

1. Rehearing Requests

5. Southern Companies requests that the Commission clarify, or, in the alternative, grant rehearing of, certain findings in Order No. 676. Specifically, Southern Companies disagrees with the guidance provided in Order No. 676 concerning rollover rights and argues that the guidance provided by the Commission is inconsistent with the Commission's pro forma OATT adopted in Order No. 888.[6] Southern Companies objects to the Commission's guidance that, under section 22.2 of the Commission's pro forma OATT, a transmission customer may request multiple, successive redirects and that each redirect is treated as a new request for service with rollover rights.[7] Southern Companies finds this inconsistent with the fact that section 2.2 of the Commission's pro forma OATT provides rollover rights only for long-term firm transmission service. It argues that rollover rights do not accompany requests for short-term redirects of firm transmission service.

6. Midwest ISO argues that there should be no rollover rights on a redirect path. Midwest ISO contends that the guidance in Order No. 676 that the "transmission

[6] Southern Companies Rehearing Request at 3-5.

[7] Order No. 676 at P 59.

provider, therefore, is required to offer rollover rights to a customer requesting a firm redirect if rollover rights are available on the redirect path" is inconsistent with the Commission's pro forma OATT.[8]

2. Commission Conclusion

7. In Order No. 676, the Commission adopted a number of NAESB standards regarding redirects, but declined to adopt Standard 001-9.7 regarding rollover rights, finding that the standard did not clearly define parties' rights and obligations and appeared to be inconsistent with the Commission's pro forma OATT and the Commission's policies.[9] The Commission provided guidance to NAESB concerning our current precedents under Order No. 888 regarding rollover of service as it related to redirects to assist NAESB if it were to try to develop a new standard. Southern Companies and Midwest ISO seek rehearing of the Commission's policies with respect to rollover rights and redirects.

8. Because the Commission did not adopt the NAESB standard on rollover rights and redirects, the Commission made no changes to its existing Order No. 888 policies concerning rollovers and redirects. Thus, no action was taken in Order No. 676 that would be the proper subject of a request for rehearing. As such, Southern Companies and

[8] Midwest ISO Rehearing at 5.

[9] Order No. 676 at P 52.

Midwest ISO must continue to comply with their OATTs and Order No. 888[10] in administering their policies with respect to rollover rights and redirects. The related issues raised by Southern Companies and Midwest ISO can better be addressed in individual cases in which they arise than in this rulemaking, which has not changed the requirements of Order No. 888 regarding redirects and rollover rights. Moreover, issues with respect to general modifications to the Commission's rollover and redirect policies have been posed in Docket No. RM05-25-000,[11] which would be the more appropriate venue for Southern Companies and Midwest ISO to raise their concerns with the Commission's rollover and redirect policies.

B. Standards Applicable to RTOs and ISOs

1. Rehearing Requests

9. Midwest ISO raises two arguments as to the applicability of the standards to RTOs and ISOs. First, it argues that the Commission should identify which standards apply to RTOs and ISOs and carefully limit the applicability of the NAESB standards to RTOs and ISOs. Second, it argues that RTOs and ISOs have their own stakeholder process for

[10] See Commonwealth Edison Co., 95 FERC ¶ 61,027, at 61,083 (2001) ("request to change a delivery point on a firm basis for one month and then to revert to its original delivery point does not convert its existing long-term firm transmission service agreement into two separate short-term transmission service agreements"); American Electric Power Service Corp., 97 FERC ¶ 61,207, at 61,905-06 (2001) ("redirect request made by Exelon did not convert Exelon's long-term firm transmission service to short-term service, and, therefore, did not affect Exelon's rollover rights under its long-term firm transmission service agreement").

[11] Preventing Undue Discrimination and Preference in Transmission Services, Notice of Proposed Rulemaking, FERC Stats. & Regs., Proposed Regulations ¶ 32,603 (2006).

formulating business practices and that, while the NAESB process can draft business practice standards applicable to individual utilities, the development of business practice standards for RTOs and ISOs should be left to the stakeholder process of each RTO or ISO.

2. Commission Conclusion

10. In Order No. 676, "[w]e recognize[d] that ISOs and RTOs operate using a business model for making transmission reservations to which certain OASIS and other standards may not be applicable."[12] But, as we explained, we did not have a sufficient record in that proceeding to determine which NAESB standards would be inapplicable to RTOs and ISOs, and we therefore required each RTO, ISO, or public utility to file a request for waiver for those standards that did not comport with its business model.[13] RTO and ISO business models are not all the same, as is evidenced by the differences in the waivers requested by the RTOs and ISOs.[14] Thus, we cannot, as the Midwest ISO suggests, make a generic determination of which standards are inapplicable to RTOs and ISOs.

[12] Order No. 676 at P 76.

[13] Id. at P 79.

[14] For example, Midwest ISO requests waiver of a few of the OASIS business practice standards and all the reliability-related standards (Docket No. ER06-1094-002), ISO New England requests waiver of most of the OASIS standards but none of the reliability-related standard (Docket No. ER06-1094-003), and PJM Interconnection has not request waiver of any standards.

11. Midwest ISO also claims that we should rely solely on the stakeholder process within RTOs and ISOs to devise business practices. However, well before NAESB was formed, the Commission insisted that RTOs and ISOs comply with uniform national standards, such as the Commission-developed OASIS standards and naming standards for paths into, through and out of the RTO's or ISO's territory.[15] While some of the NAESB standards may not apply to RTO and ISO business models, many such standards should be applied to all participants in the market in order to facilitate moving power across the grid. Because some standards need uniform application, and it is not clear which standards may apply to some or all RTOs and ISOs, we do not find good reason to limit generically the applicability of NAESB developed standards to RTOs and ISOs. On the contrary, as we found in Order No. 676, we strongly encourage the RTOs and ISOs to participate actively in the NAESB process to help develop business practice and communication standards that improve grid coordination among all electric utilities, including RTOs and ISOs, as well as between electric utilities and the interstate natural gas market, and also to identify proposed standards that may not fit an RTO's or ISO's business model:

> In the future, we would encourage all industry participants to raise [issues relating to the applicability of standards] during the standard development process so that all industry segments can determine whether a particular standard should recognize such differences. This process may resolve requests before they reach the Commission. Even if the request is not satisfactorily resolved by the

[15] See New York Independent System Operator, Inc., 94 FERC ¶61,215 (2001).

> WEQ, the process will help create a record should the requester seek a variance or waiver when the standard is presented to the Commission.[16]

C. Prescribed Language to Incorporate Standards into OATT

12. Order No. 676 requires public utilities to include the NAESB standards adopted by the Commission in Order No. 676 in their OATTs and provides language for public utilities to use to incorporate the standards by reference in their OATTs. Southern Companies argues that this language is too specific because it refers to the specific standards adopted by the Commission in Order No. 676. Southern Companies contends the Commission should permit utilities to use more general language that would cover revisions to the business practice standards and communication protocols that the Commission might adopt in the future, without the necessity for a public utility to revise its OATT each time the Commission adopts a new version of the standards.

13. We find that the language required for public utilities to incorporate the NAESB standards into their OATTs ensures that the OATT identifies all applicable NAESB standards. We have long required natural gas pipelines to incorporate the NAESB standards in their tariffs to ensure that their tariffs reflect all conditions relevant to the provision of service.[17] The same approach should be taken here with respect to electric utilities. Having a utility's OATT include the specific standards for that utility is

[16] Order No. 676 at P 17.

[17] See, e.g., Paiute Pipeline Company, 78 FERC ¶ 61,161 at 61,690 (1997).

particularly important if it requests a waiver of a specific standard or extension of time for compliance, or if the standard is not self-implementing.[18]

14. As to the burden associated with a public utility's revising its OATT each time the Commission adopts revised standards, we have sought to minimize this burden even further by allowing a public utility the option of delaying its OATT revision filing until it makes an unrelated OATT revision filing.

The Commission orders:

The requests for rehearing of Order No. 676, filed by Southern Companies and by Midwest ISO, are hereby denied, as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

[18] Id.

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For Immediate Release
Monday, Oct. 30, 2006

NAESB Praises FERC for Proposal to Incorporate Standards On Improved Natural Gas–Electric Industry Coordination

HOUSTON—Officials of the North American Energy Standards Board (NAESB) have applauded the Federal Energy Regulatory Commission's notice of proposed rulemaking (NOPR) on improved coordination between the natural gas and electric industries.

The NOPR calls for incorporating by reference into FERC regulations standards developed by NAESB's Wholesale Gas Quadrant (WGQ) and Wholesale Electric Quadrant (WEQ) to establish communication protocols between interstate pipelines and power plant operators and transmission owners and operators.

"We greatly appreciate the confidence that FERC continues to show in NAESB and its standards-setting process," said Michael Desselle, WEQ vice

chairman of the NAESB Board of Directors. "The NOPR demonstrates that FERC recognizes NAESB's unique ability, as an organization representing all segments of the gas and electric industries, to look at all sides of an issue, bridge industry-specific barriers and develop solutions that promote competition and market efficiency."

Desselle, vice president for process integrity and chief administrative officer of the Southwest Power Pool, added, "Electric transmission operators, including ISOs and RTOs, will see a real benefit from these NAESB standards, as they will ensure that the gas pipeline information needs that could affect the operation of the power grid, and vice versa, are communicated and coordinated in a timely manner."

Joe Stepenovitch, NAESB CEO and chairman of the Board of Directors, said, "The wholesale natural gas and wholesale electric industries demonstrated an ability to work through difficult and controversial issues in good faith and with the best interests of the energy industry in mind. Developing these communications standards was a very constructive process."

He added, "FERC and NAESB continue to have an excellent working relationship, as this NOPR shows. Energy consumers are the ultimate beneficiaries of this strong public-private partnership."

Stepenovitch continued, "I'd also like to thank both the Department of Energy and the National Regulatory Research Institute for their excellent contributions to the cause of gas-electric coordination." He explained that DOE issued a summary of a NAESB report to FERC on coordination issues and NRRI released a briefing report on the topic. "Both these reports aided understanding of a complex and fast-changing issue," he said.

NAESB is an independent and voluntary North American organization that develops and promotes the use of business practices and electronic communications standards for the wholesale and retail natural gas and electricity industries. Its members include over 300 companies and organizations that

participate actively in the retail and wholesale natural gas and electricity markets.

# # #

117 FERC ¶ 61,095
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Parts 38 and 284

Standards for Business Practices for Interstate Natural Gas Pipelines

Standards for Business Practices for Public Utilities

(Docket Nos. RM96-1-027 and RM05-5-001)

(October 25, 2006)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of Proposed Rulemaking.

SUMMARY: The Federal Energy Regulatory Commission (Commission) proposes to amend its open access regulations governing standards for business practices and electronic communications with interstate natural gas pipelines and public utilities. The Commission is proposing to incorporate by reference certain standards promulgated by the Wholesale Gas Quadrant (WGQ) and the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB). These standards will establish communication protocols between interstate pipelines and power plant operators and transmission owners and operators. Through this rulemaking, the Commission is seeking to improve coordination between the gas and electric industries in order to limit miscommunications about scheduling of gas-fired generators.

DATES: Comments are due **[insert date 45 days after publication in the FEDERAL REGISTER]**

ADDRESSES: Comments and reply comments may be filed electronically via the eFiling link on the Commission's web site at www.ferc.gov. Documents created electronically using word processing software should be filed in the native application or print-to-PDF format and not in a scanned format. This will enhance document retrieval for both the Commission and the public. The Commission accepts most standard word processing formats and commenters may attach additional files with supporting information in certain other file formats. Attachments that exist only in paper form may be scanned. Commenters filing electronically should not make a paper filing. Service of rulemaking comments is not required. Commenters that are not able to file electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Office of the Secretary, 888 First Street, N.E., Washington, D.C., 20426.

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Standards for Business Practices for Interstate Natural Gas Pipelines	Docket No. RM96-1-027
Standards for Business Practices for Public Utilities	Docket No. RM05-5-001

NOTICE OF PROPOSED RULEMAKING

(October 25, 2006)

1. The Federal Energy Regulatory Commission (Commission) proposes to amend parts 38 and 284 of its open access regulations governing standards for business practices and electronic communications with interstate natural gas pipelines and public utilities. The Commission is proposing to incorporate by reference certain standards promulgated by the Wholesale Gas Quadrant (WGQ) and the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB). These standards will establish communication protocols between interstate pipelines and power plant operators and transmission owners and operators. Through this rulemaking, the Commission is seeking to improve coordination between the gas and electric industries in order to limit miscommunications about scheduling of gas-fired generators. Improved communications should ensure reliability in both industries.

2. NAESB also filed a report with the Commission including, among other things, a list of issues regarding coordination between the gas and electric industries that NAESB

could not resolve. In particular, this report highlighted coordination problems between the gas industry and the scheduling practices of independent system operators (ISOs) and regional transmission organizations (RTOs). The Commission is concerned that, although organized markets often rely upon gas-fired generation to meet reliability requirements, the current scheduling processes of these market may not afford such generators the flexibility necessary to schedule their gas transactions effectively or to recover the full costs of such transactions, especially when gas prices are volatile. To address these issues, the Commission is establishing proceedings under section 206 of the Federal Power Act to examine whether ISOs and RTOs should be required to implement scheduling and compensation mechanisms to ensure that gas-fired generators can obtain gas when the gas-fired generation is necessary for reliability and that they are compensated appropriately when volatility in gas prices creates difficulty in recovering gas costs.

I. Background

3. NAESB is a non-profit, private standards development organization established in January 2002 to propose and adopt voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service. Since 1995, NAESB and its predecessor, the Gas Industry Standards Board, have been accredited members of the American National Standards Institute (ANSI), complying with ANSI's requirements that its standards reflect a consensus of the affected industries.

4. NAESB's standards include business practices that streamline the transactional processes of the natural gas and electric industries, as well as communication protocols and related standards designed to improve the efficiency of communication within each industry. NAESB supports all four quadrants of the gas and electric industries—wholesale gas, wholesale electricity, retail gas, and retail electricity—and recognizes the ongoing convergence of the gas and electric businesses by ensuring that its standards receive the input of all industry quadrants when appropriate. All participants in the gas and electric industries are eligible to join NAESB, belong to one or more quadrant(s), and participate in standards development.

5. NAESB's wholesale gas quadrant (WGQ) is composed of five industry segments: pipelines, producers, local distribution companies, end users, and services (including marketers and computer service companies). NAESB's wholesale electric quadrant similarly includes five industry segments: transmission, generation, marketer/brokers, distribution/load serving entities, and end users. NAESB's procedures ensure that all industry members can have input into the development of a standard, whether or not they are members of NAESB, and each standard NAESB adopts is supported by a consensus of the relevant industry segments.

6. Since 1996, in Order No. 587 and subsequent orders, the Commission, through its notice-and-comment rulemaking process, adopted relevant gas standards by incorporating

these standards by reference into its regulations.[1] On April 25, 2006, the Commission by a similar process incorporated by reference the first set of NAESB electric standards.[2]

7. In January 2004, a cold snap highlighted the need for better coordination and communication between the gas and electric industries as coincident peaks occurred in both industries making the acquisition of gas and transportation by power plant operators more difficult. In response to this need, in early 2004, NAESB established a Gas-Electric Coordination Task Force to examine issues related to the interrelationship of the gas and electric industries and identify potential areas for improved coordination through standardization. Because of the importance of such coordination, the NAESB Board of Directors established a Gas-Electric Interdependency Committee in September 2004 to review coordination issues and identify potential areas for standards development.

8. As a result of these efforts, on June 27, 2005, NAESB filed a status report with the Commission. The report included ten business practice standards jointly developed by the wholesale gas and electric quadrants, the first such collaboration between the two

[1] Standards For Business Practices Of Interstate Natural Gas Pipelines, Order No. 587, 61 FR 39053 (July 26, 1996), FERC Stats. & Regs. Regulations Preambles [July 1996-December 2000] ¶ 31,038 (July 17, 1996).

[2] Standards for Business Practices and Communication Protocols for Public Utilities, 71 FR 26199 (May 4, 2006), FERC Stats. & Regs. Regulations Preambles ¶ 31,216 (Apr. 25, 2006).

quadrants. The standards, in general, address communication processes between pipelines, power plant operators, and transmission operators.[3]

9. Additionally, the report highlights 13 issues involving gas and electric interdependency. These issues relate to fundamental differences between the two industries, including differences in lead time to prepare for load fluctuations, differences in the precision of instrumentation, and differences in the "utility model" used in the electricindustry (in which generating capacity is planned for and built for anticipated future requirements) and the gas industry's "market-driven model" (in which gas capacity is built only for those contracting for such capacity).

10. On February 24, 2006, NAESB filed a final report with the Commission on the efforts of the Gas-Electric Interdependency Committee. Based on the 13 issues, the final report identified six potential areas where existing standards should be reexamined to determine whether new or updated business practices could improve communications between the gas and electric industries. In these six areas, the report makes requests to the Commission to clarify existing policies or identifies areas for standards development.

[3] On June 28, 2006, NAESB filed a report advising that the following permanent numbers have been assigned to these standards. The standards for the Wholesale Electric Quadrant are Gas/Electric Coordination Standards WEQ-011-0.1 through WEQ-011-0.3 and WEQ-011-1.1 through WEQ-011-1.6. The standards for the Wholesale Gas Quadrant are: Additional Standards, Definitions 0.2.1 through 0.2.3 and Standards 0.3.11 through 0.3.15.

Not all such standards development is supported by every segment of each industry, however. The requests for clarification include:

- Clarification of Commission orders regarding pipeline discounts and negotiated rates as relevant to the ability of shippers releasing capacity to price released capacity using gas price indices.
- Clarification of Commission orders regarding the ability of pipelines to shift gas with primary firm transportation within a pipeline path without having to re-offer as secondary firm transportation service.

Potential areas for standards development include:

- Adding an additional gas 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.
- Modifying the requirements for organized electric markets so that the markets clear in sufficient time to nominate within the existing gas nomination timelines.
- Requiring gas-fired generators that bid into the day-ahead market to have the appropriate gas commercial arrangements to fulfill an accepted bid.
- Developing 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.

II. Discussion

A. Incorporation of Standards by Reference

11. The Commission is proposing to incorporate by reference the NAESB WEQ and NAESB WGQ definitions and business practice standards providing for coordination and communication between natural gas pipelines and the various electric industry operators, including RTOs, ISOs and gas-fired power generators. Such coordination should help improve the reliability of both the gas and electric industries by ensuring that all parties have information relevant to their scheduling and dispatch.

12. The standards, for example, would require gas-fired power plant operators and pipelines to establish procedures to communicate material changes in circumstances that may affect hourly flow rates. These standards would ensure that pipelines have relevant planning information that will assist in maintaining the operational integrity and reliability of pipeline service, as well as providing gas-fired power plant operators with information as to whether hourly flow deviations can be honored. They would further improve communication by requiring pipelines to provide electric transmission operators, including ISOs and RTOs, and power plant operators to sign up to receive from connecting pipelines operational flow orders and other critical notices. These standards will ensure that operators of the electric grid can stay abreast of developments on gas pipelines that can affect the reliability of electric service. The standards require that, upon request, a gas-fired power plant operator must provide to the appropriate electric balancing authority or electric reliability coordinator pertinent information regarding its service levels for gas transportation (firm or interruptible) and for gas supply (firm, fixed or variable quantity, or interruptible). This information should assist reliability coordinators in assessing the relative reliability of various gas-fired generators.[4]

[4] Adoption of these standards is in accordance with § 12(d) of the National Technology Transfer and Advancement Act of 1995, in which Congress requires federal agencies to use technical standards developed by voluntary consensus standards organizations, like the WGQ, as a means to carry out policy objectives or activities. Pub L. No. 104 113, §12(d), 110 Stat. 775 (1996), 15 U.S.C. § 272 note (1997).

13. To incorporate these standards by reference, the Commission is proposing to amend parts 38 and 284 of its regulations to include the appropriate standards.[5] The Commission is also proposing to amend section 38.1 so that it applies to gas-fired power plant owners and operators and to public utilities that own, operate or control facilities used to effectuate wholesale power sales.

14. The Commission is not proposing that pipelines and public utilities make tariff filings to include these standards in their tariffs in this rulemaking. These standards would be included in later standard versions when NAESB updates its wholesale gas and electric standards and, if the Commission decides to incorporate these later standard versions into its regulations, pipelines and public utilities will then be required to include these standards in their tariffs.

15. Four of the standards require pipelines, RTOs/ISOs and/or gas-fired power plant operators to establish procedures to communicate information with each other.[6] For instance, standard WEQ-011-1.2 requires pipelines and gas-fired power plant operators to establish procedures to communicate hourly gas-flow information. With respect to these standards, we propose to require each pipeline and relevant public utility to demonstrate

[5] The standards for the Wholesale Electric Quadrant are: Gas/Electric Coordination Standards WEQ-011-0.1 through WEQ-011-0.3 and WEQ-011-1.1 through WEQ-011-1.6. The standards for the Wholesale Gas Quadrant are: Additional Standards, Definitions 0.2.1 through 0.2.3 and Standards 0.3.11 through 0.3.15.

[6] These standards are WEQ-011-1.2 and WGQ Standard 0.3.12; WEQ-011-1.4; WEQ-011-1.5; and WEQ-011-1.6 and WGQ Standard 0.3.15.

compliance by filing a statement as to whether it has established the required procedures with each relevant entity on its system or taken appropriate action, as required by the standards. While the Commission expects that the parties would be able to negotiate acceptable provisions, if an intractable dispute should arise, the parties can submit the dispute to the Commission for resolution. This is similar to what the Commission has required in previous rulemaking proceedings.[7]

B. Additional Issues Raised by NAESB

16. NAESB identified six issues for which it requests clarification of existing Commission policy or puts forward potential areas for standards development that some industry participants believe might assist in resolving coordination problems between the gas and electric industries. These revisions and enhancements, however, did not command a consensus of the industries sufficient to pass as NAESB standards. We discuss below the two requests for clarification. We then discuss the issues for which NAESB requested guidance needs for to NAESB to deliberate on potential new standards.

[7] See Standards for Business Practices of Interstate Natural Gas Pipelines, 85 FERC ¶ 61,371 (1998). In a similar situation (a requirement that pipelines enter into operation balancing agreements (OBAs) with interconnecting pipelines), rather than requiring pipelines to file their OBAs, the Commission required the pipelines to file a statement with the Commission certifying that they have complied with the requirement to enter into OBAs.

1. Clarifications Regarding Gas Standards

a. Use of Gas Indices for Pricing Capacity Release Transactions

17. NAESB has requested clarification of Commission policy with respect to capacity release transactions using gas price indices. Some in NAESB expressed concern that the current NAESB standards on capacity release are more restrictive on pricing beneath the maximum tariff rate than current Commission policy requires. They suggest that revision of these standards would be more consistent with Commission policy and would create an economic incentive for releasing shippers to provide more short-term capacity to the gas-fired generation market. This is because, with the prospect of a higher release value, releasing shippers can explore replacement capacity alternatives that otherwise would not be cost-effective. In this regard, NAESB requests clarification of the Commission's February 27, 2004 Order in Panhandle[8] regarding the ability of releasing shippers to employ gas prices indices in pricing capacity release transactions.

18. The Commission clarifies that, as it stated in Panhandle, releasing shippers should be free to offer the same type of pricing arrangements that the pipeline offers and, therefore, releasing shippers are free to use gas price indices in pricing released capacity so long as the rate paid by the replacement shipper does not exceed the maximum rate in the pipeline's tariff. As the Commission stated in Northern, "rate formulas that produce varying rates during the term of an agreement are permissible as discounted rates, so long

[8] Panhandle Eastern Pipe Line Co., 106 FERC ¶ 61,194 at P 6 (2004).

as the rate remains within the range established by the maximum and minimum rates set forth in the pipeline's tariff."[9]

b. Pipelines' Ability to Permit Shippers to Choose Alternate Delivery Points

19. NAESB requests clarification regarding the ability of pipelines to permit shippers to shift gas deliveries from a primary to a secondary delivery point when a pipeline constraint occurs upstream of both points. Such changes would make it easier for shippers to redirect gas supplies to generators during periods when capacity is scarce. NAESB provides, as an example, that a 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.

20. In Order No. 637-B, the Commission provided that pipelines must implement within-the-path scheduling under which a shipper seeking to use a secondary delivery point within its scheduling path has priority over another shipper seeking to use the same delivery point but that point is outside of its transportation path.[10] The Commission posited an example in which Shipper 1 (with a primary delivery point at A) and Shipper 2

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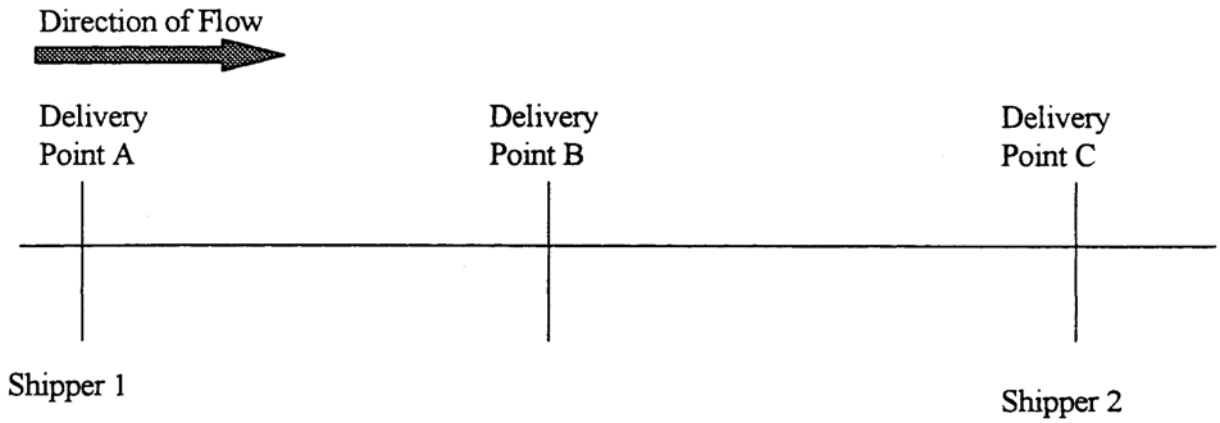
[9] Northern Natural Gas Co., 105 FERC ¶ 61,299 at P 17 (2003).

[10] Regulation of Short-Term Natural Gas Transportation Services, 92 FERC ¶ 61,062 at 61,168-70 (2000).

(with a primary delivery point downstream at C) pay the same rate in the zone, and both shippers are seeking to change delivery points to point B. The Commission found that Shipper 2 should receive a higher priority over mainline capacity to point B than Shipper 1, because point B is within Shipper 2's path.



21. The scenario posed by NAESB is a slight variation of the within-the-path scheduling as described in Order No. 637-B. Although the shipper has scheduled capacity through a posted point of constraint, the secondary delivery point it seeks to use is outside of its transportation path. In most cases, it would be reasonable to permit the reassignment as posited by NAESB, since the shipper seeking to redesignate delivery points already has a transportation contract with primary points through the posted constraint point and has scheduled gas through that point so that reallocating gas to a different delivery point would not pose an operational problem. The only possible caveat would be if the shipper (Shipper 1) seeks to redesignate a secondary delivery point (outside its path) that is also being requested by another shipper, and the delivery point is within the path of the Shipper 2. If both secondary nominations to that point cannot be

accepted, as in the case of the example above, Shipper 2, with a contract path through the secondary point, would have priority.

c. Changes to the Intraday Nomination Gas Schedule

22. NAESB suggests a review of 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.

23. Any standards that would allow better coordination between scheduling of gas and electric markets would be of benefit to both industries, and we encourage NAESB to continue its efforts to develop such standards. With respect to intra-day nominations, the Commission's regulations provide that firm transportation capacity must be accorded scheduling priority over interruptible transportation capacity.[11] At the same time, however, the Commission has recognized the interest of interruptible shippers in achieving business certainty by making the last intra-day nomination opportunity one in which firm nominations do not bump interruptible nominations:

> making the third intra-day nomination non-bumping creates a fair balance between firm shippers, who will have had two opportunities to reschedule their gas, and interruptible shippers and will provide some necessary stability in the nomination system, so that shippers

[11] 18 CFR 284.12(b)(1)(i)(A)(2006).

> can be confident by mid-afternoon that they will receive their scheduled flows."[12]

However, within the confines of these policies, NAESB may consider whether changes to existing intra-day schedules can better provide for coordination between gas and electric scheduling. For instance, the current NAESB standards require intra-day nominations to be submitted by 10 a.m. (bumping) and 5 p.m. (non-bumping). There is no reason why another bumping intra-day nomination opportunity could not be introduced between these two or that the timing of these intra-day nomination opportunities could not be adjusted to better coordinate with electric scheduling.

2. Clarifications Regarding Electric Standards

a. Standards Relating to RTO/ISO Scheduling

24. NAESB has considered, but has been unable to agree upon, modifications to the routine scheduling of ISO and RTO markets (not in an emergency) so that the markets clear in sufficient time to nominate within the existing gas nomination timelines. It also considered whether standards should be developed to require generators that offer into the day-ahead market to have the appropriate gas commercial arrangements to fulfill the needed obligations. As NAESB states, the disconnect between gas and electric schedules leaves some generators two options: either a) purchase and nominate gas transportation on a timely basis and risk not having their bid subsequently clear the power market or, b)

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[12] Standards for Business Practices of Interstate Natural Gas Pipelines, Order No. 587-G, 63 FR 20072 (Apr. 23, 1998), FERC Stats. & Regs. Regulations Preambles ¶ 31,062 at 30,672 (Apr. 16, 1998).

wait to see if their bid clears the power market and risk relying upon the intraday gas transportation nominations.

25. The Commission agrees that these are serious issues, particularly during periods of coincident peak use in the electric and gas industries. RTOs and ISOs frequently consider gas-fired generation to be necessary to maintain reliability. Yet, especially during periods when both electricity and gas are in short supply, gas-fired generators may have difficulty buying gas and transportation, because the RTOs' and ISOs' scheduling process does not match the gas process. Moreover, if the gas-fired generator does submit bids into the RTO/ISO market based on current gas prices, those prices may change significantly during periods with volatile gas prices by the time the RTO or ISO calls upon the generator to run.[13]

26. Because of the serious repercussions on the electric market of these problems, the Commission is concurrently opening section 206 proceedings to examine the RTO and ISO scheduling processes during emergency conditions. These proceedings are intended to ensure that the RTOs and ISOs have procedures in place during emergencies to permit better synchronization of their markets with the gas market and to ensure that generators making appropriate bids into the RTO and ISO markets are able to recover their prudently incurred costs.

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[13] If the gas-fired generator seeks to hedge its gas prices, and is not dispatched, it may be unable to recover its gas costs.

27. The NAESB report raised the issue of whether to develop standards regarding the appropriate commercial relationships that generators must have in bidding into day ahead markets, so that they have the appropriate gas commercial arrangements to fulfill the needed obligations. Some of the objections to such an effort, NAESB notes, are that it would interfere with company's risk management strategies, and that reliability issues should be addressed by NERC. We agree that business practice standards requiring, for instance, that gas-fired generators have firm gas supply or gas transportation contracts would go beyond the scope of business practices. Instead of mandating commercial relationships, the section 206 proceedings will focus on ensuring that generators in organized markets can synchronize their gas and electric scheduling and can receive appropriate compensation for prudently incurred costs if gas prices deviate significantly from those that could have been expected at the time they submitted their bid.

b. Other Electric Standards Issues

28. NAESB also suggests that supporting definitions for new business practices could be developed for the electric industry, 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 report is not clear as to what affect such definitions would have on the operation of the electric grid, or what business practices would be affected. Consequently, we will not at this time provide guidance on whether such definitions should be developed.

III. Notice of Use of Voluntary Consensus Standards

29. In section 12(d) of the National Technology Transfer and Advancement Act of 1995, Congress affirmatively requires federal agencies to use technical standards developed by voluntary consensus standards organizations, like NAESB, as the means to carry out policy objectives or activities unless use of such standards would be inconsistent with applicable law or otherwise impractical.[14] NAESB approved the standards under its consensus procedures. Office of Management and Budget Circular A-119 (§ 11) (February 10, 1998) provides that federal agencies should publish a request for comment in a NOPR when the agency is seeking to issue or revise a regulation proposing to adopt a voluntary consensus standard or a government-unique standard. In this NOPR, the Commission is proposing to incorporate by reference voluntary consensus standards developed by the WGQ and WEQ.

IV. Information Collection Statement

30. The following collections of information contained in this proposed rule have been submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the Paperwork Reduction Act of 1995, 44 U.S.C. 3507(d). The Commission solicits comments on the Commission's need for this information, whether the information will have practical utility, the accuracy of the provided burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected, and any

[14] Pub L. No. 104-113, §12(d), 110 Stat. 775 (1996), 15 U.S.C. §272 note (1997).

suggested methods for minimizing respondents' burden, including the use of automated information techniques. The following burden estimates include the costs to implement the WEQ's and WGQ's definitions and business practice standards providing for coordination and which will establish communication protocols between interstate natural gas pipelines and power plant operators and transmission owners and the various electric industry operators. The burden estimates are primarily related to start-up to implement these standards and regulations and will not result in ongoing costs.

Data Collection	No. of Respondents	No. of Responses Per Respondent	Hours Per Response	Total No. of Hours
FERC-549C	93	1	20	1,860
FERC-717	220	1	33	7,260
Totals				9,120

Total Annual Hours for Collection
(Reporting and Recordkeeping, (if appropriate)) = 9,120

Information Collection Costs: The Commission seeks comments on the costs to comply with these requirements. It has projected the average annualized cost for all respondents to be the following:[15]

[15] The total annualized cost for the two information collections is $ 1,368,000. This number is reached by multiplying the total hours to prepare a response (hours) by an hourly wage estimate of $150 (a composite estimate that includes legal, technical and support staff rates). $1,368,000= $150 x 9,120.

	FERC-549C	FERC-717
Annualized Capital/Startup Costs	$279,000	$1,089,000
Annualized Costs (Operations & Maintenance)	N/A	N/A
Total Annualized Costs	$279,000	$ 1,089,000

31. OMB regulations[16] require OMB to approve certain information collection requirements imposed by agency rule. The Commission is submitting notification of this proposed rule to OMB. These information collections are mandatory requirements.

Title: Standards for Business Practices of Interstate Natural Gas Pipelines (FERC-549C)
Standards for Business Practices and Communication Protocols for Public Utilities (FERC-717) (*formerly* Open Access Same Time Information System)

Action: Proposed collections

OMB Control No.: 1902-0174 and 1902-0173

Respondents: Business or other for profit, (Public Utilities and Natural Gas Pipelines (Not applicable to small business.))

Frequency of Responses: One-time implementation (business procedures, capital/start-up)

32. Necessity of Information: This proposed rule, if implemented, would upgrade the Commission's current business practice and communication standards to include standardized communication protocols between interstate pipelines and power plant operators and transmission owners and operators. The implementation of these standards

[16] 5 CFR 1320.11.

and regulations is necessary to improve coordination between the gas and electric industries, to limit miscommunications about scheduling of gas-fired generators and to improve the reliability in both industries.

33. The implementation of these data requirements will help the Commission carry out its responsibilities under the Federal Power Act and Natural Gas Act of promoting the efficiency and reliability of the electric and gas industries' operations. The Commission's Office of Energy Markets and Reliability will use the data for general industry oversight.

34. Internal Review: The Commission has reviewed the requirements pertaining to business practices and electronic communication of public utilities and natural gas pipelines and made a preliminary determination that the proposed revisions are necessary to establish more efficient coordination between the gas and electric industries. Requiring such information ensures both a common means of communication and common business practices to limit miscommunication for participants engaged in the sale of electric energy at wholesale and the transportation of natural gas. These requirements conform to the Commission's plan for efficient information collection, communication, and management within the electric power and natural gas pipeline industries. The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

35. Interested persons may obtain information on the reporting requirements by contacting the following:

Federal Energy Regulatory Commission, Attn: Michael Miller, Office of the Executive Director, 888 First Street, N.E., Washington, DC 20426 Tel: (202) 502-8415 / Fax: (202) 273-0873, Email: michael.miller@ferc.gov.

36. Comments concerning the collection of information(s) and the associated burden estimate(s), should be sent to the contact listed above and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission, phone: (202) 395-7856, fax: (202) 395-7285].

V. Environmental Analysis

37. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.[17] The Commission has categorically excluded certain actions from these requirements as not having a significant effect on the human environment.[18] The actions proposed here fall within categorical exclusions in the Commission's regulations for rules that are clarifying, corrective, or procedural, for information gathering, analysis, and dissemination, and for sales, exchange, and transportation of

[17] Regulations Implementing the National Environmental Policy Act, Order No. 486, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs. Preambles 1986-1990 ¶ 30,783 (1987).

[18] 18 CFR 380.4(2005).

natural gas and electric power that requires no construction of facilities.[19] Therefore, an environmental assessment is unnecessary and has not been prepared in this NOPR.

VI. Regulatory Flexibility Act Certification

38. The Regulatory Flexibility Act of 1980 (RFA)[20] generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. The regulations proposed here impose requirements only on interstate pipelines and public utilities, the majority of which are not small businesses, and would not have a significant economic impact. These requirements are, in fact, designed to benefit all customers, including small businesses. Accordingly, pursuant to section 605(b) of the RFA, the Commission hereby certifies that the regulations proposed herein will not have a significant adverse impact on a substantial number of small entities.

VII. Comment Procedures

39. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due **[45 days from publication in the FEDERAL REGISTER]**. Comments must refer to Docket Nos. RM05-28-000, RM96-1-027, and RM05-5-001 and must include the commenter's name,

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[19] See 18 CFR 380.4(a)(2)(ii), 380.4(a)(5), 380.4(a)(27)(2005).

[20] 5 U.S.C. 601-612(2006).

the organization they represent, if applicable, and their address in their comments. Comments may be filed either in electronic or paper format.

40. Comments may be filed electronically via the eFiling link on the Commission's web site at http://www.ferc.gov. The Commission accepts most standard word processing formats and commenters may attach additional files with supporting information in certain other file formats. Commenters filing electronically do not need to make a paper filing. Commenters that are not able to file comments electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Office of the Secretary, 888 First Street, N.E., Washington, DC, 20426.

41. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

VIII. Document Availability

42. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through FERC's Home Page (http://www.ferc.gov) and in FERC's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, N.E., Room 2A, Washington D.C. 20426.

43. From FERC's Home Page on the Internet, this information is available in eLibrary. The full text of this document is available in eLibrary both in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

44. User assistance is available for eLibrary and the FERC's website during our normal business hours. For assistance contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866) 208-3676, or for TTY, contact (202) 502-8659.

List of subjects

18 CFR Part 284

Incorporation by reference, Natural gas, Reporting and recordkeeping requirements.

18 CFR Part 38

Conflict of interests, Electric power plants, Electric utilities, Incorporation by reference, Reporting and recordkeeping requirements

By direction of the Commission.

Magalie R. Salas,
Secretary.

In consideration of the foregoing, the Commission proposes to amend parts 38 and 284, Chapter I, Title 18, Code of Federal Regulations, as follows:

PART 38 – BUSINESS PRACTICE STANDARDS AND COMMUNICATION PROTOCOLS FOR PUBLIC UTILITIES

1. The authority citation for part 38 continues to read as follows:

Authority: 16 U.S.C. 791-825r, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352.

2. Section 38.1 is revised to read as follows:

§ 38.1 Applicability.

This part applies to any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce or for the sale of electric energy at wholesale in interstate commerce and to any non-public utility that seeks voluntary compliance with jurisdictional transmission tariff reciprocity conditions.

3. Section 38.2 is amended by adding new paragraph (a)(8) to read as follows:

§ 38.2 Incorporation by reference of North American Energy Standards Board Wholesale Electric Quadrant standards.

(a) * * *

(8) Gas/Electric Coordination Standards including the WEQ standards contained in Final Action R04021 (August 15, 2005).

* * * * *

PART 284 -- CERTAIN SALES AND TRANSPORTATION OF NATURAL GAS UNDER THE NATURAL GAS POLICY ACT OF 1978 AND RELATED AUTHORITIES

4. The authority citation for part 284 continues to read as follows:

Authority: 15 U.S.C. 717-717w, 3301-3432; 42 U.S.C. 7101-7352; 43 U.S.C. 1331-1356.

5. In section 284.12, paragraph (a)(1)(i) is revised to read as follows:

§ 284.12 Standards for pipeline business operations and communications.

(a) * * *

(1) * * *

(i) Additional Standards (General Standards and Creditworthiness Standards) (Version 1.7, December 31, 2003) and the WGQ standards contained in Final Action R04021 (August 15, 2005).

* * * * *

117 FERC ¶ 61,094
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

California Independent System Operator Corp.	Docket No.	EL07-1-000
ISO New England, Inc.	Docket No.	EL07-2-000
PJM Interconnection, LLC	Docket No.	EL07-3-000
Midwest Independent Transmission System Operator, Inc.	Docket No.	EL07-4-000
New York Independent System Operator, Inc.	Docket No.	EL07-5-000
Southwest Power Pool, Inc.	Docket No.	EL07-6-000

ORDER INSTITUTING INQUIRIES INTO GAS-ELECTRIC COORDINATION ISSUES

(Issued October 25, 2006)

1. The Commission is concerned that the scheduling practices of independent system operators (ISOs) and regional transmission organizations (RTOs) are not effectively coordinated with the scheduling of natural gas purchase and transportation transactions, so that gas-fired must-run generators may be unable to obtain gas during periods when gas transportation is constrained or gas prices are volatile. To address these issues, the Commission will institute inquiries pursuant to section 206 of the Federal Power Act (FPA)[1] in the above referenced dockets to provide the parties in ISOs and RTOs with forums in which to examine whether scheduling and compensation mechanisms need to be revised to ensure that gas-fired generators can obtain gas when the gas-fired generation is necessary for reliability and that they are compensated appropriately when volatility in gas prices creates difficulty in recovering gas costs. Each of the RTOs and ISOs above must make a filing by January 16, 2007, either proposing necessary changes to their scheduling and compensation systems or explaining why such changes are unnecessary.

[1] 16 U.S.C. § 824(e) (2000).

Background

2. A cold snap in January 2004 resulted in coincident gas and electric peaks that made the acquisition of gas and transportation by power plant operators more difficult and threatened the ISO New England's (ISO-NE) ability to deliver power.[2] While these issues first became prominent during the New England cold snap, they may not be unique to the ISO-NE or to cold snaps. They may appear in ISO/RTO markets during hot weather or whenever the gas supply to gas fueled generation is disrupted. There are a number of factors that appear to contribute to the problem:

> Peaking generators (and must-run reliability generators) may financially be able to afford only interruptible transportation on pipelines. As a result, in times of coincident peaks, when these generators are needed for electric reliability, they may have difficulty obtaining pipeline capacity, or they may be able to obtain capacity only at high prices.
>
> Mismatches between ISO/RTO market clearing times and uniform pipeline scheduling times may be such that gas-fired generators cannot meet the pipeline nomination timelines. The timing differences also may result in generators purchasing gas at times of the day when there are few traders and prices are typically higher.
>
> Volatile natural gas prices and relatively low ISO/RTO price caps may result in gas having a higher value in markets other than electric generation. One consequence is that generators that have already purchased gas supplies may sell their gas to receive the higher value.

3. Reacting to the developments in the winter of 2004, ISO-NE developed interim procedures to help ensure system reliability during extreme cold weather conditions.[3] Subsequently, ISO-NE refined these interim procedures for the winter of 2005-2006,[4] and

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[2] For a complete summary of the New England Cold Snap, see: *The Final Report on Electricity Supply Conditions in New England During the January 14-16, 2004 "Cold Snap"*, ISO New England Inc. Market Monitoring Department, October 12, 2004, available at: http://www.iso-ne.com/pubs/spcl_rpts/2004/levitan_jan_2004_cold_snap_report.pdf

[3] *See ISO New England*, Inc., 113 FERC ¶ 61,175 (2005).

[4] *See ISO New England, Inc.*, 113 FERC ¶ 61,220 (2005).

on September 1, 2006, filed a still more refined set of procedures in Docket No. ER06-1464-000.[5]

4. ISO-NE's filing seeks to address the issues enumerated above. In particular, it provides that the scheduling times would be modified when an emergency Cold Weather Event is declared.[6] The required time for all offers and bids to be submitted would be shifted forward from noon on the day prior to the operating day to 9:00 a.m. By 10:00 a.m. the ISO would notify the gas-fired units that are determined to be necessary to meet the next day's forecasted load of the minimum set of hours and MW levels. Generators thus would be able to buy gas and nominate pipeline capacity by the standardized pipeline 12:30 p.m. ET nomination deadline.

5. ISO-NE also has proposed an extraordinary fuel expense procedure that would assure gas-fired generators that they will be able to recover high gas fuel and pipeline transportation and delivery costs, including pipeline penalties. This provision would apply when the generators' actual fuel costs exceed the total energy related revenues they receive.[7]

6. Also, as a result of the cold snap in New England, the North American Energy Standards Board (NAESB) established a Gas-Electric Coordination Task Force to examine issues related to the relationship of gas and electric scheduling and related standards. On June 27, 2005 NAESB submitted a status report to the Commission that included standards for natural gas transmission service providers' communications with power generators and RTOs, ISOs and other independent transmission operators. The Commission is proposing to adopt these standards in a rulemaking issued contemporaneously with this order.[8] Adoption of these standards should improve the flow of information between the relevant parties, but they do not, by themselves, resolve the possible serious problems of coordination between the two industries that may arise during an emergency.

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[5] These procedures are being approved in an order being issued concurrently with this one in *ISO New England*, 117 FERC ¶ 61,070(2006).

[6] ISO-NE defines a "Cold Weather Event" as a day when cold weather is forecast and the 7-day Capacity Margin Forecast indicates a capacity margin less than or equal to 0 MW for an Operating Day.

[7] ISO New England Inc., FERC Electric Tariff No. 3, Third Rev Sheet No. 8134.

[8] *See Standards for Business Practices for Interstate Natural Gas Pipelines and Public Utilities*, 117 FERC ¶ 61,095 (2006).

7. On June 27, 2005 and February 24, 2006, NAESB submitted reports to the Commission that highlighted similar concerns about the lack of coordination between ISO/RTO scheduling practices and gas scheduling, and requested Commission guidance on resolving these issues. One of the issues raised by NAESB was whether to modify the requirements for organized electric markets so that the markets clear in sufficient time for gas-fired generators to nominate within the gas nomination timelines. It stated that:

> 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.[9]

NAESB pointed out also that gas-fired generators in organized markets often may not have adequate commercial arrangements to be able to fulfill their obligations, such as firm pipeline transportation.

Discussion

8. The Commission is concerned that the issues raised by the 2004 cold snap and by NAESB could have serious consequences in all the organized RTO/ISO markets if gas-fired peaking generators are unable to run or run profitably during emergency conditions, such as periods of coincident peak use in the electric and gas industries. RTOs and ISOs frequently consider gas-fired generation to be necessary to maintain reliability. Yet, especially during periods when the demand for both electricity and natural gas is very high, the needed gas-fired generators may have difficulty buying gas and obtaining transportation because the RTOs' and ISOs' scheduling periods do not fit with the gas scheduling periods. Moreover, if the gas-fired generator bids into the RTO/ISO market based on the then-current gas price, that price may change significantly by the time the RTO or ISO calls upon the generator to run, especially where severe weather makes gas prices highly volatile. For these reasons, we believe that these features of existing ISO/RTO tariffs may not be just and reasonable if they effectively discourage gas-fired generation from participating in RTO and ISO markets when it is most needed.

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[9] February 24, 2006 Report, at 5 (Docket No. RM05-28-000).

9. We, therefore, are instituting inquiries under section 206 of the FPA[10] into the justness and reasonableness of the tariffs of the ISOs and RTOs. We generally propose to either have an RTO or ISO propose necessary changes to its scheduling and compensation systems or demonstrate that those scheduling and compensation issues do not pose a problem on its system. While the procedures adopted by ISO-NE may provide a good starting point, we recognize that each ISO and RTO faces different weather and other conditions, which may require individualized consideration and resolutions tailored to their specific conditions. Each RTO and ISO must file by January 16, 2007 to propose revisions to its existing tariff or to explain why such changes are not needed based on the conditions for its system.

10. In considering its response, each ISO/RTO should examine its needs during both hot and cold weather emergencies, and other types of emergencies, such as those caused by Hurricane Katrina and its effect on gas availability and transportation. While ISO-NE has made substantial progress in adopting procedures to handle disruptions in the gas supply, their procedures address only cold weather events. In its filing, ISO-NE is required to address whether such procedures need to be extended or modified to apply to other conditions as well.

11. Pursuant to section 206(b) of the FPA, the Commission must establish a refund effective date that is no earlier than the publication of notice of the Commission's intent to institute a proceeding, and no later than five (5) months after the publication date. The Commission will establish a refund effective date of the publication date of notice of this investigation. However, given the context of this proceeding, the Commission does not see a need for refunds. The Commission is also required by section 206 to indicate when it expects to issue a final order. The Commission expects to issue a final order in this section 206 investigation within 180 days of the date this order issues.

The Commission orders:

(A) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, particularly section 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R., Chapter I), public hearings shall be held in the dockets referenced in the caption concerning scheduling and compensation mechanisms as discussed in the body of the order.

(B) The RTOs and ISOs listed in the caption must make the filing as discussed in the body of the order by January 16, 2007.

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[10] 16 U.S.C. 824e (2000).

(C) Any interested person desiring to be heard in the proceedings in each of the captioned dockets should file a notice of intervention or motion listing each docket in which they wish to intervene with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214) within 21 days of the date of this order.

(D) The Secretary is directed to publish a notice of this section 206 proceeding in the Federal Register.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

Ron Mucci on behalf of NAESB
Speaker Notes – FERC Order 888 Technical Conference

Introduction

- **Thank the Commission** for providing NAESB with the opportunity to participate in the Order 888 reform process
- **We applaud your effort** to increase transparency and clarity to the underlying business processes and practices that will enable non-discriminatory open access transmission services.
- I would like to begin my remarks by **framing the respective roles** that are essentially these: FERC does Policy and Requirements, NERC does reliability and NAESB does business practice standards.
- Through the WEQ, which is comprised of five segments representing End Users, LSE's, Transmission, Generation and Marketers (and I might add a potential sixth segment representing independent grid operators), NAESB has both **the structure and process in place to develop the necessary business practice standards**.
- However, even with the right process and structure in place, NAESB's ultimate success in meeting the Commissions objectives will depend on a few key factors.
    - **Clarity** from the Commission in terms of both policy and expectations.
    - **Engagement** on the part of industry participants in the NAESB standards setting process.
    - **Collaboration and coordination** with the other organizations such as NERC to ensure a seamless linkage between reliability and business practice standards.

ATC

- Regarding the issues surrounding ATC, or more appropriately TTC, and the apparent lack of transparency/potential for discriminatory practices, the challenges from a NAESB perspective are rooted in two fundamental areas:
    - The **methodology employed and resultant models used** to calculate TTC and ATC that has a direct impact on reliability.
    - The **assumptions** used in the models in terms of inputs/operating parameters and timeliness/availability of the results.
- In terms of the former, NERC is leading the effort to **standardize ATC calculations** that affect not only the provisioning of transmission service but the fundamental reliability of the grid. Ultimately, whether there is one industry-wide methodology for calculating ATC, standardization of constituent inputs and component capabilities, commonality of calculation techniques or regional differences, this will be determined through the NERC process.
- In terms of the latter, **NAESB** is currently working to **develop transmission service request and scheduling standards using TTC/ATC/AFC and CBM/TRM** to ensure standardization and transparency of the business practice standards.
- To ensure **compatibility** between these two efforts and the standards approved by each organization, **NERC and NAESB have implemented a joint collaborative effort** between the respective technical committees.

Next Steps/Going Forward

- In order to facilitate the timely development of these standards, NAESB requests that the Commission provide clarity around their expectations and address policy issues up front rather than leaving these subject to potentially endless debate and a fruitless effort to develop standards. Let me put that into the context of what NAESB fundamental does and what a business practice standards really entails (data, record layout, posting requirements, who is responsible for what information, etc.). With that in mind, we need:
    - **Clarity** - As articulated in NAESB's comments filed with the Commission in this docket, **clarity and guidance would benefit our process** by reducing ambiguity and leaving less room for interpretation, thus expediting the development of business practice standards. In terms of ATC, for example, there is ambiguity and a broad spectrum of opinions regarding the specific data and associated posting requirements which can be boiled down to what I would describe as the issues surrounding triggers and transparency.
        - For example, triggers refers to when and under what circumstances ATC should be re-calculated. Without clarity, NAESB could be caught in an endless debate deciding such issues as:
            - Posted only on constrained elements/paths or all posted paths
            - When requests for transmission service are evaluated or when confirmed transactions are impacted
            - Or when a certain threshold has been met (e.g., is there an impact and threshold test with regard to ATC recalculation and posting requirements)
        - Regarding transparency, the issues that will be debated include:
            - How often and what type of information should be contained in the required after the fact narrative postings
            - Does the narrative posting requirements apply to ATC changes in Day Ahead/Real Time as well as longer term planning studies
            - Is acknowledgement of when a planning study was performed sufficient or should the detailed assumptions/results of the study also be posted
            - Should the results be made available to only certain parties or all market participants
            - Even such minor details as whether the posting should be on OASIS with a consistent/standard format or is any publicly available website sufficient to meet the posting requirements

      Ultimately, it is difficult at best to develop the business practice standards necessary to support the Commission's goal of transparency when the requirements as expressed to date in the NOPR are opaque to some and clear to others or a broad interpretation in between.

- **Policy Direction** – The Commission is strongly encouraged to **provide clear policy guidance around issues such as confidentiality in the context of disclosure requirements, frequency of when information should be updated and posted, burden of compliance, commonality of methodology versus regional differences and the affiliate rule**. Experience has taught us that unresolved policy issues create unnecessary delay and lessen the likelihood of developing business practice standards that meet the Commission's objectives.

In Summary, the key elements for success are:

- Policy Guidance from the Commission
- Clarity around granularity, type of data and frequency
- Broad and active participation in the NAESB process
- Collaboration to meet clear objectives and defined timelines

So, the guiding principle that I would like to leave you with is FERC does Policy and Requirements, NERC does reliability and NAESB does business practice standards.

NORTH AMERICAN ENERGY STANDARDS BOARD
1301 Fannin, Suite 2350 • Houston, Texas 77002 • **Phone:** (713) 356-0060 • **Fax:** (713) 356-0067
email: naesb@naesb.org • **Web Site Address:** www.naesb.org

November 2, 2006
Filed Electronically

The Honorable Magalie Salas
Secretary
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, D.C. 20585

RE: Docket Nos. RM05-25-000 and RM05-17-000: "Preventing Undue Discrimination and Preference in Transmission Services"

Dear Ms. Salas:

The North American Energy Standards Board ("NAESB") herewith submits to the Federal Energy Regulatory Commission in the above-docketed case, an original electronic filing of the attached document entitled "ADDENDUM TO THE TESTIMONY OF RONALD M. MUCCI ON BEHALF OF THE NORTH AMERICAN ENERGY STANDARDS BOARD THE NOTICE OF PROPOSED RULEMAKING." The addendum is voluntarily submitted by NAESB in response to Docket Nos. RM05-25-000 and RM05-17-000.

The report is being filed electronically in Adobe Acrobat® Print Document Format (.pdf). Please feel free to call me at (713) 356-0060 should you have any questions or need additional information regarding the comments provided.

Respectfully submitted,
Rae McQuade
Ms. Rae McQuade
President & COO, North American Energy Standards Board

cc: Chairman Joseph Kelliher, Federal Energy Regulatory Commission
Commissioner Sue Deen Kelly, Federal Energy Regulatory Commission
Commissioner Philip D. Moeller, Federal Energy Regulatory Commission
Commissioner Marc Spitzer, Federal Energy Regulatory Commission
Commissioner Jon Wellinghoff, Federal Energy Regulatory Commission
Joe Stepenovitch, NAESB Chairman and CEO
William P. Boswell, NAESB General Counsel

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UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Preventing Undue Discrimination and	)	Docket Nos. RM05-25-000
Preference in Transmission Service	)	RM05-17-000

Technical Conference
October 12, 2006

Addendum to the Testimony of Ronald M. Mucci on Behalf of The North American Energy Standards Board

During the question and answer period on Panel 2 of the October 12, 2006 Technical Conference in the Federal Energy Regulatory Commission's ("FERC" or the "Commission") Notice of Proposed Rulemaking ("NOPR") in the *Preventing Undue Discrimination and Preference in Transmission Service* proceeding (Docket Nos. RM05-25-000 and RM05-17-000), Mr. Mucci noted that he would submit comments on behalf of NAESB regarding issues in the NOPR that could benefit from Commission guidance, should the Commission determine that NAESB business practice standards were needed.

Business practice standards to support market transparency invariably include posting of information. Such posting requirements can be as simple as a business practices requiring that the availability of free-form reports be posted on a web site. Or, on the other end of the spectrum, posting requirements can include standardization in not

only format of the report and the information provided in the report, including the granularity of the data and its timeliness, but also the mechanism for accessing the report, the navigation on the site where the report is posted, the frequency of updates to the report, specificity around what events or activities generate a requirement to post, archival access, and confidentiality requirements. Depending on the need for standards to support functionality and analysis, posting requirements can also include the ability for market participants to download information in specific formats. Factored into the decision on whether to choose the simple posting of availability or the more complex posting that permits analysis and comparison, is weighing of the relative benefits to the market of increased transparency against the time, effort and cost to provide such reports and functions. NAESB has on its own made these decisions through committee voting, and it has also taken guidance and direction from the Commission. Guidance is particularly useful to NAESB if the Commission already has firm expectations of the information requirements and business practice standards the Commission deems essential to achieving its goals. In review of the NOPR, NAESB identified six areas where Commission guidance would be helpful if as noted above, the Commission has specific expectations. Those areas are delineated below:

1. ATC Values. Does the Commission expect that the narrative explanation for changes in the ATC values should include a level of standardization for ease of analysis, or will "free-form" text be sufficient? Likewise, the Commission should specify if it is sufficient for the explanation of changes in ATC or TTC values to be limited to broad generalized

statements or whether the posted information should include such information as (1) the specific events which gave rise to the change (2) the new values for ATC at all points on the network (3) the impact of the change on transmission customers and (4) a detailed snapshot of the conditions on the system at all flow gates or constrained elements when the change occurred. The explanation for changes may also include indicating which of the factors that go into calculating ATC, such as factors for TTC, CBM, TRM, and/or ETC, changed and if they should also be posted and subject to the same data posting requirements as ATC changes. Ultimately, clarity around the posting requirements for ATC will aid all market participants in understanding what information will be made available, under what circumstances ATC changes will be reported, when the information will be available and how such changes impacted the provisioning of transmission services and flows on the system.

2. Planning Studies. Does the Commission expect that the availability of the completed congestion studies be posted on OASIS, which is effectively a notice that a study was performed, or whether the Commission expects that the detailed studies themselves including assumptions and results are to be posted on OASIS?

3. Conditional Firm Service. As conditional firm service and /or re-dispatch are defined, there could be a need to modify current standards and business practices, e.g., the transmission loading relief business practices.

New NAESB business practices and postings for conditional firm and/or re-dispatch would add to the transparency of transmission service in the market. Because the conditional firm product is fairly new to the industry, NAESB could define conditional firm at a high level, but leave substantial flexibility in the structure to allow the transmission provider to work with their physical system, current contract commitments, and risk management practices. NAESB will support efforts to develop business practices to bring an appropriate level of consistency within those flexibilities. A more proscriptive solution may entail development of business practice standards and posting requirements associated with the evaluation and grant/denial of conditional firm service, the conditions under which service will be curtailed, when and what events necessitate the posting of such information, the impact of conditional firm on other services/system operations and whether any threshold conditions apply before such information should be posted. If the Commission has firm expectations of NAESB deliverables in this area, Commission guidance would be helpful.

4. Confidentiality. Commission guidance would be helpful to NAESB for handling commercially sensitive information specific to ATC calculations. Generator dispatch, including generator run status and cost, is extremely sensitive data that has a significant impact in the determination of ATC. To avoid any conflicts between confidentiality requirements and posting

requirements in this case, does the Commission have guidance for whether this information should be made available and if so, when such information should be made available with the appropriate levels of confidentiality?

5. Capacity Assignment. Capacity reassignment including removing the price cap and allowing negotiated rates could require new OASIS posting standards, and significant functionality added to support such postings. This may require a more comprehensive standards solution, which may include data aggregation by the transmission provider, reports prepared and posted quarterly including how the information is communicated between the transmission provider and marketer for collection, submittals of quarterly reports from the transmission provider to FERC, changes to the OASIS S&CP, and determination of informational content and design of templates. A further complicating factor could be the requirement that transmission providers collect and post information provided to them from marketers on their non-standard products. In comparison, the capacity release program and business practice standards that support it in the natural gas industry is a full and proscriptive solution. Does the Commission see the need for business practices to support capacity reassignment in the simple posting solution, or the more comprehensive solution with functionality for collecting and posting marketer information on non-standard products?

6. New Services. Business practices may be needed for hourly firm service and the conditional nature of short-term firm service as it concerns reservation priorities, terms for OATT rollover rights and support of batching for hourly firm service. Given the same issues related to granularity, timeliness, trigger events, etc., any guidance that would define parameters for hourly firm service would expedite the development of business practices to support this service.

We very much appreciated the opportunity participate in the technical conference and to further elaborate on issues where Commission guidance would be helpful if the Commission determines that business practices are warranted. Whether it is ATC calculations, planning studies, conditional or other services provided by the Transmission Provider under their OATT, if the Commission has firm expectations on NAESB deliverables, Commission guidance would greatly aid in the process of establishing business practice standards in an efficient and timely manner.

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October 30, 2006
Filed Electronically

The Honorable Magalie Salas
Secretary
Federal Energy Regulatory Commission
888 First Street N.E.
Washington, D.C. 20585

RE: Standards for Business Practices and Communication Protocols for Public Utilities (Docket No. RM05-5)

Dear Ms. Salas:

The North American Energy Standards Board ("NAESB") herewith submits this supplemental report to the Federal Energy Regulatory Commission ("FERC" or "Commission") regarding NAESB's January 18, 2005 report to the Commission on activities undertaken by the NAESB Wholesale Electric Quadrant ("WEQ") Executive Committee ("EC") This supplemental filing corrects a typographical error in the original report and provides additional detail on the modifications made to the Manual Time Error Correction standards.

Since the January 18, 2005 filing, NAESB received a Standards Request (Request No. R06010) to Modify the timing chart for the Western Interconnection in WEQBPS-006 to an initiation of manual time error at +/-5 seconds submitted by Western Electricity Coordinating Council (WECC). The WEQ Business Practices Subcommittee (BPS) processed this Request as a Minor Correction. On September 19, 2006 the WEQ Executive Committee voted unanimously in support of the Minor Correction via notational ballot. On October 2, 2006, the Minor Correction was distributed to the members of the Wholesale Electric Quadrant for a two week comment period with comments due on October 16, 2006. No comments were submitted in response to the request for comment. The Minor Corrections were effective as of October 17, 2006.

The report is being filed electronically in Adobe Acrobat® Print Document Format (.pdf), and each enclosure is bookmarked separately. All of the documents are also available on the NAESB web site (www.naesb.org). Please feel free to call me at (713) 356-0060 or refer to the NAESB website (www.naesb.org) should you have any questions or need additional information regarding the errata to the NAESB WEQ business practice standards.

Respectfully submitted,

Ms. Rae McQuade
President & COO, North American Energy Standards Board

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Commissioner Marc Spitzer, Federal Energy Regulatory Commission
Commissioner Jon Wellinghoff, Federal Energy Regulatory Commission

Joe Stepenovitch NAESB Chairman and CEO
William P. Boswell, NAESB General Counsel

Enclosures (all available publicly on the NAESB web site – www.naesb.org):
(1) Errata for NAESB WEQ Manual Time Error Correction Standards
http://www.naesb.org/pdf2/weq_mc100206.doc
(2) NAESB Operating Procedure for Minor Clarifications and Corrections to Standards
http://www.naesb.org/pdf/operating_procedures.pdf
(3) Notice to WEQ Members of Executive Committee Adoption of Minor Corrections
http://www.naesb.org/pdf2/weq_mc100206_reqcom.doc

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Standards for Business Practices and	**)**	**Docket No. RM RM05-5**
Communication Protocols for	**)**	
Public Utilities	**)**	

REPORT OF THE NORTH AMERICAN ENERGY STANDARDS BOARD

The North American Energy Standards Board ("NAESB") is voluntarily submitting this report in accordance with the Commission's Orders in the above referenced dockets. The report is in three parts – errata for NAESB Wholesale Electric Quadrant ("WEQ") Manual Time Error Correction Standards; NAESB Operating Procedure for Minor Clarifications and Corrections to Standards; and Notice to WEQ members of Minor Corrections to NAESB WEQ Manual Time Error Correction Standards approved by the WEQ Executive Committee on September 16, 2006.

Appendix 1

Errata for NAESB WEQ Manual Time Error Correction Standards

This Appendix contains the errata for the following NAESB WEQ Manual Time Error Correction Standards:

WEQ 006-4 – Time Error Initiation
WEQ 006-5 – Interconnection Time Monitoring

To: NAESB Office, WEQ Executive Committee Chairs

From: Kathy York, WEQ BPS Co-Chair

Subject: Minor Correction: WEQ-006, Version 0
Manual Time Error Correction

Date: August 22, 2006

At the August 21, 2006 meeting, the Business Practice Subcommittee determined that the two minor modifications needed to fulfill Request R06010 should have been performed during the original drafting of standard WEQ-006. The Western Interconnection at the time of the drafting was already using a 5 second interval for initiation of corrections rather than the 2 second interval that we listed in the standards. In addition, they never prescribed to the NERC limitation as specified for the Eastern Correction for not allowing fast time error corrections during the hours of 0400-1100 Central Time, as specified in WEQ-006-4. The BPS unanimously voted to make these minor modifications.

The following minor corrections are highlighted below:

WEQ 006-4:
Time Error Initiation. Time error corrections shall start and end on the hour or half-hour, and notice shall be given at least one hour before the time error correction is to start or stop. Time Error corrections shall last at least one hour, unless terminated by a Reliability Coordinator. Time Error corrections for fast time shall not be initiated between 0400-1100 Central Time except for in the Western Interconnection. All Balancing Authorities within an Interconnection shall make all Time Error corrections directed by the Interconnection Time Monitor for its Interconnection. All Balancing Authorities within an Interconnection shall make Time Error Corrections at the same rate.

WEQ 006 - 5
Interconnection time monitoring. Each Interconnection Time Monitor shall monitor time error and shall initiate or terminate corrective action orders according to the following table:

	Initiation			**Termination**		
Time (seconds)	**East**	**West**	**ERCOT**	**East**	**West**	**ERCOT**
Slow	-10	-5	-3	-6	+/-0.5	+/-0.5
Fast	+10	+5	+3	+6	+/-0.5	+/-0.5

Appendix 2

NAESB Operating Procedure for Minor Clarifications and Corrections to Standards

This Appendix contains an excerpt from the NAESB Operating Procedures detailing the procedures to be followed for minor clarifications and corrections to existing NAESB Standards.

D. Minor Clarifications and Corrections to Standards

Minor clarifications and corrections to existing standards include: (a) clarifications or corrections made by a regulatory agency to standards that are of a jurisdictional nature, or by the American National Standards Institute or its successor; (b) clarifications or corrections to the format, appearance, or descriptions of standards in standards documentation; (c) clarifications or corrections to add code values to tables; and (d) clarifications and corrections that do not materially change a standard.

Any request for a minor clarification or correction to an existing standard should be submitted in writing to the executive director. This request shall include a description of the minor clarification or correction and the reason the clarification or correction should be implemented.

1. Processing of Requests

The executive director shall promptly notify the EC and any appropriate subcommittee(s) of the receipt of the request. The members of the applicable quadrant's EC shall promptly determine whether the request meets the definition of a minor clarification or correction. Through the decision of the vice chair of the applicable quadrant, this determination may be delegated to one of the quadrant's subcommittees, with the concurrence of the subcommittee chair, in which case the subcommittee shall make a prompt decision.

If the request is determined to meet the definition of minor clarification or correction, the applicable quadrant's EC, with input from any subcommittee(s) to which the request has been forwarded, shall act on the request within one month of its receipt. A meeting to discuss the request is not required; the decision may be made by notational vote. A simple majority of the votes received shall determine the outcome. The members of the applicable quadrant's EC shall be given at least three working days to consider and vote on the request.

2. Public Notice

The results of the vote on the request for a minor clarification or correction shall be posted on the NAESB website and the members of the applicable quadrant shall be notified of the request by e-mail. If the request has been approved by the applicable quadrant's EC, the notification shall include a brief description of the request, the contact name and number of the requester so that further information can be obtained, and the proposed effective date of the clarification or correction. The proposed effective date of the minor clarification or correction shall normally be one month from the date of the public notice.

Any interested party shall have an opportunity to comment on the request, and the comments shall be posted on the NAESB website. The comment period is two weeks.

3. Final Disposition of Approved Requests

If no comments are received on an approved request, the standard shall be clarified or corrected as specified in the approved request on the effective date proposed. If comments are received, they shall be forwarded to the members of the applicable quadrant's EC for consideration. Each comment requires a public written response from the applicable quadrant's EC. The applicable quadrant's EC shall determine whether changes are necessary as a result of the comments.
Members of the applicable quadrant's EC shall be given three working days to consider the comments and determine the outcome, which shall be decided by a simple majority of the votes received. A meeting to discuss the request is not required; the decision may be made by notational vote. The standard shall be clarified or corrected in accordance

with the outcome of the vote, effective with the completion of voting, and notice thereof shall be posted on the NAESB website.

Appendix 3

Notice to WEQ Members of Executive Committee Adoption of
Minor Corrections to Manual Time Error Correction Standards

This Appendix contains the correspondence sent to all Wholesale Electric Quadrant members notifying them of the Executive Committee action taken on the minor corrections, requesting comments that opposed the minor corrections, and informing them of future actions and timelines related to the minor corrections.

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TO: NAESB Wholesale Electric Quadrant (WEQ) Members and Interested Industry Participants

FROM: NAESB Office

RE: Minor Correction to NAESB WEQ Version 0, WEQ-006, Manual Time Error Correction, as approved by the WEQ Executive Committee on September 19, 2006

DATE: October 2, 2006

Dear WEQ Members:

The WEQ Executive Committee voted to adopt a minor correction to NAESB WEQ-006 "Manual Time Error Correction" notationally. The ballots were due on September 19 and no opposition by any WEQ EC member was voiced. The minor correction to the standard will be applied for Version 0. The minor correction is posted on the NAESB web site at: http://www.naesb.org/pdf2/weq_ec083106mc.doc, and is also provided in the attached document.

Pursuant to NAESB's procedures for adopting minor corrections (found at pp. 18-19 of the NAESB Operating Procedures (NAESBOPs) and also provided in the attached document), the public comment period for the minor corrections will begin today, October 2, 2006, and end on October 16, 2006. If no comments are received, these corrections will be applied to the WEQ-006 and will be posted on the WEQ Final Actions page.

Should you have any concerns or issues with this minor correction, please notify the NAESB office by October 16 (email: naesb@naesb.org, fax 713-356-0067).

Best Regards,

NAESB Office

cc: Rae McQuade, President

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Procedures for Minor Corrections as excerpted from the NAESB Operating Procedures

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NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

TAB 7

United States Department of Energy Sandia National Laboratories Report

- For informational and update purpose only. While no action is needed of the EC at this time, the DoE and Sandia Report will impact the 2007 annual plan process for all quadrants.
- This section includes the DoE Report.
- Tab 7 corresponds to agenda item 4 for WEQ, agenda item 5 for REQ and RGQ, and agenda item 6 for WGQ.

DOE Sponsored Information Assurance Work for NAESB

The Department of Energy (DOE), Office of Fossil Energy (FE), Office of Oil and Gas sponsored Sandia National Laboratories (SNL) to perform several Information Assurance activities with the North American Energy Standards Board (NAESB), formerly named Gas Industries Standards Board (GISB). Mr. Christopher Freitas of DOE served as the program manager for this effort. These activities consisted of security analyses of e-commerce information technology (IT) standards that NAESB is either proposing for use in the energy sector, or standards that were in current use in the energy sector. This was a pro-active attempt by FE to understand the potential vulnerabilities that exist, or will exist, in various aspects of e-commerce IT within the wholesale energy market and to provide a positive influence to mitigate as many of the vulnerabilities as possible.

The first assessment was performed in 2000 against the Electronic Delivery Mechanism (EDM) for wholesale gas distribution. In that report, a number of critical security issues were discovered in the standard, then at version 1.3, and reported to GISB along with suggested mitigation strategies. Those issues were taken under advisement by GISB and they issued a document addressing all issues in the report. A majority of the identified vulnerabilities were addressed by direct mitigation in subsequent versions of the EDM standard. Another product of the assessment was an increased awareness within the GISB team of information security issues.

The next assessment was initiated in late 2005 and completed in early 2006. It was a follow-on assessment of the EDM standards, then at version 1.8. The standard had progressed with a number of technology updates. Over half of the original SNL recommendations were implemented in version 1.8. Roughly one-quarter of the original vulnerabilities remained, while the almost one-quarter left were mitigated by a change in technology, thus removing them from the standard. It is to NAESB's credit that they have addressed a majority of the vulnerabilities. The addition of new technology to version 1.8 of the EDM standard did however add new vulnerabilities to the standard and those were identified in the report to NAESB. NAESB is in the process of addressing these new vulnerabilities.

FE is also being pro-active and sponsored additional work to examine the proposed Public Key Infrastructure (PKI) standard for the wholesale electric quadrant. Since this is a foundation document on which the electronic security of all wholesale electric transactions would be protected, it is extremely important that it provide a high level of security both when it is initially used and for at least the next decade. Vulnerabilities have been found within this proposed standard and the report outlining these, along with suggested mitigation strategies, was delivered in August of 2006. Since the PKI standard was in the "proposed" state, FE's sponsorship of this work provides a forward-looking opportunity for NAESB to address these issues before the standard is ever implemented, thus making it a more secure standard from day one.

Without the leadership and collaborative approach of DOE FE, these assessments would never have been performed on this important component of the U.S. critical infrastructure and electronic transactions in the energy sector would be considerably more vulnerable.

ASSESSMENT REPORT OF THE NORTH AMERICAN ENERGY STANDARDS BOARD (NAESB) ELECTRONIC DELIVERY MECHANISM RELATED STANDARDS

February 21, 2006

Prepared by
Sandia National Laboratories
Information Design Assurance Red Team
for the Department of Energy

Abstract

This document presents the results of an independent assessment of the EDM/EDI standards (version 1.8) developed by the North American Energy Standards Board (NAESB) related to its electronic delivery mechanisms. The assessment was conducted by Sandia National Laboratories using the Information Design Assurance Red Team (IDART) assessment methodology. The team was tasked not only with performing a thorough assessment and drawing relevant conclusions, but also with suggesting improvements that could be made, and using surety engineering to take into account the risk versus cost tradeoffs of the system being assessed. This document summarizes the assessment results and technical exchange analysis activities of the NAESB EDM standard and provides evaluations based on these results.

This activity is funded by the Department of Energy, Office of Fossil Energy, Office of Oil and Gas. Mr. Christopher Freitas of DOE served as the program manager for DOE with regards to this effort.

Sandia is a multi-program laboratory operated by Sandia Corporation, a Lockheed Martin Company, for the United States Department of Energy under Contract DE-AC04-94AL85000.

Acknowledgments

This document was prepared for Department of Energy (DOE), Office of Fossil Energy, Office of Oil and Gas by a working group of the Information Design Assurance Red Team (IDART) at Sandia National Laboratories. The working group has the following members:

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EXECUTIVE SUMMARY

This document provides an independent analysis of the standards developed by the North American Energy Standards Board (NAESB) related to its Electronic Delivery Mechanisms (EDM) described in a document entitled "NAESB WGQ Quadrant Electronic Delivery Mechanism Manual" and related documents. The Sandia assessment team used the Information Design Assurance Red Team (IDART) methodology to conduct the analysis and assessment of the NAESB process.

This assessment was executed by Sandia at the request of program manager, Mr. Christopher Freitas, of the Department of Energy (DOE), Office of Fossil Energy, Office of Oil and Gas. The intent is to provide a surety based analysis of the proposed version 1.8 NAESB standards as they relate to electronic commerce within the gas industry and to provide guidance for addressing specific security issues now and in future documentation. The assessment provides recommendations on the security of the electronic commerce guidelines for conducting business with emphasis on the use of the Internet as a communications medium. The assessment included the five methods of transacting business by market participants, as well addressing issues specific to the Internet Electronic Transport (IET) mechanism.

The cooperation and assistance given to Sandia National Laboratories by NAESB during this part of the assessment was greatly appreciated.

The analysis focused primarily on the security of the EDM protocol that is being defined in the standards document, Version 1.8. Vulnerabilities in the Standard were identified and described, with general recommendations for improvement generated. Strengths and weaknesses were also identified. The following strengths of the NAESB EDM Standard were recognized:

- Idea of principles, standards, and definitions sections is good for creating a viable framework for electronic data interchange
- Well designed layout of the document with good use of common look and feel techniques
- Improvement in the security of the standard by requesting authentication for all transactions.

The following weaknesses in the security of the EDM were identified:

- Not all data in the transaction is protected for confidentiality, because the standard allows older unsecured versions of the standard to be used
- The requirements for the version of the EDM to be used, as well as the requirements for versions of other software and protocols, are insufficient
- The language used to describe requirements of the standard is ambiguous in places and should be more precise
- There is insufficient support to prevent message replay attacks
- The policy on digital signatures is unclear; digital signatures should be required for all transactions
- Not all transaction types are authenticated
- Certain information, such as that contained in the TPA, TEW, and the CAR, are sources for an attacker.

The Standard has improved since version 1.4; however, attackers on the Internet continue to improve their skills and tools and have shown their willingness to use both to cause problems for an industry. Significant weaknesses still exist in the standard, and the Sandia assessment team has made recommendations for mitigating these vulnerabilities.

As more business is conducted over the Internet, the business becomes more reliant on the proper functioning of the software used in conducting that business. By using the Internet, it opens up scrutiny of the software systems to everyone on the Internet, a much broader spectrum of people than previous systems of telephones and fax's. Standards must afford protection from the curious as well as the malicious.

1. Introduction

This document provides an independent analysis of the standards developed by the North American Energy Standards Board (NAESB) related to its Electronic Delivery Mechanisms (EDM) described in a document entitled "NAESB WGQ Quadrant Electronic Delivery Mechanism Manual[1]" and related documents, such as the "Business Practice Standards.[2]" The Sandia assessment team used the Information Design Assurance Red Team (IDART) methodology to conduct the analysis and assessment of the NAESB process.

The Sandia team operated on the principle that an independent analysis should include a comprehensive assessment and suggested improvements, while incorporating surety engineering concepts throughout the study. Surety can be defined as a measure of the assurance of system reliability, safety, security, and control of use, while balancing denial of unauthorized use with assurance of authorized use within the constraints of risk versus cost.

This assessment was executed by Sandia at the request of the program manager, Mr. Christopher Freitas, of the Department of Energy (DOE), Office of Fossil Energy, Office of Oil and Gas. The intent is to provide a surety based analysis of the proposed version 1.8 NAESB standards as they relate to electronic commerce within the gas industry and to provide guidance for addressing specific security issues now and in future documentation. The assessment provides recommendations on the security of the electronic commerce guidelines for conducting business with emphasis on the use of the Internet as a communications medium. The assessment included the five methods of transacting business by market participants, as well addressing issues specific to the Internet Electronic Transport (ET) mechanism.

An assessment of EDM, versions 1.3 and 1.4[3], was completed in March of 2000[4]. Issues from that assessment are also addressed in this document for version 1.8. With the continued evolution of the Internet and its associated uses, creating a secure application becomes more difficult and requires more diligence in its development than before. The nature of many attackers operating on the Internet has also changed and has become a "for-profit" business, thus requiring greater security to fend off attacks. The objective of the NAESB standards, to outline acceptable mechanisms and implementation for accomplishing electronic business, has provided a context when considering secure practices. Requirements within the standards, such as time-sensitivity and accuracy of transaction, provided a baseline when addressing risk. These factors are all major motivators for many of the suggested enhancements presented in this report.

2. North American Energy Standards Board Description

The North American Energy Standards Board (NAESB) is a nonprofit North American industry association whose mission is to "serve as an industry forum for the development and promotion of standards which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities[5]". These standards exist to assist the natural gas industry in improving customer service, enhancing the reliability of natural gas service and increasing the competitiveness and efficiency of natural gas markets.

3. Objective and Purpose of the NAESB Standards

The evolution of the Internet into the principal medium for electronic communications in worldwide commerce led NAESB to develop standards for the use of the Internet by the gas industry to transact business. Gas transmission companies have established Internet sites, including server sites for electronic interchange of files and World Wide Web pages, to provide information to shippers and other customers. These sites allow Local Distribution Companies (LDCs) and other service requesters to place orders and receive scheduled quantity reports (statements indicating that the gas has been scheduled by the pipeline) electronically.

The standards also allow for third party providers (represented by NAESB's service sector) to provide buyers of natural gas, transportation and other services with a "one-stop shopping" capability that will avoid the necessity of communicating with multiple Internet sites in order to complete a transaction. All NAESB transactions on the Internet are intended to be encrypted to protect their confidentiality and integrity.

4. Critical Success Factors

Factors which are critical to the success of these standards have been identified during analysis of the NAESB Electronic Delivery Mechanism Related Standards. These factors determine whether the NAESB Standards increase security of electronic delivery for the Gas Industry. Critical success factors identified include the following:

- Gas Industry Trading Partners must adopt NAESB Standards for the use of electronic delivery of critical information
- The Internet Delivery Mechanism must move data across the Internet in a secure manner following the prescribed NAESB future technology model
- Web sites, including Customer Activities and Informational Posting, must follow NAESB standards for content and security
- Trading Partner Agreement must be properly completed by involved parties and the paper copy protected to avoid details being disclosed to unauthorized parties
- Data must be transmitted in the accepted standard data format
- The authenticity of all Internet transactions must be verifiable
- The security provided by these standards must be forward-looking to protect against attackers of the future, not just those of today.

5. Metrics of Importance

Metrics should be collected and analyzed to measure how the implementation of NAESB EDM Standards increases the security and reliability of electronic data exchanges between trading partners. The following are some examples of metrics that could be collected for NAESB Standards (possibly by incorporating the statistic collectors within the standards framework):

- Measure the dollar amount of EDM transactions each month or cubic feet of gas
- Measure average response time of EDM transactions each month (how many exceed 15 minutes)
- Measure the level of compliance for each trading partner pair.

Most of these can be self reported on a statistics page maintained by each partner. That page should allow only authenticated access. If possible, NAESB could collect and tabulate the totals annually. This data can assist trading partners and NAESB in quantifying return on investment for utilizing the standard and for implementing security controls. This data is useful in life-cycle decisions and when upgrading and revising the NAESB standards.

6. Surety Assessment Research

Research of the NAESB Standards by Sandia's assessment team began with an analysis of version 1.8 of the EDM Standards. This is a pre-release version with version 1.7 being the current published standard. An assessment team from Sandia previously completed an analysis of version 1.4 of the EDM Standard; only after the team had assessed version 1.8 were they allowed to view the results from the earlier assessment.

Generally the issues noted in this section (6) relate to higher levels of implementation, security, and information management as they were revealed during analysis of the NAESB Standards. These issues do not specify levels of criticality or likelihood, nor are they intended to suggest priority of resource allocation.

1. Several security issues and concerns were identified in the analysis of version 1.4. Some of these were addressed in versions up through 1.8. However, several security concerns about the NAESB Standards have yet to be addressed. These items are included in this document.
2. NAESB Standards allow for the use of unsecured transactions or versions of the standard that are not secure between partners not wishing to be secure. This opens the possibility of third parties gathering information from these transactions and using this information later to plan an attack. Other identified security issues are discussed in detail in section 7.

7. Surety Assessment Analysis and Recommendations

The analysis focused on the North American Energy Standards Board WGQ Quadrant Electronic Delivery Mechanism. The Sandia Assessment Team recommends that NAESB consider the following analysis and recommendations to improve these standards.

7.1 Security Issues

Items listed in the following section deal specifically with areas of opportunity for an attacker within the guidelines set forth by the security standards. The order provided in this section does not imply importance.

7.1.1 Versioning of software and protocols

Recommended versions of software and protocols are addressed in several places in the standard. For example, Standard 4.3.61 states "Data communications for Customer Activities Web sites should utilize 128 bit Secure Sockets Layer (SSL) encryption." There are also specific technical requirements for workstations listed in Appendix B.

Analysis: Specifically requiring versions of software or protocols creates the risk that these versions may become outdated or ineffectual before the standard is revised. It also leaves open the possibility that some necessary applications or protocols may not be addressed. If either of these occurs, vulnerable versions of software or protocols may be allowed by the standard. An attacker could take advantage of these vulnerabilities, or an insider could negotiate using a vulnerable version of an application and then exploit that vulnerability.

Recommendation: Where required versions must be specifically noted, it should be stated that the most current versions of applications and protocols are required, along with the latest patches. Sandia recommends that the NAESB standards not enumerate specifics for client workstations. Rather, it would be beneficial to refer to a well-known standards organization such as SANS[6] or NIST[7] and require that workstations conform to those standards for secure systems at some specific level. See the subsection 7.1.2 for additional information.

7.1.2 General Network and System Security

The NAESB standards state on page 17 that "Though many decisions as to overall security measures are left to each trading partner and their environment, security standards have been created to ensure a minimum level of confidence in conducting business over the Internet and to provide some uniformity in the implementation of security. Additional issues such as firewall security are discussed in the standards, but specific security implementation details should be addressed by each organization." Minimum required security controls are discussed throughout the standards and vary in topic. There is no concise list of minimum network and security controls listed for trading partners.

Analysis: Without minimum required controls, an unsecured system or network at a trading partner site can affect all parties engaged in transactions with that partner and effect transaction outcomes. According

to NAESB standards, most security aspects are left up to the trading partner. However, the standards aim to create a secure process and environment for transactions. To accomplish this, minimum security for trading partners must be defined in a comprehensive manner. Unsecured systems and networks allow for a large variety of negative consequences such as altered or lost data, access to systems, denial of service, and altered transactions. These consequences can have measurable business effects such as loss of business, negative public opinion, loss of strategic partners, downtime, and divulged corporate information.

Recommendation: A standard should be created that requires trading partners to use an accepted set of security guidelines, such as those developed by SANS or NIST, to secure their systems and network. The guidelines chosen for recommendation should include:

- Prevention of mapping, scanning, and enumeration
- Secure router configurations with updated patching
- Secure ACL structure
- Firewall configuration guidance
- Lifecycle management to include upgrades and patching guidance
- IDS or IPS implementation
- Secure user management
- Access control
- Secure web usage and encryption minimums
- Periodic vulnerability assessments
- Configuration management (system)

Currently-stated NAESB security controls offer only minimal protection if basic system and network security are not addressed. Established guidelines exist today and can be used as a reference and recommendation for trading partners in securing their systems. These guidelines are regularly updated and maintained to reflect changing threats found in the Internet. NAESB should require adherence to these guidelines in the security portion of NAESB's standards.

7.1.3 Protection of Sensitive Information

Protection of sensitive information such as PGP private keys, other private keys, the Trading Partner Agreement (TPA), and Technical Exchange Worksheets does not appear to be addressed by the standard.

Analysis: In the Internet Electronic Transport (IET) document (page 194), it is stated that "utmost care" is needed in the protection of private keys. The phrase is not actionable and is interpreted differently at each organization.

Recommendation: Each trading partner should protect these sources of information as company proprietary. Destruction of these documents and electronic information should also be addressed in the standard.

7.1.4 Standards Compliance

Throughout the standard, "should" is currently used as a directive for requirements. For example, Standard 4.3.61 states "Data communications for Customer Activities Web sites *should* utilize 128-bit Secure Sockets Layer (SSL) encryption." and Standard 4.3.4 states "Trading partners *should* retain transactional data for at least 24 months for audit purposes." "Should" implies a recommendation as opposed to a requirement; Cambridge Online Dictionary states that "*should*" is used to indicate "what is the correct or best thing to do."

Analysis: Stating that something "should be done" is comparable to stating that it "is recommended," not that it is required. This allows users to ignore the recommendations if they so choose. A similar item was noted in the previous assessment, regarding SSL, and although wording was changed to remove the 40-bit option, it wasn't changed to require 128-bit (or better) to be used.

The Internet Engineering Task Force (IETF) has published a Request-For-Comments (RFC) that defines keywords used in their standards. These are used for compliance measures with respect to requirement levels. The RFC number is 2119[8] and could be used as a guide for the language within these standards documents. They provide a consistent definition for implementers of standards.

An analysis of the IET shows that the words "must" and "required" do not appear in a context where some standard is to be required. The word "should" is properly used in the Principles, where it is expected to be used. Use of the word "should" in standards suggests that "should" is used as though it denotes "must."

Recommendation: Language throughout the standard should be precise. If a particular action is required to be compliant to the standard, it should be stated that it is required, that a user "must" conform to it. For example, Standard 4.3.61 could be reworded as "Data communication for Customer Activities Web sites must use a minimum of 128-bit Secure Sockets Layer (SSL) encryption." Definitions of the terms "should", "must", "required", "may", and other associated words should be developed, documented, and implemented within the standards documents.

7.1.5 Sharing of Keys

The Internet ET (IET) Standard is ambiguous about the sharing of public keys.

Analysis: The IET Standard states "The Private Key must be known *only* to the company that generated it" (IET page 194, emphasis added), but in the next paragraph the Standard states "Private keys are not typically exchanged with trading partners. In the event that a Private Key *needs to be exchanged*, the exchange should occur in a secure manner such as postal or courier mail" (ibid, emphasis added). These two statements are inconsistent.

Recommendation: These statements should be revised to display consistency. There should never be a reason to compromise a private key by exchanging it with another entity. If, for some business reason it is true that private keys need to be exchanged at some point, then the first statement should be updated to reflect that.

7.1.6 Receiver Non-Repudiation

Non-repudiation for the Receiver is optional.

Analysis: A digital signature for the Sender is optional, according to the Standard (IET page 171 (see also RXQ.0.2.56, part C, page 163)). That is, trading partners may agree for the Sender to send a package *without* including a digital signature. As a result, the Receiver is unable subsequently to prove, based solely on the material provided by adherence to the Standard that a given package was sent by a given Sender.

Recommendation: Require digital signatures on all documents transmitted between trading partners.

7.1.7 Sender Non-Repudiation

Non-repudiation for the Sender appears to be optional.

Analysis: The Standard is not clear on whether or not a digital signature on a receipt and/or on an error notification for the Receiver is optional.

The "Data Dictionary for Internet ET" notes that the value of the "receipt-security-selection" data element is not "Mandatory" but rather "Mutually-Agreed-To" (IET page 173). However, the data element does not appear to include an option *not* to use digital signatures (though page 175 suggests that if the partners agree not to use digital signatures for receipts, they simply do not include the receipt-security-selection" data element "in the posted data"). The "Definition" column states that the data element is "used to request signed receipts"—no mention there of error notifications—but the "Condition" column states that the data element is "used in file transmittal and in posting error notifications—no mention there of receipts. Elsewhere we read "If trading partners agree to implement signed receipts…" (IET page 175 (see also pages 161, 178, and 186)), suggesting that digital signatures are indeed optional for receipts. Meanwhile, we read "Additionally, consenting trading partners can mutually agree to digitally sign error notifications"

(IET page 191 (see also IET page 190), implying that trading partners can agree not to digitally sign error notifications. If the Receiver's use of digital signatures is in fact optional, then, as a result, the Sender is unable subsequently to prove, based solely on the material provided by adherence to the Standard, that a given receipt or a given error notification was sent by a given Receiver.

Recommendation: Require digital signatures on all documents transmitted between trading partners.

7.1.8 Receipts, Error Notifications, and Sender Non-Repudiation

A digital signature for a receipt or an error notification may be insufficient to provide Sender non-repudiation.

Analysis: If a Receiver digitally signs a receipt or an error notification, then the Sender can be assured that the receipt or the error notification did in fact come from the Receiver. However, it is not clear that the Sender can be assured that the Receiver cannot repudiate the particular *payload* that the Sender sent, to which the receipt and the error notification are responses. That assurance for the Sender depends on whether the receipt or error notification itself was in some way a function of the particular payload sent by the Sender. Even if the Receiver generates a digital signature for a receipt (or an error notification), it may be possible in the future for the Receiver to fraudulently claim that the receipt (or error notification) was for a different Sender payload.

The receipt is a "gisb-acknowledgement-receipt" (IET page 173), but the format of that receipt does not appear to be defined in the Standard. The closest the Standard comes to defining the format is in the second, full paragraph on page 186: "…includes the HTTP Response data elements (time-c, time-c-qualifier for REQ/RGQ, request-status, server-id, and trans-id)". There is no mention in that passage of the receipt including a function of the payload. There is even less information on the nature of the error notification.

Recommendation: Require the object upon which digital signatures operate to be a function of the original payload sent from the Sender to the Receiver.

7.1.9 Abnormal Error Notification Usage

The IET Standard does not describe "abnormal" Error Notification usage.

Analysis: The IET Standard states "RXQ.0.2.69 'Error Notification'. Error Notification is a package sent from the Receiver of the original data to the Sender when errors are trapped after the Internet ET receipt is sent. This is *normally* used for decryption errors detected after the Internet ET receipt has been sent" (IET pages 164-5, emphasis added). "Normal" usage is described here but "abnormal" usage is not. The presumption is that abnormal usage is, like normal usage, legitimate. This allows an adversary to claim to be following the Standard and simultaneously to use Error Notifications in any way the adversary chooses.

Recommendation: Remove the word "normally" from the passage. If error notification is used for no other purpose than relaying decryption errors, then modify the phrase "is normally used for decryption errors" to read "is only used for decryption errors". If error notification is used for some purposes in addition to relaying decryption errors, then modify the wording to reflect that.

7.1.10 Bogus Decryption Errors

The Standard allows a Receiver to see the contents of a package while claiming otherwise based on bogus decryption errors.

Analysis: This problem arises when trading partners agree to decrypt after sending a Receipt. There are three aspects to this problem.

First, the Standard does not appear to require a response when decryption succeeds. "Error Notification" (RXQ.0.2.69, IET page 164) appears to be for decryption failure only, not success. There is an Internet ET

Message code that announces decryption failure, namely EEDM699, but there does not appear to be a corresponding Message that announces decryption success.

Second, even a response of decryption failure does not appear to be required within a given time. There is a time limit associated with an exchange failure, for example, but there does not appear to be a time limit associated with decryption failure.

Third, the Standard and the TPA disagree on this matter. The TPA requires a response, even if decryption succeeds:

> If the Document [sent by the Sender] is verified and the decryption is successful, the receiving party shall transmit a Functional Acknowledgement in return. If the Document is verified and the decryption is unsuccessful, the receiving party shall send the applicable error message to the sending party. (RXQ.6.1, Section 2.2, page 2)
>
> Section 2.3.7 (page 3) of the TPA requires that the trading partners agree to a time within which the Receiver is required to send a package to the Sender that informs the Sender of the results of the decryption.

Recommendation: Require that the Receiver notify the Sender, within an agreed-upon time, of the results of decryption. Resolve the discrepancies between the Standard and the TPA.

7.1.11 IET Standard and TPA Conflict on Digital Signatures

The Standard and the Trading Partner Agreement (TPA) do not agree on the optional nature of digital signatures.

Analysis: A digital signature for the Sender is optional, according to the IET Standard (IET page 171 (see also RXQ.0.2.56, part C, page 163)). However, Section 1.5 of the TPA states that 'Each party shall adopt as its signature private keys which shall be applied to *each* document transmitted by such party ("Digital Signature")' (RXQ.6.1, page 2, emphasis added). This contradicts the optional nature of digital signatures as expressed in the IET Standard.

Recommendation: Require digital signatures on all documents transmitted between trading partners. Resolve the discrepancies between the Standard and the TPA.

7.1.12 Exchange Failure

The Standard does not provide an unequivocal definition of "exchange failure."

Analysis: The Standard states "RXQ.0.2.79 'Exchange Failure'. An exchange failure is when a sending party's NAESB Internet ET server has had three or more protocol failures over a period of time *no less* than thirty minutes and no more than two hours" (IET page 165, emphasis added). However, the Standard also states "RXQ.7.3.13 Three protocol failures *within* a 30-minute timeframe is an exchange failure" (IET page 168, emphasis added). This latter definition implies that the third protocol failure must occur *before* 30 minutes have elapsed since the first protocol failure. The two definitions are not in harmony. To add to the confusion, "exchange failure" is defined in at least three other places in the Standard: the relevant paragraph on page 204 agrees with the statement on page 165; the relevant paragraph on page 156 agrees with part of the statement on page 165 but not all of it; and the relevant paragraph on page 154 does not mention time at all.

Recommendation: Revise all definitions to be consistent.

7.1.13 Previous Version Acceptance

The Standard supports any previous version of the standard, even insecure versions.

Analysis: The Standard states "RXQ.7.1.9 Trading Partners should mutually select and use *a* version of the NAESB Internet ET standards under which to operate, unless specified otherwise by government agencies" (IET page 163, emphasis added). This allows for partners to be using *any* version of the Standard, even ones that have always been or have by now become insecure. In addition, the Standard states, "If either

trading party does not agree to the inclusion of additional features, then the partners *must* allow for transmission and receipt of data using the minimum standards" (IET page 158, emphasis added). This could be read to mean that an adversary could insist on a victim agreeing to the use of an insecure version. If the victim refuses, the adversary can claim unfair business practice; if the victim acquiesces, the adversary can collude to make transactions public, subsequently claiming that the victim has leaked confidential information.

There was a similar item in the previous assessment and the wording now reflects the changes suggested at that time. Due to increased threats on the Internet, a more stringent recommendation is being put forth.

Recommendation: Sandia recommends that users be required to conform to the current version of the standard by some reasonable period of time after the publication of each new version. Previous versions of the standard should be deprecated (i.e., unacceptable for use) as soon as they become the third newest version or older. For example, when version 1.8 is published, version 1.7 then becomes the second newest version and thus continues to be acceptable only for some reasonable period of time, while version 1.6 joins older versions in becoming deprecated. It is contradictory to the purpose of a standard to permit users to negotiate use of an older version of the standard, particularly when evolving technology erodes the security value of older versions of the standard.

7.1.14 Refnum & Refnum-orig

The Standard does not check on a Sender's abuse of Refnum & Refnum-orig.

Analysis: An adversary, on a "first send", could set Refnum-orig *not* equal to the current Refnum. The Receiver would then conclude that the Sender this was a resend—either first or second—and that the first send had been lost. Over time the adversary could claim unfair business practice on the part of the Receiver: the Receiver consistently drops the adversary's first send, making the adversary resend and thus lose valuable time, giving other trading partners an unfair advantage.

Alternatively, the adversary could reuse Refnums.[1] For example, the adversary could send payload A, proposing a deal favorable to the adversary, followed, sometime later, with payload B, proposing a deal favorable to the Receiver—both payloads sent with the same Refnum. When the Receiver accepts payload B, the adversary proceeds, fraudulently acting as though the Receiver had accepted payload A. When the Receiver protests, the adversary claims that the Receiver changed the Refnum in payload B in an attempt to cheat the adversary.

There may be other ways the adversary can use Refnum to their advantage. The point is that the Standard requires that the "refnum data element is always unique over time" (IET page 175) but there is no provision for confirming compliance by an implementation. Compliance capability would require some algorithmic way to detect reuse, or a capability to cross reference Refnum fields with prior transactions.

Recommendation: A mechanism should be in place to prevent or detect the abuse and reuse of Refnum and Refnum-orig values.

7.1.15 Missing Functional Acknowledgement

The Standard would support an adversary's fraudulent claim to have sent a package that the adversary had in fact not sent.

Analysis: The Trading Partner Agreement (TPA) states:

> If there has been a proper receipt pursuant to Section 2.1, verification and successful decryption pursuant to Section 2.2, and if the receiving party nevertheless fails to transmit a Functional Acknowledgement, the sending party's records of the Document shall control, unless the sending party has retransmitted a Document pursuant to Section 2.3.7. (RXQ.6.1, Section 2.3.3, page 3)

[1] The EEDM121 error code, "Duplicate refnum received", enables the Receiver to complain, but such an error code presumes that the Receiver can detect refnum reuse.

How is the receiving party to be protected from the sending party fraudulently claiming to have sent a given package when in fact the sending party never did send the package? How can the receiving party substantiate his case that he never received the package? If the sending party's records of the Document shall control, then what is the purpose of the Functional Acknowledgement?

Recommendation: One possibility is for NAESB to consider a more rigid protocol: (1) there are only two types of transmissions: a send of an "original" payload and a Receipt of an original payload; (2) all transmissions must be digitally signed; (3) all digital signatures must be a function of the original payload; (4) decryption must be performed prior to sending a Receipt, and (5) "force or effect" (TPA, Section 1.1) apply only to those original payloads for which the Sender has received an "ok" Receipt from the Receiver. Under this more rigid protocol the sending party has no grounds to make the fraudulent claim described above.

Meanwhile, it seems unlikely that this type of attack is new with the advent of electronic trading. Is it possible for the TPA to incorporate the protection available prior to the advent of electronic trading?

7.1.16 In-House and Commercially-Available

The Standard's position on software development is not clear.

Analysis: The Standard allows "any IT deployment model, including the use of in-house development…" (IET page 159), yet the Standard also states "RXQ.7.3.15 Trading partners should implement *all* security features…via a commercially-available implementation" (IET page 168, emphasis added). Is this a contradiction or does it mean that "in-house development" can provide everything except for "security features"?

Recommendation: Clarify these conflicting passages.

7.1.17 Central Address Repository (CAR)

Standard 4.3.19 states that the CAR should make available a consolidated repository of the Transportation Service Providers' current URLs listed in Standard 4.3.18 in two ways: (1) a vehicle to link to sites and categories, and (2) a downloadable list.

The CAR is available to any Internet user.

Standard 4.3.20 states that a userID or password should not be required to access the Central Address Repository or the Transportation Service Provider's Informational Postings web site.

Analysis: The CAR can be used as a target list for a malicious individual. Leaving the CAR unprotected and available to any Internet user can result in attacks being directed at the customers of a specific site. It is tailor-made for attacking using a denial-of-service type of attack.

There was a similar item in the previous assessment. Due to increased threats on the Internet, the recommendation reiterated here.

Recommendation: Protect the CAR using SSL and basic authentication. It is recommended that the standard be reworded to state that a userID and password be required to access the CAR for security purposes. The access password can be a single userID/password combination created, and changed yearly, by NAESB for the member organizations, but implemented locally by each member. The userID/password can be distributed securely by the NAESB office to members.

7.1.18 Open Ports

In Appendix D of the NAESB WGQ Quadrant Electronic Delivery Mechanism Manual, it is suggested that ports 8001-8020 be left open for load balancing and other implementations such as DCE and IIOP.

Analysis: Any open, unsecured port assists an attacker in gaining access and accomplishing port flooding. Open ports can be identified using readily available portmappers, which provide an attacker with a starting point for malicious activity. Once an attacker has located an open port, he or she can exploit software vulnerabilities to gain access to the system or flood open ports to halt a transaction, application, or the

system as a whole. Since transactions are time-dependent, slowing, or halting system traffic could result in a measurable loss of business.

Recommendation: Keeping unused, unsecured ports open poses a risk. Any ports not in use by an application as part of the transaction should be closed. Open ports should be protected by system and network security controls such as intrusion prevention systems, access control lists, current system patches, and an overall secure configuration. We recommend removing the statement in Appendix D referring to optional ports. Likewise, referencing a secure configuration be applied to the trading partner system would ensure ports cannot be enumerated and mitigations are in place to reduce the number of vulnerable ports.

7.1.19 Ports in Use

Appendix D lists allowable TCP and UDP ports used as part the transaction process and required for specific applications. These include standard ports for HTTP and SMTP. This standard does not directly address the use of open ports, but lists required ports for specific applications.

Analysis:

While use of these required ports is necessary to complete the transaction, it may not be necessary to specify which ports are opened and closed. Moreover, any open port presents a risk. See subsection 7.1.18 for more details. Therefore, ports should be closed unless utilized in the transaction and protection of these open ports is necessary to reduce the chance for disruption. Knowing packet destinations and origins can assist an attacker in learning about the anatomy of a transaction, becoming man-in-the-middle, spoofing packets, sending bogus receipts, and generally altering a transaction.

Recommendation: Do not address specific ports, but rather make a statement in the Appendix that only ports necessary to transaction related traffic should be opened, and they should be protected by network and system security controls. All other ports will be closed. Securing the network and system is addressed in subsection 7.1.2.

7.1.20 Message replay attacks

Message replay is not addressed fully in the standards.

Analysis: Currently there is not a complete mechanism in place that will disallow replay attacks. Both client and server mechanisms need to be in place to keep this from being a viable attack. Timestamps could be spoofed, if not digitally signed, altering the outcome of a transaction.

There are timestamps in the EDI/EDM transfer of files, in the header for example, but it's unclear if that is digitally signed, but we believe it is. That doesn't seem the case for all methods however, such as Batch FF/EDM.

There was a similar item in the previous assessment. The tools are available for mitigation of this vulnerability and are readily available for use.

Recommendation: Ensure that all transaction methods include the timestamp in an area of the transaction that is digitally signed. If the resolution of the timestamp is not fine enough to ensure that only one transaction will be sent with that timestamp, an additional field containing a sequence number will be required such that the combination of the timestamp and sequence number field will always be guaranteed to be unique. This method will only work if the transaction is digitally signed using an accepted cryptographic checksum. An example of such a cryptographic checksum algorithm is the Secure Hash Algorithm defined in FIPS Pub 180-1. PGP uses several accepted cryptographic checksum algorithms, such as IDEA, RSA, DSA, MD5, SHA, and SHA-1. However, there have been demonstrated compromises for all but SHA-1 and as computing power increases, these compromises will become feasible for an attacker to perform within a few years.

7.2 Recommendations for NAESB Principles

7.2.1 Principle 4.1.15

This recommendation references Principle 4.1.15 and provides suggested rewording of this principle.

Analysis: Principle 4.1.15 states: "The NAESB should not set standards for site-level security. Individual organization security standards should be relied upon."

There was a similar item in the previous assessment. However, as system security has matured, we are modifying the recommendation to take advantage of the work of other standards bodies.

Recommendation: Sandia recommends that the NAESB standards have minimum requirements for site security, but that they do not enumerate requirements for clients. Rather, it would be beneficial to refer to a well-known standards organization such as SANS[9] or NIST[10] and require that workstations conform to those standards for secure systems at some specific level. See the subsection 7.1.2 for additional information.

7.3 Other Areas for Improvement

The following recommendations are submitted for consideration in the format and layout of the IET Standard.

7.3.1 Missing Definitions

Many items are left undefined.

- What are the "QEDM standards" referred to on page 154 of the IET Standard?
- What are "open standards" (IET page 155)? (Are open standards the same as non-proprietary standards?)
- What is a "gisb-acknowledgement-receipt" (IET page 164)?
- What is a "transaction set" (IET page 174)?

7.3.2 Strange Numbering

Why are the RXQ items not numbered consecutively? They start with 0.1.1 (IET page 163), proceed to 0.1.2, as expected, but then jump inexplicably to 7.1.1. (Meanwhile, on page 169 there is a paragraph numbered "7.3.50". What is this?)

7.3.3 Missing Principles

Reference is made to "NAESB Internet ET Principle 4.1.x37" and "NAESB Internet ET 4.3.x70" (IET page 160). Presumably this is not one of the numbered paragraphs (IET pages 163-70) since the first digit of those paragraphs is either 0 or 7, but not 4. What, then, are Principles 4.1.x37 and 4.1.x70 and where are they found? Similarly, reference is made to the Internet ET Standard [10].3.3 and other related standards (p. 23). Where are these standards found?

7.3.4 Multiple Definitions

Many items, such as the definition of Exchange Failure (IET pages 154, 156, 165, 168, 204), are presented multiple times, lengthening the Standard and generating confusion when any two of the definitions differ. Information on timestamps, throughout the IET, has similar problems.

7.3.5 Definitive References

The references should be definitive. For example, if the Standard recommends Dwight & Erwin's book on CGI, then the reference should not read "A source on CGI is…" as it does now, using an indefinite article, but rather should use the definite article, as in "The source on CGI is…" or "The recommended source on CGI is…"

7.3.6 Inconsistent References

The references in the Reference Guide are not consistent with those in the body of the Standard. For example, the reference for PGP in the References Guide is different than the URL in RXQ.0.2.89 (IET page 166). The same is true of HTTP (see RXQ.0.2.92 (page 166)). (Please also note that the URL for SSL in RXQ.0.2.88 (page 166), namely http:deverloper.netscape.com/docs/manuals/security/sslin/contents.htm, is not found.)

8. Summary

The Sandia assessment team conducted an analysis of the NAESB prerelease version 1.8 of the EDM Standard and related standards, in particular the Internet Electronic Transport. The cooperation and assistance given to Sandia National Laboratories by NAESB during this part of the assessment was greatly appreciated.

The analysis focused primarily on the security of the EDM protocol that is being defined in the standards document, Version 1.8. Vulnerabilities in the Standard were identified and described, with general recommendations for improvement generated. Strengths and weaknesses were also identified. The following strengths of the NAESB EDM Standard were recognized:

- Idea of principles, standards, and definitions sections is good for creating a viable framework for electronic data interchange
- Well designed layout of the document with good use of common look and feel techniques
- Improvement in the security of the standard by requesting authentication for all transactions.

The following weaknesses in the security of the EDM were identified:

- Not all data in the transaction is protected for confidentiality, because the standard allows older unsecured versions of the standard to be used
- The requirements for the version of the EDM to be used, as well as the requirements for versions of other software and protocols, are insufficient
- The language used to describe requirements of the standard is ambiguous in places and should be more precise
- There is insufficient support to prevent message replay attacks
- The policy on digital signatures is unclear; digital signatures should be required for all transactions
- Not all transaction types are authenticated
- Certain information, such as that contained in the TPA, TEW, and the CAR, are sources for an attacker.

In order to strengthen the standard and to ensure the ability to audit any implementation of the standard easily, there are some steps that could be taken. When adding or rewriting directives, write directives that are sufficiently short, concise, unequivocal, and mutually-independent such that an auditor could consider each one in turn and then produce a rating ("adequate", "marginal," "inadequate") with the evaluation of each directive as support for the rating. Perhaps NAESB could work with some auditors so that they would know what auditors actually need to perform the audit.

The standard has improved since version 1.4; however, attackers on the Internet continue to improve their skills and tools and have shown their willingness to use both to cause problems for an industry. Significant weaknesses still exist in the standard, and the Sandia assessment team has made recommendations for mitigating these vulnerabilities.

As more business is conducted over the Internet, the business becomes more reliant on the proper functioning of the software used in conducting that business. By using the Internet, it opens up scrutiny of the software systems to everyone on the Internet, a much broader spectrum of people than with previous

systems of telephones and fax's. Standards must afford protection from the curious as well as the malicious.

9. Conclusion

This report is intended to contribute to the improvement of NAESB EDM Standards and was developed with the best information available at the time.

The assessment team believes that the NAESB EDM/EDI Standards, version 1.8, provide a valid base mechanism for the use of electronic commerce. The mechanisms provided by the standards, when used in accordance with the standards, afford reasonable, but limited, protection to the trading partners. However, we believe there is opportunity for an adversary to affect the system in a negative way, even to the point of forging transactions. With the addition of incremental security measures and requirements, these standards can become more resistant to malicious activity than they are today.

The Internet can provide industry with better communication than ever before, but also has additional opportunity for problems when security is not the foremost premise for this communication. Potential attackers on the Internet continue to improve their skills and tools and have shown their willingness to use both to cause problems for an industry. These standards must provide protection against the attackers of tomorrow, not today. Keeping ahead of them will be important to NAESB, as it continues to operate over the Internet.

Appendix A – Abbreviations and Acronyms

CAR	Central Address Repository
DOE	Department of Energy
EDI	Electronic Delivery Interface
EDM	Electronic Delivery Mechanism
FTP	File Transfer Protocol
GISB	Gas Industry Standards Board
HTTP	Hyper Text Transfer Protocol
IDART	Information Design Assurance Red Team
IET	Internet Electronic Transport
IETF	Internet Engineering Task Force
NAESB	North American Energy Standards Board
NIST	National Institute of Standards and Technology
PGP	Pretty Good Privacy
S-HTTP	Secure Hyper Text Transfer Protocol
SSL	Secure Socket Layer
TPA	Trading Partner Agreement
WGQ	Wholesale Gas Quadrant

[1] North American Energy Standards Board, *WGQ Quadrant Electronic Delivery Mechanism Manual*, Version 1.8 Pending, 2005

[2] North American Energy Standards Board, "Business Practice Standards," dated September 27, 2005

[3] Gas Industry Standards Board, *Electronic Delivery Mechanism Related Standards*, Version 1.4, November 15, 1999

[4] Gas Industry Standards Board, *Gas Industry Standards Board Response to the Sandia National Laboratories Surety Assessment Report of the GISB Electronic Delivery Mechanism Related Standards*, February 22, 2002

[5] http://www.naesb.org/aboutus.asp

[6] SANS Institute. http://www.sans.org

[7] National Institute of Standards and Technology. http://www.nist.gov

[8] Internet Engineering Task Force, RFC 2119, *Key Words for Use in RFCs to Indicate Requirement Level*, March 1997

[9] SANS Institute. http://www.sans.org

[10] National Institute of Standards and Technology. http://www.nist.gov

ASSESSMENT REPORT OF THE NORTH AMERICAN ENERGY STANDARDS BOARD (NAESB) WHOLESALE ELECTRIC QUADRANT DRAFT TECHNICAL STANDARDS FOR PUBLIC KEY INFRASTRUCTURE

August 8, 2006

Prepared by
Sandia National Laboratories
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Abstract

This document presents the results of an independent assessment by the Sandia National Laboratories Information Design Assurance Red Team of the "NAESB Wholesale Electric Quadrant (WEQ) draft technical standards for Public Key Infrastructure (PKI)," developed by the North American Energy Standards Board (NAESB). The Sandia Team was tasked not only with performing a thorough assessment of the NAESB draft PKI Standards, but also with suggesting improvements that could be made to the standard.

This activity is funded by the Department of Energy, Office of Fossil Energy, Office of Oil and Gas. Mr. Christopher Freitas of DOE served as the program manager for this effort.

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EXECUTIVE SUMMARY

This document provides an independent analysis of the draft standards developed by the North American Energy Standards Board (NAESB) related to its PKI Standards described in the document entitled "NAESB Wholesale Electric Quadrant (WEQ) draft technical standards for Public Key Infrastructure (PKI)."

This assessment was performed by Sandia at the request of the program manager, Mr. Christopher Freitas, of the Department of Energy, Office of Fossil Energy, Office of Oil and Gas. The intent is to provide a surety based analysis of the proposed NAESB PKI standards as they relate to electronic commerce within the Energy industry and to provide guidance for addressing specific security issues now and in future documentation. The assessment provides recommendations on the security of the public key infrastructure for the WEQ. The assessment included research into PKI implementations and general PKI standards to be used in comparison with the NAESB draft PKI Standards.

The cooperation and assistance given to Sandia National Laboratories by NAESB during the assessment was greatly appreciated.

The analysis focused primarily on the security of the PKI protocol that is defined in the standards draft document. Vulnerabilities in the standard were identified and described, with general recommendations for improvement generated. Strengths and weaknesses were also identified. The following strengths of the NAESB draft PKI Standard were recognized:

- The NAESB draft PKI Standard was formatted using the outline in RFC 3647, "Internet X.509 Public Key Infrastructure Certificate Policy and Certification Practices Framework."
- The document included headings for all sections in the outline in RFC 3647, even those that had no content in the body of the section. This is in direct compliance with RFC 3647.
- The document referenced all necessary PKI Standards: NIST SP 800-32, RFC 3280, RFC 3647, and RFC 4210.

The following weaknesses in the security of the NAESB draft PKI Standard were identified:

- The document should be modified so that it is a complete Certificate Policy.
- The NAESB draft PKI Standard does not ensure interoperability with other Federal PKI Standards.
- References to specific key sizes or cryptographic algorithms should not be included in the NAESB draft PKI Standards.
- The NAESB draft PKI Standard does not include specifics about cross-certification issues with other PKI Standards

In addition to analyzing the NAESB draft PKI Standards, the Sandia Team also reviewed the two related documents, "NAESB End-Entity Declaration for Public Key Infrastructure" and the "NAESB Qualifying Relying Party Declaration for Public Key Infrastructure." Weaknesses and strengths of those documents are identified in the body of this report.

Recommendations for improvement of this standard include:

- Follow the guidelines set forth in the section entitled "Deploying an Agency PKI" in NIST SP 800-32 during the process of developing the NAESB PKI Standard
- Build on the NAESB draft PKI Standard so that it is a complete Certificate Policy
- Ensure interoperability with the Federal PKI Standard to minimize the cost and time spent by Certificate Authorities (CA) wishing to comply with the NAESB draft PKI Standards in order to become Authorized CA's.

In conclusion, the assessment team believes that the NAESB draft PKI Standards can be modified to represent a reliable PKI Standard for transactions within the WEQ.

1. Introduction

This document provides an independent analysis of the draft documents developed by the North American Energy Standards Board (NAESB) related to its PKI Standards described in the document entitled "NAESB Wholesale Electric Quadrant (WEQ) draft technical standards for Public Key Infrastructure (PKI)" and related documents, such as the “NAESB End-Entity Declaration for Public Key Infrastructure” and the “NAESB Qualifying Relying Party Declaration for Public Key Infrastructure”.

The Sandia team operated on the principle that an independent analysis should include a comprehensive assessment and suggested improvements, while incorporating surety engineering concepts throughout the study. Surety can be defined as a measure of the assurance of system reliability, safety, security, and control of use, while balancing denial of unauthorized use with assurance of authorized use within the constraints of risk versus cost.

This assessment was performed by Sandia at the request of the program manager, Mr. Christopher Freitas, of the Department of Energy, Office of Fossil Energy, Office of Oil and Gas. The intent is to provide a surety based analysis of the proposed NAESB PKI standards as they relate to electronic commerce within the Energy industry, and to provide guidance for addressing specific security issues now and in future documentation. Recommendations on improving the security of the public key infrastructure for the WEQ are included. Research into PKI implementations and general PKI standards to be used in comparison with the NAESB draft PKI Standards was also performed.

2. North American Energy Standards Board Description

The North American Energy Standards Board (NAESB) is a nonprofit North American industry association whose mission is to "serve as an industry forum for the development and promotion of standards, which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities[i]". These standards exist to assist the natural Energy industry in improving customer service, enhancing the reliability of natural energy service, and increasing the competitiveness and efficiency of natural energy markets.

3. Objective and Purpose of the NAESB Standards

The evolution of the Internet into the principal medium for electronic communications in worldwide commerce led NAESB to develop standards for the use of the Internet by the Energy industry to transact business. Energy transmission companies have established Internet sites, including server sites for electronic interchange of files and World Wide Web pages to provide information to shippers and other customers. These sites allow service requesters to place orders and receive scheduled quantity reports electronically.

4. Critical Success Factors

Factors, which are critical to the success of these standards, have been identified during analysis of the NAESB PKI Standards. These factors determine whether the NAESB PKI Standards provide a reasonable level of security in electronic commerce for the Wholesale Electric Quadrant. Critical success factors identified include the following:

- All WEQ transactions are completed using the NAESB PKI Standards
- All Certificate Authorities (CA) involved in WEQ transactions become Authorized CA’s
- All vendors involved in WEQ transactions own and use a valid certificate issued by a NAESB Authorized CA
- The NAESB PKI Standard is interoperable with the Federal PKI standard allowing cross-certification by the Federal Bridge CA

5. Surety Assessment References

During the investigation phase, the Sandia Assessment Team found the following standards and documents directly relating to the draft NAESB PKI Standard. These documents will be referred to throughout this report. Each document has a link listed as to the online location of the document.

Federal Standards

FIPS PUB 46-3, "Data Encryption Standard (DES)". Oct 1999. This document provides details on the DES and Triple Data Encryption Algorithm, TDEA, encryption standards.
http://csrc.nist.gov/publications/fips/fips46-3/fips46-3.pdf

FIPS PUB 140-2, "Security Requirements for Cryptographic Modules." Dec 2002. This document provides the requirements on encryption software and hardware.
http://csrc.nist.gov/publications/fips/fips140-2/fips1402.pdf

FIPS PUB 197, "Advanced Encryption Standard (AES)". Nov 2001. This document details the current encryption algorithm AES. When this document was released the Triple Data Encryption Algorithm was removed from the list of standards.
http://csrc.nist.gov/publications/fips/fips197/fips-197.pdf

Industry Standards

RFC 2119, "Key Words for use in RFCs to Indicate Requirement Levels." Mar 1997. This document defines common key words such as "MUST", "SHOULD", and "MAY" that appear in most RFCs.
http://www.ietf.org/rfc/rfc2119.txt

RFC 3280, "Internet X.509 Public Key Infrastructure Certificate and Certificate Revocation List (CRL) Profile." Apr 2002. Replaces RFC 2459. This document describes in detail the format for a X.509 v3 certificate and for the X.509 v2 CRL format.
http://www.ietf.org/rfc/rfc3280.txt

RFC 3647, "Internet X.509 Public Key Infrastructure Certificate Policy and Certification Practices Framework." Nov 2003. Replaces RFC 2527. This document contains a description and template for those writing CP and CPS. The template can also apply to subscriber and relying party agreements.
http://www.ietf.org/rfc/rfc3647.txt

RFC 4210, "Internet X.509 Public Key Infrastructure Certificate Management Protocol (CMP)." Sept 2005. Replaces RFC 2510. This standard describes the PKI protocol and data structures required for PKI management messages. It also includes a small section about PKI security considerations.
http://www.ietf.org/rfc/rfc4210.txt

NIST Special Publications

NIST SP 800-32, "Introduction to Public Key Technology and the Federal PKI." Feb 2001. This document includes a general overview of cryptography and PKI concepts. It also includes a description of the Federal PKI. Most importantly it includes all the necessary steps for an agency to develop its own PKI Standard.
http://csrc.nist.gov/publications/nistpubs/800-32/sp800-32.pdf

PKI Standards Examples

"European PKI (EuroPKI) Certificate Policy." Jan 2004. This document defines the pan-European public-key infrastructure. This document was created to be consistent with the structure provided in RFC 2527. RFC 3647 replaced RFC 2527 in November 2003 as the standard framework for Certificate Policies and Certification Practice Statements.
http://www.europki.org/ca/root/cps/en_cp.pdf

FAA-STD-045A, "National Airspace System (NAS) Communications Security Protocols and Mechanisms." Mar 2005. This document contains all requirements for the NAS Communications Protocol. Also included in this document is the NAS PKI.
http://nasdocs.faa.gov/nasiHTML/FAAStandards/faa-std-045A/faa-std-045A.pdf

"Higher Education Certificate Policy Statement (HEPKI) Common Policy Framework." Jul 2000. This document provides a comparison between the HEPKI CP and other commercial CP's in order to maintain interoperability with other PKI Standards.
http://middleware.internet2.edu/certpolicies/CPFv005.doc_1.doc

"U.S. Patent and Trademark Office (USPTO) Certificate Policy." This CP states the PKI Standard that the USPTO uses for transactions with patient and trademark applicants. This document explains the USPTO policy regarding use of Electronic Business Center Certificates and identifies pertinent facts concerning the life cycle and attributes of those certificates.
http://www.uspto.gov/ebc/policy_certificate.html

"U.S. Patent and Trademark Office (USPTO) Subscriber's Agreement." This agreement describes the responsibilities of USPTO Electronic Business Center users and should be reviewed before registration. This agreement is unique in that subscribers will only use their USPTO certificate to perform business transactions with the USPTO.
http://www.uspto.gov/ebc/documents/subscribersagreement.pdf

"X.509 Certificate Policy for the Federal Bridge Certification Authority." Jan 2006. This Certificate Policy (CP) defines seven certificate policies for use by the Federal Bridge Certification Authority (FBCA) to facilitate interoperability between the FBCA and other Entity PKI domains.
http://www.cio.gov/fpkipa/documents/FBCA_CP_RFC3647.doc

"X.509 Certificate Policy for the U.S. Federal PKI Common Policy Framework." Feb 2006. This document is the policy framework for the PKI component of the Federal Enterprise Architecture. This document describes six specific certificate policies. This document was created to be consistent with RFC 2527. RFC 3647 replaced RFC 2527 in November 2003 as the standard framework for Certificate Policies and Certification Practice Statements.
http://www.cio.gov/ficc/documents/CommonPolicy.doc

6. Surety Assessment Analysis and Recommendations

The analysis focused on the North American Energy Standards Board draft PKI Standard. The Sandia Assessment Team recommends that NAESB consider the following modifications to improve this standard.

6.1 Security Issues

Items listed in the following section deal specifically with areas of opportunity for an adversary, someone who has malicious intentions, within the guidelines set forth by the PKI standard. These issues are in order of importance with the highest ranking security issues listed first.

6.1.1 Deploying the NAESB draft PKI Standard

The guidelines set forth in the section entitled "Deploying an Agency PKI" in NIST SP 800-32 should be reviewed and followed in the process of developing the NAESB draft PKI Standard.

Level: High

Analysis: NIST SP 800-32 devotes an entire chapter to explaining the steps an agency should take to deploy its own PKI. A good overview is found on page 38 of NIST SP 800-32 that outlines how an agency should follow the example of the FBCA Certificate Policy and use the standard formats in RFC 3280 which call for a X.509 v3 certificate and a X.509 v2 Certificate Revocation List, (CRL). "In particular, NIST recommends following the FBCA policy and adhering to the federal certificate profile and CRL extensions profile. It would be best if agencies assume that at some point their PKI will cross-certify with the federal bridge CA, therefore coordinating the development of an agency PKI with the FPKISC is highly recommended."

A general guideline to the major steps include; analyze data and application for your organization, collect sample policies and base standards, draft certificate policies, select PKI product or service provider, develop CPS (Certification Practice Statement), do a pilot, and apply for cross-certification with the FBCA. For more details on these steps, review NIST SP 800-32, chapter 6, entitled "Deploying an Agency PKI."

Recommendation: The guidelines set forth in the section entitled "Deploying an Agency PKI" in NIST SP 800-32 should be reviewed and followed in the process of developing the NAESB draft PKI Standard.

6.1.2 The Certificate Policy for the NAESB PKI

The NAESB draft PKI Standard should be modified so that it is a complete CP. This document will then be referred to as the "Certificate Policy for the NAESB PKI."

Level: High

Analysis: The NAESB draft PKI Standard should be a complete CP. Examples of other PKI standards and implementations include the EuroPKI CP, FPKI CP, FBCA CP, USPTO CP, and HEPKI. All these CP's illustrate the fact that in order to create a PKI Standard, it is necessary to first formalize a CP. This is also explained in NIST SP 800-32 section 6.3, "Draft Certificate Policy(s)." "The first requirement for an agency developing a PKI is to establish appropriate certificate policy(s). An effective strategy is to adapt and reuse existing policies (especially FBCA) to create policy(s) for the agency. Certificate policies should be at sufficiently high level that the policies will not change too frequently."

RFC 3647, page 16, provides another example of a CP being created to define a PKI. "For example, the Federal Government might define a government-wide CP for handling confidential human resources information. The CP will be a broad statement of the general requirements for participants within the Government's PKI, and an indication of the types of applications for which it is suitable for use. Each department of agency wishing to operate a certification authority in this PKI may be required to write its own certification practice statement to support this CP by explaining how it meets the requirements of the CP. At the same time, a department's or agency's CPS may support other certificate policies." RFC 3647 goes on to explain the difference between a CP and CPS. "A PKI uses a CP to establish requirements that state what participants within it must do. A single CA or organization can use a CPS to disclose how it meets the requirements of a CP or how it implements its practices and controls. A CP facilitates interoperation through cross-certification unilateral certification, or other means. Therefore, it is intended to cover multiple CA's. By contrast, a CPS is a statement of a single CA or organization." RFC 3647 concludes the section entitled "Relationship Between Certificate Policy and Certification Practice

Statement," by stating "CP's and CPS's play a central role in documenting the requirements and practices of a PKI."

It is strongly recommended that the NAESB draft PKI Standard be rewritten as a CP that refers to the FBCA CP for most of its standard PKI policies. Thus the NAESB draft PKI will only need to include information specific to the NAESB draft PKI policy. This will ensure that the NAESB draft PKI Standard is interoperable with other Federal PKI's. This will comply with one of the goals of the document as it states in its "Commitment to Open Standards" section, page 4, "NAESB's long-standing support for open standards has served to create a competitive marketplace of interoperable E-commerce products to serve the Energy industry." Interoperability with the Federal PKI Standard will reduce the cost and time spent by CA's wishing to comply with the NAESB draft PKI Standards in order to become Authorized CA's.

Recommendation: The NAESB draft PKI Standard should be modified to be the "Certificate Policy for the NAESB PKI." This CP should rely on the FBCA CP for all general PKI Standard details. Only PKI details that are unique to the NAESB draft PKI Standard should be included in its CP. This will ensure interoperability with the most common CA's CP's, thus keeping the cost and time spend by CA's who wish to comply with the NAESB draft PKI Standards in order to become Authorized CA's down to a minimum.

6.1.3 Cross-Certification

The NAESB draft PKI Standard does not address the issues of cross-certification.

Level: High

Analysis: The NAESB draft PKI Standard will need to include specifics about cross-certification with other PKI Standards to ensure that those applying to become Authorized CA's will not have to adopt this new CP if their current CP is found, through equivalency mapping, to be on par with the NAESB PKI CP. This will reduce the cost and time spent for CA's to comply with the NAESB draft PKI Standards. Tailoring the NAESB draft PKI Standard to the outline found in RFC 3647 will ensure that cross-certification will be covered in detail. RFC 3647, page 52, ensures that using this outline will facilitate "Comparison of two certificate policies during cross-certification or other forms of interoperation (for the purpose of equivalency mapping)."

Recommendation: The NAESB draft PKI Standard should include cross-certification to reduce the cost and time spent by CA's that are only changing their CPS to comply with the NAESB draft PKI Standards.

6.1.4 Security of the CA's signing key

It is extremely important that the CA impose access controls on its signing key. Anyone that has control of the CA's signing key is able to issue certificates in the CA's name.

Level: High

Analysis: Section 2.6, entitled "Publication and Repository", states "The Authorized CA shall not impose any access controls its signing key, CRL's, and CPS." Without access controls on the CA's signing key, any adversary can obtain the key and create certificates in the CA's name. This would lead to serious dispute on any transactions that have been conducted using any certificate that was issued by the CA. The CA's certificate would have to be revoked along with any certificates it has issued. The statement could be corrected by substituting "verifying key" for "signing key" as the CA should make its verifying key public. If the CA's signing key is compromised, all certificates that are issued in the CA's name must be revoked because one can not prove who issued the certificates.

Recommendation: Wording should be changed to state: "CA's should not impose any access controls on their verifying key". Wording should be added to ensure CA's impose access controls on their signing key.

6.1.5 Certificate Rescission Notices

Notification time periods for certificate rescission notices are too long.

Level: High

Analysis: The "Certification" section of the document on page 3 states, "NAESB may rescind a CA's certification for cause at any time by providing 30 days notice in writing to the CA. CA's that receive a rescission notice from NAESB are required to notify all affected certificate holders within 5 days that their NAESB certification bas been rescinded and their certificates will no longer be valid." Considering the extreme case in which the CA's signing key has been compromised, these time constraints would allow an adversary to issue invalid certificates for up to 30 days. This is approximately a whole month in which many new end entities can be given invalid certificates. These new end entities could then participate in unsecured transactions in the WEQ during this month time-frame. The end entities that hold certificates that were originally issued by the CA will have up to five days of insecure transactions.

Recommendation: In order to protect WEQ from disputable transactions, the time period for NAESB to rescind a CA's certificate should be changed from 30 days to 24 hours. The FBCA CP, section 4.9.5 entitled "Time within which CA must Process the Revocation Request", states that for the FBCA, "all revocation requests must be processed within six hours of receipt of request." The longest timeframe allowed is 24 hours. It is also advisable to provide this notice in an e-mail to reduce transfer time. Also change the time period for the CA to notify its certificate holders of a rescission notice from 5 days to 24 hours. The CRL should be updated as soon as possible in the instance to avoid transaction disputes. If the CA's signing key has been compromised in this case, the details of the compromise should be protected until the issues have been resolved.

6.1.6 Network Security Controls

Not enough detail in section 6.7 entitled "Network Security Controls" to maintain adequate security of the networks.

Level: High

Analysis: NIST SP 800-32 section 3.2.3, entitled "Physical Architecture", states "It is highly recommended that the major PKI components be implemented on separate systems, that is, the CA on one system, the Registration Authority (RA) on a different system, and the directory servers on other systems." It would be good to add this requirement to the document. NIST SP 800-32 section 3.2.3 also states, "Placing the CA system behind an additional organizational firewall is recommended." This firewall is in addition to the Internet firewall. It will provide protection from both the Internet and from systems in the organization itself. This is another good practice that can be added to the document.

Section 6.7, entitled "Network Security Controls" states "Remote access and connections from remote computers must be limited to only those absolutely necessary, and must be properly authenticated." It is important to indicate which computers that remote sites will be able to access. Remote sites should only be allowed to access a directory where the public keys or public certificates are held. This can be set up as a border directory by situating the directory at that border of the organization, for example outside the firewall. The main directory server, located in the organizations protected network will periodically update the certificates in the border directory. Those in the organization will use the main directory server and those at remote sites will use the border directory. The border directory is NOT linked in anyway to the CA or the RA, only to the main directory server. For more information on this topic, refer to NIST SP 800-32.

Recommendation: NIST SP 800-32 section 3.2.3 should be reviewed and additional requirements should be added to the section entitled "Network Security Controls."

6.1.7 References to Key Sizes and Cryptographic Algorithms

The NAESB draft PKI Standard should not include specifics such as key sizes and cryptographic algorithms as these can change frequently and use of an out-of-date algorithm or key size will severely compromise the security of the transactions.

Level: High

Analysis: Sections 6.1.1 and 6.1.5 mention specific algorithms and key sizes. "3DES" is called out in the document as an acceptable encryption algorithm, however this is not the current standard. The standard to replace DES is formally referred to as TDEA, Triple Data Encryption Algorithm, in FIPS PUB 46-3.

However, this was replaced by AES in November 2001. So it is suggested that AES be used for encryption in the PKI Standard.

The document also requires the use of RSA with 1024-bit keys. This is the current acceptable key size. However, the Federal PKI, in the forward of its CP entitled "X.509 Certificate Policy for the U.S. Federal PKI Common Policy Framework", specifically requires the use of at least a 2048-bit key with RSA. So it is strongly suggested that at least a 2048-bit key is used with RSA. However, in the case of the cryptographic algorithm and the key sizes it would be better to not include specifics and to require the CA to be up-to-date with current standards.

Recommendation: All references to specific key sizes and cryptographic algorithms should be removed from the document. Instead the document should require all CA's use the current standard key sizes and current cryptographic standards and point to where those standards may be identified.

6.1.8 NAESB PKI User Declarations

The NAESB Declarations, "NAESB End-Entity Declaration for Public Key Infrastructure" and the "NAESB Qualifying Relying Party Declaration for Public Key Infrastructure," lack a section where the PKI user acknowledges that the identity information provided is complete and accurate. The documents do not ensure that important information is not left out.

Level: High

Analysis: The agreements lack a section in which the PKI user acknowledges that the identity information provided is complete and accurate. This section is important because the PKI user needs to be legally bound to their given identity to prevent identity fraud. The declaration also lacks a section in which the PKI user ensures to provide updates to their information if it should change. Without this section there is no legal responsibility for the PKI user to alert NAESB of any change in identity. The USPTO has a good example of a subscriber agreement though the NAESB PKI would need an agreement that is more detailed because this PKI is more involved than the USPTO PKI.

Since an end entity can either be a subscriber or a relying party, by definition in NIST SP 800-32, it is redundant to have both an agreement for an end entity and a relying party. It is suggested that the documents be renamed the "NAESB PKI Subscriber Agreement" and the "NAESB PKI Relying Party Agreement." This naming convention would be more consistent with industry standards such as the USPTO PKI and RFC 3647.

The agreements should also be expanded to include more details. They should also follow the outline set forth in RFC 3647, section 3.7, "Set of Provisions" so that they thoroughly cover every necessary topic.

Recommendation: The NAESB PKI Declarations need to be modified so that they are consistent with the USPTO PKI and RFC 3647.

6.1.9 Key Pair Generation

References to specific requirements for FIPS PUB 140-2 Level 3 hardware devices will cause this PKI standard to become out-of-date with other standards.

Level: High

Analysis: Section 6.1.1, entitled "Key Pair Generation", states specific requirements for FIPS PUB 140-2 Level 3 hardware devices. However, the requirements listed are not found in FIPS PUB 140-2. Therefore to remain consistent with the standards, only a reference to FIPS PUB 140-2 Level 3 is needed. The specific requirements can be removed.

Recommendation: All references to specific requirements for FIPS PUB 140-2 Level 3 hardware devices should be removed to remain consistent with the current standard and to sustain this consistency.

6.1.10 Unaffiliated Entities

The NAESB draft PKI Standard refers to unaffiliated entities but does not list the restrictions on their applications or interactions in the WEQ.

Level: High

Analysis: Section 1.3.3, entitled "End Entities" states "Entities or organizations that may require access to applications secured under the WEQ PKI standards, but do not qualify as a wholesale electricity market participant (e.g., regulatory agencies, universities, consulting firms, etc.) must register under the sponsorship of a qualified wholesale electricity market participant as an Unaffiliated Entity." It is not a secure practice to allow WEQ access to an entity who does not qualify as a WEQ participant unless restrictions are made on the entities interactions within the WEQ. It would be best to not allow unaffiliated entities in the PKI Standard. However, if they are necessary, then a list of restrictions on their privileges in the WEQ should be included in this section. A document should also be created named a "NAESB PKI Unaffiliated Entity Agreement" that legally binds the sponsor to the actions of the unaffiliated entity. This agreement must also list the acceptable and prohibited actions an unaffiliated entity can perform in the WEQ.

Recommendation: Unaffiliated entities should be removed from the NAESB draft PKI Standard, or the section referring to them should include restrictions on their interactions in the WEQ. If unaffiliated entities are accepted in this PKI Standard a document entitled a "NAESB PKI Unaffiliated Entity Agreement" should be created to legally bind the sponsor to its entity's actions.

6.1.11 Certificate Classes

The number of certificate classes is variable and the description of each certificate does not require it to be consistent with the current certificate standards, X.509 v3, as listed in RFC 3280.

Level: High

Analysis: The Sandia Team was told that NAESB would like to change the number of certificate classes from three to one. If this is the final decision, then section 1.2 entitled "Identification" should be modified to be consistent with this decision. One certificate class is currently sufficient for this version of the document. The smaller the number of certificate classes, the less complex this PKI. However, the next version of the document could include another certificate type if need be.

The "Identification" section of the document does not require the certificates to be of the standard certificate type X.509 v3. It is important that this document require standardized certificates, like those found in RFC 3280, so this PKI Standard will be interoperable with global PKI Standards. Interoperability will ensure simpler cross-certification between CA's.

Recommendation: Modify the document to only allow one certificate class. The document should also state that certificates will be of the type X.509 v3, to ensure interoperability with other Federal PKI standards.

6.1.12 Certificate Protection

End entities are required to protect the privacy of their certificates to a greater degree than necessary to do business.

Level: High

Analysis: Section 1.3.3, entitled "End Entities" states that end entities must have "established a security policy and procedures to protect the privacy and use of all Certificates issued in the name of the end entity." The end entities' certificate will be viewed by relying party to prove the end entities identity in a transaction. In this case, the end entity does not need to protect the privacy of the certificate from the relying party because it would then have no way to prove its identity and therefore no transactions would be done. It is possible that the end entity might want to protect its certificate from any entity that has not completed the "End Entity Certification Authority Declaration Agreement." However, this protection is not necessary considering the certificate does not contain any information that could not be made public.

The end entity is responsible for establishing "a security policy and procedures to protect the privacy and use" of its private key. As would be expected, the integrity of the certificates an end entity owns should always be protected**.**

Recommendation: Modify the requirement that the end entity needs to protect the privacy and use of all certificates issued in its name and instead indicate the end entity must protect all private keys issued in its name by an Authorized CA and protect the integrity of its certificates.

6.1.13 CRL Issuance frequency, validity period, and availability

The allotted time frames for the CRL updates and validity period are too long. The CRL availability period is too constraining. The CRL will be maintained on a machine that will have to undergo occasional maintenance at which time the machine will have to be off-line.

Level: Medium

Analysis: Sections 4.4.9 through 4.4.11, describe time constraints for CRLs. They state, "An Authorized Ca must ensure that it issues an up-to-date CRL at least every twelve (12) hours. Additionally, the validity period of a CRL shall not exceed 24 hours. An Authorized CA must ensure up-to-date CRL's are available 24x7x365 and can be downloaded via the HTTP protocol." NIST SP 800-32, section 4.4.5 "Certificate Revocation", states "More frequent generation of CRLs will reduce a CA's transaction and reputation risk exposure." Therefore, the CA's should be requested to maintain a CRL that is updated every six hours and the period of a CRL should not exceed twelve hours. As mentioned in FBCA CP, section 4.9.7 "CRL Issuance Frequency", an emergency CRL should be issued in under six hours in the case of a revoked certificate. This time constraints are generous considering NIST SP 800-32, page 32, states "several technology firms have developed software that allows a repository to search its records for the validity of a single certificate in real time."

The CRL should not be required to be available "24x7x365". This is an unreasonable expectation for a CRL that will be stored on a system that will occasionally have to undergo maintenance which will need to be done off-line. This requirement should be changed to state the CRL should be available "24x7x365", except for occasional, scheduled, time periods for maintenance.

Recommendation: An up-to-date CRL should be issued six hours instead of every 12 hours. The validity period of a CRL should not exceed twelve hours. The CRL should be made available during all business hours and all other times except for the occasional, scheduled, maintenance outages instead of requiring the CRL to be only available "24x7x365".

6.1.14 Certificate Application Steps

Certification Application steps are not ordered in a way that ensures the highest level of security.

Level: Medium

Analysis: Section 4.1, entitled "Certificate Application" lists the steps an Authorized CA must perform when an applicant applies for a certificate. The section later states, "These steps may be performed in any order that is convenient for the Authorized CA, and does not defeat security, but all steps must be completed prior to certificate issuance." It is not advisable to allow CA's to determine the order of the steps that ensures the highest level of security. The steps should be ordered and listed and the CA should follow the approved ordering to prevent security issues. This suggestion is made in light of the following example. Assume the CA initially completed step two and obtained a signed request file. Then the CA stored this file on one of their off-line machines. Next the CA decides to complete step one and establish and record the identity of the applicant. However, before the CA can complete this step, they find that the signed request file they stored contained a virus that destroyed all the files on that machine. Now the CA has no way to know the identity of the adversary that completed the successful attack on their system. This example illustrates the importance of identifying who one is communicating with, before initiating transactions.

Recommendation: The certification application steps should be ordered in a way that the CA establishes the applicant's identity before completing any other steps. These steps should be completed by the CA as ordered in this document.

6.1.15 Tamper-Evident Hardware

References to "tamper-proof" are inconsistent with the terminology in FIPS PUB 140-2.

Level: Medium

Analysis: FIPS PUB 140-2 does not contain any references to "tamper-proof" devices. Therefore, any references to "tamper-proof" should be replaced with "tamper-evident" so as to be consistent with this standard.

Recommendation: All references to "tamper-proof" should be replaced with "tamper-evident" to remain consistent with the terminology in FIPS PUB 140-2.

6.1.16 Obsolete RFC References

RFC references include obsolete standards.

Level: Low

Analysis: RFC 2510 is obsolete with the creation of RFC 4210. RFC 2527 was replaced by RFC 3647. And "NIST 800-32" is formally referred to as "NIST SP 800-32". Making these three changes in the document would greatly improve its readability.

Recommendation: Update the RFC references so they represent the current standards.

6.1.17 Use of the Term End Entity

The term "end entity" is confusing.

Level: Low

Analysis: NIST SP 800-32, section 3.1 defines an end entity as being made up of two subclasses, a certificate holder and a relying party. (For a definition of these terms, see the section of this document entitled "Inconsistent Definitions.") The term "end entity" is only used once in RFC 3647, more common are the terms relying party and subscriber. It is suggested that the term "end entity" be replaced with certificate holder/subscriber or relying party/certificate user where appropriate in the document to avoid confusion. The appropriate definitions should be included for the terms used in the documents "Definition" section.

Recommendation: The term end entity should be replaced with certificate holder/subscriber or relying party/certificate user where appropriate so the document is more consistent with the standards, RFC 3647 and NIST SP 800-32.

6.1.18 Customer Service Center

The NAESB draft PKI Standard demands that the Authorized CA's Customer Service Center be available "24x7x365".

Level: Low

Analysis: Section 4.10, entitled "Customer Service Center", states "Each Authorized CA shall implement and maintain a 24x7x365 Customer Service Center to provide assistance and services to Subscribers and Relying Parties, and a system for receiving, recording, responding to, and reporting certificate problems within its customers." It is unreasonable to expect that any center which relies on computers will be available at all times. There will be times when the systems need to be backed-up or brought down for upgrades. At these times the machines will all have to be off-line. This statement should be reworded to be less rigid.

Recommendation: The Authorized CA's customer service center should be required to be available at all times, except for the occasional, scheduled maintenance times in which it will be off-line for the minimum duration.

6.1.19 Reasonable Practices

References to commercial internet practices are vague.

Level: Low

Analysis: Section 5.2.2 entitled "Number of Persons Required Per Task" refers to "commercially reasonable practices." In the "Summary" section it states "The standards described in this document achieves the level of security commonly used by other industries engaged in commercial activity across the public Internet." It is recommended that the NAESB draft PKI Standard ensure interoperability with other Federal standards. This will ensure that most CA's will have to change as little as possible to comply with the standards if they already comply with the Federal PKI Standards.

Recommendation: All statements referring to commercial practices should be replaced with Federal standards to improve the clarity and ensure maximum interoperability in this PKI Standard.

6.1.20 Consistent Naming Convention for NAESB PKI Standards

Throughout the NAESB draft PKI Standards, the standard is referred to by multiple, different names.

Level: Low

Analysis: In the NAESB draft PKI Standards, the standard is referred to as the NAESB PKI three times and as the WEQ PKI thirteen times. A consistent naming convention should be used.

Recommendation: Replace any references to the WEQ PKI with NAESB PKI to avoid confusion.

6.1.21 Missing Requirement Level Key Words

Common key words in RFC defining requirement levels throughout the PKI Standard are missing.

Level: Low

Analysis: To improve clarity consider including a section at the beginning of the PKI Standard that defines the common RFC requirement levels. The EuroPKI includes this sentence in the beginning of its CP. "Within this document the words "MUST", "MUST NOT", "REQUIRED", "SHALL", "SHALL NOT", "SHOULD", "SHOULD NOT", "RECOMMENDED", "MAY", "OPTIONAL", are to be interpreted as in RFC 2119."

Recommendation: Adding a statement about the requirement level key words at the beginning of the document would improve clarity and be consistent with other PKI Standards and RFCs.

6.2 Other Areas for Improvement

The following recommendations are submitted for consideration in the format and layout of the NAESB draft PKI Standard.

6.2.1 Missing Definitions

Many important PKI terms are used, but left undefined. The following definitions should be added to the document in the "Definitions" section on page 5 to ensure that this section is complete. Also the following standard, NIST SP 800-32, should be referenced just prior to this section as section 3.1 from this document is the source of these definitions.

> ARCHIVE – A database of information to be used in settling future disputes. The archive stores and protects sufficient information to determine if a digital signature on an "old" document should be trusted.

CERTIFICATE – A digital document that typically includes the public key, information about the identity of the party holding the corresponding private key, the operational periods of the certificate, and the CA's own digital signature.

CERTIFICATE REVOCATION LIST (CRL) – A list of certificates that have been revoked. This list is usually signed by the same entity that issued the certificates. The list also documents the historical revocation status of certificates.

REPOSITORY – A database of active digital signatures for a CA system. CA's post certificates and CRLs to repositories. The purpose of a repository is to provide data that allows relying parties to confirm the status of the digital signatures.

6.2.2 Extraneous Definitions

If the NAESB draft PKI Standard will not be implementing cross-certification, then the definitions of a "CA-certificate" and "Issuing/Subject CA", in the "Definitions" section, page 6, should be removed from the document as they are no longer relevant. However, implementing cross-certification is strongly recommended.

6.2.3 Inconsistent Definitions

In the "Definition" section on page 6, the definition of "Relying Party" is not consistent with its definition in NIST SP 800-32. An end entity can be broken into two subclasses, the relying party and the certificate holder. NIST SP 800-32, section 3.1.4, refers to "relying party" and "certificate holder", while RFC 3647, page 7, uses the terms "relying party" or "certificate user" and "subject" or "subscriber". To be consistent with RFC 3647 and NIST SP 800-32, the term should be referred to as "end entity" throughout the document instead of "end-entity" or "End Entity". The following definitions are direct quotes from NIST SP 800-32, section 3.1.

END ENTITY -- An organization or individual that uses the PKI, but does not issue certificates. They rely on the other components of the PKI to obtain certificates, and to verify the certificates of other entities they do business with.

CERTIFICATE USER/RELYING PARTY – One who relies on the certificate to know, with certainty, the public key of another entity.

CERTIFICATE HOLDER/SUBSCRIBER – One that is issued a certificate and can sign digital documents.

6.2.4 Document Formatting

Sections 1 and 2 on the opening page should not be numbered as sections since these are really just front matter and not part of the document itself. Section 3, entitled "Recommendation" should become the currently empty section 1.1 "Overview".

7. Summary

The Sandia assessment team conducted an analysis of the NAESB draft PKI Standard and related documents. The cooperation and assistance given to Sandia National Laboratories by NAESB and its members during this part of the assessment was greatly appreciated.

The analysis focused primarily on the security of the PKI protocol that is defined in the standards draft document. Vulnerabilities in the standard were identified and described, with general recommendations for improvement generated. Strengths and weaknesses were also identified. The following strengths of the NAESB draft PKI Standard were recognized:

- The NAESB draft PKI Standard was formatted using the outline in RFC 3647, "Internet X.509 Public Key Infrastructure Certificate Policy and Certification Practices Framework."

- The document included headings for all sections in the outline in RFC 3647, even those that had no content in the body of the section. This is in direct compliance with RFC 3647.
- The document referenced all necessary PKI Standards: NIST SP 800-32, RFC 3280, RFC 3647, and RFC 4210.

The following weaknesses in the security of the NAESB draft PKI Standard were identified:

- The document should be modified so that it is a complete Certificate Policy.
- The NAESB draft PKI Standard does not ensure interoperability with other Federal PKI Standards.
- References to specific key sizes or cryptographic algorithms should not be included in the NAESB draft PKI Standards.
- The NAESB draft PKI Standard does not include specifics about cross-certification issues with other PKI Standards.

In addition to analyzing the NAESB draft PKI Standards, the Sandia Team also reviewed the two related documents, "NAESB End-Entity Declaration for Public Key Infrastructure" and the "NAESB Qualifying Relying Party Declaration for Public Key Infrastructure." The following strengths of these agreements were recognized:

- Both agreements require the PKI user agree to be legally bound to their transactions using the certificate they will be issued by an Authorized CA.

The following weaknesses in the security of the agreements were identified:

- The agreements lack a section in which the PKI user acknowledges that the identity information provided is complete and accurate.
- The agreements also lack a section in which the PKI user ensures to provide updates to their information if it should change.
- An end entity can either be a subscriber or a relying party, by definition in NIST SP 800-32. Therefore, having an agreement for an end entity and a relying party is redundant.
- The agreements do not follow the outline set forth in RFC 3647, section 3.7, "Set of Provisions" so that they thoroughly cover every necessary topic.

General recommendations include following the guidelines set forth in the section entitled "Deploying an Agency PKI" in NIST SP 800-32 during the process of developing the NAESB draft PKI Standard.

It is recommended that the NAESB draft PKI Standard be modified so that it is a complete Certificate Policy. Examples of other PKI Standards are listed above in the analysis section. All these CPs illustrate the fact that in order to create a PKI Standard, it is necessary to formalize a CP. This is also explained in NIST SP 800-32 section 6.3, "Draft Certificate Policy(s)."

It is recommended that the NAESB draft PKI Standard be rewritten as a CP entitled the "Certificate Policy for the NAESB PKI," or some other appropriate name. This CP should refer to the FBCA CP for most of its standard PKI policies.

Once the NAESB draft PKI Standard has been altered to be a CP, using the outline described in RFC 3547, it is recommended that this CP be examined by an independent analysis, which includes a comprehensive assessment with suggested improvements. This analysis will ensure the PKI Standard defined in the CP does not contain any security issues.

8. Conclusion

This report is intended to contribute to the improvement of NAESB draft PKI Standards and was developed with the best information available at the time.

The assessment team believes that the NAESB draft PKI Standards can be modified to represent the beginnings of a viable PKI Standard for transactions within the WEQ. The document is correct in that it follows the outline provided in RFC 3647 for CP's and includes all necessary references to applicable PKI Standards documents. Therefore, headers preceding empty sections in NAESB draft PKI Standard could be filled out to produce a valid CP that would define the NAESB PKI Standard. Another option is for the NAESB PKI CP to reference the FBCA CP for general PKI Standard details, thus allowing the NAESB PKI CP to remove any sections that include this standard information. This would allow the NAESB PKI CP to be a relatively short document that includes only PKI information that is unique to the NAESB PKI and a reference for all remaining material is contained in the FBCA PKI. This option would ensure that the NAESB PKI was always current with the Federal PKI Standards. It would also ensure the NAESB PKI Standard contains the least amount of security issues possible. This allows interoperability with the Federal PKI and any other PKI's that allowed cross-certification with the FBCA.

Appendix A – Abbreviations and Acronyms

AES	Advanced Encryption Standard
CA	Certification Authority
CMP	Certificate Management Protocol
CP	Certificate Policy
CPS	Certification Practice Statement
CRL	Certificate Revocation List
DES	Data Encryption Standard
DOE	Department of Energy
EuroPKI	European Public Key Infrastructure
FBCA	Federal Bridge Certification Authority
FIPS PUB	Federal Information Processing Standard Publication
FPKI	Federal Public Key Infrastructure
HEPKI	Higher Education Public Key Infrastructure
IDART	Information Design Assurance Red Team
NAESB	North American Energy Standards Board
NAS	National Aerospace System
NIST	National Institute of Standards and Technology
NIST SP	National Institute of Standards and Technology Special Publication
PKI	Public Key Infrastructure
RFC	Request For Comment
RSA	Rivest-Shamir-Adleman
TDEA	Triple Data Encryption Algorithm
USPTO	United States Patient and Trademark Office
WEQ	Wholesale Electricity Quadrant

[i] http://www.naesb.org/aboutus.asp

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

Wholesale Electric Quadrant

TAB 8

Subcommittee Updates

- This material is for review only. No action is needed.
- The material in tab 8 corresponds to agenda item 3 of the WEQ agenda.
- Included in this section for reference are summaries of the meetings held for ESS/ITS, OASIS, JISWG, BPS and SRS since the last EC meeting in August.

NAESB Executive Committee Meeting Materials for November 14-16, 2006
WEQ EC Subcommittee Updates

WEQ SUBCOMMITTEES AND TASK FORCES

Electronic Scheduling/Information Technology

- **August 16, 2006:** The BPS and ESS/ITS met jointly in Colorado Springs, CO to continue development of R05004. During this meeting, the participants reviewed the draft modified NERC MOD-001 reliability standard drafted by the NERC ATC Drafting Team and drafted an outline of comments to be submitted on MOD-001. The subcommittee also discussed items A (allocation of flowgate capability based on historical Network Native Load impacts the evaluation of transmission service requests, requiring the posting of those allocation values in conjunction with queries of service offerings on OASIS) and D (defining whether Contract Path for systems using flow-based analysis is between control areas or between Transmission Service Providers) of Request R05004.

- **September 7, 2006:** The WEQ Business Practices Subcommittee met jointly with the ESS/ITS to continue development of Request R05004. The BPS and ESS/ITS concentrated on item A (allocation of flowgate capability based on historical Network Native Load impacts the evaluation of transmission service requests, requiring the posting of those allocation values in conjunction with queries of service offerings on OASIS), and item D (defining whether Contract Path for systems using flow-based analysis is between control areas or between Transmission Service Providers). The participants reviewed the definitions for ATC and AFC; adopted the scope of Item A of request R05004 (allocation of flowgate capability based on historical Network Native Load impacts the evaluation of transmission service requests, requiring the posting of those allocation values in conjunction with queries of service offerings on OASIS); and discussed the scope of Item D of request R05004 (defining whether Contract Path for systems using flow-based analysis is between control areas or between Transmission Service Providers). The subcommittees developed a scope for each item that will guide them in drafting standards language for each item.

- **September 25-26, 2006:** The ESS/ITS met in Phoenix, Arizona hosted by Salt River Project to conduct its regular business. During this meeting, the ESS/ITS reviewed the scoping document for Request No. R05026 (Thirteen proposed enhancements to incrementally improve OASIS) drafted by the WEQ SRS and provided comments on the document that will be referred to the SRS; assigned Request No. R05020 (Include a guideline for rounding schedules with partial mWhs in the coordinate interchange business practice WEQ BPS-002-000) to the WEQ JISWG; and continued development of the implementation guide for the S & CPs and the recommendation for the RELINQUISH mechanism for Request No. R04006C1 (Develop OASIS 1A capacity release request standards). The ESS/ITS also assigned Request No. R06006 (Develop standards to allow for registered Market Operators to request changes to the Market Level profile of Implemented Interchange) to the JISWG during this meeting..

- **September 27, 2006**: The WEQ BPS and ESS/ITS met jointly to review comments submitted on Item B (granting of partial service by capacity requested, both partial period and partial MW) of R05004. During the review of comments, the group discovered some inconsistencies in the treatment of extended service in their draft language. Action items were taken to redraft the language to address the concerns raised in the comments.

- **October 4-6, 2006**: The WEQ BPS and ESS/ITS will met jointly with the NERC ATC Standards Drafting Team to review progress to date on the development of ATC/AFC/TTC standards. The NERC team brought the NAESB team up to date on their progress on MOD-001 (ATC). The NAESB team reviewed their draft standards language for item B of R05040 and explained that it would go out for another round of informal comments. Future coordination was discussed, including future postings for comments. Future meetings were also scheduled tentatively for December 11-12, 2006 and March 2007.

- **October 10, 2006:** The WEQ BPS and ESS/ITS met jointly to review revised draft language for Item B (granting of partial service by capacity requested, both partial period and partial MW) of R05004 (Develop transmission service request and scheduling standards using TTC/ATC/AFC and CBM/TRM). The joint subcommittees decided to send the language out for a round of informal

comments. Team members took action items to draft the introduction language to the request for informal comments.

- **October 23-24, 2006**: The ESS/ITS met in Reno, Nevada, hosted by Sierra Pacific Resources. The agenda included discussion of the next steps due to the direction of the WEQ Executive Committee on August 15, 2006 in light of FERC Order 676-A; R04006C1 (Develop OASIS 1A capacity release request standards) – review the draft implementation guide for the S & CPs; the modified S & CPs; and the recommendation for the RELINQUISH mechanism; Request No. R04006E (Network Service Transactions); review Annual Plan Item 3(b)(i) to 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; and an update on the joint effort with the WEQ Business Practices Subcommittee and the NERC ATC Drafting Team to draft standards to address Request No. R05004A (revised on 08/15/2006 by WEQ Executive Committee).

- **October 27, 2006:** The WEQ ESS/ITS and BPS met jointly via conference call to continue discussions on R05004A Item 1A (allocation of flowgate capability based on historical Network Native Load impacts the evaluation of transmission service requests, requiring the posting of those allocation values in conjunction with queries of service offerings on OASIS) and Item 1D (defining whether Contract Path for systems using flow-based analysis is between control areas or between Transmission Service Providers). The group also began discussions on Item 3E (business practices for calculation and frequency of posting ATC calculation) (frequency of calculation and frequency of posting). An informal request for comments was developed on questions relating to the above items. The group plans to review these comments during the November 15th meeting in Dallas, TX.

- **Planned, November 15, 2006:** The WEQ BPS and ESS/ITS will meet jointly in Dallas, TX to continue development of R05004A. The subcommittees will review informal comments submitted on Item 1D (defining whether Contract Path for systems using flow-based analysis is between control areas or between Transmission Service Providers), Item 1A (allocation of flowgate capability based on historical Network Native Load impacts the evaluation of transmission service requests, requiring the posting of those allocation values in conjunction with queries of service offerings on OASIS), and item 3E (business practices for calculation and frequency of posting ATC calculation) (frequency of calculation and frequency of posting). The subcommittee plans to begin drafting language for these items, depending on the responses given as a result of the informal request for comments. Time permitting, the subcommittees will also review NERC's progress to date on MOD 001 (ATC).

- **Planned, December 4, 2006:** The ESS/ITS will meet via conference call on December 4, 2006 from 10:00 AM to 4:00 PM Central. The agenda will include: Review the comments submitted during the Informal Comment period for the draft Relinquish standards to address Request No. R04006C1 (Develop OASIS 1A capacity release request standards). During this meeting, these standards may be voted for submission to the WEQ Executive Committee for adoption after being posted for formal comment; determine the Next Steps for the development of the Implementation Guide; Request No. R04006E (Network Service Transactions): review examples to be submitted by subcommittee participants; review Annual Plan Item 3(b)(i) to 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; an update on the joint effort with the WEQ Business Practices Subcommittee and the NERC ATC Drafting Team to draft standards to address Request No. R05004A.

OASIS Task Force

- The OASIS 1A Task Force contributes to the development of recommendations for requests to create new business practices for OASIS or to modify the ratified OASIS business practices as assigned by the WEQ ESS/ITS. All work products are forwarded to the WEQ ESS/ITS for further review.

- **August 22, 2006:** The OASIS Task Force met via conference call on August 22, 2006. During this call, the OASIS Task Force continued development of the S&CP Implementation Guide to be processed as part of Request No. R04006C1.

- **August 31, 2006:** The OASIS Task Force continued its work on the OASIS S&CP Implementation Guide and revisions to the OASIS S&CPs as a result of the creation of the Implementation Guide. The subcommittee also reviewed a draft recommendation to establish the business practice standards for RELINQUISH to address Request No. R04006C1.
- **September 15, 2006**: The OASIS Task Force met on September 15 via conference call with web conferencing to review the draft scoping document for R05026 (Thirteen proposed enhancements to incrementally improve OASIS) drafted by the WEQ SRS in anticipation of the review of the scoping document by the entire ESS/ITS during the September 25-26 meeting.

NERC/NAESB Joint Interchange Scheduling Working Group

- **September 20, 2006:** The JISWG met in Quebec City, Quebec, Canada jointly with the NERC Interchange Subcommittee (IS) to continue their work in the updating the e-Tag Specification as a result of the NAESB and NERC Coordinate Interchange Standards. Several parts of the tool have been identified for discussions related to updating, and can be found in the work paper located at http://www.naesb.org/pdf2/weq_jiswg071806w4.doc. In addition, the JISWG also reviewed the NAESB PKI standards and made revisions and took action items for updating. Plans were made to finalize these standards during the month of October.
- **October 4, 2006:** The JISWG met to update the draft NAESB PKI standards. Action items were taken to make sure correct references from the Internet RFC were included in the drafts standards. The JISWG asked that NAESB General Counsel review the standards to make sure it is within NAESB's scope and ability.
- **October 20, 2006:** The JISWG met to review changes made to the e-Tag Specification. These changes were voted out of subcommittee and to the NERC Interchange Subcommittee. In addition, the JISWG continued their work on the NAESB PKI standards. It is expected that the standards will be completed by the end of the month.
- **November 2, 2006:** The JISWG met via conference call to review updates made to draft Recommendation WEQ 2006 Annual Plan Item 3 b iii/R03007 (PKI Initiative – e-MARC). The subcommittee made the decision to proceed with the less substantive changes recommended by Sandia National Laboratories in their surety assessment and included them in the Recommendation. The Recommendation was voted out of subcommittee to the WEQ Executive Committee for its consideration.
- **Planned, early December, 2006:** The JISWG will meet to review any comments submitted on Recommendation WEQ 2006 Annual Plan 3 b iii/R03007: PKI Initiative (e-MARC). The JISWG will prepare for a WEQ Executive Committee conference call to adopt the standards (not yet scheduled).

Business Practices Subcommittee

- **August 16, 2006:** The BPS and ESS/ITS met jointly in Colorado Springs, CO to continue development of R05004. During this meeting, the participants reviewed the draft modified NERC MOD-001 reliability standard drafted by the NERC ATC Drafting Team and drafted an outline of comments to be submitted on MOD-001. The subcommittee also discussed items A (allocation of flowgate capability based on historical Network Native Load impacts the evaluation of transmission service requests, requiring the posting of those allocation values in conjunction with queries of service offerings on OASIS) and D (defining whether Contract Path for systems using flow-based analysis is between control areas or between Transmission Service Providers) of Request R05004..
- **August 21, 2006:** The BPS met via conference call to decide how to proceed with Request R06010 (Modify the timing chart for the Western Interconnection in WEQBPS-006 to an initiation of manual time error at +/-5 seconds). It was decided to proceed with a WEQ Minor Correction on WEQBPS-006. Appropriate changes were made to WEQ-006-4 and WEQ-006-5.
- **September 7, 2006:** The WEQ Business Practices Subcommittee met jointly with the ESS/ITS to continue development of Request R05004. The BPS and ESS/ITS concentrated on item A (allocation of flowgate capability based on historical Network Native Load impacts the evaluation of transmission

service requests, requiring the posting of those allocation values in conjunction with queries of service offerings on OASIS), and item D (defining whether Contract Path for systems using flow-based analysis is between control areas or between Transmission Service Providers). The subcommittees developed a scope for each item that will guide them in drafting standards language for each item.

- **September 27, 2006**: The WEQ BPS and ESS/ITS met jointly to review comments submitted on Item B (granting of partial service by capacity requested, both partial period and partial MW) of R05004. During the review of comments, the group discovered some inconsistencies in the treatment of extended service in their draft language. Action items were taken to redraft the language to address the concerns raised in the comments.
- **October 4-6, 2006**: The WEQ BPS and ESS/ITS will met jointly with the NERC ATC Standards Drafting Team to review progress to date on the development of ATC/AFC/TTC standards. The NERC team brought the NAESB team up to date on their progress on MOD-001 (ATC). The NAESB team reviewed their draft standards language for item B of R05040 and explained that it would go out for another round of informal comments. Future coordination was discussed, including future postings for comments. Future meetings were also scheduled tentatively for December 11-12, 2006 and March 2007.
- **October 10, 2006:** The WEQ BPS and ESS/ITS met jointly to review revised draft language for Item B (granting of partial service by capacity requested, both partial period and partial MW) of R05004 (Develop transmission service request and scheduling standards using TTC/ATC/AFC and CBM/TRM). The joint subcommittees decided to send the language out for a round of informal comments. Team members took action items to draft the introduction language to the request for informal comments.
- **October 27, 2006:** The WEQ ESS/ITS and BPS met jointly via conference call to continue discussions on R05004A Item 1A (allocation of flowgate capability based on historical Network Native Load impacts the evaluation of transmission service requests, requiring the posting of those allocation values in conjunction with queries of service offerings on OASIS) and Item 1D (defining whether Contract Path for systems using flow-based analysis is between control areas or between Transmission Service Providers). The group also began discussions on Item 3E (business practices for calculation and frequency of posting ATC calculation) (frequency of calculation and frequency of posting). An informal request for comments was developed on questions relating to the above items. The group plans to review these comments during the November 15th meeting in Dallas, TX.
- **Planned, November 15, 2006**: The WEQ BPS and ESS/ITS will meet jointly in Dallas, TX to continue development of R05004A. The subcommittees will review informal comments submitted on Item 1D (defining whether Contract Path for systems using flow-based analysis is between control areas or between Transmission Service Providers), Item 1A (allocation of flowgate capability based on historical Network Native Load impacts the evaluation of transmission service requests, requiring the posting of those allocation values in conjunction with queries of service offerings on OASIS), and item 3E (business practices for calculation and frequency of posting ATC calculation) (frequency of calculation and frequency of posting). The subcommittee plans to begin drafting language for these items, depending on the responses given as a result of the informal request for comments. Time permitting, the subcommittees will also review NERC's progress to date on MOD 001 (ATC)**.**

Standards Review Subcommittee

- **August 21, 2006:** The WEQ Standards Review Subcommittee met via conference call and decided to meet jointly with the ESS/ITS on September 25th to continue development of the scoping document for R05026 (Thirteen incremental enhancements to OASIS.) In addition, the subcommittee reviewed NERC Standards Authorization Requests and Ballots to determine if corresponding commercial practices are warranted. None were noted during this meeting as requiring development of commercial standards.
- **September 18, 2006:** The WEQ Standards Review Subcommittee met to prepare for the meeting with the ESS/ITS on September 25th, during which the subcommittees will continue work on the draft scoping document for R05026 (Thirteen incremental enhancements to OASIS). In addition, the

subcommittee reviewed NERC Standard Authorization Requests and Ballots to determine if corresponding commercial practices were warranted. Several SARs were noted for future review – but none were confirmed as contained commercial implications.

- **October 16, 2006:** The WEQ Standards Review Subcommittee met to review changes made to the draft scoping document for R05026 as a result of the September 25-26 ESS/ITS meeting. Action items were taken by the NAESB office to clean up the formatting and organization of the document. In addition, the subcommittee continued to review NERC Standards Authorization Requests and Ballots to determine if corresponding commercial practices were warranted. Action items were taken by the subcommittees to contact the SAR drafting team leaders for SARs submitted on Area Control Error Equation, Manual Time Error, and Inadvertent Interchange. The SRS expects to receive updates on the status of these SARs at NERC.
- **Planned, November 20, 2006:** The WEQ Standards Review Subcommittee will meet to review the draft scoping document for R05026. It is expected that the document will be finalized during this meeting. In addition, the subcommittee will continue to review NERC Standards Authorization Requests (SARs) and Ballots to determine if corresponding commercial practices are warranted. The subcommittee also expects to receive updates from SAR drafting team leaders on the SARs related to Manual Time Error, Area Control Error Equation, and Inadvertent Interchange.
- **Planned, December 18, 2006:** The subcommittee plans to review NERC Standards Authorization Requests (SARs) and Ballots to determine if corresponding commercial practices are warranted.

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

Wholesale Electric Quadrant

TAB 9

2006 Annual Plan for WEQ

- The 2006 plan as approved by the Board of Directors at its September 2006 meeting is included. Should the WEQ EC determine that changes are to be made to the plan as a result of the subcommittee updates; a motion to approve the changes for forwarding to the Board for approval would be required. The motion would require a simple majority to pass.
- The materials in Tab 9 correspond to agenda item 3 for the WEQ EC agenda.

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 WEQ Annual Plan
Revisions Adopted by the Board of Directors on September 21, 2006

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 Status: No requests	As requested	BPS
ii) Review the NAESB WEQ "Version 0" business practice standards and remove any references to ERCOT (R05007) Status: Completed, approved by the EC at 5-9-06. Ratified on 6-22-06.	2nd 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) Status: Complete	2nd Q, 2006	BPS
c) Develop business practice standards to support Operate Within Limits (R03017) Status: Not Started	2006	BPS
d) Develop business practices to support the reliability components of TLR		
i) Version 0 Split of TLR business practices from reliability components Status: Completed ratification and delayed publication and filing with FERC until NERC has had the opportunity to complete its split.	2nd Q, 2006	BPS
ii) Continuous support of TLR Procedure in alignment with NERC efforts including version 1 development Status: Underway. R06002 completed and approved by the WEQ EC on 5-9-06.	Ongoing	BPS
f) Determine any needed NAESB action in support of the Interchange Distribution Calculator (IDC). Status: Not Started	2006	BPS
g) Develop jointly with NERC a Joint NERC/NAESB Operating training manual. Status: Not Started	2006	BPS

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 WEQ Annual Plan
Revisions Adopted by the Board of Directors on September 21, 2006

	Item Description	Completion[1]	Assignment[2]
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. (R05004) Status: Under way using joint standards development process with NERC. Request R050004 was expanded to include the OATT NOPR items.	2007	BPS and ESS
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 address include:		
	i) Business Practices for the resale or reassignment of transmission service (R04006D) Status: Complete, voted out of the EC on 8-15-06 with notational ballots outstanding.	2nd Q, 2006	ESS/ITS
	ii) Implementation of "release" mechanism in the OASIS S&CP to complement non-firm redirects (R04006C1) Status: Underway	3rd 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). Status: Not Started	3rd Q, 2006	JISWG
	iv) Registry: determine if business practice standards are needed to support the registry functions currently supported by NERC (R04037). Status: Underway	3rd Q, 2006	JISWG
	v) Adoption/maintenance of ESC use cases (R04007) Status: Completed.	2nd Q, 2006	ESS/ITS
	vi) Adoption/maintenance of Functional Requirements Document (R04007) Status: Completed.	2nd Q, 2006	ESS/ITS

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NORTH AMERICAN ENERGY STANDARDS BOARD
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		Item Description	Completion[1]	Assignment[2]
	vii)	e-Tag enhancements (including e-Tag specification changes) (R05018) Status: Underway	3rd Q, 2006	ESS/ITS
	viii)	Document procedures used to implement the displacement/interruption terms of the Pro Forma tariff (R05019) Status: Not Started	4th 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) Status: Scoping statement being prepared by SRS.	TBD	Not Assigned
	x)	Respond to issues in FERC Order No. 676 (Docket No. RM05-5-000) – NAESB WEQ Standards 001 9.7, (paragraph 51 of the order) Status: Underway – see item 7 in provisional items. Delayed awaiting order on rehearing by action taken on 8-15-06.	Delayed	ESS/ITS
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. Status: Not Started	3rd Q, 2006	ESS/ITS (JISWG)
	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. Status: Not Started	4th Q, 2006	EC Officers
	iii)	PKI Initiative (e-MARC) (R03007) Status: Underway	3rd Q, 2006	ESS/ITS (JISWG)
c)		Develop business practices as needed for clarification of definitions and terminology in the Standards of Conduct[3] Status: Completed. Voted out of the EC on 8-15-06.	2nd 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. Status: Not Started	4th Q, 2006	NAESB Staff with WEQ support

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 WEQ Annual Plan
Revisions Adopted by the Board of Directors on September 21, 2006

	Item Description	Completion[1]	Assignment[2]
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 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. The final order was issued on April 25, 2006.		
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) – request has been withdrawn. • Evaluate and develop business practice standards for electric scheduling timelines (R04020) – request has been withdrawn.		

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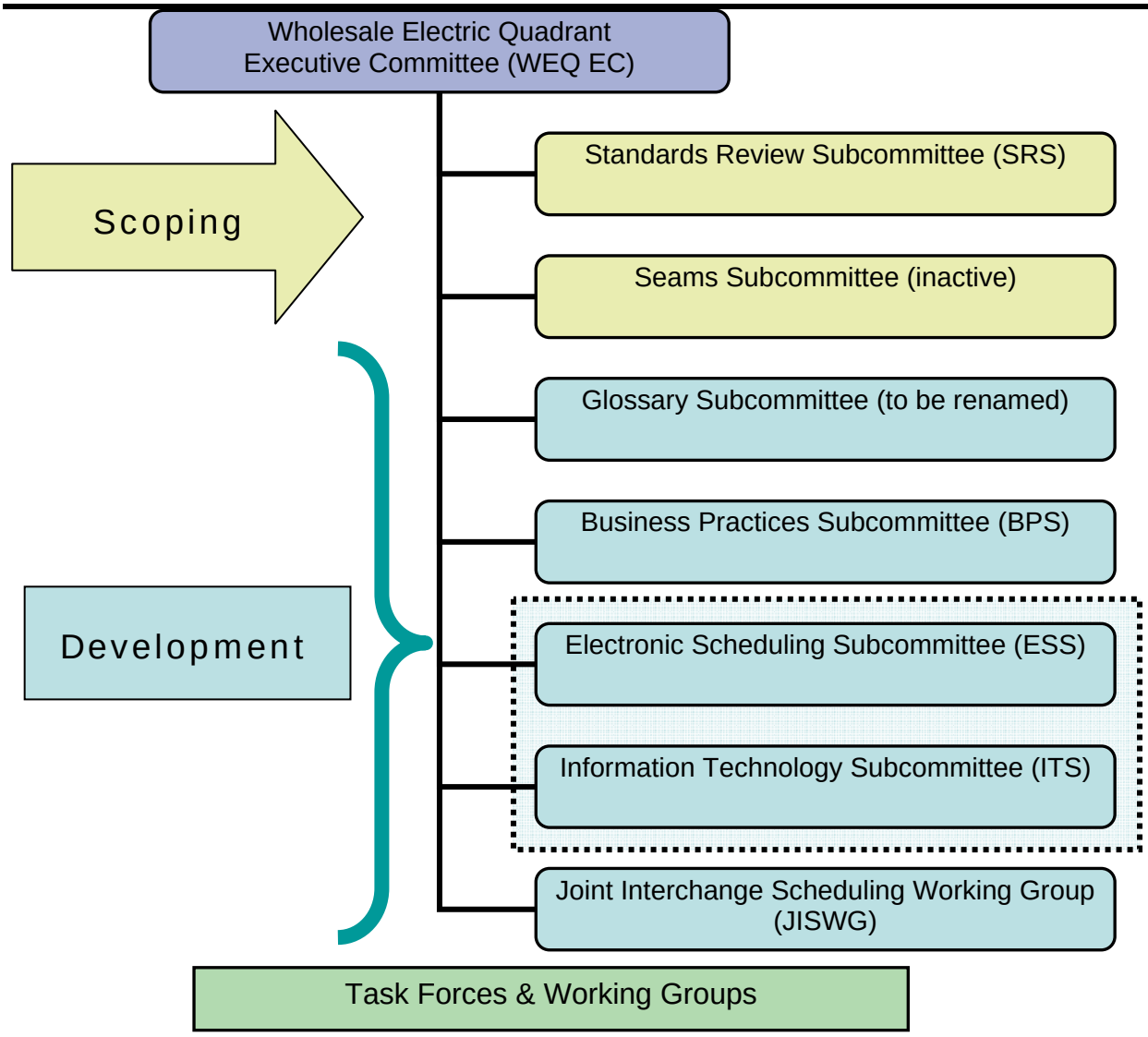

NAESB WEQ EC and Subcommittee Leadership:

Executive Committee: Kathy York (WEQ EC Chair) and Lou Oberski (WEQ EC Vice Chair)

Standards Review Subcommittee: Raj Rana, Narinder Saini

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

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

Joint Interchange Scheduling Working Group (JISWG): Bob Harshbarger

Glossary Subcommittee (to be renamed): Vacancy

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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 are underway and should conclude shortly.

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

Wholesale Electric Quadrant

TAB 10

2007 Draft Annual Plan for WEQ

- The draft 2007 plan is to be discussed, amended as needed during the discussion and approved by the EC for presentation to the board at the December 14 Board meeting. The motion requires a simple majority to pass.
- Included in this section are the draft plan and the recent set of OATT NOPR comments.
- The materials in Tab 10 correspond to agenda item 4 for the WEQ EC agenda.

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NORTH AMERICAN ENERGY STANDARDS BOARD
Draft 2007 WEQ Annual Plan – Version 1, November 1, 2006

	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 Status: No requests	As requested	BPS
b)	Develop business practice standards to support Operate Within Limits (R03017) Status: Not Started	2007	BPS
c)	Develop business practices to support the reliability components of TLR		
i)	Version 0 Split of TLR business practices from reliability components Status: Completed ratification and delayed publication and filing with FERC until NERC has had the opportunity to complete its split.	1st Q, 2007	BPS
ii)	Continuous support of TLR Procedure in alignment with NERC efforts including version 1 development Status: Underway. R06002 completed and approved by the WEQ EC on 5-9-06.	Ongoing	BPS
iii)	Complete version 1 TLR business practices Status: Dependent on successful completion of NERC efforts – 1(c)(i).	1st Q, 2007	BPS
d)	Determine any needed NAESB action in support of the Interchange Distribution Calculator (IDC). Status: Not Started	4th Q, 2007	BPS
e)	Develop jointly with NERC a Joint NERC/NAESB Operating training manual. Status: Not Started. Dependent on completion of version 1 TLR BPs, 1(c)(i)	2nd Q, 2007	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	2007	BPS/ESS

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NORTH AMERICAN ENERGY STANDARDS BOARD
Draft 2007 WEQ Annual Plan – Version 1, November 1, 2006

	Item Description	Completion[1]	Assignment[2]
	and/or amendments to existing TLR procedures. (R05004) Status: Under way using joint standards development process with NERC. Request R050004 was expanded to include the OATT NOPR items (RM05-25-000 and RM05-17-000).		
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 address include:		
i	Network Services: determine if business practice standards or other support is needed to support use of OASIS for Network Service transactions (R04006E). Status: Not Started	2007	JISWG
ii)	Registry: determine if business practice standards are needed to support the registry functions currently supported by NERC (R04037). Status: Underway	2007	JISWG
iii)	e-Tag enhancements (including e-Tag specification changes) (R05018) Status: Underway	2007	ESS/ITS
iv)	Document procedures used to implement the displacement/interruption terms of the Pro Forma tariff (R05019) Status: Not Started	2007	ESS/ITS
v)	Incremental enhancements to OASIS as an outgrowth of the NAESB March 29, 2005 conference on the future of OASIS (R05026) Status: Scoping statement being prepared by SRS.	TBD	Not Assigned
vi)	Respond to issues in FERC Order No. 676 (Docket No. RM05-5-000) – NAESB WEQ Standards 001 9.7, (paragraph 51 of the order) Status: Underway – see item 7 in provisional items. Delayed awaiting OATT Reform NOPR RM05-17-000 and RM05-5-000.	Delayed	ESS/ITS
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. Status: Not Started	2007	ESS/ITS (JISWG)

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NORTH AMERICAN ENERGY STANDARDS BOARD
Draft 2007 WEQ Annual Plan – Version 1, November 1, 2006

	Item Description	Completion[1]	Assignment[2]
ii)	Address the surety assessment findings on NAESB PKI standards Status: Not Started	2007	ESS/ITS (JISWG)
c)	Develop needed business practice standards for organization/company codes for NAESB standards – and address current issues on the use of DUNs numbers. Status: Not Started	3rd Q, 2007	NAESB Staff with WEQ support

PROVISIONAL ITEMS

1 Develop and or modify business practices related to OATT reform resulting from the NOPR, Docket Nos. RM05-25-000 and RM05-17-000, issued May 19, 2006.

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

3 Using the NERC Interconnected Operations Services reference document (March 2002, version 1.1) as a guide and starting point, develop business practices as necessary for ancillary services and/or interconnected operating services transactions.

4 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.

5 Develop and or modify business practices as requested by FERC related to gas-electric coordination issues in Docket No. RM05-5-001, "Standards for business practices for Interstate Natural Gas Pipelines", "Standards for Business Practices for Public Utilities," issued October 25, 2006 and related order on inquiry, "Order Instituting Inquiries into Gas-Electric Coordination Issues," also issued on October 25, 2006.

6 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.

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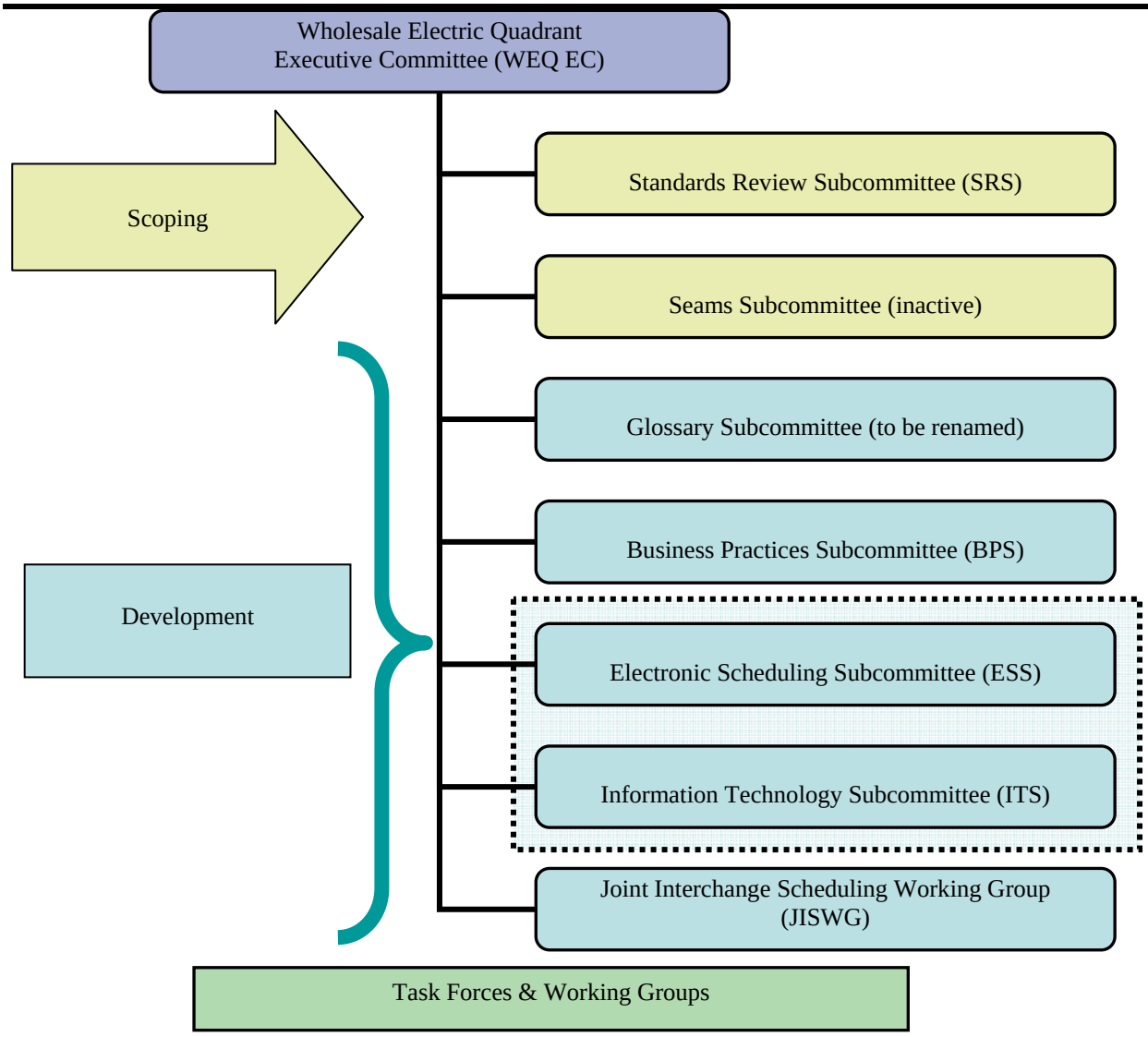

NAESB WEQ EC and Subcommittee Leadership:

Executive Committee: Kathy York (WEQ EC Chair) and Lou Oberski (WEQ EC Vice Chair)

Standards Review Subcommittee: Raj Rana, Narinder Saini

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

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

Joint Interchange Scheduling Working Group (JISWG): Bob Harshbarger

Glossary Subcommittee (to be renamed): Vacancy

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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.

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Analysis of Docket Nos. RM05-17-000 and RM05-25-000 – Potential NAESB Standards Development Efforts

Item	Cite	Description of Potential NAESB Standards Development Effort/	Preliminary Assessment of Level of Difficulty
		Consistency and Transparency of Available Transfer Capability ("ATC") Calculations	
1	51 127 148 156	The consistency and transparency of ATC calculations is clearly both a NERC and NAESB effort. It is being worked on jointly and corresponds to: • NAESB request R05004[1] (revised) "Develop transmission service request and scheduling standards using TTC/ATC/AFC and CBM/TRM" • NAESB request R05019[2] "Modify OASIS standards an S&CP to clearly document the procedures used to implement the displacement/interruption terms of the pro forma tariff" • and two North American Electric Reliability Council ("NERC") Standard Authorization Requests ("SARs"): Standard Revision to Existing Standard MOD001-0, and Standard Revision to Standards MOD004, MOD005, MOD006, MOD008, and MOD009 There are several new items that were not included in our request and will be brought before the Wholesale Electric Quadrant Executive Committee of NAESB ("EC") to expand the scope of the request to include the new items should they be part of the final order.[3] If they are not part of the final order, the EC will be asked if they still see value in pursing the standards development efforts. We understand that the new items that are required through the NOPR have not been identified as requirements for complementary business practices to the reliability standards for ATC. As such, for those items listed below we recommend staging both the development of the standards and the implementation by the industry. The new items are shown following as items 2 through 9:	**Effort: Difficult.** ATC/TTC/CBM/ETC is a significant effort already underway, and will take considerable resources from both organizations. We understand that the standards are to be implemented by the industry 6 months after its publication in the Federal Register. For consistency and transparency of the calculations, the underlying assumptions made in the planning process should be reflected in the standards to be developed. **Staging:** The new items will require significant resources both to develop the standards and to implement them in the industry.
2	155	• Along with "transparency" requirement, there may be additional OASIS posting requirements to document methodology – assume this posting to be more "free-form" like Standards of Conduct, than the standardization	**Effort for new items: Maintenance.** Most of the new items are either Moderate or maintenance as the bulk of the development work is to be addressed by NERC. These items

1 Request R05004, amended on December 12, 2005, can be accessed from the NAESB web site at the following hyperlink: . http://www.naesb.org/pdf2/r05004_revised121205_redline.doc.

2 Request R05019, submitted on June 24, 2005 and approved for standards development on September 19, 2005 , can be accessed from the NAESB web site at the following hyperlink: . http://www.naesb.org/pdf2/r05019.doc.

3 The Wholesale Electric Quadrant is considering modifications to request R05004 at its meeting on August 15, 2006. The revised request is posted on the NAESB web site, and can be accessed through the following hyperlink: http://www.naesb.org/pdf2/weq_ec081506w1.doc.

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		of the informational content of business transactions (i.e., templates).	can be addressed concurrently.
3	158	• NAESB ETC companion business practices	**Effort for new items: Maintenance.** NERC has identified the ETC definition to be included in the ATC calculation; NAESB may need to develop complementary business practices.
4	158	• Additional OASIS business practices may be needed for the posting of information in native load use of transmission	**Effort for new items: Moderate.** This may include business practice development for transmission commitments, specifically components to be included in ETC.
5		• CBM OASIS business practice development will be required and:	**Effort for new items: Moderate.** This is not included in the original request although we understand that NERC is preparing reliability standards to support CBM.
	161	(i) May require new OASIS transaction to allow an LSE to "call" on CBM	
	162	(ii) Possibly separate rate schedule for CBM set-aside	
	163	(iii) Elimination of CBM and introduction of new transfer capability reservation for designated network resources	
6	168	• Calculation and frequency of posting ATC calculations	**Effort for new items: Maintenance.**
7	169	• Coordination and data exchange may require business practices for existing transmission reservations including counterflows, ATC calculation frequency, Source/sink modeling identification	**Effort for new items: Moderate.**
8	181	• Informational postings may be required to complement the reliability standards MOD-001 for development of consistent methodologies for ATC/TTC/AFC. In addition, NAESB business practices may be needed to determine which information should be posted to support ATC/TTC/AFC.	**Effort for new items: Maintenance.**
9	186	• Posting 'narrative' explanation for changes in ATC values is required. Providing the mechanism for a standardized navigation to access the narratives would not be difficult, but the significance of this item is in the possible burden that changes to the ATC values may change multiple times per day.	**Effort for new items: Moderate,** depending on the clarification of posting requirements.

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Analysis of Docket Nos. RM05-17-000 and RM05-25-000 – Potential NAESB Standards Development Efforts

Item	Cite	Description of Potential NAESB Standards Development Effort/	Preliminary Assessment of Level of Difficulty
TRANSMISSION PLANNING – COORDINATED OPEN AND TRANSPARENT PLANNING			
10	52 214.8	At a minimum there may be a requirement to post a list of completed congestions studies on OASIS which is related to the requirements for coordinated, open and transparent transmission planning.	**Effort: Maintenance**. For the informational posting this effort is reasonable and can be done in the normal course of business of a standards development committee. Items 1-7 cited in section 214 are considered either NERC reliability efforts or regional reliability efforts and should not require the development of complementary business practices or OASIS changes.
11	214.4	The business practices development to support information exchange and the submission of network customer load and resource information and point-to-point customer usage projections is addressed in request R04006E[4], but may require modifications related to the frequency of submission and updating of information.	**Effort: Moderate.**
TRANSMISSION PRICING			
12	53 238	Initially the energy and generator imbalance charges may require posting of information on the OASIS sites. Until the tariff language is drafted that addresses how the charges must be tailored to encourage accurate scheduling behavior, we will not know if business practices will be needed. OASIS S&CP changes may be called for if this is considered a new service to be reserved (ancillary services).	**Effort: Moderate.** For the posting, this effort is reasonable and can be done in the normal course of business of a standards development committee.
13	245	Treating inadvertent interchange differently than energy and generator imbalances, and depending on the decision of the Commission in the final order regarding whether the NAESB standards on inadvertent interchange are sufficient or require changes, may require modifications to existing standards.	**Effort: Unknown.** Depending on the decision of the Commission whether to change the policy governing inadvertent interchange may require business practice modifications which cannot be gauged until the commission reaches decisions on comments submitted.
14	53 270	Capacity reassignment including removing the price cap and allowing negotiated rates could require posting standards for the OASIS sites, and significant functions added to support such postings. This will require a more comprehensive standards solution, which may include data aggregation by the transmission provider, reports	**Effort: Difficult.** Posting is more complicated if the TP is required to post information given to it by a marketer on its non-standards products.

4 Request R04006E submitted on and approved for standards development on ,may be accessed from the NAESB web site at the following hyperlink: http://www.naesb.org/pdf/r04006.pdf

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	276	prepared and posted quarterly including how the information is communicated between the transmission provider and marketer for collection, submittals of quarterly reports from the transmission provider to FERC, changes to the OASIS S&CP, and determination of informational content and design of templates.	
NON- RATE TERMS AND CONDITIONS – POINT TO POINT			
15	54, 305, 309, 314, 317-8, 321-4, 331-2	Improvements to Point-to-Point Service may require changes to the business practices for Transmission Loading Relief to support conditional firm service. Because there is insufficient information on redispatch, it is unclear what if any business practices, changes to OASIS for posting, or changes to the OASIS S&CP, including template changes or creation will be required.	**Effort: Difficult.** OASIS BPs and OASIS S&CP to support conditional firm service, the effort may be moderate. To implement conditional firm service into Transmission Loading Relief, this effort may be significant. If conditional firm service product is not defined clearly in the order, the ambiguity will contribute to the level of effort required. Should redispatch be implemented along the lines outlined in the SPP filing, the effort will be comprehensive and significant.
16	58 345 343 344	Develop business practices and OASIS S&CP changes to support miscellaneous OATT improvements including: (1) Reservation priorities: changes to the priority rules to give priority to pre-confirmed transmission service requests submitted in the same time period, and to add price as a tie-breaker in determining reservation queue priority when the transmission provider is willing to discount transmission service. (2) Hourly Firm:.Require transmission providers to offer hourly firm service under the pro forma OATT. (3) Extend the terms of service and notice periods associated with the OATT rollover rights to protect native load adequately.	**Effort: Moderate.** OASIS BPs and OASIS S&CP changes to support hourly services, reservation priorities and terms for OATT rollover rights, the effort could be moderate. **Staging:** The underlying related effort to develop business practices for displacements is significant as related to R05019 (see item 1, cite 156).
17	345	Provide business practices and OASIS S&CP changes to support batching for hourly firm service. Business practices would include definition of batching of multiple hours with/without varying capacity.	**Effort: Moderate.** OASIS BPs and OASIS S&CP changes to support batching for hourly services could be moderate once the definition for batching is determined.
18	349 356 358	Develop business practices to support the transmission provider identification of future limitations to rollover rights due to native load growth, and for posting of computation methods and results to demonstrate forecasted native load growth and impact on customers with rollover rights.	**Effort: Moderate.** Business practices may be needed for rollover rights which could impact ATC standards, planning standards and OASIS standards including the OASIS S&CP. The clarity provided with the final order should assist in

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			determining the level of effort; however, it is expected that the informational posting requirements can be reasonably addressed in the normal course of business of a standards development committee. As part of the NAESB redirect standards, ROFR rollover rights is addressed.
19	187	Minimal business practice standards and OASIS S&CP changes will be needed to support increasing the retention period for OASIS audit data specific to denial of request for service and for transmission service information for audits. The data must be downloadable. There may be changes also to the OASIS S&CP.	**Effort: Maintenance.**
20	347	Minor modification to request R05019 is required to include displacements/interruptions as an additional tier of firm service to support hourly firm service. Changes to the request will also be required to support Transmission Loading Relief changes to support hourly firm service.	**Effort: Moderate.**
21	371 367	Business practices are already under development and should conclude in the next few months with voting and adoption for the modification of receipt and delivery points to support redirect of service.	**Effort: M**aintenance . OASIS BPs and OASIS S&CP are developed and being modified as a part of WEQ Standard 001-9 and 001-10. This should be completed before the order is finalized.
22	369	As determined in the final order resulting from comments submitted, changes may be required to NAESB WEQ Standards 001-97 addressing redirects and rollovers.	**Effort: Moderate.** OASIS Standard 001-9.7 may require changes which could be reasonably accommodated through the normal course of business of standards development committee.
23	372	Reforms identified in the final order for redirects may require development of new business practices or changes to existing ones.	**Effort: Moderate.**
NON- RATE TERMS AND CONDITIONS –NETWORK SERVICES			
24	55	Develop business practices, design of templates and changes to the OASIS S&CP to support functions for network services as proposed for the following:	**Effort: Difficult.** These are significant changes not only for the standards to be developed in NAESB, but also for the industry to implement such changes. Some of the work may be encompassed in R04006E. Network services are implemented in the industry in a variety of methods, which should be reviewed to determine if a best practice is the best
	189	(1) require transmission providers and their network customers to use the transmission provider's OASIS to request designation of a new network resource and to terminate the designation of an existing network resource, which should also be employed to substitute one designated network resource for another (comparable to redirecting in	

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		point-to-point service).	approach or if standards should be developed that address both regional and operational differences.
	189	(2) require the transmission provider to modify its OASIS so that requests to designate and terminate a network resource can be queried.	**Staging**: This will probably requiring staging of development – first to develop business practices, followed by technical standards, filing with FERC and then industry implementation after FERC review and consideration.
	434	(3) require the transmission provider to post on its OASIS a list of its current designated network resources and all network customers' current designated network resources.	
	58	(4) Designation of network resources. Clarifications tot the types of agreements that may be designated as network resources, the process for verifying whether agreements meet the requirements in the pro forma OATT, and the requirements for transmission providers to designate and undesignate network resources, including the requirements for customers to submit an attestation with each applications to designate a new network resource.	
	58	(5) Clarifications related to network service. We propose to clarify that a network customer may not use secondary network service to bring energy onto its system to support an off-system sale if the purchased power does not displace the customer's own higher cost generation. We also propose clarifications related to use of network service on an "as available basis" and to "redirects" of network service.	
	408-9	(6) Qualification for network resources.	
	413-4	(7) Documentation for network resources.	
	422-3	(8) Undesignation of network resources.	
25	427-8 432	Develop OASIS business practice to support secondary network services including use of the concept of "economy energy."	**Effort: Moderate.** OASIS BPs and OASIS S&CP to modify queue processing could be reasonably addressed in the normal course of business of a standards development committee. **Staging:** However, we should take into account that the network services standardization described above should be completed first before development of standards for secondary network services can begin.
NON- RATE TERMS AND CONDITIONS –OTHER			
26	56	Increases in transparency to lessen the opportunities to discriminate and reduce transaction costs will require new NAESB business practices, changes to OASIS and to the OASIS S&CP to require transmission providers to post on	**Effort: Moderate.** These are posting requirements and will require moderate efforts from NAESB to develop standards

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		OASIS all their business rules, practices and standards that relate to transmission services provided under the pro forma OATT.	but could require significant efforts from the industry to implement such changes.
27	195	Develop standards for consistent methods of posting new requirements on OASIS so that a common format is used.	**Effort: Moderate.** Typically informational postings are straightforward and should address navigational standards, titling standards for documents, frequency of updates, and description of general content. If the postings require querying, then design of templates and more proscriptive definitions for information requirements are needed.
28	389	Develop business practices to log actions taken under the queue flooding and queue hoarding business practices	**Effort: Maintenance.** OASIS BPs and OASIS S&CP to support logging would be relatively minor and could be reasonably addressed in the normal course of business of a standards development committee.
29	393	Develop business practices if needed to support additional standardization of the queue processing at an outcome of the comments submitted and Commission decision provided in the final order.	**Effort: Moderate.** OASIS BPs and OASIS S&CP to modify queue processing could be relatively minor and could be reasonably addressed in the normal course of business of a standards development committee depending on the decisions outlined in the final order.
30	399-401	Develop business practices and technical standards to support modifications to changes to the first-come, first-serve approach on OASIS sites by utilizing a 5-minute window. The development may impact priority rules and may require the design of a tie-breaker.	**Effort: Moderate.** Depending on the solutions outlined in the final order, this development effort may be significant.
31	455	Develop informational postings for OASIS to post supplemental credit guides or manuals to the basic elements in Attachment L of the OATT.	**Effort: Maintenance.** The posting changes are informational in nature – the effort can be reasonably addressed in the normal course of business for a standards development committee.
32	58 461 462	Develop business practices to support OATT definitions for: (1) Good Utility Practice (2) Non-Firm Sales	**Effort: Moderate.** Definitions, glossary changes and review of existing base of standards for consistency could be reasonably addressed in the normal course of business of a standards development committee depending on the decisions

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	463	(3) Affiliate	outlined in the final order for guidance on the definitions needed.
	463	(4) Pre-confirmed Application	
	345	(5) Batching	
	457	(6) Reliable Operations	
		and update the NAESB glossary with the resulting definitions. The definitions should also be reviewed for context against existing NAESB business practices.	
ENFORCEMENT			
33	57 382-3 385	Strengthening enforcement of the pro forma OATT will require NAESB to make changes and create standards to support a number of posting and reporting requirements that will provide the Commission and market participants with information about each transmission provider's performance of pro forma OATT obligations (for example, requiring transmission providers to post specific performance metrics related to their completion of studies required under the pro forma OATT). In addition, the OASIS S&CP will require changes to support transmission information kept on OASIS to be retained for audit purposes for five years.	**Effort: Moderate.** the posting changes are informational in nature – the effort can be reasonably addressed in the normal course of business for a standards development committee. The postings take the form of studies (57) or performance metrics (193). While the effort to prepare standards for informational postings is more of a moderate task or in the nature of maintenance, due to the number of new informational postings, the efforts are cumulative and could result in significant work.
	193	The informational postings will be required for transmission providers to post on OASIS certain metrics related to the provision of transmission service under the pro forma OATT. Specifically, proposed are the requirements: (1) to require transmission providers to post data each month concerning transmission service requests associated with particular paths or flowgates that would clearly identify the number of requests that have been accepted and the number of requests that have been denied during the prior month. The posted data would show: (1) the number of non-affiliate requests for transmission service that have been rejected and (2) the total number of non-affiliate requests for transmission service that have been made. This posting would distinguish between the length of the service request (e.g., short-term or long-term requests) and between the type of service requested (e.g., firm point-to-point, non-firm point-to-point or network service). (2) to require that the transmission provider post similar information for affiliate transactions. In other words, the transmission provider would also post: (1) the number of affiliate requests for transmission service that have been rejected, and (2) the total number of affiliate requests for transmission service that have been made. Similarly, this posting would distinguish between the length of the service request (e.g., short-term or long-term requests) and	If queries are needed, the effort increases as template design will be required in addition to the informational postings. The change to support the retention of data is administrative for NAESB, but the effort to aggregate data may be significant for some industry participants and the volume of data open for review and verification could be a significant and repetitive time commitment.

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		between the type of service requested (e.g., firm point-to-point, non-firm point-to-point or network service).	
	451	Develop business practices and informational postings for transmission providers to post on OASIS all of their rules, standards and practices that relate to transmission services.	A complication to this item is the uncertainty of the types of information meant by "that relate to transmission services."

Wholesale Electric Quadrant

TAB 11

TLR Progress

- No action is required of the EC. The progress made on TLR is related to the effort underway at NERC. The WEQ Leadership asked that a TLR timeline be prepared and forwarded to NERC. On September 20.
- Included in this section is the communications sent to Gerry Cauley regarding the TLR timeline of activities.
- The materials in Tab 11 correspond to agenda item 5 for the WEQ EC agenda.

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TO: Rae McQuade, President, NAESB

FROM: DeDe Kirby, NAESB Meeting and Project Manager

RE: **Update on development of the split Transmission Loading Relief (TLR) NAESB Business Practice Standards and the status of the standards**

DATE: October 6, 2006

August 2-3, 2004: On August 2-3, 2004, team leaders from the NERC Version 0 Standards Drafting Team and the NAESB Business Practices Subcommittee (BPS) met in Chicago, IL to develop a joint recommendation on the division of the NERC Operating Policies into NAESB Business Practice Standards and NERC Reliability Standards. The unanimously endorsed recommendation of the task force for TLR was for NERC and NAESB to adopt a TLR procedure document with the same language and format in their respective Version 0 standards and immediately begin a joint project to develop replacement Version 1 standards distinguishing reliability requirements and business practices by the end of 2005.

August 16, 2004: The final recommendation of the joint task force that meant in Chicago was presented to the Joint Interface Committee on August 16, 2004. The recommendation above for the separation of business practices and reliability standards from the Version 0 TLR standard with commitment to file the Version 1 standards with the FERC by end of year 2005 was unanimously approved by the members of the JIC.

December 31, 2004: NAESB WEQ membership ratified the Version 0 TLR (pre-split) standards.

December 8, 2004: The joint TLR Task Force met 8 times from December of 2004 until June of 2005 to complete the designated split of the business practices from the reliability standards of TLR Version 0. On **June 1-2, 2005** the NAESB members of the task force unanimously supported the division completed by the task force and the NERC members took a straw man vote to show their unanimous support. At this point, the standards moved to their assigned drafting teams at NERC and NAESB for completion.

June 14-15, 2005: The NAESB WEQ BPS met 7 times, from June 14-15, 2005 to October 12, 2005, to complete the NAESB post-split TLR standard. It was voted out of subcommittee on October 12th. Please note the standard was posted for informal comments prior to being voted out of subcommittee.

(NERC) July 14, 2005: NERC Operating Reliability Subcommittee (ORS) submitted a Standards Authorization Request (SAR) for the post-split NERC TLR Standards. Twelve sets of comments were submitted on the SAR: six sets supported the division and six did not.

October 10, 2005: R05009 Recommendation (Modify the NAESB Version 0 TLR business practices to remain consistent with the NERC Version 0 TLR reliability standards [dynamic flows]) was ratified by NAESB WEQ membership.[1]

(NERC) November 18, 2005: NERC ORS sent a letter to NAESB requesting that NAESB cease development of Recommendation R04013A (NAESB post-split TLR standards) based upon the comments received at NERC. This letter was received as comments on Recommendation R04013A. All comments received on the recommendation were reviewed by the NAESB BPS on **November 22nd** in preparation of the NAESB November 29th WEQ Executive Committee (EC) meeting. Although these comments were officially considered by the WEQ EC, the BPS members noted the following reasons that NAESB should move forward with Recommendation R04013A: a separate standard should exist at NAESB to adequately address the commercial needs of the industry; division and maintenance of standards had been addressed previously by NERC and NAESB during other standards drafting activities (Coordinate

[1] Please note that this change to the NAESB pre-split Version 0 standard was completed to correspond with NERC changes to their Version 0 TLR standards to account for dynamic schedules. This change followed up on the commitment of NERC and NAESB to keep the standards in line with the "same language and format." The Urgent Action SAR was approved by the NERC Board of Trustees in June 2005.

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Interchange); the JIC had previously unanimously supported the assignment of this project and; not moving forward with the standard could effect the standards drafting process at both NERC and NAESB.

November 29, 2005: Recommendation R04013A (post-split TLR standards) was reviewed by the WEQ Executive Committee. The WEQ EC recommended the adoption of the TLR Business Practices with ratification held in abeyance until TLR implementation issues between NERC and NAESB were clearly defined. The WEQ EC recommended the WEQ Board members make this determination.

December 19, 2005: The WEQ EC approved the Recommendation by notational ballot on December 19, 2005.

February 17, 2006: NAESB filed a progress report with the FERC updating them on the state of the NERC-NAESB joint standards development process.[2] The following statement, found in the progress report, reaffirms NAESB's commitment to complete the joint development of the TLR standards and to work with NERC to provide for standards that complement each other:

> NAESB would not immediately file these business practices with the Commission for consideration until NERC and NAESB have had an additional opportunity to determine if further changes are needed, and NERC has completed it process of developing the reliability standards. It is expected that NERC and NAESB will employ the joint development process to ensure that the coordination of the development of the two products is achieved.

February 22, 2006: Joint development template for NERC and NAESB efforts was presented to the Board of Directors via email. The Board unanimously adopted the template and authorized the NAESB office to move forward with ratification of the post-split TLR standards.

(NERC) February 24, 2006: NERC filed a statement with the FERC in support of the progress report on joint standards development filed by NAESB on February 17, 2006.[3]

April 10, 2006: The post-split standard was ratified by 80% of the NAESB WEQ Membership that voted.

(NERC) May 3, 2006: NERC ORS discussed SAR for post-split standards and future action plan.

(NERC) June 22-23, 2006: NERC Standards Authorization Committee (SAC) approved the formation of a TLR SAR Drafting Team and asked for nominations for this team.

(NERC) August 2, 2006: URGENT ACTION: SPP Regional Difference - IRO-006-3 posted for NERC Board of Trustees adoption.

(NERC) August 17, 2006: The NERC TLR SAR Drafting Team began meeting. Its first priority is to answer the comments submitted on the previous NERC TLR SAR.

September 1, 2006: R06002 Recommendation - Modify NAESB pre-split Version 0 TLR business practices to remain consistent with NERC IRO-006-1 pre-split TLR reliability standards (inclusion of market flows). – was ratified by 100% OF THE NAESB WEQ Membership that voted.[4]

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[2] Progress Report on NAESB Activities impacting Docket No. RM05-5-000, "Standards for Business Practices and Communication Protocols for Public Utilities", filed with the Commission on February 17, 2006, Accession Number 20060217-5041.

[3] Statement of North American Electric Reliability Council In Support of Comments and Report by North American Energy Standards Board, under RM05-5 filed with the Commission on February 21, 2006, Accession Number 20060217-5082.

[4] Please note that Recommendation R06002 also follows up on NERC and NAESB's commitment to keep the Version 0 standards in line with the "same language and format." However, this commitment was made in reference to the standards held in NERC Operating Policy IRO-006-Attachment 1. NERC waivers in the version 0 standards were not contained in Attachment 1. It would not have been appropriate to contain these waivers in the NAESB Version 0 standard, since there originally not part of Attachment 1. However, during the Version 1 effort it was determined that these waivers were commercial in nature (please reference the addition to the NAESB standard of the PJM/MISO regional difference). Therefore, NERC has made the SPP change to IRO-006 (NERC's version 0 standard) and NAESB has made the corresponding change to its version 1 standard (more specifically, regional differences are included in Appendix D of the NAESB post-split standard). When NERC completes its version 1 standard, the SPP waiver should not be

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(NERC) September 11, 2006[5]: The NERC TLR SAR Drafting Team held its second meeting.

(NERC) September 29, 2006: NERC Filing made on TLR which revised Version 0 (Docket No. ER06-) – and impacts the NAESB Version 0 standards.6

(NERC) October 2, 2006: The NERC TLR SAR Drafting Team held its third meeting in Carmel, Indiana where they continued to work on the SAR. It was not completed in this meeting.

EXPECTED:

(NERC) October 26, 2006: The NERC TLR SAR Drafting Team SAR may be approved by the NERC SAC assuming it is finalized between October 2 and October 25. If it is not complete for the October 26 meeting, the SAR may be complete for the November SAC meeting. Once the SAR is approved by the SAC, the NERC Standard Drafting Team will be assembled to begin review and drafting the standards to support the Version 0 split.

(NERC) 2nd Quarter, 2008: NERC's expected date of completion of TLR Split.

Outstanding (NAESB): See footnote 6.

included.

[5] Please note that more information is not available for this meeting (or the following meeting) on the NERC website at this time.

[6] In review of the filing, it is apparent the Market Level 3b and 4 changes were made to Attachment 1 of IRO-006. The SAR was approved for a 45 day comment period on February 14, 2006. It was asked at that time that the revisions contained in this SAR be "rolled in" with the revisions to be completed under the General Update with NAESB SAR. There was no agreement by SAC to the "roll-in" at the February SAC meting as SAC members and NERC staff noted that the "roll in" would not be completed when needed. The changes were needed by summer of 2006, and it was generally recognized that SAC would not be approving the Version 0 split by that date. Since February, in addition to NAESB BPS discussions, the NAESB SRS also requested updates from NERC on this SAR. NAESB was informed again that the changes for Market Level 3b and 4 would be rolled in with the NAESB General Update SAR and that no changes were required of NAESB for version 0. There is a question outstanding on steps to be taken for NAESB to remain consistent with NERC on TLR Version 0.

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

Retail Quadrants

TAB 12

Recommendations and Updates

- This material is for review and vote. To adopt he model business practices recommended requires a super-majority vote of both retail quadrant ECs.
- The material in tab 12 corresponds to agenda items 3 and 4 of the retail ECs agenda.
- Included in this section for reference are:
  - Retail Contracts Recommendation (R05013) and Comments (due November 1, 2006 – three comments received from BG&E, DEGT and Sprague Energy)
  - Customer Enrollment Recommendation (REQ/RGQ 2006 Annual Plan Item 4(i)) and Comments (due November 13 – one set received to date from BG&E). As comments are received, they will be provided under separate cover.

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via email and posting

TO:	NAESB Retail Electric Quadrant (REQ) and Retail Gas Quadrant (RGQ) Members and Interested Industry Participants
FROM:	DeDe Kirby, Meeting/Project Manager
RE:	REQ/RGQ Request for Comments
DATE:	October 2, 2006

An industry comment period begins today, October 2, 2006 and ends on November 1, 2006 for one REQ and RGQ recommendation that is posted on the NAESB web site:

> **Recommendation R05013 and REQ/RGQ Annual Plan Item #6a** – Develop a model retail electric contract: http://www.naesb.org/pdf2/r05013_rec.doc. *Please note that the recommended standard and user guide are posted as attachments to the Recommendation itself.*

All interested parties, regardless of membership status within NAESB are eligible to submit comments for consideration. The REQ and RGQ Executive Committees will review this recommendation and consider it for vote as a NAESB REQ and RGQ standard at its meeting on November 15, 2006 in Dallas, TX. The REQ and RGQ EC will review all submitted comments.

All comments received by the NAESB office by end of business on November 1 will be posted on the Home Page (http://www.naesb.org/request.asp) and forwarded to the REQ and RGQ EC members for their consideration. If you have difficulty downloading the recommendations and attachments, please call the NAESB office at (713) 356-0060.

Best Regards,
DeDe Kirby

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NAESB Retail Electric Quadrant Members as of October 2, 2006

Segment	Organization	Contact
d	Ameren Services Company	Patrick Eynon
d	Baltimore Gas & Electric Co.	Ruth Kiselewich
su	Calpine Energy Services, LP	Margarida Williamson
d	Cinergy Services, Inc.	Paul K. Jett
d	Consolidated Edison Company of NY	Hollis Krieger
su	Constellation NewEnergy, Inc.	Sara O'Neill Peter Kelly-Detwiler Jansen Pollock
e	Defense Energy Support Center	Lisa Robert
su	Direct Energy Business Services	David Booty
su	Dominion Retail	William Barkas Richard Zelenko
d	Dominion Virginia Power	David F. Koogler Mary Edwards
s	EC Power International	Judy Bailey J. Cade Burks Jennifer Teel
s	Electric Reliability Council of Texas (ERCOT)	Sam R. Jones Rob Connell Ray Giuliani
d	Exelon Energy Delivery	Toni Garza
d	Gulf Power Company	Joel Thomas Kilgore Yvette Camp
d	MidAmerican Energy	James E. Wilson
d	Mississippi Power Company	Dorman Davis Yvette Camp
e	Office of Public Advocate, State of Maine	Barbara Alexander
e	Ohio Consumers Council	Randy Corbin
e	Pennsylvania Office Of Consumer Advocate	Tanya J. McCloskey Sonny A. Popowsky
s	PPLSolutions, LLC	James M. Minneman
d	Public Service Electric & Gas	Terrence Moran

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s	Southern Company Services	Mark S. Jarrett Yvette Camp
s	Structure Group	Stacey Wood
d	TXU Electric Delivery	Tommy Weathersbee Debbie McKeever
su	TXU Energy Retail	Felecia Lokey
e	Wal-Mart Stores, Inc.	Angela Beehler
d	Wisconsin Public Service Corporation	William L. Bourbonnais Les Nishida Ken Thiry

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NAESB Retail Gas Quadrant Members as of October 2, 2006

Segment	Organization	Contact
d	AGL Resources Inc.	Katrina Bond
d	Baltimore Gas & Electric Company	Phil Precht
su	Center Point Energy Minnegasco	Andrea Newman
s	Commerce Energy Group	Greg Lander
su	Dominion Retail, Inc.	Richard A. Zollars
s	Energy Services Group, Inc.	George Behr
su	Exelon Energy	Sheree M. Petrone
e	Indiana Office of Utility Consumer Counselor	Matthew Parsell
s	International LNG Alliance (Sweet Strategies)	David Sweet
su	Interstate Gas Supply	Elizabeth Clothier
s	Latitude Technologies	Leigh Spangler
d	National Fuel Gas Distribution Corporation	Mike Novak
d	Niagara Mohawk	James Dillon
d	Northern Indiana Public Service Company (NiSource Inc.)	Mark T. Maassel
e	Ohio Consumers Council	Bruce M. Hayes
e	Pennsylvania Office of Consumer Advocate	Tanya J. McCloskey Stephen Keene
d	Peoples Gas System	Rachel Gebhardt
d	Philadelphia Gas Works (APGA billing: Bert Kalisch)	Joe Stengel Craig White
d	Public Service Electric & Gas Company	Terrence Moran
su	Sprague Energy Corp.	Kathy Fudali
s	Systrends USA	Dave Darnell
su	UBS Energy LLC	Suzanne Calcagno
d	UGI Utilities, Inc.	Paul Szykman

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d	Union Gas	Greg Tetreault
d	Wisconsin Public Service Corporation	William Bourbonnais Glen R. Schwalbach Les Nishida
d	Xcel Energy	Don Basler

RECOMMENDATION TO NAESB REQ AND RGQ EXECUTIVE COMMITTEES

Requester: **EnergyWindow, Inc**

Request No.: **R05013; REQ/RGQ Annual Plan Item #6a**

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF DEVELOPMENT/MAINTENANCE

Per Request:

_X_Initiation
___Modification
___Interpretation
___Withdrawal

___Principle
___Definition
_X_Business Practice Standard
___Document
___Data Element
___Code Value
___X12 Implementation Guide
___Business Process Documentation

Per Recommendation:

_X_Initiation
___Modification
___Interpretation
___Withdrawal

___Principle
___Definition
_X_Business Practice Standard
___Document
___Data Element
___Code Value
___X12 Implementation Guide
___Business Process Documentation

3. RECOMMENDATION

Adopt the commodity-neutral model Base Contract for Retail Sale and Purchase of Natural Gas or Electricity ("Model Agreement") and the related User Guide to Base Retail Contract ("User Guide") developed by the Contracts Subcommittees of the NAESB Retail Electric and Retail Gas Quadrants. The Model Agreement is patterned after the Base Contract for Sale and Purchase of Natural Gas developed by the NAESB Wholesale Gas Quadrant. The User Guide is intended to provide users of the Model Agreement with information on the location of the provisions that are included in the Model Agreement, as well as to identify topics that the users may want to consider including in their individual agreements as special provisions.

The proposed Base Contract for Retail Sale and Purchase of Natural Gas or Electricity is attached as Appendix A.

The proposed User Guide to the Base Retail Contract is attached as Appendix B.

RECOMMENDATION TO NAESB REQ AND RGQ EXECUTIVE COMMITTEES

Requester: **EnergyWindow, Inc**

Request No.: **R05013; REQ/RGQ Annual Plan Item #6a**

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Request R05013: Develop a model electric retail contract modeled after the NAESB Base Contract for Sale and Purchase of Natural Gas, NAESB Standard 6.3.1 (NAESB Base Contract for Gas). The contract would be designed for use by large scale aggregators, large single- and multi-site commercial users of electric power, and large industrials in competitive electric power markets.

2006 Annual Plan for the Retail Gas and Electric Quadrants – Item#6a: 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 designated for use by electric power markets or competitive gas markets (R05013).

b. Description of Recommendation:

REQ and RGQ Contracts Subcommittees

See the REQ and RGQ Contracts Subcommittees (SC) meeting minutes and attachments and the filed comments for the supporting documentation under the SC meetings noted below.

October 4, 2005	April 19, 2006
October 12, 2005	May 4, 2006
November 8, 2005	May 17, 2006
December 6, 2005	June 19, 2006
December 15, 2005	July 6, 2006
January 27, 2006	July 27, 2006
February 17, 2006	August 14, 2006
March 6, 2006	August 28, 2006
March 31, 2006	September 18, 2006

Using the proposed agreement attached to Request R05013 as a starting point, the SC developed a draft commodity-neutral agreement. On March 13, 2006, a request for informal comments on the draft agreement was posted on the SC pages of the NAESB web site. Six sets of informal comments containing approximately 110 separate suggestions for modifications to the draft agreement were received. During subsequent conference calls, the SC discussed each suggestion and incorporated certain of those suggestions into the Base Contract for Retail Sale and Purchase of Natural Gas or Electricity. In addition, the SC reviewed the changes to the NAESB Base Contract for Sale and Purchase of Natural Gas, NAESB Standard 6.3.1 that were approved by the membership of the Wholesale Gas Quadrant as of September 5, 2006, and incorporated certain of those changes into the Base Contract for Retail Sale and Purchase of Natural Gas or Electricity. During the review of the suggested changes, the SC considered whether the change would preserve the commodity-neutral nature of the agreement and whether the suggested language would be applicable to a large majority of the potential users of the agreement. The SC also developed a companion User Guide to Base Retail Contract that contains additional information and suggestions related to the use of the Base Contract for Retail Sale and Purchase of Natural Gas or Electricity.

RECOMMENDATION TO NAESB REQ AND RGQ EXECUTIVE COMMITTEES

Requester: **EnergyWindow, Inc**

Request No.: **R05013; REQ/RGQ Annual Plan Item #6a**

Motion on Recommendation:

Motion that the Retail Contracts Subcommittees approve the Retail Model Base Contract for the Sale and Purchase of Natural Gas or Electricity (version as completed 9.18.06) and the User Guide for the Retail Model Base Contract for the Sale and Purchase of Natural Gas or Electricity (version as completed 9.18.06). This motion is subject to the adoption of the definitions included in the Retail Model Base Contract for the Sale and Purchase of Natural Gas or Electricity by the REQ/RGQ Glossary Subcommittees (scheduled for September 27, 2006). This motion moves the draft Recommendation R05013 (Develop a model electric retail contract) out of subcommittee and to the REQ/RGQ Executive Committees.

Discussion on the motion:

The motion was made by Ed Overtree and seconded by Jack Mason at the joint meeting of the REQ and RGQ Contracts Subcommittees held on September 18, 2006.

Vote on the motion:

The vote on the motion was a consensus vote for each quadrant; there was no request for a balanced vote of the participants at the September 18, 2006 meeting. The motion passed unanimously, with no abstentions recorded.

REQ and RGQ Glossary Subcommittees

During a conference call held on September 27, 2006, the REQ and RGQ Glossary Subcommittees determined that no action would be taken to incorporate into the Retail Glossary the definitions included in Section 2 of the Retail Model Base Contract for the Sale and Purchase of Natural Gas or Electricity. This action resolved the conditionality of the action taken during the REQ and RGQ Contracts Subcommittee conference call held on September 18, 2006.

c. Business Purpose:

The business purpose is to create a commodity-neutral agreement that can be used for the purchase and sale of natural gas or electricity by participants in retail markets.

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

The commentary/rationale to support the new agreement and user guide is set forth in the meeting minutes noted for the meetings identified above in Section 4.b.

RECOMMENDATION TO NAESB REQ AND RGQ EXECUTIVE COMMITTEES

Requester: **EnergyWindow, Inc**

Request No.: **R05013; REQ/RGQ Annual Plan Item #6a**

APPENDIX A

Base Contract for Retail Sale and Purchase of Natural Gas or Electricity

RECOMMENDATION TO NAESB REQ AND RGQ EXECUTIVE COMMITTEES

Requester: **EnergyWindow, Inc**

Request No.: **R05013; REQ/RGQ Annual Plan Item #6a**

APPENDIX B

User Guide to Base Retail Contract

Base Contract for Retail Sale and Purchase of Natural Gas or Electricity

Draft as of 9/18/06

This Base Contract is entered into as of the following date: _____, and such additional terms and conditions as agreed to by Supplier and Customer and set forth in an addendum hereto. The parties to this Base Contract are:

Supplier:	and	Customer:
D-U-N-S® Number:		D-U-N-S® Number:
Contract Number:		Contract Number:
U.S. Federal Tax ID Number:		U.S. Federal Tax ID Number:
Notices:		
Attn:		Attn:
Phone: Fax:		Phone: Fax:
Confirmations:		
Attn:		Attn:
Phone: Fax:		Phone: Fax:
Invoices and Payments:		
Attn:		Attn:
Phone: Fax:		Phone: Fax:
Wire Transfer or ACH Numbers (if applicable):		
BANK:		BANK:
ABA:		ABA:
ACCT:		ACCT:
Other Details:		Other Details:

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Retail Sale and Purchase of Natural Gas or Electricity published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

Section 1.2 Transaction Procedure	Written (default) Oral	**Section 7.3** Other agreement set-offs	Other agreement setoffs apply (default) Other agreement setoffs do not apply
Section 2.6 Confirm Deadline	2 Business Days after receipt (default) _____ Business Days after receipt	**Section 9** Taxes	Customer Pays At and After Delivery Point Supplier Pays Before and At Delivery Point
Section 2.7 Confirming Party	Supplier (default) Customer _____	**Section 12.2** Confidentiality	Confidentiality applies (default) Confidentiality does not apply
Section 3.2 Performance Obligation Spot Price Publication	Cover Standard (default) Spot Price Standard ***Note: The following Spot Price Publication applies to both of the immediately preceding.*** _____	**Section 12.4** Alternate Dispute Resolution	Alternate Dispute Resolution No Alternate Dispute Resolution (default)
Section 7.1 Early Termination Damages	Early Termination Damages Apply (default) Early Termination Damages Do Not Apply	**Section 12.6** Choice of Law	_____
Special Provisions Number of sheets attached: **Addendum(a):** _____			

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

Supplier Name	Customer Name
By	By
Name:	Name:
Title:	Title:

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GENERAL TERMS AND CONDITIONS

SECTION 1. PURPOSE AND PROCEDURES

1.1 These General Terms and Conditions are intended to facilitate retail purchase and sale transactions of either Gas or Electricity that will result in physical delivery thereof. The entire agreement between the parties shall be the Contract as defined in Section 2.8.

The parties have selected either the "Written Transaction Procedure" or the "Oral Transaction Procedure" as indicated on the Base Contract.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, UET or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of non-conflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any purchase and sale transaction may be effectuated in a UET transmission or telephone conversation. The parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, UET or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure). Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation/transmission conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

1.3 If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, UET or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4 The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meanings ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

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2.1 **"Account"** means, for each Facility, each account at such Facility to be included in a Transaction Confirmation and identified by a specific account designation number.

2.2 **"Addendum"** means each supplement to this Contract mutually agreed in writing by the parties.

2.3 **"Affiliate"** means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.

2.4 **"Base Contract"** means a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required on the cover page hereof; and includes Special Provisions and addendum(s), if any, as identified on the cover page hereof.

2.5 **"Business Day"** is as defined in the Governing Documents.

2.6 **"Confirm Deadline"** means 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

2.7 **"Confirming Party"** means the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

2.8 **"Contract"** means the legally-binding relationship established by the Base Contract and (i) any and all binding Transaction Confirmations or (ii) the Oral Transaction Procedure in Section 1.2 of the Base Contract, all of which shall form a single integrated agreement between the parties.

2.9 **"Contract Quantity"** means the quantity of Gas or Electricity estimated to be delivered and taken as agreed to by the parties in a transaction.

2.10 **"Coordination Services"** means services that permit the interface and coordination between electricity generation or gas suppliers and Distribution Companies in connection with the delivery of electricity or gas to serve customers located within the Distribution Company's service or control area, including certain scheduling-related functions and reconciliation.

2.11 **"Cover Standard"**, as referred to in Section 3.2, means that if there is an unexcused failure to take or deliver any of the Contract Quantity pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Customer is the performing party, obtain Gas or Electricity, (or an alternate energy source if elected by Customer and replacement Gas or Electricity is not available) or (ii) if Supplier is the performing party, sell Gas or Electricity, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Customer's Gas or Electricity consumption needs or Supplier's Gas or Electricity sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.

2.12 **"Credit Support Obligation(s)"** shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.

2.13 **"Customer"** means any entity that takes gas and/or electric service for its own consumption.

2.14 **"Day"** means a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Distribution Company or Distribution Company in a particular transaction.

2.15 **"Delivery Period"** shall be the period from the service start month/year to the service end month/year during which deliveries are to be made as agreed to by the parties in a Transaction Confirmation, consistent with Section 4.2.

2.16 **"Delivery Point(s)"** shall mean such point(s) as are agreed to by the parties in a Transaction Confirmation.

2.17 **"Distribution Company"** means a regulated entity which provides which provides distribution services and may provide energy and/or transmission/transportation services in a given area.

2.18 **"Distribution Company Charges"** means all appropriate regulated Distribution Company costs, charges, and fees for Coordination Services, as defined by the applicable Distribution Company's Tariff, billed by the Distribution Company to the Account(s).

2.19 **"Distribution Company Operational Manuals"** means documents prepared and published by Distribution Companies that describe, in detail, the operating processes/procedures used to perform retail access functions.

2.20 "Distribution Company Tariff" means the applicable state retail gas or electric tariff setting forth the basic requirements for interactions and coordination between Distribution Companies and retail suppliers necessary for ensuring the delivery of competitive Gas or Electricity from such suppliers to their retail customers.

2.21 "Electricity" means electric energy and the related products and services that are identified in Transaction Confirmations.

2.22 "Event of Default" shall be a material breach of this Contract and as otherwise defined in Special Provisions to this Contract.

2.23 "Facility(ies)" means Customer's physical properties or other business assets, including for example stores, restaurants, offices or other places of business, that will be the consumers of Gas or Electricity as specified in Transaction Confirmations under this Contract.

2.24 "Firm" means that either party may interrupt its performance without liability only to the extent that such performance is prevented by Force Majeure or any type of curtailment ordered by the Distribution Company or ISO.

2.25 "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one, and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged

2.26 "Gas" means any combination of hydrocarbons and noncombustible gases in a gaseous state, primarily consisting of methane, and the related products and services that are identified in Transaction Confirmations.

2.27 "Governing Documents" means documents that determine the interactions among parties, including but not limited to: regulatory documents (e.g., tariffs, rules, regulations), contractual agreements, and Distribution Company Operational Manuals.

2.28 "Governmental Authority" means any federal, state, local, municipal or other government, any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise jurisdiction over the parties or any transaction contemplated herein.

2.29 "Imbalance Charges" means any fees, penalties, costs or charges (in cash or in kind) assessed by the Distribution Company or the ISO for failure to satisfy balancing or nominations requirements at any Delivery Point.

2.30 "Interruptible" means that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability.

2.31 "ISO" means any independent system operator, regional transmission operator, "transco," power pool or grid or control area operator established and providing services to the Accounts or other similar entity providing the same basic services as such entities and any successor thereto.

2.32 "Kilowatt" means 1000 watts of Electricity.

2.33 "kWh" (kilowatt-hour) means 1000 watt-hours of Electricity.

2.34 "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred.

2.35 "MMBtu" means one million British thermal units, which is equivalent to one dekatherm.

2.36 "Month" means the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.37 "Off-Peak Hours" means those hours or other periods defined by contract or other agreements or guides as periods of lower electrical demand.

2.38 "On-Peak Hours" means those hours or other periods defined by contract or other agreements or guides as periods of higher electrical demand.

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2.39 "Receiving Distribution Company" means the Distribution Company receiving Gas or Electricity at a Delivery Point, or absent such receiving Distribution Company, the Distribution Company delivering Gas or Electricity at a Delivery Point.

2.40 "Spot Price", as referred to in Section 3.2, means the price agreed upon by the parties in the Base Contract or in a Transaction Confirmation.

2.41 "Supplier" means persons engaged in the competitive sale of energy to end-users.

2.42 "Termination Option" means the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver in the case of Supplier or to receive and pay in the case of Customer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.43 "Transaction Confirmation" means a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.44 "UET" (Uniform Electronic Transaction) means standard data arrangements for trading information, making business requests and exchanging other information, encompassing a number of electronic media and utilizing specified transport protocols.

Principles of Interpretation. Unless the context requires otherwise, any reference herein to any document means such document and all schedules, exhibits, and attachments thereto as amended and in effect from time to time. Unless otherwise stated, any reference herein to any person shall include its permitted successors and assigns and, in the case of any Governmental Authority, any person succeeding to its functions and capacities. The words "hereof, "herein" and "hereunder" and words of similar import when used herein shall, unless otherwise expressly specified, refer hereto as a whole and not to any particular provision hereof. The singular shall include the plural and the masculine shall include the feminine and neuter. Whenever the term "including" is used herein in connection with a listing of items included within a prior reference, such listing shall be interpreted to be illustrative only, and shall not be interpreted as a limitation on or exclusive listing of the items included within the prior reference.

SECTION 3. PERFORMANCE OBLIGATION

3.1 In each Month, Supplier agrees to sell and deliver or cause to be delivered, and Customer agrees to take delivery of and purchase, the quantity for a particular transaction for the Facility(ies) as specified in each Transaction Confirmation in accordance with the terms of this Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed by the parties in a Transaction Confirmation.

3.2 To the extent the Contract Quantity is not supplied by Supplier or delivery not taken by Customer, the non-performing party shall satisfy the terms of this Contract financially in accordance with the following options. Customer shall continue to receive and pay for Distribution Company delivery service.

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The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.
Cover Standard:
The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas or Electricity shall be recovery of the following: (i) in the event of a breach by Supplier on any Day(s), payment by Supplier to Customer in an amount equal to the positive difference, if any, between the purchase price paid by Customer utilizing the Cover Standard and the Contract Price, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Supplier for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Customer on any Day(s), payment by Customer to Supplier in the amount equal to the positive difference, if any, between the Contract Price and the price received by Supplier utilizing the Cover Standard for the resale of such Gas or Electricity, adjusted for commercially reasonable differences in transmission or transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Customer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Customer has used commercially reasonable efforts to replace the Gas or Electricity or Supplier has used commercially reasonable efforts to sell the Gas or Electricity to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas or Electricity not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transmission or transportation to the applicable Delivery Point, multiplied by the quantity of such Gas or Electricity not replaced or sold. Imbalance Charges shall not be recovered under this Section, but Supplier and/or Customer shall be responsible for Imbalance Charges, if any, as provided in Section 4.4. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.
Spot Price Standard:
The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas or Electricity shall be recovery of the following: (i) in the event of a breach by Supplier on any Day(s), payment by Supplier to Customer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Supplier and received by Customer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Customer on any Day(s), payment by Customer to Supplier in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Supplier and received by Customer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section, but Supplier and/or Customer shall be responsible for Imbalance Charges, if any, as provided in Section 4.4. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

SECTION 4. PARTICULARS OF SERVICE

4.1 Each transaction shall be effectuated in accordance with the procedures specified in Section 1 of the Base Contract. The terms of a transaction shall be as agreed to by the parties in a Transaction Confirmation and include the type of services to be supplied and the basis for those services, whether Firm or Interruptible. Each Transaction Confirmation shall also include (i) identification of Customer Accounts, Facilities and meters, (ii) term, (iii) Contract Price and related provisions, and (iv) other special terms and conditions, if any.

4.2 The parties agree that the Distribution Company determines when the Customer will be switched to Supplier for its Gas or Electricity supply, and that such switch will occur in accordance with the Distribution Company's rules and practices regarding the switching of customers to suppliers. Therefore, Supplier shall begin delivery of Gas or Electricity to Customer on the date the Distribution Company switches the Customer to Supplier. With respect to each transaction, Supplier will use commercially reasonable efforts to cause each Distribution Company to take whatever steps are necessary to allow Supplier to begin providing service hereunder at the beginning of each transaction.

4.3 The parties acknowledge and agree that this Contract contemplates the purchase and sale of Gas or Electricity to meet Customer's consumption attributable to Customer's Accounts specified in the Transaction Confirmation. The parties shall agree to use commercially reasonable efforts to avoid imposition of any Imbalance Charges.

4.4 Customer shall promptly notify Supplier of, and fully comply with, all Distribution Company curtailment or interruption orders or similar notices received by Customer from Distribution Company requiring the interruption or curtailment of Customer's Gas or Electricity usage at any Account and pay any and all Energy Imbalance Charges imposed upon or incurred by either party as a result of Customer's failure to so comply.

4.5 Subject to Section 8, Supplier will be responsible for all services necessary for the procurement and delivery of Gas or Electricity to the Delivery Point; including transportation; nomination; confirmations; scheduling; transmission and ancillary services; imbalance services, and; arrangement of billing services for all charges and notices related to Customer's usage of Gas or Electricity consistent with options agreed to by the parties in the Base Contract and in the Transaction Confirmation. Customer acknowledges that Supplier is not responsible for delivery by Distribution Company from the Delivery Point to Customer's facilities. In addition, Supplier must satisfy all obligations imposed by the Distribution Company for the Gas or Electricity at and before the Delivery Point.

4.6 If Supplier lacks adequate information to perform its duties under this Contract, Supplier shall immediately provide Customer with formal notice of such information that it deems necessary to enable Supplier to perform such duties, and Customer shall supply such reasonably requested information.

SECTION 5. AUDIT

A party shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas or Electricity delivery. All retroactive adjustments shall be paid in full by the party owing payment within 30 Days after Notice and substantiation of such inaccuracy.

SECTION 6. WARRANTY AND INDEMNITY

6.1 All Gas delivered by Supplier shall meet the pressure, quality and heat content requirements of the Receiving Distribution Company at and before the Delivery Point. All Electricity delivered by Supplier shall meet the applicable quality requirements of the Distribution Company and ISO at and before the Delivery Point.

6.2 EXCEPT AS PROVIDED IN HEREIN, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

6.3 Supplier agrees to indemnify Customer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or Electricity or other charges thereon that attach at or before Delivery Point. Customer agrees to indemnify Supplier and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury (including death) or property damage from said Gas or Electricity or other charges thereon that attach after Delivery Point.

SECTION 7. DEFAULTS AND REMEDIES

7.1 If an Event of Default has occurred and is continuing, the non-defaulting party shall have the right, by Notice to the defaulting party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date, in accordance with the Distribution Company's rules and practices (the "Early Termination Date") for the liquidation and termination of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and damages shall be calculated consistent with Section 7.2 below. With respect to each Excluded Transaction, its termination date shall be deemed to be the Early Termination Date for purposes of Section 7.

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The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

As of the Early Termination Date, the non-defaulting party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party under the Contract (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The non-defaulting party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Customer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Supplier if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section, "Contract Value" means the amount of Gas or Electricity remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas or Electricity remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the non-defaulting party in a commercially reasonable manner. To ascertain the Market Value, the non-defaulting party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas or Electricity futures contracts, quotations from leading dealers in energy swap contracts or physical Gas or Electricity trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transmission costs and volume transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the non-defaulting party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

As of the Early Termination Date, the non-defaulting party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party under the Contract for all Gas or Electricity delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges related to such delivery and receipt (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

7.2 The parties agree that each transaction hereunder constitutes a "forward contract" within the meaning of the United States Bankruptcy Code and that Customer and Supplier are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

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The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

7.3 The non-defaulting party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 7.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the defaulting party, the non-defaulting party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.

Other Agreement Setoffs Do Not Apply:

7.3 The non-defaulting party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 7.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the defaulting party, the non-defaulting party may setoff any Net Settlement Amount against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

7.4 If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 7.3 is unascertained, the non-defaulting party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the non-defaulting party accounting to the defaulting party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 7.3 shall be discounted to net present value in a commercially reasonable manner determined by the non-defaulting party.

7.5 As soon as practicable after a liquidation, notice shall be given by the non-defaulting party to the defaulting party of the Net Settlement Amount and whether the Net Settlement Amount is due to or due from the non-defaulting party. The notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the defaulting party against the non-defaulting party. The Net Settlement Amount, as well as any setoffs applied against such amount pursuant to Section 7.3, shall be paid by the close of business on the second Business Day following such notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the date of payment at a rate equal to the lower of (i) unless otherwise agreed, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6 With respect to this Section 7, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. FORCE MAJEURE

8.1 Except with regard to a party's obligation to make payment(s) due hereunder, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension and that could not have been prevented by the exercise of reasonable diligence, as further defined below.

8.2 Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings (such as hurricanes) which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transmission, transportation and/or storage by Distribution Companies; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Supplier and Customer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

8.3 Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation or transmission unless primary, in-path, Firm transmission or transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Supplier's ability to sell Gas or Electricity at a higher or more advantageous price than the Contract Price, Customer's ability to purchase Gas or Electricity at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Contract; (iv) Customer's inability to use Gas or Electricity purchased hereunder, except, in either case, as provided in Section 8; or (v) the loss or failure of Supplier's Gas or Electricity supply or depletion of reserves, except, in either case, as provided in Section 8. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

8.4 Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

8.5 The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas or Electricity, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

8.6 Notwithstanding this Section, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 9. TAXES

The parties have selected either "Customer Pays At and After Delivery Point" or "Supplier Pays Before and At Delivery Point" as indicated on the Base Contract. The parties agree to take all lawful actions to minimize taxes imposed on transactions hereunder.
Customer Pays At and After Delivery Point:
9.1 Supplier shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas or Electricity prior to the Delivery Point(s) and excluding those Taxes that may not be legally passed through. Customer shall pay or cause to be paid all Taxes on or with respect to the Gas or Electricity at and after the Delivery Point(s).
Supplier Pays Before and At Delivery Point:
9.1 Supplier shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas or Electricity prior to and at the Delivery Point(s) and excluding those Taxes that may not be legally passed through. Customer shall pay or cause to be paid all Taxes on or with respect to the Gas or Electricity after the Delivery Point(s).

9.2 If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Customer shall pay or cause to be paid any increase in applicable Taxes occurring after the commencement of deliveries under transactions between the Parties. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof. Customer shall be liable for Taxes and associated interest or penalties assessed against Supplier due to Customer's failure to provide or to complete any such certificate or other necessary documentation in a timely and proper fashion.

SECTION 10. LIMITATIONS OF REMEDIES, LIABILITY AND DAMAGES

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL,

PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. NEITHER PARTY IS LIABLE OR RESPONSIBLE FOR ANY INJURY, LOSS, CLAIM, EXPENSE, LIABILITY OR DAMAGE RESULTING FROM ANY INTERRUPTION, SHORTAGE, INSUFFICIENCY OF OR FAILURE OF THE DISTRIBUTION COMPANY TO DELIVER GAS OR ELECTRICITY SCHEDULED BY SUPPLIER.

SECTION 11. NOTICES

11.1 All Transaction Confirmations, invoices, payment instructions and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

11.2 All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

11.3 Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful communication. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

11.4 The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after receipt of such Notice.

SECTION 12. MISCELLANEOUS

12.1 Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

12.2 Unless the parties have elected on the Base Contract not to make this Section applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas or electricity cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Notwithstanding Section 10, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

12.3 In the event disclosure is required by a governmental body or applicable law, the party subject to such requirement shall use commercially reasonable efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party and subject to such efforts may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party.

12.4 The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

12.5 No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may, without the prior approval of the other party, (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any Affiliate by assignment, merger or otherwise so long as the Affiliate meets any creditworthiness requirements under this Contract. Upon any such assignment, transfer and assumption, the assigning party or transferor, as applicable, shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

12.6 The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

12.7 No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

12.8 The requirements and provisions of this Contract shall not be construed as creating an association, trust, partnership, or joint venture, or as imposing a trust or partnership duty, obligation, or liability on either party, or as creating any relationship between the parties other than that of independent contractors for the sale and purchase of Gas or Electricity.

12.9 This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

12.10 If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract, and the parties agree to attempt to implement an equitable adjustment in the provisions of this Contract with a view toward effecting the purposes of this Contract by replacing the provision that is invalid, void or unenforceable with a valid provision the economic effect of which comes as close as possible to that of the provision that has been found to be invalid, void or unenforceable.

12.11 The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

12.12 The confidentiality provisions, indemnities, releases from liability, limitations on liability or damages and dispute resolution provisions expressed in this Contract shall, unless otherwise provided herein, survive without limitation the termination, cancellation or expiration of this Contract, and shall apply whether in contract, equity, tort or otherwise.

12.13 Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

12.14 If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas or Electricity, as applicable, for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price.

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NAESB Disclaimer will go here

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EXHIBIT A
TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

Letterhead/Logo	Date:_____ Transaction Confirmation #: _____

This Transaction Confirmation is subject to the Base Contract between Supplier and Customer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within two Business Days after receipt, unless otherwise specified in the Base Contract or herein.

SUPPLIER:	**CUSTOMER:**
_____ _____ _____	_____ _____ _____
Attn: _____	Attn: _____
Phone: _____	Phone: _____
Fax: _____	Fax: _____
Base Contract No.: _____	Base Contract No.: _____
Distribution Company: _____	Distribution Company: _____
Distribution Company Contract Number: _____	Distribution Company Contract Number: _____

Commodity: Electricity Natural Gas

DRAFT

Contract Price:
Billing and Payment Information:
Delivery Period:
Performance Obligation and Contract Quantity: (Enter All Applicable) Natural Gas: (all per day) Dekatherms_____; Mcf _____; Therms_____; Ccf_____; Other (specify)_____; Electric: MegaWatt hour bandwidth ; Price change at ____ MegaWatt hours; Other (specify):_____
Delivery Point:
Facility/Account Information:
Special Conditions:

Supplier: _____ By: _____ Title: _____ Date: _____	Customer: _____ By: _____ Title: _____ Date: _____

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USER GUIDE TO
BASE RETAIL CONTRACT as of 9/18/06

Background

Since 2000, the number of retail gas and electric transactions has increased substantially, yet (unlike wholesale gas and electricity) there have been available no common contract provisions drafted with a balance of both Suppliers' and Customers' interests in mind. NAESB's Base Retail Contract for the Purchase and Sale of Gas or Electricity ("Retail Contract") is intended to fill the gap and provide a mutual starting point. NAESB recognizes that not all parties will agree with all the Retail Contract's provisions, but hopes that it will help parties identify and focus on most of the provisions common to all contracts, reducing the time and effort required to review and negotiate them and sparing more resources for competition and innovation in products, services and pricing. Any deviations to the proposed Retail Contract should be addressed in the Special Provisions to be negotiated between the parties. The Retail Contract does not eliminate each party's need to seek independent legal advice.

Development History

NAESB's Retail Contract Subcommittee ("Subcommittee") (i) reviewed a significant number of contracts currently in use by retail Suppliers and Customers, (ii) studied the history of use of NAESB's (wholesale) Contract for the purchase/sale of gas and the 2006 changes thereto, (iii) obtained input from more than a dozen large Suppliers and Customers and (iv) considered well over 100 written comments it received from Suppliers and Customers. One Subcommittee phone conference was attended by eight large multi-state Customers. The Retail Contract includes only provisions that the Subcommittee's study and inquiry of both Suppliers and Customers demonstrated to be already in universal, or nearly universal, use. **The Retail Contract provides a national form only and therefore does not include any Applicable Regulatory Authority, Transporter or Distribution Company specific provisions, which should be addressed by the parties in the Special Provisions of the contract or individual Transaction Confirmations.**

Checklist of Suggestions for Completing the Contract

The Subcommittee suggests parties complete the Retail Contract by following these six steps:

1. select on the Base Contract (or "cover page") one each of several optional key contract terms;

2. review the universal standard provisions (General Terms and Conditions);

3. draft additional pages (Special Provisions) to add to or alter the General Terms and Conditions in order to address particular needs and desires;

4. describe in detail the products, services and pricing in the boxes provided on the Transaction Confirmation;

5. Execute the base contract, including the cover page and special provisions; and then for each transaction

USER GUIDE TO
BASE RETAIL CONTRACT as of 9/18/06

6. transact specific service, billing and communications arrangements, including changes, additional products, services and accounts, as well as extensions, modifications, or exercise of options on the Transaction Confirmation.

Provisions Included and Not Included

The following table lists, in alphabetical order, the provisions addressed in the Retail Contract, *as well as those that are not addressed* (it can be used as a checklist to help Suppliers and Customers assure they've not neglected any issues they mean to address).

PROVISION	COVERED BY NAESB WGQ BASE CONTRACT	WHERE COVERED IN BASE RETAIL CONTRACT; OR REASONS WHY NOT
1. Alternate Dispute Resolution	YES	Optional, per Cover Sheet and Section 12.4; parties should consider whether or not and what to add to specify ADR form and procedures
2. Assignment	YES	Section 12.5
3. Associated Parties	NO	Section 12.8
4. Audits	YES	Section 5
5. Billing Meters And Associated Transformers	NO	No model provision because Distribution Company practices vary; parties should consider whether or not and what to add
6. Billing Options	NO	No model provision because provisions in use and Distribution Company practices vary; parties should consider available options and select the appropriate one
7. Captions, Titles and Headings	YES	Section 12.11
8. Change-In-Law	NO	Section 8.2(v). No model provision on passthrough of additional costs caused by change in law because provisions in use vary widely (or omitted); parties should consider whether or not and what to add
9. Choice of Law	YES	Chosen by parties, per Cover Sheet and Section 12.6

USER GUIDE TO
BASE RETAIL CONTRACT as of 9/18/06

PROVISION	COVERED BY NAESB WGQ BASE CONTRACT	WHERE COVERED IN BASE RETAIL CONTRACT; OR REASONS WHY NOT
10. Confidentiality	YES	Section 12.2
11. Confirmations survive termination and incorporate same terms and conditions	NO	No model provision because parties may desire cross-default for some transactions but not others; parties should consider and specify what becomes of non-defaulted transactions upon default(s)
12. Contributory Negligence	NO	No model provision because some parties do not want to prove state of mind as well as causation; parties should consider whether or not to add
13. Counterparts (separate approvals together make contract)	NO	No model provision because some parties desire effectiveness **only** after last approval; parties should consider whether or not to add
14. Cover costs	YES	Section 3.2
15. Cumulative Remedies	NO	No model provision because some parties may prefer election of remedies; parties should mutually agree which to add
16. Defaults	YES	Section 7.1
17. Definition of Default	YES	Section 2 names only material breach because no consensus exists in the industry on other defaults; parties should consider whether or not to add creditworthiness, nonpayment, bankruptcy, etc. or other specific acts or omissions
18. Definitions	YES	Section 2
19. Delivery Interruptions	YES	Section 4.4
20. Delivery Obligations	YES	Sections 3.1 and 4.5
21. Disclaimer of Warranties	YES	Section 6.2
22. Dispute Resolution	YES	Section 12.4

USER GUIDE TO
BASE RETAIL CONTRACT as of 9/18/06

PROVISION	COVERED BY NAESB WGQ BASE CONTRACT	WHERE COVERED IN BASE RETAIL CONTRACT; OR REASONS WHY NOT
23. Disputed Charges	YES	No model provision due to variation of deadlines and payment terms in use; parties should consider whether or not and what to add
24. Due Authorization (representation)	NO	No model provision because some parties prefer to conduct due diligence instead; parties should consider whether or not to add
25. Early Termination	YES	Section 7.1
26. Early Termination Damages	YES	Section 7.1
27. Effective Date	YES	Exhibit A
28. Entirety	YES	Section 12.9
29. Execution, Delivery and Performance (representation)	NO	No model provision because some parties prefer to conduct due diligence instead; parties should consider whether or not to add
30. FASB 133	NO	Section 4.3
31. Financial Responsibility	YES	No model provision because provisions in use vary widely (or omitted); parties should consider whether or not and what to add
32. Force Majeure	YES	Section 8
33. Forward Contract	YES	Section 7.2
34. Further Assurances	NO	No model provision because often omitted; parties should consider whether or not to add
35. Indemnification	YES	Section 6.3
36. Invoices and Payment Schedules	YES	No model provision because provisions in use vary widely; parties should add mutually-agreed provisions
37. Limitations of Remedies, Liability and Damages	YES	Section 10

USER GUIDE TO
BASE RETAIL CONTRACT as of 9/18/06

PROVISION	COVERED BY NAESB WGQ BASE CONTRACT	WHERE COVERED IN BASE RETAIL CONTRACT; OR REASONS WHY NOT
38. Liquidated Damages	NO	No model provision because provisions in use vary widely; parties should consider whether or not and what to add
39. Market Disruption	YES	Section 12.14
40. Meter Accuracy	NO	No model provision because provisions in use and Distribution Company practices vary; parties should consider whether or not and what to add
41. Meter Adjustments	NO	No model provision because provisions in use and Distribution Company/ISO practices vary; parties should consider whether or not and what to add
42. Meter Tests	NO	No model provision because provisions in use and Distribution Company/ISO practices vary; parties should consider whether or not and what to add
43. Modification	YES	Section 12.9
44. Nature of Obligations	NO	Section 12.8
45. No Conflict (representation)	NO	No model provision because some parties prefer to conduct due diligence instead; parties should consider whether or not to add
46. No Waiver of Breach	YES	Section 12.7
47. Notices	YES	Section 11
48. Oral transaction procedures	YES	Section 1.2; optional per Cover Sheet; required to be confirmed in writing. Recipients of written confirmations should carefully review same, as they take precedence over oral agreement per Section 1.3
49. Organization and Existence	NO	No model provision because some parties prefer to conduct due diligence instead; parties should consider whether or not to add
50. Overdue interest rate	YES	No model provision because provisions in use vary widely (or omitted); parties should

USER GUIDE TO
BASE RETAIL CONTRACT as of 9/18/06

PROVISION	COVERED BY NAESB WGQ BASE CONTRACT	WHERE COVERED IN BASE RETAIL CONTRACT; OR REASONS WHY NOT
		consider whether or not to add
51. Past Consumption Information	NO	No model provision because provisions in use vary widely (or omitted); parties should consider whether or not to add
52. Permits and Approvals	NO	No model provision because some parties prefer to conduct due diligence instead; parties should consider whether or not to add
53. Power And Authority (representation)	YES	Section 12.1
54. Prices and Payments	NO	Exhibit A – Transaction Confirmation. No model provision because provisions in use vary widely; parties should add mutually-agreed provisions
55. Principles of Interpretation	NO	End of Section 2
56. Purchase and Sale	YES	Section 3
57. Quality Warranties	YES	Section 6.1
58. Quantity Measurement	YES	No model provision because provisions in use and Distribution Company practices vary; parties should consider whether or not and what to add
59. Remedies (re Confidentiality)	YES	Section 12.2
60. Representations	YES	Section 12.1
61. Setoffs	YES	Optional, per Cover Sheet and Section 7.3
62. Severability	YES	Section 12.10
63. Survival	YES	Section 12.12
64. Switching by ISO and Disclaimer	NO	Section 4.2

USER GUIDE TO
BASE RETAIL CONTRACT as of 9/18/06

PROVISION	COVERED BY NAESB WGQ BASE CONTRACT	WHERE COVERED IN BASE RETAIL CONTRACT; OR REASONS WHY NOT
65. Taxes	YES	Section 9
66. Term (Confidentiality)	NO	No model provision because provisions in use vary; parties should add mutually-agreed provisions
67. Title and Risk Of Loss	YES	No model provision because provisions in use vary; parties should add mutually-agreed provisions

---

From: Precht, Phillip R
Sent: Friday, October 20, 2006 12:48 PM
To: naesb@naesb.org
Cc: Kiselewich, Ruth C; Zavodnick, Steven M
Subject: BGE Comments on Recommendation R05013 and REQ/RGQ Annual Plan Item No. 6a

The following are the comments of Baltimore Gas and Electric Company for both the REQ and RGQ:

BGE, as a combination gas and electric utility, has been very involved in the development of the NAESB Retail Contract from both a gas and electric perspective. While no standardized agreement is ever perfect for all situations, the NAESB Retail Contract, as proposed, reflects the balanced interests of all parties participating in the development discussions. BGE, therefore, expresses its support for the NAESB Retail Contract as drafted and encourages our fellow NAESB members to join us in support of the approval and ratification as well.

Ruth Kiselewich (REQ) / Phil Precht (RGQ)

>>> This e-mail and any attachments are confidential, may contain legal, professional or other privileged information, and are intended solely for the addressee. If you are not the intended recipient, do not use the information in this e-mail in any way, delete this e-mail and notify the sender. CEG-IP1

Comments on Recommendation R05013 posted October May 2, 2006
Base Contract for Retail Sale and Purchase of Natural Gas or Electricity
Submitted by Duke Energy Gas Transmission

Duke Energy Gas Transmission offers the following comments for consideration by the REQ and RGQ Executive Committees:

1. The references to the 9/18/06 draft should be deleted from the headers in the document.
2. On the cover page, the word "addendum" should be capitalized because it is defined in Section 2.2 of the contract.
3. In Section 1.2 (Oral Transaction Procedure), the term "delivery point" should be capitalized because it is defined in Section 2.16 of the contract.
4. In Section 2.4, the term "addendum" should be capitalized because it is defined in Section 2.2 of the contract. Also, the phrase "cover page" should be changed to "Base Contract" in order to be consistent with the terminology used throughout the contract.
5. In Section 2.10, the terms "customers", "electricity", "gas" and "suppliers" should be capitalized because they are defined in Section 2.13, 2.21, 2.26 and 2.41, respectively.
6. In Sections 2.20 and 4.2, the terms "customers" and "suppliers" should be capitalized because they are defined in Section 2.13 and 2.41, respectively.
7. In Sections 2.24 and 2.30, consider the addition of the phrase "as defined in Section 8 herein" immediately following the term Force Majeure. This addition would provide guidance to the user of the contract as to where the definition of the capitalized term can be found, since it is not included in the Definitions section of the contract.
8. The definition of the terms Kilowatt, "kWh" (kilowatt-hour), MMBtu, Off-Peak Hours and On-Peak Hours should be deleted from Section 2 of the contract because these terms are not used anywhere in the contract.
9. In Section 2.42, the term "days" should be capitalized because it is defined in Section 2.14 of the contract.
10. In Section 4.4, change the phrase "Energy Imbalance Charges" to "Imbalance Charges" in order to be consistent with the terminology used throughout the contract.
11. In Section 4.5, capitalize the term "facilities" because it is defined in Section 2.23 of the contract.
12. In Sections 8.2 and 9.1 capitalize the term "governmental authority" because it is defined in Section 2.28 of the contract.
13. In Section 8.3, capitalize the term "interruptible" because it is defined in Section 2.30 of the contract.
14. In Sections 8.3 and 12.2, consider whether the term "regulatory agency" should be changed to "Governmental Authority".
15. In Section 9.1, remove the shading from the section number. In Section 9.2, change the formatting to full justification.
16. In Section 11.3, the term "day" should be capitalized because it is defined in Section 2.14 of the contract.
17. In Section 12.2, the terms "electricity" and "gas" should be capitalized because they are defined in Section 2.21 and 2.26, respectively
18. In Section 12.3, consider whether the term "governmental body" should be changed to "Governmental Authority".
19. On the second page of Exhibit A, the term "day" should be capitalized because it is defined in Section 2.14 of the contract.

Marcy McCain
Duke Energy Gas Transmission
Phone: (713) 627-4738
Email: mlmccain@duke-energy.com

From: Fudali, Kathy
Sent: Wednesday, November 01, 2006 2:53 PM
To: Veronica Thomason
Subject: RE: NAESB REQ/RGQ Request for Comments - Due November 1, 2006

Comments to the retail agreement.

First, I want to say I think the NAESB needs to modify the comment period. I suggest you have two comment periods and I also suggest you try to get more participation. We can discuss this at Friday's meeting or at the December board meeting. I have heard from many participants of NAESB that are not pleased with the current process. In addition, I think if the meetings for drafting were better scheduled, we would get more participation.

Second, the there seems to be many items missing from this agreement, credit, adequate assurance, remedies, term and termination (sections that survive termination), cure periods etc.

Cover Page:
Cover Page, under section 9 add (default) next to the "Customer Pays At and After Delivery Point"
Section 1. 1.2 Don't believe one day is enough time.
Definitions 2.24 Firm – what about interstate pipelines, 2.42 Termination Option – 1. this is not reference in the transaction confirmation, 2. why not specify 30 or 45 day as a standard in the agreement, 4.4 you have Energy Imbalance Charges in caps but there is not definition, need to define.
Section 8. add Interstate Pipeline after Distribution Company.

Thank you,
Kathy

Kathy A. Fudali
Manager, Contract Administration
Sprague Energy Corp.

North American Energy Standards Board
1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@naesb.org
Home Page: www.naesb.org

via email and posting

TO:	NAESB Retail Electric Quadrant (REQ) and Retail Gas Quadrant (RGQ) Members and Interested Industry Participants
FROM:	DeDe Kirby, Meeting/Project Manager
RE:	REQ and RGQ Request for Comments
DATE:	October 18, 2006

An industry comment period begins today, October 19, 2006 and ends on November 13, 2006 for one REQ and RGQ **revised** recommendation that is posted on the NAESB web site:

> **Revised Recommendation REQ/RGQ 2006 Annual Plan Item 4(i)** – Customer Enrollment: http://www.naesb.org/pdf2/2006_retail_ap4i_rec_revised.doc

Please note that a request for comments was distributed yesterday, October 18th, for Recommendation REQ/RGQ 2006 Annual Plan Item 4(i), but the model/diagram portion of the recommendation was inadvertently left out. Therefore, the revised recommendation that includes the model/diagram portion has been posted at the above link and the comment period now ends on November 13, 2006. We apologize for any inconvenience this may have caused.

All interested parties, regardless of membership status within NAESB are eligible to submit comments for consideration. The REQ and RGQ Executive Committee will review this recommendation and consider it for vote as a NAESB REQ and RGQ Model Business Practice at its meeting on November 15, 2006 in Dallas, TX. The REQ and RGQ EC will also review all submitted comments.

All comments received by the NAESB office by end of business on November 13 will be posted on the Home Page (http://www.naesb.org/request.asp) and forwarded to the REQ and RGQ EC members for their consideration. If you have difficulty downloading the recommendations and attachments, please call the NAESB office at (713) 356-0060.

Best Regards,
DeDe Kirby

cc: Rae McQuade, President

North American Energy Standards Board
1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@naesb.org
Home Page: www.naesb.org

NAESB Retail Electric Quadrant Members as of October 18, 2006

Segment	Organization	Contact
d	Alabama Power	Judy W. Ray, Yvette Camp
d	Ameren Services Company	Patrick Eynon
d	Baltimore Gas & Electric Co.	Ruth Kiselewich
su	Calpine Energy Services, LP	TBA
d	Cinergy Services, Inc.	Paul K. Jett
d	Consolidated Edison Company of NY	Hollis Krieger
su	Constellation NewEnergy, Inc.	Sara O'Neill, Peter Kelly-Detwiler, Janson Pollock
e	Defense Energy Support Center	Lisa Robert
su	Direct Energy Business Services	David Booty
su	Dominion Retail	William Barkas, Richard Zelenko
d	Dominion Virginia Power	David F. Koogler, Mary Edwards
s	EC Power International	Judy Bailey, J. Cade Burks, Jennifer Teel
s	Electric Reliability Council of Texas (ERCOT)	Sam R. Jones, Rob Connell, Ray Giuliani
d	Exelon Energy Delivery	Toni Garza
d	Gulf Power Company	Joel Thomas Kilgore, Yvette Camp
d	MidAmerican Energy	James E. Wilson
d	Mississippi Power Company	Dorman Davis, Yvette Camp
e	Office of Public Advocate, State of Maine	Barbara Alexander
e	Ohio Consumers Council	Randy Corbin
e	Pennsylvania Office Of Consumer Advocate	Tanya J. McCloskey, Sonny A. Popowsky
s	PPL Solutions, LLC	James M. Minneman
d	Public Service Electric & Gas	Terrence Moran
s	Southern Company Services	Mark S. Jarrett, Yvette Camp
s	Structure Group	Stacey Wood
d	TXU Electric Delivery	Tommy Weathersbee, Debbie McKeever
su	TXU Energy Retail	Felecia Lokey
e	Wal-Mart Stores, Inc.	Angela Beehler
d	Wisconsin Public Service Corporation	William L. Bourbonnais, Les Nishida, Ken Thiry

North American Energy Standards Board
1301 Fannin, Suite 2350, Houston, Texas 77002
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Home Page: www.naesb.org

NAESB Retail Gas Quadrant Members as of October 18, 2006

Segment	Organization	Contact
d	AGL Resources Inc.	Katrina Bond
d	Baltimore Gas & Electric Company	Phil Precht
su	Center Point Energy Minnegasco	Andrea Newman
s	Commerce Energy Group	Greg Lander
su	Dominion Retail, Inc.	Richard A. Zollars
s	Energy Services Group, Inc.	George Behr
su	Exelon Energy	Sheree M. Petrone
e	Indiana Office of Utility Consumer Counselor	Matthew Parsell
s	International LNG Alliance	David Sweet
su	Interstate Gas Supply	Elizabeth Clothier
s	Latitude Technologies	Leigh Spangler
d	National Fuel Gas Distribution Corporation	Mike Novak
d	Niagara Mohawk	James Dillon
d	Northern Indiana Public Service Company (NiSource)	Mark T. Maassel
e	Ohio Consumers Council	Bruce M. Hayes
e	Pennsylvania Office of Consumer Advocate	Tanya J. McCloskey, Stephen Keene
d	Peoples Gas System	Rachel Gebhardt
d	Philadelphia Gas Works	Craig White, Joe Stengel
d	Public Service Electric & Gas Company	Terrance Moran
su	Sprague Energy Corp.	Kathy Fudali
s	Systrends USA	Dave Darnell
su	UBS Energy	Suzanne Calcagno
d	UGI Utilities, Inc.	Paul Szykman
d	Union Gas	Greg Tetreault
d	Wisconsin Public Service Corporation	William Bourbonnais, Glen R. Schwalbach, Les Nishida
d	Xcel Energy	Don Basler

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: **Joint REQ/RGQ BPS**
Request No.: **2006 Annual Plan Item No. 4(i)**
Request Title: **Customer Enrollment**

1. RECOMMENDED ACTION:

__X__Accept as requested
___Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

__X__Change to Existing Practice
___Status Quo

2. TYPE OF DEVELOPMENT/MAINTENANCE

Per Request:	**Per Recommendation:**
_X__Initiation	__X__Initiation
___Modification	___Modification
___Interpretation	___Interpretation
___Withdrawal	___Withdrawal
__X__Principle	__X__Principle
__X__Definition	__X__Definition
__X__Business Practice Standard	__X__Business Practice Standard
___Document	___Document
___Data Element	___Data Element
___Code Value	___Code Value
___X12 Implementation Guide	___X12 Implementation Guide
___Business Process Documentation	___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

In accordance with the decision of the Joint Retail Electric and Retail Gas Quadrants Executive Committee at the August 16, 2006 meeting, the Joint Retail Electric and Retail Gas Quadrants Business Practices Subcommittee submits this Recommendation for REQ/RGQ 2006 Annual Plan Item No. 4(i) Customer Enrollment Model Business Practices. Please note that 4(i) is only one part of 2006 Annual Plan Item No. 4, which also includes Customer Drop and Customer Account Information Change. Please also note that this Recommendation does not include the technical implementation portion. In addition to the Customer Enrollment Model Business Practices, this recommendation includes the Model - RXQ.10.4.1 Customer Enrollment Process Flow Diagram. However, the Executive Summary and Introduction include references to Customer Drop and Customer Account Information Change as a placeholder for Model Business Practices to be developed in the future.

RECOMMENDED STANDARDS:

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: **Joint REQ/RGQ BPS**
Request No.: **2006 Annual Plan Item No. 4(i)**
Request Title: **Customer Enrollment**

CUSTOMER ENROLLMENT, DROP, AND ACCOUNT INFORMATION CHANGE

Tab 1 -Executive Summary

This section presents a summary of the business practices for Customer Enrollment, Drop, and Account Information Change in competitive electric and natural gas markets where alternative energy providers, known as Suppliers, sell natural gas or electricity to end use Customers. The Supplier provides the energy by purchasing or producing it and arranges for its delivery by the Distribution Company to the Retail Customer.

Customer Enrollment, Drop, and Account Information Change processing encompasses a variety of interactions between Suppliers and Distribution Companies. In a business environment where best practices are voluntary, model business practices should be applied within the context of regulatory requirements and agreements.

Tab 2 -Version Notes

(Insert initial publication date)

Tab 3 –Introduction

The North American Energy standards Board (NAESB) is a voluntary non-profit organization comprised of members from all aspects of the natural gas and electric industries. Within NAESB, the Retail Electric Quadrant (REQ) and the Retail Gas Quadrant (RGQ) focus on issues impacting the retail sale of energy to end-use customers. REQ / RGQ Model Business Practices are intended to provide guidance to Distribution Companies, Suppliers, and other Market Participants involved in providing competitive energy service to end-use Customers. The focus of these Model Business Practices is the processing of Customer Enrollment, Drop, and Account Information Change transactions.

These Model Business Practices are voluntary and do not address policy issues that are the subject of state legislation or regulatory decisions. These Model Business Practices have been adopted with the realization that as the industry evolves, additional and amended Model Business Practices may be necessary. Any industry participant seeking additional or amended Model Business Practices (including principles, definitions, data elements, process descriptions, and technical implementation instructions) should submit a request to the NAESB office, detailing the change, so that the appropriate process may take place to amend the Model Business Practice.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: **Joint REQ/RGQ BPS**
Request No.: **2006 Annual Plan Item No. 4(i)**
Request Title: **Customer Enrollment**

Tab 4 -Business Processes and Practices

RXQ.10 Overview

RXQ.10.1 Principles

RXQ.10.1.1 The processes for Customer Enrollment, Drop, and Account Information Change should be efficient to minimize the time and effort needed to accomplish these operational details.

RXQ.10.1.2 The processes for Customer Enrollment, Drop and Account Information Change should be consistent with the requirements set forth by the Applicable Regulatory Authority.

RXQ.10.1.3 The processes for Customers to enroll with and drop from Suppliers should minimize the occurrence of unauthorized activity in the marketplace.

RXQ.10.1.4 A contract or agreement between Market Participants may establish different processes, timeframes, or operational requirements. Any conflict between these recommended processes and an applicable contract shall be resolved according to the provisions of the contract.

RXQ.10.1.5 These processes do not address communications between a Customer and a Supplier concerning the right of a Customer to cancel a contract prior to or subsequent to the issuance of an Enrollment Request.

RXQ.10.1.6 These processes do not address contractual obligations between Market Participants and their Customers.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: **Joint REQ/RGQ BPS**
Request No.: **2006 Annual Plan Item No. 4(i)**
Request Title: **Customer Enrollment**

RXQ.10.2 Definitions

RXQ.0.2.xx **Account Information Change:** The process by which Market Participants notify each other of modifications to Customer account data.

RXQ.0.2.xx **Applicable Regulatory Authority:** The state regulatory agency or other local governing body that provides oversight, policy guidance, and direction to any parties involved in the process of providing energy to retail access Customers through regulations and orders.

RXQ.0.2.4 **Bill Ready:** A Consolidated Billing practice in which the Billing Party recieves the calculated charge amount(s) directly from the Non-Billing Party in lieu of the Billing Party calculating it directly from the rate.

RXQ.0.2.7 **Business Day:** As defined in the Governing Documents.

RXQ.0.2.12 **Consolidated Billing:** The billing option in which the Distribution Company or Supplier renders a Customer bill consolidating the energy, transmission / transportation and distribution charges of the Distribution Company and the Supplier, for which a single payment from the Customer is expected.

RXQ.0.2.16 **Customer:** Any entity that takes gas and/or electric service for its own consumption.

RXQ.0.2.17 **Distribution Company:** A regulated entity which provides distribution services and may provide energy and/or transmission / transportation services in a given area.

RXQ.0.2.xx **Drop:** The process of discontinuing responsibility for providing energy to a Customer from an existing Market Participant.

RXQ.0.2.xx **Drop Confirmation:** The Uniform Electronic Transaction used to notify the Market Participant that their Drop Request has been accepted.

RXQ.0.2.xx **Drop Effective Date:** The date on which the current Market Participant ceases to be responsible for providing energy to a Customer.

RXQ.0.2.xx **Drop Rejection:** The Uniform Electronic Transaction used to notify the Market Participant that their Drop Request has been denied.

RXQ.0.2.xx **Drop Request:** The Uniform Electronic Transaction used to initiate a Drop.

RXQ.0.2.20 **Dual Billing:** The billing option in which the Distribution Company and Supplier render separate Customer bills for the products and services each provides.

RXQ.0.2.xx **Enrollment:** The process of designating a Market Participant that has the responsibility for providing energy to a Customer.

RXQ.0.2.xx **Enrollment Confirmation**: The Uniform Electronic Transaction used to notify the Market Participant that their Enrollment Request has been accepted.

RXQ.0.2.xx **Enrollment Effective Date:** The date on which a Market Participant becomes responsible for providing energy to a Customer.

RXQ.0.2.xx **Enrollment Rejection:** The Uniform Electronic Transaction used to deny an Enrollment Request.

RXQ.0.2.xx **Enrollment Request:** The Uniform Electronic Transaction used to initiate an Enrollment.

RXQ.0.2.xx **First-in:** The Enrollment process which uses the first Enrollment Request recieved for the same Enrollment Effective Date as the operative Enrollment.

RXQ.0.2.22 **Governing Documents:** Documents that determine the interactions among parties, including but not limited to: regulatory documents (e.g., tariffs, rules, regulations), contractual agreements, and Distribution Company Operational Manuals.

RXQ.0.2.xx **Last-in:** The Enrollment process which uses the last Enrollment Request recieved for the same Enrollment Effective Date as the operative Enrollment.

RXQ.0.2.xx **Pending Enrollment:** An Enrollment Request that has been responded to with an Enrollment Confirmation, but has not reached its Enrollment Effective Date.

RXQ.0.2.34 **Rate Ready:** Refers to the practice in which the Non-Billing Party provides rate information to the Billing Party sufficient to calculate the Non-Billing Party's charges.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: **Joint REQ/RGQ BPS**
Request No.: **2006 Annual Plan Item No. 4(i)**
Request Title: **Customer Enrollment**

RXQ.0.2.xx **Reinstatement:** The process of canceling a Pending Drop or a Pending Enrollment so that the existing Market Participant continues to have the responsibility for providing energy to the Customer.

RXQ.0.2.xx **Reinstatement Confirmation:** The Uniform Electronic Transaction used to notify the Market Participant that their Reinstatement Request has been accepted.

RXQ.0.2.xx **Reinstatement Rejection:** The Uniform Electronic Transaction used to notify the Market Participant that their Reinstatement Request has been denied.

RXQ.0.2.xx **Reinstatement Request:** The Uniform Electronic Transaction used to initiate a Reinstatement.

RXQ.0.2.xx **Rescission:** The process whereby a Customer causes a Pending Enrollment or Pending Drop to be canceled.

RXQ.0.2.39 **Supplier:** Persons engaged in the competitive sale of energy to end-users.

RXQ.0.2.42 **Uniform Electronic Transactions:** Standard data arrangements for trading information, making business requests and exchanging other information, encompassing a number of electronic media and utilizing specified transport protocols.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

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Request No.: **2006 Annual Plan Item No. 4(i)**
Request Title: **Customer Enrollment**

RXQ.10.3 Model Business Practices

RXQ.10.3.1 General Practices for Customer Enrollment, Drop, and Account Information Change

RXQ.10.3.1.1 Both the Distribution Company and Supplier should be approved, certified or licensed, to the extent required by the Applicable Regulatory Authority and demonstrate the technical capability to exchange information electronically using Uniform Electronic Transactions and to meet the operational timeframes which have been defined to support Customer Enrollment, Drop and Account Information Change.

RXQ.10.3.1.2 When making changes to its information systems that may affect electronic data interchange, the Supplier or Distribution Company making those changes should provide sufficient advanced notice to the other party prior to implementation to allow them to adapt to the change.

RXQ.10.3.1.3 Distribution Companies should not be required to monitor contract start and end dates between Suppliers and Customers. and should process Customer Enrollment, Drop, and Account Information Change transactions when submitted.

RXQ.10.3.1.4 When a Uniform Electronic Transaction is received, the receiving party should acknowledge receipt via Uniform Electronic Transaction within one business day.

RXQ.10.3.1.5 Uniform Electronic Transactions for Customer Enrollment, Drop, and Account Information Change should be submitted at the account level.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
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RXQ.10.3.2 Customer Enrollment Process

RXQ.10.3.2.1 Suppliers should obtain authorization from Customers prior to Enrollment as specified by the Applicable Regulatory Authority.

RXQ.10.3.2.2 The Supplier should send an Enrollment Request to the Distribution Company via Uniform Electronic Transaction within the required timeframe prior to the desired Enrollment Effective Date.

RXQ.10.3.2.3 To enable the Distribution Company to confirm the Customer account, an Enrollment Request should contain the Distribution Company account number. In addition, one or more of the following elements may be required:

- Customer name;
- Five digit zip code of service address, or;
- Other elements as determined by the Applicable Regulatory Authority.

RXQ.10.3.2.4 In addition to the required confirmation elements, an Enrollment Request should contain the data elements found in RXQ.10.6 At a minimum, the following Customer account information should be included:

- Distribution Company account number (the unique Customer identifier);
- Customer name;
- Type of request;
- Type of service (gas or electric);
- Supplier account number (if provided by Supplier);
- Type of billing (Consolidated Billing, Dual Billing, Rate Ready, Bill Ready, etc.);
- Supplier Rate Code;
- Date and tTime of Customer authoriztion;
- Distribution Company Rate Code, and;
- Tax exemption percent.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

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Request No.: **2006 Annual Plan Item No. 4(i)**
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RXQ.10.3.2.5 If the jurisdiction practices First-in, the Distribution Company will send an Enrollment Confirmation to the Supplier via Uniform Electronic Transaction within one (1) Business Day of receiving the Supplier's Enrollment Request if all of the following conditions exist:

- the Customer account is confirmed;
- the Customer account is eligible to participate in the competitive energy market;
- the Enrollment Request has the required elements, and;
- there is no Pending Enrollment.

In addition, if the Customer is currently being served by another Supplier, the Distribution Company will send to that Supplier a Drop Request containing a Drop Effective Date that coincides with the Enrollment Effective Date of the new Supplier via Uniform Electronic Transaction.

RXQ.10.3.2.6 If the jurisdiction practices First-in, the Distribution Company will send an Enrollment Rejection containing the applicable rejection reason code to the Supplier via Uniform Electronic Transaction within one (1) Business Day of receiving the Supplier's Enrollment Request if any of the following conditions exist:

- the Customer account is not confirmed;
- the Customer account is not eligible to participate in the competitive energy market;
- the Enrollment Request does not have the required elements, or;
- there is a Pending Enrollment.

RXQ.10.3.2.7 If the jurisdiction practices Last-in, the Distribution Company will send an Enrollment Confirmation to the Supplier via Uniform Electronic Transaction within one (1) Business Day of receiving the Supplier's Enrollment Request if all of the following conditions exist:

- the Customer account is confirmed;
- the Customer account is eligible to participate in the competitive energy market, and;
- the Enrollment Request has the required elements.

If an earlier Pending Enrollment exists, the Distribution Company will send a Drop Request via Uniform Electronic Transaction to the Supplier responsible for the Pending Enrollment, containing a Drop Effective Date that coincides with the Enrollment Effective Date of the new pending Supplier.

If no earlier Pending Enrollment exists and the Customer has a current Supplier, the Distribution Company will send the current Supplier a Drop Request containing a Drop Effective Date that coincides with the Enrollment Effective Date of the new pending Supplier via Uniform Electronic Transaction.

RXQ.10.3.2.8 If the jurisdiction practices Last-in, the Distribution Company will send an Enrollment Rejection containing the applicable rejection reason code to the Supplier via Uniform Electronic Transaction within one (1) Business Day of receiving the Supplier's Enrollment Request if any of the following conditions exist:

- the Customer account is not confirmed;
- the Customer account is not eligible to participate in the competitive energy market, or;
- the Enrollment Request does not have the required elements.

RXQ.10.3.2.9 In jurisdictions where the Customer may request Rescission by contacting the Distribution Company, the Distribution Company will send a Drop Request via Uniform Electronic Transaction to the Supplier responsible for the Pending Enrollment within one (1) Business Day of receiving the Customer's request for Rescission, containing a Drop Effective Date coinciding with the Enrollment Effective Date of the Pending Enrollment.

RXQ.10.3.2.10 If the Customer is currently being served by another Supplier when the Customer requests Rescission, the Distribution Company will send a Reinstatement Request containing a Reinstatement Effective Date that coincides with the Drop Effective Date of the Pending Drop to the current Supplier via Uniform Electronic Transaction within one (1) Business Day of receiving the Customer's request for Rescission.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

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RXQ.10.3.2.11 If the Supplier's Enrollment Request is confirmed by the Distribution Company, the Distribution Company and/or Supplier may be required by the Governing Documents to mail a confirmation letter to the Customer within one (1) Business Day of sending or receiving the Enrollment Confirmation. The confirmation letter should notify the Customer of the Enrollment Effective Date and name of their Supplier and, if applicable, the last date and method to rescind the Pending Enrollment.

RXQ.10.3.2.12 An Enrollment Rejection should contain the data elements found in RXQ.10.6 At a minimum, the following Customer account information should be included:

- Distribution Company account number (the unique Customer identifier);
- Customer name;
- Rejection indicator;
- Rejection reason code, and;
- Supplier account number (if provided by Supplier).

RXQ.10.3.2.13 In jurisdictions where a Drop Confirmation or Drop Rejection is required by the Supplier, the Supplier should send the appropriate Uniform Electronic Transaction to the Distribution Company within one (1) Business Day of receiving a Drop Request from the Distribution Company. The Supplier may not reject a Drop Request unless the Supplier determines that the Customer account number in question is not valid.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
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RXQ.10.3.2.14 An Enrollment Confirmation, should contain the data elements found in RXQ.10.6. At a minimum, the following Customer account information should be included:

- Distribution Company account number (the unique Customer identifier);
- Customer name;
- Service address;
- Billing address;
- Acceptance indicator;
- Supplier account number, (if provided by Supplier);
- Distribution Company billing cycle;
- Type of billing (Consolidated Billing, Dual Billing, Rate Ready, Bill Ready, etc.);
- Date and time of Customer authorization;
- Budget billing indicator;
- Estimated Enrollment Effective Date;
- Peak demand during past 12 months, if available;
- Total energy consumed during past 12 months, if available;
- Meter number;
- Distribution Company load profile, if applicable;
- Distribution Company rate class;
- Distribution Company rate sub class;
- Supplier rate code;
- Distribution Company meter reading cycle;
- Meter type;
- Meter constant on usage register;
- Number of dials/digits on usage register;
- Meter constant on the demand register, if applicable, and;
- Number of dials/digits on the demand register, if applicable.

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RXQ.10.3.2.15 A Reinstatement Request should contain the data elements found in RXQ.10.6. At a minimum, the following Customer account information should be included:

- Distribution Company account number (the unique Customer identifier);
- Customer name;
- Service address;
- Billing address;
- Acceptance indicator;
- Supplier account number, (if provided by Supplier);
- Distribution Company billing cycle;
- Type of billing (Consolidated Billing, Dual Billing, Rate Ready, Bill Ready, etc.);
- Date and time of Customer authorization;
- Budget billing indicator;
- Estimated Enrollment Effective Date;
- Peak demand during past 12 months, if available;
- Total energy consumed during past 12 months, if available;
- Meter number;
- Distribution Company load profile, if applicable;
- Distribution Company rate class;
- Distribution Company rate sub class;
- Supplier rate code;
- Distribution Company meter reading cycle;
- Meter type;
- Meter constant on usage register;
- Number of dials/digits on usage register;
- Meter constant on the demand register, if applicable, and;
- Number of dials/digits on the demand register, if applicable.

RXQ.10.3.2.16 In jurisdictions where a Reinstatement Confirmation or Reinstatement Rejection is required by the Supplier, the Supplier should send the appropriate Uniform Electronic Transaction to the Distribution Company within one (1) Business Day of receiving the Reinstatement Request from the Distribution Company.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

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RXQ.10.3.2.17 A Reinstatement Confirmation should contain the data elements found in RXQ.10.6. At a minimum, the following Customer account information should be included:

- Distribution Company account number (the unique Customer identifier);
- Customer name;
- Reinstatement Confirmation indicator, and;
- Supplier account number (if provided by Supplier).

RXQ.10.3.2.18 A Reinstatement Rejection should contain the data elements found in RXQ.10.6. At a minimum, the following Customer account information should be included:

- Distribution Company account number (the unique Customer identifier);
- Customer name;
- Reinstatement Rejection indicator;
- Reinstatement Rejection reason code, and;
- Supplier account number (if provided by Supplier).

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
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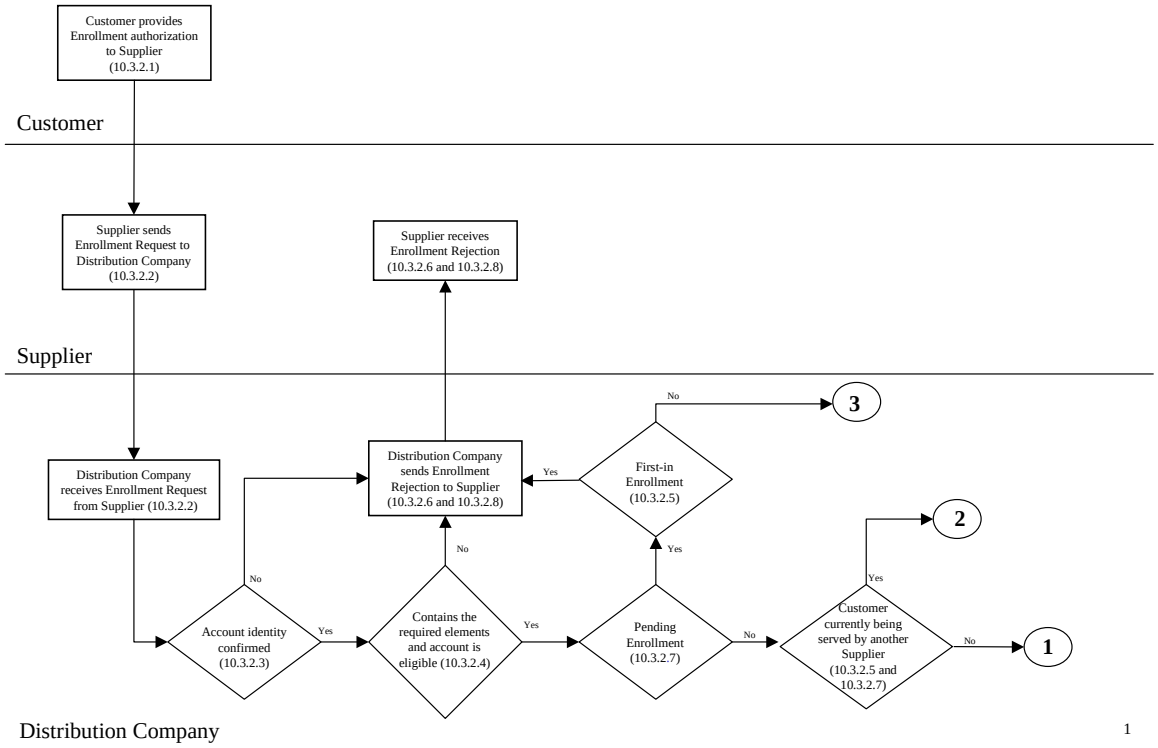
Request Title: **Customer Enrollment**

RXQ.10.4 Models

RXQ.10.4.1 Customer Enrollment Process Flow Diagram

RXQ.10.4.1 Customer Enrollment Process Flow Diagram



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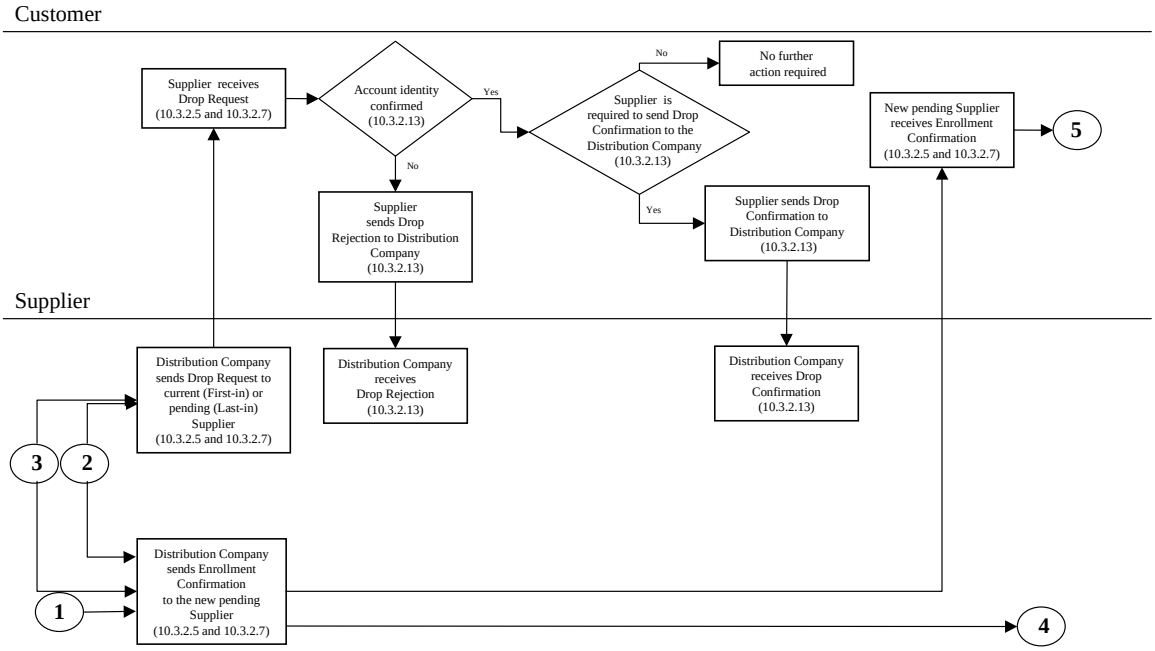
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: Joint REQ/RGQ BPS
Request No.: 2006 Annual Plan Item No. 4(i)
Request Title: Customer Enrollment

RXQ.10.4.1 Customer Enrollment Process Flow Diagram



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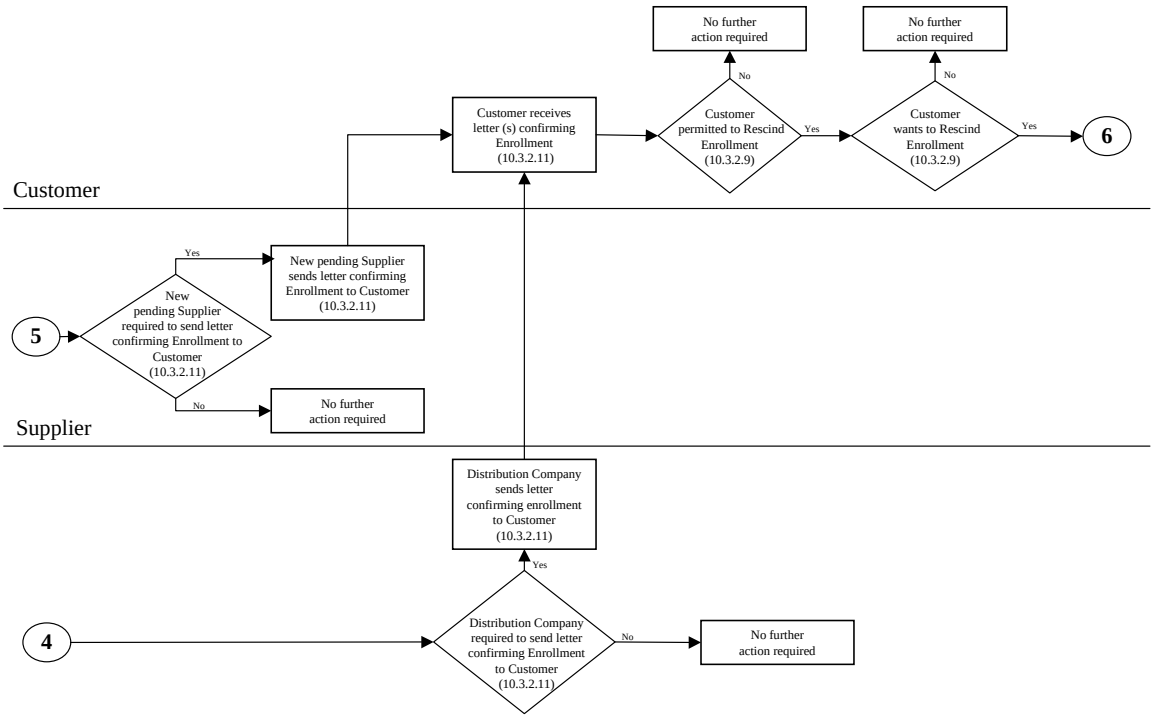
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: Joint REQ/RGQ BPS
Request No.: 2006 Annual Plan Item No. 4(i)
Request Title: Customer Enrollment

RXQ.10.4.1 Customer Enrollment Process Flow Diagram



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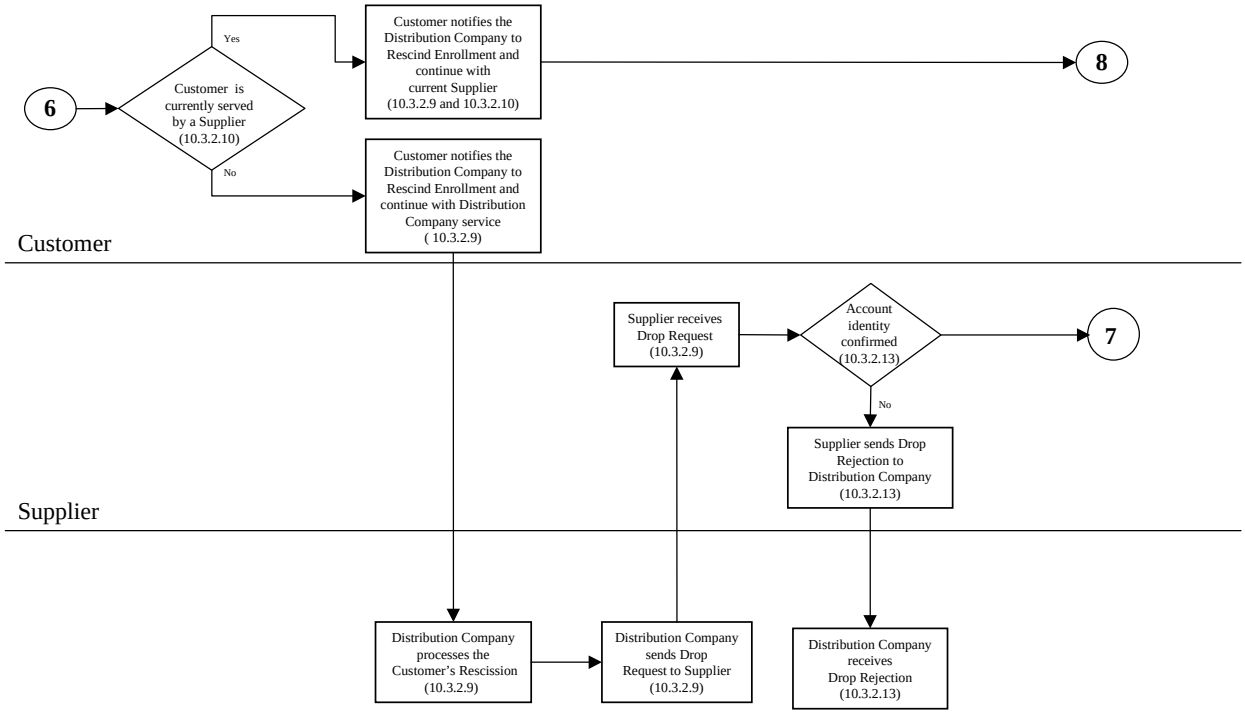
RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: Joint REQ/RGQ BPS
Request No.: 2006 Annual Plan Item No. 4(i)
Request Title: Customer Enrollment

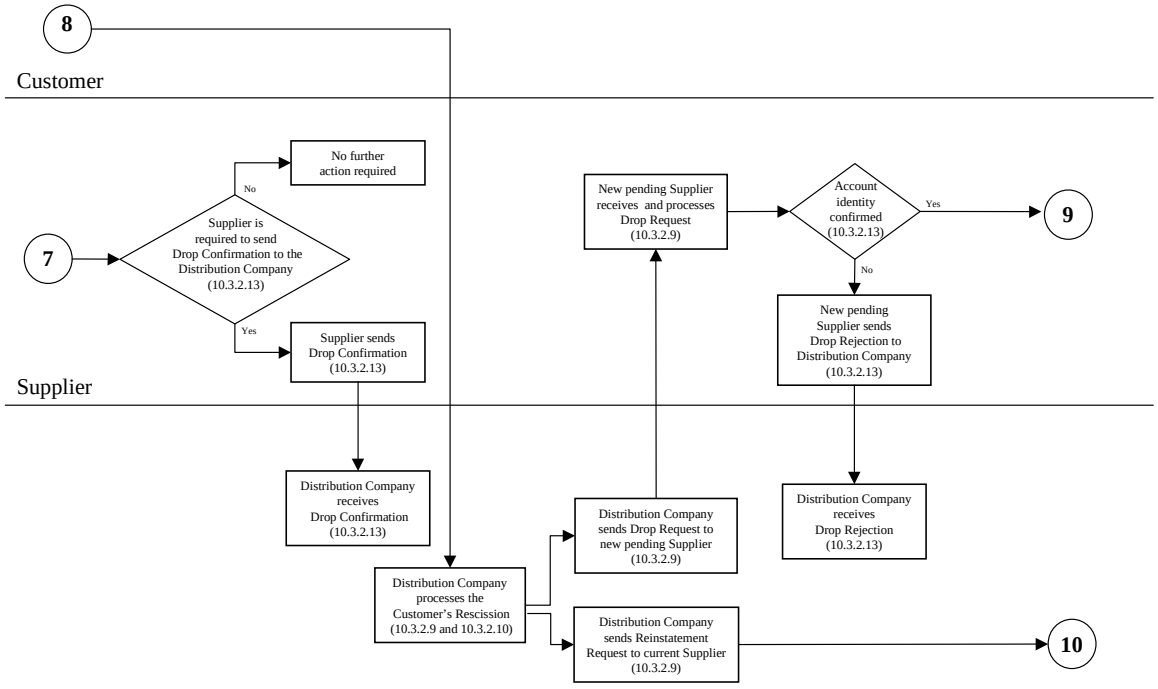
RXQ.10.4.1 Customer Enrollment Process Flow Diagram



RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: Joint REQ/RGQ BPS
Request No.: 2006 Annual Plan Item No. 4(i)
Request Title: Customer Enrollment

RXQ.10.4.1 Customer Enrollment Process Flow Diagram



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RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

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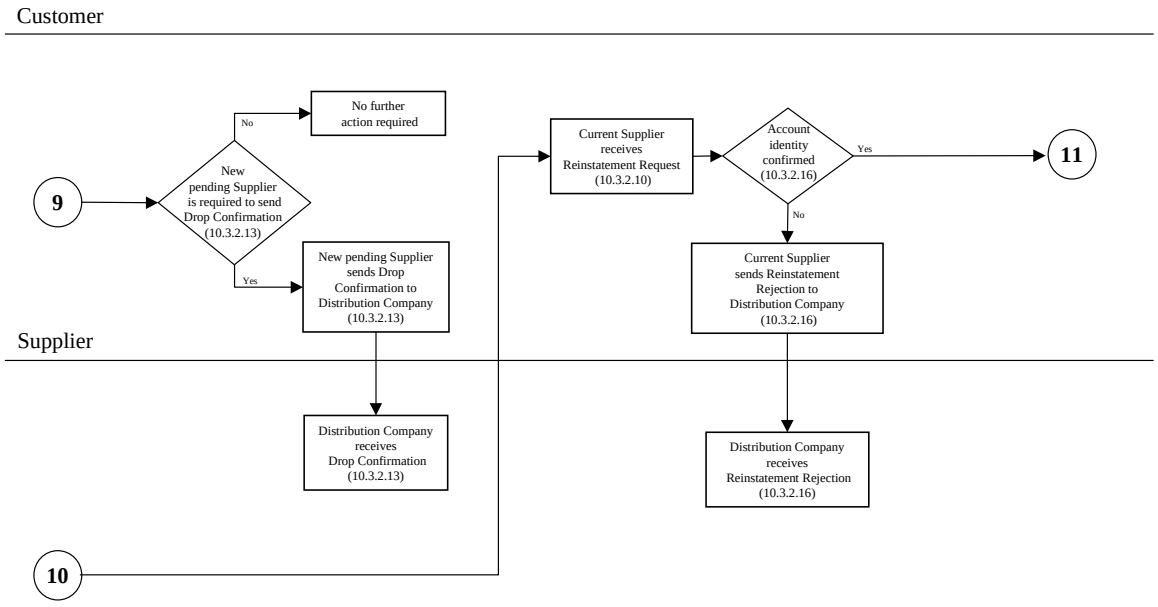
Request No.: 2006 Annual Plan Item No. 4(i)
Request Title: Customer Enrollment

RXQ.10.4.1 Customer Enrollment Process Flow Diagram

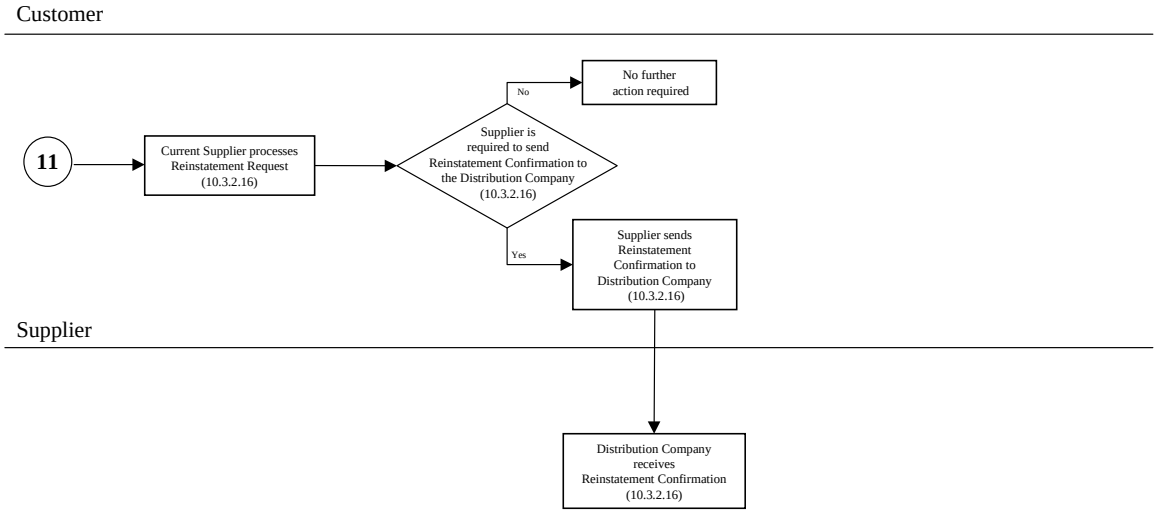


6

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: Joint REQ/RGQ BPS
Request No.: 2006 Annual Plan Item No. 4(i)
Request Title: Customer Enrollment

RXQ.10.4.1 Customer Enrollment Process Flow Diagram



7

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: **Joint REQ/RGQ BPS**
Request No.: **2006 Annual Plan Item No. 4(i)**
Request Title: **Customer Enrollment**

4. SUPPORTING DOCUMENTATION

a. Description of Request:

2006 Annual Plan Item No. 4a – 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.

b. Description of Recommendation:

In accordance with the decision of the Joint Retail Electric and Retail Gas Quadrants Executive Committee at the August 16, 2006 meeting, the Joint Retail Electric and Retail Gas Quadrants Business Practices Subcommittee submits this Recommendation for REQ/RGQ 2006 Annual Plan Item No. 4(i) Customer Enrollment Model Business Practices. Please note that 4(i) is only one part of 2006 Annual Plan Item No. 4, which also includes Customer Drop and Customer Account Information Change. Please also note that this Recommendation does not include the technical implementation portion. In addition to the Customer Enrollment Model Business Practices, this recommendation includes the Model - RXQ.10.4.1 Customer Enrollment Process Flow Diagram. However, the Executive Summary and Introduction include references to Customer Drop and Customer Account Information Change as a placeholder for Model Business Practices to be developed in the future.

c. Business Purpose:

See above

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
For Quadrant: Retail Electric and Retail Gas Quadrants

Requesters: **Joint REQ/RGQ BPS**
Request No.: **2006 Annual Plan Item No. 4(i)**
Request Title: **Customer Enrollment**

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

Customer Enrollment Model Business Practices were discussed by the Joint REQ / RGQ Business Practices Subcommittee at the following meetings and conference calls:

July 26 – 27, 2005	Meetings
January 17 – 18, 2006	Meetings
March 8, 2006	Conference Call
April 11 – 12, 2006	Meetings
May 24, 2006	Conference Call
August 1 – 2, 2006	Meetings
September 14, 2006	Conference Call
October 17 – 18, 2006	Meetings

The minutes of all meetings and conference calls are posted on the NAESB Business Practices Subcommittee web site.

The Joint REQ / RGQ Business Practices Subcommittee voted to release the Customer Enrollment Model Business Practices for industry comment and to the Joint REQ / RGQ Executive Committee at its meeting on October 18, 2006 by a vote of 13 In-favor, 0 Opposed, and 1 Abstention. The Joint REQ / RGQ Business Practices Subcommittee voted to release the Model RXQ.10.4.1 Customer Enrollment Process Flow Diagram for industry comment and to the Joint REQ / RGQ Executive Committee at its meeting on October 18, 2006 by a vote of 10 In-favor, 0 Opposed, and 0 Abstention.

From: Precht, Phillip R
Sent: Monday, October 30, 2006 11:31 AM
To: naesb@naesb.org
Cc: Kiselewich, Ruth C; Wolf, William J; Mcshane, Michael K
Subject: BGE Comments on Customer Enrollment MBPs - Annual Plan Item 4a(i)

Baltimore Gas and Electric (BGE) supports Executive Committee approval and Industry Ratification of the Model Business Practices for Customer Enrollment. BGE, with representatives from both the Retail Gas (RGQ) and Retail Electric (REQ) Quadrants, has been deeply involved in the development of these Model Business Practices which are the result of several months of intense discussions, collaboration and consensus building among representatives from all segments of the gas and electric industries. Further, BGE commends all the other parties involved in the development of these Model Business Practices for their hard work and dedication, especially in view of the time that was devoted and re-directed from "normal" job duties at their respective organizations.

Ruth Kiselewich (REQ) / Phil Precht (RGQ)

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Retail Quadrants

TAB 13

Subcommittee Updates

- This material is for review only and no action is required of the retail ECs. The material may be used in updating the 2006 retail plans and may factor into the crafting of the 2007 annual plan.
- The material in tab 13 corresponds to agenda item 5 of the retail ECs agenda.
- Included in this section for reference are summaries of the meetings held for BPS, IR, TEIS, Contracts and Glossary since the last EC meeting in August.

NAESB Executive Committee Meeting Materials for November 14-16, 2006
Retail ECs Subcommittee Updates

RETAIL SUBCOMMITTEES AND TASK FORCES

Business Practices Subcommittee

- **September 14, 2006:** The Retail Business Practices Subcommittee met via conference call on September 14, 2006 to continue drafting the Model Business Practices for Customer Account Enrollment and Maintenance. As a result of the August Retail EC meeting, the subcommittee decided to go forward with submitting the MBPs for Customer Enrollment, prior to submitting those for Account Maintenance. The subcommittee updated the process flow diagram for Customer Enrollment. In addition, the subcommittee reviewed the Retail draft model base contract for inconsistencies with Retail Quadrant Model Business Practices that have been adopted. The subcommittee found no inconsistencies or conflicts.
- **October 17-18, 2006:** The Retail Business Practices Subcommittee met to finalize their work on MBPs for Customer Enrollment (Retail 2006 Annual Plan Item 4 i). The subcommittee voted the MBPs out of subcommittee during this meeting. In addition, the subcommittee reviewed the progress of the Retail TEIS and IR to date on technical documents for the Billing and Payment MBPs. The subcommittee was delayed on reviewing the Texas Registration Agent Model process flow diagram for Customer Enrollment, but plans to do so at its next meeting. The subcommittee expects to begin work on these MBPs when the process flow diagram is complete.
- **Planned, November 10, 2006:** The Retail Business Practice Subcommittee will meet via conference call to review any comments submitted on the Retail 2006 Annual Plan Item 4 i and will prepare for the upcoming Retail Executive Committee meeting on November 15, 2005.
- **Planned, December 7, 2006:** The Retail Business Practice Subcommittee will meet via conference call to continue work on the drop and account maintenance section of Retail 2006 Annual Plan Item 4. In addition, the subcommittee will discuss future meeting dates and plans to review process flow diagrams for the customer enrollment MBP for the Texas Registration Agent Model.

Information Requirements Subcommittee

- **August 29, 2006**: The REQ and RGQ Information Requirements Subcommittee met jointly with the REQ and RGQ Technical Electronic Implementation Subcommittee on August 29. During this conference call, the participants reviewed the comments submitted on the Recommendation for Retail 2006 Annual Plan Item 1A (Develop Technical Electronic Implementation Standards – Billing & Payments). It was determined that the participants will formulate a spreadsheet of terms that need to be modified as set forth in the comments submitted on the recommendation. This spreadsheet will be reviewed during the next conference call and then presented to the Retail BPS during the October 17-18, 2006 meeting. The IR and TEIS also assigned volunteers to develop the technical implementation for the Customer Information model business practices (Mr. Behr) and Customer Invoice model business practices (Ms. Teel).
- **October 5, 2006**: The Retail IR and TEIS met jointly via conference call on October 5. The participants reviewed the list of terms in the recommendation for Retail 2006 Annual Plan Item 1A and categorized the terms regarding whether they should be defined or if they should remain capitalized without a definition. The IR/TEIS also reviewed the technical documents for the Customer Information model business practices and the Customer Invoice model business practices. All three draft documents will be presented to the Retail BPS for review during the October 17 meeting.
- **October 26, 2006**: The Retail IR and TEIS met jointly via conference call on October 26 to review any comments of the Retail BPS on the capitalized terms work paper for Retail 2006 Annual Plan Item 1A and the technical documents for the Customer Information model business practices and the Customer Invoice model business practices.
- **Planned, November 29, 2006**: During this call, the IR and TEIS will review the revised technical implementation documents for Billing & Payments; the technical documents for the Customer Information model business practices and the Customer Invoice model business practices; and begin

work on Retail 2006 Annual Plan Item 7 - Prepare a joint analysis with the WGQ for AS2 and AS3 protocols as compared to the NAESB IET (for this item, the IR and TEIS will be joined by the WGQ Electronic Delivery Mechanism (EDM) Subcommittee. It is the expectation that the Billing & Payment and Customer Information documents will be voted to the Retail Executive Committees during this call.

Contracts Subcommittee

- **August 28, 2006:** The Retail Contracts Subcommittee met via conference call to conclude their review of changes made to the WGQ Base Contract as a result of the recent Recommendation approved by the WGQ Executive Committee. The Contracts Subcommittee also reviewed the draft User Guide currently under development to answer potential questions on the use of the draft Retail base contract. Action items were taken to update the first page of the User Guide to explain the process the subcommittee followed when drafting the contract.
- **September 14, 2006:** Retail Contracts Subcommittee leadership reviewed the draft Retail model base contract with the Retail Business Practices Subcommittee to check for inconsistencies with Model Business Practices adopted by the Retail Quadrants. No inconsistencies or conflicts with adopted MBPS were found. However, plans were made to submit the definitions included in the draft contract to the Retail Glossary Subcommittee for review and adoption.
- **September 18, 2006:** The Retail Contracts Subcommittee met to finalize their work on draft Retail Model Base Contract and the accompanying User Guide. The subcommittee voted Recommendation R05013 (Develop a model electric retail contract) out of subcommittee and to the Executive Committee for consideration.
- **November 3, 2006:** The Retail Contracts Subcommittee met to review comments submitted on Recommendation R05013 (Develop a model electric retail contract) and to prepare for the November 15th Retail Executive Committee meeting. Three sets of comments were submitted in total. Several comments were submitted by Sprague Energy and responses were drafted by the subcommittee to recommend to the Retail EC. Sprague Energy plans to submit late supplemental comments to the EC that the subcommittee will also try to prepare recommended responses to prior to the upcoming Retail EC November meeting.
- **Planned, November 9, 2006:** The Retail Contracts Subcommittee will meet to review comments submitted on Recommendation R05013 (Develop a model electric retail contract) and to prepare for the November 15th Retail Executive Committee meeting.

Technical Electronic Implementation Subcommittee (TEIS)

- **August 29, 2006:** The REQ and RGQ Information Requirements Subcommittee met jointly with the REQ and RGQ Technical Electronic Implementation Subcommittee on August 29. During this conference call, the participants reviewed the comments submitted on the Recommendation for Retail 2006 Annual Plan Item 1A (Develop Technical Electronic Implementation Standards – Billing & Payments). It was determined that the participants will formulate a spreadsheet of terms that need to be modified as set forth in the comments submitted on the recommendation. This spreadsheet will be reviewed during the next conference call and then presented to the Retail BPS during the October 17-18, 2006 meeting. The IR and TEIS also assigned volunteers to develop the technical implementation for the Customer Information model business practices (Mr. Behr) and Customer Invoice model business practices (Ms. Teel).
- **October 5, 2006**: The Retail IR and TEIS met jointly via conference call on October 5. The participants reviewed the list of terms in the recommendation for Retail 2006 Annual Plan Item 1A and categorized the terms regarding whether they should be defined or if they should remain capitalized without a definition. The IR/TEIS also reviewed the technical documents for the Customer Information model business practices and the Customer Invoice model business practices. All three draft documents will be presented to the Retail BPS for review during the October 17 meeting.
- **October 26, 2006**: The Retail IR and TEIS met jointly via conference call on October 26 to review any comments of the Retail BPS on the capitalized terms work paper for Retail 2006 Annual Plan Item

1A and the technical documents for the Customer Information model business practices and the Customer Invoice model business practices.

- **Planned, November 29, 2006**: During this call, the IR and TEIS will review the revised technical implementation documents for Billing & Payments; the technical documents for the Customer Information model business practices and the Customer Invoice model business practices; and begin work on Retail 2006 Annual Plan Item 7 - Prepare a joint analysis with the WGQ for AS2 and AS3 protocols as compared to the NAESB IET (for this item, the IR and TEIS will be joined by the WGQ Electronic Delivery Mechanism (EDM) Subcommittee. It is the expectation that the Billing & Payment and Customer Information documents will be voted to the Retail Executive Committees during this call.

Glossary Subcommittee

- **September 27, 2006:** The Retail Glossary Subcommittee met to review definitions included in the draft Retail Model Base Contract, as well as definitions included in current Model Business Practices the RGQ and REQ are developing. Although the subcommittee reviewed the definitions included in the contract, it was decided that these definitions were part of one model standard (the contract) and did not need to be included in the glossary. The subcommittee voted to approve the other definitions.

Retail Quadrants

TAB 14

2006 Annual Plan for Retail Quadrants

- The 2006 plan as approved by the Board of Directors at its September 2006 meeting is included. Should the Retail ECs determine that changes are to be made to the plan as a result of the subcommittee updates; a motion to approve the changes for forwarding to the Board for approval would be required. The motion would require a simple majority to pass.
- The materials in Tab 14 correspond to agenda item 5 for the Retail ECs agenda.

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 ANNUAL PLAN for the RETAIL GAS and ELECTRIC QUADRANTS[1]
Revisions Adopted by the Board on September 21, 2006

	Item Number & Description	Completion[2]	Assignment
1	Billing & Payment		
	a. Develop Technical Electronic Implementation Standards – Billing & Payments Status: Underway	3rd Qtr. 2006	TEIS
	b. Develop additional model business practices for reversal and reissue, transformer loss factors, budget billing and payment plans, and missed bill windows Status: Completed through the BPS process and submitted to IR.	4th Qtr 2006	IR
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. Status: Underway. To be presented at the November EC meeting.	3rd 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. Status: Completed.	1st Qtr. 2006	IR
	b. Develop Technical Electronic Implementation Standards – Electronic Retail Billing Status: Underway. To be presented at the November EC meeting.	3rd Qtr. 2006	TEIS
4	Customer Enrollment, Drop and Account Maintenance		
	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. Status: Underway. To be presented at the November EC meeting for enrollment part.	2nd Qtr. 2007	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. Status: Not Started. Customer enrollment should be complete by 4th Qtr 2006, but drops and customer account information should span into 2007.	3rd Qtr. 2007	IR

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	Item Number & Description	Completion[2]	Assignment
	c. Develop Technical Electronic Implementation Standards – Customer Enrollment, Switching & Dropping. Status: Not Started	4th Qtr 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. Status: Not Started	4th Qtr. 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). Status: Underway. To be presented at the November EC meeting.	4th Qtr. 2006	Contracts
7	Prepare a joint analysis with the WGQ for AS2 and AS3 protocols as compared to the NAESB IET. Status: Not Started.	4th Qtr. 2006	TEIS & WGQ EDM
8	Develop NAESB Certification checklist criteria for Retail Quadrants to be used in the NAESB Certification Program. Status: Not Started.	4th Qtr. 2006	TEIS
9	Partner with the Department of Energy's Sandia National Laboratories on NAESB technical standards and respond to the surety assessment findings and recommendations. Status: Underway	4th 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

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Item Number & Description	Completion[2]	Assignment
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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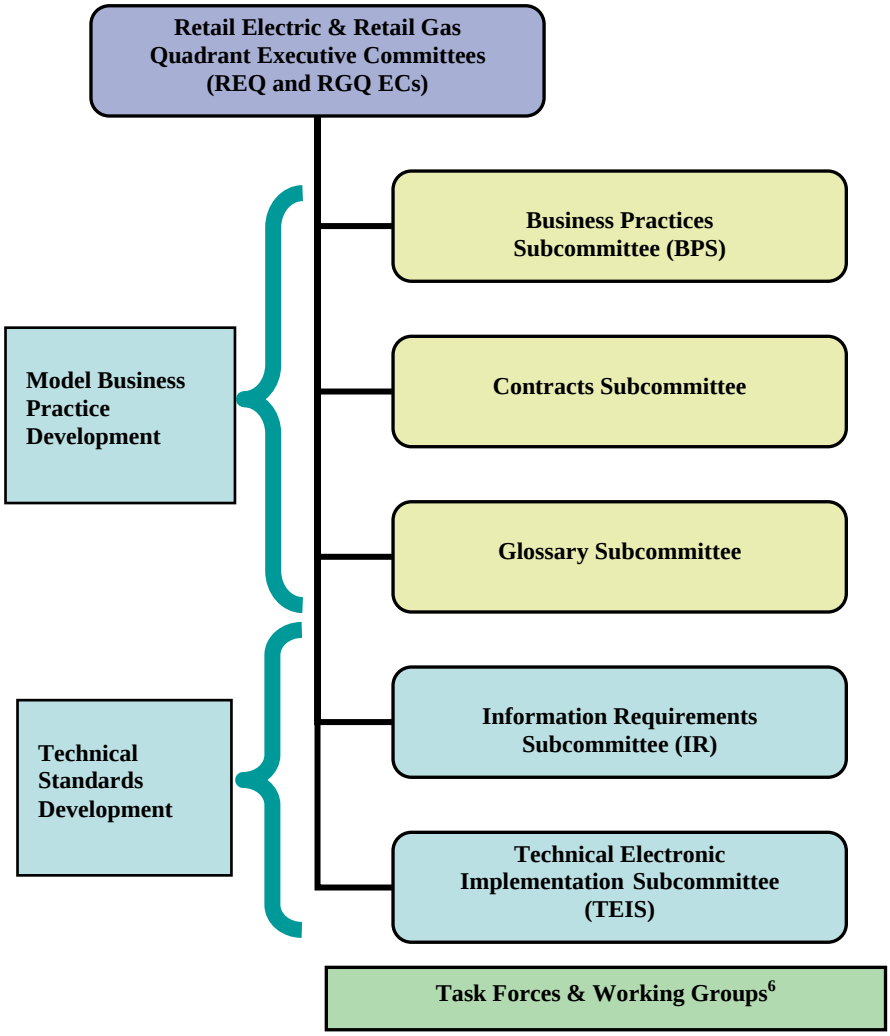

NAESB RGQ EC and Subcommittee Leadership:

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 Ed Overtree, 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.

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

Retail Quadrants

TAB 15

2007 Annual Plan Drafting Effort for Retail Quadrants

- The draft 2007 plan is to be discussed, amended as needed during the discussion and approved by the retail ECs for presentation to the board at the December 14 Board meeting. The motion requires a simple majority to pass.
- The materials in Tab 15 correspond to agenda item 5 for the Retail ECs agenda.

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November 1, 2006

TO: NAESB Retail Gas and Electric Quadrant Members and Interested Industry Participants

FROM: Rae McQuade

RE: Preparation of the 2007 Annual Plan for the Retail Gas and Retail Electric Quadrants

Dear Retail Gas and Electric Quadrant Members and Interested Parties,

We appreciate all the comments that were forwarded for review and consideration in the crafting of the 2007 Retail Annual Plan. Those comments are provided in this document. Because of the scheduling difficulties in setting up a separate call to discuss these comments and make changes to the 2007 plan to include them, it was determined by the Retail ECs leadership to hold such discussions within the Retail ECs meeting on November 15 in Dallas. As such the Retail ECs agenda is brief to permit the time needed to create the draft 2007 plan, which will be ultimately forwarded to the NAESB Board of Directors, who is responsible for approving the plan and making any needed modifications to the plan to support the organization's strategies and focus.

The current plan, the list of possible development activities and the comments received are attached for your consideration. We hope that you will be able to attend our November 15 Retail ECs meeting either in person or by phone, but if you are unable to do so, please feel free to forward your input prior to the meeting, and the office will ensure that it is distributed. We look forward to hearing from you soon. Should you have any questions or need additional information, do not hesitate to contact the NAESB office at 713-356-0060 or vthomason@naesb.org.

Best Regards,

Rae

Rae McQuade
President, NAESB

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Attachment 1: Comments Received on 2007 retail Quadrants Annual Planning Effort

1. Gas Design Day Forecast
Submitted by Ralph Cleveland, Senior Vice President | Engineering and Operations, AGL Resources

From: Ralph Cleveland [mailto:rcleve@aglresources.com]
Sent: Tuesday, October 10, 2006 5:13 PM
To: naesb@naesb.org
Subject: Gas Design Day Forecasting Standard

The following are the concepts around which it would be helpful to have an industry standard as to reasonable and acceptable modeling or methodology approach. I'm not sure how a proposal is usually structured, but I wanted to get this to NAESB today. This should be a good start. AGA and SGA have done some work through surveys and conferences to identify industry practice. For regulatory reasons, I think they have avoided attempting to say that there are established "best practices". We have some AGA/SGA survey results, if you would like to see them. If this is not what you were looking for, please let me know.

1. Number of years history considered in arriving at the design temperature (coldest in X years)
2. Acceptable independent variable besides same day temperature used in analysis (prior day temp, wind speed, etc)
3. Reasonable historical load / temperature analysis approach used to forecast future design (regression analysis, average load per HDD on cold days, etc)
4. Approach at removing outlier data from historical data sets
5. Acceptable R^2, MAPE or other statistical measure or forecast accuracy
6. Method for accessing potential design day forecast error (capacity reserve margin, forecast adder, etc)
7. Methodology to project design period load shape (multiple design days, historic design period temperatures, statistical approach)
8. Assumptions associated with on-system facility derate or pipeline capacity proration on design day.

2. Northeast Regional Best Practices
Submitted by Phil Precht, BG&E

Excerpt from "Restructuring Today": A major effort in that direction is a push to stimulate and activate pro-markets members of the legislature at a two day meeting set for Wilmington Oct 24-25 at the Doubletree Hotel. NEMA is behind the move. It's relying on pro-markets members of legislatures in Delaware, Pennsylvania and possibly Connecticut for a leadership round table and regulatory workshop to meet in Wilmington. James Lester of the Delaware PSC is a key speaker along with James Cawley who is the vice chair in Harrisburg. Several state legislators are to speak. Craig Goodman reports that business backers are happy to have marketers coming into Delaware to compete to supply the market. He's invited commissioners and staff from Delaware, Pennsylvania, New York and Connecticut to point out the best practices in the region. One subject of course will be the successes in New York and how to apply those best practices to other states. A major goal is not just copying New York's success but making the progress regional. Goodman thinks that would drive prices in the region down, lower the acquisition costs and bring economies of scale to the marketplace. Day one right now is best practices and day two is how to get there (implementation).

3. Demand Side Response
Submitted by George Behr, Energy Services Group

PJM is discussing demand side response and metering. They have a 'curtailment service provider' program that might benefit from NAESB standards. There are both wholesale and retail implications.

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4. Standardized Method for Quantifying Benefits, Savings, Cost Avoidance and/or the Reduction in Energy Demand Derived From the Implementation of Demand Side Management and Energy Efficiency Programs Submitted by Carl Wilkins, Advanced Energy

LETTER:
Dear Ms. McQuade: Attached is a request for initiation of a NAESB business practice standard as described in your September 11, 2006, memo. We were advised by one of your board members, Mr. David Koogler with Dominion Power, to submit a request. Mr. Koogler was present when we gave our annual report to the N.C. Utilities Commission. He took note that we were challenged by one of the Commissioners to quantify more of the benefits that North Carolina and other states were enjoying as result of the work we do with energy utilization and market transformation. Advanced Energy is an independent non-profit that was chartered by the N.C. Utilities Commission in 1980 to work with electric utilities, in part, to develop and demand side management (DSM) and energy efficiency (EE) programs. Since 1980 Advanced Energy has been doing public benefits work to enhance how North Carolina businesses and individuals use energy. Recently we have been asked to assess the statewide potential for DSM and EE. It has been some time since these subjects have been discussed in regulatory and public settings, especially as it pertains to the need for future electricity generation. We have a long-standing relationship with utilities and appreciate their support and collaboration on many issues affecting energy utilization in our state. The Public Staff of the N.C. Utilities Commission is an ally and recently recommended that we advise the N.C. Utilities Commission as to how we would manage a statewide Public Benefits Fund specifically for DSM and EE. Other than the west coast, the northeast or selected mid-western states, the body of knowledge about DSM and EE has grown stale. Furthermore, a lot has changed with respect to the way homes and business and industry use energy since DSM and EE were in vogue in the 80s and early 90s. Many states and other jurisdictions lack the expertise and experience to evaluate and plan new programs. We heard that NAESB has an excellent reputation in the development of standards and felt that this area might be an area that fit NAESB's mission. Please contact me with any questions regarding our attached request. Sincerely, Carl L. Wilkins, P.E., Director, Utility Services

REQUEST:
Efforts are underway throughout the electricity industry to develop and implement demand side management measures and techniques in order to moderate the growth for electricity. However, a standardized method for quantifying the energy and demand impact of implementing proposed demand side management techniques does not exist. Entities involved in these activities are using a wide variety of methods to estimate the benefits of these programs. As various utilities across the nation look at implementing DSM and EE measures, it is evident that results may vary depending on many factors that are localized and at the discretion of the evaluating entity. On the other hand there are fairly standardized techniques for evaluating and presenting the benefits and costs for a supply side option. As regulatory commissions investigate utility integrated resource plans, the development and presentation of the DSM and EE options are vigorously challenged by interveners as being incomplete, inconsistent and not treated as fairly as supply side options. Furthermore, utilities recognize the uncertainty of some proposed demand side options because they lack standardized quantitative justification which may address issues such as program persistence and other variables out of the DSM/EE program's control. DSM and EE programs often fail to pass cost effectiveness tests (RIM, UTC, PCT, etc.) because the benefit/cost data that is presented may be inaccurate or based on poor assumptions. Having a standardized method that is both recognized and understood by utilities, regulatory agencies, program administrators, consumer advocates and energy service professionals is vital. For example, the amount of energy reduction for a DSM measure in a small building can be simulated by a computer model, obtained by actual load research, using results from another similar program or estimated by engineering calculations. The benefits, costs and energy impacts from either of the aforementioned techniques can vary widely.
The proposed standard will be used by regulatory agencies, utilities, program administrators and any entity that are involved with quantifying impacts of a DSM or energy efficiency program. This standard may become an important part of a utility's integrated resource planning process. As more electric utilities

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announce new base-load generation additions to their long-term resource plans, the opportunity for this proposed standard to be use becomes more evident.
Having a standardized process will prove beneficial to all stakeholders. The amount of time and resources expended in today's IRP hearings should be less if all parties adopt and use a standardized process and procedure for determining energy impacts of DSM and energy efficiency. The number of interveners and the amount of interrogatories should diminish once an accepted standard is made known to all. Future hearings should be less contentious, which will be appreciated by all parties. This standard if developed and adopted will lower the regulatory cost of implementation.

5. Participation
Submitted by Shay Reed, CostCo

Afternoon,
I recently attended the EEI conference national accounts meeting in Florida, and we were told that October 11th, 2006 is the deadline to be included for comments on several standards issues. After reading the memo I received, it appears that this is the comment deadline rather than inclusion in the comment group? Can you please confirm the requirements for inclusion in regards to NAESB standards? We would like to be involved, and hope we are not too late. Thank you for the information.

Shay Reed -
Thank you for your interest in NAESB standards development. If you would like to submit comments, please send them to NAESB (naesb@naesb.org) by the end of this week. Please let me know if you need any additional information. Best regards, Veronica Thomason

Submitted by:Denis George, Kroger

While I only saw this today and do not have time to submit substantive comments at this time, as a general matter The Kroger Co. - one of the largest grocery supermarket chains in the US (www.kroger.com) - would be happy to comment upon and participate in any initiative that would help bring uniform standards for retail EDI/XML transactions for both gas & electric utilities. Please feel free to direct further correspondence on tis matter to me directly.

6. Electronic Billing
Submitted by Suzanne Figy, Director, Operations - Data Services, Advantage IQ, Inc.

Hi Veronica, My name is Suzanne Figy and I am the Director of Operations - Data Services for Advantage IQ. Advantage IQ currently manages more than $9.3 billion in facility bills for more than 375 clients. We currently process and pay more than 500,000 bills/month supporting over 190,000 sites. Advantage IQ maintains a solid relationship with more than 16,000 utilities nationwide. Currently, we receive 21% of our incoming utility bills via EDI. We are of great interest in having NAESB develop some standards in the areas outlined in the annual plan. Given the volumes of electronic bills we are currently managing I would like to request that we be included in the planning discussions. I would like to ask that you add myself as our representative. We have a great amount of excitement around these initiatives and feel we can be a great asset to the discussions. Please contact me if you need any additional information or have any further questions. Thank you, Suzanne Figy

Ms. Figy, Thank you for contacting our office with your request. We will be happy to add your request to the list of NAESB Retail Annual Plan topics for discussion. Best regards, Denise Rager

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7. Customer Interval Data
Under consideration by the Massachusetts EBT

Draft Letter Prepared on 9/12/06 RE: Customer Interval Data
Dear Ms. Cottrell:
We, the undersigned competitive suppliers, third party providers and brokers, hereby request that the Department review a proposed change in the current practice regarding the authorization requirement for provision of customer interval metered usage data ("interval data") to suppliers. The proposed change would simplify the practice, reduce costs, and allow for improved data security by making suppliers responsible for maintaining customer authorizations and thereby paving the way ultimately for interval data to be requested and provided using standard electronic business transactions.. The proposal has been discussed by the Massachusetts Electronic Business Transactions ("EBT") Working Group, and the EBT has been authorized by the EBT electric distribution company members (EDCs) to represent their lack of objection to the change, provided it is acceptable to the Department.

Background: Increases in competitive market efficiency have revealed the existence of a bottleneck in the day-to-day operation of Massachusetts' deregulated electricity supply marketplace in regards to the provision of interval data. The unnecessarily labor intensive nature of requesting and receiving interval data for both prospective and existing customers, acts as a hindrance to the ability of suppliers to offer accurately derived and timely priced innovative competitive supply products to commercial and industrial customers. The process for provision of interval data to suppliers is governed by the EDCs' interval data tariffs as approved by the MDTE. Those tariffs provide that interval data will be made available to the customer or the customer's "authorized agent." However, the tariffs do not specify how that authorization is to be demonstrated. See, e.g., Massachusetts Electric Company, Optional Interval Data Service, M.D.T.E. No. 1034; Boston Edison Company, Optional Interval Data Service, M.D.T.E. No. 151. The Department's order approving those tariffs is similarly silent on the question of how the authorization is to be demonstrated. Metering and Billing Services, D.T.E. 01-28 (Phase I) (May 18, 2001).

Current Practice: Regardless of the lack of an explicit written statement from the Department that delineates what constitutes authorization, it has been the interpretation of the supplier and EDC communities that the supplier would demonstrate authorization by providing a copy of a signed authorization to the EDC with any interval data request. This is the current procedure; an authorization form must be manually issued to the EDC and the EDC, in turn, must file and manage this paperwork in-house, prior to releasing customer data. This is the perceived requirement and current practice whether the customer is a prospect requesting pricing, or already a fully enrolled customer of the supplier submitting the request. Over time, this practice but has proven to be unnecessarily cumbersome for customers and suppliers, as well as for EDCs. For customers the most obvious impact is a delay in pricing from prospective suppliers in a market where even a day can make a material difference in pricing.

Proposed Practice: We propose changing the current practice by removing the requirement that the customer authorization be provided to the utility. Instead we suggest that suppliers be held responsible for obtaining, holding and maintaining the appropriate customer authorization for any requests they make. With such a change, the supplier would still obtain a written authorization from the customer, either in the form of a stand alone consent form or a supply contract with an authorization provision. Further, we would propose that suppliers be required to maintain a scanned version of the written authorization on file at the suppliers' premises for the full length of the customer contract or 24 months, whichever is longer, and that such authorizations would be subject to audit by the Department. We also note that when the Supplier is requesting the interval data, it is assumed that they are paying the fee and will be billed accordingly from the utility. Under this proposal, the utility would then be released of the responsibility to obtain the authorization form and the cost of the request and would be liberated to honor the request for interval data without reference to paper files. Suppliers have indicated a willingness to go one step further and incorporate an authorization provision into their customer contracts, should the Department accept this

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change in practice. In addition to saving time and manual effort, this step would pave the way for full EDI access to interval data in 2008, which is when the EDCs have indicated their systems would be ready to accept these requests electronically like other electronic business transactions sent via EDI. EDI works on a prescribed set of electronic communications between suppliers and distribution companies, and does not include a mechanism for the exchange of documents as part of that data transfer. The proposed change in procedure for authorizations would remove an important barrier to being able to request and receive interval data using the same standard vehicle used for all other utility/supplier data exchanges. In the EDI scenario, the supplier would submit an interval data request to the utility via EDI using the customer's account number as identifier and would represent that it has obtained the necessary customer authorization and is maintaining it on file. The utility would be free to rely on that representation, knowing that that supplier is subject to audit on any authorization by the DTE. This is exactly how EDI transactions work in other contexts, for example, customer enrollments. The supplier is required to obtain a written (or verified telephonic) authorization to enroll the customer, but is not required to file evidence of that authorization with the utility prior to enrollment acceptance, except upon request for audit. Instead, the supplier simply submits an "enroll customer" request using the customer's account number via EDI and the utility accepts that request as the supplier's representation that it has obtained the necessary authorization. The proposed change in practice for interval data requests would simply bring that practice in line with the procedure for customer enrollments and other supplier/utility transactions in Massachusetts, as well as with interval data practice in other regions of the country. The Massachusetts EBT members (both EDCs and suppliers) concur that this course of action is a win-win solution for everyone including the customer. Provision of interval data would take place seamlessly without a need to wait for manual intervention and would mirror the same procedure we currently follow for all historic usage data requests. We propose that this change in procedure apply to both historic interval data requests made for pricing prospective customers, as well as for monthly recurring interval reads used for forecasting and billing of a supplier's actively enrolled customers. The former would allow prospective customer's access to more timely pricing and product options in the marketplace, critical to making prudent business decisions in an ever-changing supply environment. The latter is necessary for timely billing of any non-fixed price product and is consistent with EPACT 2005's move toward providing customers with price sensitivity – more and more common in today's market.

Benefits of the Change in Practice: The Department has recognized, "historical interval load data are essential to the development of a strong competitive electric generation marketplace." Metering and Billing Services, D.T.E. 01-28 (Phase I) at 14. The availability of interval data improves the accuracy of forecasting and pricing. It also enables the development of innovative products and services for customers, critical to maturation of the competitive marketplace. The proposed change would greatly increase the efficiency of obtaining and receiving interval data and thus increase its availability for not only the EDC and suppliers, but more importantly, for customers. Therefore, we request that the Department review the proposed change in practice to allow suppliers to be the holder of record for customer interval data authorizations, whether they be within the customer's supply contract or in a separate authorization form.

We respectfully request the Department's expedited review of this proposed change in practice and thank you and the Department for your consideration. Sincerely, Constellation NewEnergy, ConEdison Solutions, Direct Energy, Dominion Energy Services Group, Gestalt LLC, Hess, PPL Solutions, Select Energy, TransCanada

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Attachment 2: List of Possible Retail Projects

September 11, 2006

TO: NAESB Retail Gas and Electric Quadrant Members and Interested Industry Participants

FROM: Rae McQuade

RE: Potential Standards Development Efforts for 2007 for the Retail Gas and Electric Quadrants

Dear Retail Gas and Electric Quadrant Members and Interested Parties,

Through the efforts of our Board of Directors, Advisory Council, Executive Committees, Resources Committee and Retail Structure Review Subcommittee, several standards development projects have been identified for possible inclusion in the 2007 annual plan. We hope that this document will be helpful and provide background for you as you determine to provide comments.

The areas identified that may benefit for standards development efforts are:

- Contracts: development of additional retail contracts and addenda that support the base contract already under development
- Customer Choice Activities
- Distributed Generation
- Energy Renewal and Green Energy Programs
- Interruption and Curtailment Procedures
- Load Profiling
- Low Income Strategies
- Model Business Practices between utilities and suppliers in day to day transactions with RTOs (joint initiative with the WEQ)
- Model Business Practices focused on estimating the impact of demand side management (DSM) and energy efficiency (EE) initiatives
- Net Metering
- Renewables/Renewable Portfolio Standards – work with the wholesale quadrant on nationally traded renewable energy credit
- Standard electronic/web billing
- Standardization of EDI billing terms and determinants
- XML Development

We look forward to hearing from you soon and hope you will provide comments to support our annual planning process. Should you have any questions or need additional information, do not hesitate to contact the NAESB office at 713-356-0060 or vthomason@naesb.org.

Best Regards,

Rae

Rae McQuade
President, NAESB

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Attachment 3: 2006 Annual Plan for Retail Quadrants

NORTH AMERICAN ENERGY STANDARDS BOARD
2006 ANNUAL PLAN for the RETAIL GAS and ELECTRIC QUADRANTS[i]
Revisions Adopted by the Board on September 21, 2006

	Item Number & Description	Completion[ii]	Assignment
1	Billing & Payment		
	a. Develop Technical Electronic Implementation Standards – Billing & Payments Status: Underway	3rd Qtr. 2006	TEIS
	b. Develop additional model business practices for reversal and reissue, transformer loss factors, budget billing and payment plans, and missed bill windows Status: Completed through the BPS process and submitted to IR.	4th Qtr 2006	IR
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. Status: Underway. To be presented at the November EC meeting.	3rd 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. Status: Completed.	1st Qtr. 2006	IR
	b. Develop Technical Electronic Implementation Standards – Electronic Retail Billing Status: Underway. To be presented at the November EC meeting.	3rd Qtr. 2006	TEIS
4	Customer Enrollment, Drop and Account Maintenance		
	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. Status: Underway. To be presented at the November EC meeting for enrollment part.	2nd Qtr. 2007	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. Status: Not Started. Customer enrollment should be complete by 4th Qtr 2006, but drops and customer account information should span into 2007.	3rd Qtr. 2007	IR

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 ANNUAL PLAN for the RETAIL GAS and ELECTRIC QUADRANTS[i]
Revisions Adopted by the Board on September 21, 2006

	Item Number & Description	Completion[ii]	Assignment
	c. Develop Technical Electronic Implementation Standards – Customer Enrollment, Switching & Dropping. Status: Not Started	4th Qtr 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. Status: Not Started	4th Qtr. 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). Status: Underway. To be presented at the November EC meeting.	4th Qtr. 2006	Contracts
7	Prepare a joint analysis with the WGQ for AS2 and AS3 protocols as compared to the NAESB IET. Status: Not Started.	4th Qtr. 2006	TEIS & WGQ EDM
8	Develop NAESB Certification checklist criteria for Retail Quadrants to be used in the NAESB Certification Program. Status: Not Started.	4th Qtr. 2006	TEIS
9	Partner with the Department of Energy's Sandia National Laboratories on NAESB technical standards and respond to the surety assessment findings and recommendations. Status: Underway	4th Qtr. 2006	EC Officers[iii]
Program of Standards Maintenance & Fully Staffed Standards Work[iv]			
	Business Practice Requests	Ongoing	Assigned by the EC[v]
	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

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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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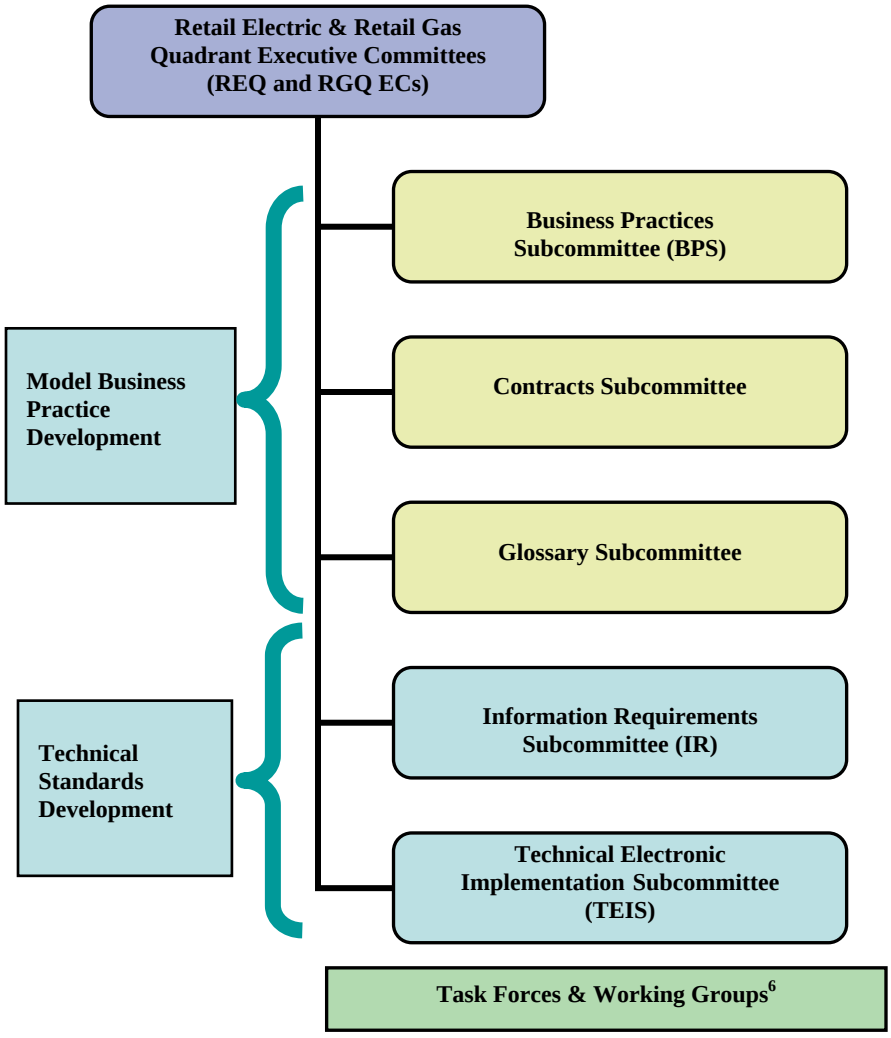
Attachment 3: 2006 Annual Plan for Retail Quadrants



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 Ed Overtree, 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:

[i] 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.

[ii] 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.

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

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

[v] 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.

NAESB Executive Committee Meeting Materials for November 14-16, 2006
Comments From D. Darnell that could affect WGQ and Retail Annual Plans

Hi Rae!

I recently started a work group at X12 with a mission to formulate a cross industry implementation guide for EDIINT (EDI over the Internet: AS1/AS2/AS3) software.

It might be a good time for our NAESB EDM work group to get involved and possibly look at merging or "harmonizing" the EDM standard with AS2. This would be similar to the efforts of Dick Brooks a few years ago, except with an emphasis on end-user implementation. I started this work group at X12 since there is no longer an EDIINT work group at IETF. Even if there were an EDIINT workgroup active the membership never ever fully represented the end users or the standard, which is what I am trying to do with my X12C work group.

AS1 and AS2 are still IETF standards so if we identify any modifications required to the base standard we would have to submit these back to the IETF. At that point we might have to formulate another IETF work group to get this done. I will investigate their procedures a little more to determine how this would be handled.

Please see my conference call meeting announcement below (tomorrow - Tuesday November 7 at 4pm EST). If you think if would be appropriate, please pass it on to the NAESB work group members.

Regards,
Dave

~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~
Dave Darnell
Systrends
Phone:480.756.6777x201,Mobile:602.432.3353,eFax:480.383.6591
~~~~~~

-----Original Message-----
From: Dave Darnell [mailto:dave.darnell@systrendsUSA.com]
Sent: Monday, November 06, 2006 6:02 AM
To: EDI-L@yahoogroups.com
Subject: FW: [x12cediint] FW: X12CTG2WG1 Boston meeting - follow-up - AS2 Conference Calls

This is a general announcement and invitation to anybody interested in participating in our efforts to draft a cross-industry AS2 implementation guide. It is one of the efforts of the X12C committee.

The conference call instructions for our call tomorrow and future calls can be found below. Please note that we will have another face-to-face meeting at the X12 meeting in Denver January 28 - February 2 2007. Please go to www.x12.org for more information on the Denver meetings.

If you intend to participate in the conference call tomorrow, please RSVP to this email.

And, please feel free to contact me directly if you need more information.

==========
Subject: RE: X12CTG2WG1 Boston meeting - follow-up - AS2 Conference Calls

Here is the conference call info for tomorrow's call at 4:00pm ET (ending at 5:00pm)...

NAESB Executive Committee Meeting Materials for November 14-16, 2006
Comments From D. Darnell that could affect WGQ and Retail Annual Plans

FYI - This is through FreeConferenceCall.com

For Participants:

Re. current schedule:
Tuesday Nov. 7
Tuesday Nov. 21
Tuesday Dec. 05
Tuesday Dec. 19
Tuesday Jan. 02 2007
Tuesday Jan. 16

If you need a copy of the Guideline from GS1 that we began to read, discuss and make notes on in our X12 Boston meeting, please reply to this email directly to me. We will continue to discuss this in tomorrow's call.

Best Regards,
Dave
~~~~~~~~~~~~~~~~~~~~~~~~~~~~~
Dave Darnell
Systrends
Phone:480.756.6777x201,Mobile:602.432.3353,eFax:480.383.6591
~~~~~~

NAESB Executive Committee Meeting Materials for November 14-16, 2006
Comments From BPS Chairs on the Retail Annual Plans

In view of the decisions made by the Retail Executive Committees regarding the 2006 Annual Plan, the Business Practices Subcommittee (BPS) Co-Chairs are providing their thoughts on the structure and content of the 2007 Annual Plan for items relating to BPS. Please note that this is based on the current body of work before the BPS, and includes our best estimate for completion dates.

Rather than waiting until the November 15 Executive Committee meeting to bring this up, we thought it would be helpful to get it to you ahead of time.

We understand that the content of the 2007 Annual Plan will be the subject of discussions at the November 15 Executive Committee meeting, and that the work plan for BPS may change. We further understand the desire to increase membership and participation which may lead to the inclusion of new topics for Model Business Practice development. Please note that the BPS as a whole has said that they would find interrupting the MBP development for Customer Enrollment, Drop and Account Information Change disruptive. Discussions have already begun for Customer Drops, as well as for Customer Enrollment using a Registration Agent. To interrupt these discussions in mid-stream to address another issue would mean essentially starting over from the beginning. We experienced this when we were directed to suspend work on Customer Enrollment to address Billing & Payment Via UET (the WalMart Request). This significantly slowed the work on development of MBPs for Customer Enrollment. The BPS, therefore, urges the Executive Committee to consider this in their deliberations on the 2007 Annual Plan.

That being said, please rest assured that the BPS will aggressively pursue the 2007 Annual Plan as directed by the Executive Committee.

Phil Precht, Baltimore Gas and Electric, RGQ BPS Co-Chair
Dan Jones, Duke Energy, REQ BPS Co-Chair
Mary Edwards, Dominion Virginia Power, REQ BPS Co-Chair

North American Energy Standards Board (NAESB)
Retail Business Practices Subcommittee (BPS)
Co-Chairs Proposed 2007 Annual Plan

Below is the proposal of the Retail BPS Co-Chairs for the 2007 Annual Plan ***based on the current body of work***. Along with providing expected dates for completion, three changes have been made:

1. The title has been changed to Customer Enrollment, Drop and Account Information Change to conform with decisions made by the BPS and the Glossary Subcommittees.

2. Customer Enrollment, Drop and Account Information Change Using a Registration Agent has been identified as a separate Annual Plan item since it will become a separate Book when completed. Although work on this item is concurrent with work on the original item, the timeline is different. The separate item provides the ability to identify more specific dates.

3. Because each portion of the items will be forwarded to the Executive Committee as each is completed, a separate line item has been developed. Again, this will provide the ability to better differentiate dates.

Items 2 and 3 above were not carried forward for parts b and c, although the Information Requirements (IR) and Technical Electronic Implementation (TEIS) Subcommittees may want to adopt the same format.

4	Customer Enrollment, Drop and Account Information Change			
	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. (i) Customer Enrollment Status: [Underway. To be presented at the November EC meeting for enrollment part.] Complete (ii) Customer Drop Status: Underway (iii) Account Information Change Status: Not Started	1st Qtr. 2007 2nd Qtr. 2007	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. Status: Not Started. Customer enrollment should be complete by 4th Qtr 2006, but drops and customer account information should span into 2007.	3rd Qtr. 2007	IR
	c.	Develop Technical Electronic Implementation Standards – Customer Enrollment, Switching & Dropping. Status: Not Started	4th Qtr 2007	TEIS

5	Customer Enrollment, Drop and Account Information Change Using a Registration Agent			
	a.	Develop practices when using a Registration Agent 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.		BPS

	(i) Customer Enrollment Status: Underway.	3rd Qtr. 2007	
	(ii) Customer Drop Status: Not Started	4th Qtr. 2007	
	(iii) Account Information Change Status: Not Started	1st Qtr. 2008	
6	Customer Inquiries		
	a. Develop procedures for responding to Customer inquiries directed to Distribution Companies and/or Suppliers, and for notification of the other party. Status: Not Started	4th Qtr. 2008	BPS

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

Wholesale Gas Quadrant

TAB 16

Recommendations and Comments

- This material is for review and vote. To adopt standards recommended requires a super-majority vote of the WGQ EC.
- The material in tab 16 corresponds to agenda item 3 of the WGQ EC agenda.
- Included in this section for reference are:
  - Recommendation R01003
  - Recommendation R02008
  - Recommendation R03005
  - Recommendation R03009
- Comments are due on November 13 and as received by the office will be forwarded under separate cover.

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via email and posting

TO: NAESB Wholesale Gas Quadrant (WGQ) Members and Interested Industry Participants
FROM: DeDe Kirby, Meeting/Project Manager
RE: WGQ Requests for Comments
DATE: October 24, 2006

An industry comment period begins today, October 24, 2006 and ends on November 13, 2006 for four WGQ recommendations that are posted on the NAESB web site:

Recommendation R01003 – (Add a System Management Service Quantity data element to various capacity release datasets): http://naesb.org/pdf2/r01003_rec.doc.

Recommendation R02008 – (Add new transaction types in the Nomination (1.4.1) and Scheduled Quantity (1.4.5) data sets): http://naesb.org/pdf2/r02008_rec.doc.

Recommendation R03005 – (Add code values for the Service Code data element in the Transportation /Sales Invoice (3.4.1)): http://naesb.org/pdf2/r03005_rec.doc.

Recommendation R03009 – (Add a Transactional category to the Informational Posting under NAESB WGQ Standard 4.3.21 and the following subcategories to NAESB WGQ Standard 4.3.23: Transactional Firm, Interruptible, Capacity Release): http://naesb.org/pdf2/r03009_rec.doc.

All interested parties, regardless of membership status within NAESB are eligible to submit comments for consideration. The WGQ Executive Committee will review these recommendations and consider them for vote as NAESB WGQ standards on November 16, 2006, and in that consideration will review all submitted comments.

All comments received by the NAESB office by end of business on November 13 will be posted on the Home Page (http://www.naesb.org/request.asp) and forwarded to the WGQ EC members for their consideration. If you have difficulty downloading the recommendations and attachments, please call the NAESB office at (713) 356-0060.

Best Regards,
DeDe Kirby

cc: Rae McQuade, President

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NAESB Wholesale Gas Quadrant Members as of October 24, 2006

Segment	Organization	Contact
s	8760	Jim Buccigross
pl	Alliance Pipeline LP	Neil Coghlan
l	Ameren Corporation	Scott Glaeser
s	American Electric Power Service Corp.	Cathy Szasz
s	Anadarko Energy Services Company	John Bretz, Steve Abbey
pr	Apache Corporation	Kelley Powell
e	Arizona Public Service Company	Ken Nordlander, Kelly Daly, Curt Brechtel
pl	Atmos Energy	Steve Easley
s	Ballard Natural Gas, LLC	Susan Thibodeaux
l	Baltimore Gas & Electric Co.	Phil Precht
s	Barclays Bank PLC	Guy Kern-Martin
s	BG LNG Services, LLC	Martha Braddy
e	Boeing Company	Tina Burnett
pr	BP Energy	Bill Benham, Lauren Kaestner
pl	Bridgeline Gas Marketing	Georgia Blanchard
pr	Burlington Resources	Paul Keeler
e	Calpine Energy Services, LP	Janet Dixon, Craig Chancellor
s	Cargill Incorporated	Kathy Gerken
l	Cascade Natural Gas Corporation	Mark Sellers-Vaughn
s	CenterPoint Energy Gas Services, Inc.	James G. Beste
pl	CenterPoint Energy Gas Transmission Company	Larry Thomas
pl	CenterPoint Energy Mississippi River Transmission Corp.	Robert Trost
pl	Chandeleur Pipe Line Company	Janice E. Rogers
s	Cheniere Marketing, Inc.	Mark Stubbe, Tammy Miller
pr	Chevron/Texaco	Charles (Chuck) Cook
pr	Cimarex Energy Co	Charlotte Baker
s	Cinergy Marketing and Trading	Maribeth Bedevian
pl	Columbia Gas Transmission	Carl Levander
e	Comprehensive Energy Services	Jim Templeton
pr	ConocoPhillips Gas and Power	Peter Frost
l	Consolidated Edison Company of NY	Scott Butler, Paul Olmsted
s	Constellation Energy Commodities Group, Inc.	Robert McKay
pl	Dauphin Island Gathering Partners	Katie Rice
e	Defense Energy Support Center	Veronica Jones, Kevin Ahern

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Segment	Organization	Contact
e	Department of Energy	Christopher Freitas
pr	Dominion Exploration and Production, Inc.	David Ogden, Sheri Heslington, Gary Weaver
l	Dominion Resources (Previously CNG)	Craig Columbo
pl	Dominion Transmission, Inc.	Gary Sypolt, Iris King
s	DTE Energy Company	Miki Kolobara
pl	Duke Energy Gas Transmission - Texas Eastern	Richard Kruse
pr	El Paso Exploration & Production Company	Susan Lum
pl	El Paso Natural Gas	William Griffith
pl	Enbridge Energy Company Inc	Terry McGill
pr	EnCana Corporation	Keith Sappenfield
s	EnCana Marketing (USA) Inc.	Keith Sappenfield
l	Energy East Management Corporation	Marjorie Perlman
e	Entergy Services, Inc.	Arlynn Kelleher, Terry Shields
pl	Enterprise Products Partners, LP	Richard W. Porter
l	Equitable Gas Company	Steve Rafferty
pl	Equitrans, L.P.	Mina Speicher
pr	ExxonMobil Gas Marketing	Richard Smith
e	Florida Power & Light Company	Dona Gussow
e	Florida Reliability Coordinating Council	Ken Wiley
e	FPL Energy Power Marketing, Inc.	Michael Jessop
pl	Gas Transmission Northwest Corporation	Jay Story
pl	Great Lakes Gas Transmission	Gene Fava
s	Group 8760	Jim Buccigross
pl	Gulf South Pipeline	Randy Young
pl	H S Resources Inc.	Carol Hall
e	Imperial Irrigation District	William Rapp
pl	Iroquois Gas Transmission System	Tom Gwilliam
pl	Kern River Gas Transmission Company	Brenda Horton
l	KeySpan Energy	Dolores Chezar
l	Laclede Gas Co.	Kenneth Neises
s	Latitude Technologies	Leigh Spangler
s	Louis Dreyfus Energy Services L.P.	Mary Ellen Bell, Ruby Melton
e	Lower Colorado River Authority	Mickey Bell
s	Macquarie Cook Energy, LLC	Angela Jones
pr	Marathon Oil Company	Robin Perrine
pr	Mewbourne Oil Company	Michael F. Shepard
e	Mirant Energy Trading, LOC	Laura Trautman, Nicole Daggs

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Segment	Organization	Contact
l	National Fuel Gas Distribution	Michael Novak
pl	National Fuel Gas Supply Corp.	Joseph Kardas
l	National Grid USA	Bruce Garcy
pl	Natural Gas Pipeline Co of America	Paul Love
l	New Jersey Natural Gas Company	Douglas C. Rudd
l	Nicor Gas	Mary Wolosek, Shirley Holmes
l	NiSource Inc.	George Simmons
s	NJR Energy Services Company	Ginger Richman
pl	Northern Natural Gas	Mary Darveaux
l	Northwest Natural Gas Company	Randolph Friedman
pl	NOVA Gas Transmission Ltd.	Doug Miller
pr	Occidental Energy Marketing Inc. (OEMI)	Melinda Duncan
l	ONEOK	Patricia Anderson
pl	ONEOK Partners GP, LLC	Scott Coburn
l	Pacific Gas & Electric	John Breen
pl	Panhandle Eastern Pipe Line Co.	William Grygar, Kim Van Pelt
l	PECO Energy Co.	Reed R. Horting, Amy Hamilton
s	Pemex Gas Y Petroquimica Basica	Juan Enrique Gonzalez Azuara
l	Peoples Gas Light & Coke Co.	Tom Zack
s	Platts	Bill Murphy
pl	Portland General Electric	Kathy Davies
pl	Portland Natural Gas Transmission System	David Haag
s	Powerex Corp.	Sharole Tylor
e	PPL EnergyPlus, LLC	Anne Lovett
l	Public Service Electric & Gas	David Wohlfarth
pl	Questar Pipeline Co.	Scott Hansen
s	Quorum Business Solutions Inc.	Mark Davis
pl	Sabine Pipe Line LLC	Jan Rogers
e	Salt River Project Agricultural Improvement & Power District	Diane McVicker
pl	SCANA Corporation	Jacquelyn Gettle
l	Sempra Energy - Southern California Gas Co.	Lee Stewart, Rodger Schwecke
s	Sequent Energy Management, L.P.	Pat Metteauer
s	SolArc Inc.	Tim Curtis
e	Southern California Edison Company	Roman Bakke
e	Southern Company Services, Inc.	Alan Kilpatrick
pl	Southern Natural Gas Co.	Renee Hyde, Tracey Nicholson
pl	Southern Star Central Gas Pipeline	James L. Harder, Dale Sanders

North American Energy Standards Board
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Segment	Organization	Contact
1	Southwest Gas Corporation	Larry Black
s	SunGard	Lucia Nail
s	Telvent	William (Bill) Morrow
pl	Tennessee Gas Pipeline Company	Larry Smith, Mark Gracey
e	Tennessee Valley Authority	Valerie Crockett
pl	Texas Gas Transmission, LLC	Jeff Bittel
s	Tiger Natural Gas	Bob Smith
pl	TransCanada Pipelines	Doug Miller
s	Trinity Apex Systems	Richard (Dick) Couron
s	UBS Energy	Suzanne Calcagno
pl	Vector Pipeline L.P.	Amy Bruhn
s	Vega Energy Partners, Ltd.	Lori Leeder
1	Washington Gas Light Co.	Adrian Chapman , Ken Yagelski
1	Westfield Gas & Electric Light Dept.	Joyce Bodak
pl	Williams Gas Pipeline	Dale Davis
pl	Williston Basin Interstate Pipeline	Keith Tiggelaar
1	Wisconsin Public Service Corporation	Ronald G. Mosnik

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Transportation Services (Northern Natural) **Request No.: R01003**

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:	**Per Recommendation:**
___Initiation	___Initiation
_X_Modification	_X_Modification
___Interpretation	___Interpretation
___Withdrawal	___Withdrawal
___Principle (x.1.z)	___Principle (x.1.z)
___Definition (x.2.z)	___Definition (x.2.z)
___Business Practice Standard (x.3.z)	___Business Practice Standard (x.3.z)
___Document (x.4.z)	___Document (x.4.z)
_X_Data Element (x.4.z)	_X_Data Element (x.4.z)
_X_Code Value (x.4.z)	_X_Code Value (x.4.z)
___X12 Implementation Guide	_X_X12 Implementation Guide
___Business Process Documentation	___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add a new data element “System Management Service Quantity” to sub-detail of the following data sets:

NAESB WGQ Standard No. 5.4.1	Offer Download
NAESB WGQ Standard No. 5.4.2	Bid Download
NAESB WGQ Standard No. 5.4.3	Award Download
NAESB WGQ Standard No. 5.4.7	Offer Upload
NAESB WGQ Standard No. 5.4.9	Offer Upload Notification
NAESB WGQ Standard No. 5.4.18	Bid Upload

- Add validation code values to the following data sets:

NAESB WGQ Standard No. 5.4.8	Offer Upload Quick Response
NAESB WGQ Standard No. 5.4.19	Bid Upload Quick Response

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Transportation Services (Northern Natural) **Request No.: R01003**

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.: NAESB WGQ Standard No. 5.4.7 Offer Upload

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
System Management Service Quantity (Sys Mgmt Svc Qty)	The system management service quantity being offered for release.	BC	BC	May be used only when system management service is provided by the transportation service provider.

Document Name and No.: NAESB WGQ Standard No. 5.4.1 Offer Download
NAESB WGQ Standard No. 5.4.9 Offer Upload Notification
NAESB WGQ Standard No. 5.4.18 Bid Upload

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
System Management Service Quantity (Sys Mgmt Svc Qty)	The system management service quantity being offered for release.	C	C	Mandatory when present and processed in the original Offer Upload

Document Name and No.: NAESB WGQ Standard No. 5.4.2 Bid Download

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
System Management Service Quantity (Sys Mgmt Svc Qty)	The system management service quantity being offered for release.	C	C	Mandatory when present and processed in the Bid Upload.

Document Name and No.: NAESB WGQ Standard No. 5.4.3 Award Download

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
System Management Service Quantity (Sys Mgmt Svc Qty)	The system management service quantity being offered for release.	C	C	Mandatory when present and processed earlier in the process.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Transportation Services (Northern Natural) **Request No.: R01003**

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: NAESB WGQ Standard No. 5.4.8 Offer Upload Quick Response

Data Element Name: Validation Code (Sub-detail)

Code Value	Code Value Description	Code Value Definition
E363	Invalid System Management Service Quantity	[no definition necessary]
W675	System Management Service Quantity not processed	[no definition necessary]

Document Name and No.: NAESB WGQ Standard No. 5.4.19 Bid Upload Quick Response

Data Element Name: Validation Code (Sub-detail)

Code Value	Code Value Description	Code Value Definition
EBDQR503	Invalid System Management Service Quantity	[no definition necessary]

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:
NAESB WGQ Standard No. 5.4.1 Offer Download
NAESB WGQ Standard No. 5.4.2 Bid Download
NAESB WGQ Standard No. 5.4.3 Award Download
NAESB WGQ Standard No. 5.4.7 Offer Upload
NAESB WGQ Standard No. 5.4.8 Offer Upload Quick Response
NAESB WGQ Standard No. 5.4.9 Offer Upload Notification
NAESB WGQ Standard No. 5.4.18 Bid Upload
NAESB WGQ Standard No. 5.4.19 Bid Upload Quick Response

Offer Download, 5.4.1

Data Elem Xref to X12

Sub-detail QTY: For the "System Management Service Quantity" data element, add a QTY row so that the end result is as follows:

QTY C Maximum Offer Quantity – Location
QTY C Minimum Offer Quantity – Location
QTY C System Management Service Quantity

X12 Mapping

Sub-detail QTY segment (position 490):
N901: Mark code value "14" as used. Insert code value note "System Management Service Quantity".
N902: Add the data element "System Management Service Quantity" to the end of the list of data elements so that the end result is as follows:
Maximum Offer Quantity – Location, Minimum Offer Quantity – Location, System Management Service Quantity

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Transportation Services (Northern Natural) **Request No.: R01003**

Bid Download, 5.4.2

Data Elem Xref to X12

Sub-detail TD1: For the "System Management Service Quantity" data element, add a TD1 row so that the end result is as follows:

TD1 C Bid Quantity – Location
TD1 C Bid Minimum Quantity – Location
TD1 C System Management Service Quantity

X12 Mapping

Sub-detail TD1 segment (position 490):
TD102: Add the data element "System Management Service Quantity" to the end of the list of data elements so that the end result is as follows:
Bid Quantity – Location, Bid Minimum Quantity – Location, System Management Service Quantity

Transaction Set Tables

TD1 Segments (Detail) – Modify table name to "TD1 Segments (Sub-detail)". Add a new row at the bottom of the table as follows:

Element Name	Usage	TD102 Description	TD105
Bid Quantity – Location	C1	Bid Quantity – Location	BQ
Bid Minimum Quantity – Location	C2	Bid Minimum Quantity – Location	BM
System Management Service Quantity	C	System Management Service Quantity	14

Award Download, 5.4.3

Data Elem Xref to X12

Sub-detail TD1: For the "System Management Service Quantity" data element, add a TD1 row so that the end result is as follows:

TD1 C Award Quantity – Location
TD1 C System Management Service Quantity

X12 Mapping

Sub-detail TD1 segment (position 490):
TD102: Add the data element "System Management Service Quantity" to the end of the list of data elements so that the end result is as follows:
Award Quantity – Location (in the units specified in SDQ01), System Management Service Quantity
TD105: Add code value "14". Insert code value note "System Management Service Quantity".

Offer Upload, 5.4.7

Data Elem Xref to X12

Sub-detail QTY: For the "System Management Service Quantity" data element, add a QTY row so that the end result is as follows:

QTY BC Maximum Offer Quantity – Location
QTY BC Minimum Offer Quantity – Location
QTY BC Bid Quantity – Location
QTY BC Retained Quantity
QTY BC System Management Service Quantity

X12 Mapping

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Transportation Services (Northern Natural) **Request No.: R01003**

Sub-detail QTY segment (position 490):
N901: Mark code value "14" as used. Insert code value note "System Management Service Quantity".
N902: Add the data element "System Management Service Quantity" to the end of the list of data elements so that the end result is as follows:
Maximum Offer Quantity – Location, Minimum Offer Quantity – Location, Bid Quantity – Location, Retained Quantity, System Management Service Quantity

Offer Upload Quick Response, 5.4.8

Transaction Set Tables

Errors and Warnings (Sub-detail) table:
For the data element "Validation Code", insert code values "E363" and "W675" and their descriptions in alphabetic/numeric order by code value as follows:

Validation Code	Description
E363	Invalid System Management Service Quantity
W675	System Management Service Quantity not processed

Offer Upload Notification, 5.4.9

Data Elem Xref to X12

Sub-detail QTY: For the "System Management Service Quantity" data element, add a QTY row so that the end result is as follows:

QTY C Maximum Offer Quantity – Location
QTY C Bid Quantity – Location
QTY C System Management Service Quantity

X12 Mapping

Sub-detail QTY segment (position 490):
N901: Mark code value "14" as used. Insert code value note "System Management Service Quantity".
N902: Add the data element "System Management Service Quantity" to the end of the list of data elements so that the end result is as follows:
Maximum Offer Quantity – Location, Bid Quantity – Location, System Management Service Quantity

Bid Upload, 5.4.18

Data Elem Xref to X12

Sub-detail TD1: For the "System Management Service Quantity" data element, add a TD1 row so that the end result is as follows:

TD1 BC Bid Quantity – Location
TD1 BC Bid Minimum Quantity – Location
TD1 C System Management Service Quantity

X12 Mapping

Sub-detail TD1 segment (position 490):
TD102: Add the data element "System Management Service Quantity" to the end of the list of data elements so that the end result is as follows:
Bid Quantity – Location, Bid Minimum Quantity – Location, System Management Service Quantity

Transaction Set Tables

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Transportation Services (Northern Natural) **Request No.: R01003**

TD1 Segments (Detail) – Modify table name to "TD1 Segments (Sub-detail)". Add a new row at the bottom of the table as follows:

Element Name	Usage	TD102 Description	TD105
Bid Quantity – Location	BC1	Bid Quantity – Location	BQ
Bid Minimum Quantity – Location	BC2	Bid Minimum Quantity – Location	BM
System Management Service Quantity	C	System Management Service Quantity	14

Bid Upload Quick Response, 5.4.19

Transaction Set Tables

Errors and Warnings (Sub-detail) table:
For the data element "Validation Code", insert code values "EBDQR503" and its description in alphabetic/numeric order by code value as follows:

Validation Code	Description
EBDQR503	Invalid System Management Service Quantity

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Transportation Services (Northern Natural) **Request No.: R01003**

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Add a System Management Service Quantity data element to the sub-detail level of various capacity release datasets. It is also requested that Validation Codes be added to the Offer Upload Quick Response (5.4.8) and Bid Upload Quick Response (5.4.19).

b. Description of Recommendation:

Business Practices Subcommittee

See meeting miutes for the following Business Practices Subcommittee meetings:

- March 15, 2001
- March 29, 2001
- April 12, 2001
- May 10, 2001

Motion – May 10, 2001:

BPS instructs the Information Requirements Subcommittee to accommodate the business conditional business practice of sending a system management service quantity in the Offer Upload. If this information is provided in the Offer Upload, it also should be provided in the related Offer Upload Notification, Offer Download, Bid Upload, Bid Download, and Award Download

Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	1	0	1	1.00	0.00	1
LDCs	2	0	2	2.00	0.00	2
Pipelines	11	0	11	2.00	0.00	2
Producers	1	0	1	1.00	0.00	1
Services	1	0	1	1.00	0.00	1
	16	0	16	7.00	0.00	7

Motion Passes

Information Requirements Subcommittee

See meeting minutes for the following Information Requirements Subcommittee meetings:

- March 17, 2005
- April 13, 2005
- May 13, 2005
- June 30, 2005

Motion – June 30, 2005

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Transportation Services (Northern Natural) **Request No.: R01003**

Modify the data sets and code values dictionaries as indicated (see minutes for exact wording):

Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	8	0	8	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	0	0	0	0.00	0.00	0
	8	0	8	2.00	0.00	2

Motion Passes

Technical Subcommittee

See meeting minutes for the following Information Requirements Subcommittee meetings:

- October 17-18, 2006

Motion:

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	0	0	0	0
Pipelines	4	2	0	0
Producers	0	0	0	0
Totals	**4**	**2**	**0**	**0**
Motion passes				

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: CMS (Panhandle Eastern) **Request No.: R02008**

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:	**Per Recommendation:**
___Initiation	___Initiation
_X_Modification	_X_Modification
___Interpretation	___Interpretation
___Withdrawal	___Withdrawal
___Principle (x.1.z)	___Principle (x.1.z)
___Definition (x.2.z)	___Definition (x.2.z)
___Business Practice Standard (x.3.z)	___Business Practice Standard (x.3.z)
___Document (x.4.z)	___Document (x.4.z)
___Data Element (x.4.z)	___Data Element (x.4.z)
_X_Code Value (x.4.z)	_X_Code Value (x.4.z)
___X12 Implementation Guide	_X_X12 Implementation Guide
___Business Process Documentation	___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add 3 new code value for the data element “Transaction Type” in the following data sets:
  - NAESB WGQ Standard No. 1.4.1 Nomination
  - NAESB WGQ Standard No. 1.4.5 Scheduled Quantity
  - NAESB WGQ Standard No. 2.4.4 Shipper Imbalance

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: CMS (Panhandle Eastern) **Request No.: R02008**

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: NAESB WGQ Standard No. 1.4.1 Nomination
NAESB WGQ Standard No. 1.4.5 Scheduled Quantity
NAESB WGQ Standard No. 2.4.4 Shipper Imbalance

Data Element: Transaction Type

Code Value Description	Code Value Definition	Code Value
Authorized Contract Overrun - Firm	Firm transportation which exceeds contract capacity rights for which authorization has been granted.	105
Authorized Contract Overrun - Interruptible	Interruptible transportation which exceeds contract capacity rights for which authorization has been granted.	106
Operational Balancing Agreement	Used to signify a type of agreement.	107

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.: NAESB WGQ Standard No. 1.4.1 Nomination
NAESB WGQ Standard No. 1.4.5 Scheduled Quantity
NAESB WGQ Standard No. 2.4.4 Shipper Imbalance

Nomination, 1.4.1

Transaction Set Tables

LQ Segments (Sub-detail) table: For the data element Transaction Type, insert the following code values and code value descriptions in the LQ02 and LQ02 Description columns in numerical order as follows:

Element Name (LQ02)	Usage when CS05 =				LQ01	LQ02	LQ02 Description
	'P'	'N'	'T'	'U'			
Transaction Type	M	M	M	M	TT	105 106 107	Authorized Contract Overrun - Firm Authorized Contract Overrun - Interruptible Operational Balancing Agreement

Scheduled Quantity, 1.4.5

Transaction Set Tables

LQ Segments (Sub-detail) table: For the data element Transaction Type, insert the following code values and code value descriptions in the LQ02 and LQ02 Description columns in numerical order as follows:

Element Name (LQ02)	Usage when CS05 =				LQ01	LQ02	LQ02 Description
	'P'	'N'	'T'	'U'			
Transaction Type	M	M	M	M	TT	105 106 107	Authorized Contract Overrun - Firm Authorized Contract Overrun - Interruptible Operational Balancing Agreement

Shipper Imbalance, 2.4.4

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: CMS (Panhandle Eastern) Request No.: R02008

Transaction Set Tables

LQ Segments (Sub-sub-detail - HL03 = 'IA') table: For the data element Transaction Type, insert the following code values and code value descriptions in the LQ02 and LQ02 Description columns in numerical order as follows:

Element Name (LQ02)	Usage	LQ01	LQ02	LQ02 Description
Transaction Type	MA	TT	105 106 107	Authorized Contract Overrun - Firm Authorized Contract Overrun - Interruptible Operational Balancing Agreement

4. SUPPORTING DOCUMENTATION

a. Description of Request:

CMS Panhandle Pipeline Companies request new Transaction Types in the Nomination (1.4.1) and Scheduled Quantity (1.4.5) data sets.

b. Description of Recommendation:

Information Requirements Subcommittee

See meeting minutes for Information Requirements Subcommittee as follows:

- April 13, 2005
- May 13, 2005
- July 13, 2005

Motion – July 13, 2005
Add the following code values for the data element "Transaction Type" in the data sets indicated:

Document Name and No.:

NAESB WGQ Standard No. 1.4.1	Nomination
NAESB WGQ Standard No. 1.4.5	Scheduled Quantity
NAESB WGQ Standard No. 2.4.4	Shipper Imbalance

Data Element: Transaction Type

Code Value Description	Code Value Definition	Code Value
Authorized Contract Overrun - Firm	Firm transportation which exceeds contract capacity rights for which authorization has been granted.	
Authorized Contract Overrun – Interruptible	Interruptible transportation which exceeds contract capacity rights for which authorization has been granted.	

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: CMS (Panhandle Eastern) **Request No.: R02008**

Code Value Description	Code Value Definition	Code Value
Operational Balancing Agreement	Used to signify a type of agreement.	

Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	9	0	9	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	0	0	0	0.00	0.00	0
	9	0	9	2.00	0.00	2

Motion Passes

Technical Subcommittee

See meeting minutes for Information Requirements Subcommittee as follows:

- October 17-18, 2006

Motion:

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	0	0	0	0
Pipelines	7	2	0	0
Producers	0	0	0	0
Totals	**7**	**2**	**0**	**0**

Motion passes

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Northern Natural Gas **Request No.: R03005**

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:	**Per Recommendation:**
___Initiation	___Initiation
_X_Modification	_X_Modification
___Interpretation	___Interpretation
___Withdrawal	___Withdrawal
___Principle (x.1.z)	___Principle (x.1.z)
___Definition (x.2.z)	___Definition (x.2.z)
___Business Practice Standard (x.3.z)	___Business Practice Standard (x.3.z)
___Document (x.4.z)	___Document (x.4.z)
___Data Element (x.4.z)	___Data Element (x.4.z)
_X_Code Value (x.4.z)	_X_Code Value (x.4.z)
___X12 Implementation Guide	_X_X12 Implementation Guide
___Business Process Documentation	___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add code value “Preferred Storage” for the data element “Service Code” in the following data set:
  NAESB WGQ Standard No. 3.4.1 Transportation / Sales Invoice

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Northern Natural Gas **Request No.: R03005**

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: NAESB WGQ Standard No. 3.4.1 Transportation / Sales Invoice

Data Element: Service Code

Code Value Description	Code Value Definition	Code Value
Preferred Storage	A type of premium storage service.	PS

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.: NAESB WGQ Standard No. 3.4.1 Transportation / Sales Invoice

Transportation / Sales Invoice, 3.4.1

Transaction Set Tables

LQ Segments (Sub-detail - HL03 = '9') table: For the data element Service Code, insert the following code value and code value description in the LQ02 and LQ02 Description columns in alphabetical order by code value as follows:

Element Name (LQ02)	Usage	LQ01	LQ02	LQ02 Description
Service Code	M	SVC	PS	Preferred Storage

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Add code values for the Service Code data element in the Transportation/Sales Invoice (3.4.1).

b. Description of Recommendation:

Information Requirements Subcommittee

See meeting minutes for Information Requirements Subcommittee as follows:

- May 13, 2005
- July 13, 2005

Motion: July 13, 2005

Add a code value for the data element "Service Code" in the data set indicated below.

Document Name and No.: NAESB WGQ Std. 3.4.1 Transportation/Sales Invoice

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Northern Natural Gas **Request No.: R03005**

Data Element: Service Code

Code Value Description	Code Value Definition	Code Value
Preferred Storage	A type of premium storage service.	

Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	7	0	7	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	8	0	8	3.00	0.00	3

Motion Passes

Technical Subcommittee

See meeting minutes for Information Requirements Subcommittee as follows:

- October 17-18, 2006

Motion:

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	0	0	0	0
Pipelines	7	2	0	0
Producers	0	0	0	0
Totals	**7**	**2**	**0**	**0**

Motion passes

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: El Paso Corporation Request No.: R03009

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:

___Initiation
_X_Modification
___Interpretation
___Withdrawal

___Principle (x.1.z)
___Definition (x.2.z)
_X_Business Practice Standard (x.3.z)
___Document (x.4.z)
___Data Element (x.4.z)
___Code Value (x.4.z)
___X12 Implementation Guide
___Business Process Documentation

Per Recommendation:

___Initiation
_X_Modification
___Interpretation
___Withdrawal

___Principle (x.1.z)
___Definition (x.2.z)
_X_Business Practice Standard (x.3.z)
___Document (x.4.z)
___Data Element (x.4.z)
___Code Value (x.4.z)
___X12 Implementation Guide
___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Proposed NAESB WGQ Standard No. 4.3.z1.

STANDARDS LANGUAGE:

4.3.z1 The “Transactional Reporting” category, as shown in the Navigational Area of the Transportation Service Provider’s Informational Postings Web Site, should expand to a list of subcategories (in the Navigational Area) when selected.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: El Paso Corporation Request No.: R03009

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Request changes to NAESB WGQ Standard 4.3.21

Add the following Category to Informational Postings:
Transactional

Request changes to NAESB WGQ Standard 4.3.23

Add the following Category/Sub Category to Informational Postings:

Category:	Subcategories:
Transactional	Firm
	Interruptible
	Capacity Release

b. Description of Recommendation:

Business Practices Subcommittee

See meeting minutes for Business Practices Subcommittee as follows:

- August 14, 2003
- August 21, 2003

Motion:

Proposed revision to NAESB WGQ Standard No. 4.3.23:

The subcategories and labels for the categories of Informational Postings should be as follows:

CATEGORIES	SUBCATEGORIES
Notices	Critical
	Non-Critical
Planned Service Outage	
Organizational Charts	
Posted Imbalances	
Tariff	Title Page
	Table of Contents
	Preliminary Statement
	Map
	Currently Effective Rates
	Rate Schedules
	General Terms and Conditions
	Form of Service Agreement
	Entire Tariff
	Sheet Index
~~Posted Imbalances~~	
Transactional Reporting	

These categories and labels should appear in the order specified above and before any others.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: El Paso Corporation Request No.: R03009

Proposed Standard 4.3.z1
The "Transactional Reporting" category, as shown in the Navigational Area of the Transportation Service Provider's Informational Postings Web Site, should expand to a list of subcategories (in the Navigational Area) when selected.

Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	1	0	1	1.00	0.00	1
LDCs	0	0	0	0.00	0.00	0
Pipelines	8	0	8	2.00	0.00	2
Producers	1	0	1	1.00	0.00	1
Services	0	0	0	0.00	0.00	0
	10	0	10	4.00	0.00	4

Motion Passes

NOTE Re NAESB WGQ Standard No. 4.3.23: The changes indicated above were incorporated along with other modifications to the standard as a part of the recommendation to implement Order 2004 (Market Affiliate) as adopted by the WGQ Executive Committee on May 6, 2004 in AP2004-02 and on April 4, 2005 in AP2005-08 (Member Ratified June 25, 2004 and May 3, 2005, respectively) and Gas Quality Reporting as adopted by the WGQ Executive Committee on September 16, 2004 in R03035A (Member Ratified October 20, 2004). Such changes were adopted by FERC in Order No. 587-S. Therefore no action is needed by the WGQ Executive Committee on this part of the BPS motion.

Information Requirements Subcommittee

See meeting minutes for Information Requirements Subcommittee as follows:

- July 13, 2005

Motion:
IR has determined that no changes are needed to any data sets to implement proposed NAESB WGQ Standard 4.3.z1 adopted by the WGQ BPS on August 21, 2003.

Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	9	0	9	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	0	0	0	0.00	0.00	0
	9	0	9	2.00	0.00	2

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: El Paso Corporation Request No.: R03009

Motion Passes

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: El Paso Corporation Request No.: R03009

Technical Subcommittee

See meeting minutes for Business Practices Subcommittee as follows:

- October 17-18, 2006

Motion:
The Technical Subcommittee has determined that no changes are needed to any data sets to implement proposed NAESB WGQ Standard 4.3.z1.

Motion:

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	0	0	0	0
Pipelines	7	2	0	0
Producers	0	0	0	0
Totals	**7**	**2**	**0**	**0**

Motion passes

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

Wholesale Gas Quadrant

TAB 17

Minor Corrections

- This material is for review and vote. To adopt minor corrections requires a simple-majority vote of the WGQ EC.
- The material in tab 17 corresponds to agenda item 4 of the WGQ agenda.
- Included in this section are 3 minor corrections to version 1.8 of the WGQ standards.

To: NAESB Office, WGQ Executive Committee Chairs

From: Dale Davis, Williams Gas Pipeline

Subject: Minor Correction - Duplicate NAESB WGQ Standard 4.3.89s in Booklet 1 of 1

Date: November 6, 2006

On September 14, 2004, the WGQ Executive Committee adopted the recommendation for R03035A – gas quality reporting standards. The recommendation was ratified by the WGQ membership on October 24, 2004. The recommendation was incorporated in the NAESB WGQ Version 1.8 published September 30, 2006.

It has come to my attention that on pages 65 and 66 of Booklet 1 of 1 of Version 1.8, there are two standards numbered 4.3.89. The second of which (on page 66) should be re-numbered to 4.3.91. It currently reads:

4.3.89 Data provided pursuant to NAESB WGQ Standard No. 4.3.90 should be made available on the Transportation Service Provider's Web Site for the most recent three-month period. Beyond the initial three-month period, the historical data should be made available offline in accordance with regulatory requirements.

The verbiage in the standard is correct. Only the number needs to be changed to 4.3.91.

Please be advised that the standard appears correctly in the Quadrant Electronic Delivery Mechanism Related Standards.

To: NAESB Office, WGQ Executive Committee Chairs

From: Dale Davis, Williams Gas Pipeline

Subject: Minor Correction re WGQ Standard 5.4.10 - Offer Upload Bidder Confirmation – Data Element Bidder Contact Name - Invoice

Date: November 6, 2006

On February 23, 2006, the WGQ Executive Committee adopted the recommendation for R00012/R00013 wherein 4 new data elements were added to the following data sets:

NAESB WGQ Standard 5.4.10 Offer Upload Bidder Confirmation
NAESB WGQ Standard 5.4.18 Bid Upload

One of the new data elements was Bidder Contact Name – Invoice. The recommendation was ratified by the WGQ membership on April 17, 2006. The recommendation was incorporated in the NAESB WGQ Version 1.8 published September 30, 2006.

It has come to my attention that the data element identified above (and below) was inadvertently not added to the NAESB WGQ Standard 5.4.10 Offer Upload Bidder Confirmation in the Capacity Release Related Standards Manual. It does appear in Booklet 2 of 2.

Therefore, the following should be added in the NAESB WGQ Standard 5.4.10 Offer Upload Bidder Confirmation in the Capacity Release Related Standards Manual:

Business Name (Abbreviation)	**Definition**	**EBB Usage**	**EDI/FF Usage**	**Condition**
Bidder Contact Name - Invoice (Bidder Contact - Inv)	The name of the bidder's primary contact for invoicing purposes	BC	BC	Used when the transportation service provider requires this bidder contact information.

To: NAESB Office, WGQ Executive Committee Chairs

From: Dale Davis, Williams Gas Pipeline

Subject: Minor Correction re NAESB WGQ Standard 5.4.21 – Transactional Reporting – Firm Transportation – Data Element Abbreviation

Date: November 6, 2006

In NAESB WGQ Version 1.6, NAESB WGQ Standard 5.4.21 – Transactional Reporting – Firm Transportation was added. In that publication, the abbreviation for the data element Contract Entitlement End Time was incorrectly shown as '(K Ent End Date). The same error appears in NAESB WGQ Version 1.7 published December 31, 2003 and in Version 1.8 published September 30, 2006.

The following correction needs to be made in both the NAESB WGQ Capacity Release Related Standards Manual and the Booklet 2 of 2.

Business Name (Abbreviation)	**Definition**	**Data Group**	**EBB Usage**	**EDI/FF Usage[1]**	**Condition**
Contract Entitlement End Time (K Ent End ~~Date~~ Time)	The time at which service can last be provided under the Service Requester Contract on the Contract Entitlement End Date.	CEDG	M		Default is end of the gas day on the Contract Entitlement End Date.

[1] The EDI/FF usages do not appear in the data dictionary. The column is retained and the usages will be provided when the EDI and FF implementation instructions are published.

NORTH AMERICAN ENERGY STANDARDS BOARD

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

Wholesale Gas Quadrant

TAB 18

Subcommittee Updates

- This material is for review only. No action is needed.
- The material in tab 18 corresponds to agenda item 5 of the WGQ agenda.
- Included in this section for reference are summaries of the meetings held for BPS, IR, Technical and EDM since the last EC meeting in August.

NAESB Executive Committee Meeting Materials for November 14-16, 2006
WGQ EC Subcommittee Updates

WGQ SUBCOMMITTEES AND TASK FORCES

Business Practices Subcommittee

- **August 30, 2006:** The WGQ Business Practices Subcommittee met via conference call to continue discussions on R06008 (Modify WGQ Business Practice Standard 4.3.90 to clarify that all available data at representative points should be made available by Transmission Service Providers). Work papers submitted by the LDCs and the pipelines were reviewed during this meeting for WGQ Standards Nos. 4.3.90 and 4.3.92. It was decided no changes were needed for WGQ Standard No. 4.3.91. Two new proposed standards were discussed in relation to Standard No. 4.3.90. Action items were taken to address issues offline in an effort to resolve differences in the two papers regarding 4.3.90. A vote was taken on language for Standard No. 4.3.92. It is expected that a vote will be taken on proposed language for Standard No. 4.3.90 during the September 11, 2006 conference call.
- **September 11, 2006:** The WGQ Business Practices Subcommittee reviewed work papers submitted by the LDCs and the pipelines regarding revisions to WGQ Standard No. 4.3.90 in relation to Request R06008. A vote was taken on 4.3.90 and accompanying proposed standards 4.3.x1 and 4.3.x2. The language was approved by all segments but the pipeline segment. The approved language for standards 4.3.90, 4.3.92, and proposed standards 4.3.x1 and 4.3.x2 will be sent to the WGQ IR for further development. The requester of R06009 asked that it be removed from future agendas until further notice, so that internal issues to their company could be resolved.
- **October 3, 2006:** This conference call was cancelled as the requestor of Request No. R03036 (Conform WGQ capacity release standards 5.3.zD to FERC policy in RP03-545) withdrew the request. There was concern raised by KeySpan at the last board meeting that NAESB only undertook standards development that reflected the lowest common denominator rather than reflecting the best practices of the industry.
- **Planned, November, 2006:** The WGQ BPS will meet to adopt minutes from the September 11, 2006 meeting, as well as consider any new requests assigned to them.

Information Requirements Subcommittee

- **August 16, 2006:** The Information Requirements Subcommittee met to address current requests for initiation or enhancement of NAESB standards and items transferred from other NAESB subcommittees. Those requests and minor corrections include the following:

  (1) Minor Correction regarding recall notification period data elements

  (2) R96121 Add clarifying descriptions to 2 code values on the Charge Type on the Transportation/Sales Invoice

  (3) R06007 Add Reduction Reason code to Scheduled Quantity, Scheduled Quantity for Operator and confirmation Response

  (4) R06011 Add Validation Codes to the Nomination Quick Response

  (5) R06012 Add code values for the data element Transaction Type in the Scheduled Quantity and Transportation/Sales Invoice

- **September 14, 2006:** The Information Requirements Subcommittee meet to address current requests for initiation or enhancement of NAESB standards and items transferred from other NAESB subcommittees. Those requests include:

  (1) R99047 Provide a means of sending the data element Accounting Period in the Transportation/Sales Invoice (3.4.1). Currently, this data element is sent in several other GISB documents, such as the Pre-Determined Allocation, Allocation, Shipper Imbalance and Measurement Information. However, it is not currently in the Invoice.

  (2) R96121 Add clarifying descriptions to 2 code values on the Charge Type on the Transportation/Sales Invoice

(3) R06007 Add Reduction Reason code to Scheduled Quantity, Scheduled Quantity for Operator and Confirmation Response

(4) R06013 Add 14 code values for the Charge Type data element in the Transportation/Sales Invoice dataset (NAESB WGQ Standard 3.4.1)

(5) R06014 Add 6 code values for the Rate Identification Code data element in the Transactional Reporting datasets (NAESB WGQ Standards 5.4.20, 5.4.21 and 5.4.22)

(6) R06015 Add 2 code values for the Rate Identification Code data element in Capacity Release

- **October 19, 2006:** The Information Requirements Subcommittee met to address current requests for initiation or enhancement of NAESB standards and items transferred from other NAESB subcommittees. Those requests included:

(1) R96121 Add clarifying descriptions to 2 code values on the Charge Type on the Transportation/Sales Invoice.

(2) R06013 Add 14 code values for the Charge Type data element in the Transportation/Sales Invoice dataset (NAESB WGQ Standard 3.4.1)

(3) R06014 Add 6 code values for the Rate Identification Code data element in the Transactional Reporting datasets (NAESB WGQ Standards 5.4.20, 5.4.21 and 5.4.22)

(4) R06015 Add 2 code values for the Rate Identification Code data element in Capacity Release

(5) R99033 Implementation of standards adopted by the EC on 2/10/00 re Location Operationally Available Capacity (LOAC), Location Operating Capacity (LOPC) and Location Scheduled Quantity (LSQ)

- **Planned, November 15, 2006:** The Information Requirements Subcommittee will meet to address current requests for initiation or enhancement of NAESB standards and items transferred from other NAESB subcommittees.

- **Planned, December 13, 2006:** The Information Requirements Subcommittee will meet to address current requests for initiation or enhancement of NAESB standards and items transferred from other NAESB subcommittees.

Technical Subcommittee

- **August 17-18, 2006:** The Technical Subcommittee met to address any technical provisions of current WGQ requests for initiation or enhancement of NAESB standards. Action on these items included:

(1) R98047 Develop working document for x12 data set.

(2) R98048 Develop working document for x12 data set.

(3) R99033/R96018 Modify data sets based on IR recommendations (dependent on R99031-ratified 10/10/2005; R99013-ratified 6/23/06)

(4) R01003 Modify data sets based on IR recommendations (6/30/05).

(5) R02008 Modify data sets based on IR recommendations (7/13/05).

(6) R03005 Modify data sets based on IR recommendations (7/13/05).

(7) R03009 Modify data sets based on IR recommendations (7/13/05).

(8) R03010 Modify data sets based on IR recommendations (8/24/05).

(9) R03012 Modify data sets based on IR recommendations (8/24/05).

(10) R03032 Modify data sets based on IR recommendations (8/24/2005)

- **September 15, 2006:** The Technical Subcommittee will meet to address any technical provisions of current WGQ requests for initiation or enhancement of NAESB standards. Action on these items included:

  (1) R98048 Develop working document for x12 data set.

  (2) R99033/R96018 Modify data sets based on IR recommendations.

  (3) R01003 Modify data sets based on IR recommendations (6/30/05).

  (4) R02008 Modify data sets based on IR recommendations (7/13/05).

  (5) R03005 Modify data sets based on IR recommendations (7/13/05).

  (6) R03009 Modify data sets based on IR recommendations (7/13/05).

  (7) R03010 Modify data sets based on IR recommendations (8/24/05).

  (8) R03012 Modify data sets based on IR recommendations (8/24/05).

  (9) R03032 Modify data sets based on IR recommendations (8/24/2005).

- **October 17-18, 2006:** The Technical Subcommittee met to address technical provisions of current WGQ requests for initiation or enhancement of NAESB standards. Action on these items included:

  - (1)R01003 Modify data sets based on IR recommendations (6/30/05).
  - (2)R02008 Modify data sets based on IR recommendations (7/13/05).
  - (3)R03005 Modify data sets based on IR recommendations (7/13/05).
  - (4)R03009 Modify data sets based on IR recommendations (7/13/05).
  - (5)R03010 Modify data sets based on IR recommendations (8/24/05).
  - (6)R03012 Modify data sets based on IR recommendations (8/24/05).
  - (7)R03032 Modify data sets based on IR recommendations (8/24/2005**).**

- **Planned, November 17, 2006:** The Technical Subcommittee will meet to address any technical provisions of current WGQ requests for initiation or enhancement of NAESB standards.

- **Planned, December 12, 2006:** The Technical Subcommittee will meet to address any technical provisions of current WGQ requests for initiation or enhancement of NAESB standards.

Electronic Delivery Mechanism (EDM) Subcommittee

- **October 16, 2006:** A conference call with web conferencing was scheduled on October 16, 2006. During this call, the WGQ EDM Subcommittee determined placement for proposed gas quality standards (R06008) from WGQ BPS, IR and Technical subcommittees and vote on the determination.

Wholesale Gas Quadrant

TAB 19

2006 Annual Plan

- The 2006 plan as approved by the Board of Directors at its September 2006 meeting is included. Should the WGQ EC determine that changes are to be made to the plan as a result of the subcommittee updates; a motion to approve the changes for forwarding to the Board for approval would be required. The motion would require a simple majority to pass.
- The materials in Tab 19 correspond to agenda item 5 for the WGQ EC agenda.

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 WGQ Annual Plan
Revisions Adopted by the Board of Directors on September 21, 2006

	Item Description	Completion[1]	Assignment[2]
Gas-Electric Activities			
1	Development of standards regarding an Energy Day (R04016) Status: Withdrawn by requestors on 2-28-06.	Withdrawn[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). Status: Pending Activities of the WEQ EC.	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. Status: Underway.	4th Q, 2006	EC Officers
4	Review of minimum technical characteristics in Appendices B, C, and D of the WGQ QEDM Manual Status: Completed.	2nd Q, 2006	EDM
5	Prepare a joint analysis with the Retail Quadrants for AS2 and AS3 protocols as compared to the NAESB IET. Status: Not Started.	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) Status: Completed.	2nd Q, 2006	Contracts
6A	Develop FAQ for Updated NAESB Base Contract for Sale and Purchase of Sale of Natural Gas. (R05014) Status: Not Started.	4th 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. Status: Completed.	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. Status: Tabled on Board of Directors instructions.	Tabled[4]	Not assigned at this time.

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NORTH AMERICAN ENERGY STANDARDS BOARD
2006 WGQ Annual Plan
Revisions Adopted by the Board of Directors on September 21, 2006

Item Description	Completion[1]	Assignment[2]
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		
Respond to requests as received that are related to Docket No RM05-1-000 (e-Tariff)		
Update the Canadian Addendum to the NAESB Base Contract for Sale and Purchase of Natural Gas		
Update the ISDA Gas Annex		
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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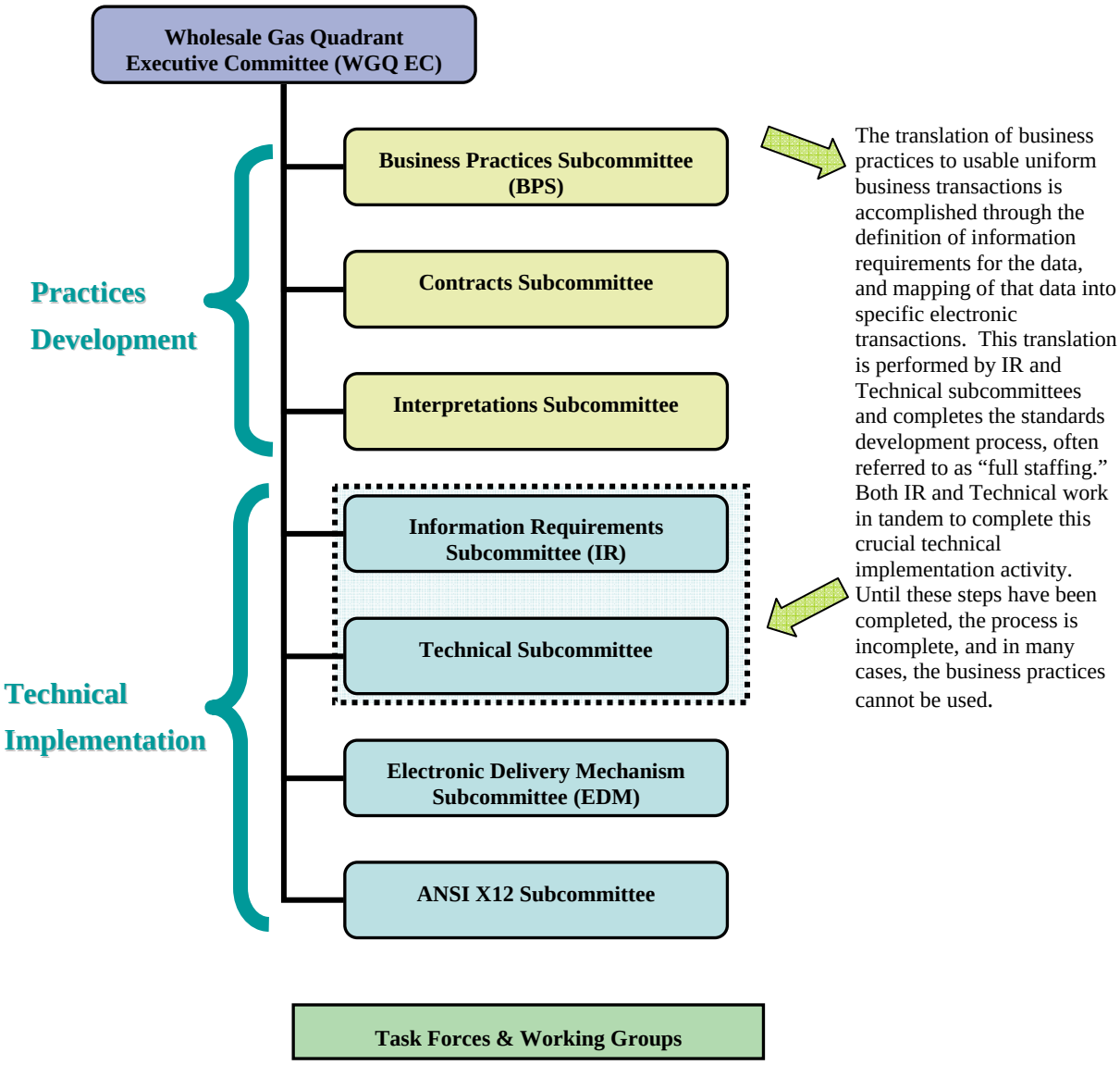

NAESB WGQ EC and Subcommittee Leadership:

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

Business Practices Subcommittee: Kim Van Pelt, Tina Burnett, Dolores Chezar 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

Interpretations 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. As a result of the notational ballots received from the Board of Directors on February 17, 2006 endorsing the Gas-Electric Interdependency Report, and the subsequent filing with the FERC on February 24, 2006, both Request Nos. R04016 and R04020 were withdrawn by the submitters.

[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

Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
November 14-16, 2006

Wholesale Gas Quadrant

TAB 20

2007 Draft Annual Plan

- The draft 2007 plan is to be discussed, amended as needed during the discussion and approved by the EC for presentation to the board at the December 14 Board meeting. The motion requires a simple majority to pass.
- The notes from the working session held in October to draft the plan should be adopted by simple majority vote.
- The materials in Tab 20 correspond to agenda item 6 for the WGQ EC agenda.

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NORTH AMERICAN ENERGY STANDARDS BOARD

2007 WGQ Annual Plan

Draft 1 – Prepared October 24, 2006

	Item Description	Completion[1]	Assignment[2]
Damage Reporting for Natural Gas Pipeline Facilities			
1	Review and develop standards as appropriate to support posting of information as noted in Docket No. RM06-18-000, Order No. 682. Status: Not Started.		BPS
2	Review WEQ efforts on transmission line damage reporting to identify commonality and apply to item 1 above as appropriate. Status: Not Started.		BPS
Electronic Delivery Mechanisms and Related Activities			
3	Review security standards as may be deemed necessary, e.g. Public Key Infrastructure (PKI). Status: Pending Activities of the WEQ EC.	Pending WEQ PKI activities	EDM
4	Develop or amend WGQ standards as appropriate to address findings of the 2006 Surety Assessment. Status: Underway.	4th Q, 2007	BPS/EDM
Contracts Activities			
5	Develop FAQ for Updated NAESB Base Contract for Sale and Purchase of Sale of Natural Gas. Status: Not Started.	1st Q, 2007	Contracts
6	Review and update NAESB Canadian Addendum to the NAESB Base Contract for Sale and Purchase of Sale of Natural Gas to incorporate the recent NAESB Base Contract revisions (Initial Draft prepared by Chair of Contracts SC). Status: Not Started.	2nd Q, 2007	Contracts
Program of Standards Maintenance & Fully Staffed Standards Work[3]			
	Business Practice Requests	Ongoing	Assigned by the EC[4]
	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[4]
	Ongoing Interpretations for Clarifying Language Ambiguities	Ongoing	Assigned by the EC[4]
	Ongoing Maintenance of Code Values and Other Technical Matters	Ongoing	Assigned by the EC[4]

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NORTH AMERICAN ENERGY STANDARDS BOARD

2007 WGQ Annual Plan

Draft 1 – Prepared October 24, 2006

Provisional Activities[5]

Respond to requests as received that are related to Docket No. RM05-28-000 (Gas-Electric Interdependency), may also impact Docket Nos. RM05-5 and RM96-12)

Respond to directives related to the conclusions of the NAESB reports submitted in Docket No. RM05-28-000

Respond to requests as received that are related to Docket No RM05-1-000 (e-Tariff)

Respond to requests as received that are related to Docket No. AD06-11-000 (Market Transparency Reporting) that would enhance informational posting web sites.

Prepare a joint analysis with the Retail Quadrants for AS2 and AS3 protocols as compared to the NAESB IET.

Respond to requests to update the ISDA Gas Annex

Notes: (a) Priority is given to action items that are carry-overs from the 2006 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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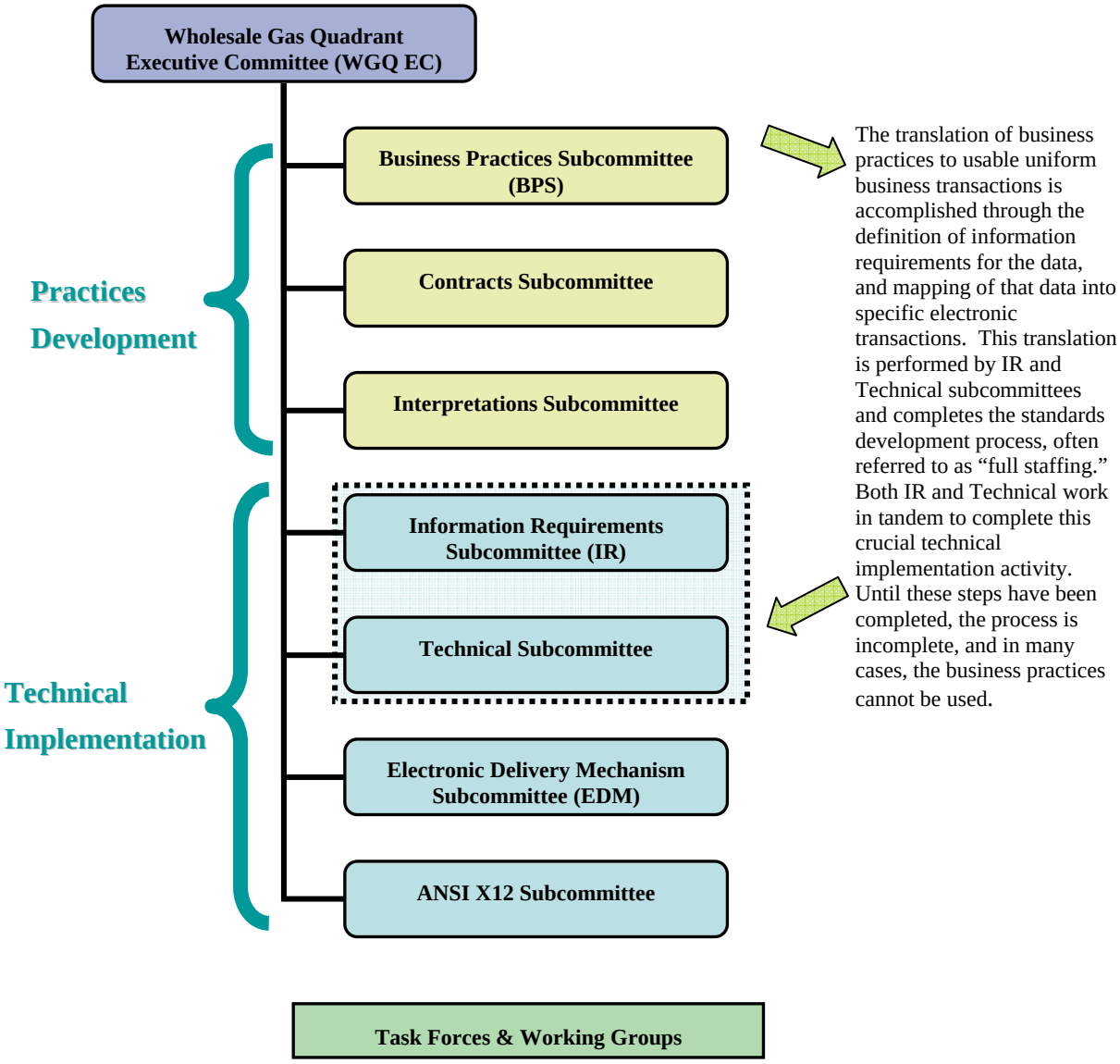

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Information Requirements Subcommittee: Dale Davis

Technical Subcommittee: Kim Van Pelt

Contracts Subcommittee: Keith Sappenfield

Electronic Delivery Mechanism Subcommittee: Leigh Spangler, Christopher Burden

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Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@naesb.org
Home Page: www.naesb.org

Interpretations Subcommittee: Paul Love

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

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

[5] 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.

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TO: NAESB Wholesale Gas Quadrant (WGQ) Executive Committee, and Interested Industry Participants

FROM: DeDe Kirby, Meeting/Project Manager

RE: Draft Minutes from WGQ Executive Committee 2007 Annual Plan Conference Call – October 24, 2006

DATE: October 24, 2006

Wholesale Gas Quadrant Executive Committee
Conference Call
October 24, 2006 – 9:00 am to 10:00 am Central

Draft Minutes

1. Welcome and Administration

Please note this agenda item includes agenda item #2 "Introduction of Participants" and agenda item #3 "Antitrust Guideline Review."

Mr. Novak welcomed the participants to the meeting. Participants introduced themselves. This conference call was a working session of the WGQ Executive Committee (EC) to continue drafting the 2007 WGQ Annual Plan. Ms. Kirby read the antitrust guidelines. Ms. Davis asked that "adoption of the agenda" be added to the agenda. The modification was made. Ms. Davis moved to adopt the agenda as revised. Ms. Chezar seconded the motion and the agenda was adopted by consensus.

2. Review of Comments and Drafting of the 2007 Annual Plan

Comments on the draft 2007 WGQ Annual Plan were submitted by Mr. Sappenfield prior to the call. Ms. McQuade stated that the group would be working from that document, posted on the NAESB website at http://www.naesb.org/pdf2/wgq_aplan102406w1.doc. Mr. Sappenfield modified the "Contracts Activities" and "Provisional" sections of the document.

Ms. McQuade stated that she had received questions/comments on FERC and Department of Transportation reporting structures (as included in Order No. 682)[1] at a recent Open Access Technology International conference. She emphasized that this was a Wholesale Electric Quadrant (WEQ) meeting at which questions on the above Order were raised. She said the Order discussed Natural Gas Pipeline outages and information that should be included when pipelines post those outages. This type of information is posted by Transmission Providers in the WEQ and the method is standardized under the Open Access Same-time Information System business practices. Ms. McQuade encouraged the OATI conference attendee to participate in NAESB and the WGQ.

Mr. Novak stated that a representative of Con Edison was pursuing having this information posted under a NAESB standardized format informational posting. He stated that this issue was being discussed with more emphasis due to Hurricanes Katrina and Rita. He added that the standardized method of posting was over and above what is specified in Order 682.

Mr. Novak said the item should not be included under the "Provisional Activities" section of the annual plan. He added that the annual plan item should be stated more broadly if the industry was asking the WGQ to correlate with standards already adopted by the WEQ. It was clarified that a formal request from Con Edison had not yet been received.

[1] Please see "Revision of Regulations to Require Reporting or Damage to Natural Gas Pipeline Facilities", (Docket No. RM06-18-000; Order 682), issued August 23, 2006, and posted at http://www.ferc.gov/EventCalendar/Files/20060823093743-RM06-18-000.pdf.

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Ms. Gussow asked if the Order was referring to planned maintenance. Ms. McQuade clarified that the Order covered damages that cause interruptions to service and not planned maintenance. Mr. Novak suggested the title of the annual plan be "Damage Reporting for Natural Gas Pipeline Facilities" and reference Order 682 and RM06-18. Ms. Davis asked that it be clearly stated that the annual plan item was not asking for any additional information beyond what is included in the Order. Mr. Novak stated that more information was required from the participant at the OATI conference before such limits were set. Mr. Novak took an action item to follow up with the attendee and noted that if the attendee was not interested in participating in the NAESB process, the comment would be treated as a comment only. Ms. McQuade stated that paragraph 27 of the Order and §260.9 (b) of the United States Code of Federal Regulations clarified what the FERC expected from the industry. She added that the WGQ may be able to reference the standards already adopted by the WEQ in this area.

The following bullets were added under the annual plan item to address the discussion above: review and develop standards as appropriate to support posting of information as noted in Docket No. RM06-18-000, Order No. 682), and; review WEQ efforts on transmission line damage reporting to identify commonality and apply to item 1 above as appropriate.

Ms. McQuade suggested that "Gas-Electric Activities" be deleted from the annual plan items. Ms. Davis and Mr. Novak asked that Docket No. RM05-28 be added under the "Provisional Activities" section. Ms. McQuade stated that NAESB was still waiting for more information from the Commission on the two NAESB dockets (RM05-05 and RM96-1). Ms. Chezar stated that as of this meeting, nothing had been posted on the FERC website.

Ms. Davis stated that under the heading "Electronic Delivery Mechanisms and Related Activities" item #4 "Review of minimum technical characteristics in Appendices B, C, and D of the WGQ QEDM Manual" should most likely be deleted from the 2007 Annual Plan, as it was more relevant to 2008 because the next publication for the WGQ was not to be released until 2008. Mr. Novak asked if new operating systems would have an impact on this topic. Mr. Burden stated that technical specifications were not generally released based upon new operating systems. Mr. Novak asked that the agenda item be added back in later in the year if issues were to arise over a new operating system.

The group also discussed item #3 "Partner with the Department of Energy's Sandia National Laboratories on NAESB technical standards and respond to the surety assessment findings and recommendations" of the EDM annual plan item. Ms. McQuade stated that the Sandia National Laboratories surety assessment was now posted on the NAESB website. Ms. McQuade said she would respond to the assessment and the Department of Energy and Sandia National Laboratories would be informed as the appropriate changes were made to standards. Ms. McQuade stated that the final response report would most likely not be completed until the end of year 2007. Item #3 became item #4 of the draft plan and was modified to state the following: "Develop or amend WGQ standards as appropriate to address findings of the 2006 Surety Assessment." The assignment was modified to BPS and EDM. The date for expected completion is 4th quarter of 2007.

Ms. McQuade stated that she had not received any additional comments or questions over item #5 "Prepare a joint analysis with the Retail Quadrants for AS2 and AS3 protocols as compared to the NAESB IET" in the past six months. Mr. Novak stated the item should be demoted to "Provisional Activities" and if no new information was received by 2008, the item should be dropped from the annual plan altogether.

The group reviewed the redlines made to the annual plan items under "Contract Activities." Ms. Davis asked if requests would be submitted to NAESB for these activities. Mr. Sappenfield stated that no requests would be submitted as they were submitted for inclusion in the annual plan. Ms. McQuade stated that the submitted redlines made the annual plan items very straightforward and no additional scoping language was necessary under a request.

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Ms. Gussow stated that the Natural Gas Council and the American Gas Association was forming a task force to address natural gas contract quality and quantity issues. Ms. Chezar stated that the task force had just gotten started and that findings from the task force were most likely a year or two away from completion. Ms. Gussow stated that NAESB should keep informed about the activities of the task force to make sure their quality findings did not affect the NAESB WGQ Base Contract for the Sale and Purchase of Natural Gas. Ms. Chezar stated that this item was most likely more appropriate for next year's annual plan. Mr. Novak stated that he would be involved at some level with this task force and would bring it to the attention of the WGQ if issues were raised that affected NAESB.

"Gas Quality" was removed from the annual plan. Mr. Novak asked that "Market Transparency Reporting (Docket No. AD06-11)" be added to the 2007 Annual Plan. This item would deal with data transfers and making existing pipeline information posting cites more user friendly. Ms. Davis asked that this item be provisional until more specifics were known. Mr. Novak agreed that the item could be listed as provisional for now, but stated that it would most likely be elevated in the near future.

Ms. McQuade gave a summary of the changes made during the conference call. These changes can be viewed in the attachment to these minutes.

3. Review of Process to Develop and Approve the 2007 Annual Plan for WGQ

Ms. McQuade stated that the draft annual plan as modified during this conference call meeting and the minutes from this meeting would be included in the November EC book. The WGQ EC will consider and be asked to approve the document at their November 16th meeting. In addition, the WGQ EC will be asked to adopt the draft minutes from this conference call during the November 16th meeting. Ms. McQuade stated that the additional items could be added to the annual plan by submitting comments to the NAESB office. After the approval of the draft 2007 WGQ Annual Plan by the WGQ EC, it will be forwarded to the NAESB Board for its consideration and approval.

4. Other Business

No other business was discussed at this time.

5. Adjourn

Ms. Davis moved to adjourn and Mr. Young seconded the motion. The conference call was adjourned by consensus at 9:45 a.m. Central time.

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6. Attendees

Name	Organization
Christopher Burden	Williams Gas Pipeline
Dolores Chezar	KeySpan Energy
Dale Davis	Williams Gas Pipeline
Rhonda Denton	British Petroleum
Dona Gussow	Florida Power & Light
Tom Gwilliam	Iroquois Gas Transmission System
DeDe Kirby	NAESB
Rae McQuade	NAESB
Terry Morrison	Florida Power & Light
Mike Novak	National Fuel Gas Distribution
Marjorie Perlman	Energy East Management
Keith Sappenfield	EnCana Corporation
Richard Smith	ExxonMobil
Heather Stubblefield	Florida Power & Light
Randy Young	Gulf South Pipeline Company

NAESB Executive Committee Meeting Materials for November 14-16, 2006
Comments From D. Darnell that could affect WGQ and Retail Annual Plans

Hi Rae!

I recently started a work group at X12 with a mission to formulate a cross industry implementation guide for EDIINT (EDI over the Internet: AS1/AS2/AS3) software.

It might be a good time for our NAESB EDM work group to get involved and possibly look at merging or "harmonizing" the EDM standard with AS2. This would be similar to the efforts of Dick Brooks a few years ago, except with an emphasis on end-user implementation. I started this work group at X12 since there is no longer an EDIINT work group at IETF. Even if there were an EDIINT workgroup active the membership never ever fully represented the end users or the standard, which is what I am trying to do with my X12C work group.

AS1 and AS2 are still IETF standards so if we identify any modifications required to the base standard we would have to submit these back to the IETF. At that point we might have to formulate another IETF work group to get this done. I will investigate their procedures a little more to determine how this would be handled.

Please see my conference call meeting announcement below (tomorrow - Tuesday November 7 at 4pm EST). If you think if would be appropriate, please pass it on to the NAESB work group members.

Regards,
Dave

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Dave Darnell
Systrends
Phone:480.756.6777x201,Mobile:602.432.3353,eFax:480.383.6591
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-----Original Message-----
From: Dave Darnell [mailto:dave.darnell@systrendsUSA.com]
Sent: Monday, November 06, 2006 6:02 AM
To: EDI-L@yahoogroups.com
Subject: FW: [x12cediint] FW: X12CTG2WG1 Boston meeting - follow-up - AS2 Conference Calls

This is a general announcement and invitation to anybody interested in participating in our efforts to draft a cross-industry AS2 implementation guide. It is one of the efforts of the X12C committee.

The conference call instructions for our call tomorrow and future calls can be found below. Please note that we will have another face-to-face meeting at the X12 meeting in Denver January 28 - February 2 2007. Please go to www.x12.org for more information on the Denver meetings.

If you intend to participate in the conference call tomorrow, please RSVP to this email.

And, please feel free to contact me directly if you need more information.

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Subject: RE: X12CTG2WG1 Boston meeting - follow-up - AS2 Conference Calls

Here is the conference call info for tomorrow's call at 4:00pm ET (ending at 5:00pm)...

NAESB Executive Committee Meeting Materials for November 14-16, 2006
Comments From D. Darnell that could affect WGQ and Retail Annual Plans

FYI - This is through FreeConferenceCall.com

For Participants:

Re. current schedule:
Tuesday Nov. 7
Tuesday Nov. 21
Tuesday Dec. 05
Tuesday Dec. 19
Tuesday Jan. 02 2007
Tuesday Jan. 16

If you need a copy of the Guideline from GS1 that we began to read, discuss and make notes on in our X12 Boston meeting, please reply to this email directly to me. We will continue to discuss this in tomorrow's call.

Best Regards,
Dave
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Dave Darnell
Systrends
Phone:480.756.6777x201,Mobile:602.432.3353,eFax:480.383.6591
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