Bylaws for North American Energy Standards Board Approved by GISB Board of Directors; GISB to Go Out of Existence as Separate Organization Dec. 31

HOUSTON—Bylaws of the North American Energy Standards Board (NAESB) were approved by the Board of Directors of the Gas Industry Standards Board (GISB) at a meeting Wednesday.

The bylaws outline how NAESB will be organized. The new organization will come into existence on Jan. 1, 2002, and is structured to develop standards for the retail and wholesale natural gas and electricity industries.

“The board’s action means that GISB will cease to exist as a separate organization as of Dec. 31,” said board Chairman Bill Boswell, assistant corporate secretary of Dominion and a partner in McGuireWoods LLP, who will become the new chairman of NAESB.

“Instead, GISB will become the wholesale natural gas quadrant of NAESB,” Boswell explained. “In some ways, this is just a formality, because GISB’s procedures and agenda will simply be moved intact under the NAESB umbrella.

“In another way, though, the board’s action is extremely significant, because it ensures that GISB’s standards-development process, which was recently accredited by the American National Standards Institute (ANSI), will be available to a much wider constituency,” Boswell continued.

The bylaws call for an organization with four quadrants: wholesale natural gas, retail natural gas, wholesale electricity and retail electricity. The quadrants will consist of segments that reflect the differing interests of the companies that make up each quadrant. For example, the wholesale gas quadrant will have segments identical to GISB’s current five segments: end users, LDCs, pipelines, producers, and service providers.

There will be a single board of directors consisting of the total number of directors appointed by each quadrant. “Regardless of the number of directors
elected from each quadrant, no quadrant shall be entitled to cast a vote greater than the percentage that its quadrant represents in relation to the total number of quadrants represented on the board at a given time,” the bylaws state. “Each segment within a quadrant will be represented by an equal number of directors, to be determined by that quadrant.”

The bylaws also call for an executive committee (EC) with representation rules identical to those of the board. The EC will divide itself into quadrants to consider standards and model business practices. “The number of quadrants considering a particular standard or a particular model business practice shall be determined by the EC as a whole, acting upon requests presented to it through the triage process,” the bylaws say.

Details of how the quadrants are organized are left up to the quadrants themselves, although they must follow the principles of transparency, openness, balance and inclusivity.

GISB Executive Director Rae McQuade, who will hold the same position with NAESB, said, “While the wholesale gas quadrant will be the first NAESB quadrant to be in full operation, we expect that the other quadrants, especially retail natural gas and retail electricity, will be up and running soon.”

McQuade added, “We’re honored that the energy industry has recognized GISB’s success as a natural gas standards organization by choosing GISB as the model for NAESB. We’re excited about being part of this expanded organization and eager to take on the challenges that this transformation will bring.”

Charles L. Driggs, chair of the Governance Committee of the Uniform Business Practices–Retail Standards Board (UBP-RSB), representing the retail electricity industry, said, “UBP-RSB has been working with GISB to ensure its North American Energy Standards Board adequately addresses the needs of retail markets. The UBP-RSB membership is encouraged by the progress to date and expects to endorse the forthcoming revised proposal. UBP-RSB welcomes the opportunity to play a role in forming the retail quadrants of NAESB.”

Speaking for the retail natural gas industry, Mark Maassel, chairman of the American Gas Association (AGA) task force involved with the formation of
NAESB and vice president, regulatory and government policy for NiSource Corp., said, “Since its inception, GISB has emphasized open, inclusive discussions combined with procedural due process, leading to broadly supported approaches to the wholesale natural gas business through standards for natural gas pipeline transactions. AGA will continue to work toward development of an open, dynamic quadrant of NAESB that will represent the best interests of the natural gas retail sector.”

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