



# North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

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Home Page: [www.naesb.org](http://www.naesb.org)

September 7, 2002

**TO:** NAESB Board of Directors  
**FROM:** Rae McQuade, NAESB Executive Director  
**RE:** Draft Minutes for the NAESB Board of Directors Meeting June 28, 2002

## **NORTH AMERICAN ENERGY STANDARDS BOARD OF DIRECTORS MEETING**

Boeing Museum of Flight, Seattle, Washington

Friday, June 28, 2002 -- 9:00 a.m. to 1:00 p.m. Pacific Time

Draft Minutes

### **1. Welcome & Administrative Items**

Mr. Boswell welcomed the board members and observers to the Board meeting. Everyone introduced themselves. Ms. Burnett and Boeing were thanked for their sponsorship of this meeting. Mr. Costan reviewed the antitrust guidelines. Mr. Knopp moved, seconded by Mr. Templeton to adopt the agenda as presented. It was adopted unanimously.

### **2. Adoption of Minutes from March 7, 2002**

Mr. Templeton moved, seconded by Mr. Maddox to adopt the minutes of March 7, as presented. There were no changes to the draft minutes offered. The motion carried unanimously.

### **3. Quadrant Formation Activities**

The Retail Electric Quadrant (REQ) has seated its Board and Executive Committee members. They have presented the annual plan and the segment procedures for Board approval today. The Retail Gas Quadrant (RGQ) has developed a draft annual plan and is working towards reaching membership thresholds that would allow elections to be held for the Board and Executive Committee. The Wholesale Electric Quadrant (WEQ) is holding industry meetings to determine the number of segments and sub-segments and also how to incorporate the ISOs/RTOs in the organization. They currently have industry meetings scheduled for July 2 and July 9/10. Mr. Haynes made the motion seconded by Mr. Templeton to provide a July 2 update to the FERC regarding the activities to form the WEQ. The report will be based on WEQ formation preliminary decisions, and Mr. Costan, Mr. Boswell, Ms. McQuade and Mr. Templeton will prepared the report. The motion carried unanimously.

There was discussion on the possibility of establishing a Technical Advisory Council to allow RTOs/ISOs and similar organization an advisory voice in NAESB, in addition to whatever role the formation group might envision, should either the FERC or the RTOs/ISOs want such a council formed. Mr. Templeton moved, seconded by Mr. Patterson and amended by Mr. Maddox:

“Resolved, that upon request of the FERC or upon a request of the representative group of the ISOs/RTOs/or RROs, following the creation of the WEQ, there may be created a technical advisory council to advise the WEQ and the NAESB Board regarding reliability and related market design issues. Such request shall be applicable irrespective of the final configuration of the WEQ.”



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During discussion, it was noted that anyone can still participate in NAESB, but this is an enhancement and more formal role to ensure the ISOs/RTOs and RROs would have a unique role in WEQ standards development. As the WEQ is not operational, the council could not be formed until the quadrant was active and either the FERC or the RTO/ISO group requested that the council be formed. It was further noted that eligibility for membership on the council would be restricted to the ISOs/RTOs and RROs. The RTOs/ISOs and RROs have voiced frustration that they are unable to get their own segment. The FERC has noted that the RTOs/ISOs and RROs should have a specialized and strong voice.

After discussion concluded, the motion passed unanimously.

To offset some of the transition costs realized, the Board discussed invoicing organizations who had signed letters of intent for membership dues, and charging for attendance at meetings. The Board had already approved charging for meetings at the December Board meeting 2001 when the 2002 budget was approved. Ms. Khan motioned and Mr. Templeton seconded reaffirming charging for meeting attendance where needed, and to begin the invoicing process for those organization who had signed letters of intent. The motion passed with one in opposition. Mr. Popowsky expressed reservations that attendees should not be required to pay to attend by conference call.

#### **4. Review of and possible vote regarding the NAESB-NERC Letter of Intent**

The background on the Letter of Intent (LOI) was provided by Mr. Boswell. Mr. Drouin, chairman of the NERC Board of Trustees has been given the authority to negotiate the LOI with NAESB regarding communication and coordination protocols. The draft dated June 10 from NERC with some comments is the basis for NERC's negotiation. The motion was made by Mr. Patterson, seconded by Mr. Bourbonnais that:

"Resolved that the Board grants Mr. Boswell as chairman and CEO of NAESB the authority for negotiation of an LOI with Mr. Drouin as the chairman of NERC Board of Trustees, within the boundaries of the specifics of the June 10 draft letter and the one-page aspirational letter."

During the discussion, it was noted that it is premature to have a Memorandum of Understanding (MOU) as the WEQ is not operational, and that the LOI should not limit the WEQ when it is prepared to work on an MOU with NERC.

At the conclusion of the discussion, the motion passed unanimously.

#### **5. Additional Formation Activities**

It was noted that the resolution to form the RGQ should be modified to extend the date for consideration. Mr. Costan offered the following language:

"WHEREAS, the Board of the North American Energy Standards ("NAESB") accepted Quadrant Procedures for the Retail Gas Quadrant of NAESB at its March 7, 2002 Board meeting on the condition that the Retail Gas Quadrant satisfy the membership requirements set forth in Section 2.3 of the Bylaws by May 7, 2002; and

WHEREAS, the Retail Gas Quadrant has not yet satisfied the membership requirements set forth in Section 2.3 of the Bylaws but believes that it will be able to fulfill such requirements by September 23, 2002;

NOW, THEREFORE, BE IT:



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RESOLVED, that the Board of Directors of NAESB hereby extends the time up through September 23 , 2002 for the Retail Gas Quadrant to satisfy the membership requirements set forth in Section 2.3 of the Bylaws for purposes of acceptance of the Quadrant Procedures adopted by the Retail Gas Quadrant."

The motion was made by Mr. Bourbonnais and seconded by Mr. Templeton to adopt the above motion. It carried unanimously.

For segment procedures proposed by the REQ quadrant for adoption by the Board, the motion was made by Mr. Koogler and seconded by Mr. Templeton that:

WHEREAS, the Board of Directors of the North American Energy Standards ("NAESB") accepted Quadrant Procedures for the Retail Electric Quadrant at its March 7, 2002 Board meeting; and

WHEREAS, the Retail Electric Quadrant has proceeded with the identification and population of four Segments: Distributors, Suppliers, Service Providers, and End Users; and

WHEREAS, the Segments of the Retail Electric Quadrant have adopted Segment Procedures, which have now been reviewed by the General Counsel of NAESB, and the General Counsel has found that such Segment Procedures are not inconsistent with the Certificate of Incorporation and Bylaw of NAESB; and

WHEREAS, Section 19.3 of the Bylaws of NAESB provides for Board approval of Segment Procedures as part of the formation of new Quadrants of NAESB;

NOW, THEREFORE, BE IT:

RESOLVED, that the Board of Directors of NAESB hereby accepts the Segment Procedures for the Distributor, Supplier, Service Provider, and End User Segments of the Retail Electric Quadrant of NAESB.

The motion passed unanimously.

### **6. Annual Plans**

Mr. Buccigross reviewed both the WGQ and the REQ annual plans. No changes are requested for the Board to approve on the WGQ annual plan. For the REQ annual plan, Ms. Khan made the motion seconded by Mr. Burks that the REQ plan be adopted by the Board. The Credit Worthiness item on the plan was questioned as within scope. After discussion it was determined that the plan is adopted as presented. All were in favor.

### **7. Parliamentary Committee**

Mr. Boswell noted that the Parliamentary Committee will become active after at least three quadrants are operational and he has appointed their members. He asked for volunteers for the REQ and WGQ quadrants.

There was discussion on modifying the GISB Operating Practices to reflect the change to NAESB and conforming modifications, which could then serve as preliminary NAESB Operating Practices until the Parliamentary Committee has had an opportunity to review the practices. Mr. Mills made the motion seconded by Mr. Templeton to adopt the interim operating procedures. All were in favor.

### **8. Finance Report**

Ms. McQuade and Ms. Wishart gave the finance report. The chart of accounts is designed to tracking quadrant activities separately. There were no questions on the report.



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### **9. Membership Report**

Ms. McQuade reviewed the membership report and noted that there has been shifting of members from the WGQ to other quadrants. Other than the shifting to other quadrants, the membership loss in the WGQ is tacking with changes experienced over the last several years.

### **10. Other Business**

The American Arbitration Association is considering joining NAESB. It provided materials for the Board members at the Board meeting. Mr. Maddox presented a Deloitte and Touche presentation on the industry's financial health. The focus of the presentation was that the industry needs to restore confidence in the market place.

### **11. Executive Session of Board members only**

The Board went into an executive session to discuss compensation and benefits issues.

### **12. Adjourn**

The meeting adjourned and lunch was served from noon to 1:00 p.m.



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## 13. Attendance:

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### Wholesale Gas Quadrant Board Members

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Jonathan Puckett	Director of Control Operations, Duke Energy North America.	
Joe Stepenovitch	Vice President, Energy Marketing & Trading, Florida P&L	Present
John Procario	Vice President & COO, Cinergy	By Phone
Janie Mitcham	Vice President, Fuel and Energy Management, Reliant Energy	
Jim Templeton	Principal, Comprehensive Energy Services	Present
<b>Bill Boswell</b>	Assistant Secretary, Dominion	Present
Adrian Chapman	Vice President, Regulatory Affairs & Energy Acquisitions, Washington Gas Light Company	By Phone
Reed Horting	Vice President, Gas Supply & Transportation, PECO Energy Co.	By Phone
Walt DeForest	Senior Vice President, National Fuel Gas Distribution	By Phone
Lee Stewart	President, Energy Transportation Services, Southern California Gas Co	
Terry McGill	Enbridge Energy Company, Inc.	
John Somerhalder	President, El Paso Energy Pipeline Group	
Shelley Corman	Vice President, Enron Transportation Services Company (Transwestern)	By Phone
Ron Mucci	Senior Vice President Shared Services, Williams Gas Pipeline	By Phone
Richard Kruse	Senior Vice President, Duke Energy Gas Transmission	
Allan Knopp	Manager, Regulatory Affairs, Conoco Gas and Power	By Phone
Randy Mills	Regulatory Manager, ChevronTexaco	Present
Stan Hemmeline	Manager, North America - West, ExxonMobil Gas Marketing Company	By Phone
Sylvia Munson	CIO, PanCanadian Energy Services (PanTech)	By Phone
Greg Lander	Principal, CapacityCenter.com	
Rick Lentz	Principal, Tatum CIO	By Phone
Lyn Maddox	President & COO, PG&E Energy Group Trading	Present
Marty Patterson	Senior Vice President, IDACORP Energy	Present

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### Retail Electric Quadrant Board Members

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Dave Koogler	Director - Regulation & Competition, Dominion Virginia Power (SERC NERC Region).	Present
Bill Bourbonnais	Manager Rates and Economic Evaluation, Wisconsin Public Service Corporation (MAIN NERC Region)	Present
Johnny Magwood	Vice President Customer Services, Baltimore Gas and Electric Company	Present
Leonard Haynes	Senior Vice President Marketing, Georgia Power Company (SERC NERC Region)	By Phone
Sonny Popowsky	Pennsylvania Office of Consumer Advocate	Present
Misty Ann Khan	Vice President, Telerx Marketing, Inc.	Present
Stacey Park	Director, The Structure Group	Present
J Cade Burks	President, EC Power	Present
John Williams	Chief Executive Officer and Co-founder, 8760.	Present
Helen Burt	Vice President, Customer Operations and Billing, TXU Energy	
Waters Davis	President, Reliant Energy Retail Services	By Phone

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Richard Zelenko	General Manager, Dominion Retail Inc.	By Phone
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## NAESB Administrative

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Rae McQuade	NAESB	
Veronica Thomason	NAESB	
JoAnn Garcia	NAESB	By Phone
Darla Wishart	Checks and Balances	
James Costan	McGuireWoods	
Lawrence Hoffson	Hoffman Paulson	

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## Observers

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Bill Gryar	CMS Energy Group	
Mike Bray	Shell Gas Transmission	
Heidi Schrab	Green Mountain	
Alex DeBoissiere	Midwest ISO	
Matt Smith	Cinergy	
Kurt Conger	APPA and Seattle City	
Tina Burnett	Boeing	HOST
Jim Buccigross	8760	PRESENTER
Lisa Szot	CAISO	
Suzanne Calcagno	UBS Warburg Energy	
Theresa Hess	Reliant Energy Retail	
Ruth Kiselewich	Baltimore Gas & Electric	
Jeff Anthony	Wisconsin Electric -Wisconsin Gas	By Phone
Mariam Arnaut	American Gas Association	By Phone
Cherie Broadrick	Ercot	By Phone
Kenneth Brown	Public Service Electric & Gas Co	By Phone
Joanne Garcia	Naesb Houston	By Phone
James Hartwell	North East Power Coordinating Counsel	By Phone
David McMillan	Calpine	By Phone
Kim Van Pelt	Panhandle Eastern Pipeline	By Phone
Randy Young	Gulf South Pipeline Company	By Phone