

North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

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Home Page: www.naesb.org

October 16, 2002

TO: NAESB Parliamentary Committee Members: Bill Boswell, Jim Templeton, Lyn Maddox, Terry McGill, Cade Burks, Leonard Haynes, Misty Kahn, Scott Brown, Dave McMillan, Joe Hartsoe

FROM: Rae McQuade, Executive Director

RE: Parliamentary Committee Minutes -- October 16, 2002

NORTH AMERICAN ENERGY STANDARDS BOARD PARLIAMENTARY COMMITTEE CONFERENCE CALL MINUTES October 16, 2002

1. Administrative

Mr. Boswell welcomed the attendees and the antitrust advice was given. The agenda was accepted as written.

2. Purpose of the Parliamentary Committee and Structure

Mr. Boswell provided a brief overview of the purpose and structure of the Parliamentary Committee. The Parliamentary Committee is a Board of Directors (Board) committee formed to address NAESB governance issues in a broad sense. Typical areas under the purview of the Parliamentary Committee include possible changes to the NAESB Certificate, Bylaws, and NAESBOps. The Parliamentary Committee is composed of three Board representatives from each quadrant. The function of the Parliamentary Committee is to make a recommendation to the Board, upon which the Board will then take action during an open meeting.

3. Privacy Policy

Ms. McQuade requested approval from the Parliamentary Committee to draft a proposed policy regarding the creation of subcommittee listservs to foster communication within the subcommittees. Ms. McQuade noted that under the current privacy policy, all communications are handled through the NAESB office. Further, she stated that communication through listservs is common-place in the current business environment. During discussion it was noted that one approach would permit individuals with NAESB passwords to add themselves to any listserv, but nonmembers could nominate themselves to be added to the listservs through the NAESB office. Additionally, the administrator, located within the NAESB office, would have full authority to remove any member from the listserv.

The Parliamentary Committee agreed that a proposed change to the privacy policy incorporating listserv protocols could be presented at the November Board meeting. Upon completion, the draft policy will be circulated among the Parliamentary Committee members prior to submission to the Board.

4. Certificate Changes

- Certificate Changes to clarify language for the creation of the four quadrants

Mr. Costan presented a resolution, which would ultimately be presented to the Board, to make some clean up changes to the NAESB Certificate and Bylaws. Mr. Costan's proposed resolution included the following changes: 1) a clarification on Board responsibilities, meant to reflect the principle that the Board is viewed as the principal governance body of NAESB and

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the Executive Committee is principally involved in the standards development process (Appendix A of the resolution); 2) a clarification on Executive Committee responsibilities, with language detailing that the EC is principally involved in the standards development process (Appendix B of the resolution); and 3) a clarification regarding non-voting members, removing language in the certificate that could have unintended consequences when taken literally (Appendix C of the resolution).

During discussion of the resolution, it was noted that the proposed changes to the Certificate and Bylaws, as they relate to the functions of the Executive Committee, have been discussed with, and approved by, Mr. Buccigross, the current Executive Committee Chairman.

Mr. Templeton moved, seconded by Mr. Burks, that the Parliamentary Committee recommends the clarifying resolution proposed by Mr. Costan (see attachment for complete resolution text). Motion carried unanimously.

- Review of Certificate and Bylaws changes proposed by the WGQ Pipelines at the December 2001 meeting

Mr. Costan provided an update of his understanding of the issues, and noted that all items except three have been incorporated into the bylaws. On the remaining items, which address the Parliamentary Committee and Triage Committee, the Parliamentary Committee agreed to revisit these issues if it was determined by the Parliamentary Committee that the existing structure and language provided in the bylaws and certificate required changes.

5. NAESBOps Changes

- Modifications to the NAESB Operating Practices (NAESBOps) to address NAESB rather than GISB in the text (done at June 28 Board meeting) and confirm that no other conforming changes are required.

Mr. Boswell informed the Parliamentary Committee that at the June 28 Board meeting, a global change was performed on the NAESB Operating Practices to replace references to GISBOps with references to NAESBOps, and confirmed the modification was comprehensive. The Parliamentary Committee generally discussed the NAESBOps.

During discussion, several issues were identified. Among them, the proper procedures for meeting transcription, including when transcription would be appropriate, was proposed as a potential NAESBOP area. Additionally, it was noted that certain NAESBOps are specific to WGQ committees. In light of that observation, a question arose regarding the proper scope of NAESBOps, whether they should be directed to the entire organization or to the individual quadrants. Finally, it was proposed that the Parliamentary Committee look through all the NAESBOps and consider consolidation where there is duplicity.

Mr. Boswell identified examination of the NAESBOps as a potential committee focus going into the next year. This examination should be from a global perspective with an eye for procedures that will work for NAESB as the organization moves forward.

6. Publication Timeline for release of standards

During June 2002, Mr. Bray, on behalf of Shell Gas Transmission, submitted a letter to Mr. Boswell stating concern with the costs associated with the frequency of publication of NAESB WGQ Standards, and proposing a 24-month publication cycle instead of the current 12-month publication cycle. Mr. Bray proposed beginning the 24-month cycle after Version 1.7 Standards are published in July 2003. Mr. Bray also made note of discussion of a triggering mechanism to shorten the publication cycle, should it be determined in the future that a shorter cycle is warranted.

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As an exception, where standards are not yet published, but the FERC may want to refer to them in a proceeding, they may choose to refer to NAESB final actions by recommendation number.

For the benefit of new Parliamentary Committee members, Ms. McQuade provided a brief background on the standards publication process. In short, as standards are adopted by the Executive Committee, they then proceed to a ratification vote by the NAESB membership. A ratified standard is considered a final action until published. Ms. McQuade noted that in some instances, the FERC may choose to look at standards prior to the publication date. From publication costs, during the discussion, it was noted that the real costs incurred in the publication process was borne by the volunteer group that provides the resources to verify the content of the standards – the proofreaders and editors. The NAESB office expends between \$10,000 and \$20,000 for each release of the standards. Further, it was noted that additional implementation costs were borne by companies implementing the standards.

There are several other issues to be addressed in the publication of standards including frequency and format of publication as it relates to the four quadrants. Mr. Boswell requested this issue be put on the agenda for a subsequent Parliamentary Committee meeting. No action on Mr. Bray's letter was taken by the Parliamentary Committee at this time.

7. NAESBOP for Annual Plan Items and Triage Process

Mr. Boswell suggested to the Parliamentary Committee that a NAESBOP needed to be developed to establish the timeline for completing the Annual Plan process through completion of the Managing Committee. When the Managing Committee was established, the Board provided that the Managing Committee should act as an interface between the Board and the Executive Committee in the Annual Plan process. Envisioned actions for the Managing Committee during this process include assessing draft annual plans and analyzing their content for internal consistency, as well as consistency across quadrants. Those envisioned actions logically imply a certain amount of communication and trading of draft documents. Possible topics to be included in the proposed NAESBOP are Executive Committee start date, method for annual plan preparation within the Executive Committee, and date at which a draft Annual Plan should be presented to the Managing Committee.

During discussion, the current status of Annual Plan development was addressed. For the Wholesale Gas Quadrant, development of the Annual Plan has not begun. However, it was reported the current REQ Annual Plan covers 2002 through 2003. The possibility of a revision to the REQ Annual Plan was noted by Ms. Hess. The Wholesale Electric Quadrant plan will be undertaken after the WEQ EC is seated on October 18.

An additional item discussed was the necessity to submit an Annual Plan item to the Triage Subcommittee prior to quadrant work on that item. Ms. McQuade noted that in the past, the approval of the annual plan by the Board preempted any need to forward annual plan items through the triage process. Mr. Boswell stated that once an Annual Plan has been approved, all tasks that the Triage Subcommittee would perform have been completed.

Mr. Costan identified a further issue, noting that there should be some process when handling work on Annual Plan items so that the items can be subject to joint consideration of the different quadrants. Mr. Boswell suggested that perhaps the Managing Committee's review of the Annual Plans would address this issue.

Mr. Boswell set continued discussion of this issue as an item for the next Parliamentary Committee meeting.

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8. Next Steps and Other Business

A brief report on the status of FERC's recent statements at the SMD software meeting on October 3 was presented by Ms. McQuade and Mr. Boswell. In short, Ms. McQuade told participants that during a recent discussion, Chairman Wood made it clear that this was not a change in FERC support, but it was rather a software development issue.

Mr. Burks asked about NERC policies that concern the publication process, specifically inquiring as to whether NAESB should be concerned on this issue? Ms. McQuade explained this does not affect the publication timeline at all. In short, she said that NERC has built software to keep track of standards throughout their entire process, and has demonstrated a willingness to work with NAESB on that software. Ms. McQuade noted that the pending MOU negotiations between NERC and NAESB are taking priority and discussion of the software issues will be addressed at a later time.

Arrangements for the next Parliamentary Committee meeting are as follows:

Thursday, November 21, 2002

Hyatt Regency Islandia

1441 Quivira Road

San Diego, CA 92109

1:00 p.m. to 5:00 p.m. Pacific, conference calling available.

9. Adjourn

The call adjourned at 2:55 p.m. eastern.

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12. Meeting Attendees:

Wholesale Gas Quadrant Parliamentary Committee Members

Jim Templeton	Principal, Comprehensive Energy Services	Present
Bill Boswell	Assistant Secretary, Dominion	Present
Terry McGill	Enbridge Energy Company, Inc.	
Lyn Maddox	President & COO, PG&E Energy Group Trading	

Retail Electric Quadrant Parliamentary Committee Members

Leonard Haynes	Senior Vice President Marketing, Georgia Power Company (SERC NERC Region)	Present
Misty Ann Khan	Vice President, Telerx Marketing, Inc.	Present
J Cade Burks	President, EC Power	Present

Wholesale Electric Quadrant Parliamentary Committee Members

David McMillan	Director Market Design, Calpine	Present
R. Scott Brown	Vice President and Director, Exelon Generation Power Team	Present
Joseph Hartsoe	Vice President and Associate General Counsel, American Electric Power Marketing, Inc.	Present

NAESB Administrative

Rae McQuade	NAESB, Executive Director	Present
Todd Oncken	NAESB	Present
James Costan	McGuireWoods, NAESB General Counsel	Present

Observers

Greg Dodson	Dominion Resource Services
Kathryn Burch	Duke Energy (Texas Eastern Transmission, LP)
Kim Van Pelt	CMS Panhandle Pipe Line Companies
Donna Scott	Transwestern Pipeline Company
Bill Griffith	Colorado Interstate Gas
Mark Gracey	Tennessee Gas Pipeline Company
Dale Davis	Williams Gas Pipeline
Marcy McCain	Duke Energy - Algonquin
Mike Bray	Shell Gas Transmission
Theresa Hess	Reliant Energy Retail Services

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Attachment

Resolution Regarding Proposed Clarifying Amendments to Certificate and Bylaws,
including Appendices A, B and C

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NORTH AMERICAN ENERGY STANDARDS BOARD

Resolution Regarding Proposed Clarifying Amendments to Certificate and Bylaws

WHEREAS, the Certificate and Bylaws of the North American Energy Standards Board have now been in effect for over nine months; and

WHEREAS, a need to effect certain clarifying amendments has been noted with regard to (i) provisions of the Certificate relating to the governance responsibilities of the Board; (ii) provisions of the Certificate relating to responsibilities of the Executive Committee; and (iii) provisions of the Certificate and Bylaws relating to non-voting members; and

WHEREAS, the Parliamentary Committee has reviewed and recommends proposed changes to the Certificate and Bylaws designed to achieve the purposes described above, which are attached hereto as Appendices A-C, respectively;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of NAESB hereby adopts the changes to the Certificate and Bylaws of NAESB attached hereto as Appendices A-C; and

FURTHER RESOLVED, that the Executive Director and General Counsel of NAESB are authorized and directed to take such steps as necessary to implement the changes approved herein and to make them effective under Delaware law, including filing a Restated Certificate of Incorporation, if deemed appropriate.

November 21, 2002

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Appendix A

Revise Article III, Section 4 of the Certificate to read as follows:

BLACKLINED VERSION:

Section 4. The ~~Among its other duties of governance, the~~ Board of Directors shall be responsible for approving the budget ~~and Annual Plan(s)~~, initiating and recommending charter changes, maintaining contacts within the natural gas and electric industries and with government agencies, and selecting counsel and the external auditor for NAESB. The Board of Directors shall also have the authority to adopt and amend the By-Laws pursuant to Section 5 of Article V.

CLEAN VERSION:

Section 4. Among its other duties of governance, the Board of Directors shall be responsible for approving the budget and Annual Plan(s), initiating and recommending charter changes, maintaining contacts within the natural gas and electric industries and with government agencies, and selecting counsel and the external auditor for NAESB. The Board of Directors shall also have the authority to adopt and amend the By-Laws pursuant to Section 5 of Article V.

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Appendix B

Revise Article III, Section 5 of the Certificate to read as follows:

BLACKLINED VERSION:

Section 5. (a) ~~The Executive Committee, which shall also exercise general supervision of NAESB's affairs, shall establish NAESB's policies. The Executive Committee shall be responsible for establishment of procedures which will:~~ (1) facilitate the development and formation of NAESB technical standards that are based upon broad industry consensus and recognize the particular needs of each Segment, (2) ~~consider the~~ considering and coordinating its work ~~of~~with existing standards-setting organizations and with regard to standards already developed, and (3) ~~establish~~establishing an accessible library of transactions developed by members of NAESB for future consideration by NAESB in the standards development process.

(b) In addition, the Executive Committee shall be responsible for: (1) recommending the initiation, maintenance, and approval of standards-related activities; (2) establishing working committees as it deems necessary to perform NAESB's standards development functions pursuant to procedures set forth in the By-Laws; (3) preparing recommendations to the Board on the budget and Annual Plan; and (4) setting priorities for standards to be developed or modified pursuant to the Annual Plan; and (5) ~~overseeing the NAESB staff; and (6)~~ directing activities for reviewing standards interpretation pursuant to the appropriate voting levels specified in Article V.

CLEAN VERSION:

Section 5. (a) The Executive Committee shall be responsible for (1) the development and formation of NAESB technical standards that are based upon broad industry consensus and recognize the particular needs of each Segment, (2) considering and coordinating its work with existing standards-setting organizations and with regard to standards already developed, and (3) establishing an accessible library of transactions developed by members of NAESB for future consideration by NAESB in the standards development process.

(b) In addition, the Executive Committee shall be responsible for: (1) recommending the initiation, maintenance, and approval of standards-related activities; (2) establishing working committees as it deems necessary to perform NAESB's standards development functions pursuant to procedures set forth in the By-Laws; (3) preparing recommendations to the Board on the Annual Plan; and (4) setting priorities for standards to be developed or modified pursuant to the Annual Plan; and (5) directing activities for reviewing standards interpretation pursuant to the appropriate voting levels specified in Article V.

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Appendix C

Revise Article IV, Section 3 of the Certificate to read as follows:

BLACKLINED VERSION:

Section 3. Non-voting members. Non-voting members shall include, ~~but not be limited to, federal, state, and local agencies; non-profit research organizations, trade and industry organizations; consumer advocate groups; and similar entities~~ any person or entity, including a governmental entity, that has a legitimate business interest in a Quadrant of NAESB and desires to join as a non-voting member.

CLEAN VERSION:

Section 3. Non-voting members. Non-voting members shall include any person or entity, including a governmental entity, that has a legitimate business interest in a Quadrant of NAESB and desires to join as a non-voting member.

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Revise ARTICLE 5, Section 5.2 of the Bylaws to read as follows:

BLACKLINE VERSION:

Section 5.2 Non-Voting Members

As provided in Article IV, Section 3 of the Certificate, Non-Voting Members ~~shall~~**may** include, but not be limited to, federal, state and local agencies; non-profit research organizations; and similar entities.

CLEAN VERSION:

Section 5.2 Non-Voting Members

As provided in Article IV, Section 3 of the Certificate, Non-Voting Members may include, but not be limited to, federal, state and local agencies; non-profit research organizations, and similar entities.