



NORTH AMERICAN ENERGY STANDARDS BOARD

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NAESB GAS-ELECTRIC HARMONIZATION COMMITTEE FORMATION

The NAESB Board of Directors has formed a board level committee to address gas-electric harmonization issues as highlighted in the recent National Petroleum Council (NPC) report, “Prudent Development: Realizing the Potential of North America’s Abundant Natural Gas and Oil Resources,” issued late last year. The committee will review the market harmonization issues and make recommendations to the Board of Directors regarding the best course of action for NAESB.

The committee has held an organizational meeting and a planning meeting, to set the stage for preparing the deliverables for the harmonization issues identified -- recommendations for (1) standards development, (2) framing policy or market issues that might lead to standards development, and (3) identifying areas in which standards development is not the best course of action because regional service agreements or other organizations’ efforts would be more appropriate. The committee has separated the harmonization issues of the electric and natural gas markets into three areas – transparency of information, coordination of transactions, and operational/commercial practices.

The committee is composed of a broad cross section of natural gas and electric markets – state and federal regulators, pipelines, generators, producers, distribution, marketing, transmission, end users, independent system operators and technology experts. The committee is also fortunate to have several of the key architects of the NPC report on the leadership committee. NAESB has reached out to other groups that are also addressing harmonization issues, such as the North American Electric Reliability Corporation, to ensure that the activities are coordinated. All NAESB meetings, including those of this committee, are open to any interested party.

Ms. Valerie Crockett of the Tennessee Valley Authority, who serves as the current Chairman of the NAESB Board of Directors, and co-chairs the Gas-Electric Harmonization Committee, has noted that “We are at a transformative time for the two markets and it is clear that the interdependencies of the markets should be recognized and supported. I am pleased that the NAESB organization has agreed to take part in this initiative along with several other organizations.”

Dr. Susan Tierney, Managing Principal of Analysis Group and Ms. Crockett’s co-chair for the committee added, “At a time when the nation’s natural gas resource is offering so many opportunities in the power sector, it is gratifying to see so many accomplished industry leaders willing to volunteer their time and expertise to identify courses of action to help improve the harmonization of the two markets. Many observers, including the NPC, have pointed out the challenges, and now it’s great to see this group exploring possible solutions.”

Mr. Michael Desselle of Southwest Power Pool and the incoming Chairman of the NAESB Board of Directors summarized with “I can think of no other organization in North America that is better represented by gas and electric leadership than NAESB to address and determine the need for market based standards and business practices addressing interdependencies in the evolution of our respective gas



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and electric markets. Furthermore, NAESB's leadership is poised to identify the policy-related matters to be resolved by public policy makers and regulators because of its neutral advocacy restrictions and its diverse representation of electric and gas membership.”

The North American Energy Standards Board (NAESB) serves 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. It is composed of over three hundred corporate members in the energy industry and many more non-member volunteers who contribute to the drafting and adopting of NAESB standards. To learn more about NAESB, go to www.naesb.org, contact Denise Rager (drager@naesb.org) or call 713-356-0060.