



NORTH AMERICAN ENERGY STANDARDS BOARD

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March 25, 2014

TO: NAESB Board Gas-Electric Harmonization (GEH) Committee
FROM: Michael Desselle, NAESB Chairman
RE: Recent FERC Actions on Gas-Electric Market Harmonization

Dear NAESB GEH Committee Members,

As you all are probably aware, last week the FERC issued a landmark Order¹ directing NAESB to, among other things, make changes to our body of standards impacting gas-electric interdependency.

As you also will recall as GEH committee members from our report approved by the Board on September 20, 2012, we added 3 provisional items to the Quadrant Annual Plans² with the understanding that they could be moved to active status given policy direction. The FERC's Order effectively moves these items to active status.

Accordingly, FERC has now provided policy guidance *and* direction. As the Board committee that developed NAESB's consensus direction on gas-electric harmonization matters, we need to move expeditiously to provide guidance to the Executive Committees responsible for developing the necessary standards modifications.

Additionally, this board committee also needs to lead the effort to consider consensus based alternatives to the FERC's proposals laid out in their Order. I have asked Valerie Crockett, as chair of the Board GEH Committee to hold an initial conference call to begin that effort on Thursday, March 27th.

I apologize for the short notice on this call and I am certain we'll need to continue to dialogue. We appreciate your active participation in the development of our 2012 report and hope to have your continued engagement during the next 6 months.

Sincerely,

Michael Desselle, Chairman, NAESB Board of Directors

cc: Rae McQuade, NAESB President
William P. Boswell, NAESB General Counsel

¹ To access the Notice of Proposed Rulemaking, please use the following link: <http://www.ferc.gov/whats-new/comm-meet/2014/032014/M-1.pdf>, also a summary specific to NAESB actions can be accessed from the following: http://www.naesb.org/misc/summary_m1.docx.

² The three provisional items in the NAESB annual plans are:

- a. As provided for the GEH Report approved by the Board of Directors on September 20, 2012, (<http://www.naesb.org/pdf4/bd092012a1.pdf>), which was initiated by the NPC Report,^[1] review and develop standards or modify existing standards as needed for market timelines and coordination of scheduling.
 - b. As provided for the GEH Report approved by the Board of Directors on September 20, 2012, (<http://www.naesb.org/pdf4/bd092012a1.pdf>), which was initiated by the NPC Report,^[2] review and develop standards or modify existing standards as needed for flexibility in scheduling.
 - c. As provided for the GEH Report approved by the Board of Directors on September 20, 2012, (<http://www.naesb.org/pdf4/bd092012a1.pdf>), which was initiated by the NPC Report,^[3] review and develop standards or modify existing standards as needed for provision of information.
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