

North American Energy Standards Board Primer on Standards Development

The North American Energy Standards Board Primer on Standards Development

North American Energy Standards Board Primer on Standards Development

NAESB Profile

North American Energy Standards Board Primer on Standards Development

- ❖ In 1992, the Natural Gas Council agreed that the wholesale gas market needed a standards organization and fostered the needed efforts to start one.
- ❖ During the formation from 1992 to 1994, the Department of Energy hosted monthly meetings where the gas industry in open meetings determined the best structure for the organization.
- ❖ In 1994, the Gas Industry Standards Board was incorporated to develop business practice standards and communications and e-commerce protocols for the interstate natural gas industry.
- ❖ GISB was approached by the Coalition for Uniform Business Rules to expand its charter to include retail gas and electric interests to support customer choice states.
- ❖ After 18 months of industry deliberation, GISB was expanded to NAESB, with incorporation papers filed, effective January 1, 2002. The scope of development was broadened to include standards development efforts for the wholesale gas and electricity and retail gas and electricity markets.

North American Energy Standards Board Primer on Standards Development

- ❖ Scope of work that we can undertake to develop standards and model business practices

NAESB's scope is cited in the NAESB Certificate (Article 2, section 1):

"The objects and purposes of NAESB are to propose and adopt voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service, as such standards apply to electronic data interchange ("EDI") record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries."

North American Energy Standards Board Primer on Standards Development

Organization by Quadrant and Segment

Wholesale Gas - 5 Segments

1. End Users
2. Local Distribution
3. Pipelines
4. Producers
5. Services

Wholesale Electric - 7 Segments

1. End Users
2. Distribution/LSE
3. Transmission
4. Generation
5. Marketers/Brokers
6. Independent Grid Operators/Planners
7. Technology and Services

Retail Energy - 4 Segments

1. Retail Electric End Users/Public Agencies
2. Retail Gas Market Interests
3. Retail Electric Utilities
4. Retail Electric Service Providers/Suppliers

North American Energy Standards Board Primer on Standards Development

Two Governing Bodies with identical structures -

Board of Directors - strategic direction, financial well being, annual planning for standards development, coordination of activities with other groups

Executive Committee - Carries out the annual plan, develops and maintains the standards and business practices through its subcommittees and task forces

North American Energy Standards Board Primer on Standards Development

A
n
n
u
a
l

P
l
a
n
s

Board of Directors

- Financial Authority
- Strategic Plans
- Direction of the Organization & Setting the Annual Plans

Strategy & Issue Definition

Organizational Structure & Support

Membership

Legal & Operational Procedures

Liaisons

Executive Committee

- Standards Development
- Tactical Implementation of the Annual Plan

Business Practices

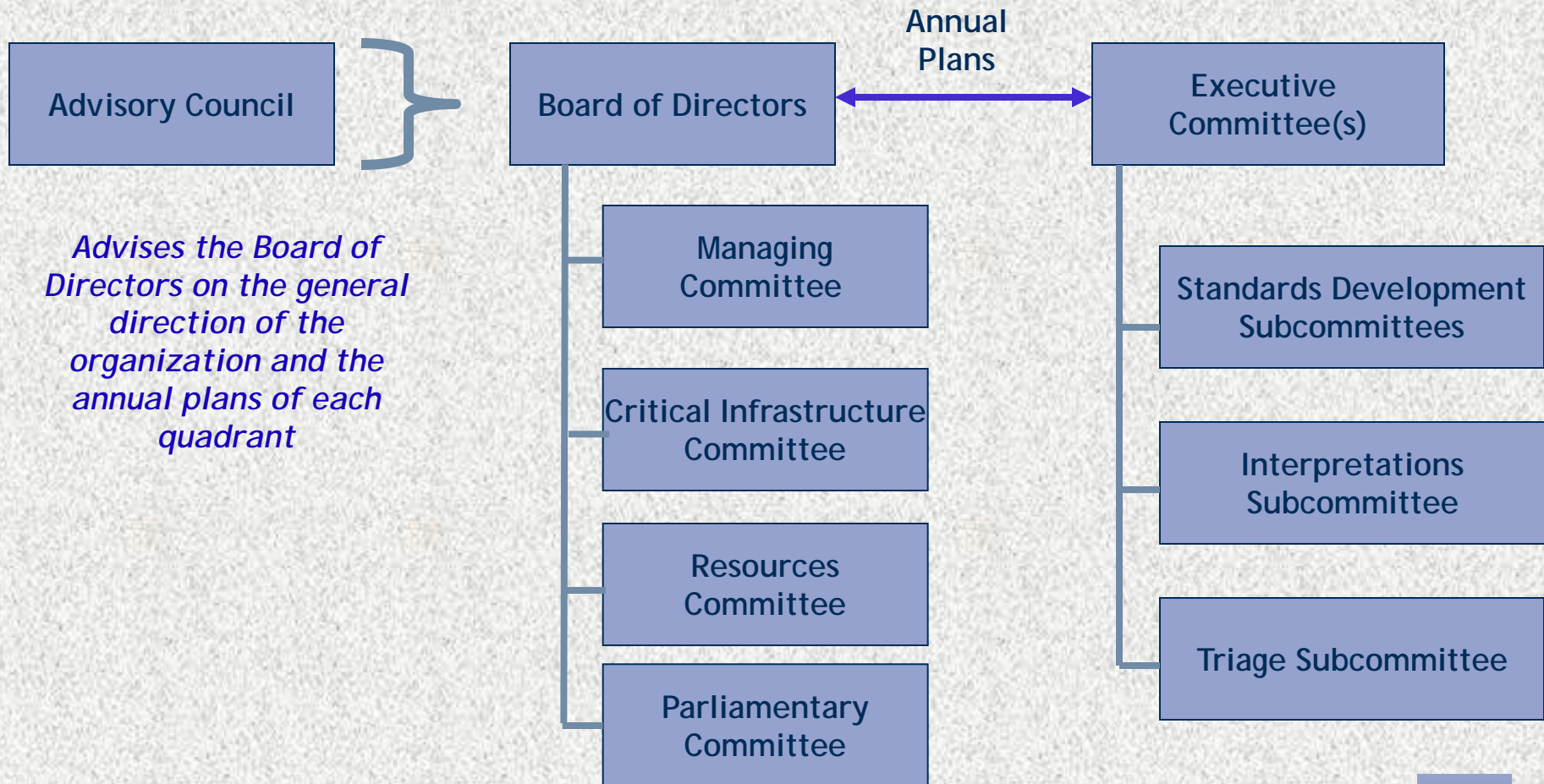
Coding & Data

Technical Mapping

Interpretations

Communication Protocols

North American Energy Standards Board Primer on Standards Development



North American Energy Standards Board Primer on Standards Development

Governing Documents

North American Energy Standards Board Primer on Standards Development

- ❖ Certificate
- ❖ Bylaws
- ❖ Quadrant Procedures
- ❖ NAESB Operating Practices
- ❖ Board Motions & Resolutions
- ❖ Various Memoranda of Understandings

North American Energy Standards Board Primer on Standards Development

The Standards Development Process

North American Energy Standards Board Primer on Standards Development

❖ Standards Development Process

- ❖ The process begins with a request - which can come from a member, an interested industry participant, a government agency or commission, an ISO or RTO, or a NAESB subcommittee or it can be an annual plan item approved by the Board of Directors.
- ❖ The process followed is ANSI accredited -- ANSI accredits organizations as Standards Development Organizations ("SDO") based on their adherence to ANSI's cardinal principles of standards-setting.
- ❖ The process is open and any interested party can participate and contribute to the standards development regardless of membership in NAESB.

North American Energy Standards Board Primer on Standards Development

ANSI Principles of Standards Development

- ❖ Open. Any materially affected and interested party has the ability to participate
- ❖ Balance and Lack of Dominance. The consensus body shall be balanced and shall not be dominated by any single interest category or organization.
- ❖ Due Process. All objections shall have an attempt made towards their resolution. Interests who believe they have been treated unfairly shall have a right to appeal.
- ❖ Consensus. More than a majority but not necessarily unanimity.
- ❖ Voluntary. Standards are not binding unless adopted by a governmental entity as part of a code or set of regulations.

North American Energy Standards Board Primer on Standards Development

❖ Voluntary Standards

- ❖ From the organization's perspective, all standards are voluntary and may be provided to regulatory agencies as status reports as they are published.
- ❖ The standards and model business practices may incorporate regional or operational differences
- ❖ Regulatory agencies may choose to adopt standards or model business practices, but NAESB will not advocate such action.
- ❖ The organization will not monitor for compliance, provide performance measures for compliance, nor will it define sanctions for non-compliance.
- ❖ The organization will not advocate before any regulatory body.

Relationship of NAESB Standards and Model Business Practices to Policy

- ❖ NAESB does not set policy.
- ❖ We defer to state and federal agencies in determining policy.
- ❖ Our work products are intended to focus on the implementation of policy decisions by providing a road map for the interactions between the various parties.
- ❖ Our standards and model business practices recommend practices for alternative regulatory models but leave the decision as to the appropriate policy or model to the regulators.

North American Energy Standards Board Primer on Standards Development

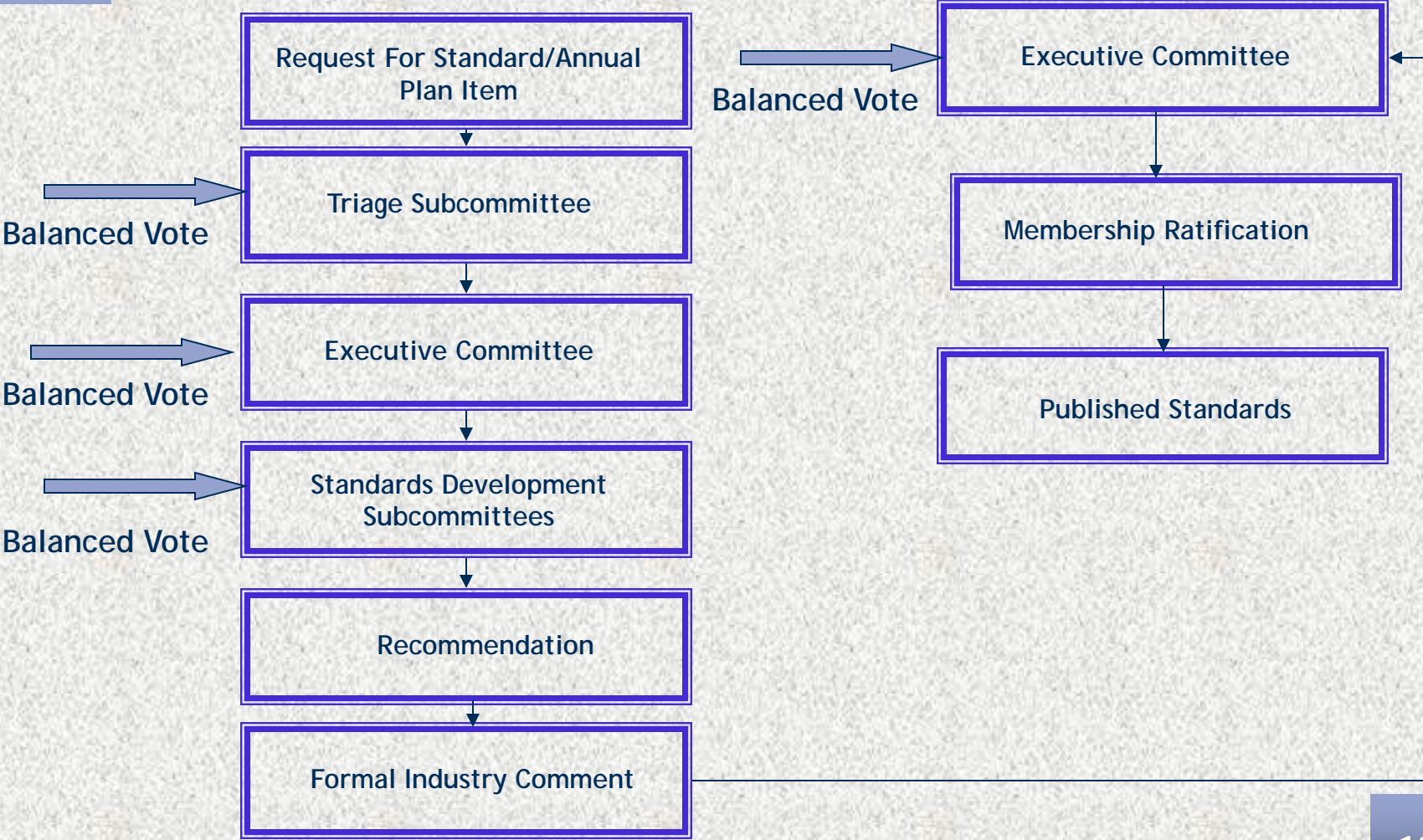
How do the members create the standards?

- ❖ We average 30-35 meetings or calls per month
- ❖ We average more than 700 participants by phone per month
- ❖ We offer web casting to assist in the conference calls
- ❖ All participants, regardless of NAESB membership status, are welcomed to the meetings and subcommittee efforts

North American Energy Standards Board Primer on Standards Development

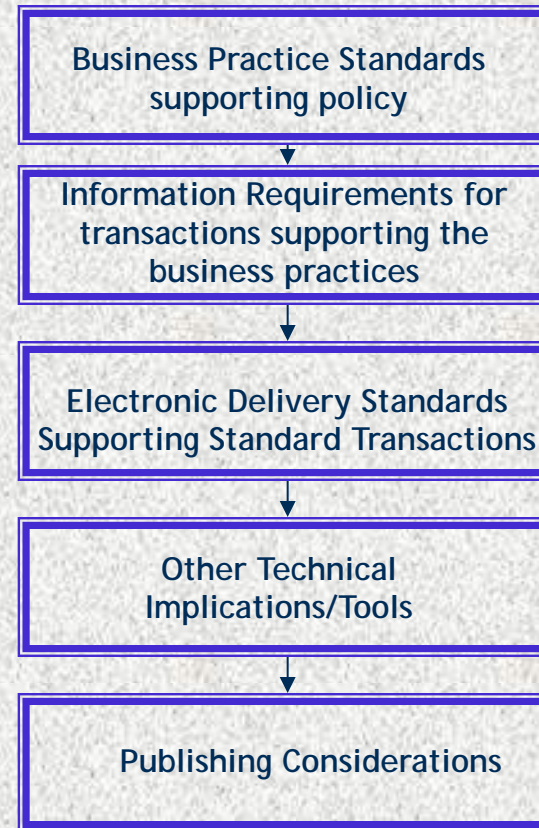
- ❖ Standards development based on an Annual Plan and initiated by request or annual plan item
- ❖ Balanced voting structure at EC and subcommittees
- ❖ Multiple opportunities for involvement and comment
- ❖ ANSI accredited defined process for standards development with several tiers of voting to ensure broad based support
- ❖ All actions taken, decisions made and work products created are available publicly and fully transparent
- ❖ A record of how all decisions are reached is documented and publicly available

North American Energy Standards Board Primer on Standards Development



North American Energy Standards Board Primer on Standards Development

Full Staffing



North American Energy Standards Board Primer on Standards Development

Voting Rules

- ❖ Voting and Motion Making Including for Amendments follows Roberts Rules of Order
- ❖ Parliamentary Procedure other than those defined in our Certificate, Bylaws or Operating Practices is “Modern Parliamentary Procedure” published by the American Psychological Association
- ❖ Business subcommittees utilize a "balanced" segment voting process to forward recommendations on standards development
- ❖ Voters are not required to be members in subcommittees
- ❖ Executive Committee approval requires a "super-majority"
- ❖ Membership ultimately ratifies all standards development

North American Energy Standards Board Primer on Standards Development

Board of Directors* -- (governance)	75% of each quadrant 40% of each segment
Executive Committee* -- (standards)	67% of each quadrant 40% of each segment
Subcommittees -- (proposed standards)	50% balanced across segments of each quadrant balanced voting in the segments**

* Segment voting thresholds are applied to fully populated segments

** Each segment has up to two votes apportioned equally over those segment attendees present; one company - one vote

North American Energy Standards Board Primer on Standards Development

Executive Committee Example of Super-Majority Voting:

<i>RXQ Executive Committee</i>	<i>Votes Cast</i>		<i>Balanced Votes - DOES NOT PASS</i>	
<i>RXQ Segments</i>	<i>Yes</i>	<i>No</i>	<i>2/3rds in Favor</i>	<i>Segment Threshold</i>
<i>Retail Electric Service Providers/Suppliers (6)</i>	<i>6</i>	<i>0</i>		<i>Yes (100%)</i>
<i>Retail Gas Market Interests(6)</i>	<i>6</i>	<i>0</i>		<i>Yes (100%)</i>
<i>Retail Electric Utilities (6)</i>	<i>4</i>	<i>2</i>		<i>Yes (66.67%)</i>
<i>Retail Electric End Users/Public Agencies (6)</i>	<i>2</i>	<i>4</i>		<i>No (33.34%)</i>
<i>Total</i>	<i>18</i>	<i>6</i>	<i>75% YES</i>	<i>NO</i>
<p>The RXQ EC motion FAILS as although the vote count met the two-thirds threshold, it FAILED to garner at least 40% in favor from each fully populated RXQ EC segment.</p>				

North American Energy Standards Board Primer on Standards Development

RXQ Subcommittee Example of Balanced Voting:

<i>RXQ Subcommittee</i>	<i>Votes Cast</i>		<i>Balanced Votes</i>	
	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
<i>RXQ Segments</i>				
<i>Retail Electric Service Providers/Suppliers</i>	3	2	1.2	0.8
<i>Retail Electric Utilities</i>	4	2	1.33	0.66
<i>Retail Electric End Users/Public Agencies</i>		2		2
<i>Retail Gas Market Interests</i>	4	2	1.33	0.66
<i>Total</i>	11	8	3.68	4.12
<p>With the balanced vote of 3.68 to 4.12, the motion FAILS, even though on a straight vote, the motion passes with 11 in favor and 8 against.</p>				

North American Energy Standards Board Primer on Standards Development

❖ Other Actions That Can Be Taken:

- ❖ Minor Corrections - Simple Majority
- ❖ Models - Simple Majority
- ❖ Interpretations - Super Majority
- ❖ Standards Manual Text, Illustrations, Business Process descriptions - Simple Majority

North American Energy Standards Board Primer on Standards Development

Coordination With NERC

- ❖ NAESB and NERC have a joint standards development process that coordinates work to ensure that reliability standards and complementary business practices are in sync
- ❖ This has worked well over the years for several sets of standards
- ❖ Our filings of standards with the FERC are also coordinated
- ❖ We are also coordinated in use of tools and support systems such as the TSIN Registry

North American Energy Standards Board Primer on Standards Development

Interactions with Regulatory Agencies

North American Energy Standards Board Primer on Standards Development

NAESB Filing of standards with FERC

- ❖ All wholesale electric and wholesale gas standards that are federally jurisdictional are filed with the FERC and other agencies as appropriate
- ❖ The standards themselves and any standards that failed to pass due to a segment vote failure are forwarded
- ❖ The NAESB record of minutes, work papers, voting, comments related to the standards are forwarded, including all minority positions noted in comments
- ❖ Related transcripts from EC, Board and other subcommittee or task force meetings are made available to FERC and can be purchased by any other interested party
- ❖ Any regulatory agency can request access to or copies of NAESB standards

North American Energy Standards Board Primer on Standards Development

NAESB Access to standards by State Commissions

- ❖ All retail electric and retail gas standards that are state jurisdictional are provided to the National Association of Regulatory Utility Commissioners for distribution to interested state commission staff
- ❖ The NAESB record of minutes, work papers, voting, comments related to the standards are available for review and will be provided upon request to any state commission, including all minority positions noted in comments
- ❖ Related transcripts from EC, Board and other subcommittee or task force meetings are also made upon request to any state commission and can be purchased by any other interested party
- ❖ Any state commission can join NAESB with membership fees paid by NARUC

North American Energy Standards Board Primer on Standards Development

NAESB Retail Energy Market Status for 2012/2013

North American Energy Standards Board Primer on Standards Development

Major Retail Work Underway in 2013 or Completed in 2011-12

- ❖ Phase 2 Demand Response and Energy Efficiency, including a request for automated registration for DR services
- ❖ Smart Grid Standards Development for (1) Common Price Communication Model, (2) Common Scheduling Mechanism, (3) Standardized Demand Response/Distributed Energy Resources Signals, (4) Common Information Model for Energy Usage Data, (5) Data Privacy for Meter Data, (6) interfaces for energy service providers, (7) Green Button Applications
- ❖ Process Flows and additional Model Business Practices (MBPs) for Billing and Payment
- ❖ Additional MBPs for Registration Agent process
- ❖ Develop practices for Distribution Companies to register/certify new Suppliers
- ❖ Develop a “Consumer Disclosure Statement” describing the Supplier’s service offerings and related contract provisions
- ❖ Review of all Model Business Practices for Streamlining and Ease of Use

North American Energy Standards Board Primer on Standards Development

Version 2.1 Retail Standards:

Defined Terms

Market Participant Interactions

Electronic Delivery Mechanism

Internet Electronic Transport

Texas Registration Agent

Disputes Resolution

Retail Customer Enrollments, Drops and Account Information Change

Retail Customer Enrollments, Drops and Account Information Change (Reg. Agent)

Inquiries

Service Request, Disconnection and Reconnection (Reg. Agent)

Smart Grid Standards - PAPs 03, 04, 09, 10

Enrollment, Drop, and Account Information Change in Demand Response Programs

Supplier Certification

Last Published: August 2013, Version 2.1

Next Publication: 2014, Dependent on Standards Development

Creditworthiness

Billing and Payments

Contracts

Electronic Invoicing

Retail Customer Information

Payment Notification via UET

Demand Response M&V

Energy Efficiency Programs M&V

North American Energy Standards Board Primer on Standards Development

NAESB Wholesale Electric Market Status for 2012/2013

North American Energy Standards Board Primer on Standards Development

Major WEQ Work Underway in 2013 or Completed in 2011-12:

- ❖ Phase 2 Demand Response and Energy Efficiency
- ❖ Smart Grid Standards Development for Common Price Communication Model, Common Scheduling Mechanism, Standardized Demand Response/Distributed Energy Resources Signals and Common Information Model for Energy Usage Data, Green Button Challenge
- ❖ Parallel Flow Visualization for Transmission Loading Relief
- ❖ Network Integration Transmission Services
- ❖ Preemption and Competition for FERC Order No. 890
- ❖ Coordination of Requests for Service Across Multiple Transmission Systems
- ❖ Transfer of the Registry from NERC to NAESB
- ❖ Modifications of eTag Specifications
- ❖ Cybersecurity including revisions to PKI standards and ACA Certifications
- ❖ Support for NERC complementary business practices
- ❖ **Gas Electric Harmonization**

North American Energy Standards Board Primer on Standards Development

Version 003 WEQ Standards:

OASIS Business Practices

OASIS S&CP

OASIS Data Dictionaries

*Coordinate Interchange**

*ACE Equation Special Cases**

*Manual Time Error Correction**

*Inadvertent Interchange Payback**

*Transmission Loading Relief**

Energy Efficiency M & V

Contracts

Standards of Conduct

Gas/Electric Coordination

Public Key Infrastructure

eTariff

Demand Response M & V

Smart Grid

Last Published:

▪ ***March 2009, Version 002.1, Adopted by FERC Nov. 2009***

▪ ***July 2012 Version 003 filed with FERC in September 2012 with PKI standards as an addendum filed in January 2013 (FERC NOPR issued July 18, 2013)***

▪ ***Next Publication: 2014 Dependent on Standards Developed***

**** Complementary to NERC reliability standards***

North American Energy Standards Board Primer on Standards Development

NAESB Wholesale Gas Market Status for 2012/2013

North American Energy Standards Board Primer on Standards Development

Major WGQ Work Underway in 2013 or Completed in 2011-12:

- ❖ Updates to the eTariff Standards
- ❖ Security Profiles for Customer Information Access
- ❖ Review of Capacity Release Standards and EDI Usage
- ❖ Review and Updates to Usage of Common Codes
- ❖ Review and Updates to Base Contract
- ❖ Add Addendums to the Base Contract for GAPA, NGL
- ❖ Review the Base Contract for Dodd-Frank Changes
- ❖ Reorganize standards manuals for ease of use
- ❖ Sample paper review for ANSI X.12 EDI data sets
- ❖ Simplify code value use in the EBBs and EDI data sets
- ❖ Gas Electric Harmonization

North American Energy Standards Board Primer on Standards Development

Version 2.1 WGQ Standards:

Common Codes

Creditworthiness

Nominations

Flowing Gas

Invoicing

Electronic Delivery Mechanisms

Capacity Release

Contracts

Internet Electronic Transport

Gas-Electric Coordination

eTariff

Gas Quality

Published by NAESB April 30, 2013, Version 2.1 filed with FERC on July 23, 2013

Next Publication: 2014, Version 2.2

North American Energy Standards Board Primer on Standards Development

NAESB Copyright Policy

North American Energy Standards Board Primer on Standards Development

- ❖ All NAESB standards are copyrighted:
 - ❖ Exclusive Rights provided under the Copyright Act are held by the owner
 - ❖ These rights include: reproduction, distribution, adaptation and display
 - ❖ Limited monopoly over use
- ❖ Copyright Infringement
 - ❖ Copyright infringement is normally dealt with by the owner
 - ❖ Rights include: injunction, impoundment, destruction, actual damages, seizure of profits, court costs and attorney's fees, and
 - ❖ Statutory damages from \$750 to \$150,000 per infringement
 - ❖ Willful infringement is more punitive

North American Energy Standards Board Primer on Standards Development

❖ NAESB Reasons for Copyrighting:

- ❖ We want our standards to be distributed by us alone to ensure their integrity and to be certain that the most current standards are used
- ❖ NAESB's income, by which we discharge our mission, depends in part upon revenue from the sale of our standards.
- ❖ For pricing to non-members - complete versions are \$900, final actions for single sets of standards are \$50 and limited period evaluation copy is available at no cost. If the non-member is affiliated with a member, a complete version is \$150. Requests for waivers are evaluated on a case-by-case basis.
- ❖ Self executing waivers are in place for members and non-member purchasers of the standards in question to permit easier use of the work products as related to filing with regulators or in discussions of day-to-day business with stakeholders/customers.

North American Energy Standards Board Primer on Standards Development

How to Contact NAESB

North American Energy Standards Board Primer on Standards Development

Web Site Information and Contacts

- ❖ Web Site : www.naesb.org
 - ❖ Quadrant Procedures, Bylaws, Certificate for NAESB
 - ❖ Calendar of Meetings, Agendas, Work Papers, Comments
 - ❖ Board minutes, EC Minutes, How to order Transcripts
 - ❖ Standards and Related Work Products
 - ❖ Membership Information
- ❖ Contact Information
 - ❖ Phone - 713-356-0060
 - ❖ Fax - 713-356-0067
 - ❖ Email - naesb@naesb.org
 - ❖ For further information on the organization, please contact Veronica Thomason (713-356-0060, naesb@naesb.org)

North American Energy Standards Board Primer on Standards Development

How To Monitor Activities

- ✓ Monthly Update Calls: http://www.naesb.org/monthly_update.asp
- ✓ Review updated annual plans quarterly: <http://www.naesb.org/materials/gov.asp>
- ✓ Review Current board minutes : http://www.naesb.org/weq/weq_bod.asp
- ✓ Sign up for email distribution notices on subcommittees of interest:
<http://www.naesb.org/EmailBroadCaster/NAESBLogin.aspx>
- ✓ Call NAESB office (713-356-0060, naesb@naesb.org)