



## North American Energy Standards Board

801 Travis, Suite 1675, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@naesb.org](mailto:naesb@naesb.org)

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

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## Testimonials from Members and Supporters

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### **Promet Energy Partners LLC WGQ, Services Segment member since 2004**

I'm delighted to apply for membership to the North American Energy Standards Board. Membership in NAESB is very important to me because my company is a beneficiary of the standard contracts that NAESB developed for wholesale natural gas. It is due to NAESB's and many others' efforts that make it possible for minority owned businesses like Promet Energy to participate in the energy industry.

Greg White  
Manager, President and CEO  
Promet Energy Partners LLC  
Southfield, MI

Oct. 21, 2004



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### **National Fuel Gas Distribution Company**

**WGQ, Local Distribution Company segment member since 1994**

**RGQ, Distributors segment member since 2002**

National Fuel Gas Distribution Company recently saved legal fees and time by adapting a NAESB wholesale contract to use in its retail operations.

New York's Customer Choice programs are conducted under the state's Uniform Business Practices (UBP). The UBPs require that utilities and Energy Service Companies (ESCOs) exchange customer information concerning enrollments, usage and billing utilizing X12 EDI. New York had adopted the NAESB EDM as its standard internet transport mechanism prior to the formation of the retail quadrants.

As National Fuel approached its X12 EDI implementation date during early 2004, it was necessary to enter into Trading Partner Agreements (TPA) with each of the ESCOs operating in its customer choice program. The UBPs contained no TPA so at the suggestion of one of the ESCOs, the NAESB TPA developed by the Wholesale Gas Quadrant was used as a starting point. Upon review, National Fuel was able to implement the TPA, with minor modification, with this ESCO.

The next step was to roll out the TPA to all other ESCO's in National Fuel's service territory. No trading parties requested modifications to the language of the main document; negotiations were limited to the contents of the exhibits. National Fuel believes pre-existing acceptance of the NAESB TPA in the wholesale gas market was main reason. This approach allowed National Fuel to avoid negotiating with each ESCO on a case-by-case basis, forgo legal fees for the development of a TPA and for negotiations, and allowed National Fuel and its ESCO's to focus on key business terms.

National Fuel has been a member of NAESB and its predecessor GISB since 1994 and maintains memberships in both RGQ and WGQ.



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### **Baltimore Gas and Electric Co.**

**WGQ, Local Distribution Company segment member since 1994**

**REQ, Distributors segment member since 2002**

**RGQ, Distributors segment member since 2002**

Baltimore Gas and Electric's (BGE) Gas Choice Programs have been developed and modified through a Roundtable process where all parties have the chance to participate and negotiate on issues. The process works very well and BGE's Gas Choice Programs continue to be vibrant. In October, 2002 BGE initiated negotiations on revising its credit and collateral requirements for third-party Gas Suppliers. Over the next 18 months, the major concepts were developed through intensive negotiations. However, when it came to reducing the concepts to written Tariff language and developing the details of the processes, BGE used NAESB's Creditworthiness Model Business Practices, adopting in many cases the language verbatim. Instead of countless hours debating over details and word-by-word negotiations, the parties essentially accepted much of BGE's proposed processes and language once it was announced that it was NAESB compliant. All participating parties, including Gas Suppliers and the Public Service Commission Technical Staff supported the Settlement at the Commission. Even the Office of People's Counsel did not object to the filing and did not voice concerns about the details or language accepting NAESB Model Business Practices. BGE now has in place for its Gas Choice Programs credit and collateral requirements for third-party Gas Suppliers that would have otherwise taken countless hours of extensive negotiations. This was due to the parties' acknowledgement and acceptance of NAESB Model Business Practices.

Baltimore Gas and Electric Company fully supports NAESB and its efforts to develop Model Business Practices for retail Gas and Electric Choice Programs. Given the success of its efforts with the credit and collateral requirements for its Gas Choice Programs, BGE intends to analyze each NAESB Model Business Practice and where it makes good business sense to do so, it will adopt them and incorporate them into its Gas and Electric Choice programs.

For more details contact:

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### **EC Power International REQ, Services segment member since 2002**

The Texas Electric Market successfully completed implementation of the NAESB Electronic Data Management (EDM) Version 1.6 Standard on April 3<sup>rd</sup> 2004.

#### **Background**

At the outset of the Retail Deregulated Market, the Electric Reliability Council of Texas (ERCOT) continued to support ONLY file transfer protocol (FTP) as a transport method. The Point-to-Point communications between Market Participants was supported with the Gas Industry Standards Board (GISB) EDM Version 1.4. The Texas Data Transport Working Group (TDTWG) performed an assessment indicating improvements needed for data transport. An analysis of various data transport mechanisms available indicated that NAESB EDM Version 1.6 best met the Texas Market requirements. The solution was presented to the Retail Market Participants for a vote. All agreed the NAESB EDM Version 1.6 Standard would improve transaction processing. After project funding and planning was completed, a test plan was developed that included three phases. At the conclusion of all three phases, migration took place on schedule. The protocol has been found to be successful and today transactions supporting Texas deregulated retail Market processes are transmitted using NAESB EDM Version 1.6.

#### **Requirements**

The NAESB EDM Version 1.6 Protocol best met Texas Market business and technical requirements identified.

- A single data transport mechanism for Retail Transactions was needed.
- Must be able to successfully migrate Market Participant (MP) point-to-point protocol from GISB 1.4 to NAESB EDM 1.6 within the cut-over time frame established and not affect other project timelines.
- Must be able to successfully migrate ERCOT to MP protocol from GISB 1.4 to NAESB EDM 1.6 within the cut-over time frame established and not affect other project timelines.
- Non-opt in entities and MPs that chose to use the "FTP Replacement" protocol would not be impacted - these MPs would continue to communicate to ERCOT via the FTP Replacement protocol.
- Provide reliable EDM solution for all market participants and ERCOT.
- Provide a higher degree of reliability and security for data transfers.
- Provide a greater degree of logging/tracking functionality.
- Solution must not pose a cost burden on Market Participants.

#### **Conclusion**

NAESB EDM Version 1.6 Standard is technically better defined than previous versions and has met short-term security (Digital Authentication, SSL) and reliability concerns. Today the ERCOT Texas Electric Market contains approximately 100 Retail Market Participants. These Market Participants and ERCOT are successful at processing more than 30 million transactions per month.

Since the completion of the NAESB EDM Version 1.6 implementation minimal issues have been experienced considering the large scale of the implementation. The Texas Market will continue to be involved with NAESB development efforts to ensure future versions support the Texas Market.

For more details contact: J. Cade Burks at (713) 403-8720.



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### **Tennessee Valley Authority**

**WGQ, End-User Segment Member Since 1998**

**WEQ, Generation Segment Member Since 2002**

**WEQ, Marketer/Broker Segment Member Since 2002**

**WEQ, Transmission Segment Member Since 2002**

**WEQ, Distribution Segment Member Since 2002**

The Tennessee Valley Authority (TVA) originally joined GISB in 1998 and later expanded membership into the electric quadrant when NAESB was formed. In the Wholesale Gas Quadrant (WGQ), TVA has been active in gas quality issues that impact our operations. TVA has also used the NAESB base contract as its standard contract for the purchase or sale of natural gas for years. TVA welcomed the formation of NAESB since the Wholesale Electric Quadrant covers the majority of TVA concerns ranging from potential impact from changes to Oasis standards to business practices developed as part of WEQ Version 1.0.

Recently, TVA is concerned with, and therefore active in addressing, many joint issues between the electric and gas industries such as Pipeline/Generator Communications and other issues under the Energy Day umbrella. TVA realizes that as these two industries move toward convergence, it is critical to stay abreast of movement in order to prepare our operating systems for the future.

NAESB membership affords TVA the opportunity to be involved with standards development and analyze how those changes might impact our future. We plan to maintain our participation in NAESB with the goal of keeping abreast of potential industry changes and maintaining standard business processes which are both cost-effective and efficient.

For more details, contact Valerie Crocket at (423) 751-6096 or Kathy York at (423) 751-3398



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### **ACES Power Marketing WEQ, Marketer/Broker Segment Member Since 2002**

Membership in the North American Energy Standards Board (NAESB) is an opportunity for ACES Power Marketing (APM) to provide input into the energy industry practices that impact our clients. The interaction with our peers, including members of other industry segments at NAESB, insures an individual segment is not able to exert undue influence in the formation of these rules. Through NAESB, APM works proactively to help shape the markets as opposed to reacting to changes in markets as they develop.

Roy True  
Manager of RTO Market Development  
ACES Power Marketing



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**Pat Wood, III**  
**Chairman, Federal Energy Regulatory Commission**  
**Excerpt from presentation at NAESB 3<sup>rd</sup> Annual Meeting**  
**Austin, Texas, September 14, 2004**

I'm pleased to welcome everybody to NAESB's annual conference down in my beloved Austin.

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I go way back with NAESB -- actually, Rae McQuade and I go way back. When I worked at FERC in '91-'92 for Jerry Langdon, who was on the Commission back then, he was very strongly interested in standardization and really how industry-led collaborative efforts, such as NAESB has come to truly epitomize, be the drivers of the then growing competitive market in natural gas. And Rae, from Tenneco, came forward and was kind of a natural leader, as you all know, from the industry in trying to achieve some basic consensus on some of the early platforms of the different gas companies' electronic bulletin boards. So that led to a great effort to make GISB [Gas Industry Standards Board] work; and then, as we know, in the past couple years GISB evolved into the Energy Standards Board, as I think is wholly and totally appropriate to do so.

And I think if I could just say anything in my brief remarks here to you-all, it's let's do on the NAESB basis for electricity, and the predecessor to NAESB what GISB continues to do for natural gas, which is bring a very practical business sense and an effort to deliver customer benefits as soon as possible to not only the customers, but to the market participants by streamlining and getting out of the way a lot of the disparate practices that only serve to add transaction costs to the final bill. And I've always really viewed at its core the mission of NAESB is to really get the transaction costs down. I know a lot of the policy issues come forth on both gas and electricity that ultimately come to our Commission for ultimate resolution, because they do get controversial; but the real nuts and bolts are taking the policies decisions, whether people agree to them or not, but translating those policy decisions into some concrete details.

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There's a lot to do, and I can't imagine a better equipped group to do that than NAESB.

I want to say it's not just the Board and the folks on the marquee who I want to send my best regards to, but my very best regards to all the people who make up the committees and the subcommittees, and they have the difficult, contentious job of developing these standards and working them through the consensus process. I want to urge you and them to please avoid the need to lowest common denominator this stuff. It is the energy industry we're talking about here, which is such an underpinning part of our national economy. I'm glad it's in your capable hands, and I'm glad your capable hands are in my favorite state.

So have a wonderful conference, and I enjoyed being part of it.

Thank you.





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**W. Robert Keating**  
**Commissioner, Massachusetts Department of Energy and Telecommunications**  
**Member, NAESB Advisory Council**

I am proud to have been involved with the formation of the Gas Industry Standards Board (GISB) and later when the organization welcomed the electric and retail industries to become the North American Energy Standards Board (NAESB).

There are a myriad of business practices and industry relationships that must be efficiently coordinated to be effective and successful. Details must be addressed in an open, balanced and thoughtful manner for sound policies to become reality. No organization has been more successful at addressing this needed detail-work than NAESB.

Because involvement with NAESB is voluntary, energy providers are free to invest time and money in developing their own implementation plans, but most find they can spend significantly less and gain significantly more by participating in NAESB's open process. The people of Massachusetts benefit when the cost of service is reduced and when service reliability is improved. Consumers, large and small, and energy providers in the wholesale and retail markets have all benefited from NAESB's attention to detail. That NAESB is able to work on a national scale with consensus from every segment of the industry, including end-users and regulators, is a tremendous accomplishment.

I congratulate GISB/NAESB for over ten years of success. NAESB has allowed the Department of Telecommunications and Energy to shift limited resources away from implementation and towards other priorities. I cannot imagine the energy market place without NAESB, and expect it will continue to succeed for years to come.



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**James Y. Kerr, II**  
**Commissioner, North Carolina Utilities Commission**  
**First Vice President, National Association of Regulatory Utility Commissioners**  
**Member, NAESB Advisory Council**

The work NAESB is doing is vital, and if not for you all and your efforts, much needed progress would not be possible in either gas or electricity.

NAESB has achieved standardization on an open basis – the standards adopted do not endorse any single product or vendor, or any type of industry structure, but are open architecture standards. The process that NAESB uses to achieve consensus is also very open and balanced. Every segment of the natural gas and electric industries can be present at the table and is given the opportunity for an equal voice and vote. As a result, NAESB's standards represent true industry consensus standards that state regulators can use as a resource without favoring one industry segment over another.

It makes no difference whether you hail from a traditional cost-of-service state like mine, or a deregulated one, NAESB's standards and model business practices provide the well thought-out details essential to the successful implementation of any market policy.



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**Martin L. Allday**  
**Of Counsel, Scott Douglass and McConnico LLP (1993-\_\_\_\_)**  
**Chairman, Federal Energy Regulatory Commission (1989-1993)**  
**Solicitor, U.S. Department of the Interior (1989)**  
**Partner, Lynch Chappell Allday & Alsup (1953-1989)**

Re: North American Energy Standards Board (NAESB)

My strong support for the activities of this organization goes back to the formation of GISB which followed and very much helped FERC's 1992 Order No. 636.

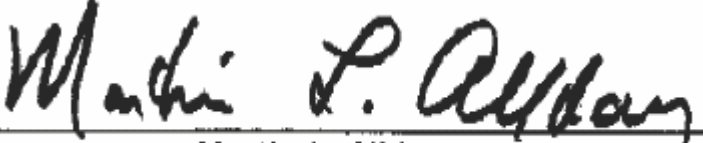
GISB's formation represented a turning point for the gas industry. The industry and its customers faced a dizzying and unjustifiable -- and sometimes anti-competitive -- array of differences in methodologies, timing and terminologies for getting transportation and commodity deals done. The founders of GISB realized, with the prodding of regulators, that these differences created artificial barriers to a healthier gas sector and that they needed to remove these artificial barriers or face a government-designed "solution." The comprehensive, pro-competitive standards that resulted from this public-private partnership among the industry, customers, federal and state regulators made the gas industry far more responsive to our nation's energy needs.

The transformation of GISB into NAESB, and its success to date as an organization with an expanded mission, offer the prospect of the same benefits for the wholesale electric, retail gas and retail electric sectors that GISB brought to the wholesale gas sector. Perhaps more importantly, the fact that all four sectors are linked by NAESB means that the significant and increasing gas-electric interdependencies can be addressed effectively.

I urge all participants in the gas and electric industry to join NAESB and take a role in shaping a more dynamic, customer-friendly industry. After all, NAESB's successes translate into reduced company costs and increased customer benefits.

I applaud and am very proud of GISB/NAESB for its eleven years of success, and its members for continuing to take on new challenges and adopt new technologies.

October 1, 2005

  
Martin L. Allday