



NORTH AMERICAN ENERGY STANDARDS BOARD

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March 14, 2007

NAESB AT A GLANCE: MONTHLY UPDATE

PROJECT UPDATES

DEMAND SIDE MANAGEMENT/ENERGY EFFICIENCY STATUS: Ms. McQuade provided an update on the Demand Side Management/Energy Efficiency effort in the Wholesale Electric Quadrant and Retail Quadrants. The Department of Energy will host the initial meeting for this effort on April 11 in Washington, DC. The notice for this meeting references the request from Advanced Energy, Request No. R06024, to review energy efficiency programs and demand side management programs and to determine if business practices would be feasible for measuring the effectiveness of those programs. NAESB has invited several organizations that are not typically involved with business practice standards development in NAESB to ensure that the NAESB efforts do not overlap or duplicate the efforts of other organizations and agencies. There will not be conference calling capabilities at this meeting, but will be at subsequent meetings.

ORDER 890 WORK PLAN: Ms. York, chair of the WEQ Executive Committee, provided a review of the formation of NAESB's work plan to address FERC Order 890. A matrix that includes each cite in Order 890 where NAESB was assigned the development of business practices was created and distributed to interested industry participants for comment. Based on the comments received and review of the matrix by the WEQ subcommittees a work plan was created for the WEQ subcommittee participants to use to prioritize and develop standards to address Order 890. A conference call with FERC Staff and NERC Staff has been scheduled on March 27 to review the matrix and the work plan with FERC Staff.

E-TARIFF PROGRESS: Mr. Sappenfield, NAESB Board Member, and co-chair of the e-Tariff Subcommittee provided a review of the work of the e-Tariff Subcommittee. The first meeting, on February 1, was opened by FERC Chairman Kelliher and hosted by the FERC in Washington, DC. The next meeting was held on March 13 in Houston, Texas. This meeting had approximately 40 attendees in person and 50 on the phone. Mr. Buccigross provided an overview of the NAESB process for the attendees as many participants in this effort are not familiar with the NAESB procedures and voting requirements. FERC Staff provided a review of the data that they want to be included in the NAESB standards for filing tariffs and related documents electronically. FERC Staff is going to prepare some visual aids for use at the next meeting. The NAESB standards developed by the e-Tariff Subcommittee will not include what the public view will include from FERC's perspective. The result of the standards may be to include options: one set of standards where the tariff and related documents are relatively small in length and less complicated, with less revisions made on an annual basis; and a second set of standards where the tariff and related documents are larger and more complicated with oft requested revisions submitted to the FERC. The next meeting is scheduled on April 26, hosted by American Gas Association in Washington, DC. Participants were assigned the task of making comments on the draft standards language submitted by Mr. Sappenfield based on the FERC Staff requirements. The fourth meeting will take place in Phoenix, Arizona hosted by Arizona Public Service.

GAS QUALITY: Mr. Buccigross, NAESB Board Member, and chair of the Executive Committee, provided an update on the Gas Quality standards development in the WGQ. The current effort is to amend the existing gas quality standards that were developed for NAESB WGQ Version 1.8 to revise the reporting requirements. A recommendation was reviewed by the WGQ Executive Committee in December 2006. Based on the discussion and votes during the meeting, the WGQ Executive Committee remanded the standard to the WGQ Business Practices Subcommittee for further development. It is the expectation that a revised recommendation will be presented to the WGQ Executive Committee during the May 2007 Executive Committee meeting.

SEAMS: Mr. Schwermann, chair of the WEQ Seams Subcommittee, provided an update on the work of the Seams Subcommittee. The Seams Subcommittee met on February 7 in Houston, Texas. The subcommittee reviewed the latest Seams Matrix developed in 2004 to determine if any of the outstanding issues were ripe for NAESB business practice standards development or if the issues had been addressed in a different forum or are currently being addressed in a different forum. The subcommittee determined that correspondence should be drafted to go to the Western Electric Coordinating Council Interchange Scheduling and Accounting Subcommittee and Seams Issues Subcommittee; Western Systems Power Pool; the ISO/RTO Council; Edison Electric Institute; and the American Public Power Association. The letters focus on certain issues and request guidance for the subcommittee and ask whether NAESB should define energy products; if so which energy products should be defined; if NAESB seeks to define energy products, will industry



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consensus be achievable on these issues. The letters to WECC referenced specific items that it had been noted were assigned to that group and asked if the issues had been handled by the groups. The Seams Subcommittee will await response from these industry organizations before it moves forward with the development of a request for standards development and/or standards.

CONTRACTS PLANNED CHANGES: Mr. Sappenfield, chair of the WGQ Contracts Subcommittee, provided an update on the work of the WGQ Contracts Subcommittee. At its last meeting, the subcommittee completed the revision to the Canadian Addendum to align with the revised Base Contract. It is the expectation that the WGQ Executive Committee will vote on this recommendation at the May meeting. The majority of the revisions to the Canadian Addendum were to correct references to section numbers that have changed with the newest revision of the Base Contract. Next, the Contracts Subcommittee will take up revisions to the Frequently Asked Questions to address WGQ 2007 Annual Plan Item 5. It is the expectation that the FAQs will be reorganized and an executive summary for the Base Contract will be developed as a result of this effort. The Contracts Subcommittee should complete the revisions to the FAQs in March or April.

GAS-ELECTRIC INTERDEPENDENCY: Mr. Buccigross provided the update on Gas-Electric Interdependency. The FERC issued a Notice of Proposed Rulemaking in Docket Nos. RM96-1-027 and RM05-5-001 that proposes to “amend its open access regulations governing standards for business practices and electronic communications with interstate natural gas pipelines and public utilities.” The WGQ 2007 Annual Plan Item 7 - Respond to directives of Docket Nos. [RM05-5-001](#) and [RM96-1-027](#) as related to the NAESB reports submitted in Docket No. [RM05-28-000](#) provides the avenue for the WGQ to analyze the nominations timeline to support electric market clearing times. The WEQ 2007 Annual Plan includes a provisional item to respond to the standards development needs in the WEQ as the result of the WGQ effort. The NAESB Board of Directors is updated on these activities at every meeting as it is likely to be controversial for both the gas and electric industries.

ORGANIZATION ACTIVITIES

WEQ SIXTH SEGMENT: Ms. McQuade reported that the process to add the sixth segment to the WEQ – the Independent Grid Operator/Planner segment concluded on February 2. On that date, the membership of the WEQ ratified the revisions to the WEQ Quadrant Procedures necessary to add the sixth segment. There are now five members of the Independent Grid Operator/Planner segment, the required number needed to begin running elections for the Executive Committee and Board of Directors. A request for candidates will be distributed and an election will be held if needed. It is the expectation that any election will conclude in time for the May Executive Committee meeting.

POSSIBLE CHANGES TO THE WEQ QUADRANT PROCEDURES: At the February Executive Committee meeting, the WEQ Executive Committee voted to request that the WEQ Board and Drafting Collaborative consider amendment to the Quadrant Procedures to lift the restriction that a Board Member cannot simultaneously sit as an Executive Committee member and vice versa. This item is on the agenda for the WEQ Leadership meeting on March 21 and the Board meeting on March 22.

\$500 FEE STRUCTURE: The Board of Directors approved a resolution for a special promotional dues program that will permit three representatives from recognized consumer advocacy groups and an unlimited number of regulators and their staff to join the End-User Segments of the RGQ, the REQ, and WEQ at a reduced annual membership of \$500. Ms. McQuade will work with NARUC to draft a letter to be distributed to state commissions and consumer advocates to let them know if this promotional dues program.

NEXT CONFERENCE CALL: The next Monthly Update Call is scheduled on May 23, 2007 at 2PM Eastern. The agenda and any work papers will be posted on the Monthly Update page of the NAESB website: http://www.naesb.org/monthly_update.asp. We hope you can join us. If there are particular topics you would like to see covered or would like to receive additional information, please contact the NAESB Office (713-356-0060, naesb@naesb.org).



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NAESB Monthly Update Conference Call, Participant List March 14, 2007 -- 2:00 PM Eastern

Name	Organization
1 Phillip Bedingfield	Georgia Public Service Commission
2 Rick Burtleson	Kentucky Public Service Commission
3 Dave Eichenlaub	Virginia State Corporation Commission
4 Bill Heinrich	New York State Department of Public Service
5 Bob Rosenthal	Pennsylvania Public Utility Commission

Name	Organization
6 Jim Buccigross	8760, Inc.
7 Scott Butler	Consolidated Edison
8 Michael Desselle	SPP
9 Andy Dotterweich	Consumers Energy
10 Les Fyock	APGA
11 Terry Grabiak	Allegheny Power
12 Linda Horn	Wisconsin Electric Power
13 John Johannes	Bonneville Power Services
14 Laura Kennedy	NAESB
15 Ruth Kiselewich	Baltimore Gas and Electric
16 Wayne Lewis	Progress Energy
17 Rae McQuade	NAESB
18 Kay Morice	FERC
19 Vince Peeny	Delmarva Power
20 Marjorie Perlman	Energy East
21 Judy Ray	Alabama Power
22 Barbara Rehman	Bonneville Power Administration
23 Marv Rosenberg	
24 Keith Sappenfield	EnCana
25 Ed Skiba	MISO
26 Veronica Thomason	NAESB
27 JT Wood	Southern Company
28 Kathy York	Tennessee Valley Authority
29 Richard Zelenko	Dominion Retail, Inc.