



NORTH AMERICAN ENERGY STANDARDS BOARD

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August 17, 2005

NAESB AT A GLANCE: MONTHLY UPDATE

RETAIL PUBLICATION: Mr. Mike Novak, Assistant General Manager, National Fuel Distribution, and Retail Gas Quadrant Executive Committee Vice-Chair, provided a report on the status of the publication of the REQ and RGQ model business practices. The publication will include business practices ratified by the REQ and RGQ on six major topics: market participant interactions, creditworthiness, billing and payments, distribution company/supplier disputes, contracts, electronic delivery mechanisms, and will also include a master list of defined terms. Unlike the WGQ standards, the Retail Quadrant model business practices include a prefix to identify the quadrant that adopted the particular standard. The majority of the standards are commodity neutral with the prefix RXQ. The publication is due for release in late September 2005. NAESB will work closely with NARUC to ensure a CD copy of the model business practices is distributed to each state commission.

RETAIL BPS PRE-ENROLLMENT CUSTOMER INFORMATION MODEL BUSINESS PRACTICES: Mr. Dan Jones, Manager Certified Supplier Business Center, Cinergy, and co-chair of the Retail Electric Quadrant Business Practices Subcommittee (BPS), reported on the work of the joint Retail Quadrant BPS to draft model business practices for Pre-Enrollment Customer Information. These model business practices have been drafted to address two major categories: customer information for customers who are not enrolled in customer choice programs and mass customer lists. In addition to the model business practices, the BPS will create a flow chart to illustrate the transactions. It is the expectation of the subcommittee leadership that the BPS will vote during its meeting on September 1st to finalize this set of model business practices and forward the recommendation to the joint Retail Quadrant Information Requirements subcommittee for development of the requisite data transactions. Once the work on the Pre-Enrollment Customer Information model business practices is complete, the BPS will begin working on model business practices for Customer Enrollment, Switching, and Dropping.

WORK OF GEIC: Mr. Rick Smead, Director of Navigant Consulting, Inc., and vice-chair of the Gas-Electric Interdependency Committee (GEIC) reported on the work of the GEIC. At its meeting on August 16, the committee identified six possible solutions to improve the interaction between the gas and electric industries. For each item, concerns regarding the likelihood of garnering industry consensus to move forward were also raised. The solutions identified included: a reexamination of the WGQ Capacity Release standards to be more responsive to current market conditions within the framework of current policy; pricing Capacity Release on an index; review of the existing gas nomination cycles to determine what kind of flexibility an additional intraday nomination cycle would provide; modify the requirements for the organized electric markets so that the markets clear in sufficient time to nominate within the existing gas nomination timelines; provide pipelines with the ability to shift gas for primary firm transportation within a pipeline path without having to re-offer as secondary firm transportation service; require generators to contract for firm fuel supply and transportation if needed in order to declare availability for the day ahead market (this includes all types of fuel); and to develop appropriate supporting definitions for new business practices, including definitions for: alternate fuel capability, usable alternate fuel capability, firm transportation service, firm sales services, firm supply, and "must run" generator. The members of the GEIC will consult with other industry members to determine whether there is broad consensus to move forward with the development of a standards request or whether the GEIC should draft a status report to provide to the Board of Directors. The GEIC will meet again via conference call prior to the Board meeting on September 22.

UPDATE ON NAESB ACTIVITIES REGARDING DOCKET NO. RM05-5-000: Ms. Rae McQuade, NAESB President, provided an update on NAESB's actions to address the comments of the FERC in NOPR RM05-5-000. NAESB submitted comments on July 1, 2005 to address several issues surrounding the WEQ business practice standards highlighted by the FERC. These comments are posted on the NAESB website. On August 3, 2005, NAESB provided the FERC with a progress report on these issues. At its meeting on August 9-10, the WEQ Business Practices Subcommittee (BPS) began reviewing the WGQ standards of conduct to address the comment from the FERC that "it would be useful if the WEQ would adopt standards comparable to those NAESB adopted regarding standards of conduct on the gas side." The WEQ OASIS 1A Task Force began drafting revisions to Standard 10.6 to clarify the phrase "all other types" to be in line with the Commission's interpretation of the phrase. At its meeting on July 13, the WEQ Electronic Scheduling Subcommittee/Information Technology Subcommittee drafted a new naming and numbering scheme for the WEQ standards to be more comparable to the WGQ standards numbering scheme to address the comments from Commission



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staff that the WEQ renumber its standards for unambiguous identification. The proposed numbering scheme will be presented to the WEQ Executive Committee at the August 23, 2005 meeting. The Commission noted in paragraph 31 of the NOPR that "OASIS Business Practice Standard 9.7 appears to conflict with Commission policy and NAESB has not explained the benefits of such a change." NAESB will wait on the response and Final Order of the Commission before proceeding with modification of OASIS Standard 9.7. If the Commission determines that Standard 9.7 is inconsistent with existing Commission policy, NAESB will draft alternate language.

GAS QUALITY: Mr. Jim Buccigross, Vice President 8760 Inc., and Chair of the Executive Committee, reviewed the status of Request No. R03035, submitted by Florida Power and Light in 2003. The request asked NAESB to establish standards relating to gas quality specification and measurement as follows: (A) establish web-based reports for tracking all physical and chemical properties of natural gas defined in pipeline tariffs, including timelines for reporting; (B) develop a uniform process for the reporting the underlying assumptions and methodologies employed when measuring the gas qualities data; and (C) examine the need to establish gas quality specification standards taking into consideration, (i) the specification needs of end users and providers of service to end users, and (ii) sources of supply (e.g. land-based, the Gulf, LNG). In March 2004, the Board of Directors voted to defer work on Parts B and C, and that the WGQ Executive Committee should work on Part A of this request. On October 20, 2004, the WGQ membership ratified business practice standards for Part A. At the June 22, 2005 Board Meeting, the Board voted unanimously to keep Part C in abeyance, and to add Part B to the WGQ Annual Plan with the understanding that work related to the reporting of gas quality specifications is associated with the development of reporting procedures and not the standardization of the measurement itself.

MEMBERSHIP UPDATE: Ms. McQuade reported that NAESB had a total of three hundred twenty-seven members as of July 31st, with a net increase of eleven members to date in 2005. Since the beginning of the year, there have been five resignations and sixteen additions with a net of eleven new members in the WEQ, and a net of five members to join in the WGQ. Both retail quadrants have experienced net losses, with a loss of four in the REQ and one in the RGQ. The loss in membership in the retail quadrants is likely due to the fact that the retail market is not moving as quickly as when NAESB first formed. It is the expectation that the publication of the retail quadrant model business practices will result in increased interest from the retail companies.

OTHER TOPICS: On future monthly update calls, NAESB will continue to report on the development of model business practice standards for electronic retail billing transactions and bill payment transactions (Request No. R05016).

NEXT CONFERENCE CALL: The next conference call is scheduled for **Wednesday, September 21, 2005**, at 2:00 pm Eastern. 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).

NAESB Monthly Update Conference Call, Participant List August 17, 2005 -- 2:00 PM Eastern

	Name		Organization
1	Philip	Bedingfield	Georgia Public Service Commission
2	Dan	Downs	State of New York Public Service Commission
3	Carol	McCrary	North Carolina Municipal Power Agency #1
4	Laura	Wolf	Missouri Public Service Commission
5	Ken	Zimmerman	Oregon Public Utility Commission
	Name		Organization
6	Bill	Allethausen	Qualedi
7	Don	Benjamin	NERC
8	Ken	Brown	PSEG
9	Jim	Buccigross	8760, Inc.



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Name		Organization
10	Christopher Burden	Williams Gas Pipeline
11	Marc Butts	Southern Company
12	Yvette Camp	Southern Company Services
13	Roman Carter	Southern Company
14	Bill Casey	Portland General Electric
15	Jennifer Chen	SunGard Energy Systems
16	Chuck Cook	Enbridge Offshore Pipelines
17	Ed Davis	Entergy Services, Inc.
18	Dale Davis	Williams Gas Pipeline
19	Mary Edwards	Dominion Virginia Power
20	Ollie Frazier	Duke Energy Corp.
21	Ken Gates	Conectiv Power Deliveries
22	Michelle Gerbino	Sprague Energy
23	Dona Gussow	Florida Power & Light
24	David Haag	Portland Natural Gas Transmission System
25	Amy Hamilton	PECO Energy Co.
26	Bill Hebenstreit	El Paso Production Company
27	Jim Hicks	Pacificorp
28	Brenda Horton	Kern River Gas Transmission
29	Richard Ishikawa	Southern California Gas Co.
30	Dan Jones	Cinergy
31	Laura Kennedy	NAESB
32	Ruth Kiselewich	Baltimore Gas and Electric
33	Melissa Lauderdale	Edison Electric Institute
34	Barry Lawson	NRECA
35	Wayne Lewis	Progress Energy Group
36	Rae McQuade	NAESB
37	David Muzikar	Consolidated Edison Company of New York
38	Leslie Nishida	Wisconsin Public Service
39	Mike Novak	National Fuel Gas Distribution
40	Marjorie Perlman	Energy East
41	Alan Pritchard	Duke Energy
42	Judy Ray	Alabama Power Company
43	Barbara Rehman	Bonneville Power Administration
44	William Roberts	Edison Mission Marketing & Trading
45	Doug Rudd	New Jersey Natural Gas Company
46	Lisa Simpkins	Constellation Energy Commodities Group
47	Rick Smead	Navigant Consulting, Inc.
48	Veronica Thomason	NAESB
49	Dean Ulch	Southern Company
50	Kim Van Pelt	Panhandle Eastern Pipe Line