



NORTH AMERICAN ENERGY STANDARDS BOARD

1301 Fannin, Suite 2350 • Houston, Texas 77002 • Phone: (713) 356-0060 • Fax: (713) 356-0067
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January 30, 2008

NAESB AT A GLANCE: MONTHLY UPDATE

FERC ORDER No. 890 (WEQ): Mr. Wood of Southern Company, and co-chair of the WEQ Electronic Scheduling and Information Technology Subcommittee (ESS/ITS), and Mr. Sorenson of OATI, also co-chair of the WEQ Electronic Scheduling and Information Technology Subcommittee (ESS/ITS), provided a review of the NAESB progress to address FERC Order 890 and FERC Order 890-A. The ESS/ITS has included [FERC Order 890-A cites](#) into the [FERC Order 890 Work Plan](#). The ESS/ITS has continued to develop standards with the WEQ Business Practice Subcommittee (BPS) to address two ATC related items that can be completed independently of NERC ATC standards development. These two items are ATTC/TTC Narratives (WEQ 2008 Annual Plan Item 2(b)(v)(3)- business practice standards that will set forth how transmission providers will post explanations of the reason for a change in monthly and yearly ATC values on a constrained path). The other ATC related item is Daily Peak Load (WEQ 2008 Annual Plan Item 2(b)(v)(5) standards for posting on OASIS for the actual daily peak load for the prior day). These two items are expected to be voted out of the subcommittee and on schedule for August NAESB filing with FERC. Mr. Sorenson provided a review of the FERC Order 890 work plan. Group 1 items include: Posting of ETC; Annotations for ATC, Load Forecast and Actual Load, Rebid of Partial Service, Conditional Firm and Preconfirmation of Priority. The Subcommittee has completed the technical definitions and the formal comment period for these is over. It is expected the final OASIS business practice standards for Group 1 will be posted for ratification in the 1st Quarter of 2008. Group 1 Appendix C – OASIS Exemption (WEQ 2008 Annual Plan Item 2(a)(i)(7) was voted out of the Subcommittee for formal comment and will be voted on at the February 5, 2008 Executive Committee meeting. The Subcommittee has continued work on Group 2 (Metrics; Redispatch Cost Posting). Group 3 (Network Services on OASIS) has not begun. Group 4 (conditional firm; pre-emption; request R05019; and Revisions to Standard 9.7) has begun. Group 4 will become a priority for the Subcommittee due to Order 890-A requirement that transmission providers have a 180 day deadline (from the date of FERC Order 890-A publication) to develop a consistent set of tracking capabilities and business practices for tagging and implementation of conditional firm service. Group 5 (paragraph 1377) has not yet begun.

ETARIFF (WEQ and WGQ): Mr. Sappenfield of EnCana Corp., who is a NAESB WGQ Board Member and co-chair of eTariff Subcommittee and Ms. Daly who is co-chair of eTariff Subcommittee, provided a review of the e-Tariff Subcommittee work. The Subcommittee announced it had completed the work assigned to it and the recommendation is now out for comment. The Subcommittee thanked everyone involved with special appreciation for the assistance of the FERC staff. The Subcommittee sent a [Recommendation](#) to the WEQ/WGQ Executive Committee on January 25, 2008. The Recommendation will be posted until February 27, 2008 with a vote by the Executive Committee (both the WEQ EC and the WGQ EC will vote separately) expected at a single-issue Executive Committee meeting February 29, 2008. It was noted this is a shortened period for comment but was widely supported by both WEQ and WGQ EC members. A chairman's comments document to summarize issues and comments not addressed will be created and presented at the February 5, 2008 Executive Committee meeting, as the recommendation itself is reviewed. This preview should assist EC members as they evaluate comments in a shortened window.

DEMAND SIDE MANAGEMENT/ENERGY EFFICIENCY STATUS (Retail and WEQ): Mr. Winkler, of ISO New England, who is heading up the DSMEE task force for [Wholesale Matrix](#) development from programs administered by ISOs and RTOS, provided an update on the Wholesale Matrix development. Mr. Newcomb, of Dominion, who is heading up the DSMEE task force for Retail Matrix development, provided an update on the Retail Matrix development. Each of the matrices describes aspects of demand response (DR) programs relevant to measurement and verification from a quantity perspective.



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[Wholesale Matrix work plan](#) items 1-5 are completed (Finalize Framework, ISO/RTO conference call to discuss comments submitted about the Framework, report to NAESB DSM/EE standards committee, add M&V technical data, ISO/RTO conference call to review progress on data synthesis from the Framework and report to NAESB DSM/EE task force on Wholesale standards). Item 7 of the work plan had additional queries from expanded draft Matrix that are being addressed with additional meetings in February planned. Items 8-11 (ISO/RTO conference call to review progress on data synthesis from the Framework, draft wholesale standards, ISO/RTO conference call to review and discuss the draft wholesale standards and presentation of wholesale standards developed to the DSMEE) are on schedule to be completed in February and March of 2008. The March 2008 delivery for Wholesale standards is on schedule. The wholesale matrix development for DR programs not administered by the ISOs or RTOs has been removed from the efforts undertaken by the subcommittee.

The [Retail Matrix work plan](#) is following closely both in form and schedule with Wholesale Matrix development. A request for information or set of interviews will be conducted with various utilities to provide a more extensive set of DR programs in the [Retail Matrix](#) itself. Currently several utilities are providing data in the matrix which can be used as examples when conducting the interviews or requesting utilities to complete the matrix describing the aspects of DR programs they administer. Work is also underway on a glossary and a preamble – which would provide context for the standards under development.

ORDER 698 PROGRESS (WGQ): Ms. Crockett of TVA and NAESB Board Member, provided an overview of the Order 698 activity in the Wholesale Gas Quadrant (WGQ). The WGQ Business Practice Subcommittee (BPS) has continued to review draft standards proposals. [WGQ 2007 Annual Plan Item 7a](#) (capacity release index pricing) this item is in progress and includes 10 new definitions and 10 Index Based Release Standards. It is expected the Subcommittee will vote this item out for Formal Comment at its February 8, 2008 meeting. [WGQ Annual Plan Item 7b](#) (Redirects Proposed Standards) allows a Service Requester to redirect scheduled quantities to other receipt points upstream and downstream of a constraint point. This item is complete and was voted out of Subcommittee, and will be posted for Formal Comment shortly. [WGQ Annual Plan Item 7c](#) (Intraday Nominations Timeline) is currently under development. The Intraday Nominations Timeline has many variables and drafts so far and it will likely prove a difficult challenge. New postings are expected to come out of the February 26-27, 2008 meeting.

GAS CONTRACTS (WGQ): Mr. Buccigross, of 8760 and chair of the WGQ Executive Committee and Mr. Sappenfield of EnCana and chair of the WGQ Contracts subcommittee provided an update on the WGQ Gas Contracts Issue. A request was submitted in December 2007 to clarify section 10.5 of the NAESB Base Contract. The request asked the Interpretation Subcommittee to clarify whether physical deliveries of natural gas made under the NAESB Base Contract for sales and purchase of natural gas were intended by NAESB to be subject to avoidance under the bankruptcy code. In the alternative, the interpretations asked if NAESB intended the Base Contract to constitute a forward contract and therefore provide exemption of the transfers from avoidance. The subcommittee determined the NAESB Base Contract was approved in 2002 with the intent that all physically settled commodity forwards transacted under the Base Contract receive the same benefits and protections provided by the bankruptcy code to financially or cash-settled forwards. The Subcommittee also determined that because the “forward or swap agreements” language of the current bankruptcy code did not exist in 2002, the Contracts Subcommittee could not have contemplated those terms in the 2002 version of the base contract. It was noted that the provisions and protections afforded current “forward and swap agreements” is consistent with the provisions and protections that the 2002 NAESB Base Contract drafters intended for “forward contracts”. The Request (C07003) can be viewed at <http://www.naesb.org/pdf3/update013008w12.pdf>. The Interpretations Subcommittee Recommendation for C07003 can be found at <http://www.naesb.org/pdf3/update013008w13.pdf>.

NEXT CONFERENCE CALL: The next Monthly Update Call is scheduled on March 5, 2008 from 1-2 PM Central. 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



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see covered or would like to receive additional information, please contact the NAESB Office (7133560060, naesb@naesb.org).

NAESB Monthly Update Conference Call, Participant List

January 30, 2008 2:00 PM Eastern

Name	Organization
Dan Downs	State of New York Public Service Commission
Christopher Freitas	US Department of Energy
Chuck Gray	National Association of Regulatory Utility Commissioners
Bill Lohrman	FERC
Alice Miller	New York Dept of Public Service
Mary Morton	FERC
Susan Pollonais	FERC
James Sanderson	Kansas Corporation Commission
Rob Trokey	Georgia Public Service Commission
Sandy Waldstein	Vermont Public Service Board
Patrick Brown	PJM
Jim Buccigross	8760
Kathryn Burch	Spectra Energy
Roman Carter	Southern Company
Valerie Crockett	TVA
Jane Daly	APS
Dale Davis	Williams Gas Pipeline
Ed Davis	Entergy Services Inc.
George Dawe	Duke Energy
Les Fyock	American Public Gas Association
Terri Grabiak	Allegheny Power
Bill Griffith	El Paso Natural Gas
Mathew Hammel	FPL Energy LLC
David Huffman	NAESB
Barb Kedrowski	We Energies
Iris King	Dominion
Rae McQuade	NAESB
Ripley Newcomb	Dominion
Mike Novak	National Fuel Gas Distribution
Marjorie Perlman	Energy East Management
Alan Pritchard	Duke Energy
Marv Rosenberg	Independent
Keith Sappenfield	EnCana
Charlie Severance	Integrays Energy Services
Lisa Simpkins	Constellation
Ed Skiba	Midwest ISO
Paul Sorenson	OATI
John Tench	Independent Electric System Operator



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<u>Name</u>	<u>Organization</u>
Dean Ulch	Southern Company
Kim Van Pelt	Panhandle Eastern Pipeline
Eric Winkler	ISO New England
Jimmy Womack	Southwest Power Pool
JT Wood	Southern Company
Nelson Yip	Con-Ed