

North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
Home Page: www.naesb.org

September 25, 2002

TO: NAESB Board of Directors
FROM: W. Todd Oncken
RE: Draft Minutes for the NAESB Board of Directors Meeting September 23, 2002

NORTH AMERICAN ENERGY STANDARDS BOARD OF DIRECTORS MEETING

Marriott Hunt Valley Inn, Hunt Valley, Maryland
Monday, September 23, 2002 -- 1:00 p.m. to 5:00 p.m. Eastern
Draft Minutes

1. Welcome & Administrative Items

Mr. Boswell welcomed the board members and observers to the Board meeting. Board members introduced themselves. Mr. Boswell acknowledged Bruce Ellsworth, Former New Hampshire Commissioner and the NAESB Advisory Committee Chairman, noting that the Advisory Committee acts as the Board's link to the wider community of state regulators. Commissioner Ellsworth reminded the Board of the diverse membership of the Advisory Committee and reflected on the discussion held at the September 23, 2002 Advisory Council meeting this morning's meeting, including the methods in which non-members could participate in the NAESB processes. Mr. Costan reviewed the antitrust guidelines. The agenda was adopted as presented.

2. Adoption of Minutes from June 28, 2002

Mr. Templeton moved, and was seconded by Mr. Mucci to adopt the minutes of June 28, as presented. Mr. Mucci asked if his comments on the minutes previously submitted to Ms. McQuade were reflected in the draft minutes. Ms. McQuade noted that those comments would be reflected in the final minutes. There were no other changes to the draft minutes offered. The motion to adopt the modified minutes carried unanimously.

3. Quadrant Formation Activities

As a general comment, Ms. McQuade informed the Board of membership in the Wholesale Electric Quadrant (WEQ) and Wholesale Gas Quadrant (WGQ). The WEQ currently has 162 members, which reflects its recent rapid growth. The WGQ demonstrates membership stability. The WEQ has seated its Board and Executive Committee members.

Ms. McQuade described the contents of the FERC Filing, stating that it referenced NAESB's efforts to work with NERC on the Letter of Intent (LOI) and the possibility of a Technical Advisory Committee (TAC) consisting of representatives from the ISOs, RTOs, RROs and other similarly situated groups. Ms. McQuade noted that these were separate agenda items to be discussed later.

The Retail Gas Quadrant (RGQ) currently has 36 members, only four members below the formation threshold. Mr. Chapman moved, to extend the time allowed for the formation of the RGQ until the next meeting. The motion was seconded by Mr. Templeton. Motion passed unanimously.

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4. Adoption of the NAESB-NERC Letter of Intent, Development of the Memorandum of Understanding

The background on the Letter of Intent (LOI) was provided by Mr. Boswell. Mr. Boswell stated that he and Mr. Drouin, chairman of the NERC Board of Trustees, will be appointing a ten person task force (five from each organization) to negotiate the Memorandum of Understanding (MOU). Mr. Boswell noted that the NAESB group, which he intends to name by the end of the week, would consist of WEQ Board members, with one representative being from each segment. Mr. Boswell stated that the intention is to have the MOU completed by the end of October for Board consideration at the November Board meeting. Mr. Boswell emphasized that the Board members selected for the negotiation team will represent and consult with their segments ensuring input from all groups.

5. Creation of the Technical Advisory Committee

An update was given on the progress of formation of the Technical Advisory Committee (TAC) following the Board resolution passed at the June 28 meeting. Mr. Boswell stated that he has recently received correspondence from Bill Museler of NYISO stating that the TAC might have merit and that an MOU should be investigated. Mr. Boswell indicated that he would respond to the letter by stressing the importance of continued discussions, as well as the group's participation in the standards development process.

6. Parliamentary and Managing Committees

Parliamentary Committee

Mr. Boswell asked for volunteers from the WEQ for the Parliamentary Committee. Mr. Boswell announced that the Parliamentary Committee will hold a conference call on October 16, 2002, from 1:00 p.m. to 4:00 p.m. Eastern; and a meeting on November 22, 2002 from 8:00 a.m. to noon [this meeting date was later changed to immediately follow the Board meeting on November 21 in San Diego - it will be accessible via conference call.]

Managing Committee

Mr. Boswell noted that the Managing Committee (MC) was formed through a notational ballot. Mr. Boswell stated that the MC was formed to assist the Chair, with the expectation that the MC would enhance credibility of senior leadership of the organization and help facilitate future Chair succession. Mr. Boswell stated that he asked Mr. Costan to develop a clarifying resolution regarding the role of the MC as regards to the Annual Plan. Mr. Boswell stated that the underlying precept of the MC was that 95 Board members acting as a committee of the whole was not efficient, and through MC review, the Board would see complete work, with discussion occurring prior to presentation to the Board. Mr. Costan instructed the Board to strike the clause beginning "which shall be comprised of ..." from the next to last line of the resolution that was circulated at the meeting, and then read the resolution as follows:

WHEREAS, on August 30, 2002, the Board adopted a resolution creating a Board Managing Committee and vesting it with certain responsibilities and authority, including the right specified in paragraph 7 to take action in limited circumstances subject to subsequent Board review, and

WHEREAS, on September 16, 2002, the Board adopted a resolution concerning the creation of sub-committees and task forces by the EC and the Quadrant ECs, and

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WHEREAS, it would be helpful to clarify the intent of the resolutions with respect to the nature of subsequent Board review of certain actions of the Managing Committee or the Parliamentary Committee, as the case may be,

NOW, THEREFORE, BE IT:

RESOLVED that any action taken by the Managing Committee pursuant to the authority previously delegated to it in paragraph 7 of the said Resolution to act on the Board's behalf between meetings with respect only to those matters upon which the Board might act by simple majority vote, shall continue to be reported to the Board at its next meeting as also provided in paragraph 7 of the said resolution, and shall be deemed to continue in effect beyond such next meeting only if ratified by a simple majority vote of the Board upon motion of any Board member at such meeting, and

FURTHER RESOLVED, that the Board hereby authorizes the creation of an EC Annual Plan Subcommittee, which shall develop and present recommendations for the Annual Plan for each Quadrant's activities, with a view that the EC shall present its recommendations as to the Annual Plan to the Managing Committee for preliminary review in time for formal Board action on the Annual Plan at its last meeting of the year (generally December) preceding the year covered by the Annual Plan; and

FURTHER RESOLVED, that any action of the Managing Committee or of the Parliamentary Committee with respect to the approval or disapproval of the formation of a sub-committee or task force of the EC or of the Quadrant ECs, shall be reported to the Board at its next meeting, and may be modified by a subsequent resolution pursuant to a simple majority vote of the Board upon motion of any Board member at such meeting.

Mr. Desselle moved, seconded by Mr. Davis, to adopt the resolution as read.

The Board discussed the resolution and issues surrounding the workings of the MC. Mr. Boswell observed that the MC has already been established, and the issue being discussed now is the clarification resolution. Additionally, Mr. Boswell clarified that any action the MC takes has to be ratified by the Board. After discussion concluded, the motion passed unanimously.

7. Annual Plans

Mr. Buccigross reviewed both the WGQ and the REQ annual plans. No changes are requested for the Board to approve on the REQ annual plan. A proposed change to the WGQ annual plan was discussed as "Other Business". The Board briefly discussed items contained in the annual plans and the procedures for modifying an annual plan.

8. Finance Report

Ms. McQuade and Ms. Wishart gave the finance report. Ms. McQuade reported that NAESB was on track with its budget, but noted that many of the assumptions relied on to create the budget were incorrect. The Board should be presented with a draft 2003 budget at its November meeting.

9. Membership Report

Ms. McQuade reviewed the membership report. Ms. McQuade thanked the trade associations, including NRECA, APPA, EEI, EPSA, and ELCON for their help in the membership efforts. Mr. Boswell stated that he was delighted at the continued participation and membership in NAESB of members of these trade associations.

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10. Other Business

Mr. Buccigross presented a resolution to amend the WGQ annual plan to address the issue of creditworthiness, as follows:

WHEREAS, the Federal Energy Regulatory Commission has issued an Order in Docket No. GT02-35-000 on September 13, 2002 encouraging parties interested in the establishment of generic creditworthiness standards to be followed uniformly by interstate pipelines to initiate the standards development process at NAESB, and

WHEREAS, the Officers of the Wholesale Gas Quadrant Executive Committee have identified that the 2002 Annual Plan does not include an item under which development of generic creditworthiness standards might take place, and

WHEREAS, the industry participants have provided correspondence to the Board of Directors expressing a concern that such standards development might be in conflict with Article 2, Section 2.2 of the Bylaws which states:

Develop Practices, Not Policy – The committees, subcommittees and task forces of NAESB should endeavor not to create policy in their Standards or Model Business Practices development activities absent being requested to do so by the Board.

And

WHEREAS, the Officers of the Wholesale Gas Quadrant Executive Committee have asked for guidance from the Board, and

WHEREAS, the Board believes that Standards Development on this topic should only be based upon existing Commission policy or new policy that may be developed by the Commission, and

NOW, THEREFORE, the Board of Directors of the North American Energy Standards Board hereby amends the 2002 Wholesale Gas Quadrant to include an item under the Standards Implementation section entitled **Creditworthiness** with the following description:

Develop Creditworthiness Standards pursuant to an Annual Plan item. Such development should be restricted to implementation of existing Commission policy, new Commission policy after it has been ordered and non-policy oriented aspects of Creditworthiness.

AND, FURTHER, a Completion Date of 2nd Quarter 2003 and an Assignment of "Assigned by the Executive Committee" should be designated.

Mr. Anderson moved, seconded by Ms. Munson, to adopt the resolution as read. The Board generally discussed the creditworthiness issue, noting that the issue touches on all of the Quadrants in varied ways. During discussion of the resolution, it was clarified that this would only affect the WGQ annual plan, not the annual plan of the other Quadrants; and further, that this annual plan item would be handled under the standard procedures and course of business of the Executive Committee.

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After discussion concluded, the motion passed unanimously.

11. Adjourn

The meeting adjourned at 4:20 p.m.

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13. Attendance:

Wholesale Gas Quadrant Board Members

End User Segment

Jonathan Puckett	Director of Control Operations, Duke Energy North America.	
Joe Stepenovitch	Vice President, Energy Marketing & Trading, Florida P&L	Present
John Procaro	Vice President & COO, Cinergy	
Janie Mitcham	Vice President, Fuel and Energy Management, Reliant Energy	By Phone
Jim Templeton	Principal, Comprehensive Energy Services	Present

LDC Segment

Bill Boswell	Assistant Secretary, Dominion	Present
Adrian Chapman	Vice President, Regulatory Affairs & Energy Acquisitions, Washington Gas Light Company	Present
Reed Horting	Vice President, Gas Supply & Transportation, PECO Energy Co.	Present
Walt DeForest	Senior Vice President, National Fuel Gas Distribution	Present
Lee Stewart	President, Energy Transportation Services, Southern California Gas Co.	By Phone

Pipeline Segment

Terry McGill	Enbridge Energy Company, Inc.	
John Somerhalder	President, El Paso Energy Pipeline Group	Present
Shelley Corman	Vice President, Enron Transportation Services Company (Transwestern)	By Phone
Ron Mucci	Senior Vice President Shared Services, Williams Gas Pipeline	By Phone
Richard Kruse	Senior Vice President, Duke Energy Gas Transmission	Present

Producer Segment

Allan Knopp	Manager, Regulatory Affairs, Conoco Gas and Power	By Phone
Randy Mills	Regulatory Manager, ChevronTexaco	Present
Johannes Walzebuck	Natural Gas Commercial Manager, ExxonMobil Gas Marketing Company	By Phone

Services Segment

Sylvia Munson	Principal, Elite Computer Consultants	Present
Greg Lander	Principal, CapacityCenter.com	
Rick Lentz	Principal, Tatum CIO	Present
Lyn Maddox	President & COO, PG&E Energy Group Trading	
Marty Patterson	Senior Vice President, IDACORP Energy	

Retail Electric Quadrant Board Members

Distributor Segment

Dave Koogler	Director - Regulation & Competition, Dominion Virginia Power (SERC NERC Region).	Present
Bill Bourbonnais	Manager Rates and Economic Evaluation, Wisconsin Public Service Corporation (MAIN NERC Region)	Present
Johnny Magwood	Vice President Customer Services, Baltimore Gas and Electric Company	Present
Leonard Haynes	Senior Vice President Marketing, Georgia Power Company (SERC NERC Region)	Present

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End User Segment		
Sonny Popowsky	Pennsylvania Office of Consumer Advocate	Present
Services Segment		
Misty Ann Khan	Vice President, Telerx Marketing, Inc.	By Phone
Stacey Park	Director, The Structure Group	Present
J Cade Burks	President, EC Power	Present
John Williams	Chief Executive Officer and Co-founder, 8760.	Present
Supplier Segment		
Helen Burt	Vice President, Customer Operations and Billing, TXU Energy	
Waters Davis	President, Reliant Energy Retail Services	Present
Gillan Taddune	President, Texas Region, Green Mountain Energy	
Richard Zelenko	General Manager, Dominion Retail Inc.	By Phone
Wholesale Electric Quadrant Board Members		
End User Segment		
John A. Anderson	Executive Director, Electricity Consumers Resource Council	Present
James B. Rouse	Associate Director Energy Policy, Praxair, Inc.	Present
Carol Guthrie	General Manager, Electric Market Strategies, ChevronTexaco Energy Research and Technology Company	
Michael J. Travieso	People's Council, Maryland People's Counsel	Present
Ron Jackups	Vice President, Electric System Operations, Cinergy	By Phone
LDC Segment		
Frank Johnson	Senior Vice President Electric Transmission and Distribution, Consumers Energy	Present
Jim Miller	Vice President, Southern Company Services, Inc.	Present
Ted Humann	Senior Vice President Transmission, Basin Electric Power Cooperative	
Arthur G. Fusco	Vice President and General Counsel, Central Electric Power Cooperative	Present
Mark B. Bonsall	Chief Financial Executive/Associate General Manager, Salt River Project	By Phone
Generation Segment		
Forrest E. Reeves	Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration	By Phone
Charles W. Severance	Director Bulk Power, Wisconsin Public Service Corporation	Present
John J. Dellas	Executive Director Electric Restructuring, Consumers Energy	Present
David McMillan	Director Market Design, Calpine	Present
Thomas Ingwers	Director, Energy Trading and Contracts, Sacramento Municipal Utility District	Present
Gloria Ogenyi	Director Energy and Market Policy, Conectiv Energy Supply, Inc.	Present
Transmission Segment		
W. Terry Boston	Executive Vice President, Tennessee Valley Authority	Present
Peter Flynn	Vice President Transmission Strategy and Policy, National Grid USA	Present

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Dale Landgren	Vice President and Chief Strategic Officer, American Transmission Company	By Phone
Carroll Waggoner	Sunflower Electric Power Corporation	
John H. Zemanek	Vice President Transmission, Entergy	
Michael Desselle	Director Public Policy, American Electric Power	Present

Marketer/Broker Segment

Steve Oliver	Vice President of Bulk Power Marketing Transmission Services, Bonneville Power Administration/Power Business Line	By Phone
R. Scott Brown	Vice President and Director, Exelon Generation Power Team	Present
Thomas A. Smith	Manager of Power Marketing, Tri-State Generation & Transmission Association, Inc.	Present
Peter G. Esposito	Senior Vice President and Regulatory Counsel, Dynegy Marketing and Trade	By Phone
Dowell Hudson	Vice President Special Projects, Energy Ontario Power Generation	Present
Joseph Hartsoe	Vice President and Associate General Counsel, American Electric Power Marketing, Inc.	Present

NAESB Administrative

Rae McQuade	NAESB
Veronica Thomason	NAESB
JoAnn Garcia	NAESB
Meghan McMillan	NAESB
Todd Oncken	NAESB
Darla Wishart	Checks and Balances
James Costan	McGuireWoods
Lawrence Paulson	Hoffman Paulson

Observers

Mary Hain	PJM Interconnection
Jack Hawks	PG&E National Energy Group
Andy Dotterweich	Consumers Energy
Gary Duede	Arizona Public Service
Suzanne Calcagno	UBS Warburg Energy
Kathryn Burch	Duke Energy - Texas Eastern
Cary Metz	MCV
Mike Bray	Shell Gas Transmission
Dona Gussow	Florida Power & Light Company
Mariam Arnaout	American Gas Association
Mike Novak	National Fuel Gas Distribution
Leigh Spangler	Latitude Technologies
Randy Magnani	Amerada Hess Corporation
Nancy Cianflone	KeySpan Energy Delivery
Catherine Nesser	KeySpan Energy Delivery
Keith Sappenfield	EnCana Corporation

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Theresa Hess	Reliant Energy Retail	
Steve Zavodnick	Baltimore Gas & Electric	
Ruth Kiselewich	Baltimore Gas & Electric	
Ed Davis	Entergy Services	
Karl Tammar	New York ISO	
Barry Lawson	NRECA	
Alex DeBoissiere	Midwest ISO	
Terry Rochefort	National Energy Board (Canada)	
Charles Acquard	NASUCA	
Jack Leonard	PECO Energy	
David Owens	EEI	
Dolores Chezar	KeySpan	
Mark Gracey	Tennessee Gas Pipeline	
Kim Van Pelt	CMS Panhandle Eastern Pipeline	
Jim Buccigross	8760	PRESENTER
Bruce Ellsworth	Former Commissioner, New Hampshire PUC	
Michael Gildea	Duke Energy	By Phone
Bill Grygar	Panhandle Eastern Pipeline Company	By Phone
Charles Knight	NRG	By Phone
Jim Minneman	PPL Solutions	By Phone
Mark Scheel	Dynegy	By Phone
Rodger Schwecke	Southern California Gas Company	By Phone