



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

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Home Page: www.naesb.org

TO: Executive Committee (EC) Members
Posting for Interested Industry Participants

FROM: Rae McQuade, Executive Director

RE: Draft Minutes from the Executive Committee (EC) Meeting – February 21, 2002

DATE: March 15, 2002

**NORTH AMERICAN ENERGY STANDARDS BOARD
NAESB EXECUTIVE COMMITTEE MEETING
FEBRUARY 21, 2002
DRAFT MINUTES**

1. Administrative

Mr. Buccigross opened the meeting and thanked Ms. Gussow and Florida Power and Light for hosting the meeting. Mr. Costan provided the antitrust charge governing the conduct of the meeting. Ms. McQuade announced the EC members and alternates in attendance. The agenda was adopted with a change provided to correctly reflect the annual plan as “2002” not “2001”. The minutes of December 13 were adopted with changes provided by Ms. Davis and Ms. Hess. Mr. Smith made remarks after the adoption of the minutes regarding the Information Requirements Subcommittee and its efforts in the development of the Producer Imbalance Statement. The meeting is transcribed by Ms. Patty McCoy of Melanie Grout Reporting, Inc. To order transcripts, please contact the NAESB office at 713-356-0060.

2. Subcommittee Updates

Ms. Van Pelt noted that there were questions directed to the Business Practices Subcommittee (BPS) from the Information Requirements Subcommittee (IR) and from interpretations. A meeting should be scheduled shortly to respond to the questions.

Ms. Metz gave the update from the Contracts Subcommittee, and reviewed the changes to the contract, which is before the EC today for vote. Two addenda are outstanding – a credit annex and a Mexican addendum similar to the Canadian addendum.

Mr. Spangler provided the update for the Electronic Delivery Mechanisms (EDM) Subcommittee. The Sandia report was provided. The Future Technology Task Force (FTTF) activities will be addressed by the EDM Subcommittee and the FTTF will be listed as inactive. The EDM Subcommittee can re-activate the FTTF as it determines that the workload is such that a separate task force is needed.

Mr. Whatley provided the update for the IR. The subcommittee has concluded its initial pass through all documents for request no. R97058B, which addresses proprietary entity codes usage. The transactional report items have been completed by IR and forwarded to the Technical Subcommittee. The subcommittee is also addressing the producer imbalance items. The backlog of items outstanding in IR has been updated. It was noted that subcommittee volunteers are needed.

Ms. Van Pelt provided the update on the Technical and ANSI Subcommittees. Data sets for transactional reporting are underway. Structural changes and code changes for the storage



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reports are being considered by ANSI X12 Committee. It was also noted that subcommittee volunteers are needed.

There was no report provided from the XML Subcommittee and no meeting had been held since August of last year. No pilot has been conducted yet as companies interested in pilot testing g have been unable participate. It was determined to move the XML subcommittee activities to the EDM subcommittee, and list the XML subcommittee as inactive. If companies do show interest in participating in an XML pilot test, they should contact the EDM subcommittee chairs.

Mr. Novak provided report from the Publication Process Review Task Force and a proposal should be forthcoming in April. Efforts have been directed to defining the timeline for the publication of version 1.6.

3. New Requests

Request No. R02001, modifications to the Funds Transfer Agent Agreement (FTA) was found within scope of NAESB, through a motion made by Ms. Davis and seconded by Mr. Griffith, which passed unanimously. Prior to the EC meeting, the board members were contacted and through a telephone vote, determined to move the FTA modifications from the 2002 annual plan from provisional to active. The Triage Group recommended that the request be forwarded to the Contracts Subcommittee with a high priority. After discussion, Mr. Novak motioned that the request be assigned to the Contracts Subcommittee with a high priority, and only supplemental work to the base contract would be given a higher priority. The credit annex and the Mexican addendum should follow the initial review and processing of the FTA. Mr. Hebenstreit seconded the motion. The motion was adopted through a unanimous vote.

4. Proposed Standards

NAESB Version 1.5 Wholesale Gas Quadrant Standards

Mr. Novak made the motion, seconded by Ms. Patton to adopt the GISB Version 1.5 standards and all applicable errata as version 1.5 NAESB Wholesale Gas Quadrant standards. The motion carried through a unanimous vote. FERC will be notified that the GISB version 1.5 standards were adopted as NAESB WGQ standards. Conforming changes from GISB to NAESB Wholesale Gas Quadrant will be made, but references to prior versions of GISB standards will not be altered.

Base Contract and Canadian Addendum

Ms. Metz, Mr. Tesoriero and Mr. Ryan presented the contract. Mr. Sappenfield made the motion to adopt the Contract Subcommittee recommendation, which was seconded by Mr. Keeler. During discussion, each set of comments provided was discussed and as a result, some additional changes made during the meeting. The changes made were:

1. Arizona Public Service: Change Section 10.1 to move the parenthetical phrase (“including the issuer thereof”) to the end of the section, and reword it to “including the issuer of any such security.”
2. National Fuel Gas Distribution: Modify the FAQ to include the following Q&A:

Does the contract replace the GISB version 1.5 short-term base contract?



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Yes. It is intended to replace the GISB version 1.5 short-term base contract.

Is the contract a short-term or long-term agreement?

It can be utilized as either a short-term and long-term agreement. This contract is clearly identified as a "Base Contract" which is intended to carry no presumption with respect to its appropriate uses. While the predecessor to the Base Contract, which was identified as "Short Term Base Contract," was intended for use as a short-term (one month or less) agreement, this current contract omits any reference to "long-term" or "short-term" to indicate that it may be used for a Delivery Period to be determined by the parties.

Due to the fact that there is no industry standard definition for "long-term" or "short-term", there is considerable divergence of opinion as to terms & conditions suitable for that length of Delivery Period. A contract term that is longer than 30 days does not necessarily imply that the agreement is a long-term contract.

It is therefore envisioned that the Buyer and Seller will negotiate amendments and/or special terms and provisions to the Base contract to meet their mutual needs for the contracted Delivery Period.

3. GasEDI: Correct pagination in the base contract.
4. GasEDI: Add section 2.1 modifications to the base contract to the Canadian Addendum:
"Delete Section 2.1 and replace it with the following:
2.1 "Alternative Damages" shall mean such damages, expressed in United States dollars or United States dollars per MMBtu, or Canadian dollars or Canadian dollars per GJ, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer."

The motion to adopt the Contracts Subcommittee recommendation with the above noted changes passed through a unanimous vote. The credit addendum should be addressed by the Contracts Subcommittee following the review of changes to the FTA.

5. 2002 Annual Plan

Mr. Buccigross noted that most of the items to be covered under the 2002 Annual Plan have already been addressed. The FTA item was changed from provisional to active and will be numbered as item 9, listed under the "Contracts" activity in the plan. The completion date for the FTA item 9 will remain blank until the April EC meeting, at which time, the Contracts Subcommittee will recommend a completion quarter in 2002.

6. Other Business

There are two items to be covered – the EC adoption of the Sandia report to be forwarded to the Editorial Review Board and the Board of Directors, and the activities of the Publication Process Review Task Force.



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Mr. Spangler review the Sandia report and noted that two changes should be made – the draft date on the first page should be changed to “December 18, 2001” and the title of Appendix XXX noted on page 25 should be modified to read “The Minimum Technical Characteristics for an EDM Server, dated mm/dd/yyyy.” In addition, it was noted that the “Executive Summary” of the report should be modified to reflect the report findings as modified, and footnote 2 should reflect “Version 1.6 or future releases of the NAESB Wholesale Gas Quadrant Standards.” Ms. Davis also noted that minor changes were needed to the GISB responses to 7.3.4 to conform to the response structure used elsewhere in the report (change “replace/with” with “from/to”), and 7.3.8 in reference to a page number, the phrase “On page 89” should be changes to “Page 89.” Ms. Patton added that another typographical error should be corrected – on page 8, in item 7.1.6, the phrase “nut it should noted” should be “but it should be noted.” With the above changes noted, Ms. Patton moved that the report be forwarded to the Editorial Review Board and the Board of Directors, which was seconded by Ms. Davis. The procedural motion passed through a unanimous vote.

Mr. Novak provided an update of the efforts of the Publication Process Review Task Force (PPRTF). Mr. Novak reviewed the timeline to meet a July 31, 2002 deadline for publication. AS version 1.6 is published, each of the steps will be examined against the timeline to determine if appropriate time was allowed for that step. In discussions on publications, Ms. McQuade noted that she would investigate where the contracts manual was posted. It is used by the instructors in teaching the contracts course. A motion was made by Mr. Novak and seconded by Ms. Van Pelt to set the publication date for July 31, 2002. The motion carried unanimously. In response to Ms. Davis’ question, it was noted that the PPRTF process would continue until the final report was made, which is expected at the April EC meeting.

Mr. Sappenfield and others updated the EC on the activities to form the other quadrants of NAESB. Joint Retail Electric Quadrant/Retail Gas Quadrant meetings are being held to develop quadrant procedures as addenda to the NAESB bylaws, which should be presented to the Board on March 7. The Wholesale Electric Quadrant is holding meetings to determine processes and segments, which should culminate in filings to the Federal Energy Regulatory Commission on March 15, 2002.

It was noted that the April EC meeting will be held in Washington D.C. and the June EC meeting will be held in Seattle.

7. Adjourn

Mr. Young made the motion to adjourn, seconded by Mr. Hebenstreit. The motion passed unanimously. The meeting adjourned at 2:12 p.m.



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8. Executive Committee Attendance

	Present	GISB Version 1.5 Standards	Base Contract (Std. 6.3.1)
End Users:			
Bill Hebenstreit	Y	Y	Y
Joel Greene for Diane McVicker	Y	Y	Y
Dona Gussow/John Ebner ¹	Y	Y	Y
Kelly Daly	Y	Y	Y
Tina Patton	Y	Y	Y
LDCs:			
Dolores Chezar	Y	Y	Y
Mike Novak	Y	Y	Y
Chris Maturo	Y	Y	Y
Rodger Schwecke	Y	Y	Y
Steve Sullivan	Y	Y	Y
Pipelines:			
Bill Griffith	Y	Y	Y
Dale Davis	Y	Y	Y
Theresa Hess ²	Y	Y	Y
Kim Van Pelt	Y	Y	Y
Mark Gracey	Y	Y	Y
Producers:			
Paul Keeler	Y	Y	Y
Lauren Kaestner	Y	Y	Y
Richard Smith	Y	Y	Y
Sheri Hesslington			
Vacancy			
Services			
Jim Buccigross	Y	Y	Y
Carl Caldwell	Y (ballot)	Y	
Keith Sappenfield	Y	Y	Y
Mark Scheel	Y	Y	Y
Leigh Spangler	Y	Y	Y
Affirmative Votes		23	22
Pass?		Y	Y
Ratification Required?		Y	Y

¹ Ms. Gussow voted on the GISB Version 1.5 Standards, Mr. Ebner voted on the contract.

² Ms. Hess was present at the meeting via conference calling.



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9. Other Participation

Administrative:

Rae McQuade	- Executive Director
JoAnn Garcia	- GISB Staff
Veronica Thomason	- GISB Staff
Jay Costan	- General Counsel (by phone)
Lawrence Paulson	- Hoffman Paulson Associates

Observers to the Meeting:

Name	Company	In Person/Phone	GISB Member
Tesoriero, John	AEP Energy	In Person	Y
Arnaout, Mariam	American Gas Association	Phone	N/A
Burnham, Andy	Consumers Energy	In Person	N
King, Iris	Dominion Gas Transmission	In Person	Y
Burch, Kathryn	Duke Energy	In Person	Y
Diaz, Charles	Dynegy	In Person	Y
Whatley, Pete	Dynegy	In Person	Y
Ryan, Porter	El Paso Merchant Energy	In Person	Y
Ebner, John	FP&L	In Person	Y
Young, Randy	Gulf South Pipeline	In Person	Y
Gwilliam, Tom	Iroquois Gas Transmission	In Person	Y
Gwilliam, Tom	Iroquois Gas Transmission	In Person	Y
Metz, Cary	Midland Cogeneration Ventures	In Person	Y
Love, Paul	NGPL	In Person	Y
Ishikawa, Rick	SoCal Gas	In Person	Y
Camp, Yvette	Southern Energy	In Person	Y
Bragg, Audrey	Washington Gas	Phone	Y
Hollingsworth, David	Williams Energy Services	Phone	Y
Burden, Christopher	Williams Gas Pipelines	In Person	Y