STANDARDS DEVELOPMENT

Gas-Electric Harmonization: On March 20, 2014, the FERC issued three interrelated actions proposing to address specific natural gas and electric industry coordination challenges in an effort to harmonize the natural gas and electric markets. The proposed regulations focus primarily on the scheduling practices of interstate natural gas pipelines and electric transmission operators and builds upon comments made during the Commission staff technical conferences and in comments filed in FERC Docket No. AD12-12-000. The first of the three actions, Notice of Proposed Rulemaking (NOPR) Coordination of the Scheduling Process of Interstate Natural Gas Pipelines and Public Utilities was filed in Docket No. RM14-2-000 and proposes, among other things, to modify the current NAESB standards that support the operating day and scheduling practices used by pipelines to schedule natural gas transportation services. In addition, the Commission is “providing the natural gas and electric industries, through NAESB, with a period of 180 days after publication of the Proposed Rule in the Federal Register to reach consensus on any revisions to the Commission’s proposals and either file consensus standards with the Commission or notify the Commission of its inability to reach consensus on any revisions to the Commission’s proposals.”

With the issuance of the NOPR, the NAESB Gas-Electric Harmonization Forum, co-chaired by Valerie Crockett and Sue Tierney, has provided a platform whereby the industries can consider consensus-based alternatives that vary from the NOPR. The Forum will develop a recommendation for the consideration of the full Board of Directors. To date, the Forum has held two conference calls on March 27 and April 1, held one review session also on April 1, and hosted three meetings on April 22-23, May 5-6, and May 22-23. The April and May meetings, which were available by conference call and web cast for those unable to travel, were held in downtown Houston at the Hilton Americas and saw high levels of attendance, averaging about three hundred industry participants. During the April meeting the following thirteen companies delivered presentations suggesting alternatives to the proposal provided by the FERC in its NOPR: Natural Gas Council, INGAA, National Grid, Southern Company, ISO/RTO Council, Washington Gas Light/Piedmont Natural Gas, Northern Natural Gas, Skipping Stone/Conservation Law Foundation, Hess Energy Marketing (a Direct Energy Company), Southwest Customer Group, Desert Southwest Pipeline Stakeholders, PG&E/SoCal and AEP. During the May 5-6 meeting, the Forum continued the progress made during previous meetings and conference calls by discussing in detail the individual components of the alternative proposals included in the presentations reviewed during the April 22-23 meeting. The Forum moved onto its next phase during the May 22-23 meeting by working to form consensus around proposed packages that will be voted on during the final set of scheduled meetings on June 2-3. More information regarding the June meeting will posted to the NAESB website and sent by email to interested parties who have signed up for the Gas-Electric Harmonization Distribution List.

During the April 3, 2014 Board meeting, the members approved a voting mechanism and timeline in support of the effort to respond to the NOPR. The timeline allows the industry to develop consensus proposals during the 180-day Commission directive. The voting mechanism will employ NAESB’s open and inclusive standards development process which provides equal voice to all segments of both the wholesale natural gas and electricity markets. The Board supported several other equally important and related actions: the creation of a catalog of the NAESB standards that would require modifications should the FERC proposal be adopted in a Final Rule; the Gas-Electric Forum process; the redlining the NAESB standards noted in the catalog to reference the FERC proposal; and the addition of the GEH related provisional annual plan items to active status for both the wholesale natural gas and electricity markets.  The catalog will now be reviewed by the WQG Electronic Delivery Mechanisms, and joint IR and Technical Subcommittees as part of the full staffing process.
Gas-Electric Harmonization (continued): During the May 8, 2014 meeting, the WGQ BPS will utilize the catalog to begin redlining the NAESB standards to reference the FERC proposal.

The RXQ Executive Committee met on April 30, 2014 and concluded that it will recommend to the Board the addition of 2014 RXQ Annual Plan Item 10. Similar to the WGQ Annual Plan Item discussed above, this annual plan item calls for the development of a catalog of the retail standards that would require changes to remain consistent with the March 20, 2014 FERC NOPR. The RXQ Executive Committee expects the efforts to be completed within the fourth quarter of 2014.

The Order to Show Cause, Posting of Offers to Purchase Capacity, was filed by the Commission in Docket No. RP14-442-000. The order requires “all interstate pipelines to submit filings, to the Commission, within 60 days of the date [of the order], either revising their respective tariffs to provide for the posting of offers to purchase released capacity, or otherwise demonstrating that they are in full compliance with … regulations.” The WGQ Business Practices Subcommittee voted out a proposed standard and the modification of an existing standard during its April 10, 2014 conference call. The standards will now be reviewed by the IR and Technical Subcommittees as part of the full staffing process.

The third March 20, 2014 FERC action, the Order Initiating Investigation into ISO/RTO Scheduling Practices and Establishing Paper Hearing Procedures, California Independent System Operator Corp., et al., was instituted by the Commission in Docket Nos. EL14-22-000 et al. In this Order, the Commission requires, among other things, that “[n]inety days after the publication of a Final Rule in Docket No. RM14-2-000, [the ISOs and RTOs] are required either to propose tariff revisions to coordinate their day-ahead markets with any changes adopted in the rulemaking in Docket No. RM14-2-000 or to show cause why their existing scheduling practices need not be changed.” Several ISOs and RTOs are also working with their stakeholder groups to determine the best courses of action to ensure that the interdependencies of the two markets are addressed.

In addition to continuous internal gas-electric harmonization activities, NAESB has also been actively monitoring the activities of external groups and recently participated in the Eastern Interconnection States’ Planning Council (EISPC) industry meeting held on March 14, 2014. EISPC represents the thirty-nine states, the District of Columbia, the City of New Orleans, and eight Canadian Provinces located within the Eastern Interconnection electric transmission grid. These entities are working together, supported by funding from the DoE, to evaluate transmission development options throughout the Eastern Interconnection.


Retail Net Metering Model Business Practices Development: On February 19, 2014, the RXQ Executive Committee reviewed and discussed the definition of the term “Retail Net Metering,” as presented by the RXQ Business Practices and RXQ Glossary Subcommittees. The definition will guide the RXQ in its efforts to develop net metering model business practices as part of 2014 RXQ Annual Plan Item 7.

Given the myriad of differing implementations of net metering arrangements and variations in policy decisions by state commissions on the subject, the annual plan item is limited to technical model business practices that support billing and payment in competitive markets. The standards development effort is scheduled for completion in the fourth quarter and will develop technical model business practices that would support multiple jurisdictional implementations. To facilitate the dialogue on net metering among industry participants, including state commission staff, NAESB has included discussion on the topic as an item on the Board Leadership, Executive Committee, and Monthly Update agendas as well as in discussions with FERC and state commission staff members. Following two conference calls scheduled for June 18, 2014 and July 23, 2014, the next RXQ Business Practices Subcommittee face-to-face meeting will be hosted by Oncor in Dallas, TX on August 18-19, 2014.


Smart Grid and Data Privacy Update: The July 18, 2013 Federal Energy Regulatory Commission (FERC) NOPR that proposed to incorporate by reference the NAESB WEQ Business Practice Standards Version 003, included five sets of smart grid related standards – WEQ-016, WEQ-017, WEQ-018, WEQ-019 and WEQ-020. The NAESB WEQ Smart Grid standards were developed to support the National Institute of Standards and Technology (NIST) in fulfillment of its obligations under the Energy Independence and Security Act of 2007 and to provide the data requirements for the communication of pricing information, scheduling information, demand response signals, and energy usage information. The data requirement standards serve as the basis for the other standards and specifications being developed at the request of NIST and the Smart Grid Interoperability Panel.

In addition to standards developed to support the NIST effort, NAESB has developed two retail market smart grid-related model business practices, REQ.22 Third Party Access to Smart Meter-based Information Model Business Practices and REQ.21 Energy Services Provider Interface (ESPI) Model Business Practices.

The NAESB REQ.22 contains data privacy model business practices employed by utilities and third party service providers.
Smart Grid and Data Privacy Update (continued): when maintaining and communicating smart meter information. Developed through the leadership of the Public Utility Commission of Texas and NARUC, the data privacy model business practices were endorsed by the NARUC Board of Directors through a resolution on July 20, 2011. The data privacy model business practices also serve as a basis for the Department of Energy’s (DoE) Federal Smart Grid Task Force effort to develop a Voluntary Code of Conduct (VCC) addressing data privacy for utilities and third parties providing consumer energy use services. As the NAESB Data Privacy Model Business Practices are applicable to both distribution companies and third parties that maintain and distribute smart meter-based information, there is opportunity for significant overlap between the NAESB Model Business Practices and the VCC. NAESB staff has continued to monitor the progress of the VCC.

In addition, a request from Big Data Energy asking NAESB to consider the development of a certification program to support the NAESB REQ.22 standards was received by the NAESB Chairman, Michael Desselle. As proposed, third party service providers, and possibly utilities, could become certified by NAESB as compliant with the NAESB data privacy protocols described in the standard through the program. The Board of Directors approved moving forward with the program during its April 3, 2014 meeting, shortly after the Managing Committee unanimously endorsed the commencement of the program. In response to this action, NAESB staff contacted Christine Wright with the PUC of Texas and Chair of the Data Privacy Task Force to discuss the request at the Board meeting and to make a recommendation concerning the need for a specification to support the program. Leigh Spangler and Cade Burks, the co-chairs of the Board Certification Program Committee, were also contacted and both groups will schedule meetings to begin discussion on the development of the program.

During its April 29, 2014 meeting, the Retail Energy Quadrant (RXQ) Executive Committee will recommend to the Board that the effort be added to the 2014 RXQ Annual Plan as 2014 RXQ Annual Plan Item 6.b – Consider the development of a specification to support a certification program for the REQ.22 standards. The REQ.22 certification program will most likely follow the model used for the Public Key Infrastructure and Demand Response and Energy Efficiency Measurement and Verification certification programs. Through these programs, entities seeking certification must submit an affidavit stating that they are compliant with the requirements of the program and provide any third party audits that support the affidavit.

During its April 29, 2014 meeting, the RXQ Executive Committee also determined that it would recommend to the Board the addition of 2014 RXQ Annual Plan Item 9 to the 2014 RXQ Annual Plan. The item calls for the review of the NAESB RXQ EDI standards and the REQ.21 ESPI standard to determine if consistency changes should be made. On February 21, 2014, the ESPI Task Force held its inaugural call after being reactivated at the request of the RXQ Executive Committee to address Request R13001, a standards request submitted by the OpenADE Task Force to enhance the ESPI standard with certain modifications. To initiate the effort, the Chair of the ESPI Task Force, Chris Villarreal of the California PUC, scheduled the kickoff meeting to review the request with representatives from the submitter and formulate a plan to develop a recommendation in response. The NAESB ESPI standard provides a process and interface for the exchange of a retail customer’s energy usage information between their designated data custodian, i.e. utility, and an authorized third party service provider. The standard provides a consistent method for the authorization of third party access to retail consumer usage information and a standardized interface for the exchange of the information that will support the development of innovative products. The NAESB ESPI standard has been endorsed by the DoE as part of their Green Button initiative to encourage utilities in the U.S. to provide their customers with easy access to their energy usage data in a computer- and consumer-friendly format via a “Green Button” on electric utility web sites. The Green Button standard has been adopted by 48 utilities and currently over 42 million household and business customers have access to their Green Button energy data. Additionally, the DoE has announced the commencement of Apps for Energy, part two of a four part, year-long challenge to introduce the public to data and resources offered by the DoE. Interested app developers are invited to submit a Green Button app into the contest for a chance to win prizes.

The ESPI standard has also garnered attention outside the US, as NAESB is currently working with the Ontario Ministry of Energy regarding use of the ESPI standard in its jurisdiction to support the Green Button “Download My Data” and “Connect My Data” initiatives. The ESPI standard will be used within a reference architecture guidance document outlining an implementation of the Green Button application. NAESB has helped facilitate the participation of seventy-seven Ontarian utility companies in the Ontario Green Button program and is now supporting the Ministry in a Green Button application contest within the province to help develop new and interesting tools to utilize energy usage data.

Parallel Flow Visualization-Transmission Loading Relief (PFV-TLR): Since 2010, the NAESB WEQ Business Practices Subcommittee (BPS) has been working towards the development of a recommendation for the Parallel Flow Visualization (PFV) project that supports and complements the NERC reliability standards. Under the PFV project, the subcommittee will propose modifications to the current WEQ-008 Transmission Loading Relief – Eastern Interconnect standards to support the submittal of near real-time data to the Interchange Distribution Calculator (IDC). Additionally, modifications will be proposed to the standards that determine priorities and sub-priorities for curtailment and the current Transmission Loading Relief procedures. These standards are intended to provide additional transparency to the Eastern Interconnection congestion management process and will further the goal of ensuring that non-firm intra-BA transmission service is curtailed before firm service.

The subcommittee has held four, two-day meetings this year. In January, a second informal comment period was held on the draft recommendation. Eleven sets of comments were received, and the subcommittee began addressing these comments during the February and March meetings. A recommendation is expected to be voted out of subcommittee during the third quarter of 2014. As part of the recommendation, the subcommittee will propose that the WEQ Executive Committee utilize the full-staffing process to allow for the results of the subsequent 12-18 month field test on the standards to be known before the standards are finalized. The field test will be conducted by the IDC Association, the organization that owns and manages the IDC tool, and will require coordination between NAESB, the IDC Association, and NERC. In recognition of this, Mr. Desselle has initiated high-level coordination conversations between leadership in the three organizations. As a result of these discussions, NAESB, the IDC Association, and NERC have agreed to move forward with a joint filing to the Commission detailing the coordination efforts and responsibilities of each organization prior, during, and after the PFV field test.

Additionally, Mr. Desselle and Mr. Shipley, the chair of the IDC Association Steering Committee, are working to finalize an informal coordination relationship between the IDC Working Group and the WEQ BPS. In the interim, the BPS and the IDC Working Group (IDC WG) have been communicating regarding potential modifications which will need to be made to the IDC tool. The IDC WG will initiate software development once the WEQ EC has approved a recommendation on PFV and has indicated a time period of approximately 12-18 months is needed prior to the initiation of the field test to develop, approve, implement, and test the needed change orders and design a test plan.


Cybersecurity: The Heartbleed Bug is a vulnerability in the OpenSSL cryptographic software library. The Secure Sockets Layer (SSL) and Transport Layer Security (TLS) protocols are commonly used to provide authentication, encryption, integrity, and non-repudiation services to network application protocols such as HTTP and SMTP. Open SSL is a popular version of the standards SSL technology used by websites to secure web connections. The Heartbleed Bug allows for the theft of the information protected, under normal conditions, by the SSL/TLS encryption. During the May 13, 2014 conference call, the WEQ Cyber Security Subcommittee (CSS) discussed the Heartbleed cybersecurity vulnerability and found that there was no impact on the NAESB WEQ Business Practice Standards. The CSS will hold another conference call on May 27, 2014 to discuss the NERC effort to develop physical security standards and any impact on cybersecurity. In a related effort, the WEQ Executive Committee recently approved the WEQ CSS recommendation for 2014 WEQ Annual Plan Item 4.a.i, which requires a review of the standards to support adequate session encryption – SSL/TLS.

During its February 18, 2014 meeting, the WEQ Executive Committee adopted the recommendation for 2013 WEQ Annual Plan Item 4.a.iii. The annual plan item is recurring and calls upon the WEQ CSS to annually review the accreditation requirements for Authorized Certificate Authorities (ACA) to determine if any modifications are needed. In the recommendation, the subcommittee proposed modifications to allow an ACA to issue a certificate to a server and other minor changes for consistency and accuracy. During the formal comment period, comments were submitted from GlobalSign, ISO New England, and TVA. Late comments were submitted jointly by IESO, MISO, PJM, ERCOT, SPP, and NYISO. The comments received were not substantive in nature and posed only textual changes for clarity. The subcommittee met in January to review all four sets of formal comments and developed late comments further modifying the recommendation to the Executive Committee.

NIST released version 1.0 of the Framework for Improving Critical Infrastructure Cybersecurity (Framework) on February 12, 2014. The Framework is part of the NIST effort to address the 2013 Executive Order 13636, Improving Critical Infrastructure Cybersecurity. The Executive Order instructed the Director of NIST to “lead the development of a framework to reduce cyber risks to critical infrastructure.” The Framework is a voluntary risk-based guide comprised of a set of industry standards and best practices to help critical infrastructure owners and operators reduce cybersecurity risks in industries such as power generation and transportation.
STANDARDS DEVELOPMENT (continued)

Cybersecurity (continued): NIST released the Preliminary Cybersecurity Framework on October 22, 2013, followed by a Federal Register Notice announcing NIST’s Request for Comments on the document. NAESB submitted general comments on April 8, 2013 in response to the NIST Request for Information, which included two NAESB documents - one for the wholesale electric market and one for the wholesale natural gas market - that explicate the NAESB cybersecurity-related standards, their purpose, and to which market based transactions they are intended to apply. To help the private sector learn about and adopt the Framework, the Department of Homeland Security created and launched the Critical Infrastructure Cyber Community (C3) Voluntary Program, which gives critical infrastructure owners and operators access to services and cybersecurity experts in the DHS.

In addition, NIST also sought comments on the first revision to its guidelines for secure implementation of smart grid technology, draft NIST IR 7628 Revision 1, Guidelines for Smart Grid Cybersecurity. The comment period concluded on December 24, 2013. The draft NISTIR 7628 Revision 1 was completed by the NIST-led Smart Grid Cybersecurity Committee (formerly the Smart Grid Cybersecurity Working Group) of the Smart Grid Interoperability Panel. The document has been updated to address changes in technologies and implementations since the release of NIST IR 7628 in September 2010. In addition, the development strategy, cryptography and key management, privacy, vulnerability classes, research and development topics, standards review, and key power system use cases have been updated and expanded to reflect changes in the smart grid environment since 2010. The final version is expected to be posted in the spring of 2014.


NAESB and NERC Continuing Coordination: On February 7, 2014, NERC submitted a standards development request, R14002, to NAESB to consider the development of standards that support the commercial aspects of six MOD standards proposed for retirement by NERC. On February 10, 2014, NERC filed a petition with the FERC in Docket No. RM14-7-000 proposing the retirement of several NERC MOD standards that pertain to the determination of Available Transfer Capability (ATC) and Available Flowgate Capability (AFC) calculations. The standards development project, known as MOD A, focused on closing out directives from FERC Order No. 729 and condensed MOD-001, MOD-004, MOD-008, MOD-028, MOD-029 and MOD-030 into a single standard, MOD-001-2, addressing the aspects identified as solely reliability-related. The NERC petition proposed an implementation date of 18 months after issuance of the FERC Final Order on the petition; however, NERC staff has committed to working with both NAESB and FERC staff to address any timing issues NAESB may encounter during the project. Prior to the submittal of both the NERC petition to the FERC and the standards development request to NAESB, NERC and NAESB staff held a conference call with the FERC staff to discuss the filing and implementation process of the revised NERC MOD A standards and the prioritization of NAESB activities in relation to the effort. On February 27, 2014, Request R14002 was addressed by the Triage Subcommittee which recommended that the WEQ Executive Committee determine how the request should be assigned and what priority it should be given in relation to the projects currently underway or planned for the assigned subcommittee(s) of the WEQ. In response, the chair and co-chair of the WEQ Executive Committee proposed the development of a task force to review the request and recommend assignment(s) and a scope of work for the assignment(s). A number of Executive Committee members have volunteered to serve on the task force; however, participation in the meetings is open to all interested parties. Kathy York and Bob Harshbarger have volunteered to serve as the chair and co-chair of the task force as efforts get underway. A kick-off meeting was held on April 10, 2014 where preliminary strategy, threshold questions, and timeline options were discussed. The WEQ EC MOD Standard Scoping Task Force has scheduled its next conference call on June 5, 2014.

NERC and NAESB continue to remain coordinated on all other projects underway that may impact either or both organizations. Ongoing monthly coordination calls between NERC and NAESB staff typically focus on the EIR, the status of the PFV project, and any other coordination issues identified by the NERC project managers or the NAESB subcommittee co-chairs. In addition to the activities of the staff, the NERC and NAESB executive leadership will continue to meet periodically to evaluate the status of their development efforts, including gas-electric harmonization, demand response and energy efficiency, cybersecurity, and nuances concerning the existing structures of the organizations.

For more information, please go to 2014 WEQ Annual Plan, 2014 WEQ Annual Plan as approved by the WEQ EC on April 29, 2014 (Redline), NAESB Triage Committee Action, April 10, 2014 WEQ Executive Committee MOD Scoping Task Force Agenda, Threshold Questions for WEQ Executive Committee MOD Standard Scoping Task Force, WEQ JESS Web Page, WEQ BPS Web Page and WEQ OASIS Web Page.
Update on the Electric Industry Registry (EIR) and e-Tagging Specification: NAESB is pleased to announce the successful completion of the final phase of the registry transition from the North American Electric Reliability Corporation (NERC) Transmission System Information Network (TSIN) to the NAESB Electric Industry Registry (EIR). On March 14, 2014, NAESB announced the April 8, 2014 completion date for the final activity of Phase 3 of the EIR transition, the retirement of legacy user interface items. The bulk of these functionalities are legacy TSIN items that were retained within the EIR as part of the original transition of the registry. The functionalities retired included the displays that referenced TSIN data, user prompted messages that referenced whether an object was found within the TSIN registry, and the “load from TSIN button” that allowed users the ability to load data into the EIR directly from TSIN. Registry user guides were also updated as part of the effort.

On April 22, 2013, NAESB officially announced the beginning of Phase 3 of the EIR, also known as OATI’s webRegistry, transition. The first activity contemplated in this phase was the retirement of the Western Electricity Coordinating Council (WECC) Registry within the WECC Interchange Tool and its transition into the EIR. Parallel operations for WECC users of the EIR began on June 4, 2013. On October 29, 2013, parallel operations between the EIR/webRegistry and the WECC registry ceased, and the EIR/webRegistry became the official registry for WECC users. On November 12, 2013, the CSV and MDB publication file formats were retired as the EIR began to publish registry documents exclusively in the XML file format. This was the second activity of Phase 3 and allowed for the increased flexibility of the registry publications to respond to the needs of the industry. As stated above, the retirement of the legacy user interface items mark the end of Phase 3 and the completion of the transition of the registry from NERC to NAESB.

NAESB received its third EIR Enhancement Request, ER14001, on January 6, 2014 from Tennessee Valley Authority. ER14001 requests to list 7-CB (Firm Capacity Benefit Margin) in the webRegistry products types as a valid product for e-Tags, in line with the goals of NAESB Wholesale Electric Quadrant (WEQ) Business Practice Standards, WEQ-004-18.1 and WEQ-008-2.1.8. Per the NAESB EIR Enhancement Request Process, the request was assigned to the WEQ JESS which voted to approve a recommendation at the February meeting. A change order from OATI has been approved by the Managing Committee and NAESB is working with OATI to implement the enhancement. The EIR Enhancement Request, ER13001, submitted by the NERC Coordinating Interface Standards Drafting Team on June 13, 2013, requests modifications to the EIR that would allow for the tagging of pseudo-tie transactions. Evaluation of this request was postponed until the proposed modifications to the NERC INT standards were approved by the NERC Board of Trustees, which took place on February 6, 2014. During its February meeting, the JESS developed a work paper to facilitate discussion on the request. Enhancement Request ER13002 was received on August 26, 2013 from Northwestern Energy Corporation. The request proposes modifications to the effective stop date of objects in the EIR in order to provide additional notice to entities regarding the potential removal from the registry publication of objects and data points due to an entity failing to annually re-register within the EIR/webRegistry.

A second informal comment period ends on May 13, 2014 for the proposed modifications to WEQ-004 Coordinate Interchange Business Practice Standards. The proposed modifications were made in coordination with revisions made to the NERC Interchange Scheduling and Coordination (INT) reliability standards but also contain revisions made for consistency purposes. During the first informal comment period held from February 27, 2014 - March 31, 2014, the subcommittee received comments from Southern Company, Tennessee Valley Authority, and ISO New England, along with joint comments submitted from NYISO, IESO, SPP, NEISO, and MISO.

On January 10, 2014, the WEQ JESS voted out of subcommittee a recommendation on Version 1.8.2 of the e-Tag Specification and Schema. This version of the specification supports the implementation of the NAESB business practice standards related to Network Integration Transmission Service (NITS) on OASIS, makes modifications to accommodate regional business practices of the WECC, and allows for the use of multiple, reliability limit profiles. The recommendation was presented to and approved by the WEQ Executive Committee on February 18, 2014. The WEQ JESS met the following week on February 25 – 26, 2014 to hold preliminary discussions on an interoperability testing and an implementation plan for the specification. Drafts of the testing plan were reviewed by the subcommittee during the March 24, 2014 conference call. Under the proposed plan, the interoperability testing will begin in July 2014 and implementation is tentatively scheduled for November 2014. However, the plans have not yet been finalized and will be discussed again during the May 20-21, 2014 meeting.

STANDARDS DEVELOPMENT (continued)

Preemption and Competition: The Open Access Same-time Information System (OASIS) manages the electronic scheduling of wholesale electricity. The WEQ OASIS Subcommittee is currently developing a process to maintain preemption and competition on the OASIS systems as part of 2014 WEQ Annual Plan Items 2.a.i.1-2 and 5.c – Preemption and Competition. The annual plan items were developed in response to FERC Order No. 890 and NAESB standards request R05019. The completed recommendation will propose modifications to a significant number of the OASIS standards including, WEQ-000, WEQ-001, WEQ-002, WEQ-003, and WEQ-013.

A WEQ OASIS presentation delivered during the April 29, 2014 WEQ Executive Committee meeting identified key issues the subcommittee continues to develop: short-term firm, non-firm, long-term firm, aspects concerning competition for rollover rights, and the aggregation and redirect of resales. The subcommittee is considering the delivery of an informational presentation outlining the draft recommendation in order to facilitate the submission of comments during the upcoming informal comment period. After informal comments are reviewed, the subcommittee expects that a formal recommendation will be submitted to the WEQ Executive Committee in the fourth quarter of 2014. The next face-to-face OASIS meeting will be hosted by MISO in Carmel, IN on June 17-19, 2014. As always, all interested parties are welcome to attend.

For more information, please go to the FERC Order No. 890 Docket Nos. RM05-17-000 and RM05-25-000, R05019, WEQ OASIS Subcommittee Web Page, Preemption and Competition Parking Lot, Customer Notifications Work Paper, Issues and Requirements ROFR Defender Assignment, Resale Questions Work Paper, Resale/Redirect Presentation, May 1, 2014 WEQ OASIS Conference Call Draft Minutes, 2014 WEQ Annual Plan, 2014 WEQ Annual Plan as approved by the WEQ EC on April 29, 2014 (Redline) and April 29, 2014 WEQ OASIS Executive Committee Update Presentation

NAESB Board of Directors Meeting and Board Committees Update: Aside from the numerous gas-electric coordination issues, the agenda for the April 3, 2014 Board meeting also included remarks from Commissioner Roberti of the Rhode Island Public Utilities Commission on challenges that the industry faces concerning pipeline safety and an aging infrastructure and Christine Wright with the Public Utility Commission of Texas who updated the Board members on the current issues regarding data privacy. The agenda also included a presentation of the NAESB Board Revenue Committee Report & Recommendations. The report is the result of several meetings during which the Committee examined the funding mechanisms for other standards development organizations in order to determine whether NAESB should consider alternatives to its existing structure. The Committee concluded that the prices of NAESB products are significantly lower than the industry median. In addition, the Committee recommendation examined the possibility of creating a tiered membership structure that reflects the revenue structure of similar organizations. During the Board meeting, the Committee recommended that NAESB not pursue a tiered membership structure, but consider increasing the price for standards versions to $2,000 from the currently priced $900 and the certification fee for non-members from $8,000 to $15,000. Furthermore, the Committee recommended that the practice of providing the standards and certification at a discount to non-member affiliate companies of member companies be discontinued. The Board of Directors approved the recommendations of the Committee, with the modification that the affiliate discount would not be eliminated, but reduced to fifty percent of the price for standards and certification. The Board Revenue Committee has also focused on promoting member participation within NAESB. NAESB Chairman Michael Desselle has reached out to the NAESB membership and Advisory Council in a letter addressing the several vacancies on the NAESB Board and Executive Committees, with a particular emphasis on those representing the RXQ.

The Board Strategic Plan Task Force has met twice this year to develop a communications policy that will better inform the industry of NAESB accomplishments, plans, and efforts underway. The task force distributed an industry survey to over four thousand recipients to receive feedback on potential activities for the organization over the next few years. The survey results were due April 10, 2014 and are being utilized in the drafting of the task force’s recommendations over the next several months. In a separate but related activity, the task force has examined whether NAESB should consider putting together and administering its own certification programs. During a March meeting, the task force determined that it would discontinue discussions on an in-house certification program until the results of the survey have been received and processed. Consideration has been given to the creation of a standing Board Strategic Plan Committee and a draft work paper highlighting the discussion was presented during the March meeting. A recommendation on the creation of a standing committee may be presented during a future Board meeting.

Additionally, the Board ratified two endorsements from the Managing Committee concerning certification programs. First, the Demand Response and Energy Efficiency Measurement and Verification (M &V) Certification Program was recently developed by the NAESB Board Certification Program Committee and endorsed by the Managing Committee. As a specification has been completed to support only the Energy Efficiency Standards at this time, the Board Committee and the DSM-EE Task Force will review the
**Filings:** On March 20, 2014, the FERC issued three interrelated actions proposing to address specific natural gas and electric industry coordination challenges in an effort to harmonize the two markets. The proposals primarily focus on the scheduling practices of interstate natural gas pipelines and electric transmission operators and build upon feedback received during the FERC staff technical conferences and comments filed in the FERC Coordination Between Natural Gas and Electric Markets Docket No. AD12-12-000. In the NOPR, the FERC has provided the natural gas and electric industries, through NAESB, with a period of 180 days after publication of the NOPR in the Federal Register to reach consensus on any revisions to the Commission’s proposals and either file consensus standards with the Commission or notify the Commission of its inability to reach consensus.

On January 29, 2014, NAESB submitted comments regarding the NOPR issued by the Office of the Federal Register, National Archives and Records Administration. NAESB’s comments emphasized the importance of the revenue derived from its copyrighted standards in relation to its structure as an organization. NAESB work products are protected by federal copyright with exclusive rights given to NAESB regarding the reproduction, distribution, adaptation and display. On April 29, 2014, NAESB was pleased to submit a similar set of comments to the Office of Management and Budget in response to a Notice of Availability and Request for Comments on the proposed revised OMB Circular A-119, Federal Participation in the Development and Use of Voluntary Consensus Standards and in Conformity Assessment Activities.

On February 11, 2014, the FERC issued an Order Denying Rehearing of Order No. 676-G, a Final Rule that incorporated by reference updated business practice standards adopted by the WEQ. FERC Order No. 676-G, Standards for Business Practices and Communication Protocols for Public Utilities, was issued by the Commission on February 21, 2013 and incorporated by reference the NAESB Phase II Demand Response M&V Standards and the Wholesale Energy Efficiency M&V Standards into the Commission’s Regulations. Ratified by NAESB membership on October 26, 2012, the standards stemmed from two annual plan items- NAESB 2012 RXQ Annual Plan Item 3(b) and 2012 RXQ Annual Plan Item 10(a)- that called for the development of business practice standards used to measure and verify reductions in energy and demand from energy efficiency in wholesale and retail markets. The standards are complementary to the WEQ business practice standards that were the subject of the April 19, 2012 FERC NOPR in the same docket. The rule became effective 60 days after publication in the Federal Register.

NAESB is anticipating a Final Order on the July 18, 2013 FERC NOPR, Standards for Business Practices and Communication Protocols for Public Utilities, which proposes to incorporate by reference certain NAESB WEQ Version 003 Business Practice Standards, including the most recent set of PKI (WEQ-012) and Smart Grid standards (WEQ-016, WEQ-017, WEQ-018, WEQ-019 and WEQ-020). NAESB submitted Version 003 to the FERC on September 18, 2012, followed by a subsequent update regarding the WEQ-012 PKI standards submitted on January 29, 2013. The standards contained within the two filings marked a development period from March 2009 to July 2012.

NAESB WQG Business Practice Standards, Version 2.1 was published on April 30, 2013 and filed with the FERC on July 23, 2013 in Docket Nos. RM96-1, et al. A FERC NOPR has not yet been issued on the filing. The standards referenced in the publication include modifications to Additional Standards, Nominations Related Standards, Quadrant Electronic Delivery Mechanism Standards and the Capacity Release Standards. The publication also includes standards modifications to support the elimination of location...
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Filings (continued): common codes in order to return the industry to the utilization of pipeline proprietary codes. The updates reflect 82 separate items- 36 are final actions and 46 are minor corrections, many of which are code value changes. Version 2.1 provides 10 new standards, 23 revised standards, and 41 data sets, among other modifications. The previous version, NAESB WGQ Business Practice Standards, Version 2.0 was published on November 30, 2010. Version 2.1 is now available for industry purchase and use. NAESB members have access to NAESB work products as part of the benefits of membership. Non-members may purchase the standards by visiting the NAESB web page, www.naesb.org, or completing the NAESB Materials Order Form.


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NAESB Quadrant/Segment Membership Analysis:

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<tr>
<th>Wholesale Gas Quadrant</th>
<th>121 Members</th>
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</thead>
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<td>End Users Segment</td>
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<td>Wholesale Electric Quadrant</td>
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<td>Independent Grid Operators/Planners Segment</td>
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<td>Technology &amp; Services Segment</td>
<td>10</td>
</tr>
<tr>
<td>Total Membership</td>
<td>311 Members</td>
</tr>
</tbody>
</table>

NAESB New Members

Wholesale Gas Quadrant (Segment):
- Natural Resource Group, LLC (Services)
- Pacific Gas and Electric Company (LDC)
- Hess Energy Marketing, LLC (a Direct Energy Company) (Services)
- Unitil Service Corporation (LDC)
- Southern California Gas Company (LDC)
- MCP Operating LLC (Pipeline)
- Rager Mountain Storage Company, LLC (Pipeline)

Retail Energy Quadrant (Segment):
- Philadelphia Gas Works (Retail Gas Market Interests)

Wholesale Electric Quadrant (Segment, Sub-segment):
- Shift Systems, LLC (End Users, At Large)
- Kansas City Power & Light Company (Transmission, IOU);
- Kansas City Power & Light Company (Generation, IOU)
- RBN Energy LLC (Technology/Services)
- Peak Reliability (IGO)
- Hess Energy Marketing, LLC (a Direct Energy Company) (Marketers/Brokers, At Large)
- Conservation Law Foundation (End User, At Large)
- TECO / Peoples Gas System (Distribution, IOU)
- Municipal Energy Agency of Nebraska (Marketers/ Brokers, Mun/Coop)