



NORTH AMERICAN ENERGY STANDARDS BOARD

1301 Fannin, Suite 2350 • Houston, Texas 77002 • Phone: (713) 356-0060 • Fax: (713) 356-0067
email: naesb@naesb.org • Web Site Address: www.naesb.org

January 31, 2007

NAESB AT A GLANCE: MONTHLY UPDATE

REVIEW OF SEAMS SUBCOMMITTEE: Mr. Schwermann, chair of the WEQ Seams Subcommittee, provided the update on the efforts of the Seams Subcommittee this year. The Subcommittee plans to review the NAESB Seams Matrix to determine whether there were any outstanding items that the NAESB WEQ Seams Subcommittee should work on in 2007. Mr. Schwermann created a matrix that the subcommittee will complete to determine if action has been taken on the Seams issue; if the issue has been addressed in another forum; or if action should be taken to address the outstanding Seams issue. The Seams Subcommittee is scheduled to meet on February 7, 2007 at NAESB's offices in Houston, Texas.

REVIEW OF DEMAND SIDE MANAGEMENT EFFORTS: Mr. Koogler, member of the NAESB Board of Directors in the Retail Electric Quadrant provided an update on the work of the Retail Quadrants on the Demand Side Management efforts. This item is included in the Retail 2007 Annual Plan as Item 10 and also in Request No. R06024. The Annual Plan Item and Request initiates a process for NAESB to begin examining business practices for measuring and identifying a standardized method for quantifying benefits, savings, cost avoidance and/or the reduction in energy demand and usage derived from the implementation of demand side management and energy efficiency programs. While previous interest in energy efficiency waned in the 1990s, interest is beginning to increase as a result of the increasing costs of gas, oil, and electricity; the need for base load power plants and high voltage transmission lines. NAESB has also been working for the past two years to determine a way to increase membership and interest in the Retail Quadrants. This request was submitted by Advanced Energy, an independent non-profit entity set up in 1980 by the North Carolina Public Utility Commission to facilitate the efficient use of energy throughout the state. Advanced Energy reports back to the North Carolina Public Utility Commission on an annual basis. In 2006, North Carolina Commissioner Kerr issued a challenge to the leadership of Advanced Energy to develop a way to measure the benefits, savings, etc. due to the efficiency programs in place. Mr. Koogler approached Advanced Energy to provide information that NAESB could be a forum where this directive could be completed not only on a statewide basis for North Carolina, but also on a national basis. NAESB is working with the Department of Energy to schedule the initial meeting, which the Department of Energy has graciously volunteered to host.

REVIEW OF E-TARIFF EFFORTS: Mr. Novack, NAESB Board Member, and chair of the Retail Gas Quadrant Executive Committee, provided an overview of the e-Tariff efforts to date. He stated that the development of the ability to file tariffs electronically dates back to 2001. The FERC has developed software to provide a way to file tariffs and the accompanying documents electronically so that the information can be loaded into a database that the FERC will use in tariff analysis. Several industry participants have returned comments on the FERC distributed software that while the industry was in favor of the goals of e-Tariff, the software fell short on various aspects. FERC Staff contacted NAESB and requested that NAESB support an effort to determine the items to provide the FERC that will provide the FERC with sufficient information to conduct tariff analysis. FERC Staff has indicated that they would be willing to consider an alternative to the Distributed Software if the industries can develop the alternative to include what FERC Staff needs to be submitted in addition to the tariff documents themselves. NAESB is going to coordinate with the Association of Oil Pipelines to ensure that any NAESB standards that are developed would address not only the electric and gas industry, but also the oil pipeline industry. The first meeting is scheduled on February 1, hosted by FERC, in Washington, DC. NAESB is coordinating with several trade associations including Association of Oil Pipelines, Edison Electric Institute, INGAA, and Texas Pipeline Association. A page dedicated to the e-Tariff effort has been created on the NAESB website.

REVIEW OF DEVELOPMENT OF TRANSMISSION LOADING RELIEF STANDARDS: Ms. York, chair of the WEQ Executive Committee, and co-chair of the WEQ Business Practices Subcommittee, provided a review of the development of the Transmission Loading Relief (TLR) standards. In June 2006, NERC established a SAR Committee to draft a NERC SAR to draft the split NERC TLR reliability standards. This SAR included other items that have been requested to modify the TLR standards as well: changes to Levels 3b and 4a; a market curtailment threshold field test for one year; and market flows for PJM, MISO, and SPP. The SAR went out for comment and the NERC Standards Committee approved the SAR on December 5, 2006 for posting and asked that the NERC TLR Standards Drafting Team be established. Meanwhile, the NAESB Business Practices Subcommittee has volunteered to meet jointly with the NERC TLR Standards Drafting Team to help NERC split the standards. The NERC and NAESB committees will work to get the NERC standards posted as soon as possible.



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REVIEW OF THE WEQ PUBLIC KEY INFRASTRUCTURE STANDARDS: Mr. Sorenson, NAESB WEQ Executive Committee member, provided an overview of the WEQ Public Key Infrastructure (PKI) standards that are currently posted for member ratification. If ratified, the PKI will establish a certification program for entities authorized as certification authorities. These entities will attest to NAESB that it is in compliance with the obligations set forth in the standards. Next, the JISWG plans to write standards to obligate the etagging process of NERC to be secured using electronic certificates.

REVIEW OF THE ADDITION OF THE INDEPENDENT GRID OPERATOR SEGMENT TO THE WEQ: Ms. McQuade provided the review of the addition of the Independent Grid Operator Segment to the WEQ. This segment, if added, will provide a segment for the ISOs, RTOs, and other Independent Grid Operators in the WEQ. On November 29, 2006 a notational ballot was distributed to the WEQ Board members on the Drafting Collaborative amendments to the WEQ Procedures for the creation of an Independent Grid Operator/Planner Segment. The ballots were due on December 28, 2006. There were sufficient votes to pass the ballot. A ratification ballot was distributed on January 2 with ballots due on February 2, 2007 for the members of the Wholesale Electric Quadrant to vote on the revisions to the Quadrant Procedures to include the new segment.

NEXT CONFERENCE CALL: The next Monthly Update Call is scheduled on March 14, 2007 at 2PM Eastern. 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 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 January 31, 2007 -- 2:00 PM Eastern

Name	Organization
1 Dave Eichenlaub	Virginia State Corporation Commission
2 Bill Heinrich	New York State Department of Public Service

Name	Organization
3 Barbara Alexander	Public Advocate State of Maine
4 Chuck Brown	BP Energy
5 Ed Davis	Entergy
6 Gene Fava	Great Lakes Gas Transmission
7 Lisa Fitzgerald	Columbia Pipelines
8 Les Fyock	American Public Gas Association
9 Charlotte Glassman	Duke Energy
10 Bill Griffith	El Paso Natural Gas
11 Charlotte Jackson	BP Energy
12 Laura Kennedy	NAESB
13 David Koogler	Dominion Virginia Power
14 Rae McQuade	NAESB
15 Sylvia Munson	The Structure Group
16 Susan Munson	ERCOT
17 Mike Novak	National Fuel Gas Distribution
18 Judy Ray	Alabama Power
19 Bob Schwermann	SMUD



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	Name	Organization
20	Paul Sorenson	OATI
21	Joe Stengel	Philadelphia Gas Works
22	JT Wood	Southern Company
23	Kathy York	Tennessee Valley Authority
24	Lori Zabrecky	PPL Energy Plus, LLC