



## **NORTH AMERICAN ENERGY STANDARDS BOARD**

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June 27, 2005  
Filed Electronically

The Honorable Magalie Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street N.E.  
Washington, D.C. 20585

RE: Docket No. RM05-28-000: Standards for the Coordination of Business Practices  
Between Public Utilities and Interstate Natural Gas Pipelines  
NAESB Report on the Efforts of the NAESB Gas-Electric Interdependency Committee  
and the Business Practices on Pipeline – Gas-Fired Generation Facility Communications  
(NAESB Request No. R04021)

Dear Ms. Salas:

The North American Energy Standards Board ("NAESB") herewith submits this status report to the Federal Energy Regulatory Commission ("FERC" or "Commission") regarding NAESB's activities undertaken by the Gas-Electric Interdependency Committee (GEIC) and the business practices ratified for the Wholesale Electric Quadrant and Wholesale Gas Quadrant related to request no. R04021. The report reflects the activities of the GEIC from November 2004 to June 2005, and the NAESB standards development efforts of the Business Practices Subcommittees from December 2004 to May 2005. The meetings were open to any interested party and announcements and agendas were posted along with all work papers, presentations and minutes on the NAESB web site.

This effort began with a NAESB task force, the Gas-Electric Coordination Task Force (GECTF), performing primarily scoping activities in 2004. Two reports were provided to the Commission from NAESB regarding GECTF activities – on April 16, 2004<sup>1</sup> and November 30, 2004<sup>2</sup>. Its work products were a basis for our current activities and included issues identified, a level of categorization of the issues, and identification of some of those items to be further considered for possible development of NAESB standards through the submittal of requests for standards development. Three requests for standards development were received related to the GECTF efforts<sup>3</sup>:

- R04016, submitted by KeySpan Utility Services and Duke Energy Gas Transmission, to address standards development for Energy Day, which is assigned to both quadrants,

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<sup>1</sup> The NAESB Interim GECTF report can be accessed on the NAESB web site at the following page address:  
<http://www.naesb.org/protected/ferc041604.pdf>

<sup>2</sup> The NAESB Final GECTF report can be accessed on the NAESB web site at the following page address:  
<http://www.naesb.org/protected/ferc113004.pdf>

<sup>3</sup> The three standards requests can be accessed on the NAESB web site at the following page addresses  
<http://www.naesb.org/pdf/r04016.pdf>, <http://www.naesb.org/pdf/r04020.doc>, and  
<http://www.naesb.org/pdf/r04021.doc>



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- R04020, submitted by Tennessee Valley Authority, to develop business practice standards relating to electric transaction scheduling and timelines, which is assigned to the Wholesale Electric Quadrant, and
- R04021 submitted by Natural Gas Pipeline Company of America, CrossCountry Energy and Salt River Project, to address daily communications between pipelines and entities that control power generation facilities. The request is assigned to both quadrants. These communications standards would include anticipated power generation fuel requirements for the upcoming day as well as notification anytime plans change. Likewise standards for pipeline communications for any operating problems that might hinder power plants from receiving required contractual quantities when needed would be developed.

The standards developed to address Request No. R04021 are included in this report. Work is pending on requests R04016 and R04020, and may not begin until outstanding policy issues are resolved and further direction from both the industry and regulatory agencies is received.

To emphasize the importance of gas-electric coordination, at the September 2004 NAESB Board of Directors meeting, NAESB extended this work effort to our Board of Directors level through a Gas-Electric Interdependency Committee (GEIC). The committee reported to the Board of Directors through the Board Managing Committee. The committee's mission was to review issues requiring gas-electric interdependency at an executive level and identify actions that might result in additional NAESB standards development. It held meetings from November 2004 to June 2005, and its analysis is provided as part of this status report.

Please note that we are filing this report electronically in Adobe Acrobat® Print Document Format (.pdf), and each enclosure is bookmarked separately. All of the documents are also available on the NAESB web site ([www.naesb.org](http://www.naesb.org)). Please feel free to call me at (713) 356-0060 or refer to the NAESB website should you have any questions or need additional information regarding this interim status report.

Respectfully submitted,

Ms. Rae McQuade  
President & COO, North American Energy Standards Board

cc without enclosures:

Chairman Patrick H. Wood III, Federal Energy Regulatory Commission  
Commissioner Nora Mead Brownell, Federal Energy Regulatory Commission  
Commissioner Joseph Kelliher, Federal Energy Regulatory Commission  
Commissioner Suedeem Kelly, Federal Energy Regulatory Commission



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**NAESB Managing Committee:**

Mark T. Maassel, NAESB Chairman and CEO  
Michael D. Desselle, NAESB Vice Chairman (WEQ)  
Leonard Haynes, NAESB Vice Chairman (REQ)  
Joe Stepenovitch, NAESB Vice Chairman (WGQ)  
Jim Templeton, NAESB Chairman Emeritus

William P. Boswell, NAESB General Counsel

James Buccigross, NAESB Executive Committee Chairman  
Lou Oberski, NAESB Executive Committee Vice Chairman (WEQ)

**Enclosures (all available publicly on the NAESB web site – [www.naesb.org](http://www.naesb.org)):**

- (1) Gas Electric Interdependency Report
- (2) Appendix 1: Related Minutes and Voting Records Regarding the Standards
- (3) Appendix 2: Ratification Ballot and Comments Regarding the Standards
- (4) Appendix 3: Request Nos. R04016, R04020 and R04021
- (5) Appendix 4: Related Board and Board Committee Minutes and Work Papers
- (6) Appendix 5: Listing of Transcripts

**North American Energy Standards Board**  
**Wholesale Electric and Wholesale Gas Business Practice Standards**  
**for Transmission Service Provider-Power Plant Operator Communications**  
**and the**  
**Gas and Electric Interdependency Report**

This is the report of the NAESB Wholesale Electric and Wholesale Gas Quadrants for business practices and the report of the Gas and Electric Interdependency Committee (GEIC). The standards were approved by the NAESB Executive Committee on May 31, 2005 and the report of the GEIC was approved by the Board of Directors on June 22, 2005. Member ratification for both the WGQ and WEQ members is pending, with ballots for the WEQ due on July 8, 2005. The WGQ ratification ballot will be issued to WGQ members after the WGQ EC has approved a supplemental recommendation regarding technical implementation of the standards (the WGQ EC is scheduled to vote on the supplemental recommendation on July 11, 2005), so we expect the ratification period to conclude in mid-August.

**BACKGROUND ON NAESB**

NAESB is a non-profit, industry-driven organization that was established in January 2002 to propose and adopt voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service, as such standards apply to electronic data interchange (“EDI”) record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries. NAESB supports all four quadrants of the gas and electric industries—wholesale gas, wholesale electricity, retail gas, and retail electricity—and recognizes the ongoing convergence of the gas and electric businesses by ensuring that its standards receive the input of all industry quadrants when appropriate.

NAESB is the successor to the Gas Industry Standards Board (“GISB”). GISB, which was carefully structured to ensure that all segments of the wholesale gas industry have an equal voice, was incorporated in September 1994 to develop standards for the wholesale natural gas industry. In early 1995, GISB became an accredited member of the American National Standards Institute (“ANSI”), largely in part because of its balanced voting structure and focus on consensus. In October 1995, the GISB Board of Directors approved broadening GISB’s scope beyond electronic data interchange record formats and communications protocols to include related business practices that streamline the transactional processes of the gas industry. Immediately after the change in scope, GISB began working on standards that would be reported to the Commission in March 1996. GISB, and its successor the NAESB Wholesale Gas Quadrant (“WGQ”), have made successive filings of new and/or modified standards as the needs of the industry have changed.

NAESB was incorporated in January 2002. Shortly following, NAESB was reaccredited by ANSI as a standards development organization. Consistent with its role of supporting all four quadrants of the gas and electric industries, NAESB is organized into four quadrants—the Wholesale Gas Quadrant (WGQ), Wholesale Electric Quadrant (WEQ), Retail Gas Quadrant, and Retail Electric Quadrant -with industry segment membership in each of the quadrants being defined by each quadrant’s procedures. All participants in each of the four markets are able to join NAESB, belong to one or more of its quadrants and segments, and be afforded the full benefits of membership.

**NAESB Report on WEQ and WGQ Business Practice Standards for  
Transmission Service Provider-Power Plant Operator Communications  
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**EXECUTIVE SUMMARY**

In a December 2004 letter from Chairman Wood to Michael Desselle<sup>1</sup>, the chairman noted that the January 2004 cold snap in New England highlighted the need for better coordination between the natural gas pipelines and the electric grid, including RTOs/ISOs and gas-fired power generators. He noted that he was pleased to see the efforts underway by NAESB to develop business practices in both industries that would alleviate the coordination problem and be in place for the next winter season. This report provides business practices developed jointly by both industries, briefly describes the process used to develop those business practices; plus, it highlights several issues requiring focus if additional efforts to coordinate the two industries are to be successful.

**NAESB COMMUNICATION BUSINESS PRACTICES**

The NAESB business practices were developed jointly by both wholesale electric (WEQ) and wholesale gas (WGQ) quadrants of NAESB through the NAESB standards development process. This report represents the work products of the first joint standards development between the two quadrants.

The standards discussed in this section of the report represent 6,132 man-hours contributed by the NAESB members and other industry participants<sup>2</sup> in 14 NAESB multi-day Business Practices Subcommittee meetings over the span of five months (December 2004 to April 2005). They were developed in open meetings, where all interested parties were welcomed and encouraged to participate regardless of membership status within NAESB. The meetings where the business practices were drafted were facilitated by Mr. Miles of the Federal Energy Regulatory Commission.

The business practices ratified by membership will be included in the next published version of both the WEQ and WGQ standards (version 1 and version 1.8, respectively). Prior to publication, they will be available as final actions from the NAESB web site<sup>3</sup> related to the request from which they originated – R04021.<sup>4</sup>

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<sup>1</sup> The Chairman's letter can be accessed from the NAESB web site at <http://www.naesb.org/protected/ferc121404.pdf>.

<sup>2</sup> A roster of participants is provided in Appendices 1 and 4 to this filing (provided via attendance lists for each meeting). Participation in NAESB subcommittees is not limited by NAESB membership status.

<sup>3</sup> The final actions after ratification for request no. R04021 may be accessed from the NAESB web site at [http://www.naesb.org/weq/weq\\_Final.asp](http://www.naesb.org/weq/weq_Final.asp) and [http://www.naesb.org/WGQ/wgq\\_Final.asp](http://www.naesb.org/WGQ/wgq_Final.asp).

<sup>4</sup> NAESB standards can be accessed in a number of ways. The standards are available for download in the protected area of the NAESB web site free of charge or can be purchased in electronic format from the NAESB Office. Access to the protected area of the NAESB web site is free to all current NAESB members as a benefit of NAESB membership, and non-members can register for home page access for \$3500 per year. The Commission has previously recognized that, "[I]t is common practice for standards organizations to charge for copies of their standards in order to defray the publishing costs as well as some of the administrative, legal, and other costs of developing the standards." In addition to the standards themselves, all agendas, working papers, and subcommittee meeting minutes are publicly accessible on the NAESB web site free of charge.

**NAESB Report on WEQ and WGQ Business Practice Standards for  
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The standards adopted by the two NAESB Executive Committees related to request R04021 are:

*Proposed NAESB WEQ and WGQ Definition:*

D1F Power Plant Operator (PPO) is the term used to describe the entity(ies) that has responsibility for gas requirements for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) (TSP) to meet those requirements. The PPO performs a number of coordinated activities, including, but not limited to, power plant operations, unit dispatch, natural gas procurement and/or gas transportation arrangements. Because each PPO is structured differently, specific responsibilities within each PPO should be determined by the PPO and the point of contact for the PPO should be communicated to the TSP(s). This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S14, and S16].

*Proposed NAESB WEQ and WGQ Definition:*

D2F A Power Plant Operator's Facility is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Operator. This definition applies to NAESB WEQ Standard Nos. [S2X and S3X] and NAESB WGQ Standard Nos. [S2X and S3X].

*Proposed NAESB WEQ and WGQ Definition:*

D3F Balancing Authority (BA) is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric interconnection frequency in real time. In certain circumstances, a BA may be a Regional Transmission Organization or Independent System Operator. This definition applies to NAESB WEQ Standard Nos. [S15 and S16] and NAESB WGQ Standard No. [S16].

*Proposed NAESB WEQ and WGQ Standard:*

S1BF The Transportation Service Provider (TSP) / Power Plant Operator (PPO) communication standards set forth in NAESB WEQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S14, and S16] do not convey any rights or services beyond or in addition to those contained in the TSP's tariff and/or general terms and conditions and/or do not impose any obligations that would otherwise be inconsistent with the requirements of applicable regulatory authorities, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP's contract / tariff services. In the event of a conflict between any of these communication standards and the TSP's tariff or general terms and conditions, the latter will prevail.

*Proposed NAESB WEQ and WGQ Standard:*

S2XF The Power Plant Operator (PPO) and the Transportation Service Provider(s) (TSP) that is directly connected to the PPO's Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide projected hourly flow rates as established in the TSP's and PPO's communication procedures.

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*Proposed NAESB WEQ and WGQ Standard:*

S3XF Subject to the conditions of NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], this standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) to whose system the PPO facility(ies) is directly connected or with whom the PPO is a Service Requester.

A PPO should not operate without an approved scheduled quantity pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions. However, if the PPO reasonably determines that it has circumstances requiring the need to request gas scheduling changes outside of the above-referenced nomination and scheduling processes and the affected TSP(s) supports the processing of such changes, the PPO should provide its requested daily and hourly flow rates to the TSP(s) (1) as established in the TSP's and PPO's communication procedures pursuant to NAESB WEQ Standard No. [S2X] and NAESB WGQ Standard No. [S2X] and/or (2) as specified in the TSP's(s') tariff or general terms and conditions.

Based upon whether or not the PPO's request can be accommodated in accordance with the appropriate application of the affected TSP's(s') tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements and/or general system operations, the PPO and all of the affected TSPs should work together to resolve the PPO's request.

Where the affected TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, no additional communications are required. These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures.

*Proposed NAESB WEQ Standard:*

S13F The Regional Transmission Organizations, Independent System Operators, independent transmission operators, and/or Power Plant Operators should sign up to receive operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s), pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35, and 5.3.37, unless the party(ies) needing the information has arranged to receive it through an alternative communication process(es).

*Proposed NAESB WGQ Standard:*

S14F A Transportation Service Provider should provide Regional Transmission Organizations (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO), and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2, and 5.3.35 – 5.3.38.

*Proposed NAESB WEQ Standard:*

S15F Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and the performance obligation (i.e., firm (fixed or variable quantity) or interruptible) of its procured gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.

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*Proposed NAESB WEQ and WGQ Standard:*

S16F Regional Transmission Organizations, Independent System Operators, other independent transmission operators, independent Balancing Authorities and/or Regional Reliability Coordinators should establish written operational communication procedures with the appropriate gas Transportation Service Provider(s) and/or Power Plant Operator(s). These procedures should be implemented when an extreme condition could occur, as defined in such procedures.

These procedures will govern unless the applicable parties in the gas and electric industry mutually agree to create alternative written communication procedures that are more appropriate and meet the parties' collective regional operational needs.

Training on and testing of such communication procedures should occur periodically.

**PROCESS USED TO DEVELOP THE NAESB COMMUNICATION BUSINESS PRACTICES**

The NAESB standards development process<sup>5</sup> is well-established and robust. The standards development process recognizes the principles of openness, transparency and balance of interests and provides the ability for NAESB to serve as a forum for the development of consensus-based standards. The same standards development process is used by all of the NAESB quadrants, except that all requests for standards that affect the WEQ must be submitted to the Joint Interface Committee (JIC), a group consisting of members from NAESB, the North American Electric Reliability Council and the ISO-RTO Council<sup>6</sup>. The NAESB standards development process is briefly discussed below.

Upon receipt of a request for standard, the NAESB Triage Subcommittee meeting is conducted to determine whether the request is within the scope of the organization; if so, which quadrant(s) should work on the request, and further which subcommittees within that quadrant should develop the standard(s). Then, for the WEQ-assigned requests, the JIC further evaluates whether the request should be developed by NAESB or NERC, with business practice related requests being assigned to NAESB and reliability related requests being assigned to NERC. Assuming the JIC assigns the request to NAESB for development, the WEQ EC will affirm the Triage Subcommittee recommendation and work will begin at the subcommittee level. All JIC meetings are open to any interested party and are transcribed.<sup>7</sup>

Full participation, including voting rights, is open to any interested party in all EC subcommittees, and participation is available for all meetings through teleconferencing and/or web-conferencing. Additionally, in-person subcommittee meetings are held at geographically diverse locations. EC subcommittees use balanced voting for non-administrative motions. Balanced voting procedures provide that each segment of a quadrant holds two votes to be apportioned equally to those participants of the segment present at the meeting either in person or by phone, with no individual having more than one vote<sup>8</sup>. The effect of balanced voting is that the interests of each industry segment participating at the meeting are represented without regard to number of segment participants in attendance. After the subcommittee completes its work on the standard, it prepares a recommendation for

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<sup>5</sup> NAESB's standards development process is patterned after the GISB procedures.

<sup>6</sup> The Joint Interface Committee was established through a Memorandum of Understanding that may be accessed from the NAESB web site: [http://www.naesb.org/pdf/memorandum\\_of\\_understanding.pdf](http://www.naesb.org/pdf/memorandum_of_understanding.pdf).

<sup>7</sup> To order the transcripts from JIC meetings, please contact the NAESB office.

<sup>8</sup> Balanced voting procedures, including examples of how the procedures are applied, are discussed in the NAESB Operating Practices. All NAESB Governance Documents can be downloaded from the NAESB web site at <http://www.naesb.org/materials/gov.asp>.

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consideration by the EC. Prior to the EC's review of the recommendation, the recommendation is posted for industry comment<sup>9</sup> for a minimum of thirty days. However, the drafting subcommittee may choose to hold multiple comment periods prior to completion of the recommendation.

During the EC's review of the recommendation, the EC processes the industry comments, makes any changes it deems necessary, and takes a vote. A recommendation must pass the EC of each applicable quadrant by a super-majority vote - an affirmative vote of at least 67 percent from each applicable quadrant EC and 40 percent from each of the segments of that quadrant. After passage by the EC, the recommendation is posted for ratification for thirty days and must receive an affirmative vote of 67 percent of the members of the applicable quadrant.

To refer to the meeting minutes, voting records and comments regarding the business practices adopted by NAESB for coordination of communications as related to request no. R04021, please access Appendix 1 of this report. Similarly, to refer to the ratification ballot, member voting record, comments and listing of relevant transcripts, please access Appendix 2 of this report. The originating standards development request, Request No. R04021 may be accessed in Appendix 3 of this report.

### **GAS-ELECTRIC INTERDEPENDENCY ISSUES**

In addition to the organization developing business practices, the Board of Directors of NAESB determined that the issue of gas-electric coordination was of sufficient strategic interest that they formed a board committee. Over the past six months, the board committee - Gas-Electric Interdependency (GEIC) - met to identify issues that warranted additional industry attention, but that may not necessarily result in standards development activities by NAESB. Their findings are noted below, along with the basis for developing the issues list and the link to work that had been undertaken by NERC.

#### ***Basis for Issues Development***

Fundamentally the differences between the natural gas and electric industries pose inherent challenges to the interaction of the industries. These differences include but are not limited to the following.

- The lead time necessary to prepare for load fluctuations is shorter for the electric industry than the natural gas industry due to the inherent physical limitations of natural gas.
- Due to the necessary response time of the electric industry, instrumentation is necessarily much more precise both as to placement and timing than is the instrumentation in the natural gas industry.
- The electric industry is required to maintain a reserve margin to manage peak loads which depends on location but is generally 20%. Natural gas pipelines build capacity to match firm contractual commitments which in many cases include peaking needs of their customers. Conversely, natural gas pipelines have no cost recovery mechanism for capacity not supported by contracts.

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<sup>9</sup> Comments on recommendations are welcomed from an interested industry participant, regardless of NAESB membership status.

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- In balancing the “utility model” and the “market-driven model”<sup>10</sup>, the interstate gas industry and FERC have fully adopted a market-driven model wherein capacity is built to fulfill request of contract customers. The power industry is still managing a balance between the two models, wherein utility reliability is maintained while accommodating and supporting market-driven transactions. This difference in models underlies the differences in capacity construction decisions.
- Load curtailment prioritization is not consistent between industries for peak day accommodation.

## **CONSIDERATIONS**

As the issues are reviewed, several factors should be considered that contribute to the complexity of the interdependency for the gas and electric markets. Some of the factors are a simple recognition of industry practices in place today. Those considerations include:

- The regulatory framework for the wholesale gas market and the wholesale electric market are quite different. The electric market has a more complex regulatory framework. Consideration should be given that the gas framework not become overly complicated when addressing interdependency issues.
- The severity of the coordination issues and the relationship of the day-ahead electric market to the real-time electric market may vary significantly across regions, and this factor should be considered when reviewing the issues identified. As the issues are addressed, consideration should be given that costs not be imposed on regions where the issue is not present.
- When addressing the issues which incorporate regional differences, it should be considered that such incorporation may not be possible to entities, such as long-line pipelines, that do business across multiple regions.

## ***Issues Identified***

Following is a chart showing the issues identified along with a category as noted: (1) indicating policy direction and decisions from federal, state or provincial regulatory agencies or other groups, including issues between contractual parties, (2) appropriate for review for NAESB standards development, (3) appropriate to be forwarded to NERC for consideration for reliability standards development, (4) appropriate for review as regional issues, and (5) a national infrastructure concern. There can be more than one category assigned to a given issue.

In review of the chart, please note that the items are not grouped in any particular order to designate importance or the severity of the issue. These issues are of a long term nature and a considerable portion of the short-term concern on interdependency may be addressed through the communication standards noted earlier in this report.

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<sup>10</sup> For purposes of this discussion, “utility model” is one wherein capacity is built for anticipated requirements and all users are required to pay for all capacity. The “market-driven model” is one in which capacity is built only for discrete customers who have requested and contracted for that capacity, and in which customers pay only for the capacity for which they have contracted. By way of example, in the power industry, transmission and local distribution tend to follow the “utility model”, while generation and the sale of the electric commodity in wholesale markets tend to follow the “market-driven model”.

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| # | Cat.    | Description/Notes  |
|---|---------|--|
| 1 | 2       | <p><i>Issue:</i> Gas-fired generators are not communicating well with the pipelines, which may result in gas-fired power generation coming online and taking natural gas without the prior nomination of pipeline capacity or taking natural gas but not taken evenly across the 24 hour period for which the gas was nominated – which may cause operational issues for the natural gas pipelines.</p> <p><i>Note:</i> NAESB is addressing part of this issue through the communication standards contained within this report, and as related to Request No. R04021.</p>   |
| 2 | 1-3-4   | <p><i>Issue:</i> Some gas fired generators will come online although they have been informed by the pipeline that the pipeline cannot support their burn rates.</p> <p><i>Note:</i> This is a contractual and regulatory issue and may indicate that a monitor and/or “hotline” for violations is warranted. Incentives and/or penalties for load management/balancing could be a potential remedy.</p>  |
| 3 | 1       | <p><i>Issue:</i> Generally speaking, burning gas without authorization and/or replacing the gas back into the pipeline timely is an issue.</p> <p><i>Note:</i> Terms are typically addressed in the contracts between the parties, thus making this issue a commercial one. The note as addressed in item 2 above is also applicable.</p>  |
| 4 | 1-4-5   | <p><i>Issue:</i> Many electric market designs allow generators to assume risk on the availability of interruptible transportation while relying on those same generators to provide power to the grid on a non-interruptible basis. Moreover, the economics are such that to maintain a competitive stance, independent power plants are disincented to purchase firm gas and/or pipeline capacity. In addition, many gas-fired plants were assumed to be available to serve in contra-seasonal peaks. This assumption may no longer be valid.</p> <p><i>Note:</i> The infrastructure was initially designed for gas to be delivered to a city gate and is now being used to support, in many cases on an interruptible basis the requirements of power generators but does not provide enough interruptible capacity in some parts of the country to support such interruptible generation in conditions of extreme demand. However, several factors may warrant the assumption of risk in purchasing interruptible gas service, including the availability of flexible pipeline capacity, long term planning of supply of gas for generation uses, and fuel use diversity.</p> |
| 5 | 1-2-3-4 | <p><i>Issue:</i> The relative timelines of electric markets and gas nominations creates a situation in which a generator can actually pay for firm gas transportation and yet only get lower-quality secondary service.</p> <p><i>Note:</i> Because of the mismatches in timelines, the benefits of firm gas transportation service may not be achieved by the power generator. NAESB has a request, R04020 assigned which addresses the electric timelines and a energy day request that addresses some of the mismatch between the two markets. Work has not begun on either request to date, although both requests have been processed and assigned, including processing through the Joint Interface Committee for assignment to NAESB.</p> <p>However, this is also a regulatory concern -- the gas timelines are embedded in FERC regulations and both a regional and reliability concern because the reliability of the power grid depends on the electric schedules and the regional</p>  |

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and the Gas and Electric Interdependency Report**

| # | Cat.    | Description/Notes   |
|---|---------|---|
|   |         | groups such as the ISOs and RTOs oversee the implementation of their respective market designs.   |
| 6 | 1-2-3-4 | <p><i>Issue:</i> The ISO/RTO Council (IRC) has expressed concern that NAESB should not alter their market timelines through standard development as this is a regional implementation – not a national concern.</p> <p><i>Note:</i> The issue raised by the IRC is addressed in part though NAESB Request No. R04020 on electric schedule timelines. It is also a regulatory concern because of the OASIS FERC regulations, and is both a NERC and RTO issue because reliability of the power grid depends on the electric schedules and the regional groups such as the ISOs and RTOs oversee the implementation of their market designs.</p>  |
| 7 | 1-5     | <p><i>Issue:</i> On cold days (i.e. on peak gas consumption days) there is not enough interruptible transportation (unused firm capacity of the contract holder) to meet the gas demand served through that type of transportation. This situation results from the statutory design that the gas industry builds pipelines and capacity based on firm contracts only. In recognition of this design, gas LDCs purchase their own "reserve" capacity in the form of additional firm pipeline service. This recognition, however, is not widespread in the electric market community, where some electric regulators have not been willing to give electric utilities cost recovery for the same level of "reserve" transportation for a peaking generator.</p> <p><i>Note:</i> Power generators holding firm transportation agreements to meet peak demand would necessarily have unused capacity on pipelines when demand requirements are not at peak levels. LDCs have similar periods where capacity is not needed to meet their demand requirements.</p> |
| 8 | 1-5     | <p><i>Issue:</i> Gas LDCs purchase their own "reserve" capacity in the form of additional firm pipeline service, but electric regulators have not been willing to give electric utilities cost recovery for the same level of "reserve" transportation for a peaking generator.</p> <p><i>Note:</i> The infrastructure was initially designed for gas to be delivered to a city gate and is now being used to support, on an interruptible basis, the requirements of power generators. Purchasing firm service for peak day demand may lead to overbuilding<sup>11</sup> the infrastructure where it can be expanded – so other services may be required.</p>  |
| 9 | 1-5     | <p><i>Issue:</i> Where voluntary arrangements between pipeline shippers could accommodate the real-time generation market (e.g. instantaneous diversion of gas from an LDC to an adjacent market) neither the pipeline nor releasers of capacity are allowed to charge short-term rates that would match the instantaneous market value of capacity to a peaking generator. Further, the ability of pipeline tariff terms (e.g., nomination cycles and release procedures) to accommodate such arrangements vary as to their flexibility. Modifications to policy would enable</p>  |

<sup>11</sup> Overbuilding can occur when the customer need for capacity is only intermittent or short-term (such as a peaking generator), thus creating significant amounts of empty space for the rest of the year. In that instance other services are needed to fill the gap in order to finance the cost of new capacity. In the case of electric generation typically the empty new capacity would be available at times when other firm capacity is also available meaning both would be discounted by the market. This would seriously undermine the financing of the new capacity.

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|    |       | <p>pipelines and releasers of capacity to charge peaking generators short-term rates.</p> <p><i>Note:</i> Historically, pipelines have used a combination of firm pipeline capacity, pipeline contracts, storage, balancing, parking services and curtailment priorities to mitigate fluctuating load requirements. Pipeline tariffs are designed to insure reliable service to all customers, so any accommodation of such voluntary arrangements would require a process to be certain there was no adverse impact on other customers. Should such arrangements be incorporated into tariffs, business practices can be developed for support. As for rate flexibility, in the past the Commission has experimented with market-based pricing for released capacity. Short-term monetizing of load price fluctuation (hourly, daily, weekly and seasonally) as well as daily and hourly volume accommodation may be appropriate for consideration.</p>  |
| 10 | 1-2-5 | <p><i>Issue:</i> If voluntary arrangements between pipeline shippers are created that accommodate the real-time generation market (e.g. instantaneous diversion of gas from an LDC to an adjacent market), business practices could be drafted that support the trade of gas from an LDC to an adjacent market.</p> <p><i>Note:</i> Pipeline tariffs are designed to insure reliable service to all customers, so any accommodation of such voluntary arrangements would require a process to be certain there was no adverse impact on other customers. Should such arrangements be incorporated into tariffs, business practices can be developed for support.</p>  |
| 11 | 1     | <p><i>Issue:</i> If society is not willing to pay for firm transportation for peaking capacity, then regulators may want to consider, at the state and local level, an emergency response program that determines whether - at times of unanticipated extreme demand that requires emergency relief - it is better to interrupt electric demand being served on an interruptible basis or perhaps curtail other firm gas customers so that gas generators who have not contracted for firm services can be served for the "better social good." The curtailment activity would address emergency situations in which gas is being administratively redirected according to essential human needs criteria or other "social" factors. In the DOE Gas Disruption Analysis project, the ultimate end-game for state regulators is the valuation of essential human needs generation on a level playing field with other essential human needs users of gas. Redirecting gas from a customer with firm supply during a winter crisis, to a generator who ran out of interruptible supply should never happen.</p> <p><i>Note:</i> This action would require regulatory changes and is a key aspect of the coordination difficulties between the gas and electric markets. The notion of end-use-based redirection of gas to a generator who just ran out because he didn't pay for firm supply, by taking gas away from someone else who did pay for firm supply, is not something that should ever happen just because winter came when the Weather Channel said it would.</p> |
| 12 | 1-2   | <p><i>Issue:</i> Some pipelines or LDCs may not break down the volumes at meters where there is more than one contract volume due to the confidential nature and market sensitivity of the information. This information may be necessary for RTOs, ISOs and independent balancing authorities for grid operations where the gas is used for power generation.</p> <p><i>Note:</i> Business practices can be written to report volume breakdowns so that</p>  |

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|    |       | volumes destined for electric generation can be identified after the confidential nature of the market data has been addressed.  |
| 13 | 1-2-3 | <p><i>Issue:</i> In California ISO's comments to NAESB regarding its development of business practices for Request No. R04021, they discussed a network of informed contacts available as coordination issues arise. This contact approach may be applicable on other than a regional basis, such that all operating areas should have "Dedicated Lines" between key offices within that operating area and possibly adjoining connected areas to support informed and timely decision making.</p> <p><i>Note:</i> Business practice standards can be written to implement a "hot line" that would respect any needed regional differences. Communication standards development was undertaken by NAESB and the results of that effort are presented in this report.</p> |

To refer to the meeting minutes, voting records and comments regarding the issues list above, please access Appendix 4 of this report. Appendix 4 also lists the relevant transcripts and committee work papers.

**Coordination with NERC**

On June 15, 2004, the NERC Board of Trustees approved several recommendations related to gas-electric coordination<sup>12</sup> are shown below, and many of the actions taken by the NAESB Business Practices Subcommittees in drafting the coordination standards and the discussions held by the NAESB Gas-Electric Interdependency Committee are supportive of those NERC recommendations. In particular, the NAESB efforts address, in part, recommendations 2, 5, and 7:

- Recommendation 2 NERC reliability coordinators or their delegates, subject to appropriate treatment of commercially sensitive information, should develop regular, real-time communications with pipeline operators about disturbances that could adversely impact the reliability of either the electric systems or the gas pipeline.
- Recommendation 5 NERC should include analysis of fuel infrastructure contingencies that could adversely impact the reliability of the electric systems in the NERC planning standards.
- Recommendation 7 NERC should, in concert with other energy industry organizations, formalize communications between the electric industry and the gas transportation industry for the purposes of education, planning, and emergency response.

NAESB has a strong working relationship with NERC and will continue to coordinate its standards development efforts with NERC to meet the needs of the two markets.

**CONCLUSIONS AND SUMMARY**

NAESB appreciates the support of the FERC in providing Mr. Miles to facilitate the NAESB standards drafting sessions. Through very aggressive meeting schedules, and with Mr. Miles'

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<sup>12</sup> The NERC recommendations may be accessed from [http://www.nerc.com/pub/sys/all\\_updl/docs/bot/Agenda-Items-0604/Item3-Attach1.pdf](http://www.nerc.com/pub/sys/all_updl/docs/bot/Agenda-Items-0604/Item3-Attach1.pdf).

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facilitation, the WEQ and WGQ prepared joint business practices in a very short time frame. We hope these business practices will prove helpful to the two industries.

Similarly, the issues list provided with the categories indicates that action may be needed if further progress is to be made in improving the coordination of the gas and electric industries. While this issues list presents a wide range of possible actions, it must be noted that the electric industry has regional characteristics which many parties wish to preserve. In contrast, the gas industry employs a North American Energy Standards Board model. It is inherently difficult to address issues based on the difference in focus between the two industries. We hope that the issues list will spur the needed entities to consider actions they may take to improve coordination.

Adding emphasis to the need for better coordination is the Department of Energy's statistics that the use of natural gas to generate electricity ranges from 5,206 Bcf in 2000 to 5,352 Bcf in 2004. From 2003 to 2004, the use of natural gas to generate electricity saw an increase of 4.2%, while the overall consumption of natural gas stayed relatively flat – less than a 0.3% change.<sup>13</sup>

Extraordinary coordination among regulators, NERC, NAESB and industry participants of both the natural gas and electric wholesale markets is crucial if the issues identified are to be resolved. As the issues list demonstrates, many of the items require the attention of more than one of the groups. Also evidenced by the issues list, resolution of many of the items will be based on decisions neither made nor taken by NAESB.

Specific to NAESB, before NAESB can move further in developing business practice standards to address the coordination of the two industries, policy direction and industry willingness for change is required – otherwise, we may be in the position of developing business practices and striving to achieve industry consensus for standards that the industry is not convinced are needed. This collaboration will require that the parties put aside parochial interests and look to solutions that benefit the industries as a whole. Optimally, the contributors to developing business practices should be creative individuals with knowledge of the workings of both the gas and electric wholesale markets. Driving the development of business practices would be a qualitative cost-benefit analysis, with a focus on creation of standards that are less intrusive to already adopted wide-spread business practices and that recognize regional differences.

For the two outstanding requests R04016 (Energy Day assigned to both the wholesale gas and wholesale electric quadrants) and R04020 (Electric Market Timelines assigned to the wholesale electric quadrant); the requests have already been assigned to NAESB for action both by the NAESB Executive Committee and by the Joint Interface Committee. The requests have not been addressed at this time –through suggestions of the NAESB Executive Committee approved by the Board of Directors, as attention was focused on the communication and coordination standards reflected in request R04021.

## **NEXT STEPS**

The Board recognizes that requests R04016 and R04020 are symptoms of many of the issues identified, and as such, charges the Board Committee with the development of a standards development request that reflects the intent of both of these requests and includes other aspects of gas-electric interdependency that are reflected in the issues lists (such as issues #5, #10 and #12) and targeted for business practices development. The request, once developed, would be reviewed by the Board for inclusion in the NAESB Annual Plan, and would be processed through NAESB's normal process for standards. In having the Board Committee

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<sup>13</sup> In 2003, 5,135 Bcf were used to generate electricity compared to 2004 figures of 5,352 Bcf. Figures provided by the Energy Information Administration, Natural Gas Monthly April 2005.

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develop this request, the organization would take full benefit of the work that contributed to the creation of this report, and will reflect the knowledge gained through this process. The Board would approve the draft request before submitting such request for processing and in this manner ensure that the industry support as presented by the Board of Directors, is indicated.

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**Wholesale Electric Quadrant Report**  
**Table of Appendices**

(effective 06/27/05)

**Appendix 1:           Related Minutes and Voting Records Regarding the Standards**

NAESB Energy Day Subcommittee Meetings:

- December 1-2, 2004
- January 24-25, 2005
- February 9-10, 2005
- March 1-2, 2005
- March 21-22, 2005
- April 6-7, 2005
- April 18-19, 2005
- April 25-26, 2005

Executive Committee Meetings:

- February 8, 2005 Conference Call
- May 26, 2005 Conference Call
- May 31, 2005 Conference Call

Joint Interface Committee Meetings:

- September 21-22, 2004

**Appendix 2:           Ratification Ballot, Member Voting Record and Comments Regarding the Standards**

Ratification Ballot for Recommendation R04021 (WEQ) – Due July 8, 2005

Request for Comments on Recommendation R04021 – Due May 25, 2005

Comments Submitted by:

- American Electric Power
- American Gas Association
- California ISO
- Conectiv
- Duke Energy Corporation
- El Paso Electric Company
- Entergy
- Entergy Services, Inc. Gas Group
- Mewbourne Oil Company
- the Pipeline Segment
- Progress Energy Carolinas
- Tennessee Valley Authority
- We Energies

**Appendix 3: Requests for NAESB Standards**

Request No. R04016  
Request No. R04020  
Request No. R04021

**Appendix 4: Related Board and Board Committee Minutes and Work Papers**

Board Gas-Electric Interdependency Committee:

November 17, 2004 Conference Call

February 1, 2005 Conference Call

March 31, 2005 Meeting

May 17, 2005 Meeting

Board of Directors Meetings:

September 16, 2004 Meeting

March 3, 2005 Meeting

June 22, 2005 Meeting

Correspondence from the NAESB Advisory Council

**Appendix 5: Transcripts**

List of Available Transcripts

Procedures for Ordering Transcripts

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Committee Meetings:

February 8, 2005 Conference Call  
May 26, 2005 Conference Call  
May 31, 2005 Conference Call

Joint Interface Committee Meetings:

September 21-22, 2004



# North American Energy Standards Board

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**TO:** Wholesale Gas Quadrant Business Practices Subcommittee, Wholesale Electric Quadrant Business Practices Subcommittee, and Interested Parties

**FROM:** Laura Kennedy, Meeting/Project Manager

**RE:** Final Minutes of WGQ BPS and WEQ BPS Energy Day Meeting December 1-2, 2004

**DATE:** December 5, 2004

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## **WGQ BPS and WEQ BPS Energy Day Meeting**

**Brooklyn, NY hosted by KeySpan Energy**

**December 1-2, 2004**

**Final Minutes**

### **1. Administrative Items**

Mr. Novak opened the meeting and reviewed the meeting agenda. Mr. Novak stated that after the introductory presentations and scoping questions, the meeting would be facilitated by Mr. Miles, Director of Dispute Resolution Services, FERC.

Mr. Lukas, the Vice President of KeySpan Energy, welcomed the meeting participants and spoke to the group regarding the importance of better communication between electric and gas industries. Mr. Lukas stated the goal should be to find the most efficient solution to match the character of the two commodities and more efficiently utilize existing assets and endeavor to meet the demands of both industries.

Ms. Kennedy read the antitrust advice. Ms. Lauderdale made a motion, seconded by Mr. Cox to adopt the agenda. The agenda was adopted absent objection.

### **2. Requesters Presentation(s) – R04016**

The requestors of Request No. R04016 presented background on the intent of the request and what they hoped to achieve when the request was submitted. Mr. Kruse's presentation is posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps120104w5.ppt](http://www.naesb.org/pdf/weq_wgq_bps120104w5.ppt). Mr. Kruse explained that Duke Energy Gas Transmission submitted the request with Dolores Chezar of KeySpan Energy. Mr. Kruse explained the motivation to submit the request came from the interconnectivity of both the gas and electric industries: electric generation is playing a large and growing part of service the natural gas energy provides and natural gas is a growing component of electric generation. The core goal of the request is to put the gas and electric industries on the same day that corresponds to off peak time for both industries. Mr. Kruse explained that the current gas day begins in the middle of the morning peak times on the East coast.

Ms. Chezar explained she had been active when the gas day was established and was a member of the NAESB Gas Electric Coordination Task Force (GECTF) that was established by NAESB as a result of a request to modify the gas timelines and the gas day to coordinate electric scheduling. Ms. Chezar said she began to realize at the GECTF meetings that electric generators face significant problems as they nominate gas prior to knowing their gas demands. Ms. Chezar stated even though there is a need to amend the gas nomination cycle to provide better coordination, she is convinced there is no way to effectively rationalize the gas nomination cycle to meet the needs of electric scheduling, unless electric scheduling operates on a standard timeline. Ms. Chezar said she viewed this request as a first step to be considered along with Request R04020 that was submitted by TVA to standardize electric timelines before the gas nomination cycles are changed.



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In responses to questions on gas day, the 9:00 AM to 9:00 AM central clock time was chosen to accommodate the physical nature of gas and logistical problems of making flow changes in the middle of the night. Similarly, the reason for the midnight to midnight day for the electric industry was dependent on the time zone and is in place because the electric industry is a twenty-four hour a day operation and the calendar day fits with the peak times for the industry.

### 3. High Level Overview Presentation(s)

Mr. Oberski made a presentation to explain the wholesale electric day and the electric market timelines, and the problems the electric industry faces by trying to coordinate with the existing gas day. This presentation can be viewed on the NAESB web site at [http://www.naesb.org/pdf/weq\\_wgq\\_bps120104w3.ppt](http://www.naesb.org/pdf/weq_wgq_bps120104w3.ppt). Mr. Buccigross made a presentation to explain the current gas day and the gas nomination cycles. This presentation can be viewed on the NAESB web site at [http://www.naesb.org/pdf/weq\\_wgq\\_bps120104w4.ppt](http://www.naesb.org/pdf/weq_wgq_bps120104w4.ppt).

### 4. Scoping Questions

The WEQ and WGQ BPS chairs provided a list of initial scoping questions to begin the process of determining the scope of Request R04016 and the Energy Day committee. The questions were viewed by the chairs as what would be answered during the facilitated session with Mr. Miles. These questions were:

1. What is the request to address?
2. What is the request not to address?
3. What problems should the request address?
4. Are the gas/electric timelines part of the request or not?
5. Should this be an iterative process with strawman models developed?
6. Should R04020 be part of this effort?

Members of the group provided additional questions to be added to the list. The complete list of scoping questions can be viewed on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps120104w10.doc](http://www.naesb.org/pdf/weq_wgq_bps120104w10.doc), and is provided as an attachment to these minutes.

### 5. Issues on Energy Day

Mr. Miles asked the group to begin discussion with Question 1: "What is the request to address?" Ms. Chezar responded that electric timelines should be included otherwise any energy day would have to be amended once electric timelines are put in place. Further, she noted the best approach would be to establish electric timelines and work backwards to establish the energy day.

In responses to questions on additional education on the electric market operation, Mr. Busch was directed to presentations that had been made several times during the GECTF meetings. All presentations are posted on the NAESB web site. There was disagreement by the attendees on the value of further educational presentations that would repeat those given at the GECTF meetings. Mr. Kardas identified three issues to be addressed in order to establish a standard energy day. The first issue is the time of day the energy day will begin and end, such as midnight to midnight or 9:00 AM to 9:00 AM. The second issue is time zone and how it is applied to the energy day, and the third issue is the coordination of scheduling timelines, which is different for the gas and electric industry.



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It was noted that there are several competing meanings for energy day: it can reflect nomination periods, and actual flows from a natural gas market perspective, and similarly, a twenty-four hour accounting period for hourly schedules and market timelines from and electricity market perspective. To address these differences, Mr. Miles suggested the group define "energy day," by answering questions one, two, and three. Ms. Chezar stated energy day defines what the hours are in each of the time schedules. Ms. Lauderdale stated members of Edison Electric Institute view energy day to include not only nominations and scheduling, but also accounting periods as well.

Mr. Miles suggested the group identify all the interests each industry is trying to preserve so that the group will have a better idea of how to accommodate all of the interests during the remainder of the process. Mr. Miles asked the group to identify what they think energy day ought to achieve on a general level. The interests identified included deliverables, avoidance of scheduling conflicts, product definition, trading efficiency, scheduling and trading on electric side occurs at the same time as gas, reduce discrepancies, address disconnects between scheduling between gas and electric, reduce market risk, satisfy, customer needs. The entire list of the interests of the group were captured in the document posted on the NAESB website at ([http://www.naesb.org/pdf/weq\\_wgq\\_bps120104w10.doc](http://www.naesb.org/pdf/weq_wgq_bps120104w10.doc)), and is provided as an attachment to these minutes.

It was noted by several that the key issue for energy day to address is the current requirement of electric generators receiving deliveries of natural gas and committing to power generation prior to being able to schedule for that power to be supplied to the market. Energy day should address this specific mismatch that makes natural gas difficult to use as a fuel for electric generation. Another difficulty noted was the electric day being split over two gas days.

An overall organizational concern raised by several participants was whether the electric scheduling timelines should be considered during energy day discussions or whether energy day will have a more limited definition, and timelines would be addressed in separate meetings. Further it was noted that the current gas nomination cycle cannot be changed to work with all of the electric timelines, and there uniform electric scheduling timelines would facilitate discussions on the need for changes to the gas scheduling timelines. Others suggested that the group establish the order of electric scheduling and gas nominations and then work backwards to establish the energy day.

It was observed that a circular argument was surfacing in this discussion. The electric generators need the gas timelines to change to help their process, but the gas industry is unable to change the gas timelines until the electric industry standardizes their energy day and scheduling timelines. As such, discussion of Request R04020 is warranted before energy day can be fully discussed.

Electricity market participants added that there are legitimate reasons why the electric timelines are different across the country – one of the most important being that the staggering of the timelines makes the electric market more efficient and supports reliability.

The requestors noted that establishing a standard energy day (R04016) was needed to promote the effective working of the marketplace for both industries, and supported agreement on a common energy day as a first essential step to build on other benefits that could be achieved by standardization. Once a common energy day was established then electric scheduling issues and changes to the gas scheduling timelines could be considered. As a threshold, the gas industry representatives were not interested in considering changes to the gas day or the gas nomination periods if the electric industry was not willing to agree that coordination



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problems existed which would point towards a review of electric and gas scheduling timelines and the need for an energy day standard to be established.

It was noted that the concerns are that the current electric day spans two gas days, and establishing a uniform energy day does not necessarily mean that the electric industry has to change the scheduling timelines. Most electric industry representatives consider Request No. R04020 will result in changes to electric timelines. Currently, Request R04020 is assigned to the NAESB Wholesale Electric Quadrant. It was further noted that most ISOs and RTOs did not read Request No. R04016 to include market timelines, and establishing an energy day without considering making changes to the market timelines will not pose a significant concern for the ISOs and RTOs. Several RTOs and ISOs in the audience did not refute this assertion. Further it was noted that this subcommittee should decide either to separate gas scheduling timelines and electric scheduling timelines from energy day or to determine that they should all be considered together.

Several noted that the issues raised in Request R04020 (electric scheduling timelines) should be considered as a part of the energy day process, but when the time comes to vote on standards, each quadrant will vote on what will become their own standards. It was observed that if this body cannot reach an agreement on energy day and scheduling timelines, an answer could be reached in a regulatory fashion.

The sponsors of Request No. R04020 (electric scheduling timelines) noted that the request was drafted after the WEQ Seams Committee catalogued over one hundred Seams issues and asked for volunteers to review and develop requests on specific items in the catalog. The request was not drafted in light of gas and electric industry synchronization, but in light of cost mitigation stemming from day to day markets having to confirm ahead of time on the day ahead market.

After discussion of the "Interests," list contained in the Scoping Questions document, the committee modified the list. The final list can be viewed on the NAESB web site at [http://www.naesb.org/pdf/weq\\_wgq\\_bps120104w10.doc](http://www.naesb.org/pdf/weq_wgq_bps120104w10.doc).

### **6. Scope Documentation and Verification**

The committee proceeded to address the scoping questions. It was suggested that a scoping statement be drafted so the committee knows what strawman proposals should address and to know the direction the committee will take. Mr. Bray agreed that strawman proposals cannot be drafted until the scope identifies the problems that need to be addressed.

The committee drafted a scoping statement for the request. The scope was supported by the participants to be:

"To develop a standard energy day that would apply to both the electric and gas industries that would foster the coordination of scheduling between electric and natural gas and allow both the electric and gas industries to more closely match fuel deliveries to generation requirements."

This statement is also located in the Scoping Questions document, located on the NAESB web site at [http://www.naesb.org/pdf/weq\\_wgq\\_bps120104w10.doc](http://www.naesb.org/pdf/weq_wgq_bps120104w10.doc).

It was again reiterated that the scope ought to include R04020 as a complementary effort to Request No. R04016. .

### **7. Next Steps**

The committee then discussed the way in which progress will be made to further the energy day effort. The proposals are listed in the Scoping Questions and Interests document under



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“Options,” posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps120104w10.doc](http://www.naesb.org/pdf/weq_wgq_bps120104w10.doc).

As a suggestion for the way to approach drafting strawman proposals, the drafters should consider current guidelines for both the gas and electric quadrants, come up with an energy day, work separately on timeline issues, and reconvene with both quadrants to see if implementation would be possible. There was disagreement among the participants on whether the quadrants should work separately, because many issues could be resolved if the groups work together.

It was offered that the first step should be a consensus among the subcommittee that there is a common twenty-four hour period called “energy day.” After the group agrees that there will be the same twenty-four hour period, the group should come up with two or three additional times for each quadrant to examine and report back to the larger group on what will work for the industry. There was disagreement on this approach because it would not be productive for each industry to work separately. It was elaborated that would be more useful to identify a handful of individuals who understand both industries to develop a strawman proposal to present to the group and explain why the conclusion was reached. After that, the large group can use the proposal as a starting point for any changes that are necessary. Dominion volunteered to prepare a strawman proposal that would take into account the timelines for both gas nominations and electric schedules. Other groups were encouraged to do the same.

The presentations of strawmen would allow participants to gain a better understanding of how the two industries could work together and would provide hands on experience through the drafting of cross-industry proposals. It was noted that this would accelerate the process through the evaluation of these strawmen. The strawmen should address the question: “What problems should the request address?” Participants listed lack of coordination, imbalances and inefficiencies at certain points, mismatching in the scheduling process as answers to this question. Ms. Desselle answered question number three by saying the problems the request addresses is to better coordinate interdependencies of the two industries and that the GECTF report filed with the FERC identifies the problems sufficiently for strawman proposals to be drafted.

It was noted that if electric industry representatives not wanting to consider amending the electric timelines as a part of energy day are viewed as an impediment the energy day process, as the requestor of R04020, the Wholesale Electric Quadrant would be willing to consider the electric timelines as part of the energy day effort. In this way, the Wholesale Gas Quadrant can participate in the evaluation and potential modification of the electric timelines, but would not be able to vote on any potential changes to the timelines, as the Wholesale Electric Quadrant would be able to participate in the discussions on the gas scheduling timelines but would not be able to vote on them. Several participants agreed that the effort to standardize the energy day and the efforts to standardize the electric scheduling timelines and modify gas scheduling timelines cannot be separate and that R04020 should be considered by the whole group. It is accepted that each quadrant will vote separately on any proposed standard that would specifically result in standards for that quadrant.

Participants proposed three efforts to be undertaken. The first effort would be drafting a statement of the problem, the second effort would be to draft straw proposals for energy day and the third effort would be to examine how gas nomination timelines and electric scheduling timelines are coordinated. Each group would prepare strawmen and presentations for the next meeting. It was agreed that these efforts were more the nature of a logical order to the next few meetings and should be reflected as steps one, two, and three instead of specific efforts. It was agreed that the effort was a direction for the subcommittee as a whole.



# North American Energy Standards Board

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The subcommittee agreed to three steps. Step 1 is to develop a problem statement. Step 2 is to develop strawman proposals relating to energy day. Each proposal should describe the cost and benefits. Step 3 is to look at the interaction of gas nominations and electric scheduling timelines and provide presentations on the straw proposals, and to offer changes to the timelines as warranted. With this approach anyone can submit work papers for consideration at the next meeting to the NAESB office. Ms. McQuade reminded the group that any work papers should be submitted at least two weeks prior to the meetings. In light of this limitation, meeting dates and times will be announced at least one month prior to the meeting to enable two weeks to draft work papers and two weeks for work paper review.

Participants were reminded that it is incumbent on those present at the meeting to prepare work papers for consideration. Both Dominion and KeySpan offered to prepare work papers. As much detail as possible should be included in the strawmen for consideration by the subcommittee as a whole.

## 8. Other Business

No other business was discussed.

## 9. Future Meetings

The WEQ and WGQ BPS chairs will coordinate with the NAESB office to set the next meetings making sure ample time is allotted for proposals to be submitted at least two week prior to the meeting.

## 10. Adjournment

The meeting adjourned at 2:30 P.M.

## 11. Attendees

| Attendee         | Organization                    | Dec 1     | Dec 2     |
|------------------|---------------------------------|-----------|-----------|
| Phil Cox         | American Electric Power         | In Person | In Person |
| Michael Desselle | American Electric Power         |           | In Person |
| Mariam Arnaut    | American Gas Association        | In Person |           |
| Steve Zavodnick  | Baltimore Gas & Electric        | Phone     | Phone     |
| Tina Burnett     | Boeing                          | In Person | In Person |
| Brenda Anderson  | Bonneville Power Administration | In Person |           |
| Jim Busch        | BP                              | Phone     | Phone     |
| Paul McKelvey    | Chevron Texaco                  | In Person |           |
| Randy Mills      | Chevron Texaco                  | In Person |           |
| Jim Templeton    | Comprehensive Energy            | Phone     | Phone     |
| Scott Butler     | Con Edison                      | In Person | In Person |
| Ben Hadden       | Connectiv                       | Phone     |           |
| Lou Oberski      | Dominion                        | In Person | In Person |
| David Walker     | Dominion E & P                  | In Person | In Person |
| Craig Columbo    | Dominion Resources              | In Person | In Person |
| Iris King        | Dominion Transmission           | In Person | In Person |
| George Dawe      | Duke Energy                     | In Person | In Person |
| Ron Mizur        | Duke Energy                     | Phone     | Phone     |



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|                    |                                |           |           |
|--------------------|--------------------------------|-----------|-----------|
| Richard Kruse      | Duke Energy                    | In Person |           |
| Kathryn Burch      | Duke Energy Gas Transmission   | In Person | In Person |
| Laura Blue         | Dynegy, Inc.                   | In Person | In Person |
| Melissa Lauderdale | Edison Electric Institute      | In Person | In Person |
| Bill Griffith      | El Paso Western Pipelines      | In Person | In Person |
| Keith Sappenfield  | EnCana Corporation             | Phone     | Phone     |
| Marjorie Perlman   | Energy East                    | In Person | In Person |
| Lynnda Ell         | Entergy                        | Phone     | Phone     |
| Jimmy Smith        | Entergy Services               | Phone     | Phone     |
| Michelle Thire     | Entergy Services               | Phone     |           |
| Liz Moynihan       | Exelon Corp                    | In Person |           |
| Andy Swaminathan   | Exelon Power Team              | In Person |           |
| Eric Kuenzli       | Exelon Power Team              | In Person |           |
| Paul Sierer        | Exelon Power Team              | In Person |           |
| Richard Smith      | Exxon Mobil                    | In Person | In Person |
| Marv Rosenberg     | FERC                           | In Person | In Person |
| Rick Miles         | FERC                           | In Person | In Person |
| Brad Holmes        | Florida Gas Transmission       | In Person | In Person |
| Henry Barth        | Florida Power & Light          | Phone     | Phone     |
| Linda Campbell     | FRCC                           | Phone     |           |
| Randy Young        | Gulf South                     | In Person | In Person |
| Cheryl Hoffman     | Hoffman Paulson Associates     | In Person | In Person |
| Laurie Paulson     | Hoffman Paulson Associates     | In Person | In Person |
| Tom Gwilliam       | Iroquois Gas Transmission      | In Person | In Person |
| Mark Babula        | ISO New England                | Phone     | Phone     |
| Janie Nielsen      | Kern River Gas Transmission    | In Person | In Person |
| Dolores Chezar     | KeySpan Energy                 | In Person | In Person |
| Mary Brolly        | KeySpan Energy                 | In Person | In Person |
| Rich Montenes      | KeySpan Energy                 | In Person |           |
| Tom Amerige        | KeySpan Energy                 | In Person |           |
| Leigh Spangler     | Latitude                       | In Person | In Person |
| Alan Johnson       | Mirant                         | Phone     | Phone     |
| Rae McQuade        | NAESB                          | In Person | In Person |
| Denise Rager       | NAESB                          | Phone     |           |
| Todd Oncken        | NAESB                          |           | Phone     |
| Laura Kennedy      | NAESB                          | In Person | In Person |
| Louann Westerfield | NARUC                          | Phone     | Phone     |
| Michael Novak      | National Fuel Gas Distribution | In Person | In Person |
| Joe Kardas         | National Fuel Gas Supply       | In Person | In Person |



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|                  |  |           |           |
|------------------|--|-----------|-----------|
| Paul Love        | Natural Gas Pipeline   | In Person | In Person |
| Douglas Rudd     | New Jersey Natural Gas   | In Person |           |
| Kathy Ferreira   | New Jersey Natural Gas   | In Person |           |
| Bill Heinrich    | New York Public Service Commission<br>New York State Department of Public<br>Service | Phone     | Phone     |
| Dan Downs        |  | In Person | Phone     |
| Chris Maturo     | NiSource   | In Person | In Person |
| George Simmons   | NiSource   | In Person | In Person |
| Pete Connor      | NiSource   | Phone     | Phone     |
| Brian White      | NiSource   | In Person | In Person |
| Judy Hickman     | NiSource Pipelines   |           | In Person |
| Sam Vasto        | NJNG   | In Person |           |
| Micki Schmitz    | Northern Metro Gas   | Phone     | Phone     |
| Barry Lawson     | NRECA  | Phone     |           |
| Andy Bachert     | NYISO  | In Person | In Person |
| John Apperson    | PacifiCorp   | Phone     | Phone     |
| Kim Van Pelt     | Panhandle Eastern Pipeline   | In Person | In Person |
| Jeffrey Williams | PJM Interconnection  | Phone     | Phone     |
| Drake Kijowski   | PSEG   | In Person | In Person |
| Jim Westervelt   | PSEG   | In Person |           |
| Ken Brown        | Public Service Electric & Gas Company  | Phone     | Phone     |
| Suzanne McFadden | Puget Sound Energy   | Phone     | Phone     |
| Greg Paige       | Questor Pipeline   | In Person | In Person |
| Ed Anderson      | R.J. Rudden Associates   | In Person | In Person |
| Michael Mount    | R.J. Rudden Associates   | In Person | In Person |
| Bob Schwermann   | Sacramento Municipal Utility District  | In Person | In Person |
| Diane McVicker   | Salt River Project   | In Person | In Person |
| Mike Bray        | Shell Gas Transmission   | In Person | In Person |
| Richard Ishikawa | So Cal Gas   | In Person | In Person |
| Roman Bakke      | Southern California Edison   | In Person | In Person |
| Carl Haga        | Southern Company   | In Person | In Person |
| Jim Busbin       | Southern Company   | In Person | In Person |
| Joel Dison       | Southern Company   | Phone     | Phone     |
| Tony Reed        | Southern Company   | In Person | In Person |
| Charles Yeung    | Southwest Power Pool   | In Person |           |
| Kelly Daly       | Stinson Morrison Hecker  | In Person | In Person |
| John Bogatz      | Tenaska Marketing  | In Person |           |
| Mark Gracey      | Tennessee Gas Pipeline   | In Person | In Person |
| Kathy York       | Tennessee Valley Authority   | In Person | In Person |
| Valerie Crockett | Tennessee Valley Authority   | In Person | In Person |



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|                    |                                   |           |           |
|--------------------|-----------------------------------|-----------|-----------|
| Donna Scott        | Transwestern Pipeline             | In Person | In Person |
| Mark Wilke         | Truckline Gas Co.                 | In Person | In Person |
| Suzanne Calcagno   | UBS Energy                        | In Person | In Person |
| Jennifer Deegan    | Washington Gas Light Co.          | In Person | In Person |
| Chris Brown        | Western Area Power Administration | In Person |           |
| Jeffrey Ackerman   | Western Area Power Administration | In Person | In Person |
| Christopher Burden | William Gas Pipeline              | Phone     | Phone     |
| Dale Davis         | Williams Gas Pipeline             | In Person | In Person |
| Adele Zuroff       | Williston Basin                   | Phone     | Phone     |
| Barbara Kedrowski  | Wisconsin Electric Power Company  | Phone     | Phone     |
| Pat Fox            | Wisconsin Public Service Corp.    | In Person | In Person |
| Wayne Reed         | Xcel Energy                       | In Person | In Person |



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**TO:** Wholesale Gas Quadrant Business Practices Subcommittee, Wholesale Electric Quadrant Business Practices Subcommittee, and Interested Parties

**FROM:** Laura Kennedy, Meeting/Project Manager

**RE:** Final Minutes of WGQ BPS and WEQ BPS Energy Day Meeting January 24-25, 2005

**DATE:** February 3, 2005

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**WGQ BPS and WEQ BPS Energy Day Meeting  
Houston, TX hosted by NAESB  
January 24-25, 2005  
Final Minutes**

## **1. Administrative Items**

Mr. Desselle opened the meeting and welcomed the attendees. In opening remarks, Mr. Desselle stated that energy day is an important issue to many in the industry, as evidenced by the attendance at this meeting, and that it was a significant event to have the gas and electric industries meeting together to coordinate on these issues. Mr. Desselle emphasized the importance of this meeting to define the scope of our efforts, and as the marketplace evolves, there will be even greater dependence on gas for electric generation.

Mr. Desselle noted that FERC has requested NAESB to deliver standards on energy day by June 1, 2005 and expects progress reports between now and then. Business practices for energy day may need to accommodate regional differences, and the potential exists for the committee to come to the conclusion that nothing should be changed. If that is true, Mr. Desselle stated that NAESB Board members and officers will be called on to explain why the industry thinks no standards are needed and why the status quo is sufficient. He urged the group to achieve a joint consensus on what business practices are needed and said this joint subcommittee is the opportunity to set business practices before another event happens such as the New England cold snap in January 2004.

Ms. Van Pelt introduced the chairs of the WEQ and WGQ Business Practices Subcommittees and stated the meeting would be facilitated by Mr. Miles, FERC Director of Dispute Resolution Services.

Ms. Kennedy read the antitrust advice. Ms. McQuade suggested changes to the order of the presentations because Ms. Chezar was having travel difficulties. Mr. Sappenfield made a motion, seconded by Mr. Dison to adopt the revised agenda. The agenda was adopted absent objection. Mr. Oberski made a motion, seconded by Mr. Cox to adopt the draft minutes for the December 1-2, 2004 meeting as final minutes. The minutes were adopted absent objection. The final minutes for the December 1-2, 2004 meeting are posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps120104fm.doc](http://www.naesb.org/pdf/weq_wgq_bps120104fm.doc).

## **2. Review of meeting format and procedures**

Mr. Miles explained that he was present at the meeting solely as a facilitator to assist in the process. Mr. Miles said he was not at the meeting as an advocate for any particular model, nor was he present at the meeting as an evaluator. Mr. Miles reviewed the agenda and explained that the time allotted for each presentation was thirty minutes and the question and answer sessions after each presentation had been allotted fifteen minutes.



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### 3. Presentations

#### Collaborative #1:

Mr. Dison made the presentation titled “Revised Collaborative #1” posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w3.ppt](http://www.naesb.org/pdf/weq_wgq_bps012405w3.ppt). Before beginning the presentation, Mr. Dison read a disclaimer about the collaborative presentation, which is titled “Collaborative #1 Disclaimer” posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w16.doc](http://www.naesb.org/pdf/weq_wgq_bps012405w16.doc). Mr. Dison stated that several wholesale electric quadrant members had collaborated on research of the issues at hand. The objective was to define the presumed problem, to research some of the issues, and to determine the impact that the requested standard energy day would have on the industry. Mr. Dison emphasized that the presentation did not necessarily represent an endorsement of any particular solution to the presumed problem by anyone who worked on the presentation. If the committee determines that the establishment of a single standard energy day for the industry is the appropriate solution for the problem at hand, several of the participants who helped develop the collaborative presentation would support the midnight implementation as requested in Request Number R04016 and as outlined in this presentation.

Mr. Dison began by reviewing the current process for each part of the electric and gas industry, beginning with the electric transportation market. Mr. Dison explained for the electric transportation market there is a continuous day-ahead reservation period and the 9 a.m. central prevailing time start of the gas day splits all of the transportation products down the middle regardless of the time zone. Mr. Dison explained that while the start of the gas day is irrelevant to day-ahead market processes, the start of the gas day is relevant and important for the next day and intraday nomination cycles. Mr. Dison noted that RTOs must estimate all output values either before or after the start of the gas day.

Mr. Dison stated that though open bilateral trading is continuous, most occurs earlier in the day. Mr. Dison highlighted the fact that intraday nomination cycles provide little benefit, because they occur late in the electric day. Mr. Dison noted that all RTO markets clear after the timely nomination period.

Mr. Dison highlighted the impacts some industry participants are experiencing with the status quo such as the market risk associated with gas supply and nomination, price uncertainty when market participants have two gas prices for one electric flow period, pipeline imbalances that may occur just prior to the start of the gas day, and electric reliability concerns if generators needed to meet electric supply are forced to shut down due to pipeline Operational Flow Orders.

Mr. Dison stated those who drafted the collaborative presentation prepared the following problem statement:

- The current “Gas Day” divides all of the following:
  - The “electric flow day” for all 4 North American time zones and all RTOs with established next day markets
  - Daily Firm transmission products for all transmission providers
  - The most liquidly traded “On Peak” electric trading products for both the Eastern and Western Interconnections
  - The “on peak” period for Summer and (especially) Winter load profiles
- Nomination cycles are not well coordinated with RTO market timelines.



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- Intraday nomination cycles provide limited benefit for intraday usage – especially with respect to committing peaking units.
- Transmission product seams issues exist when scheduling electricity between time zones.

Mr. Dison stated that if the problem statement correctly states the difficulties market participants are facing, and if those difficulties are significant, then the requested standard energy day can resolve these issues. The next step is to determine the significance of the problem. There are, however, many market participants who have developed mitigation strategies to address the issues raised in obtaining the gas needed for power generation, and do not consider a standard energy day as an appropriate solution.

Mr. Dison went on to discuss other gas electric coordination issues. Mr. Dison stated that with the exception of New York ISO, with timelines that were intentionally established to clear prior to the beginning of the PJM market period, the existing RTO timelines are reasonably consistent when converted to central prevailing time. Due to the fact that electricity has a continuous transmission reservation and scheduling process, the current timelines allow for the most flexibility. Mr. Dison said that the electric quadrant cannot change its product definitions to coincide with the existing gas day, because the products are a reflection of demand profiles, not fuel scheduling limitations, and changing the definitions would create significant problems for the electric industry without adding benefit.

Mr. Dison said that throughout this process, the wholesale gas quadrant participants have cited their reluctance to change the existing gas day was due to safety concerns. Mr. Dison asked the gas industry participants to explain the safety issues so that those in the electric industry can better understand this concern. Mr. Dison cited gas standard 1.3.4 that states that the gas industry is a twenty-four hour business. He also mentioned the existing intraday nomination cycle number two is currently implemented at 9 p.m. and most producers very rarely change gas flow due to the pipeline nomination cycle.

Mr. Dison said that based on the existing NAESB gas principles, the gas industry states that gas nomination cycles can be changed. Mr. Dison cited gas principle 1.1.2 that states “There should be a standard for the nominations and confirmation process. Agreement notwithstanding, it is recognized that this is an interim step to continuous and contiguous scheduling.”

In conclusion, Mr. Dison stated those who were in support of the collaborative presentation are not certain a standard energy day is a complete stand-alone solution for ensuring proper coordination between the gas and electric industries. A standard energy day will require change by all parties in the industry. Mr. Dison highlighted the potential benefits from a standard energy day, such as mitigating supply risks, mitigating price risks, reducing the potential reliability risks, eliminating seams issues, increasing next day nomination flexibility for RTO participants, and increased intraday nomination flexibility for responding to unexpected changes in gas requirements associated with changes in electric demand.

Mr. Dison explained the criteria for a successful standard energy day. A successful energy day must appropriately balance cost and benefit, synchronize gas and electric flow days for all market participants, encompass the “on peak” electric demand period and trading product, and maintain safety and reliability for all market participants.

Given the problem statement, Mr. Dison presented a way for the requested standard energy day to be implemented. The proposal called not only for the gas day to be moved to the



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midnight time, but also to add a gas nomination cycle, and to shorten the length of processing time for all three nomination cycles.

Mr. Dison reviewed impacts on the electric load profiles if a standard energy day were set at a time other than midnight. The wholesale electric industry set its day to begin during off-peak periods because processes should not be changed in the middle of a ramping period.

In the question and answer period following the presentation, the following questions were raised:

- Mr. Sappenfield asked the percentage of the load profile that is fueled by natural gas, and what percentage of the swing is fueled by natural gas. Mr. Dison replied that generally in the summer once the load starts growing and as the peak is crossed on the load profile, most of the marginal units in the eastern interconnection are using natural gas.
- Mr. Bray asked Mr. Dison if he would identify the other parties who participated in developing the collaborative presentation. Mr. Dison said that the parties decided not to identify themselves because the presentation is so broad, and because many are still trying to develop internal corporate positions on the topic of energy day. During the discussion several others identified themselves as being part of the collaborative including TVA and Entergy.
- Mr. Zavodnick said that based on the load profiles, a standard energy day could begin as early as 1 a.m. or as late as 6 a.m. to encompass the five by sixteen product in all four U.S. time zones. Mr. Zavodnick asked if there was a time other than midnight the electric industry would accept for a standard energy day. Mr. Dison said while there may be some room to move around the midnight time, 6 a.m. would cut through the sharpest part of the winter ramp. Ms. Chezar pointed out that the graph of the typical winter load profile for the electric industry is the same for a gas utility and would pose the same problems for gas utilities.
- Mr. Schwermann told the group that he is the chair of the Western Electricity Coordinating Council's (WECC) Interchange Scheduling and Accounting Subcommittee. Mr. Schwermann said the subcommittee discussed the Collaborative #1 Presentation at its last meeting and came up with questions: Have there been any studies of cost benefit to the electric industry? What are the benefits of energy day? Why change something that works for us? If adopting gas day does not fit the WECC day, and the problems are because of the existing gas day, why not change the gas day? What will it take to change software? Won't this require expenses for all while only some will benefit? Mr. Schwermann said that after reviewing how the WECC aligns the prescheduled trading days with gas trading, the WECC determined that a standard energy day is a not a viable solution.
- Mr. Griffith pointed out that Mr. Dison had mentioned that the intraday nomination cycles have limited benefit for the electric industry and asked if Mr. Dison considered if nominations are made for the intraday 2 cycle that it results in a flow change for the entire gas day. Mr. Dison said that he did realize that it changed the gas day and that he meant that the intraday cycles have little benefit for the electric day, but do help with next day market. Mr. Griffith stated there are peak energy products that cross non-peak periods in both the summer and winter seasons. Mr. Griffith asked why the peak energy products currently available encompass both peak and non-peak periods.. Mr. Dison responded that there is only one product used regardless of the season the product has been defined in such a way to capture the morning and evening peak in the winter and the peak in the summer.



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- Mr. Templeton asked if the sixteen hour product could be split in the day. Mr. Dison stated it would be difficult to serve a split product, and the product had been developed over many years, because it represents a broad consensus for summer and winter peak requirements.
- Mr. Connor asked if the product is a uniform level of requirement and if so how are hourly increases and decreases in demand managed. Mr. Dison said that it is a uniform level of requirement, and the electric industry is a continuous dispatching industry where system operators must change the output continuously. The traded products are not meant to meet changing demand, but to supplement the overall portfolio.
- Mr. Desselle asked how Mr. Dison anticipated getting answers to the questions about the significance of the problems being experienced by market participants. Mr. Dison said the reason for the presentation was to define the problem and to foster an open discussion about where the process should go from here. Mr. Dison said that while participants can continue to disagree, the committee needs to decide if the problem is significant enough that a standard energy day needs to be considered.
- Mr. Griffith asked why the number one criterion for a successful energy day listed in the collaborative presentation was cost benefit and the last criterion was safety and reliability when the basis for these meetings was reliability concerns. Mr. Dison said the criteria were not listed in any order of precedence, and that cost/benefit and safety/reliability are key criteria.
- Ms. Davis commented that the proposal condensed the processing times in the nomination cycles from five hours to two and a half hours with no attention given to other processes that are intertwined with and correspond to the elements outside nomination schedules. Ms. Davis pointed out that the proposal has no proposed changes in the time allotted for scheduling on the electric side change and asked what commensurate cuts could be made in electric processing schedules. Mr. Dison said he agreed with Ms. Davis and that the gas nomination cycles should perhaps be shifted instead of being condensed, but his goal was to have two nomination cycles be complete before the close of the electric markets.
- Mr. Bass said that based on the summer and winter load profiles it seems as if a major problem is trying to supply hourly service with daily supply contracts. Mr. Bass asked how changing the gas day will alleviate those conflicts. Mr. Dison said that the electric trading business is not trying to meet the entire varying load profile with a fixed block of energy, but they are trying to supplement the total supply requirement for the varying load profile with a fixed block of energy.

Before proceeding with the next presentation, Mr. Miles noted that to proceed, the problem statements and outstanding questions raised by each presentation should be noted for review and discussion after all presentations have concluded. There was general agreement to proceed in this manner.

### Duke Energy and KeySpan:

Ms. Burch and Ms. Chezar provided a presentation on behalf of Duke Energy and KeySpan. The presentation is posted on the NAESB website titled "Duke Energy and KeySpan Energy Presentation" ([http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w6.ppt](http://www.naesb.org/pdf/weq_wgq_bps012405w6.ppt)).

Ms. Burch provided an explanation of the objectives sought by NAESB Request Number R04016 submitted by Duke Energy and KeySpan. Ms. Burch explained the objectives for requesting a standard energy day were in part to promote fair, reliable, safe and efficient service to prevent a repeat of the cold snap problems in New England in 2004. She urged the



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group to be fair in any changes that are made to establish a standard energy day. A segment of the industry cannot reliably obtain fuel without taking significant risks, which in turn create risks for all other segments of the industry. Safety is also a priority and whether a standard energy day can mitigate those safety issues has not been determined. The bottom line is that problems arise because the gas peak is split into two pieces in the morning on the east coast, and the electric industry must nominate for two gas days to cover one electric day. She urged both the gas and electric industries to coordinate to make changes, and determine the significance of those changes.

Ms. Chezar stated there are many reasons a common energy day of midnight to midnight is feasible for the day-ahead electric market; however a standard energy day alone will not resolve the gas and electric scheduling problems. Ms. Chezar stated that generators have little opportunity to recover pipeline demand charges, which is an issue that FERC could address. Ms. Chezar suggested that ISOs and RTOs could provide dispatch priorities to units with firm pipeline contracts or that are dual fueled. In addition, Ms. Chezar suggested that pipelines should design new services to meet the needs of electric generators that would allow generators to nominate supplies for the day-ahead and real time market provided that pipelines are fully compensated for providing this service. Ms. Chezar stated pipeline flexibility is affected when generators take gas off of the pipeline system without a matching nomination and without the pipelines having supply lined up for service. Ms. Chezar stated the pipelines need to be fully compensated when this occurs and suggested the RTOs and FERC should provide ways for the electric generators to recover those payments to the pipelines. Ms. Chezar stated that while all of these concerns cannot be addressed through the development of standards by NAESB, a standard energy day from midnight to midnight will support NAESB work on the other two standards requests (R04020 and R04021). It would also aid the FERC and RTOs in addressing incentives to contract for firm service and for pipelines to design services to better serve the needs of electric generators.

In the question and answer session following:

- Mr. Desselle asked Ms. Chezar if her position was that a standard energy day would be beneficial for the industry, but that NAESB cannot implement a standard energy day. Ms. Chezar replied that while a standard energy day would help to solve the problems in the day-ahead market which can be addressed by NAESB, other issues may need to be addressed by FERC and by the development of new services and the ability for full cost recovery.
- Mr. Kardas asked why an energy day is needed before the pipelines can develop a new service. Ms. Chezar replied that a standard energy day would help solve other issues such as they way in which the current gas day splits the peak times for both the gas and electric industries. Mr. Kardas asked why further investigation into pipelines creating new service, such as an hourly service, or a no notice service, could not be done before creating a standard energy day. Ms. Chezar replied a standard energy day would provide an incentive for pipelines to design a different service and FERC to develop a mechanism for the cost recovery. A pipeline needs to know someone will sign up for the service; otherwise, pipelines will not have such a motivation to create new services.
- Ms. Lauderdale asked why a standard energy day should be established before the work on the request to improve communications between pipelines and generators is completed. Ms. Chezar replied that a standard energy day provides clear benefits on its own when both gas and electric would provide service over the same day, and will also make it easier to set up timelines and to improve communications. Ms. Chezar stated that even if a standard energy day is not established, the communications request should be addressed.



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- Mr. Ken Brown stated he was concerned by the discussion of incentives and providing dispatch priority. Mr. Ken Brown said the electric industry has struggled to alleviate incentives to let the free market operate.
- Mr. Schwermann asked the specific electric scheduling concerns and changes the electric industry wants to implement to standardize the electric timelines. Ms. Burch said the existing gas timelines can only be moved slightly, because so many functions and systems are built around those timelines in the gas industry. Ms. Burch added that a standard energy day makes sense so that the needed volume of gas for the generators are identified in the same period of time. Ms. Burch stated that while she realizes the electric industry works on short periods of time, there is also a viable day-ahead market which is split by the existing gas day.
- Mr. Griffith asked the group to keep in mind the scheduling criteria for each industry are different. Mr. Griffith stated that while gas scheduling criteria is primarily based on gas contract entitlement, electric scheduling criteria is economic based on the commodity.
- Ms. Chezar added that pipelines do not wait for nominations and attempt to anticipate two and three days ahead because of the physical nature of the gas. As such, a standard energy day would support the market needs as gas could be bought for one day of generation rather than requiring gas to be bought over a two day period for one day of generation. Ms. Burch added that there are times when pipelines do rely on nominations, and if the nominations do not match the projections, adjustments must be made. Mr. Cox asked when those adjustments are being made if it is because of the demand of a single unit. Ms. Burch said it can be because of a single unit depending on the size and location of the generator. Ms. Chezar added that where capacity is tight on a pipeline this is a concern because the pipeline must also be able to serve its firm gas load. Mr. Cox said in the PJM region that is called scarcity. A tariff or regional fix would allow for cost recovery to develop systems to alleviate the scarcity issue.
- Mr. Davis asked if penalties are imposed when generators utilize unscheduled gas. Ms. Chezar responded that while the potential for penalties in that situation exists, generators take that risk. Mr. Novak stated in some cases companies decide to pay the penalties for unscheduled gas because it is more economical to do so. Mr. Love stated no guarantee exists for a pipeline to recoup those penalties.
- Mr. Griffith asked Ms. Chezar and Ms. Burch if they were proposing to change the status quo. Ms. Chezar stated that after the Energy Day meeting on December 1 and 2, it was clear that a standard energy day of midnight to midnight will be the best first step to standardize the electric market timelines and improving communications between generators and pipelines.
- Mr. Rudd asked why the natural gas industry should be required to change the gas day and the processes that surround the gas day, when the problems in January 2004 in New England were a result of disconnects within the electric industry. Ms. Burch said the events in New England in January 2004 are one example of the problems the request for a standard energy day was seeking to resolve.

### Dominion:

Mr. Oberski made a presentation on behalf of Dominion. The presentation is titled "Dominion Presentation" and is posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w4.ppt](http://www.naesb.org/pdf/weq_wgq_bps012405w4.ppt). Mr. Oberski said that Dominion



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personnel including producers, LDCs, pipelines, and generators were able to reach a consensus and drafted this presentation.

Mr. Oberski explained that the current RTO markets are designed to allow an RTO to offer the lowest cost in its area and in turn provide more savings to the customer. Mr. Oberski provided an overview of the history of the gas day and the current electric timelines. Mr. Oberski reviewed the traditional problem statement: that standardization between gas and electric industries is desired by some parties in both industries. He stated that Dominion perceives the traditional problem statement is not the major issue that needs to be addressed.

The real issue, in Dominion's view, is the volumetric uncertainty for gas used in electric power generation that occurs as a result of the difference in the liquid trading period for physical natural gas and the time in which an electric power generator will have certainty about their market requirements. Mr. Oberski stated that the problem the electric industry faces is managing that volumetric risk.

Mr. Oberski said that changing the nomination deadlines for the natural gas market or establishing a standard energy day will not solve the problem of managing the volumetric risk. Instead, the electric power generation industry must have access to a liquid gas market once the electric power generators know their market requirements. One way to accomplish this would be to shift the ISO/RTO market timelines so that the ISO/RTO markets would clear prior to the end of the most liquid gas trading period at 10 a.m. central clock time; however, shifting the ISO/RTO market timelines would present reliability concerns and a greater likelihood of imbalance charges.

Mr. Oberski suggested that if the liquid trading period were extended to a time that is after the RTO markets close, the change would have little, if any, affect on the physical market. An extended trading period would not affect the physical market because the decrease in the number of market participants has decreased the period of liquidity, many market participants link their trading activities to the NYMEX market, and because many market participants trade the way they do because it is the traditional practice.

Mr. Oberski concluded that the costs for establishing a standard energy day would provide little incremental benefit in return for large costs, and a standard energy day is not the best first step. Mr. Oberski stated that it was Dominion's recommendation to focus the efforts of this subcommittee on Request Number R04021 to improve communications between pipelines and generators. Better communication, such as providing estimated burn rates by generators, expected curtailments by gas suppliers, and providing real time changes in generator output would help to prevent problems similar to those in the northeast in January 2004. He noted that Chairman Wood spoke about all three requests: Request Number R04016, Request Number R04020, and Request Number R04021 during the FERC Open Session of December 15, 2004 and that each of the requests seek different means to the same end result.

In the question and answer period following the presentation, the following questions were raised:

- Mr. Cox asked if New England's response to alleviate the problems from last winter was to improve communication between the particular RTO and gas generators and suppliers. Mr. Oberski said that was part of the initial response, but the time periods were also moved to earlier in the day.
- Mr. Desselle stated that if the efforts of this subcommittee were focused on Request R04021, the problem with communication could be resolved, but it would not diminish the potential for another event such as the one in New England. Mr. Oberski responded that a



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standard energy day or standardized electric market timelines would not diminish the potential for another event similar to the one in New England but would require significant costs to implement.

- Mr. Bogatz said that in many cases the problem is not only that a nomination was not submitted, but that the gas is simply not available. Ms. Chezar said she agreed with Mr. Bogatz that the problem is the impact on the reliability of the pipelines and the imbalance between the amount the electric generators appropriate versus the amount the electric generators submitted in the nomination. This issue was raised by pipelines two or three years ago with FERC when pipelines' services began to lose flexibility. Ms. Chezar added that the problem in New England last winter would still have occurred even if there were a standard energy day, but a standard energy day is the first step toward addressing those larger issues.
- Mr. Sappenfield said that the portion of the Dominion presentation that states the time period of 7:30 a.m. to 10 a.m. central clock time is not a hard and fast rule for the liquidity period of natural gas is only generally correct because 10 a.m. is the rule for the next day gas flow. Mr. Oberski responded that it is his understanding that the rule is 10 a.m. because of the time the nomination period starts.
- Mr. Desselle said that PJM and other RTO markets are looking at standardizing the market, and he asked the group if they were prepared for PJM and other RTOs to design that standardized market on behalf of the entire industry.
- Ms. Davis stated that the discussion centering on the need for pipelines to design different services rests on the presumption that pipelines have surplus capacity available. She said that many pipelines are fully subscribed, and in order for pipelines to design new services, they would need to be able to recover the costs for the facilities to accommodate those services.

### New York Companies:

#### National Fuel Gas Distribution

Mr. Novak provided the presentation for National Fuel Gas Distribution titled "New York Companies - National Fuel Gas Distribution Paper." The presentation is posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w12.ppt](http://www.naesb.org/pdf/weq_wgq_bps012405w12.ppt). National Fuel also submitted a work paper for this meeting titled "New York Companies - Revised National Fuel Gas Distribution Paper" posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w10.pdf](http://www.naesb.org/pdf/weq_wgq_bps012405w10.pdf). Mr. Novak noted that part of the disclosure statement includes the statement that this presentation does not represent the final position of National Fuel Gas Distribution.

The National Fuel Gas Distribution (NFGD) Problem Statement was to:

- Develop a standard energy day that would:
  - Apply to both the electric and gas industries.
  - Foster the coordination of scheduling between electric and gas.
  - Allow both the electric and gas industries to more closely match fuel deliveries to generation requirements.
  - Contain scheduling and gas flow timelines that also meet the needs of traditional gas customers.



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- Continue to promote safe, reliable service and operations.

Mr. Novak stated that even if gas generation becomes twenty-five percent of the full market load, the gas industry must still take into account the needs of the traditional customers and must continue to ensure safe and reliable operations. For now, NFGD would like the status quo to remain the standard. The hesitancy of both industries to change the status quo is because it has worked so well, however there is also a need to address the disconnects between the gas and electric industries that do exist. Some alternatives to the gas day that were proposed a few years ago, such as having pipelines switch to a twenty-four hour a day, hourly nomination cycles, were more disruptive for the gas industry than the proposed standard energy day.

Mr. Novak stated that a standard energy day is feasible, and the task is to determine which hour is the most cost effective and provides the most benefits. As an alternative to a standard energy day, Mr. Novak proposed to change the gas day and to create an electric day that is synchronized with the gas day. The start of the standard gas day would change to 6:00 a.m. central time and the standard electric day would begin either at 1:00 a.m. central time or 6:00 a.m. central time (which, in the latter case, would create an energy day). The proposal would also develop a standard that requires that the electric day-ahead market schedule to be issued in advance of the gas timely nomination deadline, e.g. at 10:00 a.m. central time, create a no-bump intraday 3 nomination cycle for the gas scheduling timeline, and make the corresponding modifications to capacity release/recall standards.

Mr. Novak said he essentially agrees with pipelines that are critical of the idea of compressing the nomination schedule, although for intraday cycles with fewer nominations, some compression might be possible. The current nomination cycles accommodate capacity release and recalls; losing these features would be a degradation of service.

Once the high level concepts can be agreed upon, each quadrant should work separately to develop the actual standards. The NAESB reconsideration process and the number of participants who are able to participate in both quadrants' standards development will act as a check on each quadrant to avoid any standards development misstep.

Mr. Novak said that while it is impossible to match every gas flow start time with every peak consumption period, assets can adjust, portfolios can change over time, and eventually the proposed changes will enable the industries to align better than the status quo allows. While it is theoretically possible for personnel to change valves at midnight, it is still not as safe and desirable as doing the same during the day. Additionally, it makes more sense to process as many nominations as possible during normal business hours, because coordination with suppliers and correcting for errors are communications intensive, i.e. dependent on human interaction.

Mr. Novak also suggested that the day-ahead market schedule could be issued twice in coordination with the gas timely and evening cycles. This might avoid the debate over whether the day-ahead market schedule should be issued before or after the timely nomination deadline.

In the question and answer period following the presentation, the following questions were raised:

- Ms. Chezar said that while she agreed with Mr. Novak generally, she did not agree with the proposal because it would split KeySpan's peak and could result in two peak hours in the day. Ms. Chezar stated the reason for her disagreement was because KeySpan contracts for capacity supply on a daily basis and the peak occurs between 5:00 a.m. and 9:00 a.m.



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central time. Not splitting the peak enables KeySpan to make sure there is enough supply to meet the hourly peak. Ms. Crockett said the status quo poses the same problems for the electric industry that the 6:00 a.m. proposal would pose for the gas industry. Mr. Novak said that he knew others agreed with Ms. Chezar, but the 6:00 a.m. central time was the best alternative to the status quo.

- Mr. Dison stated there would be little value if a second day-ahead market schedule were issued because the purpose of the schedule is not for scheduling, but to get a preview of the hourly profile.
- Mr. Griffith asked if Mr. Novak evaluated the additional manpower and computer requirements for the proposed intraday 2 and 3 nomination cycles. Mr. Novak said it is projected that the third nomination cycle will have relatively low volumes and should not require more personnel than is required for the existing intraday 2 cycle, but he would consider modifications to his proposal.
- Ms. Lauderdale asked if Mr. Novak's group discussed the request for daily operational communications between pipelines and power plants. Mr. Novak responded that the group did not discuss the communication issue.
- Mr. Cox asked if the gas generation segment of the industry could implement a nomination cycle and scheduling cycle independent of the cycles for end use customers to accommodate the specific needs of gas generators. Mr. Novak said that some pipelines that attempted to take that direction during the past few years were not successful. Mr. Novak added that any nomination cycles geared towards the gas generation segment would have to be coordinated with the bumping rules accommodated in the current nomination cycles. Mr. Cox asked if bumping assumes that there is a need for more capacity than can be delivered. Mr. Novak said that while that is part of the consideration, bumping also depends on who has the primary contract.
- Mr. Desselle asked Mr. Novak if NAESB should process the request for improving communication protocols between pipelines and electric power generators concurrent with the standard energy day request or prior to the standard energy day request. Mr. Novak said the communication protocols request should be done first.

### NiSource

Mr. White provided the presentation for Nisource titled "NiSource Presentation" posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w11.ppt](http://www.naesb.org/pdf/weq_wgq_bps012405w11.ppt). NiSource also submitted a work paper titled "NiSource Proposed Strawman Paper," posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w5.doc](http://www.naesb.org/pdf/weq_wgq_bps012405w5.doc).

Mr. White stated that the electric divisions of NiSource prefer a standard energy day, but have developed mitigation strategies for the existing 9:00 a.m. central gas day. The gas divisions of NiSource are concerned about the costs associated with developing a standard energy day and the operational impacts that could result from a standard energy day. Mr. White observed that the risk from the lack of a standard energy day can be mitigated through commodity, transportation and storage services.

NiSource set out the problem statement in its work paper: The Standard Energy Day NAESB Request R04016 asserts the lack of a common energy day increases the risk for electric power generators by requiring them to take binding positions far in advance of the natural gas day. Additional problems are too much time between nominations and actual daily requirements and the start of the natural gas day between some peak load periods.



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Mr. White stated that NiSource proposes to maintain the status quo because there is no driving need for change. Additionally, if the gas day were changed to midnight, there would be negative consequences on natural gas reliability and safety. A standard energy day would significantly increase systems/programming costs, administrative costs, and field costs. NiSource's straw man proposal was to maintain the current gas day and electric days, and to modify the electric timelines to assure that gas-fired generators in the day-ahead market receive their requirements in sufficient time to meet the gas nomination deadline.

In the question and answer period following the presentation, the following questions were raised:

- Mr. Desselle asked if NiSource considered the priority of the communication request. Mr. White said that while it was not a part of the proposal, there were internal comments submitted in support of considering the communication request prior to the energy day request.
- Mr. Dison asked if the proposal considered changing the timely nomination time. Mr. White responded while that was not discussed, it is a proposal the company would consider. Mr. White also suggested that both the gas nomination periods and the electric timelines could be condensed. Mr. Oberski added that Dominion also considered condensing both the gas and electric timelines, but the conclusion was that the proposed changes would result in substantial changes to normal work day hours.
- Mr. Griffith asked how a standard energy day would increase administrative costs when the peak product has been explained by those in the electric industry to be a quantity of supply to meet a market requirement that is not specific to hourly requirements. Mr. White responded that to move the electric day to 9:00 a.m. would increase administrative costs because it would actually double the administrative business.

### Consolidated Edison Company

Mr. Butler provided the presentation on behalf of Consolidated Edison Company titled "ConEdison Strawman Presentation" and posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w9.ppt](http://www.naesb.org/pdf/weq_wgq_bps012405w9.ppt).

Mr. Butler said that Chairman Wood's letter to NAESB asked for better gas-electric communication and coordination, but did not specifically mention standardizing the energy day. Mr. Butler highlighted some of the contributors to the New England cold snap crisis including dispatch procedures, economic outages, and bidding and settlement timelines. However, Mr. Butler stated the cause of the New England crisis was the lack of fuel diversity and security.

Mr. Butler said separate electric market timelines were established to allow the market to settle before bids are due. A better approach would be to plan for adequate fuel diversity and security through dual fuel or non-gas generation. He highlighted the loss of gas supply operating rules in New York, which require the use of alternative fuels when electric demand reaches certain levels.

Mr. Butler said that NAESB should draft standards in response to Request Number R04021, and other organizations should focus on fuel diversity and security standards.

### Pipeline Collaborative Presentation:

Mr. Griffith provided the presentation titled "Pipeline Energy Day Strawman" posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w13.ppt](http://www.naesb.org/pdf/weq_wgq_bps012405w13.ppt). The pipelines also



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submitted a work paper titled “Revised Pipeline Collaborative Paper” posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w7.doc](http://www.naesb.org/pdf/weq_wgq_bps012405w7.doc). The list of parties in the pipeline collaborative can be found on page 9 of the Revised Pipeline Collaborative Paper.

Mr. Griffith proposed the following energy day problem definition:

- Primary issues related to the compatibility of the gas and electric industries’ business and accounting processes:
  - Electric industry market timelines and accounting periods are not standardized across North America
  - Lack of coordination between the electric industry market timelines and accounting periods and the NAESB WGQ standardized natural gas market (scheduling) timelines and Gas Day
  - Current Gas Day start/end times occur during some peak gas and electric load periods in some markets

Mr. Griffith also set forth the criteria the committee should use to evaluate any standard energy day proposals:

1. A Standard Energy Day should be a period beginning at a specific time on one calendar day and ending at the equivalent time on the next calendar day (i.e. 9:00 a.m. to 9:00 a.m.). Such times should be specified based on a single time zone recognized for North America.
2. A Standard Energy Day should support operational changes at the designated flow time(s) to:
  - a. Maintain reliability (i.e. delivery assurance)
  - b. Promote operational/employee safety
  - c. Minimize operational imbalances
  - d. Avoid contributing to critical operating conditions
3. The time period for the Standard Energy Day should meet the following goals:
  - a. Support operational efficiency (set up time for compression configuration and maintenance, etc.)
  - b. Support the timely delivery of accurate information between parties (i.e. scheduled quantities, measurement, gas quality, etc.)
  - c. Minimize beginning the Standard Energy Day at peak/ transitional flow periods in all delivery areas for both the gas and electric industries
4. The scheduling timeline for the Standard Energy Day should meet the following goals:
  - a. Support coordination of scheduled quantities and market requirements, including electric generation requirements.
  - b. Support scheduling and trading during normal business hours to:
    - i. Maximize the availability of marketers and markets
    - ii. Maximize the availability of scheduling confirming parties
    - iii. Maximize the liquidity of the commodity and capacity markets



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- c. Support rescheduling opportunities to:
  - i. Meet market requirements that were not scheduled initially
  - ii. Meet market requirements that changed after initial scheduling
5. A Standard Energy Day should minimize costs (transitional and ongoing) and new administrative requirements.
6. A Standard Energy Day should minimize changes to existing NAESB standards.
7. A Standard Energy Day should have broad support across Wholesale Gas and Wholesale Electric Quadrants and segments.

The pipeline collaborative proposed a 9:00 a.m. to 9:00 a.m. central clock time energy day, and included the Cold Weather electric timeline procedure developed by ISO New England. Mr. Griffith then applied the proposed criteria to the proposal.

For number one, gas deliveries to electric markets can be reliably scheduled provided that the gas requirements for gas generation are determined prior to the nomination deadlines. Mr. Griffith said that each electric operator could maintain its own scheduling process or electric day. Mr. Griffith stated the ISO New England “Perform Cold Weather Condition Operation” procedure works well within the existing gas day.

For number two, the existing gas day provides a high degree of reliability and promotes safety, because personnel are available during the designated operational flow times which occur during the daylight hours. The specified period would also minimize imbalances because, supplies tend to match market requirements with a high degree of reliability. The reliability would, in turn, minimize the potential for critical conditions and avoid conflicts with regulatory requirements.

For criterion number three, the proposed scheduling timelines support operational efficiency, because requirements are known in advance. The proposed time will also support accurate and timely delivery of information because the data can be used for the next scheduling cycle. Mr. Griffith said that to the extent that the gas day begins during peak flow periods and results in morning peaks being allocated between two electric days, the 9:00 a.m. central clock time start time for the gas day is an inappropriate time for the electric industry. However, a demonstration of how critical this problem is for the electric industry has not been provided.

For number four, Mr. Griffith said that using the existing gas day as the standard energy day allows market requirements to be known and coordinated in advance of the scheduling time when there is the maximum availability of markets and marketers. The proposed time will support rescheduling opportunities, because there is an opportunity to schedule supplies after the first nomination cycle.

For criteria numbers five and six, a 9:00 a.m. central clock time standard energy day will also minimize costs, because most work is done during normal business hours. The proposed time will also minimize the need for changes to existing NAESB standards.

For number seven, it is important to have broad industry support from all segments and any changes should consider all market requirements of the wholesale gas quadrant.

In the question and answer period following the presentation, the following questions were raised:

- Mr. Novak asked if the pipeline collaborative would be willing to move from the 9:00 a.m. central clock time if the committee agreed to set an energy day during an off-peak period.



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Mr. Griffith said he would be willing to evaluate proposals using the criteria set out in the pipeline collaborative presentation or any criteria set forth by this committee. The gas day was set as the result of a compromise, and any standardized energy day will also likely have to be a compromise.

- Mr. Cox asked if the gas pipeline scheduling process is an automated process or if it is done manually. Mr. Griffith said there are varying degrees of automation within the industry. Interstate pipelines are largely automated, but human intervention is required to check results. Mr. Cox asked if ways to improve or condense the existing nomination cycles to allow implementation of an additional nomination cycle existed. Mr. Griffith said the existing nomination cycles cannot be condensed because of other requirements that have to be handled such as segmentation and capacity release requirements.
- Mr. Cox asked how many remote areas exist that require manual adjustments. Mr. Griffith replied that conditions that require manual adjustments occur more often in pipelines that are connected to production than midstream pipelines. Many of these areas can have severe weather and dangerous conditions that present valid safety concerns for personnel who must handle a high pressure gas system. Mr. Paige added that many areas that require manual adjustments are in mountainous regions in Utah and Colorado with poor communication capabilities that make automation infeasible. Additionally, the size of the well does not provide the economic justification to support the costs associated with automation. Mr. Griffith explained manual adjustments must be made not only to wellheads, but to production sites, production units that cannot be remotely actuated, and meters that need to be coordinated for large changes in flows. Mr. Cox asked if the potential existed for automation of those manual adjustments. Mr. Griffith responded that conversions to automated systems have been made where possible.
- Ms. Chezar asked how the pipelines would change their position if the wholesale electric quadrant does not choose to follow the ISO New England timeline. Mr. Griffith replied the wholesale electric quadrant would not likely create timelines that conflict with the existing gas day.
- Ms. Lauderdale asked if the pipeline collaborative was taking the position that the proposal of the existing gas day as the standard energy day should be adopted. Mr. Griffith responded as long as market requirements are known before the scheduling deadlines, the existing process works. Ms. Lauderdale asked if the pipeline collaborative wanted to move forward with the communications request first. Mr. Griffith responded the pipeline collaborative was very interested in improving communication and coordination between pipelines and generators.
- Mr. Templeton asked if the pipeline collaborative proposal will satisfy the request from regulators to improve the communications between pipelines and generators. Mr. Griffith responded that the high visibility of this committee indicates this issue is important to a number of companies. If the committee reaches a consensus that the issues have been satisfactorily addressed, then regulators will agree the committee has done its job.
- Mr. Rosenberg asked if the pipeline collaborative proposal considers the New England rules for cycles. Mr. Griffith responded that the proposal would allow for the day-ahead market to close at 8:00 a.m. central clock time. The scheduling process commits to run certain gas units between 8:30 a.m. and 9:00 a.m. The generators committed for next day markets determine the requirements and nominate those by 11:30 a.m. Mr. Griffith said that as long as the requirements are known at least one hour prior to when nominations are due, daily quantities can be adjusted.



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- Mr. Dison told the committee that the ISO New England proposal has not been tested and many do not think it will work. In addition, the ISO New England proposal will not prevent the potential for a repeat of the events in New England last January. Mr. Dison asked if the pipeline collaborative was proposing to move the electric day to 9:00 a.m. central clock time. Mr. Griffith said that was not part of the proposal. Ms. Ell asked if the pipeline collaborative was proposing to use the ISO New England cold weather procedure as the rule for nominations instead of an exception. Mr. Griffith replied that the ISO New England proposal provided an example where gas generation requirements could be known prior to the gas nominations deadline.
- Ms. Crockett said that if the commitment of gas units were moved to earlier in the day, the forecast will be less accurate. Mr. Griffith said that the other three time periods provide a chance to match requirements not covered in the initial schedule.
- Mr. Oberski asked if the pipeline collaborative considered moving the gas nomination schedules or if the ISO New England procedure was simply placed alongside the existing schedule. Mr. Griffith replied the ISO New England procedure was placed alongside the existing schedule because many existing business processes rely on the 9:00 a.m. central time gas day. Mr. Oberski said that the ISO New England procedure is a proposal for problems that occur during cold weather and is an abnormal event schedule.

Mr. Griffith provided an additional presentation titled “Pipeline Energy Day Timing Issues and Operational Concerns” and posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w14.ppt](http://www.naesb.org/pdf/weq_wgq_bps012405w14.ppt). Mr. Griffith said the pipeline collaborative drafted this presentation in response to questions asked at the December Energy Day meeting. The presentation demonstrated how gas flow and reliability can be affected depending on when the energy day or gas day is set.

In the question and answer session after the presentation, the following issue was raised:

- Ms. Chezar said that pipelines should use storage as a tool to help with pipeline reliability and flexibility. Mr. Griffith responded that pipelines use their storage capabilities to mitigate problems to the extent they have the physical resources available. Mr. Paige said that in many cases storage on a pipeline has been assigned to third parties, and pipelines cannot appropriate gas that is owned by a third party.

### PSEG and NJR:

Mr. Ken Brown, Mr. Kijowski, and Mr. Rudd provided the presentation titled “PSEG and NJR Presentation” posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w15.ppt](http://www.naesb.org/pdf/weq_wgq_bps012405w15.ppt). PSEG and NJR also drafted a work paper for consideration at this meeting titled “Strawman Proposal and Comments of The PSEG Companies and The NJR Companies in Standards Request R04016 - Energy Day” posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps012405w8.doc](http://www.naesb.org/pdf/weq_wgq_bps012405w8.doc).

Mr. Kijowski provided perspective from the electric industry. Mr. Kijowski said that PSEG and NJR support the status quo for the North American natural gas and regional electric days because extensive stakeholder processes have established the current conditions. Mr. Brown added that PSEG and NJR consider it important for NAESB to consider proposals to improve communications between pipelines and generators and to develop an electric business practice standard to ensure electric industry prices can accurately reflect natural gas pricing. ISO New England’s analysis of the 2004 cold snap recommends better coordination of gas and electric operations and markets, and does not support a standard energy day. In fact, ISO New



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England's analysis determined that the energy markets worked efficiently during the 2004 cold snap.

Mr. Kijowski said lead time is needed to determine if bids are successful before operation begins. Some units have to start up slowly to avoid stressing the equipment. In other cases a unit will not start and time is needed to find an alternate unit. Mr. Kijowski pointed out the existing regional electric timelines encourage arbitrage, and ensure the lowest price is charged for retail rate payers. Mr. Kijowski encouraged the committee to draft standards that will increase communications among natural gas suppliers, pipeline system operators, electric generators, and electric transmission system operators.

Mr. Rudd provided the perspective from the gas industry. Mr. Rudd said the current gas day has served the industry well and there has not been a demonstration of how a standard energy day would provide significant deliverable benefits. A standard energy day outside of normal business hours would require additional personnel and contribute to system imbalances. The start of the gas day must begin at least three hours after the beginning of a normal business day to provide staff with sufficient time to address imbalances. Any changes to the energy day or scheduling timelines would cause a reduction in participants, affect liquidity and increase price.

Mr. Rudd said that PSEG and NJR support coordination whenever possible, but a standard energy day is not a goal that is consistent with the unique requirements of the electric or gas industries. PSEG and NJR support maintaining the status quo for the North American natural gas and regional electric days. NAESB should pursue enhanced communication standards, and should develop electric business practice standards to ensure electric industry prices can accurately reflect natural gas pricing.

After the presentation, the following issues were raised:

- Mr. Novak asked if a nomination could be reduced to zero to avoid an imbalance if the nomination is not used during the evening cycle. Mr. Ken Brown said a nomination could be reduced to zero in that situation.
- Mr. Dison asked if the proposal considers that improvement of communications between pipelines and generators must also include the consideration of changes to the intraday nomination cycles. Mr. Kijowski said a key theme of many of the presentations at this meeting has been that it is more important to the members of industry who are participating to work on the communications request than a standard energy day. Once that goal is achieved, the committee can consider a standard energy day again. Mr. Dison asked what percentage of the total supply of natural gas in North America must be adjusted through manual valves and how many of those are manually adjusted on a daily basis as a result of scheduling. Mr. Kijowski said that while he did not know the actual numbers, manual adjustments to valves are required, and personnel must be available during daytime hours to adjust flows.
- Ms. Burnett said that she did not agree with the portion of the presentation that states that the start of any gas day must begin at least three hours after the beginning of a normal business day. Ms. Burnett said that statement is not true for those in the west where the gas day starts at 7 a.m. pacific time and requires preparations to begin at 4 a.m. pacific time.
- Ms. Chezar asked if some of the personnel and safety issues could be resolved if all of the pipelines moved to contingency ranking. Mr. Ken Brown said contingency ranking can help; but there is no substitute for people with authority to make decisions during these



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hours. Ms. Chezar said she agreed, but if all pipelines used contingency rankings it could decrease the need for personnel for balancing. Mr. Rudd replied that he did not know if each pipeline could devise the necessary standards and protocols to make those changes, but he would be willing to explore how to foster and encourage contingency ranking.

### **5. General Discussion on Presentations**

Instead of reviewing and discussing the problem statements raised in each presentation, as noted on the first day of the meeting, the chairs entertained motions for subcommittee direction. Ms. Ell made a motion to delay the work on a standard energy day at this time and to focus activities first on R04021. Mr. Bray seconded the motion. Mr. Novak called for discussion on the motion.

Ms. Chezar said that the Executive Committees set the priorities on how the subcommittees are to handle requests and suggested that the motion be reworded to say that the committee recommends to the WEQ and WGQ Executive Committees. Ms. Ell and Mr. Bray accepted the rewording of the motion.

Mr. Dison said he thought work on Request Number R04021 should include review of the intraday nomination cycles. Mr. Oberski said that while he understands Mr. Dison's concerns, he would support this motion because it follows Dominion's presentation. Mr. Oberski said that in order for the intraday nomination cycles to be addressed under Request Number R04021, the request itself would have to be changed which can only be done by the requestor. Mr. Love said he submitted Request Number R04021 and was not willing to expand the scope of the request to the scope proposed by Mr. Dison. Mr. Love said nominations are not purely an operational issue, while the request was focused on the communications between power plant operators and pipelines to ensure pipelines can meet the needs of the power plant.

Mr. Hudson said he was concerned with the wording of the motion because it encompasses two actions: to delay work on a standard energy day which has not been properly defined, and to work on a different request.

Mr. Keeler said that the overwhelming consensus is to recommend to the executive committees that the Energy Day subcommittee wants to discontinue working on Request Number R04016 to the extent it called for a common standard energy day for the electric and gas industries.

Mr. Kijowski asked that the motion be reworded to include the idea that the committee wanted to maintain the status quo, and would like to set Request Number R04016 aside without prejudice because an energy day does not lend itself to standardization at this time. Ms. Chezar said the request can only be withdrawn by the requestor.

Ms. Van Pelt said the request cannot be withdrawn or terminated by this committee. The more appropriate process is to vote on the current motion or Ms. Ell could withdraw the motion in favor of an alternative motion to dispose of Request R04016 by communicating to the Executive Committees that no standardization is required.

Ms. Westerfield said that while she was in favor of the motion on the table, she was not in favor of disposing of Request Number R04016. Ms. Westerfield said it would be premature to completely abandon all efforts on energy day.

Ms. Lauderdale asked if the movant would consider a friendly amendment to explain why the committee wants to make this recommendation to the Executive Committees. Ms. Lauderdale suggested changing the motion to read "Recommend to the WEQ and WGQ EC's to prioritize work on R04021 before additional work on R04016 because we expect it to provide support for gas and electric reliability." Ms. Ell rejected the friendly amendment. Ms. Lauderdale made a



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motion to amend the original motion to include her suggested language. Ms. Westerfield seconded Ms. Lauderdale's motion.

Ms. Chezar said that she was concerned with the amendment because it implies that Request Number R04016 does not provide support for gas and electric reliability.

Mr. Gordon Brown said it would be inappropriate to shelve Request Number R04016 for consideration at a later date and recommended the committee take the appropriate action to completely end any work on Request Number R04016.

Ms. Lauderdale amended her motion to include alternative language to be added to Ms. Ell's original motion. Ms. Lauderdale's motion with the alternative language was "Recommend to the WEQ and WGQ EC's to delay the work on a standard energy day at this time and to focus activities first on R04021 because we expect it to provide support for gas and electric reliability or "Recommend to the WEQ and WGQ EC's to delay the work on a standard energy day at this time to focus activities first on R04021 because R04021 will be a more appropriate first step toward improving gas and electric coordination."

The second alternative was acceptable to Ms. Lauderdale and Ms. Westerfield as the movant and seconder of the motion to amend Ms. Ell's motion. The second alternative was also acceptable to Ms. Ell and Mr. Bray as movant and seconder of the original motion. Mr. Novak called for discussion on the motion.

Ms. Chezar requested that Request Number R04021 be displayed on the screen so the committee could read the language of the request. Ms. Chezar said she voiced her concern over the limited scope in the language of the request during a Triage Subcommittee conference call. Ms. Chezar said she agreed with Mr. Dison that nominations should be considered for this request because nominations made to pipelines are a form of communication. Mr. Templeton said there was no way to evaluate communications between pipelines and generators without evaluating nominations. Ms. Crockett said she agreed with Ms. Chezar, but the communication TVA currently provides to and receives from pipelines, does not solve the problems that arise from gas fired peaking generators that need to come on at the end of the gas day.

Mr. Love said the request was filed to specifically deal with operational issues between direct connect power plants and pipeline operators in many parts of the country. Ms. Chezar asked if Mr. Love intended the request to include development of communication protocols between pipelines and RTOs. Mr. Love said that he did not include RTO communication in the request, because he was not familiar with communications between pipelines and RTOs.

It was generally observed that if the group was going to use Request Number R04021 to address concerns over communication discussed at this meeting, the request will have to be interpreted liberally. In its assignment to both the WEQ and WGQ, it could be noted that the assignment was with a broad interpretation of the request. Mr. Ken Brown said he viewed the request as liberal to include ISOs, RTOs and any stakeholders who have an interest and choose to participate. Ms. Westerfield added that she supported a liberal interpretation of the request. Mr. Lohrman said if the request is liberally interpreted then NERC reliability coordinators should be included as well.

Mr. Dison called the vote. The motion passed on a balanced vote in both quadrants.

*Revised Motion: Recommend to the WEQ and WGQ EC's to prioritize work on R04021 before additional work on R04016 because R04021 will be a more appropriate first step toward improving gas and electric coordination.*



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## Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |    |       | Balanced Vote |             |          |
|-------------------|------------|----|-------|---------------|-------------|----------|
|                   | YES        | NO | TOTAL | YES           | NO          | TOTAL    |
| Transmission      | 5          | 0  | 5     | 2             | 0           | 2        |
| Generation        | 7          | 1  | 8     | 1.75          | 0.25        | 2        |
| Marketers/Brokers | 1          | 1  | 2     | 1             | 1           | 2        |
| Distribution/LSE  | 0          | 0  | 0     | 0             | 0           | 0        |
| End Users         | 2          | 0  | 2     | 2             | 0           | 2        |
| <b>Total</b>      |            |    |       | <b>6.75</b>   | <b>1.25</b> | <b>8</b> |

## Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |    |       | Balanced Vote  |                |           |
|--------------|------------|----|-------|----------------|----------------|-----------|
|              | YES        | NO | TOTAL | YES            | NO             | TOTAL     |
| End Users    | 2          | 4  | 6     | 0.666667       | 1.333333       | 2         |
| LDCs         | 10         | 2  | 12    | 1.666667       | 0.333333       | 2         |
| Pipeline     | 18         | 1  | 19    | 1.894737       | 0.105263       | 2         |
| Producer     | 5          | 0  | 5     | 2              | 0              | 2         |
| Services     | 3          | 0  | 3     | 2              | 0              | 2         |
| <b>Total</b> |            |    |       | <b>8.22807</b> | <b>1.77193</b> | <b>10</b> |

## 6. Other Business

Agenda Items for February 9 & 10 and March 1 & 2:

Ms. Van Pelt stated the Energy Day Subcommittee meeting is scheduled February 9<sup>th</sup> and 10<sup>th</sup> at the NAESB offices in Houston, Texas. The meeting will be from 10:00 a.m. to 5:00 p.m. central time on the 9<sup>th</sup> and from 9:00 a.m. to 4:00 p.m. central time on the 10<sup>th</sup>. Ms. Van Pelt said the WEQ and WGQ BPS chairs would have a conference call before the February meeting to discuss agenda items.

Participants who plan to attend the meeting in February were requested to draft business practices to address Request Number R04021 for consideration at the meeting. Work papers should be submitted to the NAESB office prior to the meeting.

The meeting schedule for the Energy Day committee is posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps020905w1.doc](http://www.naesb.org/pdf/weq_wgq_bps020905w1.doc).

## 7. Adjournment

Mr. Colombo made a motion to adjourn that was seconded by Mr. Young. The meeting adjourned at 1:30 p.m.

## 8. Attendees

| Attendee | Organization | Jan. 24   | Jan. 25         |
|----------|--------------|-----------|-----------------|
| Phil Cox | AEP          | In Person | In Person/Phone |



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| <b>Attendee</b>                        | <b>Organization</b>           | <b>Jan. 24</b> | <b>Jan. 25</b> |
|--|-------------------------------|----------------|----------------|
| Michael Desselle                       | AEP                           | In Person      |                |
| Mariam Arnaout                         | American Gas Association      | In Person      | In Person      |
| Charlie Bass                           | ANR Pipeline                  | In Person      | In Person      |
| Kelly Daly                             | APS (Stinson Morrison Hecker) | In Person      | In Person      |
| Jerry Smith                            | Arizona Public Service        | In Person      | In Person      |
| Steve Zavodnick                        | Baltimore Gas & Electric      | Phone          | Phone          |
| Tina Burnett                           | Boeing                        | In Person      | In Person      |
| Brenda Anderson                        | BPA                           | In Person      | In Person      |
| Paul Keeler                            | Burlington Resources          | In Person      | In Person      |
| Gordon Brown                           | California ISO                | In Person      | In Person      |
| Jay Dibble                             | Calpine Corporation           | In Person      | In Person      |
| Sherrì Poimboeuf                       | CenterPoint Energy            | In Person      | In Person      |
| Terri Williams                         | CenterPoint Energy            | In Person      | In Person      |
| Randy Mills                            | Chevron Texaco                | In Person      | In Person      |
| Jannalyn Allen                         | Cinergy                       | In Person      | In Person      |
| Kathy Corbin                           | Cinergy                       | In Person      | In Person      |
| Jim Templeton                          | Comprehensive Energy          | In Person      | In Person      |
| Scott Butler                           | Con Edison of NY              |                | In Person      |
| Lyn Maddox                             | Consultant                    | In Person      |                |
| Andrew<br>Dotterweich                  | Consumers Energy              | Phone          | Phone          |
| Lou Oberski                            | Dominion                      | In Person      | In Person      |
| David Walker                           | Dominion E & P                | In Person      | In Person      |
| Craig Colombo                          | Dominion Resources            | In Person      | In Person      |
| Iris King                              | Dominion Transmission         | In Person      | In Person      |
| Ron Mizeur                             | Duke Energy                   | Phone          | Phone          |
| George Dawe                            | Duke Energy Corp.             | In Person      | In Person      |
| Kathryn Burch                          | Duke Energy Gas Transmission  | In Person      | In Person      |
| Laura Blue                             | Dynegy                        | In Person      | In Person      |
| Steve Dalhoff                          | Dynegy                        | In Person      | In Person      |
| Cathy Siemsen<br>Melissa<br>Lauderdale | Dynegy                        | In Person      |                |
| Edison Electric Institute              |                               | In Person      | In Person      |
| Bill Hebeinstreit                      | El Paso Production Co.        | In Person      | In Person      |
| Bill Griffith                          | El Paso Western Pipelines     | In Person      | In Person      |
| Mark Gracey                            | El Paso East Pipeline         | In Person      | In Person      |
| Mike Bray                              | Enbridge Offshore             | In Person      | In Person      |
| Keith Sappenfield                      | Encana                        | In Person      | In Person      |
| Marjorie Perlman                       | Energy East                   | In Person      | In Person      |



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| <b>Attendee</b>       | <b>Organization</b>  | <b>Jan. 24</b> | <b>Jan. 25</b> |
|-----------------------|--|----------------|----------------|
| Ed Davis              | Entergy  | Phone          | Phone          |
| Lynda Ell             | Entergy Services   | In Person      | In Person      |
| Richard Smith         | Exxon Mobil  | In Person      | In Person      |
| Rick Miles            | FERC   | In Person      |                |
| Marv Rosenberg        | FERC   | In Person      | In Person      |
| Brad Holmes           | Florida Gas Transmission   | In Person      | In Person      |
| Henry Barth           | Florida Power & Light  | Phone          | Phone          |
| Joe Stepenovitch      | FRCC   | In Person      | In Person      |
| Randy Young           | Gulf South Pipeline Company  | In Person      | In Person      |
| Peter Sergejewich     | IESO   | Phone          | Phone          |
| Janie Nielson         | Kern River Gas Trans. Co.  | In Person      | In Person      |
| Dolores Chezar        | KeySpan  | In Person      | In Person      |
| Steve Huhman          | Mirant   | Phone          | Phone          |
| Dowell Hudson         | MISO   | In Person      | In Person      |
| Laura Kennedy         | NAESB  | In Person      | In Person      |
| Rae McQuade           | NAESB  | In Person      | In Person      |
| Louann<br>Westerfield | NARUC  |                | Phone          |
| Michael Novak         | National Fuel Gas Distribution   | In Person      | In Person      |
| Joe Kardas            | National Fuel Supply Corporation   | In Person      | In Person      |
| Rick Smead            | Navigant Consulting  | In Person      | In Person      |
| Bill Lohrman          | NERC   | In Person      | In Person      |
| Douglas Rudd          | New Jersey Natural Gas   | Phone          | Phone          |
| Bill Heinrich         | New Public Service Commission<br>New York State Dept. of Public<br>Service | Phone          | Phone          |
| Daniel Downs          |  |                | Phone          |
| Paul Love             | NGPC   | In Person      | In Person      |
| Pete Connor           | Nisource   | Phone          | Phone          |
| George Simmons        | Nisource   | Phone          | Phone          |
| Judy Hickman          | NiSource Pipeline  | In Person      | In Person      |
| Brian White           | NiSource Pipeline  | In Person      | In Person      |
| Micki Schmitz         | Northern Natural Gas   |                | Phone          |
| John Apperson         | PacifiCorp   | Phone          | Phone          |
| Michael Langston      | Panhandle Eastern  | In Person      |                |
| Kim Van Pelt          | Panhandle Eastern Pipeline   | In Person      | In Person      |
| Amy Hamilton          | Peco Energy Co.  | In Person      | In Person      |
| George Rieger         | Peoples Gas  | Phone          | Phone          |
| Drake Kijowski        | PSEG   |                | Phone          |
| Ken Brown             | Public Service Electric & Gas  | Phone          | Phone          |



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| <b>Attendee</b>    | <b>Organization</b>                  | <b>Jan. 24</b> | <b>Jan. 25</b>  |
|--------------------|--------------------------------------|----------------|-----------------|
| Greg Paige         | Questar Pipeline                     | In Person      | In Person       |
| Jay Glaubitz       | Sacramento Municipal Utility         | In Person      | In Person       |
| Bob Schwermann     | SMUD                                 | In Person      |                 |
| Tom Watson         | So. Ca. Edison                       | In Person      | In Person       |
| Rick Ishikawa      | SoCal Gas                            | In Person      | In Person       |
| Rodger Schwecke    | SoCal Gas                            | In Person      | In Person       |
| Jim Busbin         | Southern Company                     | In Person      | In Person       |
| Roman Carter       | Southern Company                     | Phone          |                 |
| Joel Dison         | Southern Company                     | In Person      | In Person       |
| Tony Reed          | Southern Company                     | In Person      | In Person/Phone |
| Diane McVicker     | SRP                                  | In Person      | In Person       |
| Jennifer Chen      | SunGard Energy Systems               | In Person      | In Person       |
| Jeanette Knight    | Tampa Electric Company               | Phone          | Phone           |
| Joann Wehle        | Teco                                 | Web Conf.      |                 |
| John Bogatz        | Tenaska Marketing                    | In Person      | In Person       |
| Valerie Crockett   | Tennessee Valley Authority           | In Person      | In Person       |
| Kathy York         | Tennessee Valley Authority           | In Person      | In Person       |
| Jeff Bittel        | Texas Gas                            | Phone          | Phone           |
| Lisa Blackwood     | The Structure Group                  | Phone          |                 |
| Donna Scott        | Transwestern                         | In Person      | In Person       |
| Mark Wilke         | Trunkline Gas Co.                    | In Person      | In Person       |
| Rose Lennon        | Washington Gas                       | Phone          | Phone           |
| Ron Mucci          | Williams Gas Pipeline                |                | In Person       |
| Christopher Burden | Williams Gas Pipeline                | In Person      | In Person       |
| Dale Davis         | Williams Gas Pipeline                | In Person      | In Person       |
| Adele Zuroff       | Williston Basin                      | Phone          | Phone           |
| Pat Fox            | Wisconsin Public Service Corporation | In Person      | In Person       |



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**TO:** Wholesale Gas Quadrant Business Practices Subcommittee, Wholesale Electric Quadrant Business Practices Subcommittee, and Interested Parties

**FROM:** Laura Kennedy, Meeting/Project Manager

**RE:** Final Minutes of WGQ BPS and WEQ BPS Energy Day Meeting February 9-10, 2005

**DATE:** February 15, 2005

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**WGQ BPS and WEQ BPS Energy Day Meeting  
Houston, TX hosted by NAESB  
February 9-10, 2005  
Final Minutes**

## **1. Administrative Items**

Ms. York introduced the chairs of the WEQ and WGQ Business Practices Subcommittees and introductions in the room and on the phone were made.

Ms. Kennedy read the antitrust advice. Ms. Davis requested to move the adoption of the January 24-25 draft minutes to the end of the agenda. Ms. Davis moved, seconded by Ms. Perlman to adopt the agenda as revised. The revised agenda was adopted absent objection.

## **2. Review of the meeting format and procedures**

Ms. York explained the purpose of the meeting was to review and discuss presentations of proposed standards on communications protocols between pipelines and generators. Ms. York introduced Mr. Miles, FERC Director of Dispute Resolution Services, as the meeting facilitator.

## **3. Proposals**

ISO New England Proposal: Mr. Kirby made the presentation for ISO New England posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps020905w5.pdf](http://www.naesb.org/pdf/weq_wgq_bps020905w5.pdf).

Mr. Kirby reported that during the January 2004 Cold Snap, New England experienced the coldest winter period in twenty years, regional gas pipelines had operational restrictions in effect, and nearly 30% of the region's generation capacity was unavailable. The shortage of operating reserves led to emergency procedures.

ISO New England issued an Interim Cold Snap Report in May, 2004. The Interim Cold Snap Report produced comments from stakeholders, state regulators, and market participants. ISO New England issued its Final Cold Snap Report and Management Response in October, 2004. This report included twenty-three recommendations that formed the basis for remedial actions in four areas: System Operations and Reliability; Market Timelines and Flexibility; ISO Operations and Implementation; and Market Monitoring Analysis.

The Final Cold Snap Report stated that there are several gas and electric coordination and timing issues that need to be addressed, such as: electric and gas system coordination and communication is critical during coincidental peak demand conditions; timing of gas and electric trading deadlines are not well aligned; and high gas price volatility leads to significant financial risk for gas units.

Mr. Kirby said that while coordination and timing issues are important, it is also important to understand related issues, such as the following infrastructure limitations:

- Natural gas remains the "fuel of choice" for new generators.



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- Natural gas pipeline owners are not expected to build infrastructure without commitments for long-term firm contracts.
- Over the next 10 years, new gas supply into New England may be LNG.

Mr. Kirby explained that ISO New England led a stakeholder process to implement new procedures for winter 2004/2005. The stakeholder process included participation by state governors, state regulators, and FERC staff. The states responded by allowing more flexibility in fuel-switching, and the stakeholder process resulted in a new cold weather operating procedure that did not require changes to market rules.

The new operating procedure, the Cold Weather Event Operating Procedure (OP20) established regular contact between electric and gas system operators and created new tools for the ISO to check a generating unit's availability to operate during extreme winter weather. These tools allow access to gas pipelines' Electronic Bulletin Boards, and provide information on gas pipeline contracts for gas-fired generation.

Mr. Kirby described the new procedures established by OP20. OP20 requires assessment of weather and capacity requirements/limitations:

- If the effective temperature is less than or equal to 0° F, then ISO declares:
  - Cold Weather Watch if capacity margin is at least 1000 MW
  - Cold Weather Warning if capacity margin is below 1000 MW
  - Cold Weather Event if capacity margin is below 0 MW requiring emergency actions to deal with a capacity deficiency (OP4)

The ISO evaluates the weather conditions:

- ISO develops a Seven-day Capacity Margin Forecast each Friday by 11 a.m. This forecast includes:
  - Assessment of notices issued by gas pipelines and the potential impact on gas unit availability, and
  - Assessment of weather forecast and the potential impact of Cold Weather Conditions (temperatures below zero) on gas unit availability
- ISO develops Cold Weather Conditions analysis by 12 noon on Friday
  - ISO will classify each day in coming week as: Cold Weather Watch, Warning, Event, or No Cold Weather Conditions
  - ISO updates analysis daily by 11 a.m.

Mr. Kirby explained how the ISO determines when to declare a Cold Weather Watch, Warning, or Event. A Cold Weather Watch is declared when the ISO forecasts that sufficient capacity is available.

- A Cold Weather Watch triggers:
  - Special Notice posted to ISO website
  - Notification to satellite control centers
  - Cancellation of Economic Outages if capacity margin drops below 1000 MW
  - Notification to state regulators (utility commissions and air regulators)



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The ISO declares a Cold Weather Warning when sufficient capacity may not be available.

- A Cold Weather Warning triggers:
  - A request for dual-fuel units to take steps to switch to oil
  - A notification to state regulators (utility commissions and air regulators)
  - Cancellation of Economic Outages
  - An alert to demand response resources to prepare for activation if a capacity deficiency is declared

When a Cold Weather Event is declared, the ISO has forecasted that sufficient capacity will not be available, and emergency actions are expected.

- A Cold Weather Event triggers:
  - A shift of the wholesale electric market timeline (From 12 noon to 9 a.m. day prior to Operating Day)
  - A commitment analysis by ISO Forecast Office (9 a.m. day prior to Operating Day)
  - Earlier notice to gas units that will be needed (Between 9:30 a.m. and 10 a.m. day prior to Operating Day)
  - Daily review of gas nominations to determine if gas units have confirmed gas supplies
  - A request for gas units that can burn oil to switch to oil
  - Cancellation of Economic Outages
  - A notification to state regulators (including air regulators), Electric & Gas Operations Committee, and market participants
  - Notification to NPCC and PJM of potential capacity shortage

OP20 also requires the ISO to coordinate with the gas industry:

- The ISO confers with natural gas pipeline companies at least weekly during the winter. Communication is with individual pipeline companies to avoid antitrust conflicts
- Reviews conditions for upcoming week: weather and temperature forecasts; posted notices by pipeline operators; equipment-related restrictions on gas supply; and overall capacity requirements to serve electric load in New England.

The OP20 will signal the market that additional resources may be needed days in advance, instead of hours advance. OP20 will also improve coordination with generators and gas pipelines to aid in confirmation of unit availability in extreme weather conditions. Fuel switching will keep generation online and free up natural gas for other users. Canceling economic outages early improves readiness for peak hours, and the Cold Weather Watch and Warning are designed to avoid an Event where emergency procedures are required.

In December 2004, ISO New England conducted a drill of the communications protocols with the participation of market participants and state regulators. The first real world test of the Cold Weather Conditions Operating Procedure occurred on January 21, 2005. ISO New England declared a Cold Weather Watch on January 19, and a Cold Weather Warning on January 20. On January 21, the Cold Weather Warning expired without requiring declaration



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of a Cold Weather Event. Fuel switching that occurred between January 19 and January 21 resulted in 750 MW of combined cycle gas-fired units that were switched to oil generation.

Mr. Kirby said the OP20 is designed to allow pipelines to work together to maximize the ability to produce for the electric market. OP20 will be in effect for two years, when ISO New England will conduct an assessment to determine if changes should be made to improve the procedure.

In the question and answer period following the presentation, the following questions were raised:

- Mr. Yeung asked Mr. Kirby to explain the term economic outage. Mr. Kirby said ISO New England allows generators to elect to not participate in the market for a specified period of time, as long as reliability criteria requirements are not compromised.
- Ms. Davis asked how ISO New England reviews gas nominations to determine if gas units have confirmed gas supplies when a Cold Weather Event is declared. Mr. Kirby said ISO New England has access to pipeline next day nomination data. This allows the ISO to compare the generator's commitment to the ISO with the nominations the generator submitted to the gas pipelines. Ms. Davis asked if ISO New England had entered into legal agreements to view that confidential information. Mr. Kirby said ISO New England does not have access to actual contracts, but the pipelines provide the quantity of gas and the location of where the gas is scheduled to flow the next day.
- Ms. Chezar asked if ISO New England encouraged electric generators to purchase firm pipeline services. Mr. Kirby said that an ISO cannot demand capability from generators; however, the short term nature of contracts in the electric market is not conducive to purchasing long term fuel capacity.
- Mr. Novak asked if ISO New England would be willing to send the electric day ahead schedules to the pipelines. Mr. Kirby replied that ISO New England had been able to enter into agreements to receive pipeline nomination data because ISOs are prohibited from taking an interest in the market, but pipelines may not be perceived as operating on the same level of independence to receive the same type of data.
- Mr. Templeton asked if generators could submit bids based on the price of natural gas. Mr. Kirby responded that if generators submitted bids based on the price of natural gas, the current electric market would be suspended. Mr. Templeton asked the average time dual fuel units can utilize alternate fuel, such as oil. Mr. Kirby said that use of dual fuel units is limited due to permits instead of physical limitations. Some dual fuel units are limited to use alternative fuel for thirty days, while others are limited to use alternative fuel when the primary fuel is not available.
- Mr. Love asked Mr. Kirby the contents of the communications ISO New England receives from pipelines. Mr. Kirby said the communications from pipelines include weather forecasts in New England, flow limitations imposed by pipeline companies, and if the conditions have placed an extremely high demand on the pipelines. Mr. Griffith asked Mr. Kirby to explain the term flow limitations. Mr. Kirby said flow limitations include any operational differences from a normal day including operational flow restrictions or orders.
- Mr. Griffith asked if the Seven-Day Capacity Margin Forecast was provided daily. Mr. Kirby said that the forecast of the next seven days is provided daily. The next day's load forecast is updated periodically throughout the day.
- Mr. Griffith asked if ISO New England and the stakeholders who developed OP20 intentionally avoided making changes to the market rules. Mr. Kirby said that one of the



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goals of the process was to determine what procedures could be developed without making changes to the market rules. Changes to market rules would not have been completed for implementation in winter 2004/2005. ISO New England will continue to work with FERC and the stakeholders to amend the market rules to improve communications between pipelines and power plants.

- Mr. Kardas asked if OP20 would prevent the outcome of the January 2004 Cold Snap. Mr. Kirby said that ISO New England followed OP20 during January 19-21, 2005. Though the conditions did not reach the level of a Cold Weather Event, the procedure resulted in 750 MW of combined cycle gas-fired units that were switched to oil. If a Cold Weather Event had been declared, the communication protocols would have provided additional time for fuel switching and ISO New England would have been able to provide notice to substitute units.
- Mr. Desselle said that though there are structural limitations, OP20 will help to address concerns raised by the Cold Snap of January 2004. Mr. Kirby agreed and said that OP20 alone is not a long term solution; however, if communication protocols are not established, the potential advancements provided by infrastructure improvements would be undermined.
- Ms. Ell asked if stakeholders have encouraged ISO New England to facilitate further integration of pipelines and generators. Mr. Kirby said that ISO New England has been encouraged to develop improvements in communication between pipelines and generators, and to develop ways to synchronize the gas industry and electric industry timelines.
- Mr. Simmons asked if the Final Cold Snap Report differentiated between power plants that were unable to operate because of the lack of gas supply versus because of the lack of oil supply. Mr. Kirby said that information was not included in the Cold Snap Report.
- Mr. Mills asked if state air regulators were willing to modify requirements to allow more flexibility for fuel generation. Mr. Kirby said that state air regulators in New England were responsive during the development of the new procedure, however, state air regulators are required to respond to requests and cannot act on their own initiative.

### TVA Proposal:

Ms. Crockett presented TVA's Proposed Business Practice Standards for R04021 Pipeline-Generation Communications posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps020905w2.doc](http://www.naesb.org/pdf/weq_wgq_bps020905w2.doc).

Ms. Crockett said the described communications would occur between the Balancing Authority, Purchase/Selling Entities (PSE), Generators, and Transportation Service Providers when dispatching generation. Each entity will provide the best available information in a timely manner or when changes in previously scheduled runs on natural gas are determined should be conducted. Ms. Crockett noted that TVA has been utilizing this process since 2000.

Highlights of Ms. Crockett's presentation include:

- The Balancing Authority or PSE alerts the Generator or PSE of the need to run generation.
- The PSE checks the status of pipelines and notifies the pipelines of the anticipated run.
- The PSE notifies Generator sites of appropriate Transmission Service Providers for use in generation if the Generator is served by more than one Transmission Service Provider



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- The Transmission Service Provider advises the PSE of any pipeline operational constraints and enters the set-point as dictated by the Generator technician.
- The Generator technician calls appropriate Transmission Service Providers immediately prior to startup and shutdown of units and dictates the set-point to pipelines as required by the Balancing Authority.
- If gas is not available, the Balancing Authority will determine the next steps.
- The proposed communication takes place via phone calls and/or e-mails. A document created as a result of this procedure consists of a spreadsheet that documents the forecast of volumetric natural gas needs on specific pipelines and is based upon the Balancing Authority's expected dispatch. This document is maintained in the PSE's files. (Appendix A Non-Uniform Hourly Flow Request).
- A second document would contain appropriate party contact information that is maintained for a plant with applicable summer generation and winter generation flow rates per unit for that plant. (Appendix B Plant Contact Information). This document would be completed one time by each generator.

In the question and answer period following the presentation, the following questions were raised:

- Mr. Cox asked how long it would take to complete the proposed process when multiple gas units make multiple requests to the same pipeline. Ms. Crockett replied that the majority of the communication would be completed in approximately ten minutes regardless of the number of requests to the pipeline.
- Ms. Davis asked if the proposed process could be used for interruptible service in addition to firm service. Ms. Crockett said TVA uses this process for firm and interruptible transportation. Ms. Davis asked how a Balancing Authority or PSE can be involved in communications between the generator and the pipeline when the Balancing Authority is not the contracting party. Ms. Crockett explained the entity that has a contract with the pipeline would be the entity to communicate with the pipeline.
- Ms. Ell asked if the proposed process was used for extremely cold days or emergencies. Ms. Crockett said TVA uses the proposed process in all instances and there is no need for additional processes on extremely cold days or emergencies.
- Mr. Reed asked if the use of the term Balancing Authority could be interpreted to mean any entity that controls generation. Ms. Crockett agreed that in this instance the term Balancing Authority is defined as any entity that controls generation.
- Mr. Griffith asked Ms. Crockett to explain the portion of the proposal that states the Transmission Service Provider would advise the Purchase/Selling Entity of pipeline operational constraints. Ms. Crockett said that the entity with the transportation contract would advise the Purchase/Selling Entity of any operational constraints. The intent is that the entity that holds the transportation would provide this information to the Purchase/Selling Entity. Mr. Griffith asked if the proposed process provided for updates. Ms. Crockett said that the Purchase/Selling Entity would notify the Transmission Service Provider of any changes as described in Section 1.2 B.
- Mr. Dison asked how the use of the Non-Uniform Hourly Flow Request form would affect nomination cycles. Ms. Crockett said that an additional nomination cycle would help the



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electric industry, but the use of the Non-Uniform Hourly Flow Request provides more flexibility within the existing process.

- Ms. Chezar said that presentations during Gas-Electric Interdependency Task Force meetings electric industry participants emphasized the inability to nominate gas at 6 a.m. Ms. Chezar asked if that concern applies to all units or only to peaking units. Ms. Crockett said that concern is generally for peaking units, because the combined cycle units that are generally utilized for the base-load generation profile have greater ability to work within the existing nomination cycles. Ms. Chezar asked how many additional nomination cycles would address the concerns of the electric industry. Ms. Crockett stated one additional nomination cycle would improve the ability to manage the early morning peak demand.
- Mr. Reed said that an important element of this proposal is that if the generator cannot run based on operational conditions on the Transmission Service Provider's system, the Balancing Authority must begin to seek additional resources. Ms. Crockett agreed.

### Natural Gas Pipeline Company of America Proposal:

Mr. Love provided the proposal on behalf of Natural Gas Pipeline Company of America (NGPL) posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps020905w3.doc](http://www.naesb.org/pdf/weq_wgq_bps020905w3.doc).

Mr. Love said that the proposal is based on what NGPL has tried to establish with all of the power plants on its pipeline system and is prefaced on the assumption that that you have to have services that allow for something other than ratable takes, either contractually or tariff provision.

The proposed pipeline-power plant communications were:

- Where a TSP provides for non-uniform hourly rate of flow deliveries under applicable tariff provisions or general operating procedures the power plant operator (PPO) and the TSP should use the following communication procedures for locations at which the TSP supports deliveries subject to such provisions.
  - Hourly operational flow communications should only indicate variations in hourly operational flow rates and should not include changes in daily scheduled quantities.
  - A PPO should communicate to the TSP's designated contact:
    - its initial hourly operational flow requirements for a gas day prior to the effective day of flow;
    - any changes to the hourly operational flow requirements that were previously provided to the TSP as soon as such changes are known.
- Such communication should include the applicable delivery location(s), the effective date and the operational flow quantity(s) by hour.
- In the event of conflicts between this standard and the TSP's existing tariff or general terms and conditions, the latter will prevail.

In the question and answer period following the presentation, the following questions were raised:

- Mr. Pelkey asked if the power plant operator's hourly operational flow requirements are accurate when provided to pipelines in advance. Mr. Love said the accuracy can vary



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depending on the events that transpire during the day, but power plant operators provide updates as soon as changes are known.

- Mr. Reed asked when the power plant operators must provide the data to the pipeline. Mr. Love said that the pipeline operator would like to have the data by 3 p.m., but the pipeline operator knows that not all day-ahead markets have closed by that time.
- Ms. Ell asked if a NGPL has a different process for emergencies. Mr Love indicated they did not. Ms. Ell asked if pipeline could make use of communication from a power plant operator an hour ahead of time. Mr. Love said that any advance notice would help a pipeline to meet the needs of the power plant operator.
- Mr. Kardas asked if a pipeline would be obligated to provide a power plant with non-uniform hourly flow when the power plant provides an hour notice. Mr. Love said that the communication provides an hourly operating plan, and not an hourly nomination plan, and a pipeline would not be obligated to honor the request for non-uniform hourly flow just because a power plant provided the pipeline with advance notice.
- Ms. Davis asked if the gas being used for this flexibility is sourced solely from on-system supplies and / or storage and not dependent on confirmation of supplies outside of the normal grid-wise confirmation process. Mr. Love indicated that it was on-system gas. Ms. Davis asked if NGPL receives the same communication from customers other than power plant operators. Mr. Love said that LDCs provide the same communication to NGPL.
- Ms. Chezar remarked that this pricess worked for NGPL but it might not work for other pipelines. She expressed concern that it looked like hourly nominations. Mr. Love explained that this is not nominations but merely the operating plans on how they are going to take their scheduled quantity over the 24-hour period.
- Mr. Griffith asked how a pipeline would process requests if several entities sought capacity for the same time. Mr. Love said that the pipeline would process the requests based on existing contract rights.
- Mr. Templeton asked if NGPL wanted NAESB to standardize the proposed communication protocols. Mr. Love said if the proposed communication protocols were NAESB standards, NGPL could cite the standards as a basis for requesting a power plant to provide the pipeline with its hourly operational flow requirements.

#### Edison Electric Institute Proposal:

Ms. Lauderdale provided comments on gas-electric communication topics on behalf of Edison Electric Institute (EEI) posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps020905w4.doc](http://www.naesb.org/pdf/weq_wgq_bps020905w4.doc).

Ms. Lauderdale stated that EEI recommends that NAESB consider the development of standards in the following areas to improve gas electric communication:

- Generator controllers should communicate with pipelines about anticipated natural gas requirements for the upcoming day as well as anytime that the requirements change.
- Pipelines should communicate with the marketplace any problems with delivering projected natural gas requirements in a timely manner.

#### **4. Review and Discussion of Proposals**



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Mr. Miles facilitated the discussion of the proposals. Several options for moving forward were considered and captured in the document titled Meeting Discussion Points 02/09/05 posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps020905w7.doc](http://www.naesb.org/pdf/weq_wgq_bps020905w7.doc).

It was determined to begin drafting standards by modifying the language in the NGPL proposal. The NGPL proposal was used as the starting point for standards language and modifications were proposed as shown below. Additional modifications and proposed standards are also shown below.

After discussion, the the first paragraph of the proposal was modified to read:

The power plant operator (PPO) and the Transportation Service Provider (TSP) should use the following communication procedures for locations at which the TSP supports non-uniform hourly flows.

A new paragraph was added to the end of the standard to address conflicts between the standard and the TSP's existing tariff:

In the event of conflicts between this standard and the TSP's existing tariff or general terms and conditions, the latter will prevail.

Mr. Dison said that the TVA proposal provides an opportunity for unscheduled flow requirements to be fulfilled by pipelines. The language in Number 1 would specifically prohibit the opportunity for a pipeline to provide for unscheduled flow requirements. After discussion, it was decided that the NGPL proposal would be changed so that it encompassed standards for Pipeline-Power Plant Communications for Scheduled Flows, and standards to address pipeline-power plant communications for unscheduled flows would be addressed in a separate standard. The language in the standard was changed to ensure that it only applies to scheduled flows.

The changes to the NGPL proposal can be found in the document titled Draft for Pipeline-Power Plant Communications for Scheduled Flows - 2/9/05 posted on the Energy Day page at [http://www.naesb.org/pdf/weq\\_wgq\\_bps020905w10.doc](http://www.naesb.org/pdf/weq_wgq_bps020905w10.doc). It was decided to number the standards for referral purposes in the discussions. This standard was identified as proposed standard S2.

Mr. Reed indicated he would like information about OFOs (operational flow orders) in advance of when they are posted. Ms. Van Pelt stated that there is a bank of existing standards on operational information the pipelines have to post, including menu structure and screen structure. Ms. Davis added that there are regulations that strictly prohibit the release of info on other than a global basis. Mr. Griffith explained further that pipelines have a requirement to provide information on a uniform basis. Once they know what capacity is available, it is posted. As for OFOs, Mr. Griffith explained that there's been a lot of work done in tariffs that spell out the process, the OFOs are a doomsday approach and nobody delays announcing them. Hourly flexibility may not be available regardless of whether there is an OFO as the pipeline system may already be full. OFOs are not an 'on / off switch' on whether there is flexibility available.

Ms. Crockett volunteered to draft proposed standards for pipeline-power plant communications for unscheduled flows for the committee to review on the second day of the meeting. This proposal is posted on the Energy Day web page titled Draft for Pipeline-Power Plant Communications for Unscheduled Flows by V. Crockett of TVA ([http://www.naesb.org/pdf/weq\\_wgq\\_bps020905w8.doc](http://www.naesb.org/pdf/weq_wgq_bps020905w8.doc)). The proposal was drafted to parallel the language for pipeline-power plant communications for scheduled flows. This standard was identified as proposed standard S3. Ms. Frescki suggested adding language to S3 to ensure that



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the communication protocols for unscheduled flows are to be used under exceptional conditions and are not intended to replace the established nomination schedule and practices. Mr. Love said S3 should also include language that the power plant operator has contracted for services which allow for out-of-cycle nominations or no-notice flows. The following sentence was inserted at the beginning of S3:

Request for gas delivery should use the established nomination scheduled and practices. Only under unplanned situations when it is anticipated that system conditions may not meet NERC or regional reliability criteria and the PPO has contracted for services which allow for out-of-cycle nominations or no-notice flows should this procedure be used.

Ms. Ell requested that the word “support” be replaced with the word “allow” in S3 to ensure the language is interpreted to mean that these communication protocols should be followed during exceptional conditions. Ms. Chezar and Mr. Young suggested that the language “without impacting existing, scheduled services, or anticipated no notice flows,” be added to the end of Number 3 in S3.

Mr. Love said that the language of the proposed standard would provide power plants an ability to communicate the need for unscheduled non-uniform hourly flows to pipelines that is not available to other pipeline customers. Ms. Crockett said the language could be modified to include other pipeline customers.

Ms. Zuroff suggested adding a provision for pipelines to accept, process, and allow nominations to be scheduled between the standard nomination cycles if operating conditions permit, as set out in the Williston Basin tariff. Mr. Novak said he agreed that the language should be included in a NAESB standard. The following language was added to the end of S3:

Transporter will, on a non discriminatory basis, accept, process and allow nominations to be scheduled between the standard nomination cycles if operating conditions so permit, such nominations can be confirmed and such nominations will not result in the interruption of gas previously scheduled. Such nominations will be scheduled on a first come first serve basis.

Ms. Van Pelt opposed including the tariff language in S3 because the communication standards should not include changes to the standards for gas nomination cycles. Mr. Kijowski agreed.

Ms. Davis asked how in the introductory language to S3 “unplanned situations when it is anticipated that system conditions may not meet NERC or regional reliability criteria” is to be verified and with whom, particularly if there is not an RTO / ISO?”. Mr. Ken Brown said that in most cases an “unplanned situation” would be an instance where the forecasted load for a generator is greater than anticipated, in the instance of a forced outage, or when a generator cannot be started. Ms. Davis said that as written it implied the pipelines should be able to verify that a generator is experiencing an ‘unplanned situation’. Otherwise, generators could use the pipeline-power plant communications for unscheduled flows protocols as an open-ended nomination cycle. Ms. Lauderdale suggested that the phrase “unplanned situations when it is anticipated that system conditions may not meet NERC or regional reliability criteria” be set apart for future language development.

Mr. Dison suggested language to address Ms. Davis’ comment that pipelines should be able to verify that a generator is experiencing an unplanned event. The committee named this proposed standard S4 for purposes of discussion:



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When the PPO identifies the need to schedule gas flow outside the standard nomination cycle(s), the PPO should immediately notify the TSP of that need and the [PPO and] TSP should [work together to] resolve the disposition of that need based upon the appropriate application of tariff requirements, business practices, or other similar provisions.

Mr. Griffith provided proposed standard language to modify S3. The modified standard is identified as proposed standard S3A for purposes of discussion. Mr. Griffith described the modifications to S3 in S3A. S3A is included in its entirety in the Draft-Proposed Standards work paper posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps030105w2.doc](http://www.naesb.org/pdf/weq_wgq_bps030105w2.doc). Mr. Griffith also proposed that the tariff language submitted by Ms. Zuroff be separated into a separate standard and identified as proposed standard S5.

Mr. Griffith proposed a separate instructive standard to introduce the two communications standards (S2 and S3). The following will be identified as proposed standard S1 for purposes of discussion:

Transportation Service Provider (TSP) – Power Plant Operator (PPO) communications should supplement existing TSP scheduling processes and services. Where the TSP supports non-uniform flow rate services, those services should be used by parties requiring non-uniform flow rates, and the TSP's scheduling processes and non-uniform flow rate services should have priority over any quantities or flow rates requested and/or accepted in the TSP-PPO communication process.

Mr. Desselle presented proposed standard S6 based on ISO New England's presentation and the Cold Weather Operating Procedure (OP20). S6 can be viewed in its entirety in the Draft-Proposed Standards work paper posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps030105w2.doc](http://www.naesb.org/pdf/weq_wgq_bps030105w2.doc).

Ms. Lauderdale suggested that the group decide whether the language of the standards will have language that is general, like S4, or language that prescribes the details of how entities are to communicate, like S3. While there was discussion in favor of both options, it was decided that it was premature at this time to decide on the tone of the standards language.

## **5. Next Steps**

Ms. Van Pelt and Ms. York will work with the NAESB office to combine all of the proposed standards into one document. Participants will review the proposed standards S1-S6, and submit changes to the proposed standards. Work papers should be submitted to the NAESB office via e-mail to Veronica Thomason at [vthomason@naesb.org](mailto:vthomason@naesb.org) by February 22<sup>nd</sup>.

## **6. Other Business**

Adoption of Draft Minutes from the January 24-25 Meeting: Adoption of the Draft Minutes from the January 24-25 meeting was postponed until the March 1-2 meeting to provide participants an opportunity to review the redlined changes she provided. Ms. Davis said if anyone would like to submit additional changes to the draft minutes from the January 24-25 meeting, they should submit them to her. Ms. Davis said she would include all proposed changes to the Draft Minutes from the January 24-25 meeting into one document for review at the meeting on March 1 & 2.

Agenda Items for March 1 & 2:



# North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002  
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Participants who plan to attend the meeting in February were requested to make changes to the proposed standards drafted at the February 9 and 10 meeting. These standards are titled Draft-Proposed Standards and posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps030105w2.doc](http://www.naesb.org/pdf/weq_wgq_bps030105w2.doc) Work papers should be submitted to the NAESB office by February 22, 2005.

## Calendar of Meetings:

Ms. Van Pelt stated the next Energy Day Subcommittee meeting is scheduled March 1 and 2 at the NAESB offices in Houston, Texas. The meeting will be from 10:00 a.m. to 5:00 p.m. Central on the March 1 and from 9:00 a.m. to 4:00 p.m. Central on March 2.

Dominion volunteered to host the Energy Day meeting on March 21 and 22. The meeting on March 21 and 22 will be held at Dominion's offices in the Innsbrook Auditorium, 5000 Dominion Boulevard, Glen Allen, VA. The meeting will be held from 10:00 a.m. to 5:00 p.m. Eastern on March 21 and from 10:00 a.m. to 3:00 p.m. Eastern on March 22.

The American Gas Association has volunteered to host the Energy Day meeting on April 6 and 7. The meeting on April 6 and 7 will be held at the American Gas Association, 400 N. Capitol Street, N.W. 4th Floor, Washington, DC. The meeting times are 10:00 a.m. to 5:00 p.m. Eastern on April 6 and from 10:00 to 3:00 p.m. Eastern on April 7.

The revised meeting schedule for the Energy Day committee is posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps030105w1.doc](http://www.naesb.org/pdf/weq_wgq_bps030105w1.doc).

## 7. Adjournment

Mr. Young made a motion to adjourn that was seconded by Ms. Crockett. The meeting adjourned at 2:40 p.m. Central on February 10, 2005.

## 8. Attendees

| Attendee           | Organization                    | Feb. 9    | Feb. 10   |
|--------------------|---------------------------------|-----------|-----------|
| Phil Cox           | AEP                             | Phone     |           |
| Michael Desselle   | AEP                             |           | In Person |
| Mariam Arnaout     | American Gas Association        | In Person | In Person |
| Steven Zavodnick   | Baltimore Gas & Electric        | Phone     | Phone     |
| Tina Burnett       | Boeing                          | Phone     |           |
| Brenda Anderson    | Bonneville Power                | Phone     |           |
| Gordon Brown       | California ISO                  | Phone     | Phone     |
| Billy Miller       | Calpine                         | In Person | In Person |
| Jay Dibble         | Calpine Corporation             | In Person |           |
| Randy Mills        | Chevron Texaco                  | In Person | In Person |
| Jim Templeton      | Comprehensive Energy Services   | In Person | In Person |
| Scott Butler       | Consolidated Edison of New York |           | Phone     |
| Rick Wolfinger     | Constellation Energy            | In Person | In Person |
| Andrew Dotterweich | Consumers Energy                | Phone     | Phone     |
| Lou Oberski        | Dominion                        | In Person | In Person |
| Craig Columbo      | Dominion Resources              | Phone     | Phone     |
| Iris King          | Dominion Transmission           |           | In Person |



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| <b>Attendee</b>    | <b>Organization</b>            | <b>Feb. 9</b> | <b>Feb. 10</b> |
|--------------------|--------------------------------|---------------|----------------|
| Kathryn Burch      | Duke Energy Gas Transmission   | In Person     | In Person      |
| Marcy McCain       | Duke Energy Gas Transmission   | Phone         |                |
| Laura Blue         | Dynegy                         | In Person     | In Person      |
| Melissa Lauderdale | Edison Electric Institute      | In Person     | In Person      |
| Charlie Bass       | El Paso Eastern Pipeline       | In Person     |                |
| Bill Griffith      | El Paso Western Pipelines      | In Person     | In Person      |
| Mike Bray          | Enbridge                       | In Person     | In Person      |
| Keith Sappenfield  | Encana Corporation             | Phone         | Phone          |
| Marjorie Perlman   | Energy East                    | In Person     | In Person      |
| Jimmy Smith        | Entergy                        |               | Phone          |
| Lynnda Ell         | Entergy Services               | In Person     | In Person      |
| Paul Sierer        | Exelon Generation              | In Person     | In Person      |
| Richard Smith      | Exxon Mobil                    | In Person     |                |
| Rick Miles         | FERC                           | In Person     | In Person      |
| Marv Rosenberg     | FERC                           | In Person     | In Person      |
| Brad Holmes        | Florida Gas Transmission       | In Person     | In Person      |
| Henry Barth        | Florida Power & Light          | Phone         | Phone          |
| Joe Stepenovitch   | FRCC                           | In Person     |                |
| Randy Young        | Gulf South Pipeline            | In Person     | In Person      |
| Tom Gwilliam       | Iroquois Gas Transmission      | In Person     | In Person      |
| Kevin Kirby        | ISO New England                | In Person     |                |
| Janie Nielson      | Kern River Gas Transmission    | In Person     | In Person      |
| Dolores Chezar     | KeySpan Distr.                 | In Person     | In Person      |
| Dowell Hudson      | Midwest ISO                    | In Person     | In Person      |
| Steve Huhman       | Mirant                         | Phone         | Phone          |
| Laura Kennedy      | NAESB                          | In Person     | In Person      |
| Rae McQuade        | NAESB                          | In Person     | In Person      |
| Denise Rager       | NAESB                          | In Person     | In Person      |
| Dalia Vasquez      | NAESB                          | In Person     | In Person      |
| Mark Pelkey        | National Fuel                  | In Person     | In Person      |
| Mike Novak         | National Fuel Gas Distribution | Phone         | Phone          |
| Joe Kardas         | National Fuel Gas Supply       | In Person     | In Person      |
| Douglas Rudd       | New Jersey Natural Gas         | In Person     | In Person      |
| Paul Love          | NGPL                           | In Person     | In Person      |
| Pete Connor        | Nisource                       | Phone         | Phone          |
| Chris Maturo       | Nisource                       | Phone         |                |
| George Simmons     | Nisource                       | Phone         | Phone          |
| Brian White        | NiSource Pipelines             | In Person     |                |

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| <b>Attendee</b>    | <b>Organization</b>                     | <b>Feb. 9</b> | <b>Feb. 10</b> |
|--------------------|---|---------------|----------------|
| Christina Frescki  | NJR Energy Services                     | In Person     | In Person      |
| Micki Schmitz      | Northern Natural Gas                    | Phone         | Phone          |
| John Apperson      | Pacificorp                              | Phone         |                |
| Bill Grygar        | Panhandle                               | In Person     |                |
| Kim Van Pelt       | Panhandle Eastern Pipeline              | In Person     | In Person      |
| Ken Brown          | Public Service Electric and Gas Company | In Person     | In Person      |
| Drake Kijowski     | Public Service Electric and Gas Company | In Person     | In Person      |
| Ed Anderson        | RJ Rudden                               | Phone         |                |
| Richard Ishikawa   | Southern California Gas Company         | Phone         | Phone          |
| Joel Dison         | Southern Company                        | In Person     | In Person      |
| Tony Reed          | Southern Company                        | In Person     | In Person      |
| Charles Yeung      | Southwest Power Pool                    | In Person     | In Person      |
| Mark Gracey        | Tennessee Gas Pipeline                  | In Person     | In Person      |
| Donna Scott        | Transwestern Pipeline                   | In Person     | In Person      |
| Valerie Crockett   | TVA                                     | In Person     | In Person      |
| Kathy York         | TVA                                     | In Person     | In Person      |
| Jeff Bittel        | TX Gas                                  | Phone         | Phone          |
| Jeffrey Ackerman   | Western Area Power Administration       | Phone         | Phone          |
| Christopher Burden | Williams Gas Pipeline                   | In Person     | In Person      |
| Dale Davis         | Williams Gas Pipeline                   | In Person     | In Person      |
| Adele Zuroff       | Williston Basin                         | Phone         | Phone          |



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**TO:** Wholesale Gas Quadrant Business Practices Subcommittee, Wholesale Electric Quadrant Business Practices Subcommittee, and Interested Parties

**FROM:** Laura Kennedy, Meeting/Project Manager

**RE:** Final Minutes of WGQ BPS and WEQ BPS Energy Day Meeting March 1-2, 2005

**DATE:** March 14, 2005

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**WGQ BPS and WEQ BPS Energy Day Meeting  
Houston, TX hosted by NAESB  
March 1-2, 2005  
Final Minutes**

## 1. Administrative Items

Ms. Van Pelt introduced the chairs of the WEQ and WGQ Business Practices Subcommittees and introductions in the room and on the phone were made.

Ms. Kennedy read the antitrust advice. Mr. Cox moved, seconded by Ms. Davis to adopt the agenda. The agenda was adopted absent objection. Ms. Davis submitted changes to the January 24-25 draft minutes that were posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105w3.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105w3.doc). Ms. Davis moved, seconded by Mr. Oberski to adopt the minutes as revised. The minutes were adopted without objection. Ms. Davis also submitted changes to the February 9-10 draft minutes that were posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105w9.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105w9.doc). Ms. Davis moved, seconded by Mr. Oberski to adopt the minutes as revised. The minutes were adopted without objection.

## 2. Review of the meeting format and procedures

Ms. Van Pelt explained the purpose of the meeting was to review and discuss changes to the work paper titled "Business Practices Subcommittee WEQ/WGQ Energy Day Subcommittee March 1-2, 2005 Proposed Standards" posted on the NAESB website at [http://www.naesb.org/pdf/weq\\_wgq\\_bps030105w2.doc](http://www.naesb.org/pdf/weq_wgq_bps030105w2.doc). Ms. Van Pelt introduced Mr. Miles, FERC Director of Dispute Resolution Services, as the meeting facilitator.

## 3. Discuss Changes to Proposed Standards Work Paper

Mr. Rudd opened the meeting with a summary of the position of the "Concerned NAESB LDCs" reflecting the consensus of a dozen LDCs participating in this NAESB process. Mr. Rudd spoke on behalf of NJR Energy Services Company, NJNG, PSEG, National Fuel Distribution, NiSource Distribution Companies, BG&E, KeySpan, Con Ed, RGE, PECO, Dominion LDCs, and Washington Gas. Mr. Rudd said the standards as currently drafted may be considered discriminatory against non-power plant operator gas shippers as well as the fact that there is no indication in the proposed standards of how existing firm service shipper's rights and flexibilities would be protected. Proposed standard S6 more reasonably addresses the intent of R04021 by stipulating criteria along with a communication strategy. Proposed standards S1-S5 go beyond the scope of Request Number R04021 and expand the definition of communications to include the advocacy of non-uniform flow rates or hourly nominations/timelines. Additionally, Mr. Rudd stated the R04021 discussion should be focused on "true emergency" situations. The main concern expressed by Mr. Rudd was that



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these proposed or any future communication standards cannot be a substitute for PPOs holding firm capacity contracts to serve their reliability needs.

Ms. Crockett said that communication protocols should be established to provide a way for power plant operators that have contracted for firm transportation to notify the pipeline that they need to utilize more of their existing capacity. Ms. Ell added that the communication standards will not affect tariffs and will not commit gas pipeline entities to offering additional services.

Mr. Kijowski agreed with Mr. Rudd that the focus should be on communications in an emergency situation. He added that parties should utilize services already subscribed to and that we are not here to create opportunities for others to avail themselves of flexibility without the underlying service.

Mr. Ken Brown stated that he agreed with the portion of the comments filed by the ISOs and RTOs that states that the communication standards should provide for regional variances and avoid duplicative efforts with the stakeholder processes in the various regions. The Comments on the Draft Standards submitted by California ISO is posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105w5.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105w5.doc). The ISO/RTO Comments on the Pipeline-Power Plant Communication is posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105w8.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105w8.doc).

The committee agreed to start the discussion by reviewing the proposed changes to the draft standards that were submitted by the pipelines which are posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105w12.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105w12.doc).

### D1:

First, the committee reviewed a proposed definition of Power Plant Operator (PPO). The definition was named D1 for discussion purposes. Mr. Griffith stated that the PPO definition was created because the term was used in the draft standards. He added that the communication needs to be between the party that knows the requirements and the person providing the gas. At the RTO / ISO level, their responsibility is for the plant to run but after that, the generation requirement needs to be converted into a gas requirement. After discussion, the committee made few changes to the proposed definition. The definition as revised states:

A Power Plant Operator (PPO) is a Point Operator (or that Point Operator's agent) who has direct control over the gas requirements (e.g., burn rates) for natural gas-fired electric generating facility(s) and is responsible for coordinating natural gas deliveries to meet those requirements.

### S1:

Next, the committee reviewed draft standard S1 as revised by the pipelines. Ms. Van Pelt explained that S1 was drafted as a threshold standard to state that the communication standards do not replace and are not to be applied in lieu of the existing standards for gas requirements nominations and confirmation. Mr. Brown proposed additional language to be added to S1 to ensure that this intent was evident. After discussion, the following language was added as the second sentence of S1:

The TSP/PPO communications standards set forth in NAESB WGQ standard nos. [S2] and [S3A] are not intended to convey any rights or services beyond or in addition to those contained in the TSP tariff and general terms and



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conditions. In the event of conflicts between this standard and the TSP's tariff or general terms and conditions, the latter will prevail.

Mr. Haga asked why the proposed standards did not include entities other than power plant operators, such as LDC's. Mr. Griffith noted that Request Number R04021 and the request from FERC seek to improve the natural gas/electric generation infrastructure to perform more reliably and responsibly; neither request included LDC's. Mr. White added that pipelines have access to extensive historical data of LDC profiles and do not require additional detailed communication to provide for LDC's needs. On the other hand, a pipeline cannot rely on similar data for gas fired generation because their requirements are not consistent.

### S2:

The committee reviewed the pipeline's proposed changes to draft standard S2. Mr. Oberski said that the phrase "any changes to hourly operational flow requirements," in Number 2 would create an onerous requirement for a PPO to report to the TSP each time there is a change to the hourly operational flow requirements. Mr. Oberski proposed adding language that states that the threshold of the change would be determined by the TSP and PPO. There was general agreement to this change and it was made.

Mr. Oberski noted that Number 3 could be interpreted to provide an opportunity for a TSP to disallow an hourly flow that has been properly nominated and scheduled by a PPO. Mr. Love stated that a TSP would rarely communicate to the PPO that the changes to hourly flow requirements cannot be allowed and the communication set out in S2 would be used by TSPs solely as a planning tool.

Mr. Connor asked how a TSP would prioritize requests to change hourly operation flow when several PPOs request to change their hourly operational flow requirements during the same time frame. Mr. Love replied that before the TSP committed to the change; the TSP would evaluate the obligations of the pipeline and factor in the possible needs of other shippers.

### S3A:

The pipeline proposal included creation of standard S3A to incorporate the language of S3 and S4.

Mr. Griffith explained that the first paragraph of S3A was created so that a PPO will notify the TSP when that PPO has identified a need to increase or reduce the scheduled quantities outside the standard nomination cycles. The second section of S3A establishes the communication procedures in instances where the TSP provides services that allow non-uniform hourly flows or at locations where the PPO may request non-uniform hourly flows.

For clarity, Ms. Crockett suggested that the word "daily" be added to the phrase "increases or reductions to scheduled quantities." Similarly, Mr. Young suggested that the word "existing" be deleted from the phrase "the TSP's existing tariff or general terms and conditions." There was general agreement to these changes and they were made.

Mr. Reed commented that a TSP might be more likely to work with a PPO to resolve the disposition of a need for increases or reductions to daily scheduled quantities outside the standard nomination cycle if the PPO submitted a nomination to correspond with the change in the scheduled quantity during the next nomination cycle. Mr. Novak suggested that language be inserted so that submission of a nomination would be listed as an example of how the PPO and TSP should work together to resolve the disposition of the PPO's need to increase or reduce the daily scheduled quantities. There was no objection to this change and it was made.

### S5:



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The pipelines' proposed deletion of proposed standard S5. Mr. Griffith explained that the intent of S5 was included in S3A.

## S6:

Mr. Desselle reviewed his revisions to proposed standard S6 posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105w7.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105w7.doc). Mr. Desselle said that the revisions were made so that the standard would be applicable in all regions. Standard S6 was drafted based on the ISO New England Cold Weather Operating Procedure. Mr. Babula reported that the information ISO-NE receives from the pipelines in accordance with this procedure is public domain information and is not confidential. ISO-NE has also obtained the meter identifications for the generators to help verify the scheduled volumes of generators on the pipelines. ISO-NE also reviews the pipelines' electronic bulletin boards to gain information about critical notices, and to review and verify scheduled volumes. Mr. Babula said the pipelines have provided ISO-NE with emergency contact information for use during extreme weather or emergency conditions.

The committee reviewed the revisions to proposed standard S6 submitted by the pipelines. Ms. Davis explained that S6 was divided into two parts. The portion of the standard that would only apply to the WEQ was separated from the portion that would apply to both quadrants. The portion that applies to both quadrants was named P1 for purposes of discussion. P1 and S6 were reviewed by the committee as separated by the pipelines; however a determination was not reached on whether to adopt the pipelines' proposed separation of the language.

After extended discussion, the committee decided to proceed so that P1 and S6 would not only apply to ISOs and RTOs, but also to other appropriate electric transmission entities. Mr. Oberski suggested that WEQ participants propose a definition for the term "electric generator operator" for use in the standards for review at the next meeting. Until then, the phrase "a Regional Transmission Operator (RTO), an Independent System Operator (ISO), or any other independent electric transmission entity" will be used as a place holder.

Mr. Cox stated that the standard should include a mechanism or event that would begin the communication process. Revisions to the first sentence in P1 were proposed to set forth the conditions that will trigger the communication process:

For better coordination, a Regional Transmission Operator (RTO), an Independent System Operator (ISO), or any other appropriate independent electric transmission entity and its interconnected Transportation Service Provider (TSP) should promptly communicate when any of these parties receives a severe weather forecast or foresees a potential energy shortfall.

Ms. Davis said that NAESB WGQ Standard No. 4.3.23<sup>1</sup> requires pipelines to provide information via informational postings on their websites that include critical notices, planned

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<sup>1</sup> NAESB WGQ Electronic Delivery Mechanism Related Standard 4.3.23 (modification pending approval by the WGQ Executive Committee and ratification of the WGQ membership):  
Transportation Service Providers should establish an Informational Postings Web site accessible via the Internet. The subcategories and labels for the categories of Informational Postings should be as follows:

| CATEGORIES            | SUBCATEGORIES  |
|-----------------------|--|
| Capacity              | Operationally Available<br>Unsubscribed  |
| Energy Affiliate Info | Capacity Allocation Log (when applicable)<br>Employee Transfers<br>Names and Addresses |



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outages, unplanned outages, and capacity information. The reference to this standard in the pipeline’s proposed revisions to P1 would require that the communication include the Informational Postings required by NAESB WGQ Standard No. 4.3.23. PPOs could access this information by logging on to an individual pipeline’s website.

Mr. Cox said the committee should create a narrative section to catalog the specific information that would be provided to PPOs by the TSPs and vice versa. Ms. Van Pelt stated that this information could be included in an implementation guide or the executive summary section of the standards.

Mr. Brown said the information should be specifically listed in P1. To avoid proprietary information issues, any data that is provided would be aggregated. Ms. Davis said that the standards should not create an obligation for a pipeline to provide additional information to a PPO that is not already contained on the pipeline’s electronic bulletin board. Mr. Oberski proposed insertion of language that would require PPOs to access TSPs electronic bulletin boards to check unit availability during times of severe weather or potential energy shortfalls. Ms. Van Pelt stated the PPO would be able to access that information on the pipelines informational postings page of the website. After discussion, the following language was added to P1:

During such conditions, a RTO, an ISO, or any other appropriate independent electric transmission entity should evaluate a gas fired generating unit’s operational capability by accessing pertinent information available on the TSP’s Informational Postings web site at a minimum.

Mr. Brown proposed additional items to be included in the bulleted list of P1:

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|                           |                                 |
|---------------------------|---------------------------------|
|                           | Potential Mergers               |
|                           | Shared Facilities               |
| Index of Customers        |                                 |
| Non-discrimination Reqmts | Discounts                       |
|                           | Emergency Deviations            |
|                           | Implementation Procedures       |
|                           | Information Disclosure          |
|                           | Tariff Discretionary Actions    |
|                           | <b><u>Voluntary Consent</u></b> |
| Notices                   | Critical                        |
|                           | Non-Critical                    |
|                           | Planned Service Outage          |
| Organizational Charts     |                                 |
| Posted Imbalances         |                                 |
| Tariff                    | Title Page                      |
|                           | Table of Contents               |
|                           | Preliminary Statement           |
|                           | Map                             |
|                           | Currently Effective Rates       |
|                           | Rate Schedules                  |
|                           | General Terms and Conditions    |
|                           | Form of Service Agreement       |
|                           | Entire Tariff                   |
|                           | Sheet Index                     |
| Transactional Reporting   |                                 |

These categories and labels should appear in the order specified above and before any others.



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- Electric generation non-proprietary aggregate gas schedules including percentage that is firm.
- The TSP would indicate their expected ability to satisfy the generation needs identified by the RTO above.

Ms. Davis questioned the usefulness of this information to a TSP. Mr. Novak noted that this information would be accessed by entities other than pipelines and power plant operators, especially during extreme weather conditions. It was noted in the text of the proposed standards that these two additional bullets would be discussed further. Mr. Bray stated that aggregation of data creates potential antitrust concerns for pipelines. Ms. Davis added that the information might be used to manipulate the market. Mr. Oberski said that the information that has been proposed is already publicly posted on the Internet; but in this instance it would be organized or sorted in a different way. There was further discussion regarding the specificity of the information to be provided by TSPs and PPOs during severe weather or energy shortfall conditions. Mr. Brown stated that participants should provide a list of what specific types of information can be exchanged to be included in the emergency communication standards for review at the next meeting.

Mr. Brown proposed language to require periodic testing of the communication protocols to ensure that personnel are trained and familiar with the process. Mr. Novak suggested that these two sentences be proposed as principles. While there was not agreement on whether these sentences would be proposed as principles, they were labeled P2 and P3 for purposes of discussion:

For the purpose of training, mutual familiarity between the gas and electric industries in verification of the functionality of the communication channels, testing of the communication process should occur periodically. (P2).

Appropriate gas and electric personnel maintain adequate familiarity with the EBBs and the OASIS web sites. (P3).

Mr. Desselle suggested that P1, P2, P3, and S6 could be further developed and adopted by the WEQ alone. Ms. Van Pelt said that Request R04021 had been assigned to both the WEQ and WGQ, and any standards that have implications for the gas quadrant would have to be considered by the WGQ.

Mr. Bray said a pipeline would make a presentation at the next meeting to inform those in the WEQ about the information currently available on a pipeline's website. Mr. Desselle said he would work with the ISO's to see if one would volunteer to make a presentation of an OASIS site.

Mr. Griffith asked if all of the comments that were submitted for this meeting had been addressed or if they would be discussed at the next meeting. Mr. Desselle said that he was in the process of coordinating a meeting with NAESB, NERC, and the ISO/RTO Council to discuss the issues that were raised by the ISOs and RTOs in their comments. (These comments were posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105w5.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105w5.doc) (Comments on the Draft Proposed Standards - Submitted by CAISO), [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105w8.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105w8.doc) (ISO/RTO Comments on the Pipeline-Power Plant Communication, R04021)).



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## 4. Next Steps

Participants were requested to make changes to the proposed standards drafted at the March 1 and 2 meeting. These standards are titled "Proposed Standards - 3/2/05" and are posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps032105w2.doc](http://www.naesb.org/pdf2/weq_wgq_bps032105w2.doc) (clean) and [http://www.naesb.org/pdf2/weq\\_wgq\\_bps032105w1.doc](http://www.naesb.org/pdf2/weq_wgq_bps032105w1.doc) (redline). Work papers should be submitted to the NAESB office by March 17, 2005.

## 5. Other Business

Agenda Items for March 21 & 22:

The agenda for the meeting on March 21 and 22 will include a presentation by a pipeline representative to demonstrate the informational postings site on the electronic bulletin board, a presentation from an ISO representative on the OASIS website, and discussion and possible vote on the proposed standards.

## 6. Adjournment

Mr. Bray made a motion to adjourn that was seconded by Ms. King. The meeting adjourned at 3:07 p.m. Central on March 2, 2005.

## 7. Action Items for the Next Meeting

- Mr. Oberski suggested that WEQ participants propose a definition for the term "electric generator operator" for use in the standards for review at the next meeting.
- Mr. Brown stated that participants should provide a list of what specific types of information can be exchanged to be included in the emergency communication standards for review at the next meeting.
- P1 and S6 were reviewed by the committee as separated by the pipelines; however a determination was not reached on whether to adopt the pipelines' proposed separation of the language.
- While there was not agreement on whether these sentences would be proposed as principles, they were labeled P2 and P3 for purposes of discussion:
  - For the purpose of training, mutual familiarity between the gas and electric industries in verification of the functionality of the communication channels, testing of the communication process should occur periodically. (P2).
  - Appropriate gas and electric personnel maintain adequate familiarity with the EBBs and the OASIS web sites. (P3).
- Mr. Bray said a pipeline would make a presentation at the next meeting to inform those in the WEQ about the information currently available on a pipeline's website.
- Mr. Desselle said he would work with the ISOs to see if one would volunteer to make a presentation of an OASIS site.
- Participants were requested to make changes to the proposed standards drafted at the March 1 and 2 meeting.
- Work papers should be submitted to the NAESB office by March 17, 2005.



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## 8. Attendees

| Attendee           | Organization                     | March 1   | March 2   |
|--------------------|----------------------------------|-----------|-----------|
| Phil Cox           | AEP                              | In Person | In Person |
| Michael Desselle   | AEP                              | In Person | In Person |
| Mariam Arnaout     | American Gas Association         | Phone     | Phone     |
| Steve Zavodnick    | Baltimore Gas & Electric         |           | Phone     |
| Tina Burnett       | Boeing                           | In Person | In Person |
| Gordon Brown       | California ISO                   | Phone     | Phone     |
| Jay Dibble         | Calpine Corporation              | In Person | In Person |
| Sherry Poimboeuf   | CenterPoint Energy Pipelines     |           | In Person |
| Jim Templeton      | Comprehensive Energy             | In Person | In Person |
| Andrew Dotterweich | Consumers Energy                 | Phone     | Phone     |
| Lisa Simpkins      | Constellation Energy Commodities | In Person | In Person |
| Lou Oberski        | Dominion                         | In Person | In Person |
| Craig Colombo      | Dominion Resources               | Phone     | Phone     |
| Iris King          | Dominion Transmission            | In Person | In Person |
| George Dawe        | Duke Energy                      | Phone     |           |
| Kathryn Burch      | Duke Energy Gas Transmission     | In Person | In Person |
| Tom Pruitt         | Duke Power                       | Phone     |           |
| Melissa Lauderdale | Edison Electric Institute        | Phone     | Phone     |
| Mark Gracey        | El Paso Eastern Pipelines        | In Person | In Person |
| Bill Griffith      | El Paso Western Pipelines        | In Person | In Person |
| Mike Bray          | Enbridge                         | In Person | In Person |
| Keith Sappenfield  | EnCana Corp                      | Phone     | Phone     |
| Marjorie Perlman   | Energy East                      | In Person | In Person |
| Ed Davis           | Entergy                          | Phone     | Phone     |
| Lynnda Ell         | Entergy                          | Phone     | Phone     |
| Jimmy Smith        | Entergy                          |           | Phone     |
| Rick Miles         | FERC                             | In Person | In Person |
| Marv Rosenberg     | FERC                             | In Person | In Person |
| Brad Holmes        | Florida Gas Transmission         | In Person | In Person |
| Henry Barth        | Florida Power and Light          | Phone     | Phone     |
| Joe Stepenovitch   | FRCC                             | Phone     | Phone     |
| Randy Young        | Gulf South Pipeline              | In Person | In Person |
| Tom Gwilliam       | Iroquois Gas Transmission        | In Person | In Person |
| Mark Babula        | ISO NE                           | Phone     | Phone     |
| Janie Nielson      | Kern River Gas Transmission      | In Person | In Person |
| Steve Huhman       | Mirant                           | Phone     | Phone     |
| Laura Kennedy      | NAESB                            | In Person | In Person |



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| Attendee           | Organization               | March 1   | March 2   |
|--------------------|----------------------------|-----------|-----------|
| Rae McQuade        | NAESB                      | In Person | In Person |
| Denise Rager       | NAESB                      | In Person | In Person |
| Mike Novak         | National Fuel Distribution |           | In Person |
| Paul Love          | Natural Gas Pipeline       | In Person |           |
| Doug Rudd          | New Jersey Natural Gas     | In Person | In Person |
| Pete Connor        | Nisource                   | Phone     | Phone     |
| George Simmons     | Nisource                   | Phone     | Phone     |
| Judy Hickman       | NiSource Pipelines         | In Person | In Person |
| Brian White        | NiSource Pipelines         | In Person |           |
| Christina Frescki  | NJR Energy Services        | In Person | In Person |
| Kim Van Pelt       | Panhandle Eastern Pipeline | In Person | In Person |
| Ken Brown          | PSEG                       | In Person | In Person |
| Drake Kijowski     | PSEG                       | In Person | In Person |
| Richard Ishikawa   | SoCal Gas                  | In Person | In Person |
| Carl Haga          | Southern Company           | In Person | In Person |
| Tony Reed          | Southern Company           | In Person | In Person |
| Charles Yeung      | Southwest Power Pool       | In Person |           |
| Donna Scott        | Transwestern Pipeline      | In Person | In Person |
| Mark Wilke         | Trunkline Gas Company      | In Person |           |
| Valerie Crockett   | TVA                        | In Person | In Person |
| Kathy York         | TVA                        | In Person | In Person |
| Rose Lennon        | Washington Gas             | Phone     | Phone     |
| Christopher Burden | Williams Gas Pipeline      |           | In Person |
| Dale Davis         | Williams Gas Pipeline      | In Person | In Person |
| Adele Zuroff       | Williston Basin            | Phone     | Phone     |

## 9. Standards Language Resulting From the Meeting

### D1

A Power Plant Operator (PPO) is a Point Operator (or that Point Operator's agent) who has direct control over the gas requirements (e.g., burn rates) for natural gas-fired electric generating facility(s) and is responsible for coordinating natural gas deliveries to meet those requirements.

### S1

Communications between the Transportation Service Provider (TSP) and the Power Plant Operator (PPO) should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP's contract / tariff services.

The TSP/PPO communication standards set forth in NAESB WGQ standard nos. [S2] and [S3A] are not intended to convey any rights or services beyond or in addition to those contained in



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the TSP tariff and general terms and conditions. In the event of conflicts between this standard and the TSP's tariff or general terms and conditions, the latter will prevail.

### **S2**

At power plant delivery locations where the Transportation Service Provider (TSP) provides contract / tariff services that allow non-uniform hourly flows and for which there are previously scheduled quantities for such services, the Power Plant Operator (PPO) and the TSP should use the following communication procedures regarding hourly operational flows:

- 1) Prior to the effective day of flow, a PPO should communicate to the TSP's designated contact its initial hourly operational flow requirements for a gas day.
- 2) As soon as any changes (the threshold of change to be determined by the TSP and PPO) to hourly operational flow requirements are known, a PPO should communicate such changes to the TSP's designated contact.
- 3) If at any time the hourly flow requirements provided in 1) and 2) above cannot be allowed by the TSP, the TSP should advise the PPO as soon as practicable.
- 4) The communication of hourly operational flow requirements, provided in 1) and 2) above, should only address variations in hourly operational flow rates for previously scheduled quantities and should not include changes in daily scheduled quantities.

When the PPO is communicating its requirements to the TSP, the communication should include the applicable delivery location(s), the effective date, and the forecasted operational flow quantity(s) by hour.

In the event of conflicts between this standard and the TSP's tariff or general terms and conditions, the latter will prevail.

### **S3A (Includes language from previous S3 and S4)**

A Service Requester submitting a request for gas delivery should use the NAESB WGQ standard nomination timeline and scheduling processes. However, at power plant delivery locations, when a Power Plant Operator (PPO) identifies an operational need for increases or reductions to daily scheduled quantities outside the standard nomination cycle(s), the PPO should immediately notify the Transportation Service Provider (TSP) of such requirements, and the PPO and TSP should work together to resolve the disposition of the specified requirements (e.g., submitting a nomination) based upon the appropriate application of tariff requirements, business practices, or other similar provisions.

At power plant delivery locations where the TSP provides contract / tariff services that allow non-uniform hourly flows or at locations where the PPO may request non-uniform hourly flows, the PPO and the TSP should use the following communication procedures:

- 1) The PPO should communicate its request for anticipated daily and hourly requested gas flows to the TSP's designated contact.
- 2) The TSP should:
  - a. Accept or deny the PPO's specific request based on the TSP's contract / tariff provisions and/or the TSP's ability to allow gas flow based on conditions at



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the time of the request, without impacting services that have been previously scheduled, anticipated flows, firm contract requirements, and/or general system operations.

- b. Notify the PPO if a previously requested gas flow can no longer be allowed.

Such communication should include the applicable Service Requester Contract, the receipt and/or delivery location(s), the effective gas day, the requested gas flow quantity(s) by hour and the total requested gas flow quantity for the gas day.

In the event of conflicts between this standard and the TSP's tariff or general terms and conditions, the latter will prevail.

## **P1**

For better coordination, a Regional Transmission Operator (RTO), an Independent System Operator (ISO), or any other appropriate independent electric transmission entity and its interconnected Transportation Service Provider (TSP) should promptly communicate when any of these parties receives a severe weather forecast or foresees a potential energy shortfall.

During such conditions, a RTO, an ISO, or any other appropriate independent electric transmission entity should evaluate a gas fired generating unit's operational capability by accessing pertinent information available on the TSP's Informational Postings web site at a minimum.

Such communication, should include, but not be limited to the following:

- Weather and temperature forecasts for the upcoming period; and
- Informational Postings by the TSP as required by NAESB WGQ Standard 4.3.23.
- Gas capacity requirements to serve electric loading the electric generator operator's area, as appropriate. (Note: something to be discussed with gas control personnel) Electric generation non-proprietary aggregate gas schedules including percentage that is firm. (Note: something to think about from a legal/regulatory perspective-whether aggregated data by pipeline can be provided by the RTO)
- The TSP would indicate their expected ability to satisfy the generation needs identified by the RTO above. (Note: something to think about)

## **P2**

For the purpose of training, mutual familiarity between the gas and electric industries in verification of the functionality of the communication channels, testing of the communication process should occur periodically.

## **P3**

Appropriate gas and electric personnel maintain adequate familiarity with the EBBs and the OASIS web sites.

**S6** (The remainder of the previous S-6 is applicable to WEQ only. It needs modifications to include Summer/Hot Weather conditions and consistency of terms with other proposed standards)

Electric generator operators should develop a seven (7) day Capacity Margin forecast each week based on the communications above, which includes an assessment of:



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- notices issued by gas pipelines and the potential impact on gas unit availability; and
- weather forecast and the potential impact of Cold Weather Conditions (temperatures below zero) on gas unit availability.

Electric generator operators should develop a Cold Weather Conditions analysis based on the weekly Capacity Margin forecast and declare each day in coming week as: Cold Weather Watch, Cold Weather Warning, Cold Weather Event, or No Cold Weather Conditions.

- Electric generator operators should review and update the Cold Weather Conditions analysis daily.

Electric generator operators should complete an assessment of the weather conditions and electric generation capacity situation for the winter months, and if the effective temperature is less than or equal to 0° F, declare a:

- **Cold Weather Watch** if the electric generation capacity margin is at least 1000 MW.
- **Cold Weather Warning** if the electric generation capacity margin is below 1000 MW.
- **Cold Weather Event** if the electric generation capacity margin is below 0 MW requiring emergency actions to deal with a capacity deficiency.

In the event a Cold Weather Watch is declared, the electric generator operator will:

- post special notice to the electric generator operator's website
- notify satellite control centers
- cancel Economic Outages if capacity margin drops below 1000 MW
- notify state regulators (utility commissions and air regulators)

In the event a Cold Weather Warning is declared, the electric generator operator will:

- request that dual-fuel units to take steps to switch to oil
- notify state regulators (utility commissions and air regulators)
- cancel Economic Outages
- alert demand response resources to prepare for activation if a capacity deficiency is declared

In the event a Cold Weather Event is declared, the electric generator operator will:

- shift the wholesale electric market timeline from 12 noon to 9 a.m. day prior to Operating Day
- complete a commitment analysis from 9 a.m. day prior to Operating Day
- provide notice of use to gas generation units that will be needed. Notification will take place between 9:30 a.m. and 10 a.m. day prior to Operating Day
- complete a daily review of gas nominations to determine if gas units have confirmed gas supplies
- request that gas units with the capability to burn oil to switch to oil
- cancel Economic Outages
- notify state regulators (including air regulators), Electric & Gas Operations Committee, and market participants
- notify neighboring electric generator operators of potential capacity shortage



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**TO:** Wholesale Gas Quadrant Business Practices Subcommittee, Wholesale Electric Quadrant Business Practices Subcommittee, and Interested Parties

**FROM:** Laura Kennedy, Meeting/Project Manager

**RE:** Final Minutes of WGQ BPS and WEQ BPS Energy Day Meeting March 21-22, 2005

**DATE:** March 29, 2005

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**WGQ BPS and WEQ BPS Energy Day Meeting  
Houston, TX hosted by NAESB  
March 21-22, 2005  
Final Minutes**

## 1. Administrative Items

Mr. Oberski welcomed the meeting participants and introductions in the room and on the phone were made.

Ms. Kennedy read the antitrust advice. Ms. Davis moved, seconded by Ms. Van Pelt to adopt the agenda. The agenda was adopted absent objection.

Ms. Davis proposed changes to the March 1-2, 2005 revised redlined draft minutes. Ms. Davis proposed changing the phrase "additional capacity is needed" to "they need to utilize more of their existing capacity;" and the phrase "additional operations" to "offering additional services" in the first paragraph on page 2. Ms. Davis also proposed inserting a paragraph after the first paragraph on page 2 to state: "Mr. Kijowski agreed with Mr. Rudd that the focus should be on communications in an emergency situation. He added that parties should utilize services already subscribed to and that we are not here to create opportunities for others to avail themselves of flexibility without the underlying service." Ms. Davis proposed revising the paragraph that describes the document the committee reviewed during the meeting to state: "The committee agreed to start the discussion by reviewing the proposed changes to the draft standards that were submitted by the pipelines which are posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105w12.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105w12.doc)."

For the discussion of D1, Ms. Davis proposed adding two sentences: "He [Mr. Griffith] added that the communication needs to be between the party that knows the requirements and the person providing the gas. At the RTO / ISO level, their responsibility is for the plant to run but after that, the generation requirement needs to be converted into a gas requirement." Ms. Davis also noted that Footnote 1 should reflect the most current version of NAESB WGQ Electronic Delivery Mechanism Related Standard 4.3.23.

Mr. Love proposed changing the sentence on page 3 that states "Mr. Love replied that before the TSP committed to the change, the TSP would evaluate the obligation of the pipeline and factor in the possibility of the needs of other PPOs to make commensurate changes," to state "Mr. Love replied that before the TSP committed to the change, the TSP would evaluate the obligations of the pipeline and factor in the possible needs of other shippers." Mr. Bray moved, seconded by Ms. Chezar to adopt the minutes as revised. The minutes were adopted without objection. The final minutes are posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps030105fm.doc](http://www.naesb.org/pdf2/weq_wgq_bps030105fm.doc).



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### **2. Review of the meeting format and procedures**

Mr. Oberski explained the purpose of the meeting was to review and discuss changes to the work paper titled "Proposed Standards - 3/2/05 - Clean" posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps032105w2.doc](http://www.naesb.org/pdf2/weq_wgq_bps032105w2.doc). Mr. Oberski introduced Mr. Miles, FERC Director of Dispute Resolution Services, as the meeting facilitator.

### **3. Pipeline Presentation on Informational Postings Website**

Ms. Van Pelt presented the committee with an overview of Panhandle Energy's Informational Postings website (<http://www.panhandleenergy.com/info.asp>). Ms. Van Pelt explained that the informational postings include: Capacity, Energy Affiliate Information, an Index of Customers, Non-Discrimination Requirements, Notices, Organizational Charts, Posted Imbalances, the Pipeline's Tariff, Transactional Reporting, and Customer Activities. The Customer Activities section of the website is password protected and can only be accessed by authorized users.

Mr. Cox asked how often the Informational Postings are updated on the pipeline's website. Mr. Love stated that the Operationally Available and Unsubscribed Capacity postings (including the IT indicator) is updated after every nomination cycle. Mr. Young further explained that this posting reflects whether there is capacity at a meter but that does not necessarily equate to pipeline capacity to get gas transported to that meter. Ms. Van Pelt went on to explain the Notices that are posted and the difference between the three categories of notices – Critical, Non-Critical and Planned Outages. Ms. Chezar explained that affected parties can sign up to automatically receive these notices via e-mail. It was noted by participants (NEISO, TVA and various LDCs) at the meeting that there is a wealth of information available in these postings.

### **4. ISO Presentation on OASIS Website**

Mr. Advana provided an overview of PJM's OASIS website. The presentation is posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps032105w8.ppt](http://www.naesb.org/pdf2/weq_wgq_bps032105w8.ppt).

In the PJM System Information section, the OASIS site provides System Information, Transmission Facilities Descriptions, Dispatch Rates, Locational Marginal Prices, Pricing Point Calculators, Emergency Procedures, and Regional Through and Out Rate Information. PJM's Tariff, an OASIS User Guide, Job Aids for NERC Tagging Priority Code and OASIS Timing Requirements, PJM Company Transmission Provider Information, and Confirmed Reservations are included in the PJM Reference/Manuals Section.

Mr. Griffith asked if the OASIS site included information on trends in the market. Mr. Advana stated that PJM does not forecast Locational Marginal Prices because PJM is bound by operating agreements and data confidentiality agreements regarding the information that can be publicly disclosed.

Ms. Chezar asked what communication took place between PJM and pipelines that serve its region. Mr. Advana stated that PJM communicates directly with electric generator owners, but does not communicate directly with pipelines or LDCs. [He later clarified that there may be direct communication with pipelines depending on the ISO and the event.]

### **5. Discuss Changes to Proposed Standards Work Paper**

The committee agreed to start discussion by reviewing the proposed changes to the draft standards that were submitted by the LDCs titled "R04020 LDC Segment Proposed



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Modifications - Redline” posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps032105w4.doc](http://www.naesb.org/pdf2/weq_wgq_bps032105w4.doc).

### D1:

Ms. Chezar stated the LDCs proposed deleting the phrase “is a Point Operator (or that Point Operator’s agent)” from the definition of a Power Plant Operator (PPO) because not all PPOs are point operators. The proposed change to the definition would ensure that power plants located behind city gates are included in the definition of Power Plant Operator as well as power plants that are directly connected to pipelines. Ms. Van Pelt stated the changes proposed by the LDCs would change the applicability of the standards because the proposed communication standards were intended to apply to PPOs that are directly connected to Transportation Service Providers, be it an interstate pipeline, intrastate pipeline or a LDC.

After discussion of various proposed modifications to the language of D1, Ms. Van Pelt suggested changing the language to state that PPO “is the term used to describe the entity that has direct control over the gas requirements for natural gas-fired electric generating facilities and is responsible for coordinating natural gas deliveries to meet those requirements.” This change was made to D1, however the committee agreed to table further modification of D1 until the next meeting.

### S1B:

Ms. Chezar stated that the LDCs proposed changing standard S1 so that each sentence would be a separate principle instead of a standard. The LDCs proposed the language as principles P4 and P5. The LDCs also proposed minor changes to the language of P4 and P5. After discussion, the committee accepted most of the changes to the language proposed by the LDCs, but did not agree that the language should be drafted as principles. P4 and P5 were combined into one standard. The proposed standard was named S1B for purposes of discussion. The language of S1B was intended to replace proposed standard S1:

The Transportation Service Provider (TSP)/Power Plant Operator (PPO) communication standards set forth in NAESB WGQ standard nos. [TBD] and WEQ standard nos. [TBD] are not intended to convey any rights or services beyond or in addition to those contained in the TSP tariff and general terms and conditions. These additional communication standards should be used along with the NAESB WGQ standard nomination timeline and scheduling processes for the TSPs contract / tariff services. In the event of a conflict between any of these communication standards and the TSPs tariff or general terms and conditions, the latter will prevail.

### S2:

Ms. Chezar noted that the LDCs proposed deleting the phrase “TSPs that provide contract/tariff services that allow non-uniform hourly flows.” Instead of this change, Mr. Griffith proposed modifying S2 to state that the standard applies where the TSP supports non-uniform hourly flows. Ms. Crockett suggested using “operationally supports.” Mr. Gwilliam stated “operationally supports” could be interpreted to create a requirement to provide for non-uniform hourly flows in cases where a TSP may be able to operationally support non-uniform hourly flows but does not choose to do so. Ms. Chezar noted that number 4 proposed by the LDCs in S2 that states if at any time the hourly operational flow requirements cannot be provided by the TSP, the TSP should notify the PPO as soon as practicable addresses the issue raised by Mr. Gwilliam. The language was modified to incorporate Ms. Crockett’s suggestion.



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Ms. Chezar also stated that the LDCs proposed using “any affected Transportation Service Provider (TSP)” instead of “the TSP” to ensure that LDCs as well as pipelines are included in the communication process between power plant operators and pipelines. There was extensive discussion regarding whether the communication standards should require communication between PPOs and any affected TSP or whether the communication standards should require PPOs to communicate only with the TSP that is directly connected to the PPO. Participants from the pipeline community supported the position that the standards should only be comprised of communication protocols between the TSP and the PPO that is directly connected to that TSP. Mr. Oberski suggested that the language be modified to state that the PPO should communicate the change in the hourly flow to the same entities with whom the original nomination was made. The language was changed to reflect Mr. Oberski’s suggestion. The revised language of the introductory paragraph of proposed standard S2 states:

At power plant delivery locations where the Transportation Service Provider (TSP) operationally supports non-uniform hourly flows and for which there are previously scheduled daily quantities for such services, the Power Plant Operator (PPO) should communicate any change to the hourly flow rate through the same entity(ies) with whom the original hourly flow rate information was made to the extent necessary to arrange the change and should use the following communication procedures regarding hourly operational flows:

Mr. Griffith submitted a work paper to modify the work paper submitted by the LDCs. The committee used this document to review the remainder of proposed standard S2. The changes to the language proposed by Mr. Griffith to numbers 1 through 5 under proposed standard S2 were accepted by the committee.

Ms. Davis suggested that the language in number 1, 2, 4, and 5 be modified to reflect that the communication procedures are intended to take place between PPOs and TSPs that are directly connected to such PPOs. This change was made.

Ms. Chezar proposed additional language for proposed standard S2 to establish the practice in the event the TSP cannot accommodate hourly flow change requests. After minor changes to the language proposed by Ms. Chezar, the language was inserted as number 6 of proposed standard S2:

In the event that the TSP directly connected to the PPO can not accommodate the PPOs request for hourly flow changes without corresponding hourly flow rate changes from the upstream delivery entity, the PPO has the following option. The PPO can notify the appropriate contractual party that is upstream of the directly connected TSP of the PPOs additional hourly requirements. The contractual party and the upstream delivery entity should work together with the directly connected TSP to resolve the disposition of the specified requirements based upon the appropriate application of tariff requirements, business practices, or other similar provisions.

Ms. Davis proposed language that was inserted as number 7 of proposed standard S2: In all communications, the following information must be provided: the applicable delivery location(s), the effective date, and the forecasted operational flow quantity(ies) by hour, and the appropriate contract number, when necessary. The language proposed by Ms. Davis incorporated the language in the last paragraph of proposed standard S2 so the last paragraph was then deleted.

S3A



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Mr. Griffith volunteered to make conforming changes to the language of proposed standard S3A to reflect the modifications made during this meeting to proposed standard S2 as well as reinsert section 5 of S3A from the LDC clean workpaper that was inadvertently omitted. Mr. Griffith will submit the changes to S3A to the NAESB office for posting as a work paper for the April 6<sup>th</sup> and 7<sup>th</sup> meeting.

## 6. Next Steps

Though there was discussion about possibly extending the April meetings from two day meetings to three day meetings, the committee decided to keep the meeting schedule as it is posted on the NAESB website (site).

Participants were requested to make changes to the proposed standards drafted at the March 21 and 22 meeting. These standards are titled "Proposed Standards - 3/22/05" and are posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w1.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w1.doc) (clean) and [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w2.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w2.doc) (redline). Work papers should be submitted to the NAESB office.

## 7. Other Business

### Agenda Items for April 6 & 7:

The agenda for the meeting on April 6 and 7 will include discussion and possible vote on the proposed standards. The first day of the meeting will be dedicated to review and discussion of proposed standard S6.

## 8. Adjournment

Ms. Lauderdale made a motion to adjourn that was seconded by Mr. Wolfinger. The meeting adjourned at 2:56 p.m. Eastern on March 22, 2005.

## 9. Action Items for the Next Meeting

- The committee agreed to table further modification of D1 until the next meeting.
- The proposed standard S1B is intended to replace proposed standard S1. The language was discussed but not endorsed by the group.
- Mr. Griffith volunteered to make conforming changes to the language of proposed standard S3A commensurate with the modifications made during this meeting to proposed standard S2 and to reinsert section 5 in S3A from the LDC workpaper. Mr. Griffith will submit the changes to S3A to the NAESB office for posting as a work paper for the April 6<sup>th</sup> and 7<sup>th</sup> meeting.
- Participants were requested to make changes to the proposed standards drafted at the March 21 and 22 meeting.

## 10. Attendees

| Attendee       | Organization             | March 21  | March 22  |
|----------------|--------------------------|-----------|-----------|
| Phil Cox       | AEP                      | In Person | In Person |
| Mariam Arnaout | American Gas Association | Phone     | Phone     |
| Gordon Brown   | CA ISO                   | Phone     | Phone     |



# North American Energy Standards Board

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| <b>Attendee</b>    | <b>Organization</b>              | <b>March 21</b> | <b>March 22</b> |
|--------------------|----------------------------------|-----------------|-----------------|
| Jay Dibble         | Calpine                          | Phone           | Phone           |
| Sherri Poimboeuf   | CenterPoint Energy               | In Person       | In Person       |
| Randy Mills        | Chevron Texaco                   | In Person       | In Person       |
| Scott Butler       | Con Edison                       | In Person       | In Person       |
| Rick Wolfinger     | Constellation Energy             | In Person       | In Person       |
| Lisa Simpkins      | Constellation Energy Commodities | In Person       | In Person       |
| Lou Oberski        | Dominion                         | In Person       | In Person       |
| Craig Colombo      | Dominion Resources               | In Person       | In Person       |
| Iris King          | Dominion Transmission            | In Person       | In Person       |
| Kathryn Burch      | Duke Energy Gas Transmission     | In Person       | In Person       |
| Melissa Lauderdale | Edison Electric Institute        | In Person       | In Person       |
| Mark Gracey        | El Paso Eastern Pipeline         | In Person       | In Person       |
| Bill Griffith      | El Paso Western Pipeline         | In Person       | In Person       |
| Mike Bray          | Enbridge                         | In Person       | In Person       |
| Keith Sappenfield  | EnCana Corporation               | Phone           |                 |
| Ed Davis           | Entergy                          | Phone           |                 |
| Lynnda Ell         | Entergy                          | In Person       | In Person       |
| Marv Rosenberg     | FERC                             | In Person       | In Person       |
| Henry Barth        | Florida Power & Light            |                 | Phone           |
| Randy Young        | Gulf South                       | In Person       | In Person       |
| Tom Gwilliam       | Iroquois Gas Transmission        | In Person       | In Person       |
| Mark Babula        | ISO New England                  | Phone           | Phone           |
| Janie Nielsen      | Kern River Gas Transmission      | Phone           | Phone           |
| Dolores Chezar     | KeySpan                          | In Person       | In Person       |
| Steve Huhman       | Mirant                           | Phone           | Phone           |
| Laura Kennedy      | NAESB                            | In Person       | In Person       |
| Rae McQuade        | NAESB                            | In Person       | In Person       |
| Michael Novak      | National Fuel Gas Distribution   | Phone           | Phone           |
| Paul Love          | Natural Gas Pipeline             | In Person       | In Person       |
| Douglas Rudd       | New Jersey Natural Gas           | In Person       | In Person       |
| Lisa Fitzgerald    | NiSource Pipelines               | In Person       | In Person       |
| Brian White        | NiSource Pipelines               | In Person       | In Person       |
| Christina Frescki  | NJR Energy Services              | In Person       | In Person       |
| Kim Van Pelt       | Panhandle Eastern Pipe Line      | In Person       | In Person       |
| Chris Advena       | PJM                              | In Person       | In Person       |
| Jim Eckelkamp      | Progress Energy                  | In Person       |                 |
| Ken Brown          | PSEG                             | In Person       | In Person       |
| Drake Kijowski     | PSEG                             | In Person       | In Person       |



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| Attendee         | Organization                                | March 21  | March 22  |
|------------------|---|-----------|-----------|
| Richard Ishikawa | SoCal Gas                                   | In Person | In Person |
| Tony Reed        | Southern Company                            | In Person | In Person |
| Carl Haga        | Southern Company                            | In Person | In Person |
| Donna Scott      | Transwestern Pipeline                       | Phone     |           |
| Valerie Crockett | TVA   | In Person | In Person |
| Kathy York       | TVA   | In Person | In Person |
| Dale Davis       | Williams Gas Pipeline                       | In Person | In Person |
| Adele Zuroff     | Williston Basin Interstate Pipeline Company | Phone     |           |

## 11. Standards Language Resulting From the Meeting

### D1

Power Plant Operator (PPO) is the term used to describe the entity that has direct control over the gas requirements (e.g., burn rates) for natural gas-fired electric generating facility(s) and is responsible for coordinating natural gas deliveries to meet those requirements.

### S1B (Replaces S1 and S1A)

The Transportation Service Provider (TSP)/Power Plant Operator (PPO) communication standards set forth in NAESB WGQ standard nos. [TBD] and WEQ standard nos. [TBD] are not intended to convey any rights or services beyond or in addition to those contained in the TSP tariff and general terms and conditions. These additional communication standards should be used along with the NAESB WGQ standard nomination timeline and scheduling processes for the TSPs contract / tariff services. In the event of a conflict between any of these communication standards and the TSPs tariff or general terms and conditions, the latter will prevail.

### S2

At power plant delivery locations where the Transportation Service Provider (TSP) operationally supports non-uniform hourly flows and for which there are previously scheduled daily quantities for such services, the Power Plant Operator (PPO) should communicate any change to the hourly flow rate through the same entity(ies) with whom the original hourly flow rate information was made to the extent necessary to arrange the change and should use the following communication procedures regarding hourly operational flows:

- 1) Prior to the effective day of flow, the PPO should communicate its initial hourly operational flow requirements for a gas day to the TSP directly connected to the PPO.
- 2) As soon as any changes (the threshold of change to be determined by the TSP and PPO) to hourly operational flow requirements are known, a PPO should communicate such changes to the directly connected TSP.
- 3) The communication of hourly operational flow requirements, provided above, should only address variations in hourly operational flow rates for previously scheduled daily quantities and should not include changes in such daily quantities.
- 4) The TSP directly connected to such PPO should accept or deny the PPOs specific request based on the TSPs contract / tariff provisions and/or the TSPs ability to allow the requested gas flow based on conditions at the time of the request, without



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adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.

- 5) If at any time the PPOs requested revised hourly operational flow requirements cannot be allowed, the TSP directly connected to such PPO should notify the PPO as soon as practicable.
- 6) In the event that the TSP directly connected to the PPO can not accommodate the PPOs request for hourly flow changes without corresponding hourly flow rate changes from the upstream delivery entity, the PPO has the following option. The PPO can notify the appropriate contractual party that is upstream of the directly connected TSP of the PPOs additional hourly requirements. The contractual party and the upstream delivery entity should work together with the directly connected TSP to resolve the disposition of the specified requirements based upon the appropriate application of tariff requirements, business practices, or other similar provisions.
- 7) In all communications the following information should include: the applicable delivery location(s), the effective date, the forecasted operational flow quantity(s) by hour, and the appropriate contract number, when necessary.

### **S3A (Includes language from S3 and S4) –**

A Service Requester submitting a request for gas delivery should use the NAESB WGQ standard nomination timeline and scheduling processes. However, at power plant delivery locations, when a Power Plant Operator (PPO) identifies an operational need for increases or reductions to daily scheduled quantities outside the standard nomination cycle(s), the PPO should immediately notify the Transportation Service Provider (TSP) of such requirements, and the PPO and TSP should work together to resolve the disposition of the specified requirements (e.g., submitting a nomination) based upon the appropriate application of tariff requirements, business practices, or other similar provisions.

At power plant delivery locations where the TSP provides contract / tariff services that allow non-uniform hourly flows or at locations where the PPO may request non-uniform hourly flows, the PPO and the TSP should use the following communication procedures:

- 1) The PPO should communicate its request for anticipated daily and hourly requested gas flows to the TSPs designated contact.
- 2) The TSP should:
  - a. Accept or deny the PPOs specific request based on the TSPs contract / tariff provisions and/or the TSPs ability to allow gas flow based on conditions at the time of the request, without impacting services that have been previously scheduled, anticipated flows, firm contract requirements, and/or general system operations.
  - b. Notify the PPO if a previously requested gas flow can no longer be allowed.

Such communication should include the applicable Service Requester Contract, the receipt and/or delivery location(s), the effective gas day, the requested gas flow quantity(s) by hour and the total requested gas flow quantity for the gas day.

In the event of conflicts between this standard and the TSPs tariff or general terms and conditions, the latter will prevail.

**P1** (formerly the first part of S-6)



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For better coordination, a Regional Transmission Operator (RTO), an Independent System Operator (ISO), or any other appropriate independent electric transmission entity and its interconnected Transportation Service Provider (TSP) should promptly communicate when any of these parties receives a severe weather forecast or foresees a potential energy shortfall.

During such conditions, a RTO, an ISO, or any other appropriate independent electric transmission entity should evaluate a gas fired generating unit's operational capability by accessing pertinent information available on the TSPs Informational Postings web site at a minimum.

Such communication, should include, but not be limited to the following:

- Weather and temperature forecasts for the upcoming period; and
- Informational Postings by the TSP as required by NAESB WGQ Standard 4.3.23.
- Gas capacity requirements to serve electric loading the electric generator operator's area, as appropriate. (Note: something to be discussed with gas control personnel) Electric generation non proprietary aggregate gas schedules including percentage that is firm. (Note: something to think about from a legal/regulatory perspective-whether aggregated data by pipeline can be provided)
- The TSP would indicate their expected ability to satisfy the generation needs identified by the RTO above. (Note: something to think about)

### **P2**

For the purpose of training, mutual familiarity between the gas and electric industries in verification of the functionality of the communication channels, testing of the communication process should occur periodically.

### **P3**

Appropriate gas and electric personnel maintain adequate familiarity with the EBBs and the OASIS web sites.

**S-6** (The remainder of the previous S-6 is applicable to WEQ only. It needs modifications to include Summer/Hot Weather conditions and consistency of terms with other proposed standards)

Electric generator operators should develop a seven (7) day Capacity Margin forecast each week based on the communications above, which includes an assessment of:

- notices issued by gas pipelines and the potential impact on gas unit availability; and
- weather forecast and the potential impact of Cold Weather Conditions (temperatures below zero) on gas unit availability.

Electric generator operators should develop a Cold Weather Conditions analysis based on the weekly Capacity Margin forecast and declare each day in coming week as: Cold Weather Watch, Cold Weather Warning, Cold Weather Event, or No Cold Weather Conditions.

- Electric generator operators should review and update the Cold Weather Conditions analysis daily.



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Electric generator operators should complete an assessment of the weather conditions and electric generation capacity situation for the winter months, and if the effective temperature is less than or equal to 0° F, declare a:

- **Cold Weather Watch** if the electric generation capacity margin is at least 1000 MW.
- **Cold Weather Warning** if the electric generation capacity margin is below 1000 MW.
- **Cold Weather Event** if the electric generation capacity margin is below 0 MW requiring emergency actions to deal with a capacity deficiency.

In the event a Cold Weather Watch is declared, the electric generator operator will:

- post special notice to the electric generator operator's website
- notify satellite control centers
- cancel Economic Outages if capacity margin drops below 1000 MW
- notify state regulators (utility commissions and air regulators)

In the event a Cold Weather Warning is declared, the electric generator operator will:

- request that dual-fuel units to take steps to switch to oil
- notify state regulators (utility commissions and air regulators)
- cancel Economic Outages
- alert demand response resources to prepare for activation if a capacity deficiency is declared

In the event a Cold Weather Event is declared, the electric generator operator will:

- shift the wholesale electric market timeline from 12 noon to 9 a.m. day prior to Operating Day
- complete a commitment analysis from 9 a.m. day prior to Operating Day
- provide notice of use to gas generation units that will be needed. Notification will take place between 9:30 a.m. and 10 a.m. day prior to Operating Day
- complete a daily review of gas nominations to determine if gas units have confirmed gas supplies
- request that gas units with the capability to burn oil to switch to oil
- cancel Economic Outages
- notify state regulators (including air regulators), Electric & Gas Operations Committee, and market participants
- notify neighboring electric generator operators of potential capacity shortage



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**TO:** Wholesale Gas Quadrant Business Practices Subcommittee, Wholesale Electric Quadrant Business Practices Subcommittee, and Interested Parties

**FROM:** Laura Kennedy, Meeting/Project Manager

**RE:** Final Minutes of WGQ BPS and WEQ BPS Energy Day Meeting April 6 – 7, 2005

**DATE:** April 14, 2005

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**WGQ BPS and WEQ BPS Energy Day Meeting  
Washington, DC hosted by American Gas Association  
April 6 - 7, 2005  
Final Minutes**

## 1. Administrative Items

Mr. Novak welcomed the meeting participants and introductions in the room and on the phone were made.

Ms. Kennedy read the antitrust advice. Ms. Lauderdale moved, seconded by Mr. Reed to adopt the agenda. The agenda was adopted absent objection.

Ms. Davis proposed changes to the March 21-22, 2005 draft minutes. The proposed changes were posted as a work paper for this meeting at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w9.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w9.doc). In addition to the changes proposed by Ms. Davis, typographical errors were corrected. Ms. Van Pelt moved, seconded by Mr. Bray to adopt the minutes as revised as final minutes. The final minutes for the March 21-22 meeting are posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps032105fm.doc](http://www.naesb.org/pdf2/weq_wgq_bps032105fm.doc).

## 2. Review of the meeting format and procedures

Mr. Novak explained the purpose of the meeting was to review and discuss changes to proposed standard S6, and then to review and discuss changes to the other proposed communication standards. The proposed standards can be found in the work paper titled "Proposed Standards - 3/22/05 - Clean" posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w1.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w1.doc). Mr. Novak introduced Mr. Miles, FERC Director of Dispute Resolution Services, as the meeting facilitator.

## 3. Discuss Changes to Proposed Standard S6

Mr. Novak asked the participants that had submitted revisions to proposed standard S6 to review their proposals.

PSEG:

Mr. Ken Brown reviewed the proposal submitted by PSEG posted on the NAESB web site at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w3.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w3.doc). The proposal was based on the proposed changes submitted by Entergy posted on the NAESB site at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps032105w3.doc](http://www.naesb.org/pdf2/weq_wgq_bps032105w3.doc). He stated that the proposed changes to standard S6 were made to address the comments submitted by CAISO regarding regional differences. The proposal would require each region, through its stakeholder process, to develop its own mechanisms to implement the communication protocols during times of fuel-related shortages of generating capacity.



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### CAISO:

Mr. Gordon Brown reviewed the comments submitted by CAISO posted on the NAESB web site at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w6.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w6.doc). Mr. Gordon Brown stated that PSEG's comments address many of the regional and market differences. However, the proposal still contains prescriptive language and encroaches on reliability issues. He added that the standard should apply to utilities that are not part of an ISO or RTO. CAISO's alternative S6 would oblige parties to establish relationships with transportation service providers, but does not prescribe how the parties would do so. This flexibility would allow each region to establish the best practice for the area.

### Pipeline Segment:

Mr. Griffith reviewed the work paper titled "Pipeline Segment Work Paper" posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w10.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w10.doc). Mr. Griffith stated that proposed standard S6 should apply only to the Wholesale Electric Quadrant (WEQ) because the communication process for Transmission Service Providers (TSP) has been established through existing NAESB WGQ standards. Procedures currently in place allow parties to sign up for notices when critical notices or operational flow orders are issued. The proposal also includes standard S6B that would apply to both the WGQ and the WEQ. S6B clarifies the communication process and highlights the information that must be posted on the pipeline's electronic bulletin boards via the existing WGQ standards.

Mr. Cox asked if pertinent reliability related information was posted on the TSP's websites. Mr. Griffith stated that anything that affects operational capacity and the availability of capacity is posted. He added that proposed standard S6B further clarifies how information can be distributed to parties via the electronic delivery mechanism.

There was discussion over whether the proposed standards would require a conference call between gas operators and electric generation operators during extreme conditions. Mr. Ken Brown and others supported including language that requires a short conference call when extreme conditions are anticipated. Those in the pipeline community did not support this requirement and questioned the usefulness when any information that would be discussed in the conference call would be provided in the pipelines' critical notice messages and posted on the pipelines' electronic bulletin boards. Ms. Crockett stated that generator personnel have the responsibility to regularly monitor the pipeline's electronic bulletin boards; however, there will be occasions when the information could be clarified via a conference call. Mr. Simonelli stated that ISO New England has procedures in place to monitor pipelines' bulletin boards, but if problems arise the ISO's personnel make a phone call to the pipelines. Mr. Gordon Brown stated that CAISO has established relationships with local pipeline providers and does not to consult the electronic bulletin boards.

### Entergy:

Next, Ms. Ell reviewed the work paper submitted by Entergy posted on the NAESB web site at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps032105w3.doc](http://www.naesb.org/pdf2/weq_wgq_bps032105w3.doc). Ms. Ell stated that standard S6 should apply only to the WEQ. She emphasized the importance of training ISO and RTO personnel on the information pipelines have available on their electronic bulletin boards. She stated that while the language in Entergy's proposal was prescriptive, she would not object to making the standards more generalized.

Mr. Simonelli identified the need for a three part standard. The first part would be high level standard that would apply to both the WEQ and WGQ and would standardize the identification of potential emergency conditions. Part two would establish the procedures for confirmation of



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those conditions and would also apply to both quadrants. Part three would provide each region the flexibility to establish the process once the conditions are confirmed.

Mr. Miles identified four issues that had been discussed at the meeting so far: the scope of proposed standard S6; whether a conference call between gas pipeline and electric generation operators should be required; whether the language of proposed standard S6 or S6B should be used as the basis for further development; and whether the language should be prescriptive or generic. Ms. Van Pelt suggested that the committee address the higher level issues first. The committee agreed to begin by addressing the scope of proposed standard S6.

### Scope of S6:

Mr. Reed stated that proposed standard S6 should only apply to entities that are within an ISO or RTO market. He suggested the scope statement should state that S6 applies to RTOs, ISOs, and any other independent transmission operators." Mr. Simonelli stated that Balancing Authorities should also be included. Mr. Reed replied that inclusion of Balancing Authorities in the standard would imply reliability issues that cannot be addressed by NAESB.

After further discussion, the committee agreed that the Scope Statement should state:

Applies to RTOs, ISOs, and any other independent transmission operators only  
(and PPOs operating in those regions)

Ms. Daly asked for clarification of the phrase "and PPOs operating in those markets." Mr. Ken Brown stated that the language in the scope statement was intended only to include those PPOs that operate within an ISO or RTO.

Next, the committee developed language to state the purpose of the standard. For purposes of discussion, this was called the "Why Statement." After discussion and review of several alternatives, the committee agreed to the following as the "Why Statement":

To provide RTOs, ISOs and ITOs with information regarding power plant gas supply that they need to determine near-term resource adequacy and to better prepare the system operators for mitigation action.

Next, Ms. Lauderdale submitted three questions for the committee to discuss that would further develop the scope and provide language for proposed standard S6. The committee agreed with this approach to the development of standard S6. The three questions submitted by Ms. Lauderdale were:

1. Whether the RTO should be required to sign up for pipeline notices and ensure that staff understands those notices.
2. Whether PPOs should be required to notify RTOs of the type of transportation and supply contracts they have.
3. Whether RTOs should set up a conference call with a pipeline when there are emergency conditions.

### Whether the RTO should be required to sign up for pipeline notices and ensure that their staff understands these notices.

Mr. Advena stated that an RTO would want information on the bottom line generation capability. Ms. Van Pelt stated distribution of information that is not currently included in the notices would be considered discriminatory and/or proprietary to provide it.

Mr. Advena requested that the phrase "and ensure their staff understands these notices" should be deleted from the question. This change was made.



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Mr. Gordon Brown stated that a requirement to sign up for pipeline notices would create a burden on organizations that have established relationships with gas pipeline providers. Mr. Simonelli added that the language should provide for regional differences to ensure that each region has the flexibility to determine the best way to communicate with the pipelines. Ms. Van Pelt suggested that the language be modified to state that the TSP would provide notices to any RTO that submits a request instead of requiring RTOs to sign up for the notices.

Mr. Novak noted that the request to develop standards for daily operational communications between pipelines and power plants (Request No. R04021) was reviewed by NERC and the ISO/RTO Council via the Joint Interface Committee (JIC). He stated that the JIC decided that the request was proper for NAESB standards development. Mr. Novak said that those who do not agree with the scope of the standards can vote against the standards and/or file comments once the report is submitted to the FERC. Mr. Advena stated that RTOs are not able to vote in NAESB. Ms. McQuade stated that members and non-members alike can vote at the subcommittee level and that RTOs can be members of the WEQ.

Ms. Van Pelt said that the pipeline's proposed standard S6B that includes language that would address Question 1. This work paper is posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w10.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w10.doc). Ms. Van Pelt stated that S6B mirrors NAESB WGQ Standard 5.3.34, but was proposed as a separate standard to ensure that those who are not familiar with the WGQ Standards are aware that this information is available. The committee agreed to review the pipeline's proposed standard S6B:

### **S-6B (WGQ and WEQ)**

To better coordinate, to minimize the potential for electric and gas market disruption, and to support gas and electric system reliability, a Transportation Service Provider should provide Regional Transmission Operators (RTO), Independent System Operators (ISO), any other appropriate independent electric transmission entity(ies) (IET) and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / IET / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2 and 5.3.35 – 5.3.38.

Mr. Love noted that any condition that affects capacity on a pipeline would be considered a critical notice. Mr. Cox asked if the notification system allowed the requestor to choose the types of notices it received. Ms. Van Pelt stated that there is not a way to choose which notices are received. Mr. Cox expressed concern that the notices would be overlooked or inadvertently lost over time. Mr. Simonelli reported that ISO New England receives five to ten notifications per day that are stored in a separate e-mail folder.

The language in Question 1 was changed to state: "Whether the RTO, ISO and ITO should sign up for pipeline OFOs and other critical notices." Proposed standard S6B was inserted as an answer to Question 1.

Whether PPOs should be required to notify RTOs of the type of supply and transportation contracts they have.

The committee next reviewed Question number 2. Mr. Griffith pointed out that a PPO would not be able to provide RTOs with actual contracts because they contain proprietary information. Ms. Davis suggested that the language be revised to state that a PPO would provide pertinent information related to its gas transportation and gas supply contracts. After discussion, the following language was inserted as an answer to Question 2:



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Upon request, a power plant operator should provide Regional Transmission Operators, Independent System Operators, and any other appropriate independent electric transmission entity(ies) (IET) with pertinent information related to its gas transportation and gas supply contracts.

Mr. Gordon Brown, Mr. Simonelli, and Mr. Advena supported this concept.

Whether RTOs should set up a conference call with a pipeline when there are emergency conditions.

Next, the committee discussed Question number 3. Mr. Ken Brown stated a conference call between an RTO and pipeline would help to fill the communication gap evidenced by the events in New England in January 2004. Mr. Novak stated affiliate rules limit the information that pipelines can disclose to generators that are affiliates of the pipeline. Mr. Ken Brown stated that ISOs and RTOs are regulated by rules similar to the pipeline affiliate rules and any information provided to generators would be in aggregate form.

Mr. Holmes stated that the answer to Question 3 should include language to state that RTOs, ISOs, and IETs should establish operational communication procedures with TSPs and should establish when those procedures should be implemented. The following language was inserted as an answer to Question 3:

RTOs, ISOs and IETs should establish and periodically test operational communication procedures with appropriate TSP(s).

When a potential near-term resource inadequacy is identified, the RTOs, ISOs and IETs should implement the established operational communication procedures with the appropriate TSP(s) to better prepare the system operators for mitigation.

The document created at the meeting that includes the questions and answers is posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w13.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w13.doc).

Mr. Bray suggested that the committee use the language drafted as the answers to the questions as a basis for standards' language. The committee agreed with this approach.

S12:

The Scope Statement and the Why Statement were combined and renamed Proposed Standard S12 for purposes of discussion. S12 establishes the applicability and purpose of proposed standards S15-S17. S12 applies to both the WEQ and WGQ:

NAESB WEQ Standards Nos [S15, S16, S17] and WGQ Standards Nos [S16, S17] should apply to Regional Transmission Operators (RTOs), Independent System Operators (ISOs), and any other independent transmission operator (ITO) only and Power Plant Operators (PPOs) operating in those regions in order to provide RTOs, ISOs and ITOs with information regarding power plant gas supply that they need to determine if there is sufficient near-term electric generation that is needed to meet electric demand and to better prepare the system operators for mitigating action.

[During the transition into standards language, the term "independent electric transmission entities (IET)" was replaced with the term "independent transmission operator (ITO)".]



## North American Energy Standards Board

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### S13:

The answer to Question 1 was renamed Proposed Standard S13 for purposes of discussion. Minor changes to the language were made. After discussion, the committee agreed that S13 would apply to the WEQ only:

The Regional Transmission Operators, Independent System Operators, independent transmission operators and Power Plant Operators should sign up for operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s) pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35 and 5.3.37.

Ms. Daly confirmed that Proposed Standard S13 was intended to apply to Power Plant Operators that are not within an ISO or RTO as well as Power Plant Operators within an ISO or RTO.

### S14:

Ms. Van Pelt suggested a separate standard be developed to require the TSP to provide RTOs, ISOs, and ITOs with the notices once these entities submit requests pursuant to proposed standard S13. This proposed standard was named Proposed Standard S14 for purposes of discussion and applies to the WGQ only:

A Transportation Service Provider should provide Regional Transmission Operators (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO), and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2 and 5.3.35 – 5.3.38.

There was discussion regarding whether this standard was needed because such a requirement exists in other WGQ standards. Ms. Davis stated that while the existing WGQ standards state that the notices are to be provided to "affected parties" this term is not defined. S14 would ensure that the notices are required to be provided to RTOs, ISOs, PPOs, and ITOs that request them.

### S15:

The answer to Scoping Question 2 was renamed Proposed Standard 15 for purposes of discussion. Proposed Standard S15 applies to the WEQ only and states:

Upon request, a Power Plant Operator should provide appropriate Regional Transmission Operators, Independent System Operators, and any other independent transmission operators with pertinent information related to its gas transportation and gas supply contracts.

### S16:

The first paragraph of the answer to Question 3 was renamed Proposed Standard S16. S16 applies to both the WEQ and WGQ. After modification, S16 states:

Regional Transmission Operators, Independent System Operators and independent transmission operators should establish operational communication procedures with the appropriate gas Transportation Service Provider(s). Training on and testing of such communication process should occur periodically.



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### S17:

The second paragraph in the answer to Question 3 was used as the basis for Proposed Standard S17. Ms. Chezar suggested that the communication procedures established in S16 be referenced in S17. This change was made.

Mr. Oberski stated that the term “resource inadequacy” is misleading. Mr. Zavodnick suggested that the language be changed to state that the operational communication procedures would be implemented when the RTO, ISO, or independent transmission operator deem it necessary. Mr. Advena suggested also adding that the operational communication procedures would be implemented in accordance with the RTO’s, ISO’s, or independent transmission operator’s operating guidelines. Mr. Gordon Brown and Mr. Simonelli did not support the addition of the operating guidelines language.

S17 applies to WEQ and WGQ and states:

When a Regional Transmission Operator, Independent System Operator or independent transmission operator deems it necessary, in accordance with its operating guidelines, it should implement the established operational communication procedures pursuant to NAESB WEQ Standard No. [S16] and WGQ Standard No [S16] with the appropriate gas Transportation Service Provider(s).

Ms. Chezar stated that the standards S12-S17 had deviated from the original intent of standard S6 and that the term “operating guidelines” in S17 is vague. Ms. Davis agreed and stated that the original intent of S6 was that it would apply during emergency or crisis situations. Mr. Dison said that the information required in standards S12-S17 would be transmitted as needed and when requested and not necessarily only during emergency situations. Mr. Ken Brown stated that proposed standard S17 is the only one that would be implemented during crisis situations. Ms. Davis stated she could not support S17 unless language related to crisis or emergency conditions was added. Mr. Griffith stated that the language could be construed as an alternative to the scheduling process instead of an emergency communication process. Mr. Simonelli stated that the proposed language allows the RTO or ISO to determine when it is necessary to implement the communication procedures.

Mr. Advena suggested modifying the language of S17 to state that the RTO, ISO, or independent transmission operator would deem it necessary to implement the communication procedures in accordance with its “emergency operations manual.” Ms. Davis stated that “emergency operations manual” is broad and does not define when the communication procedures would be implemented. Mr. Simonelli, Mr. Advena, and Mr. Gordon Brown volunteered to work together to draft language to clarify the term “operating guidelines.”

### S18:

Ms. Daly noted that S12 states that standards S15-S17 would apply to PPOs operating within an RTO or ISO region. She suggested another standard be drafted to state that upon request, RTOs, ISOs, and independent transmission operators should include in the distribution mechanism PPOs that do not operate within an ISO or RTO. This language was named Proposed Standard S18. S18 applies to WEQ only and states:

Upon request Regional Transmission Operator, Independent System Operator and any other independent transmission operator should include any appropriate entities in the distribution mechanism for public information provided to entities within its footprint.



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Mr. Simonelli stated that providing this information to PPOs outside of ISO New England would be acceptable as long as the code of conduct is followed. Mr. Gordon Brown stated that for CAISO, the distribution mechanism would be the OASIS node. Ms. Daly did not object to the type of distribution mechanism, but wanted to ensure the PPOs outside an ISO or RTO region had the ability to receive information provided in S13 and S14.

Proposed Standards S12-S18 are posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605a2.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605a2.doc) (clean) and [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605a1.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605a1.doc) (redline).

#### 4. Next Steps

The next Energy Day subcommittee meeting is scheduled for April 18-19 at NAESB's offices in Houston, Texas. At this meeting the committee will continue to review the proposed standards posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605w1.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605w1.doc) and proposed standards S12-S18 posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605a2.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605a2.doc). The WEQ and WGQ BPS chairs will work together to draft the agenda for this meeting. Comments should be submitted to the NAESB office and will be posted prior to the meeting on April 18<sup>th</sup> and 19<sup>th</sup>.

#### 5. Other Business

No other business was discussed.

#### 6. Adjournment

The meeting adjourned by consensus at 2:36 p.m. Eastern on April 7, 2005.

#### 7. Action Items for the Next Meeting

- Mr. Simonelli, Mr. Advena, and Mr. Gordon Brown volunteered to work together to draft language to clarify the term "operating guidelines" for proposed standard S17.
- The WEQ and WGQ BPS chairs will work together to draft the agenda for the meeting on April 18<sup>th</sup> and 19<sup>th</sup>.

#### 8. Attendees

| Attendee        | Organization             | April 6   | April 7   |
|-----------------|--------------------------|-----------|-----------|
| Phil Cox        | AEP                      | Phone     | Phone     |
| Mariam Arnaut   | American Gas Association | In Person | In Person |
| Laura Schepis   | APGA                     | In Person |           |
| Kelly Daly      | Arizona Public Service   | Phone     | In Person |
| Curt Brechtel   | AZ Public Service Co     | Phone     |           |
| Steve Zavodnick | Baltimore Gas & Electric | In Person | In Person |
| Tina Burnett    | Boeing                   | In Person | In Person |
| Gordon Brown    | California ISO           | Phone     | Phone     |
| Jay Dibble      | Calpine                  | Phone     | Phone     |



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| <b>Attendee</b>     | <b>Organization</b>              | <b>April 6</b> | <b>April 7</b> |
|---------------------|----------------------------------|----------------|----------------|
| Jim Templeton       | Comprehensive Energy             | Phone          | Phone          |
| Scott Butler        | Con Edison                       | Phone          |                |
| Michael Gildea      | Constellation Corporation        |                | In Person      |
| Lisa Simpkins       | Constellation Energy Commodities | In Person      | In Person      |
| Lou Oberski         | Dominion                         | In Person      | In Person      |
| Craig Colombo       | Dominion Resources               | In Person      | In Person      |
| Iris King           | Dominion Transmission            | Phone          | Phone          |
| Kathryn Burch       | Duke Energy Gas                  | In Person      | In Person      |
| Melissa Lauderdale  | Edison Electric Institute        | In Person      | In Person      |
| Mark Gracey         | El Paso East Pipelines           | In Person      | In Person      |
| Bill Griffith       | El Paso Western Pipelines        | In Person      | In Person      |
| Mike Bray           | Enbridge                         | In Person      | In Person      |
| Keith Sappenfield   | Encana Corporation               | Phone          | Phone          |
| Lynnda Ell          | Entergy Services                 | In Person      | In Person      |
| Jack Cashin         | EPSA                             | Phone          |                |
| Richard Smith       | Exxon Mobile                     | Phone          | Phone          |
| Jeri Purcy          | FERC                             | In Person      | In Person      |
| Marv Rosenberg      | FERC                             | In Person      | In Person      |
| Brad Holmes         | Florida Gas Transmission         | In Person      | In Person      |
| Henry Barth         | Florida Power & Light            | Phone          | Phone          |
| Joseph Stepenovitch | FRCC                             | Phone          |                |
| Randy Young         | Gulf South                       | In Person      | In Person      |
| Lawrence Paulson    | Hoffman-Paulson Associates       | In Person      | In Person      |
| Ron McGinley        | IESO                             | Phone          | Phone          |
| John Simonelli      | ISO New England                  | Phone          | Phone          |
| Janie Nielsen       | Kern River Gas Transmission Co.  | In Person      | In Person      |
| Dolores Chezar      | KeySpan                          |                | In Person      |
| Steve Huhman        | Mirant                           | Phone          | Phone          |
| Laura Kennedy       | NAESB                            | In Person      | In Person      |
| Rae McQuade         | NAESB                            | In Person      |                |
| Denise Rager        | NAESB                            | In Person      | In Person      |
| Michael Novak       | National Fuel Gas Distribution   | In Person      | In Person      |
| Joe Kardas          | National Fuel Supply             | In Person      | In Person      |
| Rick Smead          | Navigant Consulting              | In Person      |                |
| Bill Lohrman        | NERC                             | Phone          | Phone          |
| John Twitchell      | NERC                             | Phone          |                |
| Douglas Rudd        | New Jersey Natural Gas           | In Person      | In Person      |
| Paul Love           | NGPL                             | In Person      | In Person      |

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| <b>Attendee</b>    | <b>Organization</b>         | <b>April 6</b> | <b>April 7</b> |
|--------------------|-----------------------------|----------------|----------------|
| Lisa Fitzgerald    | NiSource Pipelines          | In Person      | In Person      |
| Christina Frescki  | NJR Energy Services         |                | Phone          |
| Barry Lawson       | NRECA                       |                | Phone          |
| Greg Olsen         | Ontario Power Generation    | Phone          |                |
| Kim Van Pelt       | Panhandle Eastern Pipe Line | In Person      | In Person      |
| Chris Advena       | PJM                         | In Person      | In Person      |
| Drake Kijowski     | PSEG                        | In Person      | In Person      |
| Ken Brown          | PSEG                        | In Person      | In Person      |
| Rick Ishikawa      | SoCal Gas                   | In Person      | In Person      |
| Joel Dison         | Southern Company            | Phone          | Phone          |
| Carl Haga          | Southern Company            | In Person      | In Person      |
| Tony Reed          | Southern Company            | In Person      | In Person      |
| Valerie Crockett   | TVA                         | In Person      | In Person      |
| Kathy York         | TVA                         | In Person      | In Person      |
| Rose Lenon         | Washington Gas Light        | In Person      | In Person      |
| Christopher Burden | Williams Gas Pipeline       |                | Phone          |
| Dale Davis         | Williams Gas Pipeline       | In Person      | In Person      |
| Adele Zuroff       | Williston & Basin           | Phone          | Phone          |

## 9. Standards Language Resulting From the Meeting

### **Proposed Standard S12** (WEQ and WGQ)

NAESB WEQ Standards Nos [S15, S16, S17] and WGQ Standards Nos [S16, S17] should apply to Regional Transmission Operators (RTOs), Independent System Operators (ISOs), and any other independent transmission operator (ITO) only and Power Plant Operators (PPOs) operating in those regions in order to provide RTOs, ISOs and ITOs with information regarding power plant gas supply that they need to determine if there is sufficient near-term electric generation that is needed to meet electric demand and to better prepare the system operators for mitigating action.

### **Proposed Standard S13** (WEQ)

The Regional Transmission Operators, Independent System Operators, independent transmission operators and Power Plant Operators should sign up for operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s) pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35 and 5.3.37.



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### **Proposed Standard S14** *(WGQ)*

A Transportation Service Provider should provide Regional Transmission Operators (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO) and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2 and 5.3.35 – 5.3.38.

### **Proposed Standard S15** *(WEQ)*

Upon request, a Power Plant Operator should provide appropriate Regional Transmission Operators, Independent System Operators, and any other independent transmission operators with pertinent information related to its gas transportation and gas supply contracts.

### **Proposed Standard S16** *(WEQ and WGQ)*

Regional Transmission Operators, Independent System Operators and independent transmission operators should establish operational communication procedures with the appropriate gas Transportation Service Provider(s). Training on and testing of such communication process should occur periodically.

### **Proposed Standard S17** *(WEQ and WGQ)*

When a Regional Transmission Operator, Independent System Operator or independent transmission operator deems it necessary, in accordance with its operating guidelines, it should implement the established operational communication procedures pursuant to NAESB WEQ Standard No. [S16] and WGQ Standard No [S16] with the appropriate gas Transportation Service Provider(s).

### **Proposed Standard S18** *(WEQ)*

Upon request Regional Transmission Operator, Independent System Operator and any other independent transmission operator should include any appropriate entities in the distribution mechanism for public information provided to entities within its footprint.



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**TO:** Wholesale Gas Quadrant Business Practices Subcommittee, Wholesale Electric Quadrant Business Practices Subcommittee, and Interested Parties

**FROM:** Laura Kennedy, Meeting/Project Manager

**RE:** Final Minutes of WGQ BPS and WEQ BPS Energy Day Meeting April 18 – 19, 2005

**DATE:** May 2, 2005

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**WGQ BPS and WEQ BPS Energy Day Meeting  
Houston, TX hosted by NAESB  
April 18 - 19, 2005  
Final Minutes**

### 1. Administrative Items

Mr. Miles welcomed the meeting participants and introductions in the room and on the phone were made. Ms. Kennedy read the antitrust advice.

Ms. King requested that proposed standards S7 and S8 be considered after proposed standards S2 and S3A. Mr. Novak stated that because S7 describes how S2 and S3A will be implemented, S7 must be considered first. Mr. Novak noted that proposed standard S1C should be inserted for consideration when S2, S3A, and S7 are reviewed. The agenda was revised so that S1C would be reviewed when S2, S3A, and S7 are reviewed. The revised agenda was adopted by consensus.

Ms. Davis proposed several changes to the April 6-7, 2005 draft minutes. On page 3 and page 5, question 3 was modified to state: "Whether RTOs should set up a conference call with a pipeline when there are emergency conditions." On page 3, the last sentence was modified to state "Ms. Van Pelt stated distribution of information that is not currently included in the notices would be considered discriminatory and/or proprietary to provide it." Mr. Advena suggested that the first sentence under question 1 be modified to state "Mr. Advena stated that an RTO would want information on the bottom line generation capability." On page 4, Ms. Davis stated that the heading should be modified to be consistent with question 1. On page 8, Ms. Davis suggested adding the phrase "for proposed standard S17" to the end of the first action item in section 7. Ms. Davis moved, seconded by Mr. Cox to adopt the minutes as revised as final minutes. The minutes were adopted without opposition. The final minutes for the April 6-7 meeting are posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps040605fm.doc](http://www.naesb.org/pdf2/weq_wgq_bps040605fm.doc).

### 2. Review of the meeting format and procedures

Mr. Novak stated that the purpose of the meeting was to discuss and vote on the proposed communication standards and definitions. A work paper incorporating the latest versions of the standards with the proposed changes submitted by participants titled "Revised Proposed Standards Master Work Paper - 4/15/05" was posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps041805w9.doc](http://www.naesb.org/pdf2/weq_wgq_bps041805w9.doc). (All references to standards language proposals can be found in the Revised Proposed Standards Master Work Paper – 4/15/05.) Mr. Novak introduced Mr. Miles, FERC Director of Dispute Resolution Services, as the meeting facilitator.



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### 3. Vote on Standards, Principles, and Definitions for Which There is Consensus

#### D1:

Ms. Davis moved, seconded by Mr. Bray to adopt the version of proposed definition D1 submitted by the pipeline segment for the Wholesale Gas Quadrant and the Wholesale Electric Quadrant.

Mr. Dison stated that additional language should be inserted to ensure that this definition only applies to the communication standards developed by the Energy Day committee. To address Mr. Dison's request, Ms. Davis suggested that the following sentence be added to the end of the definition: "This definition applies to NAESB WGQ Standard Nos. [TBD] and WEQ Standard Nos. [TBD]."

Mr. Kijowski suggested changing the word "interconnected" to "appropriate" because the Power Plant Operator would also coordinate natural gas deliveries with Transportation Service Providers that are not the interconnected Transportation Service Providers. Mr. Ishikawa added that the term "interconnected" restricts or limits the definition and will affect proposed standards S2 and S3A. Ms. Davis did not agree to make this amendment to the language of proposed definition D1.

Mr. Kijowski made a motion, seconded by Mr. Ishikawa, to amend Ms. Davis' motion to adopt the revised pipeline version of proposed definition D1 and to also replace the term "interconnected" with "appropriate". The motion passed both quadrants on a balanced vote. [Vote 1]<sup>1</sup>.

#### **D1 (WEQ and WGQ)**

Power Plant Operator is the term used to describe the entity that has direct control over the gas requirements (e.g., burn rates) for natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) to meet those requirements. This definition applies to NAESB WEQ Standard Nos. [TBD] and NAESB WGQ Standard Nos. [TBD].

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<sup>1</sup> For Vote 1, individual votes were not captured on this motion.



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## Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |          | Balanced Vote |          |          |
|-------------------|------------|----------|----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL    | YES           | NO       | TOTAL    |
| Transmission      | 3          | 0        | 3        | 2             | 0        | 2        |
| Generation        | 3          | 0        | 3        | 2             | 0        | 2        |
| Marketers/Brokers | 1          | 0        | 1        | 1             | 0        | 1        |
| Distribution/LSE  | 0          | 0        | 0        | 0             | 0        | 0        |
| End Users         | 0          | 0        | 0        | 0             | 0        | 0        |
| <b>Total</b>      | <b>7</b>   | <b>0</b> | <b>7</b> | <b>5</b>      | <b>0</b> | <b>5</b> |

## Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |          |           | Balanced Vote   |                 |          |
|--------------|------------|----------|-----------|-----------------|-----------------|----------|
|              | YES        | NO       | TOTAL     | YES             | NO              | TOTAL    |
| End Users    | 3          | 1        | 4         | 1.5             | 0.5             | 2        |
| LDCs         | 3          | 0        | 3         | 2               | 0               | 2        |
| Pipeline     | 5          | 4        | 9         | 1.111111        | 0.888889        | 2        |
| Producer     | 1          | 0        | 1         | 1               | 0               | 1        |
| Services     | 3          | 0        | 3         | 2               | 0               | 2        |
| <b>Total</b> | <b>15</b>  | <b>5</b> | <b>20</b> | <b>7.611111</b> | <b>1.388889</b> | <b>9</b> |

D2:

Ms. Davis moved, seconded by Mr. Bray, to adopt proposed definition D2 submitted by the pipeline segment with additional language to define the applicability of the definition for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. The motion passed unanimously without objection in both quadrants. [Vote 2].

The adopted language of definition D2 states:

### **D2 (WEQ and WGQ)**

A Power Plant Operator's Facility is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Operator. This definition applies to NAESB WEQ Standard Nos. [TBD] and NAESB WGQ Standard Nos. [TBD].



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### S1B:

Ms. McVicker moved, seconded by Mr. Dison, to adopt proposed standard S1B as proposed by Arizona Public Service and Salt River Project for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. There was discussion regarding whether S1B should be adopted as a standard, principle or applicability statement, however the motion was not modified.

Mr. Ken Brown requested a friendly amendment to replace the phrase “are not intended to” with “do not.” Ms. Davis requested a friendly amendment to replace the phrase “along with” with “in addition to.” Ms. York stated that the word “additional” was redundant and should be removed. Mr. Zavodnick stated that an “s” should be added to the phrase “the TSP tariff and general terms and conditions. Ms. McVicker and Mr. Dison agreed to these modifications.

The motion passed unanimously in both quadrants. Ms. Chezar abstained from this vote. [Vote 3]. The language of adopted standard S1B states:

#### **S1B (WEQ and WGQ)**

The Transportation Service Provider (TSP)/Power Plant Operator (PPO) communication standards set forth in NAESB WGQ Standard Nos. [TBD] and WEQ Standard Nos. [TBD] do not convey any rights or services beyond or in addition to those contained in the TSP’s tariff and general terms and conditions and/or impose any obligations that would otherwise be inconsistent with FERC regulations, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP’s contract / tariff services. In the event of a conflict between any of these communication standards and the TSP’s tariff or general terms and conditions, the latter will prevail.

### S12:

Ms. Chezar moved, seconded by Mr. Novak, to adopt proposed standard S12 as proposed by the LDCs for the Wholesale Electric Quadrant. Mr. Dison stated that Southern Company proposed to eliminate S12 because the applicability of proposed standards S15, S16, and S17 is self-evident in the language of the standards themselves. He suggested that S12 be adopted as a principle instead of a standard. Mr. Ishikawa noted that the language in S12 was originally drafted as a scope statement and suggested that S12 be adopted for inclusion in an implementation guide. Mr. Griffith stated that he would not support the communication standards without the language in S12. He added that without S12, standards S15, 16, and S17 would become general communication standards.

Mr. Gordon Brown noted that S12 as proposed by Ms. Chezar would only include Regional Transmission Operators, Independent System Operators, and other independent transmission operators. He said that S12 should be expanded to include any entity involved in the commitment and dispatch of generating resources. Mr. Ken Brown stated that the reason S12 was limited to Regional Transmission Operators, Independent System Operators, and other independent transmission operators was because the independent nature of these entities alleviated concerns over disclosure of proprietary and confidential information. Mr. Dison added that the independence of Regional Transmission Operators provides an arm’s length from the gas customer that would not be present with other entities, such as a vertically integrated utility. After further discussion, Ms. Chezar withdrew her motion and Mr. Novak withdrew his second.



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Next, Mr. Desselle moved, seconded by Ms. Ell. to adopt proposed standard S12 as drafted by the committee for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. Mr. Dison reiterated his earlier statement that the language of each standard should include its applicability. Mr. Novak suggested postponing further consideration of S12 until S15, S16, and S17 were reviewed. Mr. Desselle withdrew his motion in favor of reviewing proposed standards S15, S16, and S17. Ms. Ell withdrew her second. [S12 was later eliminated in a separate motion. (See Vote 7)].

### S15:

Mr. Desselle moved, seconded by Ms. McVicker to adopt proposed standard S15 as proposed by California ISO for the Wholesale Electric Quadrant.

Ms. Ell stated that language should be added to clarify when a Power Plant Operator should provide Regional Transmission Operators, Independent System Operators, and any other independent transmission operators with information concerning the service level related to its procured gas transportation and gas supply. The language was modified to state that a Power Plant Operator would provide this information upon request unless otherwise prohibited by agreement, tariff, or protocol rules. Mr. Advena noted that Balancing Authorities and Reliability Coordinators should be included. After further discussion, Mr. Desselle agreed to amend his motion so that standard S15 states:

### S15 (WEQ)

Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e. firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.

The motion passed a balanced vote unanimously in the Wholesale Electric Quadrant. [Vote 4].

### Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |    |       | Balanced Vote |    |       |
|-------------------|------------|----|-------|---------------|----|-------|
|                   | YES        | NO | TOTAL | YES           | NO | TOTAL |
| Transmission      | 3          | 0  | 3     | 2             | 0  | 2     |
| Generation        | 5          | 0  | 5     | 2             | 0  | 2     |
| Marketers/Brokers | 1          | 0  | 1     | 1             | 0  | 1     |
| Distribution/LSE  | 0          | 0  | 0     | 0             | 0  | 0     |
| End Users         | 0          | 0  | 0     | 0             | 0  | 0     |
| Total             | 9          | 0  | 9     | 5             | 0  | 5     |

### S16:

Ms. Davis moved, seconded by Mr. Griffith, to adopt standard S16 as proposed by the pipeline segment for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. Mr. Novak requested a friendly amendment to Ms. Davis' motion to include language that training and testing of the communication procedures should occur periodically. Ms. Davis and Mr. Griffith



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accepted this modification. After discussion, Ms. Davis and Mr. Griffith also modified the motion to insert language to describe the purpose of the established communication procedures. The language of the proposed standard stated:

### **S16 (WEQ and WGQ)**

Regional Transmission Operators (RTOs), Independent System Operators (ISOs) and any other independent transmission operators (ITOs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) and/or Power Plant Operator(s). The purpose of such procedures is to facilitate communication when the RTOs, ISOs and/or ITOs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand. Training on and testing of such communication procedures should occur periodically.

Mr. Young and Ms. Chezar stated that the proposed language was broad and did not specify the information that would be communicated via the established operational communication procedures. Mr. Novak noted that the language was drafted to provide regional flexibility. The motion passed on a balanced vote in both quadrants. [Vote 5].



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## Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |          | Balanced Vote |          |          |
|-------------------|------------|----------|----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL    | YES           | NO       | TOTAL    |
| Transmission      | 3          | 0        | 3        | 2             | 0        | 2        |
| Generation        | 5          | 0        | 5        | 2             | 0        | 2        |
| Marketers/Brokers | 1          | 0        | 1        | 1             | 0        | 1        |
| Distribution/LSE  | 0          | 0        | 0        | 0             | 0        | 0        |
| End Users         | 0          | 0        | 0        | 0             | 0        | 0        |
| <b>Total</b>      | <b>9</b>   | <b>0</b> | <b>9</b> | <b>5</b>      | <b>0</b> | <b>5</b> |

## Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |           |           | Balanced Vote  |                |           |
|--------------|------------|-----------|-----------|----------------|----------------|-----------|
|              | YES        | NO        | TOTAL     | YES            | NO             | TOTAL     |
| End Users    | 2          | 2         | 4         | 1              | 1              | 2         |
| LDCs         | 5          | 2         | 7         | 1.428571       | 0.571429       | 2         |
| Pipeline     | 4          | 5         | 9         | 0.888889       | 1.111111       | 2         |
| Producer     | 0          | 2         | 2         | 0              | 2              | 2         |
| Services     | 3          | 0         | 3         | 2              | 0              | 2         |
| <b>Total</b> | <b>14</b>  | <b>11</b> | <b>25</b> | <b>5.31746</b> | <b>4.68254</b> | <b>10</b> |

### S17:

Mr. Dison moved, seconded by Mr. Cox, to modify the language of adopted proposed business practice S16 to incorporate the language of proposed S17 and to eliminate S17 for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. Mr. Advena suggested including independent Balancing Authorities in addition to Regional Transmission Operators, Independent System Operators, and other independent transmission operators. Mr. Dison and Mr. Cox accepted this modification. The modified language of S16 states:

#### **Modified S16 and Deletion of S17 (WEQ and WGQ)**

Regional Transmission Operators (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) and/or Power Plant Operator(s). These procedures should be invoked when the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term



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electric demand. Training on and testing of such communication procedures should occur periodically.

The motion passed both quadrants unanimously on a balanced vote. [Vote 6].

### Wholesale Electric Quadrant

#### Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |           | Balanced Vote |          |          |
|-------------------|------------|----------|-----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL     | YES           | NO       | TOTAL    |
| Transmission      | 4          | 0        | 4         | 2             | 0        | 2        |
| Generation        | 5          | 0        | 5         | 2             | 0        | 2        |
| Marketers/Brokers | 1          | 0        | 1         | 1             | 0        | 1        |
| Distribution/LSE  | 0          | 0        | 0         | 0             | 0        | 0        |
| End Users         | 0          | 0        | 0         | 0             | 0        | 0        |
| <b>Total</b>      | <b>10</b>  | <b>0</b> | <b>10</b> | <b>5</b>      | <b>0</b> | <b>5</b> |

### Wholesale Gas Quadrant

#### Balanced Voting by Segment Tally

| Segment      | Votes Cast |          |           | Balanced Vote |          |           |
|--------------|------------|----------|-----------|---------------|----------|-----------|
|              | YES        | NO       | TOTAL     | YES           | NO       | TOTAL     |
| End Users    | 5          | 0        | 5         | 2             | 0        | 2         |
| LDCs         | 7          | 0        | 7         | 2             | 0        | 2         |
| Pipeline     | 11         | 0        | 11        | 2             | 0        | 2         |
| Producer     | 2          | 0        | 2         | 2             | 0        | 2         |
| Services     | 3          | 0        | 3         | 2             | 0        | 2         |
| <b>Total</b> | <b>28</b>  | <b>0</b> | <b>28</b> | <b>10</b>     | <b>0</b> | <b>10</b> |

D3:

Mr. Dison proposed a definition of Independent Balancing Authority. The proposed definition was named D3 for purposes of discussion. He stated that while Balancing Authority is a defined term within the WEQ, Independent Balancing Authority has not been defined. Mr. Dison proposed language for the definition and it was the consensus to review the definition after review of the remaining proposed standards.

**Independent Balancing Authority (IBA)** – is a term used to describe a balancing authority, as defined by NAESB WEQ Standard No [xx], that neither owns or contractually controls generation, is affiliated with generation, nor arranges fuel supply for the generation in its region.

At this point, Ms. Ell moved, seconded by Mr. Young to eliminate proposed standard S12. The motion passed unanimously. [Vote 7].



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### S14:

Ms. McVicker moved, seconded by Ms. Burch to adopt proposed standard S14 as drafted by the committee for the Wholesale Gas Quadrant. Mr. Gordon Brown stated that the standards should provide more regional flexibility to determine what information is communicated between ISOs and Transportation Service Providers and added that an ISO would only need to be provided with notice of operational flow orders or other critical notices that would affect reliability. Ms. Davis stated that a Transportation Service Provider should not be required to make a determination of which notices an ISO would deem useful. After further discussion, the motion passed without objection in the Wholesale Gas Quadrant. [Vote 8]. The language of adopted business practice S14 states:

#### **S14 (WGQ)**

A Transportation Service Provider should provide Regional Transmission Operators (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO) and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2 and 5.3.35 – 5.3.38.

### S13:

Ms. Ell moved, seconded by Mr. Ken Brown, to adopt standard S13 for the Wholesale Electric Quadrant as proposed by the committee modified to include language to allow the parties involved to mutually agree on an alternative process. Ms. Ell stated that S13 would become a default standard and allow entities that already have communication procedures in place to continue using those procedures. After discussion, “unless the party(ies) needing the information has arranged to receive it through an alternative communication process,” was inserted at the end of the sentence. Ms. Lauderdale requested that the phrase “sign up for” be replaced with “sign up to receive”. Ms. Ell and Mr. Ken Brown accepted this modification.

The motion passed without objection in the Wholesale Electric Quadrant. [Vote 9].

#### **S13 (WEQ)**

The Regional Transmission Operators, Independent System Operators, independent transmission operators and/or Power Plant Operators should sign up to receive operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s) pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35 and 5.3.37, unless the party(ies) needing the information has arranged to receive it through an alternative communication process(es).

Mr. Gordon Brown explained that the business practices adopted by the committee so far were not supported by CAISO because they contained prescriptive language and did not provide sufficient regional flexibility. He proposed language to precede adopted business practices S13, S14, S15, and S16 to describe the intent of the communication procedures and to allow parties to create alternative communication procedures to meet regional operational needs:

The intent of these communications procedure standards is that the applicable parties in the gas and electric industry will use such standards to establish an appropriate communications procedure that will be implemented at times when concerns about power plant fuel supply could affect the reasonable operation of



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the electric grid. These standards will govern such activities unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate, and meet their collective regional operational needs.

The language was named the CAISO Preamble for purposes of discussion. It was the consensus of the group to review the language proposed by Mr. Brown after proposed standards S2 and S3a were reviewed.

### S18:

The committee discussed the genesis of proposed standard S18. Mr. Advena stated that the language was drafted at the meeting on April 6 and 7 to ensure that entities that are not within an RTO or ISO would be included in the distribution mechanism for public information. Ms. Ell moved to adopt standard S18 as a Wholesale Electric Quadrant standard with the modification that the phrase "Upon request of any appropriate entity," be replaced with "Upon request," at the beginning of the standard and to replace the phrase "for public information provided to entities within its footprint" with "for that purpose." Ms. Ell's motion failed for lack of a second. Mr. Cox made the same motion that was seconded by Mr. Dison. The proposed language of S18 stated:

#### **S18 (WEQ)**

Upon request Regional Transmission Operator, Independent System Operator and any other independent transmission operator should include any appropriate entities in the distribution mechanism for public information provided to entities within its footprint.

The motion unanimously failed the Wholesale Electric Quadrant. [*Vote 10*].

### P2:

Ms. McVicker moved, seconded by Mr. Novak to strike all versions of P2. The motion passed unanimously. [*Vote 11*].

### P3:

Ms. McVicker moved, seconded by Ms. Chezar to strike all versions of P3. The motion passed unanimously. [*Vote 12*].

### P1:

Ms. McVicker moved, seconded by Ms. Ell to strike all versions of P1. The motion passed unanimously. [*Vote 13*].

## **4. Discussion of Proposed Standards S2 and S3A**

### S2 and S7:

Ms. Chezar moved, seconded by Ms. Ell, to adopt proposed standard S2 with modifications for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant using the version submitted by the LDCs. Ms. Chezar included modifications to the LDC version: (1) replace item 1 with the language of proposed standard S1C as proposed by the LDCs, (2) to incorporate the concept of proposed standard S7 as proposed by the committee, and (3) delete item 6.



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Ms. Davis proposed inserting the phrase “and should use the following communication procedures regarding hourly operational flows” at the end of the introductory paragraph; inserting the phrase “the TSP that is directly connected to the PPO’ Facility(ies)”; and replacing the phrase “the appropriate contract number, and, as necessary, the upstream TSP(s) and the appropriate upstream contractual party” with “and, if applicable, the appropriate contract number.” Mr. Love proposed replacing “support” with “may allow” in the introductory paragraph. Ms. Chezar and Ms. Ell accepted these modifications.

Mr. Dison stated that the proposed language was discriminatory as drafted because Power Plant Operators are not the only gas customers with non-uniform hourly flows. He proposed modifying the language of S2 to apply to all gas customers instead of Power Plant Operators only. Ms. Davis stated that it would be inappropriate to include all gas customers in this standard because the purpose of Request Number R04021 was to establish daily operational communication protocols between power plants and pipelines.

Mr. Holmes asked for an explanation of the meaning of the phrase “threshold of change to be determined by the Transportation Service Provider and Power Plant Operator.” Mr. Oberski explained the intent of this phrase is that Transportation Service Provider and Power Plant Operator will jointly determine the amount of deviation from the requested hourly operational flow needs that will trigger the communication procedures.

There was extensive discussion regarding whether S7 should be incorporated into S2 or be adopted as a separate standard. Participants in the pipeline segment supported separate standards while participants in the LDC segment supported inclusion of S7 in S2.

Ms. Chezar modified her motion to adopt both proposed standard S2 as modified and proposed standard S7 as proposed by the LDCs with further modification for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. Ms. Ell seconded the motion. Ms. Chezar’s proposed modifications to S7 were (1) replace the phrase “If the TSP determines” with “Should the TSP determine,”; and (2) insert the phrase “unless the upstream delivery entity(ies) makes changes to the hourly flow rate.” After further modification, proposed standard S2 and S7 proposed for adoption by Ms. Chezar stated:

### **S2 (LDC) (WEQ and WGQ)**

At power plant delivery locations where the Transportation Service Provider (TSP) may allow non-uniform hourly flows and for which there are previously scheduled daily quantities for such services, the Power Plant Operator (PPO) should communicate anticipated hourly flow rates and changes to the TSP that is directly connected to the PPO’s Facility(ies) and should use the following communication procedures regarding hourly operational flows:

1. Prior to the effective day of flow, the PPO should communicate its requested initial hourly operational flow needs for a gas day to the TSP that is directly connected to the PPO’s Facility(ies).
2. As soon as any changes (the threshold of change to be determined by the TSP and PPO) to requested hourly operational flow needs are known, a PPO should communicate such changes to the TSP that is directly connected to the PPO’s Facility(ies).
3. The communication of requested hourly operational flow needs, provided above, should only address variations in hourly operational flow rates for



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- previously scheduled daily quantities and should not include changes in such daily quantities.
4. The TSP that is directly connected to the PPO's Facility(ies) should accept or deny the PPO's specific request based on the TSP's contract / tariff provisions and/or the TSP's ability to allow the requested gas flow based on conditions at the time of the request, without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.
  5. If at any time the PPO's requested revised hourly operational flow needs cannot be allowed, the TSP that is directly connected to the PPO's Facility(ies) should notify the PPO as soon as practicable.
  6. In all PPO/TSP communications the following information should be provided: the applicable delivery location(s), the effective date, the forecasted operational flow quantity(s) by hour, and, if applicable, the appropriate contract number.

### **S7 (LDC) (WEQ and WGQ)**

When engaging in communications described in NAESB WGQ Standard No. [S2] and [S3A] and NAESB WEQ Standard No. [S2] and [S3A], the Power Plant Operator (PPO) should communicate with the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies). Should the TSP that is directly connected to the PPO's Facility(ies) determine that flow variations are operationally feasible unless the upstream delivery entity(ies) makes changes to the hourly flow rate, the PPO may notify the appropriate contractual party(ies) on the delivery entity(ies) upstream of the TSP directly connected to the PPO's Facility(ies) of the PPO's additional needs. Such contractual party(ies) and the upstream delivery entity(ies) should work together with the TSP that is directly connected to the PPO's Facility(ies) to resolve the disposition of the specified requests based upon the appropriate application of tariff requirements, business practices or other similar provisions.

Ms. McVicker moved, seconded by Ms. Crockett to formally amend Ms. Chezar's motion to adopt the following language as S2: "The Transportation Service Provider and Power Plant Operators should establish procedures to communicate material changes in circumstances that may impact hourly flow rates" for the Wholesale Electric Quadrant and Wholesale Gas Quadrant. Ms. McVicker did not include adoption of proposed standard S7 in the amended motion. The standard was named S2X for purposes of discussion.

Ms. Chezar opposed the proposed amendment and called for a vote on her motion. The motion failed in both quadrants on a balanced vote. [Vote 14].



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## Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |          | Balanced Vote |          |          |
|-------------------|------------|----------|----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL    | YES           | NO       | TOTAL    |
| Transmission      | 4          | 0        | 4        | 2             | 0        | 2        |
| Generation        | 0          | 2        | 2        | 0             | 2        | 2        |
| Marketers/Brokers | 0          | 2        | 2        | 0             | 2        | 2        |
| Distribution/LSE  | 0          | 0        | 0        | 0             | 0        | 0        |
| End Users         | 0          | 0        | 0        | 0             | 0        | 0        |
| <b>Total</b>      | <b>4</b>   | <b>4</b> | <b>8</b> | <b>2</b>      | <b>4</b> | <b>6</b> |

## Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |           |           | Balanced Vote |          |          |
|--------------|------------|-----------|-----------|---------------|----------|----------|
|              | YES        | NO        | TOTAL     | YES           | NO       | TOTAL    |
| End Users    | 0          | 4         | 4         | 0             | 2        | 2        |
| LDCs         | 5          | 0         | 5         | 2             | 0        | 2        |
| Pipeline     | 0          | 11        | 11        | 0             | 2        | 2        |
| Producer     | 0          | 2         | 2         | 0             | 2        | 2        |
| Services     | 0          | 1         | 1         | 0             | 1        | 1        |
| <b>Total</b> | <b>5</b>   | <b>18</b> | <b>23</b> | <b>2</b>      | <b>7</b> | <b>9</b> |

Ms. McVicker moved, seconded by Mr. Griffith, to adopt S2X for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. Ms. Davis requested inserting the phrase “the TSP that is directly connected to the PPOs facility.” Mr. Love suggested inserting a second sentence to state that the PPO should provide hourly flow rates as established in the TSP’s communication procedures. Mr. Oberski stated that PPO’s communication procedures should be included as well. Ms. McVicker and Mr. Griffith accepted these modifications. The motion passed in both quadrants on a balanced vote. [Vote 15]. The adopted language of S2X states:

### **S2X (WEQ and WGQ)**

The Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO’s Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide hourly flow rates as established in the TSP’s and PPO’s communication procedures.



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## Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |          | Balanced Vote |          |          |
|-------------------|------------|----------|----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL    | YES           | NO       | TOTAL    |
| Transmission      | 2          | 2        | 4        | 1             | 1        | 2        |
| Generation        | 1          | 0        | 1        | 1             | 0        | 1        |
| Marketers/Brokers | 2          | 0        | 2        | 2             | 0        | 2        |
| Distribution/LSE  | 0          | 0        | 0        | 0             | 0        | 0        |
| End Users         | 0          | 0        | 0        | 0             | 0        | 0        |
| <b>Total</b>      | <b>5</b>   | <b>2</b> | <b>7</b> | <b>4</b>      | <b>1</b> | <b>5</b> |

## Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |          |           | Balanced Vote |          |          |
|--------------|------------|----------|-----------|---------------|----------|----------|
|              | YES        | NO       | TOTAL     | YES           | NO       | TOTAL    |
| End Users    | 4          | 0        | 4         | 2             | 0        | 2        |
| LDCs         | 0          | 4        | 4         | 0             | 2        | 2        |
| Pipeline     | 11         | 0        | 11        | 2             | 0        | 2        |
| Producer     | 2          | 0        | 2         | 2             | 0        | 2        |
| Services     | 1          | 0        | 1         | 1             | 0        | 1        |
| <b>Total</b> | <b>18</b>  | <b>4</b> | <b>22</b> | <b>7</b>      | <b>2</b> | <b>9</b> |

### S3A:

Ms. McVicker moved, seconded by Mr. Bray, to adopt S3A as proposed by Arizona Public Service and Salt River Project for the Wholesale Gas Quadrant and Wholesale Electric Quadrant. Ms. McVicker stated that additional language should be inserted to ensure that the PPO is not allowed to change flows to the detriment of firm shippers.

After discussion, Ms. McVicker withdrew the motion and Mr. Bray withdrew his second.

Mr. Dison moved, seconded by Ms. Ell to adopt the following language for the Wholesale Electric Quadrant and Wholesale Gas Quadrant:

Under no circumstances provided for in this standard shall a TSP be required to allow a PPO to operate without appropriate scheduling. However, in the event a PPO identifies the need to operate outside the normal scheduling process, the PPO and TSP should work together pursuant to the operating procedures established in S2X to resolve the disposition of that need. No PPO should



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initiate generation without an approved schedule except as resolved in this standard.

The language was named S3X for purposes of discussion. Mr. Dison stated this language maintains the original intent of S3 to address instances when a Power Plant Operator has the need to schedule gas outside the nomination timeline and scheduling processes, and also addresses the concern of the pipeline segment to preserve the existing scheduling and nomination cycle.

Ms. Chezar stated that the original language of S3 also included a set of procedures of how a TSP would evaluate the requirements of the Power Plant Operator. Mr. Dison stated the proposed language of S3X parallels the streamlined version of S2 adopted by the committee.

Ms. Davis proposed altering the language to state "Under no circumstances should a Power Plant Operator operate without an approved schedule." Mr. Dison and Ms. Ell supported this modification. Mr. Zavodnick proposed replacing the phrase "However, in the event a PPO identifies the need to operate outside the normal scheduling process," with "In the event a PPO identifies the need to schedule gas outside the NAESB WGQ standard nomination timeline and scheduling processes." Mr. Dison and Ms. Ell supported this modification.

Mr. Griffith stated that the language should be modified to ensure that it adheres to the original intent to address instances in which a Power Plant Operator needs gas quantities that have not been previously scheduled in the normal nomination timeline. To address Mr. Griffith's concern, proposed standard S3X was modified to state:

Under no circumstances should a Power Plant Operator (PPO) operate without an approved schedule pursuant to NAESB WGQ standard nomination timeline and scheduling processes except as provided for in this standard. In the event a PPO identifies a need to schedule gas outside the NAESB WGQ standard nomination timeline and scheduling processes, the PPO and Transportation Service Provider (TSP) should work together to resolve the PPO's additional needs based on the appropriate application of the TSP's tariff requirements, business practices, or other procedures.

Ms. Chezar requested adding the following language to S3X: "The TSP that is directly connected to the PPO's Facility(ies) should accept or deny the PPO's specific request based on the TSP's contract/tariff provisions and/or the TSP's ability to allow the requested gas flow based on the conditions at the time of the request, without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations. If a TSP affirms a PPO's specific request to allow gas flow, the PPO must nominate as soon as possible on all affected TSP(s) and no later than the next scheduled nomination cycle in order to continue flow." Mr. Dison did not accept this modification to his motion.

Mr. Dison left the meeting during the discussion of S3X. Accordingly, he assigned ownership of the motion to Ms. Crockett so that discussion could continue. Ms. Chezar moved to table Ms. Crockett's motion and moved to adopt S7 as proposed by the LDCs. The motion failed for lack of a second. Ms. Chezar then asked if the BPS could leave the discussion of S3X "on the table" but move on to S7. Mr. Novak said no but added that LDCs wanted to come to a level of resolution/comfort on S7 before voting on S3. Mr. Bray stated that S3X was significantly different than S3A and suggested postponing the vote on Mr. Dison's motion to provide additional time for review and discussion. Ms. Crockett and Ms. Ell did not object to postponing the vote.



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S7:

Ms. Chezar requested several modifications to S7 include the language she proposed for S3X. The proposal was named S7X for purposes of discussion:

### **Proposed S7X (WEQ and WGQ)**

When engaging in communications described in NAESB WGQ Standard No. [S2] and [S3A] and NAESB WEQ Standard No. [S2] and [S3A]:

1. The Power Plant Operator (PPO) should communicate with the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies). Should the TSP that is directly connected to the PPO's Facility(ies) determine that flow variations are not operationally feasible unless the upstream delivery entity(ies) makes changes to the hourly flow rate, and the upstream delivery entity(ies) supports such process; (a) the directly connected TSP contacts the upstream delivery entity(ies) regarding the change; (b) the PPO may notify the appropriate contractual party(ies) on the delivery entity(ies) upstream of the TSP that is directly connected to the PPO's Facility(ies) of the PPO's additional needs. Such contractual party(ies) and the upstream delivery entity(ies) should work together with the TSP that is directly connected to the PPO's Facility(ies) to resolve the disposition of the specified requests based upon the appropriate application of tariff requirements, business practices or other similar provisions.
2. The TSP should accept or deny the PPO's specific request based on the TSP's contract / tariff provisions and/or the TSP's ability to allow the requested gas flow based on conditions at the time of the request, without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.
3. If a TSP affirms a PPO's specific request to allow gas flow, the PPO must nominate as soon as possible on all affect TSP(s) and no later than the next scheduled nomination cycle in order to continue flow.

There was extensive discussion regarding which party should notify the upstream delivery entity that the Power Plant Operator needs to institute flow variations. The participants in the pipeline segment suggested language to state that the Transportation Service Provider that is directly connected to the PPO's facility would notify the upstream delivery entity of the Power Plant Operators' additional needs and the Power Plant Operator would then contact the Transportation Service Provider to confirm those needs. The participants in the LDC segment suggested language to state that the Power Plant Operator would notify the appropriate contractual parties that are delivery entities upstream of the Transportation Service Provider that is directly connected to the Power Plant Operator's facility.

### **5. Next Steps**

The Energy Day subcommittee will reconvene via conference call on April 25-26, 2005. Those who would like to participate in the conference call at NAESB's offices in Houston, Texas, are welcomed to do so. At that time the committee will address Ms. Crockett's motion to adopt proposed standard S3X, and review proposed standards S7/S7X, S8, S1C, definition D3, and the CAISO Preamble. The proposed standards are posted on the NAESB website at



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[http://www.naesb.org/pdf2/weq\\_wgq\\_bps041805a1.doc](http://www.naesb.org/pdf2/weq_wgq_bps041805a1.doc). Comments should be submitted to the NAESB office and will be posted prior to the meeting on April 25<sup>th</sup> and 26<sup>th</sup>.

### 6. Other Business

No other business was discussed.

### 7. Adjournment

This meeting was not adjourned. However, Ms. Lauderdale, seconded by Mr. Miller moved to recess the meeting until April 25, 2005 at 10:00 a.m. Central. The meeting was recessed at 3:29 p.m. Central time on April 19, 2005.

### 8. Attendees

| Attendee           | Organization   | April 18  | April 19  |
|--------------------|--|-----------|-----------|
| Michael Desselle   | AEP  | In Person | Phone     |
| Phil Cox           | AEP  | In Person | In Person |
| Mariam Arnaout     | American Gas Association                                   | Phone     | Phone     |
| Steve Zavodnick    | Baltimore Gas & Electric                                   | In Person | In Person |
| Gordon Brown       | CAISO  | In Person | In Person |
| Billy Miller       | Calpine  | In Person | In Person |
| Jay Dibble         | Calpine  | In Person | In Person |
| Randy Mills        | Chevron Texaco   | In Person | In Person |
| Judy Hickman       | Columbia Pipeline  | In Person | In Person |
| Jim Templeton      | Comprehensive Energy Services                              | In Person | In Person |
| Michael Gildea     | Constellation<br>Constellation Energy Commodities<br>Group | Phone     |           |
| Lisa Simpkins      |  | In Person | In Person |
| Lou Oberski        | Dominion   | In Person | In Person |
| Craig Colombo      | Dominion Resources   | In Person | In Person |
| Iris King          | Dominion Transmission                                      | In Person | In Person |
| Kathryn Burch      | Duke Energy Gas Transmission                               | In Person | In Person |
| Melissa Lauderdale | Edison Electric Institute                                  | In Person | In Person |
| Mark Gracey        | El Paso Eastern Pipelines                                  | In Person | In Person |
| Bill Griffith      | El Paso Western Pipelines                                  | In Person | In Person |
| Mike Bray          | Enbridge Offshore  | In Person | In Person |
| Keith Sappenfield  | EnCana Corporation   | Phone     | Phone     |
| Marjorie Perlman   | Energy East  | Phone     | Phone     |
| Ed Davis           | Entergy  | Phone     |           |
| Lynnda Ell         | Entergy Services   | In Person | In Person |
| Richard Smith      | Exxon Mobil  | In Person | In Person |



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|                    |                               |           |           |
|--------------------|-------------------------------|-----------|-----------|
| Rick Miles         | FERC                          | In Person | In Person |
| Marv Rosenberg     | FERC                          | In Person | In Person |
| Brad Holmes        | Florida Gas Transmission      | In Person | In Person |
| Joe Stepenovitch   | FRCC                          | Phone     | Phone     |
| Randy Young        | Gulf South                    | In Person |           |
| Ron McGinley       | IESO                          | Phone     | Phone     |
| Mark Babula        | ISO New England               | Phone     | Phone     |
|                    | Kern River Gas Transportation |           |           |
| Janie Nielsen      | Company                       | In Person | In Person |
| Dolores Chezar     | KeySpan                       | In Person | In Person |
| Laura Kennedy      | NAESB                         | In Person | In Person |
| Rae McQuade        | NAESB                         | In Person | In Person |
| Denise Rager       | NAESB                         | In Person | In Person |
| Michael Novak      | National Fuel                 | Phone     | Phone     |
| Paul Love          | National Gas Pipeline         | In Person | In Person |
| Doug Rudd          | New Jersey Natural Gas        | In Person | In Person |
| Pete Conner        | NiSource                      | Phone     | Phone     |
| Brian White        | NiSource Pipelines            | In Person | In Person |
| Christina Frescki  | NJR Energy Services           | In Person | In Person |
| Micki Schmitz      | Northern Natural Gas          | Phone     | Phone     |
| John Zurita        | OATI                          | In Person | In Person |
| Kim Van Pelt       | Panhandle Eastern Pipe Line   |           | In Person |
| Chris Advena       | PJM                           | In Person | In Person |
| Ken Brown          | PSEG                          | In Person | In Person |
| Drake Kijowski     | PSEG                          | In Person | In Person |
| Diane McVicker     | Salt River Project            | In Person | In Person |
| Rick Ishikawa      | SoCal Gas                     | In Person | In Person |
| Joel Dison         | Southern Company              | In Person | In Person |
| Valerie Crockett   | Tennessee Valley Authority    | In Person | In Person |
| Kathy York         | Tennessee Valley Authority    | In Person | In Person |
| Dale Davis         | Williams Gas Pipeline         | In Person | In Person |
| Christopher Burden | Williams Gas Pipeline         |           | In Person |
| Adele Zuroff       | Williston & Basin             | Phone     | Phone     |

### 9. Proposed Business Practices Adopted by the Subcommittee

#### D1 (Amendment) (WEQ and WGQ)

Power Plant Operator is the term used to describe the entity that has direct control over the gas requirements (e.g., burn rates) for natural gas-fired electric generating facility(ies) and is



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responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) to meet those requirements. This definition applies to NAESB WEQ Standard Nos. [TBD] and NAESB WGQ Standard Nos. [TBD].

### **D2 (Pipeline) (WEQ and WGQ)**

A Power Plant Operator's Facility is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Operator. This definition applies to NAESB WEQ Standard Nos. [TBD] and NAESB WGQ Standard Nos. [TBD].

### **S1B (Arizona Public Service and Salt River Project) (WEQ and WGQ)**

The Transportation Service Provider (TSP)/Power Plant Operator (PPO) communication standards set forth in NAESB WGQ Standard Nos. [TBD] and WEQ Standard Nos. [TBD] do not convey any rights or services beyond or in addition to those contained in the TSP's tariff and general terms and conditions and/or impose any obligations that would otherwise be inconsistent with FERC regulations, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP's contract / tariff services. In the event of a conflict between any of these communication standards and the TSP's tariff or general terms and conditions, the latter will prevail.

### **S2X (WEQ and WGQ)**

The Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide hourly flow rates as established in the TSP's and PPO's communication procedures.

### **S13 (Committee) (WEQ)**

The Regional Transmission Operators, Independent System Operators, independent transmission operators and/or Power Plant Operators should sign up to receive operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s) pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35 and 5.3.37, unless the party(ies) needing the information has arranged to receive it through an alternative communication process(es).

### **S14 (Committee) (WGQ)**

A Transportation Service Provider should provide Regional Transmission Operators (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO) and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2 and 5.3.35 – 5.3.38.

### **S15 (CAISO) (WEQ)**

Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e. firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.



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### **S16 (Pipeline) (WEQ and WGQ)**

Regional Transmission Operators (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) and/or Power Plant Operator(s). These procedures should be invoked when the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand. Training on and testing of such communication procedures should occur periodically.



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### 10. Voting Record

| Attendee          | Organization                  | Vote 2 <sup>2</sup> | Vote 3 | Vote 4 | Vote 5 | Vote 6 | Vote 7 | Vote 8 | Vote 9 | Vote 10 | Vote 11 | Vote 12 | Vote 13 | Vote 14 | Vote 15 |
|-------------------|-------------------------------|---------------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| Mike Bray         | Enbridge                      | S                   | S      |        | O      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Kenneth Brown     | Public Service Electric & Gas | S                   | S      | S      | S      | S      | S      |        | S      | O       | S       | S       | S       | S       | O       |
| Kathryn Burch     | Duke Energy Gas Transmission  | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Dolores Chezar    | KeySpan Energy                | S                   | A      |        | O      | S      | S      | S      |        |         | S       | S       | S       | S       | O       |
| Craig Colombo     | Dominion                      | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | A       | A       |
| Pete Connor       | Nisource                      | S                   | S      |        | O      | A      | S      | S      |        |         | S       | S       | S       |         |         |
| Phil Cox          | American Electric Power       | S                   | S      | S      | S      | S      | S      |        | S      | O       | S       | S       | S       | O       |         |
| Valerie Crockett  | Tennessee Valley Authority    | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Dale Davis        | Williams Gas Pipeline         | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Michael Desselle  | AEP                           | S                   | S      | S      |        | S      | S      |        | S      | O       | S       | S       | S       | S       | S       |
| Jay Dibble        | Calpine Corp                  | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Joel Dison        | Southern Company              | S                   | S      | S      | S      | S      | S      |        | S      | O       | S       | S       | S       | O       | S       |
| Linda Ell         | Entergy                       | S                   | S      | S      | S      | S      | S      |        | S      | O       | S       | S       | S       | S       | S       |
| Christina Frescki | NJR Energy Resources          | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | A       | A       |
| Mark Gracey       | El Paso Eastern Pipelines     | S                   | S      |        | O      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| William Griffith  | El Paso Western Pipelines     | S                   | S      |        | O      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Judy Hickman      | Columbia Pipeline             | S                   | S      |        |        | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Brad Holmes       | Florida Gas Transmission      | S                   | S      |        | O      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |

<sup>2</sup> **Voting Record Legend:** S = Support; O = Oppose; A = Abstain



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| Attendee           | Organization                     | Vote 2 <sup>2</sup> | Vote 3 | Vote 4 | Vote 5 | Vote 6 | Vote 7 | Vote 8 | Vote 9 | Vote 10 | Vote 11 | Vote 12 | Vote 13 | Vote 14 | Vote 15 |
|--------------------|----------------------------------|---------------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| Richard Ishikawa   | Southern California Gas          | S                   | S      |        | A      | S      | S      | S      |        |         | S       | S       | S       | S       | A       |
| Drake Kijowski     | Public Service Electric & Gas    | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | S       | O       |
| Iris King          | Dominion Transmission            | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | A       | A       |
| Melissa Lauderdale | Edison Electric Institute        | S                   | S      | S      | S      | S      | S      |        | S      | O       | S       | S       | S       | A       | A       |
| Paul Love          | Natural Gas Pipeline             | S                   | S      |        | A      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Diane McVicker     | SRP                              | S                   | S      |        | O      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Billy Miller       | Calpine                          | S                   | S      | S      | S      | S      | S      |        | S      | O       | S       | S       | S       | O       | S       |
| Randy Mills        | Chevron Texaco                   | S                   | S      |        | O      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Janie Nielsen      | Kern River Gas Transmission      | S                   | S      |        | A      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Mike Novak         | National Fuel                    | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | S       | O       |
| Lou Oberski        | Dominion                         | S                   | S      | S      | S      | S      | S      |        | S      | O       | S       | S       | S       | A       | A       |
| Marjorie Perlman   | Energy East                      | S                   | S      | S      | S      | S      | S      |        | S      | O       | S       | S       | S       | S       | O       |
| Doug Rudd          | New Jersey Natural Gas           | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | S       | O       |
| Keith Sappenfield  | EnCana                           | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | O       |         |
| Lisa Simpkins      | Constellation Energy Commodities | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | A       | S       |
| Richard Smith      | Exxon/Mobil                      | S                   | S      |        | O      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Joe Stepenovitch   | FRCC                             | S                   | S      |        |        | S      | S      | S      |        |         | S       | S       | S       |         |         |
| Jim Templeton      | Comprehensive Energy             | S                   | S      |        | O      | S      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Kim Van Pelt       | Panhandle Eastern Pipe Line      |                     |        |        |        |        |        |        |        |         |         |         |         | O       | S       |
| Brian White        | NiSource                         | S                   | S      |        | S      | A      | S      | S      |        |         | S       | S       | S       | O       | S       |
| Kathy York         | Tennessee Valley Authority       | S                   | S      | S      | S      | S      | S      |        | S      | O       | S       | S       | S       | O       | S       |



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| Attendee        | Organization             | Vote 2 <sup>2</sup> | Vote 3 | Vote 4 | Vote 5 | Vote 6 | Vote 7 | Vote 8 | Vote 9 | Vote 10 | Vote 11 | Vote 12 | Vote 13 | Vote 14 | Vote 15 |
|-----------------|--------------------------|---------------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| Randy Young     | Gulf South Pipeline      | S                   | S      |        | O      | S      | S      | S      |        |         | S       | S       | S       |         |         |
| Steve Zavodnick | Baltimore Gas & Electric | S                   | S      |        | S      | S      | S      | S      |        |         | S       | S       | S       | A       | A       |



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**TO:** Wholesale Gas Quadrant Business Practices Subcommittee, Wholesale Electric Quadrant Business Practices Subcommittee, and Interested Parties

**FROM:** Laura Kennedy, Meeting/Project Manager

**RE:** Final Minutes of WGQ BPS and WEQ BPS Energy Day Conference Call April 25 – 26, 2005

**DATE:** May 6, 2005

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**WGQ BPS and WEQ BPS Energy Day Conference Call  
April 25 - 26, 2005  
Final Minutes**

## 1. Administrative Items

Ms. Van Pelt welcomed the meeting participants and introductions in the room and on the phone were made. Ms. Kennedy read the antitrust advice.

Mr. Bray moved, seconded by Ms. King, to adjourn the meeting that was recessed on April 19, 2005. The meeting adjourned at 9:10 a.m. Central.

Ms. Van Pelt called the meeting scheduled for April 25-26 to order. Ms. Davis requested removal of adoption of the April 18-19 draft minutes from the agenda because the minutes were not available for review. Ms. Van Pelt stated that the committee would schedule a conference call to adopt all draft minutes. Mr. Gordon Brown requested to modify the agenda to include discussion of the ISO/RTO comments (posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps042505w4.pdf](http://www.naesb.org/pdf2/weq_wgq_bps042505w4.pdf)) during discussion of the CAISO preamble. Ms. Davis moved, seconded by Mr. Love to adopt the modified agenda. The agenda was adopted without objection.

## 2. Review of the meeting format and procedures

Ms. Van Pelt stated the purpose of the meeting was to address the remaining proposed communication standards drafted by the Energy Day committee. The work paper that includes the proposed standards discussed at this meeting titled "Proposed Business Practices for Consideration During the April 25-26 Conference Call" is posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps042505w2.doc](http://www.naesb.org/pdf2/weq_wgq_bps042505w2.doc).

## 3. Discussion & Vote on Standards, Principles, and Definitions

### S1C:

Mr. Colombo moved, seconded by Mr. Novak to adopt proposed standard S1C as proposed by the LDC segment for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. Ms. Crockett noted that S2X, adopted by the committee during the meeting on April 18-19, captured the intent of S1C. Mr. Novak noted that S1C states that the Power Plant Operator should communicate its initial hourly operational flow needs prior to the effective day of flow, while S2X does not set forth a specific time within which the PPO should provide hourly flow rates. He suggested modifying the second sentence of adopted proposed standard S2X to include the phrase "Prior to the effective day of flow." Mr. Colombo withdrew his motion and Mr. Novak withdrew his second.



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Next, Mr. Colombo moved, seconded by Ms. Ell, to modify adopted proposed business practice standard S2X to include language to state that “the PPO should provide hourly flow rates prior to the effective day of flow or as established in the TSP’s and PPO’s communication procedures.” Ms. Ell stated that another sentence should be added to state “Any changes to the previously provided hourly flow rates should be made as soon as possible or as established in the TSP’s and PPO’s communication procedures.” Mr. Colombo accepted this modification. Mr. Kijowski requested a friendly amendment to insert the phrase “requested hourly flow rates” in place of “hourly flow rates.” Mr. Colombo and Ms. Ell accepted this modification.

Mr. Bray stated that adopted proposed standard S2X represents the consensus of the participants reached during the meeting on April 18-19 and should not be further modified. Mr. Novak noted that the proposed modification to S2X would be more likely to pass a vote at the Executive Committee. Ms. Davis stated that the communication procedures established by the Transportation Service Provider and the Power Plant Operator would set forth when a PPO should provide hourly flow rates.

Mr. Novak stated that some LDCs are concerned that the proposed business practices would establish a communication procedure that would enable a Power Plant Operator to bypass communication with an LDC. He stated that the pipelines would be at a competitive advantage and the proposed modifications to S2X would level the playing field. The proposed modifications would also demonstrate that the committee participants consider the proposed language an important component of the communication procedures. Mr. Bray stated that Mr. Novak’s comments were false. He encouraged participants to vote in opposition to the proposed modifications to S2X. He stated that to vote in opposition of the proposal would not indicate a participant was engaging in anti-competitive behavior. Mr. Richard Smith stated that in light of Mr. Novak’s comments, he must leave the meeting. S2X as modified stated:

### **S2X (WEQ and WGQ)**

The Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO’s Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide requested hourly flow rates prior to the effective day of flow or as established in the TSP’s and PPO’s communication procedures. Any changes to the previously provided hourly flow rates should be made as soon as possible or as established in the TSP’s and PPO’s communication procedures.

The motion passed the Wholesale Electric Quadrant on a balanced vote, but failed a balanced vote in the Wholesale Gas Quadrant. Mr. Richard Smith was not present in the room during this vote. [Vote 1]. Adopted proposed standard S2X was not modified.



# North American Energy Standards Board

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## Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |          | Balanced Vote |          |          |
|-------------------|------------|----------|----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL    | YES           | NO       | TOTAL    |
| Transmission      | 3          | 0        | 3        | 2             | 0        | 2        |
| Generation        | 0          | 0        | 0        | 0             | 0        | 0        |
| Marketers/Brokers | 0          | 1        | 1        | 0             | 1        | 1        |
| Distribution/LSE  | 1          | 0        | 1        | 1             | 0        | 1        |
| End Users         | 0          | 0        | 0        | 0             | 0        | 0        |
| <b>Total</b>      | <b>4</b>   | <b>1</b> | <b>5</b> | <b>3</b>      | <b>1</b> | <b>4</b> |

## Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |          |           | Balanced Vote |          |          |
|--------------|------------|----------|-----------|---------------|----------|----------|
|              | YES        | NO       | TOTAL     | YES           | NO       | TOTAL    |
| End Users    | 0          | 4        | 4         | 0             | 2        | 2        |
| LDCs         | 7          | 0        | 7         | 2             | 0        | 2        |
| Pipeline     | 0          | 4        | 4         | 0             | 2        | 2        |
| Producer     | 0          | 0        | 0         | 0             | 0        | 0        |
| Services     | 1          | 0        | 1         | 1             | 0        | 1        |
| <b>Total</b> | <b>8</b>   | <b>8</b> | <b>16</b> | <b>3</b>      | <b>4</b> | <b>7</b> |

Ms. Van Pelt stated that some of the participants abstained from the vote because Mr. Novak's comments could lead to an interpretation that a vote in opposition would be interpreted as anti-competitive behavior. It was determined that to proceed with the meeting, Mr. Boswell, NAESB General Counsel, must render an opinion whether a vote in opposition of modifying S2X would be considered anti-competitive in light of Mr. Novak's comments.

Mr. Rudd noted for the record that the New Jersey Resources Companies did not agree with the assertion that anticompetitive language or concerns were present in the language of S2X which they supported in their vote.

Mr. Boswell stated that as NAESB General Counsel, he did not believe the participants were doing anything that violated the antitrust laws. He stated that if any participant of a NAESB meeting is of the opinion that participation in a meeting puts them in jeopardy of violating antitrust guidelines, then that person has a right to withdraw from the meeting and state the reason for withdrawal. The fact that a person withdraws from a meeting citing antitrust as the reason for withdrawal does not mean that person's opinion is correct, or that it binds the participants who remain. Mr. Boswell stated that NAESB creates voluntary business practices that become mandatory and enforceable only if adopted by the FERC. A mere discussion of what the language of a standard should include or a concept that should be addressed in a



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standard would not alone constitute a violation of the antitrust laws. Antitrust laws would be violated by engaging in behavior that is contrary to the antitrust laws themselves. Mr. Boswell added that the opinions stated by certain parties during the meeting regarding a vote to modify the standard do not transform the vote into a violation of the antitrust laws. The actions of the participants are key to the implication of the antitrust laws, not the consequences of a particular action. An open discussion about the effect of particular language alone on how the market would operate under various sets of language does not implicate the antitrust laws. Ms. Van Pelt asked if the act of voting could be considered anticompetitive behavior. Mr. Boswell stated that an individual company cannot violate the antitrust laws by voting in opposition to something it is not obligated to do in the first place; the mere fact of having a discussion would not be considered anticompetitive behavior.

Mr. Dison stated that the Mr. Novak's comments implied that the standard that was adopted at the last meeting created an un-level playing field and the language he proposed alleviated those concerns. Mr. Boswell stated that it could not be determined at this time whether the standard created an un-level playing field. He stated the individual participants would have to determine whether they are comfortable to continue participating in the meeting and encouraged the participants to bring this issue up at the Executive Committee meeting if they have remaining concerns. He also stated that he would be happy to provide a formal opinion if requested.

### D3:

The committee reviewed the proposed definition of Independent Balancing Authority. After discussion there was consensus to adopt a definition of Balancing Authority as it specifically applies to the communication standards. Proposed D3 stated:

#### **D3 (WEQ and WGQ)**

Balancing Authority is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric interconnection frequency in real time. This definition applies to NAESB WEQ Standard Nos. [TBD] and NAESB WGQ Standard Nos. [TBD].

Mr. Dison moved, seconded by Mr. Cox, to adopt the D3 as modified for the Wholesale Electric Quadrant and the Wholesale Gas Quadrant. The motion passed unanimously. [*Vote 2*].

### ISO/RTO Comments:

Mr. Gordon Brown requested review of the ISO/RTO comments instead of the CAISO Preamble. The comments are posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps042505w4.pdf](http://www.naesb.org/pdf2/weq_wgq_bps042505w4.pdf). He noted that the ISOs and RTOs requested consideration of several issues during the development of the proposed standards: regional flexibility, operational flexibility, reciprocity, reliability, and terminology. The ISO/RTO comments included a proposal for language to be adopted to replace adopted proposed business practice standard S16. The language proposed in the ISO/RTO comments was named S12X for purposes of discussion:

#### **S12X to replace S16 (WEQ and WGQ)**

Applicable parties in the gas and electric industry will use standards S13, S14, and S15 to establish an appropriate communications procedure that will be



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implemented at times when concerns about power plant fuel supply could affect the reasonable operation of the electric grid, or at times when conditions on the electric grid could affect the reasonable operation of the gas system. Regional Transmission Organizations (“RTO”), Independent System Operators (“ISO”), other transmission operators (“TOP”), and/or Balancing Authorities (“BA”) that have gas plants within their territories should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) and/or Power Plant Operator(s). Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate, and meet the parties’ collective regional operational needs.

Mr. Gordon Brown moved, seconded by Mr. Cox, to adopt S12X as a replacement of adopted proposed business practice standard S16 for the Wholesale Electric Quadrant and Wholesale Gas Quadrant. Mr. Dison did not support adoption of S12X and stated that a vertically integrated utility could not participate in the type of communication proposed in S12X. Mr. Ken Brown noted that the language does not prescribe the nature of the communication and provides for optional alternative communication procedures.

Ms. Davis noted that as proposed S12X states that an appropriate communications procedure would be implemented at times when concerns about power plant fuel supply could affect the reasonable operation of the electric grid, or at times when conditions on the electric grid could affect the reasonable operation of the gas system. She stated that the term “reasonable” could be interpreted to mean conditions that affect the day to day operation of the gas system or electric grid. S16 was not drafted to be implemented as a day to day communication procedure, but when conditions are at or near a critical point where they could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand. The phrases “insufficient to meet near-term electric demand” and “substantial risk” were used as another way to say “emergency” without using that term since what constitutes an emergency may be different on each system. Mr. Gordon Brown replied that S12X provides flexibility to allow the parties to reach a mutual agreement on what would affect the reasonable operation of the gas system or electric grid. Mr. Novak stated that an alternative term should be used because the interpretation of the term “reasonable operation” will differ on each system.

On a balanced vote, the motion passed the Wholesale Electric Quadrant, but did not pass a balanced vote in the Wholesale Gas Quadrant. [Vote 3].



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## Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |          | Balanced Vote |          |          |
|-------------------|------------|----------|----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL    | YES           | NO       | TOTAL    |
| Transmission      | 4          | 0        | 4        | 2             | 0        | 2        |
| Generation        | 1          | 0        | 1        | 1             | 0        | 1        |
| Marketers/Brokers | 0          | 2        | 2        | 0             | 2        | 2        |
| Distribution/LSE  | 0          | 0        | 0        | 0             | 0        | 0        |
| End Users         | 0          | 0        | 0        | 0             | 0        | 0        |
| <b>Total</b>      | <b>5</b>   | <b>2</b> | <b>7</b> | <b>3</b>      | <b>2</b> | <b>5</b> |

## Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |           |           | Balanced Vote |          |          |
|--------------|------------|-----------|-----------|---------------|----------|----------|
|              | YES        | NO        | TOTAL     | YES           | NO       | TOTAL    |
| End Users    | 0          | 2         | 2         | 0             | 2        | 2        |
| LDCs         | 4          | 0         | 4         | 2             | 0        | 2        |
| Pipeline     | 0          | 12        | 12        | 0             | 2        | 2        |
| Producer     | 0          | 0         | 0         | 0             | 0        | 0        |
| Services     | 0          | 0         | 0         | 0             | 0        | 0        |
| <b>Total</b> | <b>4</b>   | <b>14</b> | <b>18</b> | <b>2</b>      | <b>4</b> | <b>6</b> |

Ms. Davis moved, seconded by Ms. Ell, to modify adopted proposed standard S16. Ms. Davis proposed modifying S16 to include the conditions when the communication procedures should be invoked, to include the last sentence of S12X, and to change the term “Regional Transmission Operators” to “Regional Transmission Organizations” (per the comments of the ISO/RTOs). After further discussion, proposed modified standard S16 stated:

### **S16 (WEQ and WGQ)**

Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) and/or Power Plant Operator(s). These procedures should be invoked when either:

- a. the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand which may be alleviated by gas fired generation; or,



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b. the TSP anticipates conditions that could create a substantial risk for the gas system to be insufficient to meet near-term gas demand;

Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate, and meet the parties' collective regional operational needs.

The motion passed a balanced vote unanimously in both quadrants. [Vote 4].

### Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |          | Balanced Vote |          |          |
|-------------------|------------|----------|----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL    | YES           | NO       | TOTAL    |
| Transmission      | 4          | 0        | 4        | 2             | 0        | 2        |
| Generation        | 2          | 0        | 2        | 2             | 0        | 2        |
| Marketers/Brokers | 2          | 0        | 2        | 2             | 0        | 2        |
| Distribution/LSE  | 0          | 0        | 0        | 0             | 0        | 0        |
| End Users         | 0          | 0        | 0        | 0             | 0        | 0        |
| <b>Total</b>      | <b>8</b>   | <b>0</b> | <b>8</b> | <b>6</b>      | <b>0</b> | <b>6</b> |

### Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |          |           | Balanced Vote |          |          |
|--------------|------------|----------|-----------|---------------|----------|----------|
|              | YES        | NO       | TOTAL     | YES           | NO       | TOTAL    |
| End Users    | 2          | 0        | 2         | 2             | 0        | 2        |
| LDCs         | 6          | 0        | 6         | 2             | 0        | 2        |
| Pipeline     | 10         | 0        | 10        | 2             | 0        | 2        |
| Producer     | 0          | 0        | 0         | 0             | 0        | 0        |
| Services     | 1          | 0        | 1         | 1             | 0        | 1        |
| <b>Total</b> | <b>19</b>  | <b>0</b> | <b>19</b> | <b>7</b>      | <b>0</b> | <b>7</b> |

S8:

Ms. Van Pelt stated that the pipelines wanted to withdraw proposed standard S8. Mr. Novak suggested postponing further review of S8 until after S3 and S7 were reviewed. There was no objection to Mr. Novak's suggestion.



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### S7X:

Mr. Rudd moved, seconded by Ms. King, to consider proposed standard S7X as proposed by the LDC segment in the work paper titled "LDC segment Posting for S7X" posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_bps042505w3.doc](http://www.naesb.org/pdf2/weq_wgq_bps042505w3.doc).

Ms. McVicker stated that the scope of S7X should be limited to areas where pipelines have constrained capacity. There was no additional support for Ms. McVicker's statement.

Mr. Novak requested that the last paragraph be deleted from proposed standard S7X because the language had been incorporated into S16. Mr. Rudd and Ms. King accepted this modification. Mr. Cox suggested that language be inserted to state that the procedures will govern the communications unless the parties mutually agree on an alternative procedure. Mr. Rudd and Ms. King agreed to make this modification to their proposal. The following language was added to the end of proposed standard S7X: "These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate."

Mr. Novak proposed modifying number 1 so that the phrase "and the PPO wishes to pursue the request" is included as a condition on the communication procedures set forth in numbers 1-3. Ms. Davis suggested replacing the phrase "resolve the disposition of the specified requests" with "determine if the PPO's requested flow rates can be accommodated." Mr. Kijowski requested adding "contract provisions" to numbers 1(c) and 3. Mr. Rudd and Ms. King agreed to these modifications.

Ms. Davis suggested that number 1(a) be modified so that the PPO would communicate requested flow rates to the directly connected Transportation Service Provider as well as the delivery entity(ies) upstream of the PPO's Facility. Mr. Cox stated that the phrase "the appropriate contractual parties" would include Transportation Service Provider's directly connected to the Power Plant Operator. Mr. Novak suggested changing the phrase to "all affected Transportation Service Providers." Mr. Richard Smith objected to Mr. Novak's suggestion because the phrase "all affected Transportation Service Providers" would include producers and suppliers. Mr. Mills added that the language could be interpreted to mean that a producer has the ability to make a change in flow. To address Mr. Smith's concern, Mr. Novak suggested modifying number 2 state that it is conditioned upon the tariff requirements, contract provisions, or other similar provisions of the affected TSP(s) and/or the ability of such TSP(s). Mr. Mills and Mr. Smith supported this modification.

Ms. Burch requested to delete the last sentence in number 3 because it could be interpreted to require a nomination to accommodate the PPO's requested flow rates. She stated that some Transportation Service Providers would not require a nomination in that instance. After discussion, the language was modified to state "If required, the PPO should ensure that the nominations are placed on all affected TSP(s).

Mr. Novak requested postponing a vote on S7X until S3X was reviewed. Mr. Dison and Mr. Oberski supported Mr. Novak's request. Ms. Van Pelt objected to Mr. Novak's request.

After additional modifications, Ms. McVicker moved, seconded by Mr. Mills, to adopt proposed standard S7X. The motion passed both quadrants on a balanced vote. [Vote 5]. Mr. Dison, Mr. Oberski, and Ms. Crockett noted the reason they voted in opposition to the motion was because the group had not reviewed S3X. The adopted language of S7X states:



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### **S7X (WEQ and WGQ)**

Subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], when engaging in communications described in NAESB WEQ Standard Nos. [S2X] and [S3X] and NAESB WGQ Standard Nos. [S2X] and [S3X]:

1. The Power Plant Operator (PPO) should communicate with the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) (Directly Connected TSP). If the Directly Connected TSP determines that requested flow rates are not operationally feasible unless (1) the upstream delivery entity(ies) makes changes to support the requested flow rates and (2) the upstream delivery entity(ies) supports such a process, then, the following communication procedures should be used if the PPO wishes to pursue the request:
  - (a) the PPO should communicate its requested flow rates to the appropriate contractual party(ies) on the affected delivery entity(ies) upstream of the PPO's Facility(ies),
  - (b) as appropriate, the Directly Connected TSP should contact the interconnected upstream delivery entity(ies) regarding the potential flow change; and,
  - (c) the appropriate contractual party(ies), the upstream delivery entity(ies), and the PPO should work together with the Directly Connected TSP to determine if the PPO's requested flow rates can be accommodated based upon the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the affected parties.
2. Conditioned upon the tariff requirements, business practices, contract provisions, or other similar provisions of the affected TSP(s) and/or the ability of such TSP(s) to allow the requested flow rates based on conditions at the time of the request, as well as the ability of the supplier(s) to effect changes in the flow rate, the TSP(s) should accept or deny the PPO's specific request without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.
3. If the affected TSP(s) affirms a PPO's specific requested flow rate, the PPO and the TSP(s) should work together to resolve the PPO's request based on the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the TSP(s). If required, the PPO should ensure that nominations are placed on all affected TSPs.

These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures that are more appropriate.



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## Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |          | Balanced Vote |          |          |
|-------------------|------------|----------|----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL    | YES           | NO       | TOTAL    |
| Transmission      | 2          | 0        | 2        | 2             | 0        | 2        |
| Generation        | 0          | 1        | 1        | 0             | 1        | 1        |
| Marketers/Brokers | 1          | 1        | 2        | 1             | 1        | 2        |
| Distribution/LSE  | 1          | 0        | 1        | 1             | 0        | 1        |
| End Users         | 0          | 0        | 0        | 0             | 0        | 0        |
| <b>Total</b>      | <b>4</b>   | <b>2</b> | <b>6</b> | <b>4</b>      | <b>2</b> | <b>6</b> |

## Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |          |           | Balanced Vote   |                 |          |
|--------------|------------|----------|-----------|-----------------|-----------------|----------|
|              | YES        | NO       | TOTAL     | YES             | NO              | TOTAL    |
| End Users    | 0          | 2        | 2         | 0               | 2               | 2        |
| LDCs         | 2          | 2        | 4         | 1               | 1               | 2        |
| Pipeline     | 2          | 5        | 7         | 0.571429        | 1.428571        | 2        |
| Producer     | 2          | 0        | 2         | 2               | 0               | 2        |
| Services     | 1          | 0        | 1         | 1               | 0               | 1        |
| <b>Total</b> | <b>7</b>   | <b>9</b> | <b>16</b> | <b>4.571429</b> | <b>4.428571</b> | <b>9</b> |

### S3X:

Ms. McVicker moved, seconded by Mr. Novak, to adopt proposed standard S3X. The modifications proposed by Ms. McVicker were: (1) delete the phrase “Under no circumstances should a” from the first sentence; (2) insert the phrase “and as permitted by the TSP(s) tariff” at the end of the second sentence; (3) add the following sentence to the end of the standard “Where a TSP determines it is operationally feasible to provide a PPO with changes in flow rates without additional communications, none are required.”

Ms. Davis suggested the addition of “by the TSP’s tariff and/or general terms and conditions” to the second sentence. Ms. McVicker and Mr. Novak agreed to Ms. Davis’ modification. Ms. Davis also suggested a change to the sentence that states that the “TSP and PPO should work together to resolve the PPO’s additional needs...” to state that the PPO and TSP should work together to determine if the PPOs additional needs can be accommodated.” There was significant discussion over the definition and interpretation of the word “resolve.” Based on the definition read from the dictionary, the word “resolve” herein was assumed to mean that the parties will decide whether or not the requested action can be accommodated and not a presumption that the action will result in a positive (favorable) conclusion for the requesting party. After discussion, it was determined to modify the language to state: “The PPO and the



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TSP should work together to resolve the PPO's request. The resolution of the PPO's request should be based upon whether or not it can be accommodated."

Mr. Griffith suggested adding the phrase that was also used in adopted proposed standard S2X: "...the PPO should provide daily and hourly flow rates as established in the TSP's and PPO's communication procedures." Mr. White requested that a sentence be inserted to state: "Where the TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, none are required." Ms. McVicker and Mr. Novak agreed to these modifications.

Ms. Frescki requested that the language be modified so that it is clear that S3X applies to Transportation Service Providers that are directly connected to the Power Plant Operator's Facility. Mr. Kijowski supported this modification. Ms. McVicker and Mr. Novak agreed to this modification.

After additional modifications supported by Ms. McVicker and Mr. Novak, proposed standard S3X stated:

### **S3X (WEQ and WGQ)**

This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B]. A PPO should not operate without an approved schedule pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions, except as provided for in this standard. In the event that a PPO identifies the need to schedule gas outside of the above referenced nomination and scheduling processes, the PPO should provide daily and hourly flow rates as established in the TSP's and PPO's communication procedures. The PPO and the TSP should work together to resolve the PPO's request. The resolution of the PPO's request should be based upon whether or not it can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations. Where the TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, none are required.

The motion passed on a balanced vote in both quadrants. [Vote 6].



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## Wholesale Electric Quadrant

Balanced Voting by Segment Tally

| Segment           | Votes Cast |          |           | Balanced Vote |          |          |
|-------------------|------------|----------|-----------|---------------|----------|----------|
|                   | YES        | NO       | TOTAL     | YES           | NO       | TOTAL    |
| Transmission      | 3          | 0        | 3         | 2             | 0        | 2        |
| Generation        | 3          | 0        | 3         | 2             | 0        | 2        |
| Marketers/Brokers | 3          | 0        | 3         | 2             | 0        | 2        |
| Distribution/LSE  | 1          | 0        | 1         | 1             | 0        | 1        |
| End Users         | 0          | 0        | 0         | 0             | 0        | 0        |
| <b>Total</b>      | <b>10</b>  | <b>0</b> | <b>10</b> | <b>7</b>      | <b>0</b> | <b>7</b> |

## Wholesale Gas Quadrant

Balanced Voting by Segment Tally

| Segment      | Votes Cast |          |           | Balanced Vote |            |          |
|--------------|------------|----------|-----------|---------------|------------|----------|
|              | YES        | NO       | TOTAL     | YES           | NO         | TOTAL    |
| End Users    | 2          | 0        | 2         | 2             | 0          | 2        |
| LDCs         | 5          | 0        | 5         | 2             | 0          | 2        |
| Pipeline     | 2          | 3        | 5         | 0.8           | 1.2        | 2        |
| Producer     | 0          | 0        | 0         | 0             | 0          | 0        |
| Services     | 1          | 0        | 1         | 1             | 0          | 1        |
| <b>Total</b> | <b>10</b>  | <b>3</b> | <b>13</b> | <b>5.8</b>    | <b>1.2</b> | <b>7</b> |

Next, the committee reviewed all of the adopted proposed business practices to insert references to standards numbers and to resolve any grammatical or typographical errors. All references to Regional Transmission Operator were changed to Regional Transmission Organization.

### 5. Next Steps

Ms. Van Pelt will draft the recommendation to forward to the Wholesale Electric Quadrant Executive Committee and Wholesale Gas Quadrant Executive Committee. A formal industry comment period will begin on April 27<sup>th</sup> and end on May 25<sup>th</sup> for interested industry participants to submit comments on the adopted proposed business practices. The Wholesale Electric Quadrant Executive Committee and the Wholesale Gas Quadrant Executive Committee will meet jointly to adopt the proposed business practice standards. All of the adopted proposed business practice standards are posted on the NAESB web site as an attachment to the minutes at [http://www.naesb.org/pdf2/weq\\_wgq\\_bps042505a1.doc](http://www.naesb.org/pdf2/weq_wgq_bps042505a1.doc).



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## 6. Other Business

No other business was discussed.

## 7. Adjournment

Mr. Novak made a motion to adjourn that was seconded by Ms. Burch. The meeting adjourned at 4:13 p.m. Central.

## 8. Attendees

| Attendee           | Organization                    | April 25  | April 26  |
|--------------------|---------------------------------|-----------|-----------|
| Phil Cox           | AEP                             | Phone     | Phone     |
| Mariam Arnaout     | American Gas Association        | Phone     | Phone     |
| Steven Zavodnick   | Baltimore Gas & Electric        | Phone     | Phone     |
| Gordon Brown       | California ISO                  | Phone     | Phone     |
| Jay Dibble         | Calpine                         | Phone     | Phone     |
| Billy Miller       | Calpine                         |           | Phone     |
| Randy Mills        | Chevron Texaco                  |           | In Person |
| George Simmons     | Columbia                        | Phone     | Phone     |
| Jim Templeton      | Comprehensive Energy            | In Person | In Person |
| Deidre Facendola   | ConEdison                       | Phone     |           |
| Scott Butler       | Consolidated Edison of New York | Phone     | Phone     |
| Michael Gildea     | Constellation                   | Phone     | Phone     |
| Lisa Simpkins      | Constellation Energy            | Phone     | Phone     |
| Andrew Dotterweich | Consumers Energy                | Phone     | Phone     |
| Lou Oberski        | Dominion                        | Phone     | Phone     |
| Craig Colombo      | Dominion Resources              | Phone     | Phone     |
| Iris King          | Dominion Transmission           | In Person | In Person |
| Kathryn Burch      | Duke Energy Gas                 | In Person | In Person |
| Mark Gracey        | El Paso Eastern Pipeline        | In Person | In Person |
| Bill Griffith      | El Paso Natural Gas             | Phone     | Phone     |
| Mike Bray          | Enbridge                        | In Person | In Person |
| Marjorie Perlman   | Energy East                     | Phone     | Phone     |
| Lynnda Ell         | Entergy                         | Phone     | Phone     |
| Jimmy Smith        | Entergy                         |           | Phone     |
| Richard Smith      | Exxon Mobil                     | In Person | In Person |
| Richard Miles      | FERC                            | Phone     |           |
| Marv Rosenberg     | FERC                            | Phone     | Phone     |
| Brad Holmes        | Florida Gas Transmission        | In Person | In Person |
| Henry Barth        | Florida Power & Light           | Phone     | Phone     |



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|                    |                                  |           |           |
|--------------------|----------------------------------|-----------|-----------|
| Randy Young        | Gulf South                       | In Person |           |
| Ron McGinley       | IESO                             | Phone     | Phone     |
| Tom Gwilliams      | Iroquois Gas Transmission System | Phone     |           |
| Janie Nielsen      | Kern River Gas Transmission      | Phone     | Phone     |
| Steve Huhman       | Mirant                           | Phone     | Phone     |
| Bill Boswell       | NAESB                            | Phone     |           |
| Laura Kennedy      | NAESB                            | In Person | In Person |
| Denise Rager       | NAESB                            | In Person | In Person |
| Michael Novak      | National Fuel                    | Phone     | Phone     |
| Paul Love          | Natural gas Pipeline             | In Person | In Person |
| Bill Lohrman       | NERC                             | Phone     |           |
| Doug Rudd          | New Jersey Natural Gas           | Phone     | Phone     |
| Pete Connor        | Nisource                         | Phone     | Phone     |
| Brian White        | Nisource Pipelines               | Phone     | Phone     |
| Christina Frescki  | NJR Energy Services              | Phone     | Phone     |
| Micki Schmitz      | Northern Metro Gas               | Phone     | Phone     |
| Kim Van Pelt       | Panhandle Eastern Pipe Line      | In Person | In Person |
| Bill Casey         | Portland General Electric        | Phone     | Phone     |
| Ken Brown          | PSEG                             | Phone     | Phone     |
| James Hebson       | PSEG                             |           | Phone     |
| Drake Kijowski     | PSEG                             | Phone     | Phone     |
| Diane McVicker     | Salt River Project               | In Person | In Person |
| Richard Ishikawa   | Southern CA Gas Company          | Phone     | Phone     |
| Joel Dison         | Southern Company                 | Phone     | Phone     |
| Carl Haga          | Southern Company                 | Phone     |           |
| Valerie Crockett   | Tennessee Valley Authority       | In Person | In Person |
| Kathy York         | Tennessee Valley Authority       | In Person | In Person |
| Donna Scott        | Transwestern                     | In Person | In Person |
| Mark Wilke         | Trunkline Gas Company            | In Person | In Person |
| Christopher Burden | Williams Gas Pipeline            | In Person | In Person |
| Dale Davis         | Williams Gas Pipeline            | In Person | In Person |
| Adele Zuroff       | Williston Basin                  | Phone     | Phone     |

## 9. Proposed Business Practices Adopted by the Subcommittee

### D3 (WEQ and WGQ)

Balancing Authority is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric



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interconnection frequency in real time. This definition applies to NAESB WEQ Standard Nos. [S15, S16] and NAESB WGQ Standard No. [S16].

### **S3X (WEQ and WGQ)**

This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B]. A PPO should not operate without an approved schedule pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions, except as provided for in this standard. In the event that a PPO identifies the need to schedule gas outside of the above referenced nomination and scheduling processes, the PPO should provide daily and hourly flow rates as established in the TSP's and PPO's communication procedures. The PPO and the TSP should work together to resolve the PPO's request. The resolution of the PPO's request should be based upon whether or not it can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations. Where the TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, none are required.

### **S7X (WEQ and WGQ)**

Subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], when engaging in communications described in NAESB WEQ Standard Nos. [S2X] and [S3X] and NAESB WGQ Standard Nos. [S2X] and [S3X]:

1. The Power Plant Operator (PPO) should communicate with the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) (Directly Connected TSP). If the Directly Connected TSP determines that requested flow rates are not operationally feasible unless (1) the upstream delivery entity(ies) makes changes to support the requested flow rates and (2) the upstream delivery entity(ies) supports such a process, then, the following communication procedures should be used if the PPO wishes to pursue the request:
  - (a) the PPO should communicate its requested flow rates to the appropriate contractual party(ies) on the affected delivery entity(ies) upstream of the PPO's Facility(ies),
  - (b) as appropriate, the Directly Connected TSP should contact the interconnected upstream delivery entity(ies) regarding the potential flow change; and,
  - (c) the appropriate contractual party(ies), the upstream delivery entity(ies), and the PPO should work together with the Directly Connected TSP to determine if the PPO's requested flow rates can be accommodated based upon the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the affected parties.
2. Conditioned upon the tariff requirements, business practices, contract provisions, or other similar provisions of the affected TSP(s) and/or the ability of such TSP(s) to allow the requested flow rates based on conditions at the time of the request, as well as the ability of the supplier(s) to effect changes in the flow rate, the TSP(s) should accept or deny the PPO's specific request without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.



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3. If the affected TSP(s) affirms a PPO's specific requested flow rate, the PPO and the TSP(s) should work together to resolve the PPO's request based on the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the TSP(s). If required, the PPO should ensure that nominations are placed on all affected TSPs.

These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures that are more appropriate.

## S16 (WEQ and WGQ)

Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) (TSP) and/or Power Plant Operator(s). These procedures should be invoked when either:

- a. the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand which may be alleviated by gas-fired generation; or,
- b. the TSP anticipates conditions that could create a substantial risk for the gas system to be insufficient to meet near-term gas demand;

Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate and meet the parties' collective regional operational needs.

## 10. Voting Record

| Attendee           | Organization                    | Vote 1 <sup>1</sup> | Vote 2 | Vote 3 | Vote 4 | Vote 5 | Vote 6 |
|--------------------|---------------------------------|---------------------|--------|--------|--------|--------|--------|
| Henry Barth        | Florida Power & Light           |                     | S      |        |        | A      | A      |
| Mike Bray          | Enbridge                        | O                   | S      | O      | S      | S      | S      |
| Ken Brown          | PSEG                            | S                   | S      | S      | S      | S      | S      |
| Kathryn Burch      | Duke Energy Gas                 | A                   | S      | O      | S      | S      | A      |
| Scott Butler       | Consolidated Edison of New York | S                   | S      | S      | S      |        |        |
| Craig Colombo      | Dominion Resources              | S                   | S      |        |        |        |        |
| Pete Connor        | Nisource                        | S                   | S      |        |        | O      | S      |
| Phil Cox           | AEP                             | A                   | S      | A      | S      | A      | S      |
| Valerie Crockett   | Tennessee Valley Authority      | O                   | S      | O      | S      | O      | S      |
| Dale Davis         | Williams Gas Pipeline           | O                   | S      | O      | S      | A      | A      |
| Jay Dibble         | Calpine                         | O                   | S      |        | A      | A      |        |
| Joel Dison         | Southern Company                |                     | S      | O      | S      | O      | S      |
| Andrew Dotterweich | Consumers Energy                | S                   | S      |        |        | S      | S      |

<sup>1</sup> **Voting Record Legend:** S = Support; O = Oppose; A = Abstain



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| Attendee          | Organization                | Vote 1 <sup>1</sup> | Vote 2 | Vote 3 | Vote 4 | Vote 5 | Vote 6 |
|-------------------|-----------------------------|---------------------|--------|--------|--------|--------|--------|
| Lynnda Ell        | Entergy                     | S                   | S      | S      | S      | S      | S      |
| Deidre Facendola  | ConEdison                   | S                   | S      | S      | S      |        |        |
| Christina Frescki | NJR Energy Services         | S                   | S      | A      | S      | S      |        |
| Michael Gildea    | Constellation               | A                   | S      |        |        | A      | S      |
| Mark Gracey       | El Paso Eastern Pipeline    | A                   | S      | O      | A      | O      |        |
| Bill Griffith     | El Paso Natural Gas         |                     | S      |        |        | A      |        |
| James Hebson      | PSEG                        |                     |        |        |        | S      | S      |
| Brad Holmes       | Florida Gas Transmission    |                     | S      | O      | S      |        |        |
| Richard Ishikawa  | Southern CA Gas Company     | S                   | S      | S      | S      | A      | A      |
| Drake Kijowski    | PSEG                        | S                   | S      | S      | S      | S      | S      |
| Iris King         | Dominion Transmission       | O                   | S      | A      | S      | A      |        |
| Paul Love         | Natural Gas Pipeline        | A                   | S      | O      | S      | O      | O      |
| Diane McVicker    | Salt River Project          | O                   | S      | O      | S      | O      | S      |
| Randy Mills       | Chevron Texaco              |                     |        |        |        | S      |        |
| Janie Nielsen     | Kern River Gas Transmission | O                   | S      | O      | S      |        | O      |
| Michael Novak     | National Fuel               |                     | S      | A      | S      | A      | S      |
| Lou Oberski       | Dominion                    | A                   | S      | S      | S      | O      | S      |
| Marjorie Perlman  | Energy East                 |                     | S      | S      | S      |        | S      |
| Doug Rudd         | New Jersey Natural Gas      | S                   | S      | S      | S      | S      |        |
| Donna Scott       | Transwestern                | A                   | S      | O      | S      |        |        |
| George Simmons    | Columbia                    | S                   | S      | A      | S      | O      | S      |
| Lisa Simpkins     | Constellation Energy        | A                   | S      |        |        | A      | S      |
| Richard Smith     | Exxon Mobil                 |                     |        |        |        | S      |        |
| Jim Templeton     | Comprehensive Energy        | O                   | S      |        |        |        |        |
| Kim Van Pelt      | Panhandle Eastern Pipe Line | A                   | S      | O      | S      | O      | O      |
| Brian White       | Nisource Pipelines          | A                   | S      | O      |        | O      | S      |
| Mark Wilke        | Trunkline Gas Company       | A                   | S      | O      | S      | O      |        |
| Kathy York        | Tennessee Valley Authority  | O                   | S      | O      | S      | A      | S      |
| Randy Young       | Gulf South                  | A                   | S      | O      | A      |        |        |
| Steven Zavodnick  | Baltimore Gas & Electric    | A                   | S      |        |        | A      | S      |



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February 9, 2005

**TO:** NAESB WEQ & WGQ Executive Committee and Interested Industry Participants  
**FROM:** Todd Oncken, NAESB Deputy Director  
**RE:** WEQ & WGQ Executive Committee Conference Call Final Minutes – February 8, 2005

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**NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE CONFERENCE  
CALL  
WHOLESALE ELECTRIC QUADRANT & WHOLESALE GAS QUADRANT  
February 8, 2005; 10:00 a.m. to 11:00 a.m. Central  
Final Minutes**

**1. Welcome**

Mr. Buccigross called the meeting to order and welcomed participants. Mr. Oncken gave the antitrust advice and called the roll of Executive Committee members. Quorum was established for both the WEQ and WGQ. Mr. Oberski moved, seconded by Mr. Hughes, to adopt the draft agenda. The motion passed unanimously.

**2. Discussion and vote on the recommendation from the January 24-25, 2005 Energy Day meeting**

On January 25, 2005, the Energy Day Subcommittee passed the following motion:

*Motion to recommend to the WEQ and WGQ EC's to prioritize work on R04021 before additional work on R04016 because R04021 will be a more appropriate first step toward improving gas and electric coordination.*

Mr. Novak moved, seconded by Mr. Oberski, to prioritize Request No. R04021 ahead of Request No. R04016, as recommended in the January 25, 2005 Energy Day Subcommittee motion. During discussion on the motion it was noted that work completed on Request R04016 would resume after work on Request R04021 is completed, but the agendas for future meetings would state whether the content of Request R04016 would be discussed. The motion passed both the WEQ and WGQ unanimously.

**3. Other Business**

No other business was discussed.

**4. Adjourn**

The meeting adjourned at 10:15 a.m. Central.



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## 5. Executive Committee Attendance and Voting Record

### Wholesale Gas Quadrant Executive Committee

| <b>End User Segment</b>                |  | <b>Attendance</b> | <b>Vote on Motion</b> |
|--|--|-------------------|-----------------------|
| Diane McVicker                         | Sr. Principal Fuel Supply Analyst, Salt River Project                  |                   |                       |
| Valerie Crockett                       | Energy Markets & Policy Specialist, Tennessee Valley Authority         | Yes               | Yes                   |
| Kelly Daly                             | Partner, Stinson, Morrison & Hecker                                    |                   |                       |
| Dona Gussow                            | Contracts Coordinator, Florida Power and Light                         | Yes               | Yes                   |
| Tina Burnett                           | Natural Gas Operations Administrator, The Boeing Company               |                   |                       |
| <b>Distribution Segment</b>            |  |                   |                       |
| Richard Ishikawa, alt. for R. Schwecke | Transportation Contract Administrator, Southern California Gas Company | Yes               | Yes                   |
| Dolores Chezar                         | Director, Regulatory Policy, KeySpan Energy                            | Yes               | Yes                   |
| Chris Maturo                           | Director - Operations Integration, NiSource, Inc.                      | Yes               | Yes                   |
| Mike Novak                             | Assistant General Manager, National Fuel Gas Distribution              | Yes               | Yes                   |
| Craig Colombo                          | Energy Trader III, Dominion Resources                                  | Yes               | Yes                   |
| <b>Pipeline Segment</b>                |  |                   |                       |
| Mark Gracey                            | El Paso Eastern Pipeline   | Yes               | Yes                   |
| Bill Griffith                          | Director, Transmission & Storage, Colorado Interstate Gas Co.          |                   |                       |
| Dale Davis                             | Consultant, Williams Gas Pipeline                                      | Yes               | Yes                   |
| Iris King, alt. for R. Young           | Director, Technical and Marketing Support, Dominion Transmission, Inc. | Yes               | Yes                   |
| Kim Van Pelt                           | NAESB Coordinator, Panhandle Eastern Pipe Line                         | Yes               | Yes                   |
| <b>Producer Segment</b>                |  |                   |                       |
| Jim Busch                              | Director of Energy Policy and Regulation, BP Energy Company            |                   |                       |
| Paul Keeler                            | Managing Attorney, Marketing, Burlington Resources Trading             |                   |                       |
| Randy Mills                            | Manager of Regulatory Affairs, ChevronTexaco Natural Gas               | Yes               | Yes                   |
| Richard Smith                          | Regulatory, ExxonMobil Gas & Power Marketing                           |                   |                       |
| Mike Shepard                           | General Counsel, Mewbourne Oil Company                                 |                   |                       |



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## Services Segment

|                   |  |     |     |
|-------------------|--|-----|-----|
| Suzanne Calcagno  | Director – Regulatory Compliance, UBS Energy LLC                       |     |     |
| Robert McKay      | Constellation Commodities Group, Inc.                                  | Yes | Yes |
| Leigh Spangler    | CEO, Latitude Technologies   |     |     |
| Jim Buccigross    | Vice President, 8760 Inc.  | Yes | Yes |
| Keith Sappenfield | Regional Director – US Regulatory Affairs, EnCana Marketing (USA) Inc. | Yes | Yes |

## Wholesale Electric Quadrant Executive Committee

| End User Segment                       |  | Sub-Segment                         | Attendance | Vote on Motion |
|--|--|-------------------------------------|------------|----------------|
| John Hughes                            | Director Technical Affairs, Electricity Consumers Resource Council (ELCON)             | Large Industrial                    | Yes        | Yes            |
| V A C A N C Y                          | V A C A N C Y  | Large Industrial                    |            |                |
| V A C A N C Y                          | V A C A N C Y  | End Use (Self Generation)           |            |                |
| Randy Corbin                           | Assistant Director Analytical Services, Ohio Consumers' Counsel                        | Commercial/ Residential             |            |                |
| Paul Jett                              | Manager of Electric System Operation Customer Choice Transition, Cinergy Services Inc. | End Use (In other segments as well) |            |                |
| Bill Heinrich, alt. for L. Westerfield | New York State Dept. of Public Service   | Regulators                          | Yes        | Yes            |

## Distribution/LSE Segment

|                                      |   | Sub-Segment          | Attendance | Vote on Motion |
|--------------------------------------|---|----------------------|------------|----------------|
| Phil Cox, alt. for O. Frazier        | Energy Market Coordinator Energy Trading, AEP Energy Services, Inc.                         | IOU                  | Yes        | Yes            |
| Jack Leonard                         | Director, Transmission Management, Exelon PECO Energy                                       | IOU                  | Yes        | Yes            |
| Bob Schwermann, alt. for R. Williams | Sacramento Municipal Utility District   | Muni/Coop            | Yes        | Yes            |
| Daniel E. Cooper                     | Engineering Manager, Michigan Public Power Agency   | Muni/Coop            | Yes        | Yes            |
| Syd Berwager                         | Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line | Other                | Yes        | Yes            |
| Jansen Pollock                       | Manager of Regulatory Affairs, Constellation NewEnergy                                      | Competitive Retailer |            |                |



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| <b>Generation Segment</b>                  |  | <b>Sub-Segment:</b> |     |     |
|--|--|---------------------|-----|-----|
| Kathy York                                 | Energy Markets & Policy Specialist, Tennessee Valley Authority                       | Fed/State/Prov.     | Yes | Yes |
| Louis Oberski                              | Director Electric Market Policy, Dominion Resource Services, Inc.                    | IOU                 | Yes | Yes |
| Tony Reed                                  | Project Manager, Southern Company Generation and Energy Marketing                    | IOU                 | Yes | Yes |
| Barry Green                                | Director, Markets and Research Regulatory Affairs Division, Ontario Power Generation | Merchant            | Yes | Yes |
| Billy Miller, alt. for W. Saylor           | Calpine Power Company  | Merchant            | Yes | Yes |
| Brian Evans-Mongeon, alt. for W. Gallagher | Manager, Power Supply and Marketing Services, Vermont Public Power Supply Authority  | Muni/Coop           | Yes | Yes |

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| <b>Marketer/Broker Segment</b>        |   | <b>Sub-Segment:</b> |     |     |
|---------------------------------------|---|---------------------|-----|-----|
| Jim Ingraham                          | Tennessee Valley Authority  | Fed/State/Prov      |     |     |
| Joel Dison                            | Project Manager, Southern Company Generation and Energy Marketing | IOU Affiliated      | Yes | Yes |
| Greg Locke, alt. for C. Norris        | Manager, Strategic Analysis, Electricities of North Carolina      | Muni/Coop           | Yes | Yes |
| Suzanne Calcagno                      | Director – Regulatory Compliance, UBS Energy LLC                  | Not IOU Affiliated  |     |     |
| Alan Johnson                          | Manager Business & Reliability Standards, Mirant                  | Not IOU Affiliated  | Yes | Yes |
| Edison G. Elizeh, alt. for M. Tallman | Managing Director, Commercial & Trading, PacifiCorp               | IOU Affiliated      | Yes | Yes |

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| <b>Transmission Segment</b> |   | <b>Sub-Segment:</b> |     |     |
|-----------------------------|---|---------------------|-----|-----|
| Steven C. Cobb              | Manager Transmission Services, Salt River Project                             | Fed/State/Prov.     | Yes | Yes |
| Mark Maher                  | Vice President – Transmission, PacifiCorp                                     | IOU                 | Yes | Yes |
| John E. Lucas               | Manager, Transmission Services, Southern Company                              | IOU                 | Yes | Yes |
| Mary Ellen Paravalos        | Director of Regulatory Policy, National Grid USA                              | ITC                 | Yes | Yes |
| Dan Klempel                 | Director Transmission Regulatory Compliance, Basin Electric Power Cooperative | Muni/Coop           |     |     |
| Julie Voeck                 | Manager Strategic Policy and Planning, American Transmission Company          | ITC                 |     |     |

## 6. Additional Participation

| <b>Name</b>        | <b>Organization</b>                      |
|--------------------|--|
| Brenda Anderson    | Bonneville Power Admin.                  |
| Gordon Brown       | California ISO                           |
| Christopher Burden | Williams Gas Pipeline                    |
| Pete Connor        | NiSource                                 |
| Mark Fidrych       | Western Area Power Admin.                |
| Amy Hamilton       | PECO                                     |
| Dowell Hudson      | MISO                                     |
| Tran Kimbel        | Dominion Transmission                    |
| Carol McCrary      | North Carolina Municipal Power Agency #1 |
| Sherri Monteith    | American Electric Power                  |
| Todd Oncken        | NAESB                                    |
| Sherri Poimboeuf   | CenterPoint Energy                       |
| Micki Schmitz      | Northern Natural Gas                     |
| George Simmons     | NiSource                                 |
| Jim Templeton      | Comprehensive Energy                     |



# North American Energy Standards Board

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June 6, 2005

**TO:** NAESB WEQ & WGQ Executive Committee and Interested Industry Participants

**FROM:** Laura B. Kennedy, Meeting/Project Manager

**RE:** WEQ & WGQ Executive Committee Conference Call Draft Minutes – May 26, 2005

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
JOINT WHOLESALE ELECTRIC QUADRANT & WHOLESALE GAS QUADRANT  
EXECUTIVE COMMITTEE CONFERENCE CALL  
May 26, 2005; 9:00 a.m. to 5:00 p.m. Central  
Draft Minutes**

**1. Welcome & Administration**

Mr. Oberski called the meeting to order and welcomed the Executive Committee members and other participants. Ms. Kennedy gave the antitrust advice and called the roll of Executive Committee members. Quorum was established for the WEQ and WGQ. Ms. McVicker moved, seconded by Mr. Lucas, to adopt the draft agenda. The motion passed unanimously.

Mr. Oberski suggested that the committee review all of the industry comments and then entertain motions on the entire package of proposed definitions and standards. There was no objection to Mr. Oberski's proposal.

**2. Review of Communication Business Practice Standards/Review Industry Comments**

The committee reviewed the document titled "Compiled Comments" and posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_ec052605compiled.doc](http://www.naesb.org/pdf2/weq_wgq_ec052605compiled.doc). This document includes the proposed standards language drafted by the Energy Day Subcommittee as well as all of the comments submitted during the thirty day comment period.

The document that includes all of the changes to the proposed standards made during this meeting is posted as an attachment to the minutes on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_ec052605a1.doc](http://www.naesb.org/pdf2/weq_wgq_ec052605a1.doc) (Redline)/  
[http://www.naesb.org/pdf2/weq\\_wgq\\_ec052605a2.doc](http://www.naesb.org/pdf2/weq_wgq_ec052605a2.doc) (Clean).

D1:

First, the committee reviewed proposed definition D1 and the comments submitted for D1. Mr. Novak stated that the proposed language modifications submitted by Mr. Desselle of AEP properly capture the intended definition of Power Plant Operator. Mr. Lucas stated that he agreed that the additional sentence proposed by Mr. Desselle should be inserted and noted that other comments suggest that a Power Plant Operator may not be one entity, but could be a group of entities that have responsibility for the gas requirements. He suggested changing the phrase to state "Power Plant Operator (PPO) is the term used to describe the entity(ies)..." Ms. Chezar agreed with Mr. Lucas and added that the parenthetical "e.g., burn rates" should be deleted.

Mr. Young stated that D1 was originally intended to be specific, while the changes discussed so far make the definition more general and will make it difficult to identify the entities that are Power Plant Operators. Mr. Griffith stated that the Power Plant Operator, as used in the proposed standards, is the party in direct control of the power plant. Mr. Desselle stated that the definition was expanded to include all types of entities. Mr. Young stated that his concerns



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could be alleviated if the additional sentence proposed by Mr. Desselle was modified to state "...specific responsibilities within each PPO should be determined by the PPO and the point of contact for the PPO should be communicated to the TSP(s)." This change was made.

Ms. Chezar stated that she would prefer to change the term to Fuel Manager. There was no other support for this modification.

Mr. Young stated that the addition of the sentence based on Mr. Desselle's comments render the first sentence unnecessary. Mr. Shepard agreed with Mr. Young's comments. Mr. Oberski stated that the first sentence would help to clarify the meaning of Power Plant Operator and should not be deleted. Mr. Shepard stated that he could not support the modified language of D1.

For purposes of reference, the modified language of D1 was changed to D1F. The language as modified by the Executive Committees is included below:

D1F Power Plant Operator (PPO) is the term used to describe the entity(ies) that has responsibility for gas requirements for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) (TSP) to meet those requirements. A PPO refers not to an individual, but to the coordinated activities of a number of groups, including, but not limited to power plant operating personnel, and other individuals or groups making unit dispatch decisions, procuring natural gas and making gas transportation arrangements. Because each PPO is structured differently, specific responsibilities within each PPO should be determined by the PPO and the point of contact for the PPO should be communicated to the TSP(s). This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S14, and S16].

### D2:

The committee reviewed proposed definition D2. Mr. Desselle proposed adding the phrase "(as defined in D1)" to proposed definition D2. Mr. Novak stated that it is implied that the use of the term Power Plant Operator in D2 is as defined in D1F. Mr. Desselle agreed. No changes were made to proposed definition D2.

### D3:

Next, the committee reviewed the comments submitted for proposed definition D3. Ms. Chezar stated that the AGA proposed adding the phrase "This definition includes, but is not limited to, Regional Transmission Organizations and Independent System Operators,..." Ms. Chezar stated that this addition was proposed to clarify the difference between Regional Transmission Organizations and Independent System Operators that are also Balancing Authorities. Mr. Oberski stated that he was hesitant to modify proposed definition D3 because it was taken directly from the NERC defined term for Balancing Authority. Mr. Desselle proposed including the sentence proposed by the AGA, but with modification to state "In certain circumstances, a BA may be a Regional Transmission Organization or Independent System Operator." Ms. Chezar and Mr. Oberski agreed with this modification.

Proposed definition D3 was renamed D3F. The modified proposed definition states:

D3F Balancing Authority (BA) is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric



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resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric interconnection frequency in real time. In certain circumstances, a BA may be a Regional Transmission Organization or Independent System Operator. This definition applies to NAESB WEQ Standard Nos. [S15 and S16] and NAESB WGQ Standard No. [S16].

Ms. Ogenyi of Conectiv Energy proposed definition D4 – Essential Non-Conforming Nomination for use in conjunction with the other proposed changes proposed by Conectiv. Mr. Novak stated that the changes proposed by Ms. Ogenyi should be submitted in a separate Request for Standards Development. Mr. Margiotta thanked the Executive Committee members for their comments.

### S1B:

The committee reviewed the comments submitted for proposed standard S1B. Based on the comments submitted by the AGA, the phrase “FERC regulations” was deleted and the following phrase was added: “...the requirements of applicable regulatory authorities.”

After reviewing the comments submitted by El Paso Electric Company, it was determined that the comments were not intended to be addressed to the Executive Committee, but were portions of an internal memorandum within the company. The committee also reviewed the comments submitted by Entergy Gas Group, however, Entergy Gas Group did not suggest any modifications to the language of S1B.

S1B was renamed S1BF for purposes of reference.

S1BF The Transportation Service Provider (TSP) / Power Plant Operator (PPO) communication standards set forth in NAESB WEQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S14, and S16] do not convey any rights or services beyond or in addition to those contained in the TSP’s tariff and/or general terms and conditions and/or do not impose any obligations that would otherwise be inconsistent with the requirements of applicable regulatory authorities, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP’s contract / tariff services. In the event of a conflict between any of these communication standards and the TSP’s tariff or general terms and conditions, the latter will prevail.

### S2X:

Next, the committee reviewed the comments submitted for proposed standard S2X. Modifications were made based on the comments provided by Mr. Desselle. Transportation Service Provider was modified to be Transportation Service Provider(s), and the phrase “hourly flow rates” was modified to state “projected hourly flow rates.” The committee did not use the term estimated as proposed by Mr. Desselle because Ms. Davis noted that estimated hourly flow rates could be interpreted to mean estimated real time quantities.

Conectiv proposed several modifications to S2X. Mr. Oberski stated that the phrase “to the extent not already in place,” should not be added because it is understood that if procedures to communicate material changes are already established between the Power Plant Operator and the Transportation Service Provider, then procedures do not have to be established to comply with the standard. Ms. Davis agreed with Mr. Oberski. Mr. Oberski stated that the same



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comment applied to the comments from Entergy Gas Group. Mr. Oberski stated that since the word “projected” was inserted for hourly flow rates, the comment by Progress Energy Carolinas, Inc. that “the requirement to communicate the hourly flow rate is unnecessary and overly burdensome” was addressed.

S2X was renamed S2XF for purposes of reference:

S2XF The Power Plant Operator (PPO) and the Transportation Service Provider(s) (TSP) that is directly connected to the PPO’s Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide projected hourly flow rates as established in the TSP’s and PPO’s communication procedures.

S3X and S7X:

The committee reviewed the comments submitted for proposed standard S3X. Ms. Van Pelt reviewed the comments submitted by the WGQ pipeline segment. Mr. Griffith stated that S3X was intended to be used as an enhancement to the existing standardized nomination and scheduling process, and not as an exception to it. There was general agreement to most of the changes to S3X proposed by the pipeline segment.

There was discussion about the last sentence of the proposal submitted by the pipelines that states: “These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures.” Mr. Dison stated that the sentence changed the intent of S3X as proposed by the Energy Day Subcommittee. He stated that the intent of the original language was that if the Transportation Service Provider determines that it can provide the Power Plant Operator with changes in flow rates without additional communications, then the additional communications would not be required. Ms. McVicker stated that the original language states that the Transportation Service Provider and Power Plant Operator will agree whether additional communications should be provided, while the language proposed by the pipeline segment sets the standard as the default if the parties cannot reach an agreement. Members of the pipeline segment stated that the proposed language was intended to be more flexible than the language drafted by the subcommittee. After further discussion, the last sentence of the language proposed by the subcommittee was added to the proposed language by the pipeline segment.

Ms. Chezar stated that the AGA proposed modifying S3X to only apply during emergent circumstances. She noted that the dictionary definition of emergent is “to arise unexpectedly or call for prompt or urgent action.” Mr. Dison, Ms. Crockett, and Mr. Cox did not agree with the change proposed by the AGA because it would limit a Power Plant Operator’s ability to request gas scheduling changes outside of the nomination and scheduling process. Mr. Oberski stated that a limit should not be placed on how often a Power Plant Operator can make a request to make gas scheduling changes outside of the nomination and scheduling process and that a Transportation Service Provider should not be concerned with the Power Plant Operator’s motivation to do so. Ms. Chezar stated that the intent of the comments submitted by AGA was to prevent a Power Plant Operator from using the provisions in S3X in a manner that becomes a routine practice. Mr. Oberski stated he could not vote for the proposed standards if the “emergent circumstances” language was added to S3X. To address the concerns of Ms. Chezar and Mr. Oberski, Mr. Lucas suggested inserting the phrase “However, if the PPO reasonably determines that it has circumstances requiring the need to request gas scheduling changes...” There was general consensus to this modification.



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After review of the comments submitted by AEP, Mr. Desselle withdrew the comment to insert “estimated” into the language of S3X. The committee reviewed the comments submitted by Conectiv Energy. Mr. Oberski stated that the intent of adding the phrase “...to the TSP the information as required pursuant to the TSP’s tariff, general tariff terms and conditions, contract provisions, business practices, and/or information as established in the TSP’s and PPO’s communication procedures,” was addressed in proposed business practice S1F. He stated that the other comments submitted by Conectiv should be addressed in a separate request. Mr. Oberski added that the current proposed standards address the comments submitted by Entergy Gas Group. Mr. Oberski asked if any Executive Committee members wanted to modify the language of S3X based on the comments of Progress Energy Carolinas, Inc. or We Energies. No modifications were made based on these comments.

The committee discussed proposed standard S7X. Mr. Novak reviewed the “Proposed NAESB WEQ and WGQ Standard: S7X Analysis” posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_ec052605w1.pdf](http://www.naesb.org/pdf2/weq_wgq_ec052605w1.pdf). Ms. Chezar stated that the language in S7X was needed because it allows a power plant connected to an LDC the same flexibility a power plant that is directly connected to a pipeline experiences, and it provides power plants behind city gates with more access to supply. Ms. Davis stated that proposed standard S3X covers the circumstances listed by Ms. Chezar. Ms. Chezar stated that S3X does not include power plants that are behind city gates and suggested that either the language in S3X be modified to include those types of power plants or the language of S7X be adopted. Ms. Crockett stated that from the standpoint of a Power Plant Operator behind a city gate, S3X is sufficient. Mr. Novak stated that the LDC segment cannot vote for the proposed standards unless language was included in S3X or S7X to state that the standard applies to power plants that are not directly connected to the Transportation Service Provider. After further discussion, S3X was modified to address the concerns of the LDC segment by adding a sentence that states: “This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) to whose system the PPO facility(ies) is directly connected or with whom the PPO is a service requestor.” S7X was deleted from the recommendation.

S3X was renamed S3XF for purposes of reference:

S3XF Subject to the conditions of NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], this standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO’s Facility(ies). This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) to whose system the PPO facility(ies) is directly connected or with whom the PPO is a service requestor.

A PPO should not operate without an approved scheduled quantity pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP’s tariff and/or general terms and conditions, and/or contract provisions. However, if the PPO reasonably determines that it has circumstances requiring the PPO identifies the need to make request gas scheduling changes outside of the above-referenced nomination and scheduling processes and the TSP supports the processing of such changes, the PPO should provide its requested daily and hourly flow rates to the TSP as established in the TSP’s and PPO’s communication procedures pursuant to NAESB WEQ Standard No. [S2X] and NAESB WGQ Standard No. [S2X].



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Based upon whether or not the PPO's request can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements and/or general system operations, the PPO and the TSP should work together to resolve the PPO's request.

Where the TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, no additional communications are required. These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures.

### S13:

No modifications were made to proposed business practice standard S13. S13 was renamed S13F for purposes of reference.

### S14:

The committee reviewed the comments submitted for proposed standard S14. Ms. Van Pelt stated that the proposal by Conectiv Energy to add the phrase "Upon request," to the beginning of the standard would be redundant because the language is based on WGQ standards that already require a request in order for a Transportation Service Provider to provide the notices.

Next, the committee reviewed the comments submitted by Entergy Gas Group. Mr. Griffith stated that the comments addressed internal management of Operational Flow Orders (OFO) while the proposed language was directed to the source of the OFO.

No modifications were made to S14. S14 was renamed S14F for purposes of reference.

### S15:

The committee reviewed the comments submitted for proposed standard S15. Conectiv Energy proposed striking S15 in its entirety. The Executive Committee members did not support striking S15. Duke Energy Corporation proposed modifying the first phrase of S15 to state "If required by agreement, tariff, or protocol rules..." Mr. Cox stated that the proposed modification did not change the meaning of the existing language. The change proposed by Duke Energy Corporation was not made.

Mr. Shepard reviewed the proposed modification to S15 submitted by Mewbourne Oil Company. Mr. Shepard stated that the performance obligation should be provided by a Power Plant Operator in addition to information on the service level. S15 was modified to include the phrase proposed by Mewbourne Oil Company.

The committee reviewed the comments submitted by Progress Energy Carolinas, Inc. Mr. Oberski stated that RTOs, ISOs, and ITOs would only request the information on an as needed basis.

S15 was renamed S15F for purposes of reference:

S15F Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and the performance obligation (i.e., firm (fixed or variable quantity) or interruptible) of its procured gas supply to



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the appropriate independent Balancing Authority and/or Reliability Coordinator.

### S16:

The committee reviewed the comments submitted for proposed business practice S16. Ms. Van Pelt reviewed the comments submitted by the Pipeline segment. Ms. Van Pelt suggested that S16 should be adopted as a standard for the WEQ only. Mr. Cox stated that S16 should be adopted by both quadrants and that it is important that RTOs, ISOs, and Balancing Authorities communicate with Transportation Service Providers and Power Plant Operators. Ms. Davis stated that Transportation Service Providers do not have the ability to determine whether an event on a pipeline's system will impact an RTO's region. Mr. Oberski stated that it was not the intent of S16 for Transportation Service Providers or pipelines to determine that an event will impact an RTO, but to communicate when there are problems on a pipeline and to allow coordination between transportation providers in both industries. Mr. Oberski stated that RTOs have access to the entire region, while generators do not have such access. Therefore, Transportation Service Providers should establish communication procedures with ISOs and RTOs.

Mr. Griffith stated that Transportation Service Providers would like to modify the language in number 2 that states that the procedures should be invoked when the Transportation Service Provider anticipates conditions that could create a substantial risk for the gas system to be insufficient to meet near-term gas demand. Mr. Griffith stated that Transportation Service Providers cannot provide any additional information than what is currently provided in the current critical posting requirements. Mr. Benjamin stated that reliability coordinators have signed the NERC Code of Conduct to maintain the confidentiality of the information they receive. Ms. Davis stated the concern is that the Transportation Service Provider will be required to make a judgment on whether the conditions create a substantial risk to be insufficient to meet near-term gas demand.

Ms. Campbell stated that Regional Reliability Coordinators (RRCs) should also be included in S16. This change was made.

After further discussion, it was determined that a small group from each quadrant should meet separately to further modify the language of S16. Mr. Oberski named Mr. Desselle, Mr. Cox, and Mr. Brown as the representatives from the WEQ. Mr. Buccigross named Ms. Davis, Ms. Daly, and Ms. Crockett as the representatives from the WGQ. The small group will meet via conference call on May 27 from 10 a.m. to 12 p.m. Central to modify the language of proposed standard S16. The two Executive Committees will meet on May 31 via conference call from 12 p.m. to 5 p.m. Central to review the proposal from the small group and vote on all of the standards in one package.

### **3. Vote on Communication Business Practices Standards**

The Executive Committees did not vote on the proposed business practices.

### **4. Other Business**

No other business was discussed.

### **5. Adjourn**

The meeting adjourned at 5:42 p.m. Central.



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## 6. Executive Committee Attendance

### Wholesale Gas Quadrant Executive Committee

| <b>End User Segment</b>               |  | <b>Attendance</b> |
|---------------------------------------|--|-------------------|
| Diane McVicker                        | Sr. Principal Fuel Supply Analyst, Salt River Project                  | In Person         |
| Valerie Crockett                      | Energy Markets & Policy Specialist, Tennessee Valley Authority         | In Person         |
| Kelly Daly                            | Partner, Stinson, Morrison & Hecker                                    | Phone             |
| Dona Gussow                           | Contracts Coordinator, Florida Power and Light                         | Phone             |
| Tina Burnett                          | Natural Gas Operations Administrator, The Boeing Company               | Absent            |
| <b>Distribution Segment</b>           |  |                   |
| Rodger Schewecke                      | Transportation Contract Administrator, Southern California Gas Company | Phone             |
| Dolores Chezar                        | Director, Regulatory Policy, KeySpan Energy                            | In Person         |
| George Simmons Alt. for Chris Maturro | NiSource, Inc.   | Phone             |
| Mike Novak                            | Assistant General Manager, National Fuel Gas Distribution              | In Person         |
| Craig Colombo                         | Energy Trader III, Dominion Resources                                  | In Person         |
| <b>Pipeline Segment</b>               |  |                   |
| Mark Gracey                           | El Paso Eastern Pipeline   | In Person         |
| Bill Griffith                         | Director, Transmission & Storage, Colorado Interstate Gas Co.          | In Person         |
| Dale Davis                            | Consultant, Williams Gas Pipeline                                      | In Person         |
| Randy Young                           | Director, Technical and Marketing Support, Dominion Transmission, Inc. | In Person         |
| Kim Van Pelt                          | NAESB Coordinator, Panhandle Eastern Pipe Line                         | In Person         |
| <b>Producer Segment</b>               |  |                   |
| Jim Busch                             | Director of Energy Policy and Regulation, BP Energy Company            | Absent            |
| Paul Keeler                           | Managing Attorney, Marketing, Burlington Resources Trading             | Absent            |
| Randy Mills                           | Manager of Regulatory Affairs, ChevronTexaco Natural Gas               | In Person         |
| Richard Smith                         | Regulatory, ExxonMobil Gas & Power Marketing                           | In Person         |
| Mike Shepard                          | General Counsel, Mewbourne Oil Company                                 | Phone             |
| <b>Services Segment</b>               |  |                   |
| Christina Frescki Alt. for S.Calcagno |  | Phone             |
| Robert McKay                          | Constellation Commodities Group, Inc.                                  | Absent            |
| Leigh Spangler                        | CEO, Latitude Technologies   | Absent            |
| Jim Buccigross                        | Vice President, 8760 Inc.  | Phone             |
| Keith Sappenfield                     | Regional Director – US Regulatory Affairs, EnCana Marketing (USA) Inc. | Phone             |

### Wholesale Electric Quadrant Executive Committee

| <b>End User Segment</b> |  | <b>Sub-Segment</b> | <b>Attendance</b> |
|-------------------------|--|--------------------|-------------------|
| John Hughes             | Director Technical Affairs, Electricity Consumers Resource Council (ELCON) | Large Industrial   | Absent            |
| V A C A N C Y           | V A C A N C Y  | Large Industrial   |                   |
| V A C A N C Y           | V A C A N C Y  | End Use (Self)     |                   |



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|   |   |                                     |                        |           |
|---|---|-------------------------------------|------------------------|-----------|
| Randy Corbin                            | Assistant Director Analytical Services, Ohio Consumers' Counsel                             | Generation)                         | Commercial/Residential | Absent    |
| Paul Jett                               | Manager of Electric System Operation Customer Choice Transition, Cinergy Services Inc.      | End Use (In other segments as well) |                        | Absent    |
| Bill Heinrich Alt. for L. Westerfield   | Supvisor-Utility, Accounting & Finance, New York State Department of Public Service         | Regulators                          |                        | Phone     |
| Paul Sorenson                           | Manager Central Markets Strategy, Open Access Technology International, Inc.                | At Large                            |                        | Absent    |
| <b>Distribution/LSE Segment</b>         |   | <b>Sub-Segment</b>                  |                        |           |
| Ollie Frazier                           | Manager of Regulatory Research, Duke Energy   | IOU                                 |                        | Phone     |
| Phil Cox Alt. for J. Leonard            | Energy Market Coordinator, Energy Trading, AEP Energy Services, Inc.                        | IOU                                 |                        | Phone     |
| Robert Schwermann Alt. for R. Williams  | Energy Coordinator, Sacramento Municipal Utility District                                   | Muni/Coop                           |                        | In Person |
| Daniel E. Cooper                        | Engineering Manager, Michigan Public Power Agency   | Muni/Coop                           |                        | In Person |
| Syd Berwager                            | Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line | Other                               |                        | Absent    |
| Jansen Pollock                          | Manager of Regulatory Affairs, Constellation NewEnergy                                      | Competitive Retailer                |                        | Phone     |
| Don Benjamin                            | Director of Operations, North American Electric Reliability Council                         | At Large                            |                        | Phone     |
| <b>Generation Segment</b>               |   | <b>Sub-Segment</b>                  |                        |           |
| Kathy York                              | Energy Markets & Policy Specialist, Tennessee Valley Authority                              | Fed/State/Prov.                     |                        | In Person |
| Louis Oberski                           | Director Electric Market Policy, Dominion Resource Services, Inc.                           | IOU                                 |                        | In Person |
| Roman Carter Alt. for T. Reed           | Project Manager-Market Policy, Southern Company   | IOU                                 |                        | Phone     |
| Barry Green                             | Director, Markets and Research Regulatory Affairs Division, Ontario Power Generation        | Merchant                            |                        | Phone     |
| Woody Saylor                            | Director Finance & Engineering Midwest Power Region, Calpine                                | Merchant                            |                        | Absent    |
| William J. Gallagher                    | General Manager of Vermont Public Power Supply Authority                                    | Muni/Coop                           |                        | Absent    |
| V A C A N C Y                           |   | At Large                            |                        |           |
| <b>Marketer/Broker Segment</b>          |   | <b>Sub-Segment</b>                  |                        |           |
| Valerie Crockett Alt. for V A C A N C Y | Tennessee Valley Authority  | Fed/State/Prov                      |                        | In Person |
| Joel Dison                              | Project Manager, Southern Company Generation and Energy Marketing                           | IOU Affiliated                      |                        | Phone     |
| Clay A. Norris                          | Division Director, Planning, North Carolina Municipal Power Agency #1                       | Muni/Coop                           |                        | Absent    |
| Suzanne Calcagno                        | Director – Regulatory Compliance, UBS Energy LLC  | Not IOU Affiliated                  |                        | Absent    |



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|                                     |  |                    |        |
|-------------------------------------|--|--------------------|--------|
| Alan Johnson                        | Manager Business & Reliability Standards, Mirant | Not IOU Affiliated | Absent |
| Sherri Monteith Alt. for M. Tallman | Senior Policy Analyst, American Electric Power   | IOU Affiliated     | Phone  |
| V A C A N C Y                       |  | At Large           |        |

| Transmission Segment                   |   | Sub-Segment     |           |
|--|---|-----------------|-----------|
| Steven C. Cobb                         | Manager Transmission Services, Salt River Project                             | Fed/State/Prov. | Absent    |
| Jim Hicks Alt. for M. Maher            | Financial Consultant, PacifiCorp  | IOU             | Phone     |
| John E. Lucas                          | Manager, Transmission Services, Southern Company                              | IOU             | In Person |
| Herb Schrayshuen Alt. for M. Paravalos | National Grid USA   | ITC             | Phone     |
| Dan Klempel                            | Director Transmission Regulatory Compliance, Basin Electric Power Cooperative | Muni/Coop       | Absent    |
| Julie Voeck                            | Manager Strategic Policy and Planning, American Transmission Company          | ITC             | Absent    |
| Linda Campbell                         | Director of Reliability, Florida Reliability Coordinating Council             | At Large        | Phone     |

## 6. Additional Participation

| Name               | Organization                         |
|--------------------|--------------------------------------|
| Mariam Arnaout     | American Gas Association             |
| Henry Barth        | Florida Power & Light                |
| Mike Bray          | Enbridge Offshore                    |
| Curt Brechtel      | Arizona Public Service               |
| Gordon Brown       | California ISO                       |
| Kathryn Burch      | Duke Energy Gas                      |
| Christopher Burden | Williams Gas Pipeline                |
| Scott Butler       | Con Edison of New York               |
| Craig Colombo      | Dominion Resources                   |
| Peter Connor       | Nisource                             |
| Michael Desselle   | AEP                                  |
| Andrew Dotterweich | Consumers Energy                     |
| Pat Fox            | Wisconsin Public Service Corporation |
| Amy Hamilton       | PECO Energy                          |
| Richard Ishikawa   | Southern CA Gas Company              |
| Laura Kennedy      | NAESB                                |
| Iris King          | Dominion Transmission                |
| Paul Love          | NGPL                                 |
| Paul Margiotta     | Conectiv Energy                      |
| Rae McQuade        | NAESB                                |
| Janie Nielson      | Kern River Gas Transmission          |
| Marjorie Perlman   | Energy East                          |
| Denise Rager       | NAESB                                |
| Marv Rosenberg     | FERC                                 |
| Micki Schmitz      | Northern Natural Gas                 |
| Lisa Simpkins      | Constellation                        |
| Veronica Thomason  | NAESB                                |
| Mark Wilke         | Trunkline Gas Company                |



## **North American Energy Standards Board**

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Steven Zavodnick

Baltimore Gas and Electric



# North American Energy Standards Board

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June 8, 2005

**TO:** NAESB WEQ & WGQ Executive Committee and Interested Industry Participants

**FROM:** Laura B. Kennedy, Meeting/Project Manager

**RE:** WEQ & WGQ Executive Committee Conference Call Draft Minutes – May 31, 2005

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
JOINT WHOLESALE ELECTRIC QUADRANT & WHOLESALE GAS QUADRANT  
EXECUTIVE COMMITTEE CONFERENCE CALL  
May 31, 2005; 12:00 p.m. to 5:00 p.m. Central  
Draft Minutes**

**1. Welcome & Administration**

Mr. Buccigross called the meeting to order and welcomed the Executive Committee members and other participants. Ms. Kennedy gave the antitrust advice and called the roll of Executive Committee members. Quorum was established for the WGQ and since there were not enough WEQ Executive Committee members on the call, the meeting was declared a working session for the WEQ. Ms. Chezar moved, seconded by Mr. Simmons, to adopt the agenda with modifications. Ms. Chezar proposed to modify the agenda to include review of the comments submitted by Mr. Shepard and the LDC segment. These items were added as item 2a. The motion passed unanimously.

Mr. Buccigross suggested that the committee review all of the proposed business practices for which comments were submitted, and then entertain motions on the entire package of proposed definitions and standards. There was no objection to Mr. Buccigross' suggestion.

**2. Review S16F as modified by the Working Group**

A Working Group made of Executive Committee members from both quadrants met via conference call on May 27, 2005 to reach consensus on the language of S16F. The committee reviewed the work paper submitted by the Working Group that includes modifications to proposed standard S16F (posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_ec053105w4.doc](http://www.naesb.org/pdf2/weq_wgq_ec053105w4.doc)). There was no objection to the language proposed by the Working Group.

**2a. Review comments on D1F and S3XF**

Mr. Shepard reviewed the comments he submitted on Definition D1F posted on the NAESB website at: [http://www.naesb.org/pdf2/weq\\_wgq\\_ec053105w6.doc](http://www.naesb.org/pdf2/weq_wgq_ec053105w6.doc). The proposal was to replace the second sentence with the following sentence: "The PPO performs a number of coordinated activities, including, but not limited to, power plant operations, unit dispatch, natural gas procurement and gas transportation arrangements." Mr. Shepard stated that the additional sentence would not alter the substantive intent of the definition, but would be consistent with the first sentence. Ms. Davis requested that the sentence be modified to state "...and/or gas transportation arrangements." There was no objection to inserting the additional sentence proposed by Mr. Shepard with Ms. Davis' modification. The modified language of proposed definition D1F is included below:

D1F Power Plant Operator (PPO) is the term used to describe the entity(ies) that has responsibility for gas requirements for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s)



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(TSP) to meet those requirements. The PPO performs a number of coordinated activities, including, but not limited to, power plant operations, unit dispatch, natural gas procurement and/or gas transportation arrangements. Because each PPO is structured differently, specific responsibilities within each PPO should be determined by the PPO and the point of contact for the PPO should be communicated to the TSP(s). This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S14, and S16].

Next, the Executive Committee members reviewed the work paper titled “WGQ LDC Segment EC Representative's Proposal Changes to S3X - Submitted by M. Novak” submitted by the LDC segment posted on the NAESB website at [http://www.naesb.org/pdf2/weq\\_wgq\\_ec053105w5.doc](http://www.naesb.org/pdf2/weq_wgq_ec053105w5.doc). Ms. Chezar stated that after the Executive Committee meeting on May 26<sup>th</sup>, the Executive Committee members in the LDC segment reviewed proposed standard S3XF and drafted several modifications that are highlighted in the Commentary section of the work paper. Ms. Crockett stated that she supported the changes proposed by the LDCs.

Ms. Davis stated that the WGQ pipeline segment had also identified minor modifications that should be reviewed. Ms. Davis reviewed the changes proposed by the pipeline segment using the version of S3XF submitted by the LDCs. The pipeline segment proposed modifying the first paragraph by adding a “(1)” before the phrase “...as established in the TSP’s and PPO’s communication procedures...” and inserting “...and/or (2) the communication procedures that are applicable to the TSP’s Service Requesters as set forth in the TSP’s tariff, or general terms and conditions.” Ms. Davis stated that S3XF applies when there is a need for a scheduled quantity outside the timelines, and there may be tariffs with language that cover such situations. Mr. Buccigross suggested modifying number (2) to state: “or as specified in the TSP’s tariff or general terms and conditions.” Ms. Davis agreed to this modification. Ms. Chezar agreed to the modifications proposed by the pipeline segment and Mr. Buccigross.

Ms. Gussow and Mr. Ulch questioned the use of the term “and/or” between numbers 1 and 2. Ms. Gussow stated the word “or” would be sufficient because it would apply when one or both of the conditions are met. After further discussion, it was the consensus of the group to leave the term “and/or” as part of the modification.

In the second and third paragraphs, the pipeline segment proposed to modify all references to Transportation Service Provider (TSP) to include the term “affected TSP’s” or “all of the affected TSPs” as appropriate in the language. Other minor corrections or modifications were made. The language of S3XF modified by the Executive Committee during this meeting is included below:

S3XF Subject to the conditions of NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], this standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) to whose system the PPO facility(ies) is directly connected or with whom the PPO is a Service Requester.

A PPO should not operate without an approved scheduled quantity pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP’s tariff and/or general terms and conditions, and/or contract provisions. However, if the PPO reasonably determines that it has circumstances requiring the need to



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request gas scheduling changes outside of the above-referenced nomination and scheduling processes and the affected TSP(s) supports the processing of such changes, the PPO should provide its requested daily and hourly flow rates to the TSP(s) (1) as established in the TSP's and PPO's communication procedures pursuant to NAESB WEQ Standard No. [S2X] and NAESB WGQ Standard No. [S2X] and/or (2) as specified in the TSP's(s)' tariff or general terms and conditions.

Based upon whether or not the PPO's request can be accommodated in accordance with the appropriate application of the affected TSP's(s)' tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements and/or general system operations, the PPO and all of the affected TSPs should work together to resolve the PPO's request.

Where the affected TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, no additional communications are required. These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures.

### **3. Vote on Communication Business Practices Standards**

Ms. Davis stated that the Executive Committee members should note that any motions to adopt the recommendation should include a presumption or outright understanding that these standards will not be distributed for member ratification until they have been fully staffed by the Wholesale Gas Quadrant.

Ms. Chezar moved to adopt proposed standards D2F, D3F, S1BF, S2XF, S13F, S14F, and S15F as modified by the WEQ and WGQ Executive Committees during the May 26, 2005 meeting and to adopt the three proposed standards D1F, S3XF, and S16F as modified during the May 31, 2005 meeting and that the aforementioned standards be fully staffed by the WGQ. Ms. Davis seconded the motion. A roll call vote of the Executive Committee members and alternates present on the call was taken. A notational ballot was distributed to the Executive Committee members that were not present during the vote. The motion passed a supermajority vote in both quadrants. The revised recommendation is posted on the NAESB website at [http://www.naesb.org/pdf2/r04021\\_revised\\_rc.doc](http://www.naesb.org/pdf2/r04021_revised_rc.doc). [Vote 1].

### **4. Other Business**

No other business was discussed. Before the revised recommendation was posted on the NAESB website, the NAESB office deleted all references to S7X in the proposed standards and definitions as S7X was removed from consideration during the May 26, 2005 joint Executive Committee meeting.

### **5. Adjourn**

Ms. Chezar moved to adjourn, seconded by Mr. Elizeh. The meeting adjourned at 1:40 p.m. Central.



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### 6. Executive Committee Attendance and Vote<sup>1</sup>

#### Wholesale Gas Quadrant Executive Committee

| End User Segment               |  | Attendance | Vote 1 |
|--------------------------------|--|------------|--------|
| Diane McVicker                 | Sr. Principal Fuel Supply Analyst, Salt River Project          | Absent     | SB     |
| Valerie Crockett               | Energy Markets & Policy Specialist, Tennessee Valley Authority | Phone      |        |
| Kelly Daly                     | Partner, Stinson, Morrison & Hecker                            | Phone      |        |
| Dona Gussow                    | Contracts Coordinator, Florida Power and Light                 | Phone      | S      |
| Tina Burnett                   | Natural Gas Operations Administrator, The Boeing Company       | Absent     | SB     |
| <b>Distribution Segment</b>    |  |            |        |
| Rodger Schwecke                | Pipeline Products Projects Manager, Southern California Gas    | Absent     |        |
| Dolores Chezar                 | Director, Regulatory Policy, KeySpan Energy                    | Phone      | S      |
| Chris Maturo                   | Director - Operations Integration, NiSource, Inc.              | Absent     |        |
| Scott Butler Alt. for M. Novak | Project Manager, Consolidated Edison Company of New York, Inc. | Phone      | S      |
| Craig Colombo                  | Energy Trader III, Dominion Resources                          | Phone      | SB     |
| <b>Pipeline Segment</b>        |  |            |        |
| Mark Gracey                    | El Paso Eastern Pipeline                                       | Phone      | S      |
| Bill Griffith                  | Director, Transmission & Storage, Colorado Interstate Gas Co.  | Phone      | S      |
| Dale Davis                     | Consultant, Williams Gas Pipeline                              | Phone      | S      |
| Randy Young                    | Director Regulatory Compliance, Gulf South Pipeline            | Phone      | S      |
| Kim Van Pelt                   | NAESB Coordinator, Panhandle Eastern Pipe Line                 | Phone      | S      |

<sup>1</sup> Voting Record Legend: S = Support; O = Oppose; A = Abstain; B = Voter submitted vote via Notational Ballot



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| <b>Producer Segment</b>                |  |        |    |
|--|--|--------|----|
| Jim Busch                              | Director of Energy Policy and Regulation, BP Energy Company            | Absent |    |
| Paul Keeler                            | Managing Attorney, Marketing, Burlington Resources Trading             | Absent | SB |
| Randy Mills                            | Manager of Regulatory Affairs, ChevronTexaco Natural Gas               | Absent | SB |
| Richard Smith                          | Regulatory, ExxonMobil Gas & Power Marketing                           | Absent | SB |
| Mike Shepard                           | General Counsel, Mewbourne Oil Company                                 | Phone  | S  |
| <b>Services Segment</b>                |  |        |    |
| Christina Frescki Alt. for S. Calcagno | NJR Energy Services  | Phone  | S  |
| Robert McKay                           | Constellation Energy Commodities Group, Inc.                           | Phone  | S  |
| Leigh Spangler                         | CEO, Latitude Technologies   | Phone  | SB |
| Jim Buccigross                         | Vice President, 8760 Inc.  | Phone  | S  |
| Keith Sappenfield                      | Regional Director – US Regulatory Affairs, EnCana Marketing (USA) Inc. | Absent | SB |

### Wholesale Electric Quadrant Executive Committee

| <b>End User Segment</b> |  | <b>Sub-Segment</b>                  | <b>Attendance</b> | <b>Vote 1</b> |
|-------------------------|--|-------------------------------------|-------------------|---------------|
| John Hughes             | Director Technical Affairs, Electricity Consumers Resource Council (ELCON)             | Large Industrial                    | Phone             | S             |
| V A C A N C Y           | V A C A N C Y  | Large Industrial                    |                   |               |
| V A C A N C Y           | V A C A N C Y  | End Use (Self Generation)           |                   |               |
| Randy Corbin            | Assistant Director Analytical Services, Ohio Consumers' Counsel                        | Commercial/Residential              | Absent            |               |
| Paul Jett               | Manager of Electric System Operation Customer Choice Transition, Cinergy Services Inc. | End Use (In other segments as well) | Absent            |               |
| Lou Ann Westerfield     | Policy Strategist, Idaho Public Utilities Commission, rep. National Association of     | Regulators                          | Phone             | S             |



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|   |   |                      |        |    |
|---|---|----------------------|--------|----|
|   | Regulatory Utility Commissioners  |                      |        |    |
| Paul Sorenson                           | Manager Central Markets Strategy, Open Access Technology International, Inc.                | At Large             | Absent | SB |
| <b>Distribution/LSE Segment</b>         |   | <b>Sub-Segment</b>   |        |    |
| Ollie Frazier                           | Manager of Regulatory Research, Duke Energy   | IOU                  | Phone  | S  |
| Phil Cox Alt. for J. Leonard            | Energy Market Coordinator, Energy Trading, AEP Energy Services, Inc.                        | IOU                  | Phone  | S  |
| Robert Williams                         | Director of Regulatory Affairs, Florida Municipal Power Agency                              | Muni/Coop            | Phone  |    |
| Robert Schwermann Alt. for D. E. Cooper | Energy Coordinator, Sacramento Municipal Utility District                                   | Muni/Coop            | Absent | SB |
| Syd Berwager                            | Industry Restructuring Project Manager, Bonneville Power Administration/Power Business Line | Other                | Absent |    |
| Jansen Pollock                          | Manager of Regulatory Affairs, Constellation NewEnergy                                      | Competitive Retailer | Phone  | S  |
| Don Benjamin                            | Director of Operations, North American Electric Reliability Council                         | At Large             | Absent | SB |
| <b>Generation Segment</b>               |   | <b>Sub-Segment:</b>  |        |    |
| Kathy York                              | Energy Markets & Policy Specialist, Tennessee Valley Authority                              | Fed/State/Prov.      | Absent | SB |
| Louis Oberski                           | Director Electric Market Policy, Dominion Resource Services, Inc.                           | IOU                  | Phone  | S  |
| Tony Reed                               | Project Manager, Southern Company Generation and Energy Marketing                           | IOU                  | Absent | SB |
| Barry Green                             | Director, Markets and Research Regulatory Affairs Division, Ontario Power Generation        | Merchant             | Phone  | S  |
| Woody Saylor                            | Director Finance & Engineering Midwest Power Region, Calpine                                | Merchant             | Absent |    |
| William J. Gallagher                    | General Manager of Vermont Public Power Supply Authority                                    | Muni/Coop            | Phone  | S  |
| V A C A N C Y                           |   | At Large             |        |    |



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| <b>Marketer/Broker Segment</b>          |   | <b>Sub-Segment</b> |        |    |
|---|---|--------------------|--------|----|
| Valerie Crockett Alt. for V A C A N C Y | Tennessee Valley Authority  | Fed/State/Prov     | Phone  | S  |
| Joel Dison                              | Project Manager, Southern Company Generation and Energy Marketing             | IOU Affiliated     | Absent | SB |
| Clay A. Norris                          | Division Director, Planning, North Carolina Municipal Power Agency #1         | Muni/Coop          | Absent | SB |
| Suzanne Calcagno                        | Director – Regulatory Compliance, UBS Energy LLC                              | Not IOU Affiliated | Phone  | S  |
| Alan Johnson                            | Manager Business & Reliability Standards, Mirant                              | Not IOU Affiliated | Absent | SB |
| Sherri Monteith Alt. for M. Tallman     | Senior Policy Analyst, American Electric Power                                | IOU Affiliated     | Absent | SB |
| V A C A N C Y                           |   | At Large           |        |    |
| <b>Transmission Segment</b>             |   | <b>Sub-Segment</b> |        |    |
| Steven C. Cobb                          | Manager Transmission Services, Salt River Project                             | Fed/State/Prov.    | Absent |    |
| Mark Maher                              | Vice President – Transmission, PacifiCorp                                     | IOU                | Absent | AB |
| Dean Ulch Alt. for J. E. Lucas          | Principal Engineer, Southern Company  | IOU                | Phone  | S  |
| Herb Schrayshuen Alt. for M. Paravalos  | Vice President Transmission Commercial Services, National Grid USA            | ITC                | Phone  | S  |
| Dan Klempel                             | Director Transmission Regulatory Compliance, Basin Electric Power Cooperative | Muni/Coop          | Absent | SB |
| Julie Voeck                             | Manager Strategic Policy and Planning, American Transmission Company          | ITC                | Absent |    |
| Linda Campbell                          | Director of Reliability, Florida Reliability Coordinating Council             | At Large           | Absent |    |

## 6. Additional Participation

### Name

Henry Barth  
Ken Brown

### Organization

FL Power & Light  
Public Service Electric & Gas



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Gordon Brown  
Pete Connor  
Larita Cormier  
Edison Elizeh  
Amy Hamilton  
Laura Kennedy  
Iris King  
Paul Love  
Paul Margiotta  
Ron McGinley  
Rae McQuade  
Janie Nielsen  
Arlene Palmerino  
Denise Rager  
Micki Schmitz  
George Simmons  
Lisa Simpkins  
Jim Templeton  
Brian White  
Randy Young  
Steve Zavodnick

California ISO  
Nisource  
Riverside Reporting  
PacifiCorp  
PECO Energy Company  
NAESB  
Dominion Transmission  
NGPL  
Conectiv  
IESO  
NAESB  
Kern River Gas Transmission Company  
New York State Department of Public Service  
NAESB  
Northern Natural Gas  
Nisource  
Constellation  
Comprehensive Energy Services  
Nisource  
Gulf South  
Baltimore Gas & Electric



# NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

## NERC-NAESB-ISO/RTO Council Joint Interface Committee

September 21–22, 2004

### MINUTES (Draft)

#### Attendance

##### NERC Members/Alternates

Mark Fidrych, WAPA\*  
Scott Henry, Duke Power\*  
Ed Schwerdt, NPCC\*  
Ed Tymofichuk, Manitoba Hydro [Phone]\*  
Gerry Cauley, NERC (Secretary)

##### NAESB Members/Alternates

Michael Desselle, AEP (JIC Co-Chair)\*  
Sydney Berwager, BPA \*  
Barry Green, OPG \*  
Alan Johnson, Mirant [Phone]\*  
Lou Oberski, Dominion Resources\*  
Mary Ellen Paravalos\*  
Ed Davis, Entergy [Phone]  
Andy Dotterweich, Consumers (Alternate) [Phone]  
Walt Yeager, Cinergy [Phone]

##### IRC Members/Alternates

Karl Tammar, NYISO (JIC Co-Chair)\*  
Charles Yeung, SPP\*  
Kent Saatoff, ERCOT [Phone]\*

##### Observers/Guests/Staff

Delores Chezar, Keyspan  
Laura Kennedy, NAESB [Phone]  
Rae McQuade, NAESB  
Todd Oncken, NAESB [Phone]  
Andy Rodrigez

\* Indicates voting members for this meeting.

#### Introductions

Co-Chair Michael Desselle called the meeting to order and led introductions of those present and on the conference line.

#### Quorum

Secretary Gerry Cauley determined a quorum of the JIC was available to conduct business.

#### Antitrust

Todd Oncken of NAESB read the antitrust guidelines for conduct of the meeting.

## **Agenda**

Co-Chair Desselle reviewed the meeting agenda. The agenda was approved by consent.

## **Minutes**

The minutes of the August 16, 2004, JIC meeting were approved without objection.

### **NAESB Standard Request R04016 — Standard Energy Day**

Michael Desselle presented the standard request for consideration of the JIC.

*Lou Oberski moved, and Barry Green seconded the motion, that the JIC assign R04016 — Standard Energy Day to NAESB for development as a business practice standard. The motion was approved without objection.*

The following issues were noted in discussion:

- NAESB provides a forum for joint participation of the natural gas and electric industry stakeholders that would participate in the development of this standard.
- The standards developers should consider the effects of a standard energy day on electric system operations and reliability.
- The JIC is concerned that a lack of depth and specificity in the description of the scope makes evaluating where the project should be assigned more difficult. This issue was added to the end of the agenda, as it applies to other standards as well.
- Several members noted historical difficulties encountered in trying to standardize the energy day.
- It was noted that jurisdictional issues could arise if some entities are required to revise their tariffs to accommodate a different energy day.

### **NAESB Standard Request R04020 — Electric Transaction Scheduling and Timelines**

Michael Desselle presented the standard request for consideration of the JIC.

*Lou Oberski moved, and Barry Green seconded the motion, that the JIC assign R04020 — Electric Transaction Scheduling and Timelines to NAESB for development as a business practice standard. Following discussion, the motion was withdrawn by consent.*

Some of the comments noted in discussion include:

- It is unclear from the request whether the scope is intended to address day-ahead markets or same-day operational scheduling.
- It is unclear from the request whether the scope is intended to address inter-RTO transactions or to set business practice standards for transaction scheduling within an RTO or operating entity.
- It is unclear if this request is already being addressed by several standards projects, including NERC and NAESB Version 0 standards and the work on Version 1 standards of the Coordinate Interchange drafting teams as NERC and NAESB. These scopes have already been assigned by the JIC.
- The proposed scope needs to be clarified and made more specific. The affected working groups should work together to determine if there is a gap in the ongoing transaction scheduling standards work that is addressed by this request and clarify what that gap is.

Following this discussion, it was agreed to add discussion of the Seams Matrix to the agenda.

### **NAESB Standard Request R04021 — Operational Communications between Pipelines and Power Plants**

Michael Desselle presented the standard request for consideration of the JIC.

*Lou Oberski moved, and Syd Berwager seconded the motion, that the JIC assign R04021 — Operational Communications between Pipelines and Power Plants to NAESB for development as a business practice standard. The motion was approved by roll call vote as follows:*

*Michael Desselle — Approve  
Syd Berwager — Approve  
Mark Fidrych — Approve  
Barry Green — Approve  
Scott Henry — Not Approve  
Alan Johnson — Approve*

*Lou Oberski — Approve  
Mary Ellen Pravalos — Approve  
Kent Saathoff — Approve  
Ed Schwerdt — Approve  
Karl Tammar — Approve  
Charles Yeung — Approve*

The following issues were noted in discussion:

- Once again, the request was not sufficiently explicit to fully understand the intended scope with verbal explanation. The scope should be clearly defined in writing.
- The JIC considers that the scope is not intended to address communications between gas pipeline operators and power plant operators as suggested. The scope appears to be intended to address communications between gas supply operations, or gas providers, and electric power producers who are users of gas.
- There is some concern that operational communications about fuel supply are reliability issues.
- It was noted that on June 15, 2004, the NERC Board approved a report of the Planning Committee's Gas/Electricity Interdependency Task Force. The board approved a recommendation in that report to assign the NERC Reliability Coordinators to propose standards for gas-electric operational communications affecting reliability. The concern is that such an assignment could be duplicative of the proposed NAESB standard. Others noted that the NERC initiative could work closely with, and take credit for, the work at NAESB and fill in any reliability gaps as needed.
- NAESB provides a joint forum for standards development that includes both gas and electric stakeholders involved with this issue.

### **NERC SAR on Vegetation Management**

Gerry Cauley provided an overview of the SAR on Vegetation Management.

*Syd Berwager moved, and Mark Fidrych seconded the motion, that the JIC assign the SAR on Vegetation Management to NERC for development as a reliability standard. The motion was approved without objection.*

The following issues were noted in discussion:

- NERC should coordinate this standard development with the Canadian Standards Association.
- NERC has already initiated discussions with IEEE for development of a joint standard and will explore adding sponsors of the National Electrical Safety Code and the Canadian Standards Association.

### **Work Plan Coordination**

Michael Desselle provided an overview of preliminary thoughts on the 2005 work plan for the NAESB WEQ. This plan largely follows the 2004 plan with several updates. The NAESB 2005 work plan will be considered at the NAESB Board meeting in December 2004 and finalized in March 2005.

Gerry Cauley reviewed the SAC's prioritized list of standards projects. The SAC will be finalizing its 2005 work plan on November 12, 2004.

Karl Tammar reviewed the IRC standards work. The IRC is developing market extensions to data exchange protocols and regional market web services protocols.

### **Quality Preparation of Standards Requests for Consideration of JIC**

The JIC is concerned with the quality and completeness of some of the standards requests being presented. In these cases, it is difficult to understand the intended scope of the standard and therefore where the standard should be assigned.

Differences were noted in the process NERC and NAESB use to develop a standards request. Before coming to the JIC, a NERC SAR has typically been reviewed by the SAC, posted for public comment and revised based on those comments. This vetting process requires the request to have a clearly documented scope.

Typically NAESB requests that are received from a subcommittee have a fleshed out scope statement. However, requests from individuals may be thin on details. Requests are submitted to inter-quadrant triage. It is in triage that discussion takes place to flesh out the scope of a standard. What the JIC received at this meeting was original requests from individuals. NAESB representatives committed to reviewing what can be done to present more complete and polished standards requests to the JIC in the future.

The JIC agreed that standards requests presented to the JIC for assignment should be posted 30 days prior to scheduled action, along with the agenda. This would allow NERC, NAESB, and IRC groups affected by the request sufficient time to provide comments to their JIC representatives.

The JIC agreed that in the future the JIC should state any factors or assumptions it considered in assigning a request to NERC or NAESB.

### **Seams Matrix**

The JIC discussed the status of the Seams Matrix. It was agreed that the Seams Matrix served as a useful guidepost for reviewing proposed new standards but was not intended to be used as a checklist of standards to be developed. Although several members suggested the Seams Matrix should be reviewed and updated, it was agreed that the matrix was just approved in February 2004 and required substantial industry input. It was confirmed that the JIC should review the Seams Matrix periodically to assess progress, as was contemplated when the matrix was approved in February 2004.

### **Future Meetings**

The JIC agreed to schedule a conference call for November 22, 2004 at 11 a.m. EST to consider a NERC SAR on Operating Personnel Training.

### **Adjourn**

There being no further business, the meeting was adjourned.

## **Appendix 2: Ratification Ballot, Member Voting Record and Comments Regarding the Standards**

Recommended standards adopted by the NAESB WGQ and WEQ ECs and the corresponding ratification ballots sent to the WGQ and WEQ membership<sup>1</sup>, including ratification ballot results and comments submitted by WGQ and WEQ members prior to EC consideration of the recommendation.

Ballots for the following dates:

Ballot distributed on June 8, 2005 for WEQ EC actions taken on May 31, 2005

Comments on Recommendation R04021 Submitted by:

American Electric Power  
American Gas Association  
California ISO  
Conectiv  
Duke Energy Corporation  
El Paso Electric Company  
Entergy  
Entergy Services, Inc. Gas Group  
Mewbourne Oil Company  
the Pipeline Segment  
Progress Energy Carolinas  
Tennessee Valley Authority  
We Energies

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<sup>1</sup> The WEQ ratification ballot is included in this report. The WGQ ratification ballot will be issued to WGQ members after the WGQ EC has approved a supplemental recommendation regarding technical implementation of the standards. The WGQ ratification ballot, and results from both the WEQ and WGQ ratification ballots, will be provided to the Commission in a supplemental report.



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**via email and posting**

**TO:** NAESB Wholesale Electric Quadrant Members  
**FROM:** Laura B. Kennedy, Meeting/Project Manager  
**RE:** Ratification Ballot for Request R04021  
**DATE:** June 8, 2005

---

Dear WEQ Members,

The WGQ and WEQ Executive Committees have adopted the proposed definitions and standards for Request R04021 (Request to develop standards for daily operational communications between pipelines and power plants). The standards passed unanimously through both the WEQ Executive Committee and the WGQ Executive Committee. The revised recommendation is posted on the NAESB website at: [http://www.naesb.org/protected/r04021\\_revised\\_rc.doc](http://www.naesb.org/protected/r04021_revised_rc.doc).

Attached please find a notational ballot for WEQ Members to vote on the proposed definitions and standards as recommended by the WEQ Executive Committee that apply to the WEQ (standards that are designated as "WEQ" or "WEQ and WGQ"). Please execute your ballot and return it to the NAESB office (713-356-0067 fax). You may also execute your ballot by simply responding to the accompanying email. The ballot period begins on June 8, 2005 and ends on July 8, 2005.

Information on the recommendation, including the recommendation and any industry comments received, can be found on the NAESB Request & Standards Development Activity Page: <http://www.naesb.org/request.asp> and on the WEQ and WGQ Executive Committee Pages: [http://www.naesb.org/weq/weq\\_ec.asp](http://www.naesb.org/weq/weq_ec.asp) (WEQ) and <http://www.naesb.org/WGQ/ec.asp> (WGQ).

Please feel free to call the NAESB office if you have any difficulty retrieving any of this information or need additional assistance.

Best Regards,

*Laura B. Kennedy*

cc: Rae McQuade, President

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## NAESB Wholesale Electric Quadrant Ratification Ballot

**Due Friday, July 8, 2005**

**To NAESB Office (Fax Number 713-356-0067, email [naesb@naesb.org](mailto:naesb@naesb.org))**

Please vote in favor of or in opposition to the following recommendation:

| Support | Oppose | Action:  |
|---------|--------|--|
|         |        | <b>Recommendation R04021 as Revised by the WEQ and WGQ Executive Committees:</b> Definitions and standards for daily operational communications between pipelines and power plants. The revised recommendation can be found on the NAESB website at: <a href="http://www.naesb.org/protected/r04021_revised_rc.doc">http://www.naesb.org/protected/r04021_revised_rc.doc</a> . Your ratification vote applies only to the standards that are designated as "WEQ" or "WEQ and WGQ" within the recommendation. |

Member Name: \_\_\_\_\_

Member Signature: \_\_\_\_\_

Member Company: \_\_\_\_\_

Segment: \_\_\_\_\_

Date: \_\_\_\_\_

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## Wholesale Electric Quadrant Members

| Organization                                  | Segment | Contact                        | Sub-Segment |
|---|---------|--------------------------------|-------------|
| ACES Power Marketing LLC                      | m       | Roy J. True                    | muni        |
| Alabama Electric Cooperative, Inc.            | d       | Kenneth J. Skroback            | muni        |
| American Electric Power Service Corp.         | m       | Barbara Radous, Joseph Hartsoe | iou         |
| American Electric Power Service Corp.         | d       | Thomas Ringenbach              | iou         |
| American Electric Power Service Corp.         | t       | John Stough, Michael Desselle  | iou         |
| American Municipal Power - Ohio, Inc.         | d       | Pat Frazier, Chris Norton      | muni        |
| American Public Power Association             | d       | Allen Mosher                   | muni        |
| American Transmission Company LLC             | t       | Julie Voeck                    | itc         |
| Arizona Public Service Company                | t       | Mark W. Hackney                | iou         |
| Arkansas Electric Cooperative Corporation     | g       | Ricky Bittle                   | muni        |
| Basin Electric Power Cooperative              | t       | Dan Klempel                    | muni        |
| Basin Electric Power Cooperative              | m       | David Raatz                    | nd          |
| Basin Electric Power Cooperative              | g       | Jason Doerr                    | muni        |
| Boeing Company                                | e       | Steve LaFond                   | lind        |
| Bonneville Power Administration               | d       | Sydney D. Berwager             | other       |
| Bonneville Power Administration               | g       | Francis Halpin                 | fed         |
| Bonneville Power Administration               | m       | Brenda Anderson                | fed         |
| Bonneville Power Administration               | t       | Barbara Rehman                 | fed         |
| BP America Inc.                               | e       | Jeanne Zaiontz                 | lind        |
| Calpine Corporation                           | g       | William Taylor, Jim Stanton    | merc        |
| Central Electric Power Cooperative            | d       | Arthur Fusco                   | muni        |
| ChevronTexaco Energy Research and Technology  | e       | Carol Guthrie                  | sgen        |
| Cinergy                                       | e       | John Procario                  | endues      |
| Cinergy                                       | g       | Walt Yeager                    | iou         |
| Cinergy                                       | m       | Walt Yeager                    | iou         |
| Cleco Power, LLC                              | t       | Keith Comeaux                  | iou         |
| Columbus Southern Power Company               | g       | Phil Cox                       | merc        |
| Comprehensive Energy Services                 | e       | Jim Templeton                  | enduse      |
| Conectiv Energy Supply, Inc.                  | g       | Gloria Ogenyi                  | merc        |
| Conectiv Energy Supply, Inc.                  | m       | Gloria Ogenyi                  | iou         |
| Consolidated Edison Company of New York, Inc. | t       | Scott Butler                   | iou         |
| Constellation Generation Group                | g       | Michael Gildea                 | merc        |
| Constellation NewEnergy, Inc.                 | d       | Sara O'Neill                   | comp ret    |



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| Organization  | Segment | Contact   | Sub-Segment |
|---|---------|---|-------------|
|   |         | Carrie Cullen Hitt                                      |             |
| Consumers Energy Company  | d       | Andrew C. Dotterweich, Frank Johnson                    | iou         |
| Consumers Energy Company  | g       | Steven L. Gaarde, Andrew C. Dotterweich, John J. Dellas | iou         |
| Dairyland Power Cooperative   | t       | Chuck Callies   | muni        |
| Department of the Interior, Bureau of Reclamation                               | g       | Deborah M. Linke  | fed         |
| Dominion Energy Marketing, Inc.   | g       | Lou Oberski   | iou         |
| DTE Energy  | m       | David G. Nick   | iou         |
| Duke Energy Corp.   | d       | Ollie Frazier   | iou         |
| Dynegy Power Marketing, Inc.  | g       | Barry Huddleston  | merc        |
| Edison Electric Institute   | n       | David Owens, Dave Dworzak                               | N           |
| Electric Reliability Council of Texas (ERCOT)                                   | n       | Sam R. Jones, Ray Giuliani                              | n           |
| Electricities of North Carolina (North Carolina Eastern Municipal Power Agency) | g       | Gregory Locke   | muni        |
| Electricity Consumers Resource Council (ELCON)                                  | e       | John Anderson, John Hughes                              | lind        |
| Empire District Electric Company, The   | t       | Bary K. Warren  | iou         |
| Energy East Management Corporation  | t       | Marjorie Perlman  | iou         |
| Entergy Services, Inc.  | t       | Edward J. Davis   | iou         |
| Entergy Services, Inc.  | m       | James M. (Jimmy) Smith                                  | iou         |
| Exelon Corporation - PECO Energy  | d       | John F. Leonard, Jr.                                    | iou         |
| Exelon Generation - Power Team  | m       | Jack Crowley  | iou         |
| ExxonMobil Gas Marketing  | e       | Steve Sayuk, Mark Scheel, Mark Ulrich                   | sgen        |
| FirstEnergy Solutions Corp.   | M       | Edward C. Stein   | iou         |
| Florida Municipal Power Agency  | g       | Rick Casey  | muni        |
| Florida Municipal Power Agency  | d       | Steven H. McElhaney                                     | muni        |
| Florida Power & Light Company   | m       | Gerry Yupp, Raleigh Nobles                              | iou         |
| Florida Power & Light Company   | t       | Marty Mennes  | iou         |
| Florida Reliability Coordinating Council  | t       | Linda D. Campbell                                       | at large    |
| Georgia Transmission Corporation  | t       | Patrick McGovern, Mark Temple                           | muni        |
| Hydro One Networks  | t       | Dave Barrie   | itc         |
| Hydro - Quebec Transenergie   | t       | Victor Bissonnette                                      | fed         |
| Idaho Power Company   | t       | Robert Gumm   | iou         |
| Indiana Municipal Power Agency  | g       | Dick Foltz  | muni        |
| International Transmission Company  | t       | Jim D. Cyrulewski                                       | itc         |
| Michigan Electric Transmission Company LLC                                      | t       | Charles V. Waits  | itc         |



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| Organization   | Segment | Contact   | Sub-Segment |
|--|---------|---|-------------|
| Michigan Public Power Agency                             | d       | James R. Nickel, Daniel E. Cooper                     | muni        |
| Midwest Independent Transmission System Operator+J96     | n       | William (Bill) Phillips                               | n           |
| Minneapolis Consulting Group                             |         | Mike Prickett   | endues      |
| Mirant Corp.   | m       | Susann D. Felton, Alan Johnson                        | niou        |
| Missouri River Energy Services                           | d       | Brian Zavesky   | muni        |
| Modesto Irrigation District                              | t       | Roge Van Hoy  | muni        |
| National Association of Regulatory Utility Commissioners | E       | Lou Ann Westerfield                                   | reg         |
| National Grid USA  | t       | Masheed Rosenqvist, Peter Flynn, Mary Ellen Paravalos | itc         |
| National Rural Electric Cooperative Assoc.               |         | Barry Lawson  | muni/coop   |
| Navigant Consulting, Inc.                                | m       | Richard G. Smead                                      | at large    |
| New York State Dept. of Public Service                   | e       | William Heinrich                                      | reg         |
| New York State Reliability Council                       | d       | P. Donald Raymond                                     | at large    |
| North American Electric Reliability Council              | d       | Donald M. Benjamin                                    | at large    |
| North Carolina Electric Membership Corporation           | d       | David Beam  | muni        |
| North Carolina Electric Municipal Power Agency #1        | m       | Clay A. Norris  | muni        |
| North Carolina Electric Municipal Power Agency #1        | d       | Andrew Fusco  | muni        |
| Northeast Utilities Service Company                      | t       | David Boguslawski, Bill P. McKinnon                   | iou         |
| Oglethorpe Power Corporation                             | g       | Billy Ussery  | muni        |
| Ohio Consumers' Counsel                                  | e       | Randy Corbin  | comres      |
| Old Dominion Electric Cooperative                        | g       | James N. Kimball                                      | muni        |
| Ontario Power Generation                                 | g       | Barry Green   | merc        |
| Ontario Power Generation                                 | m       | Rob Robinson  | niou        |
| Open Access Technology International, Inc.               | e       | Kevin Burns   | at large    |
| Open Access Technology International, Inc.               | t       | Paul R. Sorenson                                      | at large    |
| Otter Tail Power Company                                 | t       | Daryl Hanson, Larry Larson                            | iou         |
| PacifiCorp   | m       | Edison G. Elizeh                                      | iou         |
| PacifiCorp   | g       | Greg Maxfield   | iou         |
| PacifiCorp   | t       | Jim Hicks, Darrell Gerrard                            | iou         |
| PHI Power Delivery                                       | t       | Ken Gates   | iou         |
| Platte River Power Authority                             | t       | Terry L. Baker  | muni        |
| Portland General Electric                                | m       | Terri Peschka   | iou         |
| PPL Electric Utilities Corporation                       | t       | Ray Mammarella  | iou         |
| Progress Energy (Unregulated)                            | m       | Micheal Settlege                                      | iou         |

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| Organization   | Segment | Contact                               | Sub-Segment |
|--|---------|---------------------------------------|-------------|
| Progress Energy (Regulated)                                    | m       | James Eckelkamp                       | iou         |
| Progress Energy  | t       | Verne Ingersoll, Phillip W. Lewis     | iou         |
| PSEG Energy Resources and Trade LLC                            | m       | James D. Hebson                       | io          |
| Public Service Electric and Gas Company                        | d       | Colin J. Loxley                       | iou         |
| Public Service Electric and Gas Company                        | t       | Jeffrey C. Mueller                    | iou         |
| Puget Sound Energy, Inc.                                       | t       | George Marshall, Bob Harshbarger      | niou        |
| Sacramento Municipal Utility District                          | d       | Robert D. Schwermann                  | muni        |
| Sacramento Municipal Utility District                          | g       | Thomas Ingwers                        | muni        |
| Salt River Project Agricultural Improvement and Power District | d       | Wendy Weathers, Mark B. Bonsall       | other       |
| Salt River Project Agricultural Improvement and Power District | t       | Steve Cobb                            | fed         |
| Seminole Electric Cooperative, Inc.                            | g       | Lane Mahaffey                         | muni        |
| Southeastern Power Administration                              | g       | Bob Goss                              | fed         |
| Southern California Edison                                     | t       | Ronald D. Nunnally                    | iou         |
| Southern California Edison Co.                                 | g       | Thomas Watson                         | iou         |
| Southern Company Services, Inc.                                | d       | Garey Rozier, Jim Miller, Greg Butrus | iou         |
| Southern Company Services, Inc.                                | g       | Tony A. Reed                          | iou         |
| Southern Company Services, Inc.                                | m       | Joel Dison                            | iou         |
| Southern Company Services, Inc.                                | t       | R.D. (Dean) Ulch, John Lucas          | iou         |
| Southwest Transmission Cooperative, Inc.                       | t       | Larry D. Huff                         | muni        |
| Southwest Power Pool   | n       | Carl Monroe                           | n           |
| Southwestern Power Administration                              | g       | Forrest E. Reeves                     | fed         |
| Southwestern Power Administration                              | t       | Stanley L. Mason                      | fed         |
| Sunflower Electric Power Corporation                           | t       | L. Earl Watkins, Carroll Waggoner     | muni        |
| Tenaska, Inc.  | g       | Scott Helyer                          | merc        |
| Tennessee Valley Authority                                     | d       | Ron L. Owens                          | other       |
| Tennessee Valley Authority                                     | g       | William F. Irish                      | fed         |
| Tennessee Valley Authority                                     | m       | Clyde Harmon                          | fed         |
| Tennessee Valley Authority                                     | t       | Mitchell Needham, W. Terry Boston     | fed         |
| TRANS-ELECT, INC.  | t       | Paul D. McCoy                         | itc         |
| Tri-State Generation and Transmission Association, Inc.        | t       | Bruce Sembrick                        | muni        |
| TXU Energy   | m       | Elizabeth HowlandMike Grim            | nio         |
| TXU Electric Delivery  | t       | Ellis Rankin, Deborah McKeever        | iou         |
| UBS Energy LLC   | m       | Suzanne Calcagno                      | niou        |



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| Organization                             | Segment | Contact  | Sub-Segment |
|--|---------|--|-------------|
| Vermont Public Power Supply Authority    | g       | William J. Gallagher                                 | muni        |
| Western Area Power Administration        | t       | Mark Fidrych   | fed         |
| Western Area Power Administration        | m       | Jeffrey Ackerman                                     | fed         |
| Western Electricity Coordinating Council | t       | Michael Wells, Louise McCarren                       | at large    |
| We Energies (Wisconsin Electric)         | d       | Linda Horn   | iou         |
| We Energies (Wisconsin Electric)         | g       | James R. Keller                                      | iou         |
| Wisconsin Public Power Inc.              | d       | Mike Stuart  | muni        |
| Wisconsin Public Service Corporation     | g       | William Bourbonnais, Charles W. Severance, Neal Balu | iou         |
| Xcel Energy Inc.                         | m       | Steven J. Beuning                                    | iou         |

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**REVISED RECOMMENDATION  
REVISED BY THE WEQ AND WGQ EXECUTIVE COMMITTEES  
MAY 26, 2005 and May 31, 2005**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

**1. RECOMMENDED ACTION:**

- Accept as requested
- Accept as modified below
- Decline

**EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:**

- Change to Existing Practice
- Status Quo

**2. TYPE OF MAINTENANCE**

**Per Request:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**Per Recommendation:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**3. RECOMMENDATION**

**SUMMARY:**

- Add the following NAESB WEQ and NAESB WGQ Definitions:  
D1F, D2F, D3F
- Add the following NAESB WEQ and NAESB WGQ Standards:  
S1BF, S2XF, S3XF, S16F
- Add the following NAESB WEQ Standards:  
S13F, S15F
- Add the following NAESB WGQ Standard:  
S14F



**REVISED RECOMMENDATION  
REVISED BY THE WEQ AND WGQ EXECUTIVE COMMITTEES  
MAY 26, 2005 and May 31, 2005**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

**STANDARDS LANGUAGE:**

**Proposed NAESB WEQ and WGQ Definition:**

**D1F** Power Plant Operator (PPO) is the term used to describe the entity(ies) that has responsibility for gas requirements for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) (TSP) to meet those requirements. The PPO performs a number of coordinated activities, including, but not limited to, power plant operations, unit dispatch, natural gas procurement and/or gas transportation arrangements. Because each PPO is structured differently, specific responsibilities within each PPO should be determined by the PPO and the point of contact for the PPO should be communicated to the TSP(s). This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S14, and S16].

**Proposed NAESB WEQ and WGQ Definition:**

**D2F** A Power Plant Operator's Facility is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Operator. This definition applies to NAESB WEQ Standard Nos. [S2X and S3X] and NAESB WGQ Standard Nos. [S2X and S3X].

**Proposed NAESB WEQ and WGQ Definition:**

**D3F** Balancing Authority (BA) is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric interconnection frequency in real time. In certain circumstances, a BA may be a Regional Transmission Organization or Independent System Operator. This definition applies to NAESB WEQ Standard Nos. [S15 and S16] and NAESB WGQ Standard No. [S16].

**Proposed NAESB WEQ and WGQ Standard:**

**S1BF** The Transportation Service Provider (TSP) / Power Plant Operator (PPO) communication standards set forth in NAESB WEQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S14, and S16] do not convey any rights or services beyond or in addition to those contained in the TSP's tariff and/or general terms and conditions and/or do not impose any obligations that would otherwise be inconsistent with the requirements of applicable regulatory authorities, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP's contract / tariff services. In the event of a conflict between any of these communication standards and the TSP's tariff or general terms and conditions, the latter will prevail.

**Proposed NAESB WEQ and WGQ Standard:**

**S2XF** The Power Plant Operator (PPO) and the Transportation Service Provider(s) (TSP) that is directly connected to the PPO's Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide projected hourly flow rates as established in the TSP's and PPO's communication procedures.



**REVISED RECOMMENDATION  
REVISED BY THE WEQ AND WGQ EXECUTIVE COMMITTEES  
MAY 26, 2005 and May 31, 2005**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

**Proposed NAESB WEQ and WGQ Standard:**

**S3XF** Subject to the conditions of NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], this standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) to whose system the PPO facility(ies) is directly connected or with whom the PPO is a Service Requester.

A PPO should not operate without an approved scheduled quantity pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions. However, if the PPO reasonably determines that it has circumstances requiring the need to request gas scheduling changes outside of the above-referenced nomination and scheduling processes and the affected TSP(s) supports the processing of such changes, the PPO should provide its requested daily and hourly flow rates to the TSP(s) (1) as established in the TSP's and PPO's communication procedures pursuant to NAESB WEQ Standard No. [S2X] and NAESB WGQ Standard No. [S2X] and/or (2) as specified in the TSP's(s') tariff or general terms and conditions.

Based upon whether or not the PPO's request can be accommodated in accordance with the appropriate application of the affected TSP's(s') tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements and/or general system operations, the PPO and all of the affected TSPs should work together to resolve the PPO's request.

Where the affected TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, no additional communications are required. These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures.

**Proposed NAESB WEQ Standard:**

**S13F** The Regional Transmission Organizations, Independent System Operators, independent transmission operators, and/or Power Plant Operators should sign up to receive operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s), pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35, and 5.3.37, unless the party(ies) needing the information has arranged to receive it through an alternative communication process(es).

**Proposed NAESB WGQ Standard:**

**S14F** A Transportation Service Provider should provide Regional Transmission Organizations (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO), and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2, and 5.3.35 – 5.3.38.

**Proposed NAESB WEQ Standard:**

**S15F** Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and the performance obligation (i.e., firm (fixed or variable quantity) or interruptible) of its procured gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.



**REVISED RECOMMENDATION  
REVISED BY THE WEQ AND WGQ EXECUTIVE COMMITTEES  
MAY 26, 2005 and May 31, 2005**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

**Proposed NAESB WEQ and WGQ Standard:**

**S16F** Regional Transmission Organizations, Independent System Operators, other independent transmission operators, independent Balancing Authorities and/or Regional Reliability Coordinators should establish written operational communication procedures with the appropriate gas Transportation Service Provider(s) and/or Power Plant Operator(s). These procedures should be implemented when an extreme condition could occur, as defined in such procedures.

These procedures will govern unless the applicable parties in the gas and electric industry mutually agree to create alternative written communication procedures that are more appropriate and meet the parties' collective regional operational needs.

Training on and testing of such communication procedures should occur periodically.

**4. SUPPORTING DOCUMENTATION**

**a. Description of Request:**

Develop standards for the daily operational communications between pipelines and power plants. These communications standards would include anticipated power generation fuel requirements for the upcoming day as well as notification anytime plans change. Likewise standards for pipeline communications for any operating problems that might hinder power plants from receiving required contractual quantities when needed would be developed.

These standards would be used for operational communications between power plants and pipelines.

**b. Description of Recommendation:**

**Triage Subcommittee**

See the Triage Subcommittee results for the supporting documentation, discussion, and voting records for the following date:

08/31/2004

**Executive Committee**

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:

08/31/2004

**Business Practices Subcommittee**



**REVISED RECOMMENDATION  
REVISED BY THE WEQ AND WGQ EXECUTIVE COMMITTEES  
MAY 26, 2005 and May 31, 2005**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:

12/01-02/2004  
01/24-25/2005

**Executive Committee**

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:

02/08/2005

**Business Practices Subcommittee**

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:

02/09-10/2005  
03/01-02/2005  
03/21-22/2005  
04/06-07/2005  
04/18-19/2005  
04/25-26/2005

**Executive Committee**

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:

05/26/2005  
05/31/2005

**c. Business Purpose:**

**d. Commentary/Rationale of Subcommittee(s)/Task Force(s):**



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@naesb.org](mailto:naesb@naesb.org)

Home Page: [www.naesb.org](http://www.naesb.org)

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**via email and posting**

**TO:** NAESB WEQ Members, WGQ Members, and Interested Industry Participants  
**FROM:** Laura B. Kennedy, Meeting/Project Manager  
**RE:** Wholesale Gas Quadrant and Wholesale Electric Quadrant Request for Comments  
**DATE:** April 27, 2005

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An industry comment period begins today, April 27 and ends on May 25, 2005 for the recommendation attached, which addresses standards for daily operational communications between pipelines and power plants. The WEQ and WGQ Executive Committees will meet jointly on May 26<sup>th</sup> via conference call to review this recommendation and consider it for vote as a set of NAESB Wholesale Gas Quadrant (WGQ) and Wholesale Electric Quadrant standards.

The recommendation can be accessed from the NAESB Web site at [http://www.naesb.org/pdf2/r04021\\_rec.doc](http://www.naesb.org/pdf2/r04021_rec.doc). All comments received by the NAESB office by end of business on May 25<sup>th</sup> will be posted on the Home Page and forwarded to the WGQ and WEQ EC members for their consideration. If you have difficulty retrieving this document, please call the NAESB office at (713) 356-0060.

Best Regards,

*Laura B. Kennedy*

cc: Rae McQuade, Executive Director

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**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

**R04021 Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

**1. RECOMMENDED ACTION:**

- Accept as requested
- Accept as modified below
- Decline

**EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:**

- Change to Existing Practice
- Status Quo

**2. TYPE OF MAINTENANCE**

**Per Request:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**Per Recommendation:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**3. RECOMMENDATION**

**SUMMARY:**

Add the following NAESB WEQ and NAESB WGQ Definitions:

D1, D2, D3

Add the following NAESB WEQ and NAESB WGQ Standards:

S1B, S2X, S3X, S7X, S16

Add the following NAESB WEQ Standards:

S13, S15

Add the following NAESB WGQ Standard:

S14



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021 Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project

### STANDARDS LANGUAGE:

#### Proposed NAESB WEQ and WGQ Definition:

D1 Power Plant Operator is the term used to describe the collective entity that has direct control over the gas requirements (e.g., burn rates) for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) to meet those requirements. The term "Power Plant Operator", as used herein, refers not to an individual, but to the coordinated activities of a number of groups, including, but not limited to power plant operating personnel, and other individuals or groups making unit dispatch decisions, procuring natural gas and making gas transportation arrangements based on the unit dispatch lineup. Because each PPO is structured differently, specific responsibilities within each PPO should be determined by the PPO. This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S14, and S16].

#### Proposed NAESB WEQ and WGQ Definition:

D2 A Power Plant Operator's Facility is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Operator (as defined in D1). This definition applies to NAESB WEQ Standard Nos. [S2X, S3X, and S7X] and NAESB WGQ Standard Nos. [S2X, S3X, and S7X].

#### Proposed NAESB WEQ and WGQ Definition:

D3 Balancing Authority is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric interconnection frequency in real time. This definition applies to NAESB WEQ Standard Nos. [S15 and S16] and NAESB WGQ Standard No. [S16].

#### Proposed NAESB WEQ and WGQ Standard:

S1B The Transportation Service Provider (TSP) / Power Plant Operator (PPO) communication standards set forth in NAESB WEQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S14, and S16] do not convey any rights or services beyond or in addition to those contained in the TSP's tariff and/or general terms and conditions and/or do not impose any obligations that would otherwise be inconsistent with FERC regulations, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP's contract / tariff services. In the event of a conflict between any of these communication standards and the TSP's tariff or general terms and conditions, the latter will prevail.

Question: Is the term "Transportation Service Provider" defined anywhere?

#### Proposed NAESB WEQ and WGQ Standard:

S2X The Power Plant Operator (PPO) and the Transportation Service Provider(s) (TSP) that is directly connected to the PPO's Facility(ies) should establish procedures to communicate material



**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

changes in circumstances that may impact hourly flow rates. The PPO should provide estimated hourly flow rates as established in the TSP's and PPO's communication procedures.



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

### **Proposed NAESB WEQ and WGQ Standard:**

S3X This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider(s) (TSP) that is directly connected to the PPO's Facility(ies) subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B]. A PPO should not operate without an approved schedule pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions, except as provided for in this standard. In the event that a PPO identifies the need to schedule gas outside of the above referenced nomination and scheduling processes, the PPO should provide estimated daily ~~and hourly~~ flow rates as established in the TSP's and PPO's communication procedures. The PPO and the TSP should work together to resolve the PPO's request. The resolution of the PPO's request should be based upon whether or not it can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations. Where the TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, none are required.

### **Proposed NAESB WEQ and WGQ Standard:**

S7X Subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], when engaging in communications described in NAESB WEQ Standard Nos. [S2X and S3X] and NAESB WGQ Standard Nos. [S2X and S3X]:

1. The Power Plant Operator (PPO) (as defined in Definition D1) should communicate with the Transportation Service Provider(s) (TSP) that is directly connected to the PPO's Facility(ies) (Directly Connected TSP). If the Directly Connected TSP determines that requested flow rates are not operationally feasible unless (1) the upstream delivery entity(ies) makes changes to support the requested flow rates and (2) the upstream delivery entity(ies) supports such a process, then, the following communication procedures should be used, if the PPO wishes to pursue the request:
  - (a) the PPO should communicate its requested flow rates to the appropriate contractual party(ies) on the affected delivery entity(ies) upstream of the PPO's Facility(ies),
  - (b) as appropriate, the Directly Connected TSP should contact the interconnected upstream delivery entity(ies) regarding the potential flow change; and,
  - (c) the appropriate contractual party(ies), the upstream delivery entity(ies), and the PPO should work together with the Directly Connected TSP to determine if the PPO's requested flow rates can be accommodated based upon the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the affected parties.
2. Conditioned upon the tariff requirements, business practices, contract provisions, or other similar provisions of the affected TSP(s) and/or the ability of such TSP(s) to allow the requested flow rates based on conditions at the time of



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

### R04021 Natural Gas Pipeline Company of America, CrossCountry Energy, Salt River Project

the request, as well as the ability of the supplier(s) to effect changes in the flow rate, the TSP(s) should accept or deny the PPO's specific request without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.

3. If the affected TSP(s) affirms a PPO's specific requested flow rate, the PPO and the TSP(s) should work together to resolve the PPO's request based on the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the TSP(s). If required, the PPO should ensure that nominations are placed on all affected TSPs.

These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures that are more appropriate.

#### **Proposed NAESB WEQ Standard:**

S13 The Regional Transmission Organizations, Independent System Operators, independent transmission operators, and/or Power Plant Operators (as defined in Definition D1) should sign up to receive operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s), pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35, and 5.3.37, unless the party(ies) needing the information has arranged to receive it through an alternative communication process(es).

#### **Proposed NAESB WGQ Standard:**

S14 A Transportation Service Provider should provide Regional Transmission Organizations (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO), and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2, and 5.3.35 – 5.3.38.

#### **Proposed NAESB WEQ Standard:**

S15 Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.

#### **Proposed NAESB WEQ and WGQ Standard:**

S16 Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) (TSP) and/or Power Plant Operator(s). These procedures should be invoked when either:

1. the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand which may be alleviated by gas-fired generation; or,



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021      **Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

2. the TSP anticipates conditions that could create a substantial risk for the gas system to be insufficient to meet near-term gas demand.

Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate and meet the parties' collective regional operational needs.

#### 4. SUPPORTING DOCUMENTATION

##### a. Description of Request:

Develop standards for the daily operational communications between ~~pipelines-TSPs~~ and ~~the power plants~~agent(s) responsible for procuring natural gas on behalf of the power plants. These communications standards would include anticipated power generation fuel requirements for the ~~upcoming-following~~ day as well as notification anytime plans change. Likewise standards for ~~pipeline-TSP~~ communications for any operating problems that might hinder power plants from receiving required contractual quantities when needed, or other notifications when services are or could be limited or interrupted would be developed.

These standards would be used for operational communications between ~~power plants~~Power Plant Operators (as defined in Definition D1) and ~~pipelines~~TSPs.

##### b. Description of Recommendation:

###### **Triage Subcommittee**

See the Triage Subcommittee results for the supporting documentation, discussion, and voting records for the following date:

08/31/2004

###### **Executive Committee**

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:

08/31/2004

###### **Business Practices Subcommittee**

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:

12/01-02/2004

01/24-25/2005

###### **Executive Committee**



**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:

02/08/2005

**Business Practices Subcommittee**

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:

02/09-10/2005

03/01-02/2005

03/21-22/2005

04/06-07/2005

04/18-19/2005 (draft)

04/25-26/2005 (draft)

**c. Business Purpose:**

**d. Commentary/Rationale of Subcommittee(s)/Task Force(s):**

**VIA E-MAIL**

May 24, 2005

TO: North American Energy Standards Board (NAESB) Office  
([naesb@naesb.org](mailto:naesb@naesb.org))

CC: Rae McQuade, NAESB President & COO ([rmcquade@naesb.org](mailto:rmcquade@naesb.org))

FROM: Jane Lewis, Vice President, Regulatory Affairs, American Gas Association

RE: Comments of AGA Regarding Proposed Standards Related to Communications between Power Plant Operators and Transmission Service Providers

In April 2005 the North American Energy Standards Board (NAESB) posted for comment its draft business practice standards, which deal with NAESB Standards Request No. R04021 and address communication protocols between power plant operators and natural gas transmission service providers. The Executive Committees of NAESB's Wholesale Gas Quadrant and the Wholesale Electric Quadrant will consider these proposed standards at their upcoming joint meeting on May 26, 2005. Pursuant to NAESB's request for comments, the American Gas Association (AGA) respectfully submits the following comments and hopes that the Executive Committee will thoughtfully consider them during its deliberations prior to voting on whether to adopt the proposed standards.

While AGA submits a few minor yet important and necessary edits to the proposed standards (see attachment) that are consistent with the standards' intent, overall AGA supports these standards as a first step toward achieving greater understanding between the natural gas and electric industries. Enhanced communications standards establish, in a minimally intrusive way, proper channels between natural gas transportation providers and electric power plant operators to mitigate strains on the natural gas transportation grid. AGA's support for the proposed standards, however, is predicated on certain vital protections that such standards preserve for LDCs. In particular, Standard S1B clearly states that no new rights or services are contemplated by any of these standards, thus preserving the historical services and flexibility that LDCs require and rely upon from pipeline services. Standard S3X goes on to state that PPO requests may not adversely affect scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.

AGA has spent considerable time since 2001 considering the impact of electric-fired generation on the interstate natural gas grid. Electric generators are not new customers to the gas industry. However, new generation facilities represent

a sizable increase in natural gas demand. Additionally, unlike earlier electric generation loads that are summer peaking, much of the new load is predicted to be winter peaking – coincident with natural gas distribution companies' peak periods. It is essential to continued reliable natural gas service that this load be managed appropriately so that it does not interfere with historic loads that are contracted as a firm service.

The characteristics of electric generator loads on natural gas pipelines creates a unique customer class that places much different demands on interstate pipelines than those posed by LDCs or other firm shippers. For example:

- electric generation facilities' service requirements are not as predictable as traditional pipeline customers, and generators may come on or off the pipeline system for a variety of reasons, including wholesale electric prices, conditions on the national or regional electric grid, plant failures, or even just afternoon thunderstorms;
- new generation facilities tend to result in large incremental loads on a pipeline system;
- electric generation facilities, especially peakers, tend to use their delivered fuel over fewer hours in the day than do traditional pipeline customers; and
- electric-generation facilities tend to use their capacity with a great degree of daily and hourly variability.

In fact the uniqueness of this load profile was recognized by the National Petroleum Council in a 1999 study where it noted that operational, communication, tariff and contract changes would have to be made in order to meet the needs of electric generators without degrading service to the interstate pipelines' historical customer base:

The current delivery system (transmission, distribution, and storage) was built and optimized over decades to meet the design peak-day requirements of firm service customers that were primarily residential, commercial, and to a lesser extent, industrial customers. The anticipated growth in electricity generation demand for natural gas will require the delivery system to be re-optimized to meet larger off-peak swing loads as well as peak-day requirements .... Meeting requirements of the electricity generators on a significantly larger scale will entail changes in operational procedures, communications, tariffs, and contracting. Further, these changes must be accomplished without degrading the historically reliable service to the residential, commercial, and industrial markets.

The proposed NAESB standards are a needed first step. With AGA's recommended changes, they should enhance the business communication protocols between operators. This in turn will lead to a better appreciation for the business profiles between the power and gas sectors and help to alleviate strains on the nation's energy delivery systems.

**Proposed NAESB WEQ and WGQ Standards: R04021**  
**Modifications Proposed by American Gas Association/NAESB WGQ LDC Segment**

**STANDARDS LANGUAGE:**

**Proposed NAESB WEQ and WGQ Definition:**

D1 Power Plant Operator is the term used to describe the entity that has direct control over the gas requirements (e.g., burn rates) for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) to meet those requirements. This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S14, and S16].

**Proposed NAESB WEQ and WGQ Definition:**

D2 A Power Plant Operator's Facility is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Operator. This definition applies to NAESB WEQ Standard Nos. [S2X, S3X, and S7X] and NAESB WGQ Standard Nos. [S2X, S3X, and S7X].

**Proposed NAESB WEQ and WGQ Definition:**

D3 Balancing Authority is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric interconnection frequency in real time. This definition includes, but is not limited to, Regional Transmission Organizations and Independent System Operators, and applies to NAESB WEQ Standard Nos. [S15 and S16] and NAESB WGQ Standard No. [S16].

**Proposed NAESB WEQ and WGQ Standard:**

S1B The Transportation Service Provider (TSP) / Power Plant Operator (PPO) communication standards set forth in NAESB WEQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S14, and S16] do not convey any rights or services beyond or in addition to those contained in the TSP's tariff and/or general terms and conditions and/or do not impose any obligations that would otherwise be inconsistent with FERC (or an equivalent authority) regulations, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP's contract / tariff services. In the event of a conflict between any of these communication standards and the TSP's tariff or general terms and conditions, the latter will prevail.

**Proposed NAESB WEQ and WGQ Standard:**

S2X The Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide hourly flow rates as established in the TSP's and PPO's communication procedures.

**Proposed NAESB WEQ and WGQ Standards: R04021**  
**Modifications Proposed by American Gas Association/NAESB WGQ LDC Segment**

**Proposed NAESB WEQ and WGQ Standard:**

S3X This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B]. A PPO should not operate without an approved schedule pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions, except under emergent circumstances and as provided for in this standard. In the event that a PPO identifies the need to schedule gas outside of the above referenced nomination and scheduling processes, the PPO should provide daily and hourly flow rates as established in the TSP's and PPO's communication procedures. The PPO and the TSP should work together to resolve the PPO's request. The resolution of the PPO's request should be based upon whether or not it can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations. Where the TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, none are required.

**Proposed NAESB WEQ and WGQ Standard:**

S7X Subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], when engaging in communications described in NAESB WEQ Standard Nos. [S2X and S3X] and NAESB WGQ Standard Nos. [S2X and S3X]:

1. The Power Plant Operator (PPO) should communicate with the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) (Directly Connected TSP). If the Directly Connected TSP determines that requested flow rates are not operationally feasible unless (1) the upstream delivery entity(ies) makes changes to support the requested flow rates and (2) the upstream delivery entity(ies) supports such a process, then, the following communication procedures should be used, if the PPO wishes to pursue the request:
  - (a) the PPO should communicate its requested flow rates to the appropriate contractual party(ies) on the affected delivery entity(ies) upstream of the PPO's Facility(ies),
  - (b) as appropriate, the Directly Connected TSP should contact the interconnected upstream delivery entity(ies) regarding the potential flow change; and,
  - (c) the appropriate contractual party(ies), the upstream delivery entity(ies), and the PPO should work together with the Directly Connected TSP to determine if the PPO's requested flow rates can be accommodated based upon the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the affected parties.

**Proposed NAESB WEQ and WGQ Standards: R04021**  
**Modifications Proposed by American Gas Association/NAESB WGQ LDC Segment**

2. Conditioned upon the tariff requirements, business practices, contract provisions, or other similar provisions of the affected TSP(s) and/or the ability of such TSP(s) to allow the requested flow rates based on conditions at the time of the request, as well as the ability of the supplier(s) to effect changes in the flow rate, the TSP(s) should accept or deny the PPO's specific request without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.
3. If the affected TSP(s) affirms a PPO's specific requested flow rate, the PPO and the TSP(s) should work together to resolve the PPO's request based on the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the TSP(s). If required, the PPO should ensure that nominations are placed on all affected TSPs.

These procedures will govern such communications unless the applicable parties (including the Directly Connected TSP) mutually agree to create alternative communication procedures that are more appropriate.

**Proposed NAESB WEQ Standard:**

S13 The Regional Transmission Organizations, Independent System Operators, independent transmission operators, and/or Power Plant Operators should sign up to receive operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s), pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35, and 5.3.37, unless the party(ies) needing the information has arranged to receive it through an alternative communication process(es).

**Proposed NAESB WGQ Standard:**

S14 A Transportation Service Provider should provide Regional Transmission Organizations (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO), and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2, and 5.3.35 – 5.3.38.

**Proposed NAESB WEQ Standard:**

S15 Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.

**Proposed NAESB WEQ and WGQ Standards: R04021**  
**Modifications Proposed by American Gas Association/NAESB WGQ LDC Segment**

**Proposed NAESB WEQ and WGQ Standard:**

S16 Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) (TSP) and/or Power Plant Operator(s). These procedures should be invoked when either:

1. the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand which may be alleviated by gas-fired generation; or,
2. the TSP anticipates conditions that could create a substantial risk for the gas system to be insufficient to meet near-term gas demand.

Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate and meet the parties' collective regional operational needs.

## **CAISO COMMENTS FOR NAESB EXECUTIVE COMMITTEE ON THE PROPOSED NAESB ENERGY DAY/COMMUNICATIONS STANDARDS**

May 23, 2005

The California Independent System Operator (CAISO) appreciates this opportunity to provide comments to NAESB's Executive Committee concerning the proposed Joint WEQ/WGQ Energy Day/Communications Standards that were finalized at the April 26 subcommittee meeting. The CAISO, along with other members of the IRC were actively involved throughout the standards development process by participation in meetings and providing constructive comments and suggestions.

CAISO is very pleased that, in these standards, NAESB has chosen to accept language that will give the impacted parties the latitude to create appropriate alternatives to the standards to meet the parties' regional needs. However, CAISO would like to provide some additional comments and observations:

1. In its Gas/Electric Interdependencies and Recommendations<sup>1</sup> report, NERC identified a number of significant interdependencies between the gas and electric industry. NAESB also created a Gas-Electric Interdependency Committee, which reached many of the same conclusions. Since NERC and NAESB have approached this same issue from separate industry perspectives, it would be best if standards development concerning generator fuel reliability and inter-industry communications were managed in a joint NERC/NAESB forum, and not tackled unilaterally at NAESB.
2. Several definitions in the document were, in our opinion, confusing and, in some cases, inappropriate. In D1, the definition of a Power Plant Operator, for example, did not define the operator of a power plant. D1 definition would more closely define the responsibilities of a Scheduling Coordinator, or a daily gas planner, each of whom could be far removed from a power plant.
3. S13, 14, 15, and 16 refer to entities called "independent transmission operator" and an "independent Balancing Authority". Neither terms are defined and, as such, leave the applicability of these standards in question.
4. As we stated repeatedly at the meetings, and in written comments, we find it unusual, and perhaps even discriminatory that NAESB has created a "national standard" that apply only to a select group in the electric industry, to the exclusion of all other similarly situated entities. We noticed that S13-S16 applies to ISOs, RTOs, and the undefined, nebulous "independent transmission operators" and "independent Balancing Authorities". It is clear that these standards do not apply to all other Balancing Authorities around the nation even though these parties perform many of the same functions as ISOs and RTOs, and are certainly similarly involved in gas/electric coordination. Is this to assume that NAESB believed that ISOs and RTOs (and the nebulous, undefined entities) are the only parties who are responsible for gas and electric coordination? National standards should have some sort of national applicability and not be pointed at limited segment of an industry, especially when other parties within the industry are equally engaged in such activities.

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<sup>1</sup> NERC Gas/Electric Interdependencies and Recommendations prepared by the NERC Gas/Electric Interdependencies Task Force of the NERC Planning Committee, June 15, 2004

As stated earlier, the CAISO, and other members of the electric “reliability community”, have been intimately involved in the development of this, and the other various NAESB Standards by offering numerous constructive comments and suggestions at committee meetings and by submitting written comments. It was our observation that these meetings were more contentious than necessary, and that all too often, the constructive comments from the “reliability community” were viewed by the subcommittee, and perhaps even by NAESB in general, as “speed bumps” or “obstructionist”. It is important that the gas and electric industries approach these NAESB activities with the spirit of cooperation, and recognizing that we must operate as "inter-industry partners" in order to produce a quality product. Clearly, there will be many more opportunities for NAESB to develop standards that will have an impact on the electric industry. It is important that our two industries set an example of close cooperation in order to minimize the contentious “us versus them” battle lines. In order to help make this happen, whenever it is necessary for NAESB to develop standards that impact the electric industry, we would like to recommend that the various subcommittee chairs should establish specific “ground rules” for standards development that would incorporate the following concepts:

1. Reliability: Proposed standards that address reliability concerns should be addressed by NERC and Regional Reliability Organizations to avoid any duplication of existing efforts.
2. Regional flexibility: Business practices or standards should accommodate regional differences and needs throughout North America, without being overly prescriptive. Business practices must be flexible, and should allow the impacted parties to develop their own standards or practices to meet their regional requirements
3. Operational flexibility: Business practices should not burden electric system operators with unnecessary actions, particularly during periods of system stress, potentially compounding operators ability to reliably manage their respective systems. Business practices should be flexible enough to allow operators the necessary judgment when to take action as it relates to the interaction between the electric and gas operations.
4. Reciprocity: Business practices should be reciprocal with regard to the safe operation of both the electric and gas systems. Standards should not impose an undue burden on any one party.
5. Definitions. To the extent possible, use NERC Functional Model definitions for standards that pertain to the electric industry. The standards should avoid, or at least minimize definitions that are similar to the Functional Model but have limited use, and requiring qualifying statements such as “...this definition applies to NAESB WEQ Standard Nos. ...” or “for the purpose of this Standard only”.
6. Industry deference. If a proposed standard impacts a specific group in an industry, for example, the ISOs and RTOs in the current Energy Day Communications standards, the subcommittees should allow the maximum input, and deference to accommodate the impacted group's language.



**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

**R04021 Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

**1. RECOMMENDED ACTION:**

- Accept as requested
- Accept as modified below
- Decline

**EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:**

- Change to Existing Practice
- Status Quo

**2. TYPE OF MAINTENANCE**

**Per Request:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**Per Recommendation:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**3. RECOMMENDATION**

**SUMMARY:**

- Add the following NAESB WEQ and NAESB WGQ Definitions:  
D1, D2, D3
- Add the following NAESB WEQ and NAESB WGQ Standards:  
S1B, S2X, S3X, S7X, S16
- Add the following NAESB WEQ Standards:  
S13, S15
- Add the following NAESB WGQ Standard:  
S14

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RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021 Natural Gas Pipeline Company of America, CrossCountry Energy, Salt River Project

STANDARDS LANGUAGE:

Proposed NAESB WEQ and WGQ Definition:

D1 Power Plant Operator is the term used to describe the entity that has direct control over the gas requirements (e.g., burn rates) for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) to meet those requirements. This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S13, and S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S14, and S16].

Proposed NAESB WEQ and WGQ Definition:

D2 A Power Plant Operator's Facility is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Operator. This definition applies to NAESB WEQ Standard Nos. [S2X, S3X, and S7X] and NAESB WGQ Standard Nos. [S2X, S3X, and S7X].

Proposed NAESB WEQ and WGQ Definition:

D3 Balancing Authority is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric interconnection frequency in real time. This definition applies to NAESB WEQ Standard Nos. [S15 and S16] and NAESB WGQ Standard No. [S16].

Proposed NAESB WEQ and WGQ Definition:

D4 Essential Non-Conforming Nomination is the term used to describe a request by a PPO, in the event it identifies a need, to schedule gas outside of the standard NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions. Essential Non-Conforming Nominations may be submitted by the PPO between 6:00 p.m. and 8:00 p.m. CST and no later than one hour prior to the end of the Gas Day. This definition applies to NAESB WEQ Standard Nos. [S1B, S2X, S3X, S7X] and NAESB WGQ Standard Nos. [S1B, S2X, S3X, S7X]

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Proposed NAESB WEQ and WGQ Standard:

S1B The Transportation Service Provider (TSP) / Power Plant Operator (PPO) communication standards set forth in NAESB WEQ Standard Nos. [D1, D2, D3, D4, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D1, D2, D3, D4, S1B, S2X, S3X, S7X, S14, and S16] do not convey any rights or services beyond or in addition to those contained in the TSP's tariff and/or general terms and conditions and/or do not impose any obligations that would otherwise be inconsistent with FERC regulations, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP's contract / tariff services. In the event of a conflict between any of these communication standards and the TSP's tariff or general terms and conditions, the latter will prevail.

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Proposed NAESB WEQ and WGQ Standard:

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RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021 Natural Gas Pipeline Company of America, CrossCountry Energy, Salt River Project

S2X The Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) should establish, to the extent not already in place, procedures to communicate material changes in circumstances that may impact the natural gas supply required to maintain the necessary level of operation of the Power Plant Operator's Facility, hourly flow rates. The PPO should provide hourly flow rates as established in the TSP's and PPO's communication procedures.

Proposed NAESB WEQ and WGQ Standard:

S3X This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B]. A PPO should not operate without an approved schedule pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions, except as provided for in this standard. In the event that a PPO identifies the need to submit an Essential Non-Conforming Nomination schedule gas outside of the above referenced nomination and scheduling processes, the PPO should provide to the TSP the information as required pursuant to the TSP's tariff, general tariff terms and conditons, contract provisions, business practices, and/or information daily and hourly flow rates as established in the TSP's and PPO's communication procedures. The PPO and the TSP should work together to resolve the PPO's request in a timely fashion. The resolution of the PPO's Essential Non-Conforming Nomination request should be based upon whether or not it can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without materially and adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations. Where the TSP determines that it is feasible to confirm provide the PPO's Essential Non-Conforming Nomination with changes in flow rates without additional communications, none are required.

Proposed NAESB WEQ and WGQ Standard:

S7X Subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], when engaging in communications described in NAESB WEQ Standard Nos. [S2X and S3X] and NAESB WGQ Standard Nos. [S2X and S3X]:

1.

4. The Power Plant Operator (PPO) should communicate with the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) (Directly Connected TSP). To the extent that if the Directly Connected TSP requires determines that requested flow rates are not operationally feasible unless (1) the upstream delivery entity(ies) needs to makes changes to support the PPO's Essential Non-Conforming Nomination, the PPO should cause requested flow rates and (2) the upstream delivery entity(ies) to deliver to the TSP the required quantities and ensure that the conformation of such delivery by the upstream delivery entity(ies) be communicated to the TSP in a timely fashion. supports such a process, then, the following communication procedures should be used, if the PPO wishes to pursue the request:

(a) the PPO should communicate its requested flow rates to the appropriate contractual party(ies) on the affected delivery entity(ies) upstream of the PPO's Facility(ies).

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RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021 Natural Gas Pipeline Company of America, CrossCountry Energy, Salt River Project

- ~~(b) as appropriate, the Directly Connected TSP should contact the interconnected upstream delivery entity(ies) regarding the potential flow change; and,~~
- ~~(c) the appropriate contractual party(ies), the upstream delivery entity(ies), and the PPO should work together with the Directly Connected TSP to determine if the PPO's requested flow rates can be accommodated based upon the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the affected parties.~~

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~~4. Conditioned upon the tariff requirements, business practices, contract provisions, or other similar provisions of the affected TSP(s) and/or the ability of such TSP(s) to confirm the PPO's Essential Non-Conforming Nomination request based on conditions at the time of the request, as well as the ability of the supplier(s) to effect any required changes necessary, the TSP(s) should confirm or deny the PPO's Essential Non-Conforming Nomination in a timely fashion specific request without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.~~

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~~3. If the affected TSP(s) affirms a PPO's specific requested flow rate, the PPO and the TSP(s) should work together to resolve the PPO's request based on the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the TSP(s). If required, the PPO should ensure that nominations are placed on all affected TSPs.~~

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These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures that are more appropriate.

**Proposed NAESB WEQ Standard:**

S13 The Regional Transmission Organizations, Independent System Operators, independent transmission operators, and/or Power Plant Operators should sign up to receive operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s), pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35, and 5.3.37, unless the party(ies) needing the information has arranged to receive it through an alternative communication process(es).

**Proposed NAESB WGQ Standard:**

S14 Upon request, a Transportation Service Provider should provide Regional Transmission Organizations (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO), and Power Plant Operators (PPO) with access to receive notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2, and 5.3.35 – 5.3.38.

**Proposed NAESB WEQ Standard:**

~~S15 Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator~~

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## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021 Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project

### Proposed NAESB WEQ and WGQ Standard:

S156 Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) (TSP) and/or Power Plant Operator(s). These procedures should be invoked when either:

1. the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand which may be alleviated by gas-fired generation; or,
2. the TSP anticipates conditions that could create a substantial risk for the gas system to be insufficient to meet near-term gas demand.

Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate and meet the parties' collective regional operational needs.

## 4. SUPPORTING DOCUMENTATION

### a. Description of Request:

Develop standards for the daily operational communications between pipelines and power plants. These communications standards would include anticipated power generation fuel requirements for the upcoming day as well as notification anytime plans change. Likewise standards for pipeline communications for any operating problems that might hinder power plants from receiving required contractual quantities when needed would be developed.

These standards would be used for operational communications between power plants and pipelines.

### b. Description of Recommendation:

#### Triage Subcommittee

See the Triage Subcommittee results for the supporting documentation, discussion, and voting records for the following date:

08/31/2004

#### Executive Committee

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:

08/31/2004

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## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021 Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project

### Business Practices Subcommittee

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:

12/01-02/2004  
01/24-25/2005

### Executive Committee

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:

02/08/2005

### Business Practices Subcommittee

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:

02/09-10/2005  
03/01-02/2005  
03/21-22/2005  
04/06-07/2005  
04/18-19/2005 (draft)  
04/25-26/2005 (draft)

c. **Business Purpose:**

d. **Commentary/Rationale of Subcommittee(s)/Task Force(s):**

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May 25, 2005

Ms. Rae McQuade  
President  
North American Energy Standards Board  
1301 Fannin  
Houston, Texas 77002

Re: Duke Energy Corporation Comments on Gas/ Electric Communication Standards –  
R04021

Dear Ms McQuade,

Duke Energy Corporation appreciates this opportunity to comment on the development of gas – electric communication standards. Duke Energy Gas Transmission joined with KeySpan in requesting the development of an “Energy Day” to enhance the reliability of the gas and electric interface<sup>1</sup>. Duke Energy is a diversified company with a portfolio of natural gas and electric businesses which supplies, processes and delivers energy to customers in the Americas. Duke Power Company, leading electric power company, and Duke Energy Gas Transmission, the owner of several major interstate pipelines and storage entities, have been actively involved in the energy day subcommittee work. While the recommended standards do not go as far as DEGT proposed, Duke Energy encourages the Wholesale Gas and Wholesale Electric Joint Executive Committee to approve the proposed standards with the understanding that these standards only provide for communication [and provide no additional rights to any customer or class of customers that would not be provided to all customers].

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<sup>1</sup> The current difference between Gas Day (9:00 A.M. to 9:00 AM) and the electric day (midnight to midnight in each time zone) forces an Electric Generator to nominate pipeline capacity requirements across two Gas Days. In most cases, a generator in the central time zone must nominate capacity from 12:00 midnight to 9:00 A.M. on one gas day and then again nominate capacity from 9:00 A.M to 9:00 A.M for the second gas day. Since the gas industry does not account for hourly nominations, the generator must nominate the amount of capacity to be utilized in 9 hours during the first Gas Day as spread over 24 hours and then nominate the amount of capacity to be utilized on the 2<sup>nd</sup> Gas Day (15 hours) spread over 24 hours. Clearly this creates unneeded accounting, measurement, allocation and scheduling problems for both the gas pipeline and for the generator which could be limited if both the electric and gas industries adhere to the same energy day.

Duke Energy commends the NAESB Energy Day Subcommittee for the groundbreaking work in developing standards that meets certain needs for communication between the electric industry and the gas industry. This effort marks the first time the Wholesale Electric and Wholesale Gas quadrants have jointly developed standards at NAESB (other than NAESB governance agreements). While problems may still exist related to disconnects between the gas and electric industries, the standards represent a good first step in the process of developing needed communication between the gas industry and the electric industry in times of extreme weather or fuel emergency. Formalizing the exchange of information between the Electric Generators, RTO's and ISO's and other electrical endusers and their gas industry counterparties will provide increased reliability of service.

Currently pipeline and the electric industries communicate informally on an ad hoc basis during extreme weather events and often that informal communication is driven by a fuel emergency. Development of formal communication procedures to be used during periods of extreme weather or other potential emergency will provide structure without imposing specific processes upon either industry. The operations of pipelines will be enhanced by the added information on daily swings and takes from the electric generators. Controllers will know what kind of information to expect. In addition, access to pipeline EBB web sites and electric industry OASIS websites could provide day to day information for operations and planning purposes. Development of these procedures will save time and provide a basis to swiftly address emergencies.

While the proposed Communication standards represent progress in improving communications, the standards do not address certain fundamental disconnects between Gas and Electric Industries. The inability of a shipper to nominate his firm capacity at any time devalues the firm capacity. Currently, Intraday nominations may not have the same priority as timely nominations. Pipelines are required to treat a timely nomination under a firm contract as primary firm if it is scheduled during the timely nomination cycle and is within all entitlements

specified in the firm contract. Most gas fueled electric generators do not know if they will need to nominate their pipeline capacity at the timely nomination cycle. The gas pipeline transportation, if nominated after the NAESB WGQ Standard 5.3.1, Timely Nomination Cycle (the cycle that addresses the timely nominations for the day ahead gas market), is considered to be an intraday or late nomination. A shipper attempting to utilize his primary transportation rights after the timely cycle takes the risk of its pipeline capacity not being scheduled as a result of secondary nominations made and scheduled during the timely cycle which utilize the primary capacity of the shipper who does not nominate timely. (Once secondary nominations have been scheduled, they are to be considered primary.) The communication protocols, as developed, do not provide the needed coordination to insure that a gas fired electric generator, who obtains firm capacity, will be able to utilize such firm capacity when the generator has received permission from the RTO/ISO to run his plant. The gas fired electric generator or the shipper must either:

- a. nominate the gas pipeline capacity prior to bidding into the electric market and take a chance that the electric market bid will be accepted,<sup>2</sup> or
- b. bid into the electric markets without nominating his firm gas pipeline capacity and take the chance that the pipeline will be able to accept a nomination if it is not within the NAESB WGQ Standard nomination timelines and will have enough capacity to schedule gas transportation after the timely cycle.

The inability of the shipper on a gas pipeline to be confident that an intraday nomination will be scheduled creates problems for both the electric and gas industries. Consumers of natural gas, both the electric industry and the Local Distribution Companies should be able to rely on the availability of their firm capacity at any time during the day. The Local Distribution Company needs to be able to provide reliable service to its customers, especially in times of capacity scarcity.

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<sup>2</sup> To provide a timely nomination to the gas industry and to insure that the pipeline capacity is primary firm, the generator must nominate for demand that commences at 6:00 AM on the next gas day, as much as 42 hours in advance.

The standards provide that communication be established between the gas transportation service providers and the gas fueled electric generators. The standards call for procedures to be established to communicate material changes in conditions that could impact both hourly and daily gas flows. Proposed Standard S2X provides a means for the gas fired electric generator notify its directly interconnected Transportation Service Provider of hourly flow rates prior to the gas day. While the incidence of hourly swings is a reality on pipelines, most pipelines are not designed to accept widely swinging variances as a matter of course throughout the gas day without maintaining considerable line pack. Most generators do not contract for the level of services that allow for those swings. Standard S2X, at the very least, gives the pipeline notice when the pipeline system is going to be detrimentally impacted.

Proposed Standard S3X requires that power plant operator not operate without an approved schedule from the Transportation Service Provider. In cases where the power plant operator is unable to nominate in a timely manner, the generator is required to contact the directly interconnected Transportation Service Provider. The directly interconnected Transportation Service Provider (or in some cases, in cooperation with a upstream Transportation Service Provider) will determine if the power plant operator is allowed to take and nominate gas outside of the NAESB standard nomination cycles. Today, pipelines often do just that. However, in times of scarce pipeline capacity, the pipeline does not have the option of providing additional capacity to an entity that has not placed a nomination without short-changing its firm customers and this standard does not convey such a right.

Standard (SB1) takes tariffs and business procedures into consideration and requires that any action taken as described in the proposed standards by the Transportation Service Provider and the Power Plant Operator is predicated upon the tariff requirements, other legal requirements and business procedures and must not adversely impact any other scheduled services or anticipated no-notice services. This proposed standard is key in the implementation of the communication standards. Pipelines' tariffs are carefully negotiated with customers and provide for a variety of services that may require additional capacity from a pipeline at a

moments notice. None of the proposed standards are designed to circumvent those tariffs or business procedures.

Duke Energy further suggests changes to proposed Standard S15 as shown below:

~~Unless otherwise prohibited by agreement, tariff, or protocol rules~~ If required by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and or Reliability Coordinator.

This change reflects the affirmative requirement on the balancing authority or reliability coordinator to have established agreements, tariff or protocol rules in place prior to requesting this sensitive information.

The development of these proposed standards was a first step in coordinating communication between the gas and electric industries. Development of subsequent standards should be undertaken carefully to allow for thoughtful, informed deliberation by NAESB members. Duke Energy encourages participation from all segments of the energy industry so that standards can be developed that reflect true consensus.

Very truly yours

Richard J. Kruse

Vice President, Rates and Regulatory Affairs



**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

**R04021 Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

**1. RECOMMENDED ACTION:**

- Accept as requested
- Accept as modified below
- Decline

**EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:**

- Change to Existing Practice
- Status Quo

**2. TYPE OF MAINTENANCE**

**Per Request:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**Per Recommendation:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**3. RECOMMENDATION**

**SUMMARY:**

- Add the following NAESB WEQ and NAESB WGQ Definitions:  
D1, D2, D3
- Add the following NAESB WEQ and NAESB WGQ Standards:  
S1B, S2X, S3X, S7X, S16
- Add the following NAESB WEQ Standards:  
S13, S15
- Add the following NAESB WGQ Standard:  
S14



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021 Natural Gas Pipeline Company of America, CrossCountry Energy, Salt River Project

STANDARDS LANGUAGE:

Proposed NAESB WEQ and WGQ Definition:

D1 Power Plant Operator is the term used to describe the entity that has direct control over the gas requirements (e.g., burn rates) for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) to meet those requirements. This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S14, and S16].

Proposed NAESB WEQ and WGQ Definition:

D2 A Power Plant Operator's Facility is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Operator. This definition applies to NAESB WEQ Standard Nos. [S2X, S3X, and S7X] and NAESB WGQ Standard Nos. [S2X, S3X, and S7X].

Proposed NAESB WEQ and WGQ Definition:

D3 Balancing Authority is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric interconnection frequency in real time. This definition applies to NAESB WEQ Standard Nos. [S15 and S16] and NAESB WGQ Standard No. [S16].

Proposed NAESB WEQ and WGQ Standard:

S1B The Transportation Service Provider (TSP) / Power Plant Operator (PPO) communication standards set forth in NAESB WEQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S14, and S16] do not convey any rights or services beyond or in addition to those contained in the TSP's tariff and/or general terms and conditions and/or do not impose any obligations that would otherwise be inconsistent with FERC regulations, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP's contract / tariff services. In the event of a conflict between any of these communication standards and the TSP's tariff or general terms and conditions, the latter will prevail. [General note reverting to EPNG tariff.]

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Proposed NAESB WEQ and WGQ Standard:

S2X The Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide hourly flow rates as established in the TSP's and PPO's communication procedures.

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RP Comment: EPE's flow rates are set by max delivery point rates. EPE's hourly flow rates are constantly changing due to load requirements, weather, power markets and gas gen availability – to name a few. EPE already communicates material changes to its TSP. EPE must operate its



**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

gas generators below TSP's (El Paso Natural Gas for interstate and ONEOK for intrastate) max rate allowed at EPE's delivery points. EPE does not have forecasted hourly flow data to send EPNG/ONEOK – only actual or after the current gas day data is available because EPE's Real Time desk might procure power rather than gas generate. Also, it should be noted that EPNG/ONEOK have instantaneous gas flow telemetering that provides themselves and EPE with hourly/daily gas burn data.

The NAESB WEQ/WGQ standards also do not address the day difference between gas (9AM-9AM CT) and power (mid-night to mid-night). This may be important if it is an electrical concern (RTO) or a gas flow order concern.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021 Natural Gas Pipeline Company of America, CrossCountry Energy, Salt River Project

Proposed NAESB WEQ and WGQ Standard:

S3X This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B]. A PPO should not operate without an approved schedule pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions, except as provided for in this standard. In the event that a PPO identifies the need to schedule gas outside of the above referenced nomination and scheduling processes, the PPO should provide daily and hourly flow rates as established in the TSP's and PPO's communication procedures. The PPO and the TSP should work together to resolve the PPO's request. The resolution of the PPO's request should be based upon whether or not it can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations. Where the TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, none are required.

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RP Comment: EPE is operating under a Full Requirements converted to Contract Demand agreement that is still pending negotiation with EPNG during the upcoming 2006 EPNG rate case. So even though it may appear no contract is in place, the FERC has mandated the conversion and has ordered FR shippers to operate as a CD shipper. Also, EPNG has a filed tariff with the FERC that mandates the interstate gas nomination schedule. EPE cannot nominate outside the schedule since it is a tariff schedule. A 15 min delay window is currently allowed.

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Proposed NAESB WEQ and WGQ Standard:

S7X Subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], when engaging in communications described in NAESB WEQ Standard Nos. [S2X and S3X] and NAESB WGQ Standard Nos. [S2X and S3X]:

1. The Power Plant Operator (PPO) should communicate with the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) (Directly Connected TSP). If the Directly Connected TSP determines that requested flow rates are not operationally feasible unless (1) the upstream delivery entity(ies) makes changes to support the requested flow rates and (2) the upstream delivery entity(ies) supports such a process, then, the following communication procedures should be used, if the PPO wishes to pursue the request:

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(a) the PPO should communicate its requested flow rates to the appropriate contractual party(ies) on the affected delivery entity(ies) upstream of the PPO's Facility(ies),

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(b) as appropriate, the Directly Connected TSP should contact the interconnected upstream delivery entity(ies) regarding the potential flow change; and,

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(c) the appropriate contractual party(ies), the upstream delivery entity(ies), and the PPO should work together with the Directly Connected TSP to determine if the PPO's requested flow rates can be accommodated based upon the appropriate application of the tariff requirements,



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

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business practices, contract provisions, or other similar provisions of the affected parties.

RP Comment: If EPE needs additional supply and is operating below its max delivery flow rate, EPE will procure additional gas supply from gas marketers and then EPE must nominate the new gas purchase in a subsequent nomination cycle per EPNG's tariff. This automatically notifies EPNG of EPE's additional scheduled volumes. If EPE has an imbalance, EPE may use it to meet its gas needs as allowed by tariff. It should be noted that EPE use other means to also meet its gas needs: increasing intrastate, buying purchased power, using oil during emr – all of which may affect interstate esp. if the power market is plentiful/available. Using the above combinations are part of EPE's daily gas management but EPE will not know the gas results until after the day is done. Using EPE's gas management process-EPE obtains max flexibility to optimize its system resources – it leaves the options open for least cost selection.

2. Conditioned upon the tariff requirements, business practices, contract provisions, or other similar provisions of the affected TSP(s) and/or the ability of such TSP(s) to allow the requested flow rates based on conditions at the time of the request, as well as the ability of the supplier(s) to effect changes in the flow rate, the TSP(s) should accept or deny the PPO's specific request without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.

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3. If the affected TSP(s) affirms a PPO's specific requested flow rate, the PPO and the TSP(s) should work together to resolve the PPO's request based on the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the TSP(s). If required, the PPO should ensure that nominations are placed on all affected TSPs.

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RP Comment: EPE does not make specific flow rate requests to EPNG, EPE nominates daily volumes and then uses this supply throughout the day. EPE has max CD with max delivery point volumes. Hourly flow rates are obtained from EPNG after the hour via VISA – but even then it is an adjusted number to obtain a 24 hour reading.

These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures that are more appropriate.

Proposed NAESB WEQ Standard:

S13 The Regional Transmission Organizations, Independent System Operators, independent transmission operators, and/or Power Plant Operators should sign up to receive operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s), pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35, and 5.3.37, unless the party(ies) needing the information has arranged to receive it through an alternative communication process(es).

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RP Comments: EPE's Fuels Group and Real-Time (plus Richie Acosta, Tony Soto and Steve Buraczyk) are to be texted msg via cell phone. This has been confirmed by EPNG. In addition to Real-Time checking EPNG's web site hourly during evening hours.

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Proposed NAESB WGQ Standard:

S14 A Transportation Service Provider should provide Regional Transmission Organizations (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO), and Power Plant Operators (PPO) with notification of operational flow orders and other



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

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critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2, and 5.3.35 – 5.3.38.

### **Proposed NAESB WEQ Standard:**

S15 Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.

### **Proposed NAESB WEQ and WGQ Standard:**

S16 Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) (TSP) and/or Power Plant Operator(s). These procedures should be invoked when either:

1. the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand which may be alleviated by gas-fired generation; or,
2. the TSP anticipates conditions that could create a substantial risk for the gas system to be insufficient to meet near-term gas demand.

Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate and meet the parties' collective regional operational needs.

## **4. SUPPORTING DOCUMENTATION**

### **a. Description of Request:**

Develop standards for the daily operational communications between pipelines and power plants. These communications standards would include anticipated power generation fuel requirements for the upcoming day as well as notification anytime plans change. Likewise standards for pipeline communications for any operating problems that might hinder power plants from receiving required contractual quantities when needed would be developed.

These standards would be used for operational communications between power plants and pipelines.

### **b. Description of Recommendation:**

**Triage Subcommittee**



**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

See the Triage Subcommittee results for the supporting documentation, discussion, and voting records for the following date:  
08/31/2004

**Executive Committee**

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:  
08/31/2004

**Business Practices Subcommittee**

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:  
12/01-02/2004  
01/24-25/2005

**Executive Committee**

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:  
02/08/2005

**Business Practices Subcommittee**

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:  
02/09-10/2005  
03/01-02/2005  
03/21-22/2005  
04/06-07/2005  
04/18-19/2005 (draft)  
04/25-26/2005 (draft)

**c. Business Purpose:**

**d. Commentary/Rationale of Subcommittee(s)/Task Force(s):**

**From:** ELL, LYNNDA K  
**Sent:** Monday, May 23, 2005 2:53 PM  
**To:** NAESB Office  
**Subject:** Entergy Comments on the recommended standards

Below are the few concerns that have been expressed at Entergy concerning the Energy Day Communication standards.

**Definitions:**

The only two entities defined in the standard are Balancing Authority and Power Plant Operator. At least six other terms used in these standards are undefined. The most needful is "independent Balancing Authority." Also, it is not clearly stated whether "TSP" is "gas" or "electric" TSP. Other undefined terms are: RTO, RC, ISO, and ITO.

Thanks,

Lynnda Ell



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021 Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project

The following are Entergy Services Inc. comments on the proposed standards.

### STANDARDS LANGUAGE:

#### Proposed NAESB WEQ and WGQ Definition:

D1 Power Plant Operator is the term used to describe the entity that has direct control over the gas requirements (e.g., burn rates) for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) to meet those requirements. This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S14, and S16].

Response: The "Power Plant Operator" may not be the one involved in the nomination process or there could be a number of different parties involved e.g several parties tolling their share of the capacity of a power plant. Power plant operator as defined suggests that only one party would facilitate the entire fuel to the facility and this is not always the case. We would not want to have to share sensitive market information with the plant operator who would then share that with the pipelines. The nomination and confirmation process currently in place is the best way to communicate with the pipelines. Making the plant operators (which will most likely not have all the info) the point of communication would only complicate and slow down the flow of info. Additionally, somewhat concerned with too much sharing of sensitive information to the pipelines in addition to what FERC already requires. This could inhibit an end users ability to find the best market available pricing and give the pipelines additional information that is not necessary to their business or productive in an market based environment..

#### Proposed NAESB WEQ and WGQ Definition:

D2 A Power Plant Operator's Facility is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Operator. This definition applies to NAESB WEQ Standard Nos. [S2X, S3X, and S7X] and NAESB WGQ Standard Nos. [S2X, S3X, and S7X].

#### Proposed NAESB WEQ and WGQ Definition:

D3 Balancing Authority is the term used by the Wholesale Electric Quadrant to describe the entity responsible for integrating electric resource plans ahead of time, for maintaining electric load-interchange-generation balance within its metered boundaries, and for supporting electric interconnection frequency in real time. This definition applies to NAESB WEQ Standard Nos. [S15 and S16] and NAESB WGQ Standard No. [S16].

#### Proposed NAESB WEQ and WGQ Standard:

S1B The Transportation Service Provider (TSP) / Power Plant Operator (PPO) communication standards set forth in NAESB WEQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D1, D2, D3, S1B, S2X, S3X, S7X, S14, and S16] do not convey any rights or services beyond or in addition to those contained in the TSP's tariff and/or general terms and conditions and/or do not impose any obligations that would otherwise be inconsistent with FERC regulations, including affiliate code of conduct requirements. These communication standards should be used in addition to the NAESB WGQ standard nomination timeline and scheduling processes for the TSP's contract / tariff services. In the event of a



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

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conflict between any of these communication standards and the TSP's tariff or general terms and conditions, the latter will prevail.

Response: We feel that the pipelines current tariff's and standard in place for communication between an end user and the pipeline are sufficient and conducive to timely movement of fuel in the market place.

### **Proposed NAESB WEQ and WGQ Standard:**

S2X      The Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide hourly flow rates as established in the TSP's and PPO's communication procedures. These standards are already communicated as necessary with the pipelines. Additionally, these communications would need to address confidentiality of this hourly flow information]



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

**R04021      Natural Gas Pipeline Company of America,  
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### **Proposed NAESB WEQ and WGQ Standard:**

S3X This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B]. A PPO should not operate without an approved schedule pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions, except as provided for in this standard. In the event that a PPO identifies the need to schedule gas outside of the above referenced nomination and scheduling processes, the PPO should provide daily and hourly flow rates as established in the TSP's and PPO's communication procedures. The PPO and the TSP should work together to resolve the PPO's request. The resolution of the PPO's request should be based upon whether or not it can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations. Where the TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, none are required.

Response: This is what takes place today and is required by the pipelines per their FERC approved tariff's and intrastate pipeline requirements. Additional language and requirements are not necessary and could become overly burdensome through different interpretations.

### **Proposed NAESB WEQ and WGQ Standard:**

S7X Subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], when engaging in communications described in NAESB WEQ Standard Nos. [S2X and S3X] and NAESB WGQ Standard Nos. [S2X and S3X]:

1. The Power Plant Operator (PPO) should communicate with the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) (Directly Connected TSP). If the Directly Connected TSP determines that requested flow rates are not operationally feasible unless (1) the upstream delivery entity(ies) makes changes to support the requested flow rates and (2) the upstream delivery entity(ies) supports such a process, then, the following communication procedures should be used, if the PPO wishes to pursue the request:

Response: This is again what is required today. Please keep in mind that at a number of power plants there are multiple pipelines. The information already required to facilitate this is sufficient.

- (a) the PPO should communicate its requested flow rates to the appropriate contractual party(ies) on the affected delivery entity(ies) upstream of the PPO's Facility(ies),

Response: [is "contractual parties" referring to shippers as well as pipelines? How far upstream would a PPO have to communicate? This standard would only needlessly complicate the communication process, as all parties involved in the entire path could be trying to communicate on a real-time basis. The interconnected pipelines are the appropriate parties for communicating with each other, as they do today]



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

### R04021 Natural Gas Pipeline Company of America, CrossCountry Energy, Salt River Project

(b) as appropriate, the Directly Connected TSP should contact the interconnected upstream delivery entity(ies) regarding the potential flow change; and,

response: already required

(c) the appropriate contractual party(ies), the upstream delivery entity(ies), and the PPO should work together with the Directly Connected TSP to determine if the PPO's requested flow rates can be accommodated based upon the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the affected parties.

Reponse: as needed this is already required, any additional requirements would be difficult to facilitate a timely flow of additional information and could be detrimental.

2. Conditioned upon the tariff requirements, business practices, contract provisions, or other similar provisions of the affected TSP(s) and/or the ability of such TSP(s) to allow the requested flow rates based on conditions at the time of the request, as well as the ability of the supplier(s) to effect changes in the flow rate, the TSP(s) should accept or deny the PPO's specific request without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.

Response: Already required by pipeline tariffs.

3. If the affected TSP(s) affirms a PPO's specific requested flow rate, the PPO and the TSP(s) should work together to resolve the PPO's request based on the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the TSP(s). If required, the PPO should ensure that nominations are placed on all affected TSPs.

Response: This again already takes place and is required.

These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures that are more appropriate.

#### **Proposed NAESB WEQ Standard:**

S13 The Regional Transmission Organizations, Independent System Operators, independent transmission operators, and/or Power Plant Operators should sign up to receive operational flow orders and other critical notices from the appropriate gas Transportation Service Provider(s), pursuant to NAESB WGQ Standard Nos. 5.2.2, 5.3.35, and 5.3.37, unless the party(ies) needing the information has arranged to receive it through an alternative communication process(es).

#### **Proposed NAESB WGQ Standard:**

S14 A Transportation Service Provider should provide Regional Transmission Organizations (RTO), Independent System Operators (ISO), any other appropriate independent transmission operators (ITO), and Power Plant Operators (PPO) with notification of operational flow orders and other critical notices through the RTO / ISO / ITO / PPO's choice of Electronic Notice Delivery mechanism(s) as set forth in NAESB WGQ Standard Nos. 5.2.1, 5.2.2, and 5.3.35 – 5.3.38.



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

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Reponse: This is over-reaching. A power plant operator may have multiple pipelines and while an OFO make take place on one pipeline, alternate supplies may already be secured on an alternate through the producer of the electricities fuel supply department. A TSP indicating to an RTO pieces of information without all of the information could be detrimental and cause undue alarm. The current procedures that are in place facilitate the flows of communication through the proper parties and should left in place as they currently are.

### **Proposed NAESB WEQ Standard:**

S15 Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.

Response: Again pieces of information are detrimental. The power plant operator may or may not have all of these pieces of information and they are market sensitive information. The power plant operator provides information as needed through current requirement with the Transmission to the balancing authority.

### **Proposed NAESB WEQ and WGQ Standard:**

S16 Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate gas Transportation Service Provider(s) (TSP) and/or Power Plant Operator(s). These procedures should be invoked when either:

1. the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand which may be alleviated by gas-fired generation; or,
2. the TSP anticipates conditions that could create a substantial risk for the gas system to be insufficient to meet near-term gas demand.

Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate and meet the parties' collective regional operational needs.

Response: Having TSP's communicate directly with the RTO's, ISO's or ITS's could create unnecessary alarm. If a TSP is having difficulty and may have fuel issues or from the electric side the transmission is having difficulty and is reliant on gas fired generation. The parties responsible for the reliability of the facility and the entire transmission system have already taken into consideration all factors of reliability (e.g. electric call options, alternate fuel source generation etc.). Having an individual pipeline communicate with the other parties on issues rather than through the fuel departments responsible for the facilities create a substantial risk of miscommunication on possible outcomes. While there may be a certain risk on a pipeline there are also mitigation contracts and other options in place for these possible occurrences.



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021      **Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

### 4. SUPPORTING DOCUMENTATION

#### a. Description of Request:

Develop standards for the daily operational communications between pipelines and power plants. These communications standards would include anticipated power generation fuel requirements for the upcoming day as well as notification anytime plans change. Likewise standards for pipeline communications for any operating problems that might hinder power plants from receiving required contractual quantities when needed would be developed.

These standards would be used for operational communications between power plants and pipelines.

Response: Most necessary communications between pipelines and power plants already take place. Coming up with a standard to apply may create unnecessary work and slow down the flow of communication that already takes place. Power plants work with pipelines under the already established tariffs to purchase products and communicate necessary information on flow changes.

#### b. Description of Recommendation:

##### **Triage Subcommittee**

See the Triage Subcommittee results for the supporting documentation, discussion, and voting records for the following date:

08/31/2004

##### **Executive Committee**

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:

08/31/2004

##### **Business Practices Subcommittee**

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:

12/01-02/2004

01/24-25/2005

##### **Executive Committee**

See the Executive Committee final minutes and transcript for the supporting documentation, discussion, and voting records for the following date:

02/08/2005

##### **Business Practices Subcommittee**



**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

**R04021      Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

See the Business Practices Subcommittee (BPS) meeting minutes and attachments for the supporting documentation, discussion, and voting records for the following dates:

02/09-10/2005

03/01-02/2005

03/21-22/2005

04/06-07/2005

04/18-19/2005 (draft)

04/25-26/2005 (draft)

**c. Business Purpose:**

**d. Commentary/Rationale of Subcommittee(s)/Task Force(s):**

Comments of Mewbourne Oil Company On  
Proposed NAESB WEQ Standard: S15

In order to clarify the scope of the “pertinent information” that the Power Plant Operator should provide to the named parties concerning “gas supply”, Mewbourne proposes that we change S15( by including the italicized language inserted below) to read as follows:

S15 Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and *the performance obligation (i.e., firm (fixed or variable quantity) or interruptible) of its procured gas supply*, to the appropriate independent Balancing Authority and/or Reliability Coordinator.

The reason for this proposed change is that gas supply fundamentally is a sale of goods and not the provision of a service. So it is not clear that “service level” in S15 in its present form applies to gas supply as well as to gas transportation. To the extent that “service level” could be construed not to apply to gas supply, then there would be no express limits on the nature of the “pertinent information” that could be sought regarding the Power Plant Operator’s gas supply, even though much information about gas supply is not relevant to its reliability and often is considered to be confidential. As a producer, we regard this as an important clarification, and one that does not alter the substantive intent of S15 as proposed. So we would respectfully ask for your agreement to this change.

Respectfully submitted,

Mewbourne Oil Company

/s/

Michael F. Shepard

**Wholesale Gas Quadrant  
Pipeline Comments re: R04021**

The pipeline segment of the Wholesale Gas Quadrant supports the following WGQ Standards as proposed in the recommendation for Request R04021: D1, D2, D3, S1B, S2X, and S14 (note that S13 and S15 are WEQ only standards). We offer the following comments and suggested modifications regarding standards S3X, S7X, and S16.

**Proposed NAESB WEQ and WGQ Standard S3X**

**Comments:**

The pipeline segment can support proposed standard S3X as stated below. Note that the substitute wording is intended to incorporate the concepts of S3X, while making the standard more readable and easier to understand.

**Proposed Standard:**

S3X Subject to the conditions of NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], this standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies).

A PPO should not operate without an approved scheduled quantity pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions. However, if the PPO identifies the need to make gas scheduling changes outside of the above-referenced nomination and scheduling processes and the TSP supports the processing of such changes, the PPO should provide its requested daily and hourly flow rates to the TSP as established in the TSP's and PPO's communication procedures pursuant to NAESB WEQ Standard No. [S2X] and NAESB WGQ Standard No. [S2X].

Based upon whether or not the PPO's request can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements and/or general system operations, the PPO and the TSP should work together to resolve the PPO's request.

These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures.

**Proposed NAESB WEQ and WGQ Standard S7X**

**Comments:**

The pipeline segment opposes adoption of proposed standard S7X because section '1' creates an expectation of responsiveness and performance that is unrealistic and may actually be unworkable in most situations. Effectively, it is a complex, multi-party pseudo nomination and scheduling process. Further, sections '2' and '3' are largely repetitive of provisions included in proposed standard S3X. The kind of multi-system process alluded to in S7X is an unrealistic solution in response to short notice daily and intraday changes. The more appropriate way of dealing with these changes is to clearly define the operational and contractual relationships in advance of the need to call upon them. These types of processes are best left to individual arrangements and should not be attempted through a generic standard.

The process that is described in section '1', on the surface, may appear to be relatively straight forward, except that it includes overly complicated communications (parties, content and timing) that are needed to affect requested flow changes. Potentially, coordination could be required between multiple service requesters on multiple upstream delivery entities at a time of day when key decision makers are not

readily available. Before the PPO will know with any certainty that its request can be accommodated, considerable time could be required to analyze operating conditions and to contact decision makers for all parties involved. Additionally, this process becomes even more complex if multiple PPOs are requesting changes that affect the same service requesters, delivery entities, and TSPs. The pipeline segment is unwilling to support a so-called standardized process that may lead to operational confusion and possibly even lower reliability (attention diverted from other procedural and operational matters) when a PPO needs to know as soon as possible whether their request can be supported or if alternative action is necessary.

Except for section 1, which the pipeline segment cannot support, sections '2' and '3' in **S7X** address the manner in which the TSP(s) processes the PPO's(s') request for flow rate changes. Effectively, the safeguards that are included in sections '2' and '3' are already explicitly covered in **S3X**. The only new requirement that is identified in section '3' is the requirement to nominate, as appropriate, on the affected TSP. The pipeline segment believes that additional standardization of this nomination requirement is unnecessary since such requirements would be included in the "TSP's tariff requirements, contract provisions, business practices, or other similar provisions" as outlined in **S3X**.

### **Proposed NAESB WEQ and WGQ Standard S16**

#### **Comments:**

The pipeline segment can support proposed standard S16 as modified below. Pursuant to S14 and WGQ Standard Nos. 5.2.1, 5.2.2, and 5.3.35-5.3.38 (see attached), the TSP already provides notification to the affected parties of critical and non-critical notices providing current/anticipated pipeline operating conditions. As such, the PPO is in the best position to determine the impact, if any, of such notices on their gas requirements for the generation of electricity. Therefore, the PPO should notify the applicable RTO, et al, of any changes in their ability to meet their obligations.

#### **Proposed Standard:**

S16 Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), other independent transmission operators (ITOs), and/or independent Balancing Authorities (BAs) should establish operational communication procedures with the appropriate ~~gas Transportation Service Provider(s) (TSP) and/or~~ Power Plant Operator(s) (PPO). These procedures should be invoked when either:

1. the RTOs, ISOs, ITOs, and/or independent BAs anticipate conditions that could create a substantial risk for the electric generation capacity to be insufficient to meet near-term electric demand which may be alleviated by gas-fired generation; or,
2. the ~~TSP~~ PPO anticipates conditions that could create a substantial risk for the gas system to be insufficient to meet its near-term gas demand.

Training on and testing of such communication procedures should occur periodically. These procedures will govern such communications unless the applicable parties in the gas and electric industry mutually agree to create alternative communication procedures that are more appropriate and meet the parties' collective regional operational needs.

**Wholesale Gas Quadrant  
Pipeline Comments re: R04021  
Attachment**

**NAESB WGQ Standards  
Referenced in S13, S14, and S16  
Version 1.7**

- 5.2.1 Critical notices should be defined to pertain to information on transportation service provider conditions that affect scheduling or adversely affect scheduled gas flow.
- 5.2.2 "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM.
- 5.3.35 Unless the affected party and the Transportation Service Provider (TSP) have agreed to exclusive notification via EDI/EDM, the affected party should provide the TSP with at least one Internet E-mail address to be used for Electronic Notice Delivery of intraday bumps, operational flow orders and other critical notices. The obligation of the TSP to provide notification is waived until the above requirement has been met.
- 5.3.36 Transportation Service Providers should support the concurrent sending of electronic notification of intraday bumps, operational flow orders and other critical notices to two Internet E-mail addresses for each affected party.
- 5.3.37 Affected parties should manage internal distribution of notices received by Electronic Notice Delivery.
- 5.3.38 When sending Internet E-mail notifications for intraday bumps, operational flow orders and other critical notices, the subject line of the E-mail should include the following information separated by commas in the following order: (1) "Critical", (2) Notice Type label (per NAESB WGQ Standard 4.3.29), (3) the Notice Effective Date in YYYYMMDD format, (4) the name or abbreviation of the Transportation Service Provider (TSP) (excluding commas), and (5) the TSP's D-U-N-S® Number.



**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

**R04021 Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

**The following are the comments of Progress Energy Carolinas, Inc. on the proposed standards.**

**STANDARDS LANGUAGE:**

**Proposed NAESB WEQ and WGQ Definition:**

D1 Power Plant Operator is the term used to describe the entity that has direct control over the gas requirements (e.g., burn rates) for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) to meet those requirements. This definition applies to NAESB WEQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S13, S15, and S16] and NAESB WGQ Standard Nos. [D2, S1B, S2X, S3X, S7X, S14, and S16].

Comment: For many companies there may not be one single entity that has responsibility both for (i) controlling the gas requirements for any one or more of their individual power plant(s) and (ii) coordinating natural gas deliveries with the Transportation Service Providers to meet those requirements. For many vertically integrated utilities the gas requirements for each individual plant may be controlled by an individual plant operator (“IPO”), but the procurement and coordination of deliveries for all plants is controlled by a centralized gas procurement entity (“Gas Coordinator”). Requiring the IPO to communicate with the Transportation Service Providers as is contemplated by this standard is contrary to current practice and would be highly inefficient in that it would result in unnecessary and decentralized points of communication, and the sharing of sensitive market information with persons who would otherwise have no need to know such information.

**Proposed NAESB WEQ and WGQ Standard:**

S2X The Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO’s Facility(ies) should establish procedures to communicate material changes in circumstances that may impact hourly flow rates. The PPO should provide hourly flow rates as established in the TSP’s and PPO’s communication procedures.

Comment: The requirement to communicate hourly flow rate is unnecessary and is overly burdensome in terms of both additional manpower and the addition of costly new equipment that would be necessary to comply with this requirement.



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

R04021      **Natural Gas Pipeline Company of America,  
CrossCountry Energy, Salt River Project**

### **Proposed NAESB WEQ and WGQ Standard:**

S3X      This standard applies to a Power Plant Operator (PPO) and the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B]. A PPO should not operate without an approved schedule pursuant to the NAESB WGQ standard nomination timeline and scheduling processes or as permitted by the TSP's tariff and/or general terms and conditions, and/or contract provisions, except as provided for in this standard. In the event that a PPO identifies the need to schedule gas outside of the above referenced nomination and scheduling processes, the PPO should provide daily and hourly flow rates as established in the TSP's and PPO's communication procedures. The PPO and the TSP should work together to resolve the PPO's request. The resolution of the PPO's request should be based upon whether or not it can be accommodated in accordance with the appropriate application of the TSP's tariff requirements, contract provisions, business practices, or other similar provisions, and without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations. Where the TSP determines that it is feasible to provide the PPO with changes in flow rates without additional communications, none are required.

Comment: Again, the requirement to communicate hourly flow rate is unnecessary and is overly burdensome in terms of both additional manpower and the addition of costly new equipment that would be necessary to comply with this requirement. Furthermore, we do not understand what purpose is served by adding the language providing "A PPO should not operate without an approved schedule. . . "

### **Proposed NAESB WEQ and WGQ Standard:**

S7X      Subject to NAESB WEQ Standard No. [S1B] and NAESB WGQ Standard No. [S1B], when engaging in communications described in NAESB WEQ Standard Nos. [S2X and S3X] and NAESB WGQ Standard Nos. [S2X and S3X]:

1. The Power Plant Operator (PPO) should communicate with the Transportation Service Provider (TSP) that is directly connected to the PPO's Facility(ies) (Directly Connected TSP). If the Directly Connected TSP determines that requested flow rates are not operationally feasible unless (1) the upstream delivery entity(ies) makes changes to support the requested flow rates and (2) the upstream delivery entity(ies) supports such a process, then, the following communication procedures should be used, if the PPO wishes to pursue the request:
  - (a) the PPO should communicate its requested flow rates to the appropriate contractual party(ies) on the affected delivery entity(ies) upstream of the PPO's Facility(ies),
  - (b) as appropriate, the Directly Connected TSP should contact the interconnected upstream delivery entity(ies) regarding the potential flow change; and,
  - (c) the appropriate contractual party(ies), the upstream delivery entity(ies), and the PPO should work together with the Directly Connected TSP to determine if the PPO's requested flow rates can be accommodated based upon the appropriate application of the tariff requirements,



## RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

### R04021 Natural Gas Pipeline Company of America, CrossCountry Energy, Salt River Project

business practices, contract provisions, or other similar provisions of the affected parties.

2. Conditioned upon the tariff requirements, business practices, contract provisions, or other similar provisions of the affected TSP(s) and/or the ability of such TSP(s) to allow the requested flow rates based on conditions at the time of the request, as well as the ability of the supplier(s) to effect changes in the flow rate, the TSP(s) should accept or deny the PPO's specific request without adversely impacting other scheduled services, anticipated flows, no-notice services, firm contract requirements, and/or general system operations.
3. If the affected TSP(s) affirms a PPO's specific requested flow rate, the PPO and the TSP(s) should work together to resolve the PPO's request based on the appropriate application of the tariff requirements, business practices, contract provisions, or other similar provisions of the TSP(s). If required, the PPO should ensure that nominations are placed on all affected TSPs.

These procedures will govern such communications unless the applicable parties mutually agree to create alternative communication procedures that are more appropriate.

Comment: See our comments regarding the definition of PPO. Additionally, we are concerned that this, in some circumstances, could be interpreted to prohibit direct communication between the PPO (assuming it is more properly defined) and the upstream delivery entity when necessary.

#### **Proposed NAESB WEQ Standard:**

S15 Unless otherwise prohibited by agreement, tariff, or protocol rules, a Power Plant Operator should, upon request, provide pertinent information concerning the service level (i.e., firm or interruptible) of its procured gas transportation and gas supply to the appropriate independent Balancing Authority and/or Reliability Coordinator.

Comment: NERC does not distinguish between an independent and a non-independent Balancing Authority and we also question why RTOs, ISOs and ITOs were not specifically included in this provision since it's clear in S16 below that they may be outside the scope of the definition of "Balancing Authority". Furthermore, we believe that the information requested has little to no relevance or use in maintaining reliability and its relevance and usefulness, if any, is outweighed by the potential cost of disclosing such sensitive market data. Additionally, the ability to demand such information "on request" is too broad and overly burdensome and should be limited to "not more often than" some maximum number of times or periods in time.

**Tennessee Valley Authority (TVA)**  
**Comments on Energy Day Pipeline/Generator Communication Standards**

TVA is supportive of the overall Energy Day effort and has participated in all related meetings. The drafting and approval of the 8 communications standards and 3 accompanying definitions to fulfill NAESB Request R04021 is just a minor step in resolving interdependency issues between the gas and electric industries. Even though we voted to approve the communications standards in order to move the process along, we are somewhat disappointed in the overall results.

As an end user of gas for peaking generation, we had envisioned a new process that would allow us to “officially” arrange for gas transportation to meet unexpected needs for peaking generation – generally during early morning hours. The current gas day (9am – 9am CPT) splits the electric morning peak which normally begins at 6 am. While the gas industry provides for four nomination cycles – two timely cycles at 11:30 am and 6:30 pm and two intra-day cycles at 10 am and 5pm – there isn’t a nomination period to assist electric companies that typically meet early morning (6 am – 9 am) load fluctuations with gas-fired peaking generation. Therefore, we believe that an additional early morning nomination cycle is needed to allow generators to meet those early morning peaks.

As an end-user, TVA contracts for many existing services that are designed to provide flexibility for peak generation, but we are generally unable to utilize those services during the time frames when we truly need them. As such, the purchase of those services doesn’t provide an opportunity to arrange transportation to meet system requirements during early morning hours which forces us to move to alternate fuels or import power from the electric grid if transmission capacity is even available.

As we move forward with this process, it is our hope that we will be able to resolve our dilemma as an end-user. Perhaps, this will occur when we address the remaining open issues relating to Energy Day.

**From:** Kedrowski.Barbara [  
**Sent:** Friday, May 20, 2005 7:13 AM  
**To:** Veronica Thomason  
**Cc:** Horn.Linda  
**Subject:** FW: Request for Comments on R04021 - Due May 25, 2005

Comments from We Energies:

1. In regard to all of the proposed standards, language needs to be added in regard to communications also coming from a contract holder for tolling agreements.
2. Specifically in regard to standard S3X, language should be added that a PPO or contract holder should not "routinely" operate without an approved schedule. Occasionally, plants do operate without a nomination in place and simply absorb the associated penalties.
3. Specifically in regard to standard S16, the timing disconnect between the gas and the electric day could impact electric reliability. A standard addressing communications between RTO's, PPO's and TSP's is good, but doesn't go far enough.

Barb Kedrowski  
Project Manager  
Federal Regulatory & Policy  
We Energies  
414-221-3572

### **Appendix 3: Requests for NAESB Standards**

The following standards requests are discussed in the attached report<sup>2</sup>:

Request No. R04016  
Request No. R04020  
Request No. R04021

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<sup>2</sup> The standards developed to address Request No. R04021 are included in this report. Work is pending on requests R04016 and R04020, and may not begin until outstanding policy issues are resolved and further direction from both the industry and regulatory agencies are received.

# R04016

Request for Initiation of a NAESB Standard for Electronic Business Transactions or  
Request for Enhancement of a NAESB Standard for Electronic Business Transactions  
Page 1

North American Energy Standards Board

Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction

Or

Enhancement of an Existing NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction

## Instructions:

1. Please fill out as much of the requested information as possible. It is mandatory to provide a contact name, phone number and fax number to which questions can be directed. If you have an electronic mailing address, please make that available as well.
2. Attach any information you believe is related to the request. The more complete your request is, the less time is required to review it.
3. Once completed, send your request to:  
Rae McQuade  
NAESB, Executive Director  
1301 Fannin, Suite 2350  
Houston, TX 77002  
  
Phone: 713-356-0060  
Fax: 713-356-0067

by either mail, fax, or to NAESB's email address, [naesb@aol.com](mailto:naesb@aol.com).

Once received, the request will be routed to the appropriate subcommittees for review.

Please note that submitters should provide the requests to the NAESB office in sufficient time so that the NAESB Triage Subcommittee may fully consider the request prior to taking action on it. It is preferable that the request be submitted a minimum of 3 business days prior to the Triage Subcommittee meetings. Those meeting schedules are posted on the NAESB web site at [http://www.naesb.org/monthly\\_calendar.asp](http://www.naesb.org/monthly_calendar.asp).

# R04016

Request for Initiation of a NAESB Standard for Electronic Business Transactions or  
Request for Enhancement of a NAESB Standard for Electronic Business Transactions  
Page 2

## North American Energy Standards Board

Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction  
Or  
Enhancement of an Existing NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction

Date of Request: May 25, 2004

1. Submitting Entity & Address:

KeySpan Utility Services  
One Metrotech Center  
Brooklyn NY 11201

Also: Duke Energy Gas Transmission  
5400 Westheimer Ct  
Houston, Texas 77056

2. Contact Person, Phone #, Fax #, Electronic Mailing Address:

Name : Dolores Chezar  
Title : Regulatory Policy  
Phone : 718-403-2987  
Fax : 718-246-2927  
E-mail : dchezar@keyspanenergy.com\_

Contact person for Duke Energy Gas Transmission

Name : Kathryn Burch  
Title : Project Manager - Standards & Regulatory  
Compliance  
Phone : 713-627-5765  
Fax : 713-989-1534  
E-mail : klburch@duke-energy.com

3. Description of Proposed Standard or Enhancement:

Request that NAESB develop a standard energy day that would apply to both the natural gas and electric industries. Request that the energy day be standardized as midnight to midnight central time. Make any conforming changes to existing WGO NAESB Standards.

# R04016

## Request for Initiation of a NAESB Standard for Electronic Business Transactions or Request for Enhancement of a NAESB Standard for Electronic Business Transactions

Page 3

4. Use of Proposed Standard or Enhancement (include how the standard will be used, documentation on the description of the proposed standard, any existing documentation of the proposed standard, and required communication protocols

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5. Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement:

While there are many benefits - the overriding benefit is that a common energy day would foster the coordination of scheduling between electric and natural gas and allow both the electric and gas industries to more closely match fuel deliveries to generation requirements. For the electric power generators, this coordination would decrease the risk incurred when they are required to take binding positions far in advance of the gas day. For the natural gas industry, the nominations of receipts and deliveries on the pipeline grid will be closer to actual daily requirements. Today, the gas day begins at 9 AM Central Time and the electric day starts at 12 AM but varies from region to region. Standardization would contribute to seamless coordination across timelines and the gas and electric grids. This can be accomplished by starting an energy day at 12 AM when neither the gas nor electric industries peak.

As a result of the work of the GECTF it became obvious to a number of the participants that, before NAESB could work on any standards that might be requested (based on the work product of the GECTF), the first step should be the establishment of a standard energy day.

6. Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement:  
To be determined: For the natural gas industry, there would be some one-time costs involved with changing from a Gas Day that begins at 9:00am CCT to an Energy Day that begins at 12:00am CCT; these costs would include, but are not necessarily limited to, reprogramming of gas control SCADA systems, customer interface systems and the various measurement systems used by producers, pipelines, LDCs and/or end-users. Presumably, there would be similar one-time costs for the electric industry.

7. Description of Any Specific Legal or Other Considerations:

# R04016

## Request for Initiation of a NAESB Standard for Electronic Business Transactions or Request for Enhancement of a NAESB Standard for Electronic Business Transactions

Page 4

To be determined.

8. If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):

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9. If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners :

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10. Attachments (such as : further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):

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# R04020

## North American Energy Standards Board

**Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction**

**or**

**Enhancement of an Existing NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction**

### **Instructions:**

- 1. Please fill out as much of the requested information as possible. It is mandatory to provide a contact name, phone number and fax number to which questions can be directed. If you have an electronic mailing address, please make that available as well.**
  
- 2. Attach any information you believe is related to the request. The more complete your request is, the less time is required to review it.**
  
- 3. Once completed, send your request to:**  
Rae McQuade  
NAESB, Executive Director  
1301 Fannin, Suite 2350  
Houston, TX 77002  
  
Phone: 713-356-0060  
Fax: 713-356-0067

**by either mail, fax, or to NAESB's email address, naesb@aol.com.**

**Once received, the request will be routed to the appropriate subcommittees for review.**

**Please note that submitters should provide the requests to the NAESB office in sufficient time so that the NAESB Triage Subcommittee may fully consider the request prior to taking action on it. It is preferable that the request be submitted a minimum of 3 business days prior to the Triage Subcommittee meetings. Those meeting schedules are posted on the NAESB web site at [http://www.naesb.org/monthly\\_calendar.asp](http://www.naesb.org/monthly_calendar.asp).**

# R04020

## North American Energy Standards Board

**Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or Electronic Transaction**

**or**

**Enhancement of an Existing NAESB Business Practice Standard, Model Business Practice or Electronic Transaction**

Date of Request: June 29, 2004

### 1. Submitting Entity & Address:

Tennessee Valley Authority  
1101 Market Street, MR2A  
Chattanooga, TN 37402-2801

### 2. Contact Person, Phone #, Fax #, Electronic Mailing Address:

|          |  |    |  |
|----------|--|----|--|
| Name :   | Kathy York   | or | Valerie Crockett   |
| Title :  | Energy Market &<br>Policy Specialist               |    | Energy Market &<br>Policy Specialist                       |
| Phone :  | 423-751-3398                                       |    | 423-751-6096   |
| Cell :   |  |    | 423-580-9918   |
| Fax :    | 423-751-3376                                       |    | 423-751-8702   |
| E-mail : | <a href="mailto:keyork@tva.gov">keyork@tva.gov</a> |    | <a href="mailto:vjcrockett@tva.gov">vjcrockett@tva.gov</a> |

### 3. Description of Proposed Standard or Enhancement:

Establish business standards relating to electric transaction scheduling and timelines which will address the following:

- A. Interchange schedule coordination including ramp times (Seams issue #41 & GECTF Discussion Point List item D.)
- B. Standardize Interchange Scheduling components of Day Ahead Market Design. Identify possible tools that can accommodate different interchange requirement rules.

# R04020

Include other scheduling components of Day Ahead Market Design to accommodate inter-RTO transactions. (Seams issue #78, 79, 106 & GECTF Discussion Point List item D.)

**4. Use of Proposed Standard or Enhancement (include how the standard will be used, documentation on the description of the proposed standard, any existing documentation of the proposed standard and required communication protocols):**

Development of uniform interchange scheduling transactions will assist the electric industry in achieving greater reliability through efficient process protocol. Consistency of information and timing between inter-regional transactions can provide greater confidence in interchange seams helping to keep market participants on schedule and committing participants from reluctantly deviating from schedules.

These standards should be developed to help minimize seams issues existing between RTOs and non-RTO control areas, thus supporting NERC's efforts to strengthen its existing reliability policies and planning standards. In addition, these new business standards should address barriers and resolve inefficiencies that interfere with the ability to transact electric capacity and energy across control area boundaries.

This request supports the work of the NAESB Business Practice Subcommittee which outlined electric transaction scheduling as a seams issue (outlined in the Seams Catalog submitted to FERC) as well as support the work of the NAESB Gas Electric Coordination Task Force which identified electric market timelines as a barrier to coordination between the gas and electric markets (outlined in the draft final report of the Gas Electric Coordination Task Force).

**5. Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement:**

The proposed standards would make uniform scheduling transactions available to the industry by enhancing coordination between the regional transmission organizations and the interchange transaction and electricity HUB markets. Additionally, this standard would provide more inter-regional reliability by balancing interchange schedules (validation of sources and sinks, transmission reservation communication, Interconnected Operations Services, etc., as provided on the interchange transaction tag); enhance verification of ramping capability for requested interchange schedules with the Balancing Authorities; collect and disseminate interchange transaction approvals, changes, denials, and rejections; and authorize implementation of interchange transactions.

# R04020

**6. Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement:**

To be determined. There could be some initial costs related to changing processes and software interfaces between RTOs, other control areas, and customers. Many of these costs may be captured as a result of standardization of an Energy Day (R04016), depending on the timing and prioritization of the requests.

**7. Description of Any Specific Legal or Other Considerations:**

Cannot be determined at this time.

**8. If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):**

The above named requester is willing to test any standards which may be developed. Other participants are not yet determined.

**9. If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners:**

Not applicable.

**10. Attachments (such as : further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):**

None at this time.

**Scoping Document  
For  
NAESB Electric Market Timelines**

**NAESB WEQ Executive Committee - Standards Review Subcommittee  
WEQ SEAMS Subcommittee  
October 6, 2004  
NAESB Standard Request # R04020**

**Background:**

The request for standardization of electric market timelines stemmed from work done by the NAESB Gas Electric Coordination Task Force (GECTF) to investigate "possible standards creation and/or modifications related to additional coordination of the interaction between the scheduling of electric and gas transactions." as well as issues raised by the WEQ Seams Subcommittee. The GECTF developed a Discussion Points List (DPL) which was organized into 14 broad categories, one of which is Electric Market Timelines.

**Vision:**

The request for electric market timelines is intended to resolve the need for standard electric timelines as brought out in the Gas Electric Coordination Task Force's (GECTF) final report to FERC, while also addressing issues identified in the Seams Matrix as priorities. The joint gas/electric coordination issues identified in the GECTF report are not limited to NAESB but are also recognized by NERC, as their Gas/Electric Interdependency Task Force confirmed the interdependency between gas and electric operations and planning on electric reliability issues.

**Scope:**

To resolve issues raised concerning Electric Market Timelines' two main categories of Flexibility/Planning and Timelines/Scheduling of the GECTF DPL while concurrently addressing two of the Seams issues in the category/1st sub-category "Transaction Scheduling/Interchange Scheduling and Standardized Protocols" as found in the Seams Issues Matrix. These issues are further described below.

GECTF DPL - <http://www.naesb.org/pdf/gectf062904w2.pdf>

Seams issue no. 79 is described in the Seams Issues Matrix as market design for day-ahead markets – other scheduling requirements.

Comments logged in the matrix include: Should the time intervals and submission times be synchronized to mitigate obstacles to inter-RTO trade?

Seams issue no. 106 is described in the Seams Issues Matrix as transaction scheduling. Comments logged in the matrix include: Inconsistent information and market timing rules lead to uncertainty and risk that discourage the scheduling of some inter-regional transactions.

The request is intended to target the standardization of timelines for day-ahead markets. As an example, some day-ahead markets call for a market participant to reserve ramp and transmission before the participant knows if he clears the market. As such, the participant may be holding purchased transmission for a bid that does not clear without any use for that transmission. Many participants would like to see this changed so that the clearing of the market coincides with the reserving of ramps and transmission; thus, alleviating any unnecessary costs for the participant. Any changes impacting tariffs or and/or market designs will be handled through appropriate channels.

It is not the purpose of this request to standardize or change the structure of the market within the RTO, but resolutions could result in changes to the timing of certain RTO market operation functions. Issues to be considered are not limited to but should include the following:

- RTO market closing deadlines
- RTO market results posting deadlines
- Transmission reservation deadlines
- Transaction scheduling deadlines (i.e. Tagging Deadlines)
- Schedule implementation timelines (i.e. "on the hour", "on the half hour", etc.)

The following linked exhibits from the GECTF report demonstrate varying timelines between; RTO to non-RTO, RTO to RTO, and Gas to Electric that this standard proposes to address.

Transmission Timing Analysis - <http://www.naesb.org/pdf/gectf031504w2.pdf>

Electric Market Timing Issues - <http://www.naesb.org/pdf/gectf031504w3.pdf>

Gas/CAISO Electric Timing Issues - <http://www.naesb.org/pdf/gectf041304w8.pdf>

Gas/ERCOT Electric Timing Issues - <http://www.naesb.org/pdf/gectf041304w9.pdf>

Gas/ISO-NE Electric Timing Issues - <http://www.naesb.org/pdf/gectf041304w10.pdf>

Gas/MISO Electric Timing Issues - <http://www.naesb.org/pdf/gectf041304w11.pdf>

Gas/NYISO Electric Timing Issues - <http://www.naesb.org/pdf/gectf041304w12.pdf>

Gas/PJM Electric Timing Issues - <http://www.naesb.org/pdf/gectf041304w13.pdf>

### **Functionality/Usability:**

Standardizing electric timelines might promote trades between RTO and non-RTO entities should many of these issues get resolved. Currently, these trades may require multiple submissions for the same transaction not to mention unnecessary business costs related to being required to purchase transmission before market clearing.

In addition, standardizing electric timelines should help in overall coordination efforts between the gas and electric industries. Some of these issues are likely to be addressed in the team work for NAESB Request R04016 addressing the need for an overall Energy Day. Work on Energy Day began on December 1, 2004.

# R04021

## North American Energy Standards Board

**Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or Electronic Transaction**

**or**

**Enhancement of an Existing NAESB Business Practice Standard, Model Business Practice or Electronic Transaction**

### **Instructions:**

- 1. Please fill out as much of the requested information as possible. It is mandatory to provide a contact name, phone number and fax number to which questions can be directed. If you have an electronic mailing address, please make that available as well.**
- 2. Attach any information you believe is related to the request. The more complete your request is, the less time is required to review it.**
- 3. Once completed, send your request to:**  
Rae McQuade  
NAESB, Executive Director  
1301 Fannin, Suite 2350  
Houston, TX 77002  
  
Phone: 713-356-0060  
Fax: 713-356-0067

**by either mail, fax, or to NAESB's email address, [naesb@aol.com](mailto:naesb@aol.com).**

**Once received, the request will be routed to the appropriate subcommittees for review.**

**Please note that submitters should provide the requests to the NAESB office in sufficient time so that the NAESB Triage Subcommittee may fully consider the request prior to taking action on it. It is preferable that the request be submitted a minimum of 3 business days prior to the Triage Subcommittee meetings. Those meeting schedules are posted on the NAESB web site at [http://www.naesb.org/monthly\\_calendar.asp](http://www.naesb.org/monthly_calendar.asp).**

# R04021

## North American Energy Standards Board

**Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction**

**or**

**Enhancement of an Existing NAESB Business Practice Standard, Model Business Practice or  
Electronic Transaction**

Date of Request: June 28, 2004\_\_\_\_\_

**1. Submitting Entity & Address:**

Natural Gas Pipeline Company of America  
500 Dallas Street, Suite 1000  
Houston, Texas 77002

CrossCountry Energy  
1331 Lamar Street, Suite 650  
Houston, Texas 77010

Salt River Project  
P.O. Box 52025  
Phoenix, AZ 85072-2025

**2. Contact Person, Phone #, Fax #, Electronic Mailing Address:**

Name : Paul Love (NGPL)  
Title : Director, Electronic Customer Services  
Phone : (713)369-9320  
Fax : (713)369-9115  
E-mail : [paul\\_love@kindermorgan.com](mailto:paul_love@kindermorgan.com)

Name : Donna Scott  
Title : Electronic Business Development  
Phone : (713) 853-6136  
Fax : (713) 646-8085  
E-mail : [donna.scott@crosscountryenergy.com](mailto:donna.scott@crosscountryenergy.com)

Name : Diane McVicker  
Title : Sr. Principal Analyst  
Phone : (602) 236-4315  
Fax : (602) 236-4322  
E-mail : [dbmcvick@srpnet.com](mailto:dbmcvick@srpnet.com)

# **R04021**

## **3. Description of Proposed Standard or Enhancement:**

**Develop standards for the daily operational communications between pipelines and power plants. These communications standards would include anticipated power generation fuel requirements for the upcoming day as well as notification anytime plans change. Likewise standards for pipeline communications for any operating problems that might hinder power plants from receiving required contractual quantities when needed would be developed.**



8. If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement (Corporations and contacts):

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9. If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners :

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10. Attachments (such as : further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):

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## **Appendix 4: Related Board and Board Committee Minutes and Work Papers**

### Board Gas-Electric Interdependency Committee:

November 17, 2004 Conference Call

February 1, 2005 Conference Call

March 31, 2005 Meeting

May 17, 2005 Meeting

### Board of Directors Meetings:

September 16, 2004 Meeting

March 3, 2005 Meeting

June 22, 2005 Meeting

### Correspondence from the NAESB Advisory Council



## North American Energy Standards Board

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**via email and posting**

**TO:** Gas-Electric Interdependency Committee and Managing Committee Members  
**FROM:** Rae McQuade, NAESB Executive Director  
James Cargas, NAESB Deputy Director  
**RE:** Notes from NAESB Board of Directors Gas-Electric Interdependency Committee  
Conference Call – November 17, 2004  
**DATE:** November 19, 2004

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Dear Gas-Electric Interdependency Committee Members,

A NAESB Board of Directors Gas-Electric Interdependency Committee (GEIC) conference call was held on November 17, 2004 from 10:00 a.m. to 11:15 a.m. Central. The conference call provided a forum for GEIC to establish the mission statement and begin a discussion of areas potentially amenable to resolution through standardization. The following notes and assignments resulted from the meeting.

- Administration:
- Mr. Jim Templeton, NAESB Wholesale Gas Quadrant (WGQ) Board Member and Managing Committee Member, facilitated the meeting.
  - Mr. James Cargas read the antitrust advice.
- Mission Statement:
- Mr. Templeton spoke of how the January 2004 cold snap analysis focused his attention on the many interdependencies between the electric and natural gas industries. He hopes this Committee will be able to look at these interdependencies from a total energy perspective rather than parochial gas only or electric only perspectives. In sum, this Committee will continue the work of the Gas-Electric Coordination Task Force (GECTF) now that it has completed its mission. He looked forward to the brainstorming to follow and the potential for NAESB to be proactive thereby forestalling any political solutions imposed on the industries.
  - The following amended GEIC Mission Statement was adopted by consensus (amendment underlined):  
“The Chairman of the NAESB Board of Directors created the Gas-Electric Interdependency Board Committee on September 16, 2004. It reports to the Board Managing Committee and through that committee to the Board of Directors. In the last ten or fifteen years, natural gas use has risen from a fairly small contributor to the generation of electricity to today, where electricity generation is the market for approximately 25% of the total annual US natural gas market. To address this substantial increase in interdependence between natural gas and electric generation, this committee is tasked with identifying, at a 30,000 ft level, actions that might result in NAESB standards development, making the interaction of both industries more efficient and reliable.”



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### Industry Presentations:

- Mr. Lyn Maddox gave a high-level summary of the current status of the natural gas industry and how it has become interdependent on one of its largest customers, the electric generation industry. He described its movement to more of a closed system, and reviewed operational and contractual tools that provide various degrees of flexibility to address unanticipated market or weather changes.
- Mr. Joe Stepenovitch gave a high-level presentation on the current status of the electric industry with an emphasis on his region, Florida. Unlike other parts of the country, Florida has had an informal power pool for 25 years that recently became a NERC region. He discussed how the Public Service Commission was very involved in determining generation capacity, but only recently took an interest in the requisite fuel supply. Transmission capacity remains a matter for county-level determination. Mr. Stepenovitch described how long-term and short-term planning are impacted by a variety of factors including ability to switch between fuel sources.

### GECTF Report:

- Mr. Templeton led a discussion of the NAESB GECTF final report and some of the interdependencies it documents.
- Three requests for standards have resulted from this work and have been submitted: energy day (R04016), electric transaction scheduling and timelines (R04020), and daily operational communications between pipelines and power plants (R04021). There is probably a good chance that electric transactions scheduling and timelines along with gas nomination timelines might be rolled in with energy day.
- The issues were broken down into: (i) short term problems like time lines and scheduling, and (ii) long-term problems like pipeline capacity. NAESB is better suited to addressing the shorter-term issues.

### ISO NE Proposal for 2004-2005:

- Mr. Templeton led a brief discussion of the proposals made by ISO New England to address gas and electric interdependencies for the Winter 2004-2005 heating season. Among other actions, ISONE tied the two nomination timelines closer together so that electric generation could get as much capacity as possible. This effort is worth watching as NAESB addresses similar issues.
- It was noted that the FERC is in the process of scheduling meetings between electric communities and the pipelines that serve them, and the committee should pay attention to those meetings. The chair will follow these meetings.

### Possible Solutions:

- A new pipeline service was discussed that would be a hybrid between firm transportation (FT) and interruptible transportation (IT) and included the right to limited service that could only be used when needed. It was generally agreed that this idea would not be much help because in the winter when generators might need help the pipelines are generally full of firm customers although it might



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be of help in some instances.

- During the discussion, it was noted that electric companies in regulated markets may pass through the cost of FT, similar to the process used by LDC's Pass-through but not available in deregulated markets. Moreover, costs that can be passed through can vary from generation unit to generation unit.
- A reserve margin during pipeline construction could be created akin to the margin employed in electric generation, but it should exceed the safety margins that currently exist, and could depend on construction assumptions. This would probably require new certificates so require considerable time, years, to be available.
- It was also noted that standardization between the two industries of their curtailment rules could be beneficial. This might be discussed during the development of standards related to requests R04020 or R04021.
- Between now and the next meeting, Mr. Templeton will ask various members of the GEIC come to the next meeting prepared to address various ideas that came up at the 11-17-04 meeting as well maybe some new ideas.
- The next conference call will be scheduled in mid-January.

Action Items for  
Next Call:



# North American Energy Standards Board

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## ATTENDANCE

|    | <b>Name:</b> | <b>Organization:</b> | <b>Committee Member:</b>           | <b>NAESB Member:</b> |
|----|--------------|----------------------|------------------------------------|----------------------|
| 1  | Adrian       | Chapman              | Washington Gas                     | Y                    |
| 2  | Michael      | Desselle             | AEP                                | Y                    |
| 3  | Pete         | Frost                | Conoco Phillips                    | Y                    |
| 4  | Robert       | Gee                  | Gee Strategies                     | Y                    |
| 5  | Leonard      | Haynes               | Southern Company                   | Y                    |
| 6  | Sheila       | Hollis               | Duane Morris                       | Y                    |
| 7  | Reed         | Horting              | PECO Energy Company                | Y                    |
| 8  | Richard      | Kruse                | Duke Energy                        | Y                    |
| 9  | Lyn          | Maddox               | Prospect Energy                    | Y                    |
| 10 | Randy        | Mills                | ChevronTexaco                      | Y                    |
| 11 | John         | Procario             | Cinergy                            | Y                    |
| 12 | Richard      | Rudden               | RJ Rudden Associates               | Y                    |
| 13 | Rick         | Smead                | Navigant Consulting                | Y                    |
| 14 | Larry        | Smith                | El Paso                            | Y                    |
| 15 | Dennis       | Sobieski             | PSEG                               | Y                    |
| 16 | Joseph       | Stepenovitch         | Florida Power & Light              | Y                    |
| 17 | Jim          | Tempelton            | Comprehensive Energy Services      | Y                    |
| 18 | Gordon       | Brown                | California ISO                     | N                    |
| 19 | Kathryn      | Burch                | Duke Energy – Texas Eastern Trans. | Y                    |
| 20 | Christopher  | Burden               | Williams Gas Pipeline              | Y                    |
| 21 | James        | Cargas               | NAESB                              | Staff                |
| 22 | Dale         | Davis                | Williams Gas Pipeline              | Y                    |
| 23 | Andrew       | Dotterweich          | Consumers Energy                   | Y                    |
| 24 | Kristin      | Gillette             | Kern River Gas Transmission        | Y                    |
| 25 | Mark         | Gracey               | Tennessee Gas Pipeline             | Y                    |
| 26 | Bill         | Griffith             | CIG                                | Y                    |
| 27 | Tom          | Gwilliam             | Iroquois Gas Transmission          | Y                    |
| 28 | Tran         | Kimbel               | Dominion Resources                 | Y                    |
| 29 | Iris         | King                 | Dominion Transmission              | Y                    |
| 30 | Janie        | Nielsen              | Kern River Gas Transmission        | Y                    |
| 31 | Micki        | Schmitz              | Northern Natural Gas               | Y                    |
| 32 | Donna        | Scott                | Transwestern Pipeline Company      | Y                    |
| 33 | Mike         | Stender              | El Paso Natural Gas                | Y                    |
| 34 | Kim          | Van Pelt             | Panhandle Eastern Pipe Line        | Y                    |
| 35 | Randy        | Young                | Gulf South Pipeline Company LP     | Y                    |



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**via email and posting**

**TO:** Gas-Electric Interdependency Committee Members, and  
Managing Committee Members

**FROM:** Rae McQuade, NAESB Executive Director  
James Cargas, NAESB Deputy Director

**RE:** Notes from NAESB Board of Directors Gas-Electric Interdependency Committee  
Conference Call – February 1, 2005

**DATE:** February 9, 2005

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Dear Gas-Electric Interdependency Committee Member,

A NAESB Board of Directors Gas-Electric Interdependency Committee (GEIC) conference call was held on February 1, 2005 from 11:30 a.m. to 12:30 p.m. Central. The conference call provided a forum for the GEIC to update members on the progress of the Joint WEQ/WGQ Energy Day Subcommittee, and to review and discuss a list of possible disconnects between the electric and natural gas industries. The following notes and assignments resulted from the meeting.

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- Administration:
- Mr. Jim Templeton, NAESB Wholesale Gas Quadrant (WGQ) Board Member and Chair of GEIC, facilitated the meeting.
  - Mr. James Cargas read the antitrust advice and called the roll of committee members.
  - Mr. Templeton reminded everyone that GEIC will not be drafting anything, but only identifying areas for potential standards development. He provided a summary of the events leading to the formation of GEIC and reviewed its mission statement.
- Energy Day Update:
- Ms. Rae McQuade provided a summary of the WEQ/WGQ Joint Energy Day Subcommittee meeting on Jan. 24-25.
  - Many excellent presentations and proposals were made and more are planned for the next Energy Day Subcommittee meeting on Feb. 9-10 in Houston.
  - The consensus was that the Subcommittee should look at standards for communications between wholesale gas pipelines and generators (R04021) before developing a standard energy day (R04016). The WGQ and WEQ Executive Committees will amend their respective 2005 Annual Plans this week to accommodate this shift in priorities.
  - The term “generators” has been used in the broadest means to include traditional power generators, RTO’s and non-traditional generators.
  - The efforts of the Subcommittee include 3 different requests for standards: R04016, R04020 and R04021. Although in a strict sense the term “Energy Day” may appear to only refer to R04016, the Subcommittee, FERC and NAESB have all been using “Energy Day” to mean all work being done under these 3 requests. Future
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Discussion of  
Perceived Gas-  
Electric  
Disconnects:

meeting announcements will make this clearer.

- During the Dec. 15, 2004 FERC Open Meeting, Commissioner Brownell requested regular updates of NAESB's progress on energy day standardization. The first update will be provided to Commissioner Brownell, Chairman Wood and Commissioner Kelliher on Feb. 14. A meeting with Commissioner Kelly is pending.
- Mr. Rick Smead initiated a discussion of the perceived gas-electric disconnects work paper and comments received since the last conference call. He laid out several items for the GEIC to consider, including whether standards can play a role in addressing the disconnect. Where they cannot, GEIC can seek a policy determination from FERC, RTO or ISO before developing standards.
- It was cautioned that the energy day efforts and GEIC efforts need to make sure they are not a solution looking for a problem. Need to identify real problems, and not list things persons just do not like.
- Disconnect #1 – No Reserve Margin in Pipeline Industry. The two industries operate very differently with regards to “reserve” capacity. To the extent pipelines have reserves, they are more akin to electric spinning margins that electric reserve margins since they only exist to address short-term emergencies and not operational needs. Pipelines are built for the contracts they serve, and not peak capacity needs. Creating ‘interruptible’ firm pipeline capacity would have the effect of decreasing the value of firm capacity. Creating a mechanism for moving pipeline capacity around to fill gaps would be a policy, not a standardization, issue. A more organized capacity release mechanism could help, but does not overcome the lack of capacity.
- Disconnect #2 – Position in the Dispatch Queue. Although there are differences among the RTOs and ISOs that could be standardized, if there is no market advantage to firm capacity, then NAESB cannot address the issue. It was suggested that capacity requirements could be part of generation licensing. Generally lower heat-rate base units do have firm capacity since they can pass on the costs. For some, a decision to sell firm power without having either firm pipeline capacity or on-site fuel is a risk management and pricing decision that cannot be addressed by standards. While the electric industry takes on risk in the type of generation being built, the pipeline industry does not since they only build if capacity can be put under a firm contract.
- Disconnect #3 – Pricing of Electricity. If states required generators to have firm fuel whether they run or not then they would need to allow the generator to recover the cost of firm capacity whether or not it was used all the time. Otherwise they cannot afford it. It is rumored that in some cases generators have been able to get more for their available fuel gas on the open gas market than they would get selling electricity generated by the gas. If this is because of



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policy or regulation then maybe some thought should be given to relaxing the rules during peak periods of gas and electric use.

- Disconnect #4 – Treatment of Gas in Economic Dispatch. It was suggested that NERC and NAESB create a certification standard whereby “firm” power is defined as a generator with firm capacity or on-site fuel. Regional organizations may find such certification useful for reliability and dispatch reasons. Others can still bid interruptible power into the grid. First step may be NERC defining the reliability parameters. Then NAESB could provide a mechanism such as a certification.

## Attendance:

|    | <b>Name:</b> |              | <b>Organization:</b>          | <b>GEIC Member:</b> |
|----|--------------|--------------|-------------------------------|---------------------|
| 1  | Vicky        | Bailey       | Johnston & Associates         | Yes                 |
| 2  | Kathryn      | Burch        | Duke Energy                   |                     |
| 3  | Christopher  | Burden       | Williams                      |                     |
| 4  | James        | Cargas       | NAESB                         |                     |
| 5  | Valerie      | Crockett     | Tennessee Valley Authority    |                     |
| 6  | Mark         | Crosswhite   | Southern Company              | Yes                 |
| 7  | Dale         | Davis        | Williams                      |                     |
| 8  | Michael      | Desselle     | AEP                           | Yes                 |
| 9  | Joel         | Dison        | Southern Company              |                     |
| 10 | Robert       | Gee          | Gee Strategies Group          | Yes                 |
| 11 | Mark         | Gracey       | Tennessee Gas Pipeline        |                     |
| 12 | Sheila       | Hollis       | Duane Morris                  | Yes                 |
| 13 | Reed         | Horting      | PECO Energy                   | Yes                 |
| 14 | Skip         | Horvath      | NGSA                          |                     |
| 15 | Steve        | Huhman       | Mirant                        |                     |
| 16 | Iris         | King         | Dominion Transmission         |                     |
| 17 | Richard      | Kruse        | Duke Energy                   | Yes                 |
| 18 | Bill         | Lohrman      | NERC                          |                     |
| 19 | Lyn          | Maddox       | Oxadel Consulting             | Yes                 |
| 20 | Marcy        | McCain       | Duke Energy Gas Transmission  |                     |
| 21 | Rae          | McQuade      | NAESB                         | Yes, Ex Officio     |
| 22 | Randy        | Mills        | Chevron Texaco                | Yes                 |
| 23 | Michael      | Mount        | Black & Veatch                |                     |
| 24 | David        | Pfeifer      | Sungard                       | Yes                 |
| 25 | John         | Procario     | Cinergy                       | Yes                 |
| 26 | Richard      | Rudden       | RJ Rudden Associates          | Yes                 |
| 27 | Rick         | Smead        | Navigant Consulting Inc.      | Yes                 |
| 28 | Larry        | Smith        | El Paso                       | Yes                 |
| 29 | Dennis       | Sobieski     | PSEG                          | Yes                 |
| 30 | Joseph       | Stepenovitch | FRCC                          | Yes                 |
| 31 | Jim          | Templeton    | Comprehensive Energy Services | Yes, Chair          |
| 32 | Kim          | Van Pelt     | Panhandle Eastern             |                     |
| 33 | Kathy        | York         | Tennessee Valley Authority    |                     |



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**via email and posting**

**TO:** Gas-Electric Interdependency Committee Members, and Interested Industry Participants  
**FROM:** Rae McQuade, President  
Laura B. Kennedy, Meeting/Project Manager  
**RE:** Notes from the Gas-Electric Interdependency Committee Meeting on March 31, 2005  
**DATE:** April 11, 2005

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Dear Gas-Electric Interdependency Committee Members,

A meeting/conference call was held on March 31 to discuss the steps the GEIC should take to prepare for the June report to the FERC regarding energy day issues. The following notes resulted from the meeting.

- Administration:
- Ms. Kennedy read the antitrust advice, the agenda was adopted, and the members and observers introduced themselves.
- Energy Day Update
- An update on the work of the Energy Day committee was provided. The Energy Day committee has drafted a series of proposed standards that can be divided into three categories: communication standards for scheduled transactions, communication standards for unscheduled transactions, and communication standards during times of unanticipated extreme demand, such as the New England cold snap in January 2004.
  - Members of the IRC Council have expressed concerns that the standards drafted to address unanticipated extreme demand are too prescriptive, do not address regional differences, and encroach on reliability issues. The language of these standards will be discussed at the next Energy Day meeting on April 6 and 7 in Washington, DC.
  - NAESB, NERC, and the IRC will meet in Houston after the Energy Day meeting on April 18 and 19 to discuss the Energy Day emergency communication standards.
- Discussion:
- Mr. Templeton identified three motivations for scheduling the meeting. First, the Energy Day Committee has drafted standards to improve communication between gas pipelines and power plant operators. However, the draft standards alone are not sufficient to address the request from Chairman Wood to better coordinate natural gas pipelines and the electric grid. Second, while there has been significant increase in the use of natural gas by electric generators, the gas industry has not built additional capacity to support the market. Therefore, during very cold weather, there is limited available capacity to support electric generation. Third, the Energy Day discussions have not resulted in realistic solutions to the issues arising out of the New England cold snap in January 2004.
  - Mr. Dison stated that while the Energy Day committee has reviewed the



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interdependency of the gas and electric industries, the committee has not been able to appropriately identify and clearly define the problem that needs to be addressed. The market design provides the possibility that generation will not be available when a generator has not contracted for firm capacity. Mr. Dison stated that pipelines' business model is such that infrastructure is not built based on demand, but on firm contracts. The problems stemming from the cold snap in New England in 2004 were a result of the way the market is designed in that region and do not lend themselves to national standardization.

- Mr. Desselle stated that while the problems in the northeast were regional in nature, the larger issues have national implications that can be addressed by standardization.
- It was noted that decision by the Energy Day committee to focus on the request to improve communication between electric generators and pipelines does not address the challenges that resulted from the cold snap. Due to the disconnect between gas and electric timelines, gas-fired electric generators that have contracted for firm capacity must still utilize secondary contracts during times of unanticipated extreme demand. Other discussion added that the standardization of the wholesale electric market timelines would more likely address the perceived problems than a standard energy day.
- It was noted that gas and electric operators currently communicate on a company to company basis, but the standardization of that communication could increase market efficiency.
- State commissioners continue to be interested in the establishment of an energy day standard.
- It was commented on that NAESB has provided a valuable venue for the gas and electric industries to work together and begin to understand each others' perspective. While NAESB cannot establish policy for the industry, this committee can identify policy issues to be reviewed by policy makers. It was suggested that the issues be identified and categorized: those that require a policy decision, those that should be addressed by reliability organizations, those that are specifically regional and do not lend themselves to the national standardization process, and those that are appropriate for standardization.
- It was suggested that any standards developed by the Energy Day committee be retroactively applied to the conditions during the New England cold snap as a tool to determine how the standards would have been able to attenuate the situation. Further, it was suggested that involvement in the Energy Day effort from the commercial and business development departments of participating organizations could provide a different perspective and allow new ideas to be considered.
- It was noted that the report to the FERC should include the issues



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identified as those that are not appropriate for standardization as well as the reasons why the issue cannot be addressed by NAESB.

- The recommendations approved by the NERC Board of Trustees on June 15, 2004 were reviewed. The energy day work underway already addresses recommendations 2, 5, and 7. It was noted by the group that this should be included in the report to the commission.
  - Recommendation 1 — NERC Regions should include in their regional assessment program a review of the impact of any fuel transportation infrastructure<sup>1</sup> interruption that could adversely impact electric system reliability.
  - Recommendation 2 — NERC reliability coordinators or their delegates, subject to appropriate treatment of commercially sensitive information, should develop regular, real-time communications with pipeline operators about disturbances that could adversely impact the reliability of either the electric systems or the gas pipeline.
  - Recommendation 3 — For planning purposes, gas pipeline outages that could have an adverse impact on the reliability of the electric systems must be coordinated with the electric industry so that plans to mitigate any impacts to the electric systems may be developed.
  - Recommendation 4 — NERC should develop a reliability standard relating fuel infrastructure reliability to resource adequacy.
  - Recommendation 5 — NERC should include analysis of fuel infrastructure contingencies that could adversely impact the reliability of the electric systems in the NERC planning standards.
  - Recommendation 6 — NERC should establish a monitoring system that tracks fuel infrastructure contingencies that have, or could have, an adverse impact on electric system reliability.
  - Recommendation 7 — NERC should, in concert with other energy industry organizations, formalize communications between the electric industry and the gas transportation industry for the purposes of education, planning, and emergency response.
- <sup>1</sup> The focus of the GEITF was on gas transportation. However, interruptions to fuel delivery systems other than for gas could also have an adverse impact on electric system reliability.
- The FRCC has drafted ten year site plans to review how future generation will affect pipeline capacity and vice versa.
  - It was observed that while generators are willing to pay for service, but even if reserve capacity exists, pipeline tariffs do not allow pipelines to offer alternative products to peaking generators. An example was given that a waiver of rate caps would allow the pipeline to charge more than for firm capacity. There was support by several committee members that the possibility of the ability of a generator to commit to a specified



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Identification  
and  
Categorization of  
Issues:

number of peak days per year regardless of whether the service is utilized by the generator within that year. This direction would require a policy decision from the FERC.

- Participants provided a list of the issues that had been identified at the meeting as:
  1. Gas-fired generators are not communicating well with the pipelines (read that: they either come online without nomination of pipeline capacity or because they don't take delivery of their gas nominations evenly across the 24 hour period, it causes operational issues for the pipelines).
  2. Some gas fired generators will come online even when the pipeline tells them the pipeline cannot support their burns.
  3. Generally speaking, burning gas without authorization and/or replacing the gas back into the pipeline timely is an issue.
  4. The electric market designs allow generators to earn "capacity" credit without firm gas transportation and actually financially incent them NOT to buy firm transportation - yet the political realities do not take into account that this may result in fuel transportation unavailability.
  5. The relative timelines of RTO markets and gas nominations creates a situation in which a generator can actually pay for FIRM gas transportation and yet only get lower-quality secondary service.
  6. The ISO/RTO Council has expressed concern that NAESB should not alter their market timelines through standard development as this is a regional implementation – not a national concern.
  7. On cold days (i.e. on peak gas consumption days) there is not enough interruptible transportation to meet the gas demand served through that type of transportation.
  8. By statutory design, the gas industry builds pipelines and capacity based on FIRM contracts, not end use electric demand.
  9. Pipelines cannot create pipeline reserve without contracts because: (a) no cost recovery, (b) dilutes the value of firm transportation market, and (c) further encourages use of interruptible service (thus sending the wrong price signals to the market).
  10. Gas LDC's purchase their own "reserve" capacity in the form of additional FIRM pipeline service, but electric regulators have not been willing to give electric utilities cost recovery for the same level of "reserve" transportation for a peaking generator.
  11. Even if reserve capacity exists, pipeline tariffs are not flexible enough to create the necessary service products to match the operational requirements of peaking generators i.e., collect more than a firm approved tariff for a service that a peaking generator is



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willing to pay.

12. If society is not willing to pay for firm transportation for peaking capacity, then regulators may want to consider, at the state and local level, an emergency response program that determines whether - at times of peak gas demand - it is better to curtail electric demand or perhaps curtail other gas customers so that gas generators can be served for the "better social good."
13. Some pipelines may not break down the volumes at meters where there is more than one contract volume due to the confidential nature and market sensitivity of the information. This information may be necessary for grid operations where the gas is used for power generation.
14. In CAISO's comments, they discussed having network of informed people who they could contact apparently any time. This may be applicable on other than a regional basis, such that all operating area should have "HOT LINES" between key offices within that operating area and possibly adjoining connected areas to support informed and timely decision making.

- It was noted that many of the above points would require policy determinations from regulators.
- The group agreed to divide the points into the three categories: standardization issues, market design issues, and policy issues. The report to the FERC should catalog and explain each of these issues. Another category was added to address points that are primarily of a reliability nature.
- The committee agreed that the report to the FERC should include discussion of the issues identified as well as the communication standards developed by the Energy Day committee.

### Action Items:

- The task force will categorize the issues identified during this meeting in the following four groupings: (1) requiring policy direction and decisions from regulatory agencies or other groups, (2) appropriate for review for NAESB standards development, (3) appropriate to be forwarded to NERC for consideration for reliability standards development, and (4) appropriate for review as regional issues.
- The task force will edit or add additional issues that were overlooked during the discussion.
- A draft report will be prepared by the NAESB office and circulated for task force comment, and will include the issues, the categorization, the correlation to the NERC recommendations and the results from the Energy Day standards development. The report and the Energy Day communications standards will be reviewed by the Board at the meeting scheduled for June 16<sup>th</sup>. After approval by the Board, the report and business practices will be submitted to the FERC and other interested government agencies.



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- The committee will schedule a meeting in late April to review the draft report/framework and comments received.

Adjournment

- The meeting adjourned at 1:57 Central.

### Attendance:

| <b>First Name</b>  | <b>Organization</b>           | <b>Attendance</b> |
|--------------------|-------------------------------|-------------------|
| Michael Desselle   | AEP                           | In Person         |
| Joe Hartsoe        | American Electric Power       | Phone             |
| Gordon Brown       | California ISO                | Phone             |
| John Procaro       | Cinergy                       | Phone             |
| Jim Templeton      | Comprehensive Energy Services | In Person         |
| Kathryn Burch      | Duke Energy Gas               | In Person         |
| Richard Kruse      | Duke Energy Gas               | In Person         |
| Joe Stepenovitch   | FRCC                          | In Person         |
| Rae McQuade        | NAESB                         | In Person         |
| Laura Kennedy      | NAESB                         | In Person         |
| Veronica Thomason  | NAESB                         | In Person         |
| Rick Smead         | Navigant Consulting           | In Person         |
| Lyn Maddox         | Oxadel                        | In Person         |
| Joel Dison         | Southern Company              | In Person         |
| Dave Pfeifer       | Sungard                       | In Person         |
| Valerie Crockett   | TVA                           | In Person         |
| Adrian Chapman     | Washington Gas                | In Person         |
| Christopher Burden | Williams Gas Pipeline         | In Person         |



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**via email and posting**

**TO:** Gas-Electric Interdependency Committee Members, and Interested Industry Participants  
**FROM:** Rae McQuade, President  
Laura B. Kennedy, Meeting/Project Manager  
**RE:** Notes from the Gas-Electric Interdependency Committee Meeting on May 17, 2005  
**DATE:** June 14, 2005

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Dear Gas-Electric Interdependency Committee Members,

A meeting/conference call was held on May 17 to review the GEIC report that will be submitted to the FERC along with the Energy Day communication business practices. The following notes resulted from the meeting.

- Administration:
- Ms. Kennedy read the antitrust advice, the agenda was adopted, and the members and observers introduced themselves.
- Review of the Report, Category Definitions, and Category Classifications:
- The committee reviewed the Report on the Efforts of the NAESB Gas-Electric Interdependency Committee that will be submitted for Board approval at the June 22, 2005 Board meeting.
  - The committee added a new section to the report titled "Considerations" to emphasize factors that should be considered when reviewing the "Issues Identified." The considerations identify issues that contribute to the complexity of the interdependency of the gas and electric markets. The considerations listed include the difference between the regulatory framework for the wholesale gas market and the wholesale electric market; the severity of the coordination issues and the relationship between the day-ahead electric market to the real-time electric market may vary significantly across regions; and that in addressing the issues, when incorporating regional differences are appropriate, it should be considered that such incorporation may present difficulties to entities, such as long-line pipelines, that do business across multiple regions.
  - The committee modified the language of Issues 4, 12, and 13. Issues 7, 8, and 9 were combined.
  - The Conclusion and Summary was modified to state that the individuals who develop the business practices to address the coordination of the natural gas and wholesale electric markets would optimally be individuals who have knowledge of both markets and that the development of the business practices would include a qualitative cost-benefit analysis.
  - A new section titled "Next Steps" was added to highlight that the Board recognizes that the two outstanding requests-R04016 (Request to develop a standard definition for Energy Day) and R04020 (Request to establish business standards relating to electric transaction scheduling and timelines) identify symptoms of the Issues Identified in the report. Also in Next Steps, the GEIC determined that the report should state



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that the Board would charge the GEIC with the task of drafting a request for standards development to reflect the intent of R04016 and R04020 that would be approved by the entire Board to ensure that the industry support as presented by the Board of Directors is indicated.

Assignments to committee members to call other Board members:

- Mr. Desselle volunteered to contact the Board Members in the Wholesale Electric Quadrant to discuss the report. Mr. Templeton, Mr. Maddox, and Mr. Smead volunteered to contact the Board Members in the Wholesale Gas Quadrant. Mr. Pfeifer volunteered to contact the Board Members in the Retail Gas Quadrant. Mr. Crosswhite and Mr. Haynes will contact the Board Members in the Retail Electric Quadrant. The volunteers will contact the Board Members prior to the Board Meeting on June 22.

Next Steps:

- Ms. McQuade will modify the report to include the changes discussed during this meeting and circulate to the members of the GEIC for review once more before it is distributed to the full Board. A copy of the report that includes the changes made during this meeting is posted on the NAESB website at: <http://www.naesb.org/pdf2/geic051705a2.doc>.
- Mr. Pfeifer, Mr. Maddox, and Mr. Templeton volunteered to work to draft the request to be submitted by the GEIC that combines the intent of the two outstanding Energy Day requests and includes other aspects of gas-electric interdependency identified in the issues list that are ripe for business practices development.

Adjournment

- The meeting adjourned at 2:24 Central.

### Attendance:

| Name               | Organization                  | Attendance |
|--------------------|-------------------------------|------------|
| Kathryn Burch      | Duke Energy                   | In Person  |
| Christopher Burden | Williams Gas Pipeline         | In Person  |
| Valerie Crockett   | Tennessee Valley Authority    | Phone      |
| Michael Desselle   | American Electric Power       | Phone      |
| Robert Gee         | The Gee Strategies Group      | Phone      |
| Laura Kennedy      | NAESB                         | In Person  |
| Lyn Maddox         | Oxadel Consulting             | In Person  |
| Rae McQuade        | NAESB                         | In Person  |
| David Pfeifer      | SunGard EnForm Consulting     | In Person  |
| Rick Smead         | Navigant Consulting           | In Person  |
| Joe Stepenovitch   | FRCC                          | In Person  |
| Jim Templeton      | Comprehensive Energy Services | In Person  |
| Veronica Thomason  | NAESB                         | In Person  |
| Ken Wiley          | FRCC                          | Phone      |



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September 29, 2004

**TO:** NAESB Board Members, Posting for Interested Industry Participants  
**FROM:** DeDe Kirby, NAESB Meeting/Project Manager  
**RE:** Final from the NAESB Board of Directors Meeting – September 16, 2004

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
NAESB BOARD OF DIRECTORS MEETING & STRATEGIC SESSION  
September 16, 2004 in Austin, TX hosted by NAESB  
Final Minutes**

## **1. Administration and Welcome**

Mr. Desselle called the meeting to order. Mr. Desselle welcomed the board members and participants. Mr. Boswell advised the participants of the anti-trust guidelines. Ms. Kirby then called roll for the board members. Mr. Desselle announced that quorum was established. Mr. Brown made a motion to adopt the draft minutes of June 10, 2004, and Mr. Templeton seconded the motion. The minutes were adopted by consent. Mr. Desselle reviewed the agenda for the meeting. Mr. Grim made a motion to adopt the agenda, and Mr. Templeton seconded the motion. The agenda was adopted by consensus.

## **2. Sunset Provision**

Mr. Desselle advised the group that the Sunset Provision was in Article 1, Section 2 of the Certificate of Incorporation. (A description of the provision is also located in the Board of Directors Meeting September 16, 2004 book on page 24, hereafter referred to as the Board Meeting book.) Mr. Desselle offered the following resolution:

RESOLVED, That the Board of Directors of the North American Energy Standards Board (NAESB) recommends to the membership that NAESB's existence as a corporation shall continue; provided, however, that no later than December 31, 2014 NAESB's Board of Directors shall submit to the members a resolution recommending whether NAESB shall continue, and further,

RESOLVED, that the provisions of Article 1, Section 2 of the Amended and Restated Certificate of Incorporation shall be amended to reflect this provision upon ratification by the membership, and further,

RESOLVED, that the Board of Directors directs that NAESB's General Counsel shall make an appropriate filing with the Secretary of State of the State of Delaware to effect this change upon such ratification by the membership.

Ms. Ogenyi made a motion to adopt the sunset provision resolution and Mr. Maassel seconded the motion. Mr. Boswell informed the participants that a super majority vote was needed under Article V Section 3 of the Certificate for passage of the resolution. A super majority vote consists of the following: 75% affirmative vote of the Board, including 40% from each segment, and ratification by 90% of the membership. The vote could be taken by consent or if needed, by a roll call vote.

Mr. Novak commented that although he understood the reasoning of setting the sunset provision at 10 years instead of three, he questioned the need for change. Mr. Novak added



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that the three year sunset provision review added strength to the organization. Mr. Boswell said that the Managing Committee had discussed different time periods for the provision, and arrived at ten years as a reasonable compromise. He added that NAESB's ten year anniversary added strength to the reasoning behind setting the sunset provision at ten years. Also, the Board may dissolve the organization at any time, or members can drop their memberships and have the same effect.

Hearing no further discussion, Mr. Desselle called for a vote. Ms. Ogenyi's motion was widely supported, with one vote cast in opposition. Notational ballots, however, would be distributed since some segments did not have 40% representation. The voting record is shown below.

### **3. Review of the Strategic Session and Next Steps**

Mr. Desselle referred to his memo entitled "Strategic Session Next Steps" dated August 31, 2004 and proposed that three subcommittees be created to further the work from the June strategic session. He described the proposed subcommittees and their purposes: The Gas-Electric Coordination Subcommittee was proposed to address interdependency issues and provide guidance to the EC; the Retail Standards Awareness Subcommittee was proposed to operate as a liaison between state regulators, industry and other groups to make them more aware of NAESB and the standards development process; and the Resources Subcommittee was proposed to address membership issues. Mr. Grim made a motion to form the three new subcommittees, and Mr. Burks seconded the motion.

Mr. Brown commented that the purposes of the subcommittees could lead them to become less focused on actual deliverables. He also questioned whether the focus of the groups might lead to deliverables that the Board did not actually request or want. Mr. Desselle explained that the subcommittees would be of an ad hoc nature. The subcommittees would adopt their own schedules for deliverables and would report to the Board of Directors through the Managing Committee.

Mr. Stewart asked if the purpose of the Retail Awareness Subcommittee could be construed as lobbying or advocacy activity by NAESB. Mr. Desselle explained that the purpose of the group was to act as an educational group that would act to inform state commissioners of the role NAESB plays in the development of standards, and the standards that had already been developed through NAESB. Mr. Burks offered an example from Massachusetts of why the purpose and focus of this subcommittee would be a valuable tool to the commissioners and to the industry. Mr. Burks said the subcommittee would have a positive role in informing and educating the industry and state commissioners as to NAESB's role.

Mr. Desselle noted that Energy Day was scheduled for December 1 & 2, in New York, NY and would be providing a forum for discussion on coordination and communication between the gas and electric industries. He explained that it was very likely that several policy issues would be raised and that the Gas-Electric Coordination Subcommittee would be assisting with facilitating discussion over these policy issues and the development of standards.

Mr. Novak asked that the board to be vigilant in monitoring the subcommittees to make sure they did not take on a role of advocating. Mr. Desselle agreed. Mr. Desselle explained that the subcommittees would follow the NAESB process and be open to participation according to the NAESB Bylaws.

After further discussion of the motion, it passed unanimously by consensus.



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## **4. Reports from the NAESB office**

### **A. Executive Director Report**

Ms. McQuade explained that attendance on the monthly update calls had included participants from up to twenty state commissions, three federal agencies, several trade associations, and many NAESB members. She added that the monthly update call is one hour in length and that there is no charge. Ms. McQuade said recommendations were welcome for specific topics during the update, and asked that they be submitted to the NAESB office. Ms. McQuade added that subcommittee chairs were present on the calls and described actions taken in their respective subcommittees. She commented that NAESB had received many positive reports from state commissioners and NARUC regarding the monthly update phone calls.

Next, Ms. McQuade gave the membership report. She explained that membership dropped from 357 at the beginning of the year, to 327 as of to date. Ms. McQuade explained that the loss in membership was significant in light of the beginning of the year projections that membership would rise to 380. She continued by explaining that the loss in revenue compared to budget was primarily due to the loss of membership. Ms. McQuade gave a report on the new membership and membership resignations for each quadrant: WEQ gained 4 new members, and sustained 22 member resignations; WGQ gained 6 new members and sustained 7 member resignations; REQ gained one new member and sustained 8 member resignations; and RGQ had no gain in membership but sustained 4 member resignations.

Ms. McQuade reminded the group that each quadrant is required by NAESB's Certificate of Incorporation to maintain 40 members. However, no specific actions are listed for when quadrant membership falls below 40. Ms. McQuade explained that the Board is to be made aware that a specific quadrant does not meet membership requirements, and the Board may take specific actions as it deems appropriate.

Mr. Brown asked if NAESB had completed exit interviews for those members leaving NAESB, as well as interviews for new members. Ms. McQuade explained that NAESB did conduct exit interviews and that several of the companies that had resigned their memberships did so because the individual(s) responsible for NAESB meetings in their organizations were no longer with that company, the company had multiple memberships and did not need as much coverage at NAESB, the company was having financial difficulties and could not maintain membership or multiple membership, or retail markets did not develop as anticipated. She commented that another reason for the loss of membership was that industry participants could vote and participate in subcommittees without being a member, but she added that this was normal for standards development organizations and not necessarily a negative as one of the goals of the organization is broad participation. It does however mean that the members subsidize the non-members.

Ms. Ogenyi added that perhaps the new Resources Subcommittee could facilitate new memberships and ways in which the free rider problem might be addressed. Mr. Desselle then informed the group that Mr. Cargas of the NAESB office would be working with the Resources Subcommittee and dealing with membership retention and expansion on a full time basis. Mr. McMillan questioned if NAESB should give consideration to merging the two retail quadrants into one, since the majority of the RGQ/REQ meetings were held jointly and their membership separately falls below the required threshold. He added that it might be more effective to have one retail quadrant. Mr. McMillan commented that he also shared Ms. Ogenyi's concerns about participation by members of the industry that were not NAESB members. He questioned if a method of recognizing those participants that are not members was needed.



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Mr. Desselle explained the increase of participation in NAESB meetings, by members and non-members alike, had positive effects as well. He said that those participants that are not members have substantially added to the discussion and standards development process in NAESB meetings. He added that the use of phone lines during NAESB meetings has increased from 350 lines to 450 lines per month, and that NAESB meetings have increased from an average of 22 to 34 meetings per month.

Pertaining to the formation of one retail quadrant, Mr. Novak explained that the issue of retail membership was a sign of a broader problem among the retail quadrants. Mr. Novak explained that perhaps NAESB should question the relevancy of the work going on in the retail quadrants if NAESB retail memberships were not meeting the required number. Mr. Boswell explained that the Certificate states that there may be as many as four quadrants, not that there must be four quadrants. He added that the Board is required to review minimum participation requirements every other year, according to section 2.3 of the NAESB Bylaws. Mr. Boswell explained the Board may take action when membership drops below the required minimum of 40 in a quadrant, but that the Board action is not a requirement.

Ms. McQuade then reviewed the FERC filings made to date, including standards implementing FERC Order 2004 (WGQ) and the WEQ Seams Catalog. She added that minor modifications to version 1.7 of the WGQ standards should be filed in late September. Ms. McQuade explained that the Gas Electric Coordination Task Force Final Report was recently approved by the Executive Committee and would be filed with the FERC in the near future. She added that depending on the actions taken by the WGQ EC at the meeting to be held the afternoon of September 16, 2004, the Gas Quality Reporting Standards could soon be ready for filing with the FERC as well. Ms. McQuade continued by explaining that several business practice standards from the WEQ were on track to be filed with the FERC including the Version 0 Business Practice Standards and the standards on OASIS 1A. She added that instead of filing the WEQ standards on piecemeal basis as they are prepared, the FERC staff has asked for one filing with the WEQ standards by at near yearend so that they would be processed in a single docket for wholesale electric business practices. Ms. McQuade explained that although NAESB did not make specific filings with state commissions, NAESB did provide updates and status reports to the state commissions and NARUC.

### **B. Financial Report**

Next, Ms. Wishart reviewed the NAESB Financial Report as of July 2004. She explained that the NAESB budget for expenses was \$1,118,386, but that expense actuals were \$1,026,233. Ms. Wishart also explained that the NAESB budget for income was \$1,740,520, but that income actuals were \$1,530,310. She explained that revenues have decreased due to loss of memberships, and that this loss of membership accounts for \$200,000 loss in financials. She added that the numbers were also adjusted to project where the NAESB financial report would be at the end of the year. The end of the year projection was for a net profit of \$25,000 which would be applied to the negative retained earnings.

### **5. Executive Committee Reports**

Ms. Van Pelt reviewed the WGQ annual plan, located on pages 62-64 of the Board Meeting Book. She said the Gas-Electric Scheduling Activities assigned to the Gas-Electric Coordination Task Force (Item 1) were complete. The FERC Order 2004 (Item 2) had been completed by the Business Practices Subcommittee and ratified by the Executive Committee. The preparation of documents and submission of EDM standards to ANSI for approval as ANSI standards assigned to the EDM subcommittee (Item 3), along with the review of security and



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reliability of NAESB EDM Standards assigned to the Executive Committee Officers (Item 4) would roll over to the 2005 annual plan. Ms. Van Pelt explained that the task of reviewing and enhancing security standards as required by technological changes (Item 5) assigned to the EDM subcommittee will remain on the annual plan, but the reviews will be conducted under version 1.8. She informed the group that the review of minimum technical characteristics in Appendices C, D, and E of the EDM Manual (Item 6) assigned to the EDM Subcommittee was complete, but that the items would be reviewed again before publication and that they would be modified if necessary.

Ms. Van Pelt added that the preparation of a common NAESB Electronic Transport (ET) and WGQ Quadrant Electronic Delivery Mechanism (WGQ QEDM) manuals (Item 7) assigned to the EDM Subcommittee, is under development and on target for completion by the end of the 2004 4<sup>th</sup> Quarter. The establishment of web-based reports for tracking all physical and chemical properties of natural gas defined in pipeline tariffs as assigned to the BPS (Item 8) was complete and on the agenda for a vote at that afternoon's WGQ EC meeting. The review and development of ISDA Gas Annex Contract assigned to the Contracts Subcommittee (Item 9), was on target for completion by the end of the 2004 4<sup>th</sup> Quarter. Ms. Van Pelt then reviewed ongoing maintenance items and explained that one provisional item was added at the August EC meeting - the subsequent FERC Orders for creditworthiness. She added that once the FERC Orders were issued, the WGQ would review them to see if any new WGQ adjustments were needed.

Ms. Kiselewich reviewed the RGQ/REQ Annual Plans, found on pages 71-79 of the Board Meeting Book. She began with Billing and Payment Datasets and Models project assigned to the Customer Practices Subcommittee (RGQ- Item 1), and explained that although the CPS was taking more time than expected the project was on target to be completed by the end of the 4<sup>th</sup> Quarter. The model business practices under the Market Participant Interactions project (RGQ - Item 2) assigned to the Supplier-Utility Interface Subcommittee (SUIS) were complete and approved by the RGQ/REQ Executive Committee on August 25, with industry ratification set for completion on October 7<sup>th</sup>. She continued that the development of practices for exchanging customer information necessary interactions prior to enrollment and billing assigned to the CPS (RGQ - Item 3) was on target for completion by the end of the year. Ms. Kiselewich said the development of dispute resolution procedures applicable to differences between distribution companies and suppliers assigned to the SUIS (RGQ - Item 4) was still ongoing and would be completed by the end of the 4<sup>th</sup> Quarter.

Ms. Kiselewich said the Customer Enrollment project (RGQ - Item 5), the project to examine WGQ Non-EDM Standards (RGQ - Item 6), and Customer Inquiries project (RGQ - Item 7) were all set to be completed in 2005. She explained that the Supplier Certification task assigned to the SUIS (RGQ - Item 8) had been clarified by the REQ/RGQ EC to develop practices for distribution companies to register/certify new Suppliers when they seek to begin doing business in the distribution company's service area. She added that this project was set to be completed in 2005.

Ms. Kiselewich informed the group that the establishment of a subcommittee process for the Technical Electronic Implementation Subcommittee (RGQ - Item 10) was complete. She added that the TEIS review of Billing and Payments was underway and scheduled for completion in 2005. She continued by explaining that work assigned to the TEIS (to be done jointly with the WGQ EDM Subcommittee) concerning electronic transport (RGQ - Item 12, REQ Item - 14) was complete, but that the Quadrant EDM project (RGQ - Item 13, REQ - Item 15) assigned to the TEIS was still underway. She added that the Customer Enrollment and Switching project as



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applicable to the TEIS was set for completion in 2005, along with the Customer Information project as applies to the TEIS.

Ms. Kiselewich explained that a number of items were set to be reviewed by the REQ that did not apply to the RGQ. She explained that the Retail Meter Data Validation, Editing, and Estimating project assigned to the SUIS (REQ – Item 9) was set for completion in 2005, along with the Load Profiling project (REQ – Item 10) and the Settlement Process project (REQ – Item 11). Ms. Kiselewich added that the work assigned to 2005 was approved by the RGQ/REQ Executive Committee on the August 31 conference call and was now set for approval by the Board.

Mr. Desselle reviewed the WEQ Annual Plan, found on pages 65-70 of the Board Meeting Book. Mr. Desselle reviewed the development of business practices as needed to complement reliability standards (Item 1) and explained that the Inadvertent Interchange Payback Business Practices were anticipated for completion in the fall, and that Coordinate Interchange Business Practice was complete and being submitted to the FERC later in the year. He added that Coordinate Operations was complete in that it was determined that no BPs were needed, and that Operate Within Limits was still in the scoping phase. Mr. Desselle explained that the Business Practices Subcommittee was still working on the Version 0 Business Practices, and that draft 2 of the BPs had recently gone out for industry comment. He informed the group that the NAESB BPS was working collaboratively with NERC in the development of Version 0.

Mr. Desselle then informed the group that the development of OASIS Phase 1A (Item 2) was underway and several parts would be ratified before yearend. Mr. Desselle explained that work on OASIS Phase II was also still underway with a 2 to 3 year time phase for implementation. He added that work concerning the security public key infrastructure (PKI) initiative was also underway, coordinated with NERC. Mr. Desselle explained that a year long effort to identify and catalog every the seams issue was complete with several requests for standards to be developed from the Seams catalog (Item 3) being developed. He then informed the group that the effort to determine the need for and develop standards requests for electric or gas standards required to provide additional flexibility in generation scheduling (Item 4) assigned to the GECTF was underway. There were no changes to the WEQ Annual Plan.

Mr. Mills commented that balanced participation was needed from both the WEQ and WGQ with respect to Energy Day, scheduled for December 1 & 2. He added that the effort would be wasted if the WEQ did not fully participate. Mr. Novak supported strong participation by both quadrants based on the benefits received by the WGQ when they developed the standards for establishing a gas day standard.

Mr. Templeton moved to adopt the WGQ and RGQ/REQ Annual Plans as modified. Mr. Brown seconded the motion. The motion passed without objection.

Mr. Desselle introduced guests Mr. Nevius and Mr. Lohrman from the North American Electric Reliability Council (NERC). Mr. Nevius said the Memorandum of Understanding was successfully ensuring NAESB – NERC coordination and minimizing duplication. He thanked Mr. Desselle and Ms. McQuade for their recent trip to NERC's offices. He also thanked all the people in the task forces and subcommittees for their hard work. He gave a few brief comments concerning the ongoing support NERC has for the development of the NAESB Version 0 Business Practices in collaboration with the NERC Reliability Standards. He added that he looked forward to more communication and coordination with NAESB in the future.



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### **6. Plan for December Board Meeting**

Mr. Desselle combined Item 6 of the agenda with Item 7 below.

### **7. Old and New Business**

Mr. Desselle explained that final approval of the 2005 annual plans and budget would be scheduled for the March 2005 Board meeting. He added that these items would be introduced at the December 9<sup>th</sup> Board meeting.

Ms. McQuade said the FERC filings scheduled for the year end would need to be reviewed at the December 9<sup>th</sup> Board meeting. She added that the plan for the 2005 Advisory Council meeting would also need to be added to the December 9<sup>th</sup> agenda. She commented that the group should forward items for inclusion in the December 9<sup>th</sup> Board meeting agenda to the NAESB office.

Mr. Brown commented that the WEQ Version 0 effort was scheduled for completion at the end of the year. He questioned if there was a need to notify the membership accordingly that the WEQ EC vote concerning adoption of the Version 0 Business Practices would be taken and a full turnout would be needed for this vote. Mr. Desselle commented that notice would be given to the WEQ members balloting the effort that a vote to ratify the WEQ EC vote would be taken at the December 9<sup>th</sup> Board meeting.

Mr. Desselle informed the group that the December 9<sup>th</sup> Board meeting was to be held in Houston, Texas at the Marriott Airport Hotel.

### **8. Adjourn**

Mr. Maassel moved to adjourn the meeting, and Mr. Brown seconded the motion. The meeting was adjourned by consent at 11:05 a.m. central.



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## 9. Board Attendance

Vote 1 records the vote taken on Ms. Ogenyi's motion to adopt the sunset provision resolution.

### NORTH AMERICAN ENERGY STANDARDS BOARD 2004 BOARD – Wholesale Gas Quadrant

| END USER SEGMENT        |  | ATTENDANCE | VOTE 1     |
|-------------------------|--|------------|------------|
| Jim Downs               | Calpine Corp.  | Absent     |            |
| <b>Joe Stepenovitch</b> | Florida P&L  | Absent     |            |
| John Procaro            | Cinergy  | In Person  | For        |
| Janie Mitcham           | Reliant Energy   | Absent     | Ballot/For |
| Jim Templeton           | Comprehensive Energy Services  | In Person  | For        |
| <b>LDC SEGMENT</b>      |  |            |            |
| Tim Kelley              | Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company | Absent     | Ballot/For |
| Adrian Chapman          | Washington Gas Light Company   | In Person  | For        |
| Reed Horting            | PECO Energy Co.  | In Person  | For        |
| Mike Novak              | National Fuel Gas Distribution Corporation                                   | In Person  | For        |
| Lee Stewart             | Southern California Gas Co   | In Person  | For        |
| <b>PIPELINE SEGMENT</b> |  |            |            |
| Terry McGill            | Enbridge Energy  | On Phone   | For        |
| John Somerhalder        | El Paso Energy Pipeline Group  | Absent     | Ballot/For |
| Shelley Corman          | Transwestern Pipeline, Enron Transportation Services Company                 | On Phone   | For        |
| Ron Mucci               | Williams Gas Pipeline  | In Person  | For        |
| Richard Kruse           | Duke Energy Gas Transmission   | In Person  | For        |
| <b>PRODUCER SEGMENT</b> |  |            |            |
| Randy Mills             | ChevronTexaco  | In Person  | For        |
| William T. Benham       | BP Energy Company  | Absent     |            |
| Keith Sappenfield       | EnCana Oil & Gas (USA) Inc.  | In Person  | For        |
| Bill Hebenstreit        | El Paso Production Company   | In Person  | For        |
| Pete Frost              | ConocoPhillips Gas and Power Marketing                                       | In Person  | For        |
| <b>SERVICES SEGMENT</b> |  |            |            |
| VACANCY                 | VACANCY  |            |            |
| VACANCY                 | VACANCY  |            |            |
| Jim Buccigross          | Group 8760 LLC   | Absent     | Ballot/For |
| Lyn Maddox              | Prospect Energy  | On Phone   | For        |
| VACANCY                 | VACANCY  |            |            |

### NORTH AMERICAN ENERGY STANDARDS BOARD 2004 BOARD – Retail Electric Quadrant

| <b>DISTRIBUTOR SEGMENT</b> |  |           |            |
|----------------------------|--|-----------|------------|
| David Koogler              | Dominion Virginia Power (SERC NERC Region).  | In Person | For        |
| Bill Bourbonnais           | WPS Resources Corporation (MAIN NERC Region) | In Person | For        |
| Johnny Magwood             | Baltimore Gas and Electric Company           | In Person | For        |
| <b>Leonard Haynes</b>      | Southern Company Services (SERC NERC Region) | On Phone  | For        |
| <b>END USER SEGMENT</b>    |  |           |            |
| Sonny Popowsky             | Pennsylvania Office of Consumer Advocate     | Absent    | Ballot/For |
| Bryan Anderson             | Foley & Lardner                              | In Person | For        |
| V A C A N C Y              |  |           |            |
| V A C A N C Y              |  |           |            |
| <b>SERVICES SEGMENT</b>    |  |           |            |
| V A C A N C Y              |  |           |            |
| Stacey Wood                | The Structure Group                          | In Person | For        |
| J Cade Burks               | EC Power                                     | In Person | For        |
| V A C A N C Y              |  |           |            |



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## SUPPLIER SEGMENT

|                 |                                 |           |     |
|-----------------|---------------------------------|-----------|-----|
| Brian Landrum   | Reliant Energy Retail Services  | Absent    |     |
| David Booty     | Direct Energy Business Services | Absent    |     |
| David McMillan  | Green Mountain Energy           | In Person | For |
| Richard Zelenko | Dominion Retail Inc.            | In Person | For |

## NORTH AMERICAN ENERGY STANDARDS BOARD 2004 BOARD – Wholesale Electric Quadrant

### END USER SEGMENT

|                  |  |        |            |
|------------------|--|--------|------------|
| John A. Anderson | Electricity Consumers Resource Council (ELCON)       | Absent |            |
| Jeanne Zaiontz   | BP Energy Co.  | Absent |            |
| Carol Guthrie    | ChevronTexaco Energy Research and Technology Company | Absent |            |
| Patricia Smith   | Maryland People's Counsel                            | Absent |            |
| Ron Jackups      | Cinergy  | Absent | Ballot/For |
| Thomas Dunleavy  | New York Public Service Commission                   | Absent | Ballot/For |

### DISTRIBUTION/LSE SEGMENT

|                    |   |          |            |
|--------------------|---|----------|------------|
| Frank Johnson      | Consumers Energy                                | Absent   | Ballot/For |
| Jim Miller         | Southern Company Services Inc.                  | Absent   | Ballot/For |
| Barry R. Lawson    | National Rural Electric Cooperative Association | On Phone | For        |
| Arthur G. Fusco    | Central Electric Power Cooperative Inc.         | Absent   |            |
| Mark B. Bonsall    | Salt River Project                              | Absent   |            |
| Carrie Cullen Hitt | Constellation NewEnergy                         | Absent   |            |

### GENERATION SEGMENT

|                      |                                       |           |            |
|----------------------|---------------------------------------|-----------|------------|
| Forrest E. Reeves    | Southwestern Power Administration     | Absent    |            |
| Charles W. Severance | Wisconsin Public Service Corporation  | On Phone  | For        |
| John J. Dellas       | Consumers Energy                      | On Phone  | For        |
| Dennis Sobieski      | PSEG Power                            | In Person | For        |
| Thomas Ingwers       | Sacramento Municipal Utility District | Absent    | Ballot/For |
| Gloria Ogenyi        | Conectiv Energy Supply, Inc.          | In Person | For        |

### TRANSMISSION SEGMENT

|                         |                                      |           |     |
|-------------------------|--------------------------------------|-----------|-----|
| W Terry Boston          | Tennessee Valley Authority           | Absent    |     |
| Peter Flynn             | National Grid USA                    | In Person | For |
| Paul McCoy              | Trans-Elect                          | In Person | For |
| Carroll Waggoner        | Sunflower Electric Power Corporation | In Person | For |
| John H. Zemanek         | Entergy Services, Inc.               | Absent    |     |
| <b>Michael Desselle</b> | American Electric Power              | In Person | For |

### MARKETER/BROKER SEGMENT

|                 |   |           |            |
|-----------------|---|-----------|------------|
| Allen L. Burns  | Bonneville Power Administration                       | On Phone  | Against    |
| R. Scott Brown  | Exelon Generation Power Team                          | In Person | For        |
| Thomas A. Smith | Tri-State Generation & Transmission Association, Inc. | Absent    |            |
| Jim Mayhew      | Mirant Corp.  | Absent    | Ballot/For |
| Michael Grim    | TXU Energy  | In Person | For        |
| Joseph Hartsoe  | American Electric Power Marketing Inc.                | In Person | For        |

## NORTH AMERICAN ENERGY STANDARDS BOARD 2004 BOARD – Retail Gas Quadrant

### DISTRIBUTORS SEGMENT

|                        |  |           |     |
|------------------------|--|-----------|-----|
| Craig White            | Philadelphia Gas Works                                   | Absent    |     |
| Glen R. Schwalbach     | Wisconsin Public Service Corporation                     | Absent    |     |
| <b>Mark T. Maassel</b> | Northern Indiana Public Service Company (NiSource, Inc.) | In Person | For |
| Paul J. Szykman        | UGI Utilities, Inc.                                      | On Phone  | For |
| V A C A N C Y          |  |           |     |
| V A C A N C Y          |  |           |     |

### END USERS SEGMENT



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|                    |  |           |     |
|--------------------|--|-----------|-----|
| Matthew G. Parsell | Indiana Office of Utility Consumer Counselor | Absent    |     |
| Tina Burnett       | Northwest Industrial Gas Users Association   | In Person | For |
| VACANCY            |  |           |     |
| VACANCY            |  |           |     |
| VACANCY            |  |           |     |

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**SERVICE PROVIDERS SEGMENT**

|                   |                               |           |            |
|-------------------|-------------------------------|-----------|------------|
| Leigh Spangler    | Latitude Technologies Inc.    | In Person | For        |
| Dave Pfeifer      | SunGard EnForm Consulting, LP | On Phone  | For        |
| Dave Darnell      | Systrends Inc.                | In Person | For        |
| Greg Lander       | CapacityCenter.com            | Absent    | Ballot/For |
| Richard J. Rudden | R. J. Rudden Associates, Inc. | On Phone  | For        |
| VACANCY           |                               |           |            |

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**SUPPLIER SEGMENT**

|               |                          |        |  |
|---------------|--------------------------|--------|--|
| Randy Magnani | Amerada Hess Corporation | Absent |  |
| VACANCY       |                          |        |  |

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## 10. Other Attendance

| <b>Name</b>         | <b>Organization</b>            | <b>Attendance</b> |
|---------------------|--------------------------------|-------------------|
| Arnaout, Mariam     | American Gas Assc.             | On Phone          |
| Brown, Ken          | PSEG                           | On Phone          |
| Cargas, Jim         | NAESB                          | In Person         |
| Connor, Pete        | NiSource                       | On Phone          |
| Burch, Kathryn      | Duke                           | In Person         |
| Burden, Christopher | Williams Gas Pipeline          | In Person         |
| Davis, Dale         | Williams Gas Pipeline          | In Person         |
| Dotterweich, Andrew | Consumers Energy               | On Phone          |
| Gracey, Mark        | TS Gas Pipeline                | In Person         |
| Grygar, Bill        | Panhandle Eastern              | In Person         |
| Hoffman, Cheryl     | Hoffman Paulson Assc.          | In Person         |
| Hughes, John        | Elcon                          | On Phone          |
| Johnson, Alan       | Mirant                         | In Person         |
| Kennedy, Laura      | NAESB                          | In Person         |
| Kirby, DeDe         | NAESB                          | In Person         |
| Lohrman, Bill       | NERC                           | In Person         |
| McCain, Marcy       | Duke                           | In Person         |
| McKay, Robert       | Constellation                  | In Person         |
| McQuade, Rae        | NAESB                          | In Person         |
| Nevius, Dave        | NERC                           | In Person         |
| Oncken, Todd        | NAESB                          | In Person         |
| Paulson, Lawrence   | Hoffman Paulson Assc.          | In Person         |
| Schwermann, Bob     | Sacramento Muni. Utility Dist. | In Person         |
| Thomason, Veronica  | NAESB                          | In Person         |
| Van Pelt, Kim       | Panhandle Eastern              | In Person         |
| Ward, Mark          | LA Dept. of Water & Power      | In Person         |
| Yeung, Charles      | Southwest Power Pool           | In Person         |
| Young, Randy        | Gulf South                     | In Person         |

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March 15, 2005

**TO:** NAESB Board Members, Posting for Interested Industry Participants  
**FROM:** Laura Kennedy, NAESB Meeting/Project Manager  
**RE:** Final Minutes from the NAESB Board of Directors Meeting – March 3, 2005

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
NAESB BOARD OF DIRECTORS MEETING  
March 3, 2005 in Houston, TX  
Final Minutes**

**1. Administration and Welcome**

Mr. Desselle called the meeting to order and welcomed the board members, participants and guests. Mr. Boswell advised the participants of the anti-trust guidelines. Ms. Kennedy then called roll for the board members. Mr. Desselle announced that quorum was established. Mr. Haynes made a motion, seconded by Mr. Stepenovitch to adopt the agenda. The agenda was adopted unanimously. Mr. Lawson noted that Mr. True's company name should be changed to ACES Power Marketing on page 12 of the draft minutes from the December 9, 2004 Board Meeting. Mr. Waggoner made a motion to adopt the revised draft minutes of December 9, 2004, and Mr. Chapman seconded the motion. The minutes were adopted by consent. The final minutes from the December 9, 2004 Board Meeting are posted on the NAESB website at <http://www.naesb.org/pdf2/bd120904fm.doc>.

**2. Executive Committee Reports**

**A. Executive Committee Report from each Quadrant**

Mr. Buccigross reviewed the WGQ annual plan, located on pages 38 - 40 of the Board Meeting Book. Mr. Buccigross reported that the WGQ has been focused on the Gas-Electric Activities jointly assigned to the WGQ BPS and WEQ BPS, specifically the Energy Day requests.

The Electronic Delivery Mechanisms and Related Activities: preparation of a common NAESB Electronic Transport (ET) and WGQ Quadrant Electronic Delivery Mechanism (WGQ QEDM) manuals (Item 3), along with the review of minimum technical characteristics in Appendices, C, D, and E of the EDM Manual (Item 4), review and enhancement of security standards as required by technological changes (Item 5), exploration of additional possibilities for partnership with the Department of Energy (Item 6), and preparation of documents and submission of EDM standards to ANSI for approval as ANSI standards (Item 7) are items that will be reviewed on an annual basis to ensure the WGQ standards maintain the proper security and reliability.

Mr. Buccigross said the review and development of necessary standards for the posting requirements contained in Paragraph 10 of FERC Notice of Proposed Rulemaking and Termination Order, Docket Nos. RM96-1-026 and RM96-1-015, 109 FERC ¶ 61,326 (Dec 21, 2004) (Item 8) was added to the WGQ Annual Plan to address Paragraph 10 of FERC NOPR, Docket Nos. RM96-1-026 and RM96-1-015 that states that affiliate standards should specify a location for posting voluntary consent to information disclosure by non-affiliated customers as



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required by Commission regulations. The standards for Item 8 have been developed and ratified by the WGQ members.

The review and development of a Canadian Supplement to the ISDA Gas Annex (Item 9) and the review and development of modifications to the NAESB Base Contract for the Sale and Purchase of Natural Gas (R04028) (Item 10) have not begun, but have a 3<sup>rd</sup> and 4<sup>th</sup> Quarter completion date.

Mr. Desselle stated the Managing Committee had approved addition of Item 8 to the WGQ Annual Plan. Mr. Buccigross made a motion, seconded by Mr. Horting to modify the WGQ Annual Plan to include Item 8. The motion passed unanimously. [Vote 1]

Mr. Oberski reviewed the WEQ Annual Plan, found on pages 41 - 44 of the Board Meeting Book. Mr. Oberski said the WEQ Executive Committee made subcommittee assignments and added completion dates to the Annual Plan Items at its meeting in February.

The development of business practice standards as needed to complement reliability standards (Item 1) is a continuing effort with NERC to develop business practice standards to support and complement NERC reliability standards, NERC policies and NERC standards authorization requests. Item 1 was assigned to the BPS and many of the activities have been given high priority completion periods. Item 2 - Develop business practice standards for Version 1 to support ATC calculations was assigned to the BPS and given a first quarter, 2005 completion date. The development and maintenance of business practice and communication standards for OASIS and Electronic Scheduling (Item 3) was assigned almost entirely to the WEQ ESS and ITS with completion dates ranging from second quarter, 2005 to 2006. The development of business practices standards to improve the current operation of the wholesale electric market (Item 4) was assigned to various subcommittees and completion dates. Item 5 - Determine the need for and develop, if necessary, business practice standards supportive of the Gas-Electric Coordination Report represents the joint effort with the WGQ to develop business practice standards for Energy Day (R04016), to develop business practice standards for electric scheduling timelines (R04020), and to develop business practice standards for communications between entities representing gas-fired power generators and the pipelines serving them (R04021). Request R04021 has been assigned a high priority second quarter, 2005 completion date to comply with Chairman Wood's request to have standards filed with the FERC by June 1, 2005.

Mr. Brown asked the status of the WEQ Standards Review Subcommittee (SRS). Mr. Oberski stated that the WEQ Executive Committee had tabled a motion to disband the WEQ SRS at its meeting in February in favor of assigning the SRS the task of reviewing the NERC Standards Authorization Committee 2005 Work Plan. The SRS will determine if additional standards development work could be identified from the plan. The SRS had a conference call to discuss this issue on February 28, 2005. After the SRS reports its determination, the WEQ Executive Committee will revisit the tabled motion to disband the WEQ SRS. Mr. Desselle added that the NERC Board of Trustees dissolved the Markets Committee on February 8, 2005, but the scheduled weekly conference calls of the Technical Steering Committee will help NERC and NAESB coordinate regularly. Mr. Desselle and Ms. McQuade are members of the NERC Technical Steering Committee.

Mr. Brown made a motion to adopt the WEQ Annual Plan to include the modifications explained by Mr. Oberski that was seconded by Mr. Severance. The motion passed unanimously. [Vote 2]



## North American Energy Standards Board

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Mr. Novak reviewed the RGQ/REQ Annual Plans, found on pages 45 - 50 of the Board Meeting Book. Mr. Novak stated that since the last Board meeting, the RGQ and REQ Executive Committees had modified completion dates and made new subcommittee assignments on the Annual Plans. The retail quadrants will make the transition to the new subcommittee structure with the Business Practices Subcommittee (BPS) and Information Requirements Subcommittee (IRS) during the second quarter, 2005. The retail quadrants' efforts are focused particularly in the area of completion of the model business practices for Billing and Payment Datasets and Models (Item 1). At the RGQ/REQ joint Executive Committee meeting in February, Executive Committee members passed a resolution to prioritize development of electronic implementations of model business practices first in NAESB EDI format and second in NAESB Flat File format. Upon request and instruction from the Executive Committee, model business practices will be developed utilizing XML format. Mr. Novak said that this resolution was based on the results of the 2004 questionnaire created by the REQ and RGQ Technical Electronic Implementation Subcommittee concerning the electronic implementations of various retail transactions in use throughout the retail market.

A joint conference call of the WGQ, REQ, and RGQ Executive Committees is scheduled for February 4, 2005 to vote on the recommendation for the Trading Partner Agreement (Item 2). The proposed changes to the Trading Partner Agreement will make it useful in retail markets as well as in the wholesale gas industry. Development of business practices for Customer Information (Item 3) and Customer Enrollment, Switching and Dropping (Item 4) will begin in the second quarter, 2005.

Mr. Novak noted that NAESB had received a letter from Wal-Mart supporting standardization of retail utility electronic billing transactions and datasets to include non-customer choice implementations. Wal-Mart sent the letter based on the premise that JCPenney Department Stores had submitted a request for standards development to standardize the billing transactions. The request has not been submitted to date. Mr. Brown suggested that NAESB should contact Wal-Mart and JCPenney directly to offer assistance in submitting NAESB requests. Ms. McQuade noted that the NAESB office would undertake an outreach to Wal-Mart and JCPenney for possible submission of requests for standards development.

Ms. McQuade said that one of the state commissioners have mentioned the need for development of procedures for meter data validation. She asked that if we continue to see interest in this effort, would the retail quadrants consider promoting the Retail Meter Data Validation item that is currently assigned to the Future Activities section of the REQ Annual Plan. Mr. Novak said that the REQ would be able to accommodate requests from commissioners to re-prioritize that item.

Mr. Haynes moved, seconded by Mr. Bourbonnais to adopt the REQ and RGQ Annual Plans as modified by the REQ and RGQ Executive Committees. The motion passed unanimously. [Vote 3]

### **B. Standards Adopted Since the December Board Meeting**

Ms. McQuade reviewed the standards that were adopted since the Board Meeting in December. The retail quadrants adopted high level principles and business practices for dispute resolution and market participant interactions. Mr. Desselle reported that the WEQ had ratified Version 0 standards, Standards of Conduct, and standards for OASIS 1 and OASIS 1A. The standards were included in the filing with the FERC in January, 2005. (See Item 2C).



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### **C. Filings with the FERC**

Mr. Desselle stated that the NAESB office submitted a filing to FERC on January 18, 2005 that included Version 0 business practices, OASIS 1a business practices, large generation interconnection order changes, standard of conduct business practices and the standards drafted to incorporate FERC Order Nos. 638, 805, and 889. Standards for Transmission Load Relief (TLR) and Version 1 Coordinate Interchange business practices (CIBP) were not included in the filing. The filing was submitted under FERC Docket Number RM05-5-000. Mr. Rosenberg, FERC Senior Economist, Market Development, has reviewed the filing and identified areas where minor modifications should be made to the filing before a NOPR is issued by the FERC. The NAESB office is working to make those modifications and present them to the WEQ Executive Committee as soon as possible.

### **3. Update on Energy Day Efforts**

Mr. Oberski stated that the WGQ and WEQ BPS Energy Day Meeting Schedule is on pages 90 - 91 of the Board Meeting Book. Mr. Oberski said the Energy Day standards development is on track for submission of standards to the FERC by June 1, 2005. The latest Energy Day Subcommittee meeting was held at the NAESB offices in Houston, Texas on March 1 and 2. There has been significant participation from NAESB members and non-members since the first Energy Day meeting in December, 2004. At the last meeting, participants further modified the proposed communication standards that are included in the Board Meeting Book on pages 93 - 97. Mr. Oberski stated that the proposed communication standards center around four principles for gas-electric coordination. Proposed standard S1 states that WGQ tariffs will not be violated by the communication standards; and any existing contracts, rights, or services will not be diminished by the communication standards. Proposed standard S2 states that once a nomination has been confirmed, there is an opportunity to change the anticipated hourly burn rate of the gas. Proposed standard S3 provides for unscheduled flows that change the daily scheduled quantity. Proposed standard S6 is modeled on the ISO New England Cold Weather Operating Procedure and sets forth the criteria to begin formal communication between transportation service providers and ISOs, RTOs, or any other appropriate independent electric transmission entity during severe weather forecasts or potential energy shortfalls. The committee is continuing to modify the specific language of the standards and the next meeting is scheduled on March 21 and 22 at Dominion's Innsbrook Auditorium in Glen Allen, Virginia.

### **4. Reports from Board Committees: Managing Committee, Resources, Retail Awareness, Gas-Electric Interdependency, and Membership Requirements**

The Board Committee reports are located on pages 99 - 119 of the Board Meeting Book. Mr. Desselle stated that the Managing Committee met on January 14 to review annual salary determinations. An impromptu meeting of some of the members of the Managing Committee was held during the NARUC Winter Meetings in Washington, DC. Mr. Desselle proposed the following resolution on behalf of the Managing Committee that was seconded by Mr. Templeton:

RESOLVED, that the Executive Director and Chief Operating Officer, Rae McQuade, is herewith designated President of the North American Energy Standards Board in addition to her other titles; and further,

RESOLVED, that her duties as an officer remain as those set forth in Article III, Section 7 of the Certificate.



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The resolution passed unanimously. [Vote 4]

Mr. Desselle stated that the Managing Committee also determined that the June 2005 meeting of the Board of Directors should be the annual meeting of the organization pursuant to the Bylaws. Mr. Desselle proposed the following resolution on behalf of the Managing Committee that was seconded by Mr. Stepenovitch:

RESOLVED, that the June 2005 meeting of the NAESB Board be designated as the 2005 Annual Meeting of the corporation, pursuant to Section 6.2 of the Bylaws.

The resolution passed unanimously. [Vote 5]

Mr. Desselle stated that the Managing Committee wanted to include a strategic session during the June 2005 Board meeting much like the June 2004 strategic session. The June 2005 Board meeting will take place in San Antonio, Texas.

Mr. Desselle also reported that NERC requested permission from NAESB to include the NAESB WEQ Version 0 standards in the publication of the NERC Operating Manual. NAESB will continue to coordinate with NERC to resolve this issue in a way that is revenue neutral for NAESB.

Mr. Cargas reviewed the progress of the Board Resources Committee. He stated the Committee has had one conference call since the last Board meeting. Mr. Cargas reported that the efforts of the committee have resulted in a net gain of thirteen new members when membership resignations are taken into account. The Resources Committee sent a letter to the members of the dissolved NERC Markets Committee that are not NAESB members on February 28, 2005. The letter encouraged those organizations to join NAESB and included membership packets. The Resources Committee is working on a similar outreach to the stakeholders of PJM and MISO who are not NAESB members.

Mr. Brown stated that Ms. Ogenyi's leadership has been successful and the Committee will continue to work to meet its goal of thirty new members. Mr. Brown stated that at the December, 2004 Board Meeting, Board Members were encouraged to make contact with one or two potential members. Mr. Brown urged Board Members who have not already done so to make the initial contact with at least one potential member, and the NAESB staff will follow up by providing membership information.

Mr. Burks then reviewed the progress of the Retail Awareness Committee. Mr. Burks is chair of this committee. Mr. Burks stated that on February 4, 2005, the committee sent letters to the public utility commissions of twenty-four states to increase awareness of the retail quadrants' model business practices. The committee has gathered testimonials and success stories from the implementation of NAESB standards that were incorporated in the letter. Mr. Burks said the Retail Awareness Committee has set a goal to meet with at least six state utility commissions in six months. The Retail Awareness Committee has already met or had conference calls with public utility commission staff from the District of Columbia Public Service Commission and the Texas Public Utility Commission. The District of Columbia Public Service Commission is interested in standards for meter data validation and the Texas PUC would like to obtain the standards already in use by ERCOT for customer interaction. A meeting is scheduled for March 7, 2005 with the Michigan Public Services Commission and NAESB is coordinating a meeting with ERCOT in the near future.



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Next, Mr. Templeton reviewed the progress of the Gas-Electric Interdependency Committee. The committee has drafted three white papers since the last Board meeting: Issues to Test for NAESB Appropriateness, Perceived Disconnects Between Gas and Electric Industries, and Cooperative Capacity Coverage located on pages 113 - 117 of the Board Meeting Book. Mr. Smead highlighted the four issue categories that will serve as a starting point for the committee to use to organize the issues raised by gas and electric industry participants. The four issues are (i) inadequate physical capacity in New York and New England, (ii) generator economics that preclude committing to firm transport, (iii) the efficient utilization of the capacity that is there, and that is committed to shippers, and (iv) alternative structures for providing some capacity insurance for generators. Mr. Rudden added that the next determination will be the role NAESB will have to address these disconnects within the industry.

Mr. Desselle asked for volunteers to become the chair and members of the Membership Requirements Committee created at the December 9, 2004 Board Meeting. The Committee was created to make recommendations to the Board to deal with the membership levels in the retail quadrants. The committee is scheduled to present its recommendations to the Board by 4<sup>th</sup> quarter, 2005.

Mr. Burks suggested that the NAESB Certification Program be reviewed to determine if changes to the program could be made to incorporate EDM. The Board members agreed that the certification program should be reviewed to bring it up to date and make it more useful to the retail gas and electric industries. Mr. Desselle stated that Board members who were interested in working on updating the NAESB Certification Program should contact Mr. Burks or the NAESB office.

### **5. Reports from the NAESB office**

The Executive Director's Report can be found in the Board Meeting Book on Pages 121 - 156. Ms. McQuade explained the Monthly Update call occurs on the third Thursday of each month at 2:00 pm Eastern and is a chance to spend one hour a month to obtain a high level update on the controversial and high visibility issues within NAESB as well as updates from the subcommittees. Attendance on the monthly update calls has included participants from up to twenty state commissions, federal agencies, and many NAESB members. State commission staff members have expressed interest in the progress of the Energy Day subcommittee, and gas quality. Ms. McQuade explained that the next Monthly Update call is scheduled for March 16, the agenda for which is posted on the NAESB website.

Next, Ms. McQuade gave the membership report. She explained that because of the efforts of the Resource Committee, there has been a net gain of 7 members since the beginning of the year. Ms. McQuade noted that while some members have chosen not to renew their membership, non-member participation in NAESB subcommittees has continued to increase. Organizations that do not want to become members but want to participate on a regular basis have chosen to pay the web access fee.

Mr. Desselle noted that the WEQ Procedures Drafting Collaborative Task Force recently voted to add a new At Large sub-segment within each WEQ segment. The change would provide full membership benefits to RTOs, ISOs, regional reliability councils, consultants, lawyers, and service companies. Mr. Desselle added that the WEQ Board Members would be receiving a notational ballot to vote on the proposed changes to the WEQ Quadrant Procedures. If the measure passes the WEQ Board vote, then it will be forwarded to the WEQ membership for ratification.



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Ms. McQuade then reviewed the report forwarded to the FERC since the last Board meeting. On January 18, 2005, NAESB submitted the first set of wholesale electric standards under Docket No. RM-05-1-000. The filing included business practices that address OASIS, OASIS 1A, OASIS Standards and Communications Protocols and Data Dictionaries, business practices directly related to the NERC Version 0 reliability standards for coordinate interchange, area control error (ACE) equation special cases, manual time error correction, and inadvertent interchange payback, and standards implementing the wholesale electric standards of conduct contained in FERC Order No. 2004. Ms. McQuade noted that the Version 0 business practices did not include transmission load relief business practices or coordinate interchange business practices. Within the next few months, NAESB will submit a filing to reflect the requirements of FERC Order No. 2004-C.

Ms. McQuade noted the NAESB Advisory Council met in Washington, DC on February 12. Advisory Council members were interested in the progress of the Energy Day subcommittee, and the Gas-Electric Interdependency Committee. Mr. Ellsworth was re-nominated and endorsed as the chair of the Advisory Council for 2005. The Advisory Council is in the process of drafting a letter in support of the Energy Day efforts undertaken by NAESB.

Mr. Desselle reported that on February 14, he was a member of a delegation that met with FERC Chairman Wood, FERC Commissioner Brownell, FERC Commissioner Kelliher, Mr. Rosenberg, Mr. Goldenberg, and Mr. Nichols. Ms. McQuade, Mr. Maassel, Mr. Stepenovitch, and Mr. Cargas were also present at the meeting. The notes from the meeting are on located on pages 142 - 145 of the Board Meeting Book. At the FERC Open Meeting on December 15, 2004, Commissioner Brownell requested regular updates to the Energy Day efforts prior to the June 1, 2005 deadline set by Chairman Wood. The meeting provided the commissioners with the requested update on Energy Day as well as Version 0, Version 1, OASIS, Gas Quality, and membership issues.

Ms. McQuade stated that a joint meeting with NERC on the future direction of OASIS 2 is scheduled for March 29 and will be held in the FERC building in Washington, DC. The purpose of the meeting is to determine the level of support by the industry of going forward with OASIS 2 development and to coordinate the development of OASIS 2 modifications with NERC, the ISO/RTOs and EPRI.

### **6. Financial Report**

Next, Ms. McQuade reviewed the NAESB Financial Report, located on pages 158 – 161 of the Board Meeting Book. The report included the Year End 2004 accrual based financial report, and the Year to Date 2005 financial report accrual based as of January 2005.

Ms. McQuade said that there had been losses in membership in every quadrant since June 2004 – which resulted in a loss of revenue of \$300,000. Ms. McQuade stated that steps had been taken in 2004 to reduce expenses by \$150,000 – thus resulting in a negative retained earnings in 2004 of \$150,000. It is the expectation that the addition of the new sub-segment in the WEQ and the issuance of the WEQ standards will provide a way to compensate for some of the negative retained earnings.

Ms. McQuade reviewed the status of the Conference Calling Charges Program. NAESB has collected \$50,000 for Conference Calling Charges in 2005. The conference calling fee was implemented to address the costs incurred to provide web casting. Mr. Gwilliam presented three items for consideration regarding the current conference calling charges program. First, Mr. Gwilliam noted that when the conference calling program was presented, it was intended to



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offset telecommunication charges. Mr. Gwilliam suggested that at the end of 2005, NAESB members would no longer be charged the conference calling fee and charges would continue for non-members. Second, Mr. Gwilliam said that instead of a conference calling fee, an increase in membership dues by a small percentage would help defray the cost of providing the web conferencing services. Third, Mr. Gwilliam stated that if NAESB does continue to charge for conference calls, that invoices be sent to those organizations that paid the conference calling fee in the previous year. Mr. Desselle thanked Mr. Gwilliam for his remarks and noted that the Board would take Mr. Gwilliam's comments under advisement.

### **7. Plan for June 16, 2005 Board Meeting**

Mr. Desselle informed the group that the June 16, 2005 Board meeting will be held in San Antonio, Texas. This meeting will be the annual meeting of the membership and a strategic session for the Board. Ms. McQuade asked if anyone had any agenda items for the regular Board meeting or the strategic session to let the NAESB office know and it will be included on the June 16, 2005 agenda.

### **8. Old and New Business**

#### **A. Meeting Schedule for 2005**

Mr. Desselle directed the Board Members' attention to the schedule for the Board of Director meetings in 2005, located on page 163 of the Board Meeting Book. After the June 16, 2005 meeting, the next Board of Director meeting is scheduled on September 22, 2005 at the IAH Airport Marriott Hotel in Houston, Texas.

#### **B. Installation of Mark Maassel as Chairman, NAESB Board of Directors**

Mr. Desselle thanked the Board, Ms. McQuade, and the NAESB staff. He then passed the gavel to Mr. Maassel, the 2005-2006 NAESB Chair. Mr. Desselle was presented with a gavel in honor of his service as 2004-2005 NAESB Chair.

### **9. Adjourn**

The meeting was adjourned by consent at 11:08 a.m. central.

### **10. Action Items From this Meeting**

- Ms. McQuade noted that the NAESB office would undertake an outreach to Wal-Mart and JCPenney for possible submission of requests for standards development.
- The NAESB office is working to make those modifications [*minor corrections to the WEQ OASIS 1a and OASIS standards as identified by FERC staff*] and present them to the WEQ Executive Committee as soon as possible.
- NAESB will continue to coordinate with NERC to resolve this issue [*publication of the NERC operator's manual and the request to publish NAESB correlated standards*] in a way that is revenue neutral for NAESB.
- The Advisory Council is in the process of drafting a letter in support of the Energy Day efforts undertaken by NAESB.
- The Board members were asked to approach one or two of their colleagues who are not members of NAESB and determine if they are interested in joining.



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- The June 16 Board meeting will be a strategic session of the organization and will be held in San Antonio. Board members were asked to provide agenda items.

## 11. Board Attendance

### NORTH AMERICAN ENERGY STANDARDS BOARD Wholesale Gas Quadrant Board Members

| END USER SEGMENT        |  | ATTENDANCE |
|-------------------------|--|------------|
| VACANCY                 |  |            |
| <b>Joe Stepenovitch</b> | Florida Reliability Coordinating Council                                 | In Person  |
| John Procario           | Vice President & COO, Cinergy  | In Person  |
| VACANCY                 |  |            |
| Jim Templeton           | Principal, Comprehensive Energy Services                                 | In Person  |
| LDC SEGMENT             |  |            |
| Clifton Olson           | Vice President of Supply and Transmission, Energy East Corporation       | In Person  |
| Adrian Chapman          | Vice President, Regulatory Affairs & Energy Acquisition, Washington Gas  | In Person  |
| Reed Horting            | Vice President, Gas Supply & Transportation, PECO Energy Co.             | In Person  |
| Mike Novak              | Asst. General Manager, National Fuel Gas Distribution Corporation        | In Person  |
| Lee Stewart             | Senior Vice President, Gas Transmission, Southern California Gas Company | Phone      |
| PIPELINE SEGMENT        |  |            |
| Terry McGill            | Executive Vice President, Enbridge Energy                                | Absent     |
| John Somerhalder        | President, El Paso Energy Pipeline Group                                 | In Person  |
| Bill Gryger             | Vice President, Panhandle Eastern Pipe Line                              | In Person  |
| Ron Mucci               | Senior Vice President Shared Services, Williams Gas Pipeline             | Phone      |
| Richard Kruse           | Senior Vice President, Duke Energy Gas Transmission                      | In Person  |
| PRODUCER SEGMENT        |  |            |
| Jay Ellzey              | Manager – Regulatory and Opco Support, ChevronTexaco Natural Gas         | In Person  |
| William T. Benham       | Vice President – Regulatory Affairs, BP Energy Company                   | Absent     |
| Keith Sappenfield       | Regional Director – US Regulatory Affairs, EnCana Oil & Gas (USA) Inc.   | In Person  |
| Bill Hebenstreit        | Director of Contract Services - El Paso Production Company               | In Person  |
| Pete Frost              | Director - Regulatory Affairs, ConocoPhillips Gas and Power Marketing    | Absent     |
| SERVICES SEGMENT        |  |            |
| VACANCY                 |  |            |
| VACANCY                 |  |            |
| Jim Buccigross          | Vice President Energy Industry Practice, Group 8760 LLC                  | In Person  |
| Lyn Maddox              | Oxadel Consulting, LLC   | In Person  |
| Gregory White           | Manager, President & CEO, Promet Energy Partners, LLC                    | In Person  |

### NORTH AMERICAN ENERGY STANDARDS BOARD Retail Electric Quadrant Board Members

| DISTRIBUTOR SEGMENT   |  | ATTENDANCE |
|-----------------------|--|------------|
| David Koogler         | Director – Regulation & Competition, Dominion Virginia Power (SERC NERC Region)                    | In Person  |
| Bill Bourbonnais      | Vice President - Transmission, WPS Resources Corporation (MAIN NERC Region)                        | In Person  |
| Johnny Magwood        | Vice President Customer Services, Baltimore Gas and Electric Company (MAAC NERC Region)            | Absent     |
| <b>Leonard Haynes</b> | Executive Vice President and Chief Marketing Officer, Southern Company Services (SERC NERC Region) | In Person  |
| END USER SEGMENT      |  |            |
| Sonny Popowsky        | Pennsylvania Office of Consumer Advocate   | Absent     |
| Bryan Anderson        | Capital Partner, Foley & Lardner   | In Person  |
| VACANCY               |  |            |
| VACANCY               |  |            |
| SERVICES SEGMENT      |  |            |
| VACANCY               |  |            |



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|                      |                               |           |
|----------------------|-------------------------------|-----------|
| Stacey Wood          | Director, The Structure Group | In Person |
| J Cade Burks         | President, EC Power           | In Person |
| <b>V A C A N C Y</b> |                               |           |

**SUPPLIER SEGMENT**

|                      |   |           |
|----------------------|---|-----------|
| Brian Landrum        | President, Reliant Energy Retail Services               | Absent    |
| David Booty          | Director of Operations, Direct Energy Business Services | In Person |
| <b>V A C A N C Y</b> |   |           |
| Richard Zelenko      | General Manager, Dominion Retail Inc.                   | Absent    |

**NORTH AMERICAN ENERGY STANDARDS BOARD  
 Wholesale Electric Quadrant Board Members**

**END USER SEGMENT**

|                      |  | <b>ATTENDANCE</b> |
|----------------------|--|-------------------|
| John A. Anderson     | Executive Director, Electricity Consumers Resource Council (ELCON)   | Phone             |
| Jeanne Zaiantz       | Director, Regulatory Affairs, BP Energy Co.  | Absent            |
| Carol Guthrie        | General Manager, Electric Market Strategies, ChevronTexaco Energy Research and Technology Company                              | Absent            |
| <b>V A C A N C Y</b> |  |                   |
| Ron Jackups          | Vice President, Electric System Operations, Cinergy  | Absent            |
| John Reese           | Senior Policy Advisor & Director of the Office of Economic Development and Policy, New York State Department of Public Service | Absent            |

**DISTRIBUTION/LSE SEGMENT**

|                    |   |           |
|--------------------|---|-----------|
| Frank Johnson      | Senior Vice President Electric Transmission and Distribution, Consumers Energy              | Absent    |
| Mark Crosswhite    | Senior Vice President & General Counsel – Generation and Energy Marketing, Southern Company | In Person |
| Barry R. Lawson    | Manager-Power Delivery, National Rural Electric Cooperative Association                     | In Person |
| Arthur G. Fusco    | Vice President and General Counsel, Central Electric Power Cooperative Inc.                 | Absent    |
| Mark B. Bonsall    | Chief Financial Executive/Associate General Manager, Salt River Project                     | Absent    |
| Carrie Cullen Hitt | Vice President of Governmental and Regulatory Affairs, Constellation NewEnergy              | Absent    |

**GENERATION SEGMENT**

|                      |   |           |
|----------------------|---|-----------|
| <b>V A C A N C Y</b> |   |           |
| Charles W. Severance | Director Bulk Power, Wisconsin Public Service Corporation                     | In Person |
| John J. Dellas       | Executive Director Electric Restructuring, Consumers Energy                   | Absent    |
| Dennis Sobieski      | Managing Director – Business Development, PSEG Power                          | Absent    |
| Thomas Ingwers       | Director, Energy Trading and Contracts, Sacramento Municipal Utility District | Absent    |
| Gloria Ogenyi        | Director Energy and Market Policy, Conectiv Energy Supply, Inc.               | Absent    |

**TRANSMISSION SEGMENT**

|                         |  |           |
|-------------------------|--|-----------|
| W Terry Boston          | Executive Vice President – Transmission/Power Supply Group, Tennessee Valley Authority | Phone     |
| Peter Flynn             | Vice President Transmission Strategy and Policy, National Grid USA                     | In Person |
| Paul McCoy              | Executive Vice President of Transmission System Operations, Trans-Elect                | Phone     |
| Carroll Waggoner        | Sr. Manager Transmission Policy, Sunflower Electric Power Corporation                  | In Person |
| Richard Smead           | Director, Navigant Consulting, Inc.  | In Person |
| <b>Michael Desselle</b> | Director Public Policy, American Electric Power  | In Person |

**MARKETER/BROKER SEGMENT**

|                |  |           |
|----------------|--|-----------|
| Allen L. Burns | Executive Vice President-Industry Restructuring, Bonneville Power Administration   | Absent    |
| R. Scott Brown | Vice President and Director, Exelon Generation Power Team                          | In Person |
| Roy True       | Manager of Regulatory Affairs – ERCOT, ACES Power Marketing                        | Absent    |
| Jim Mayhew     | Director, RTO Coordination and Commercial Liaison , Mirant Corp.                   | In Person |
| Michael Grim   | Director of North American Market Development – Public Policy Division, TXU Energy | In Person |



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## NORTH AMERICAN ENERGY STANDARDS BOARD Wholesale Electric Quadrant Board Members

|                |   |       |
|----------------|---|-------|
| Joseph Hartsoe | Vice President and Associate General Counsel, American Electric Power Service Corp. | Phone |
|----------------|---|-------|

## NORTH AMERICAN ENERGY STANDARDS BOARD Retail Gas Quadrant Board Members

| DISTRIBUTORS SEGMENT      |   | ATTENDANCE |
|---------------------------|---|------------|
| Craig White               | Acting Chief Operating Officer, Philadelphia Gas Works                            | In Person  |
| Glen R. Schwalbach        | Assistant Vice President Corporate Planning, Wisconsin Public Service Corporation | Absent     |
| <b>Mark T. Maassel</b>    | President, Northern Indiana Public Service Company (NiSource, Inc.)               | In Person  |
| Paul J. Szykman           | Director – Rates and Gas Supply, UGI Utilities, Inc.                              | Phone      |
| V A C A N C Y             |   |            |
| V A C A N C Y             |   |            |
| END USERS SEGMENT         |   |            |
| V A C A N C Y             |   |            |
| Tina Burnett              | Chair, Northwest Industrial Gas Users Association                                 | In Person  |
| V A C A N C Y             |   |            |
| V A C A N C Y             |   |            |
| V A C A N C Y             |   |            |
| V A C A N C Y             |   |            |
| SERVICE PROVIDERS SEGMENT |   |            |
| Leigh Spangler            | President, Latitude Technologies Inc.   | In Person  |
| Dave Pfeifer              | Vice President – Energy, SunGard EnForm Consulting, LP                            | In Person  |
| Dave Darnell              | President & CEO, Systrends Inc.   | Absent     |
| Greg Lander               | Principal, Commerce Energy Group  | Absent     |
| Richard J. Rudden         | President & CEO, R. J. Rudden Associates, Inc.                                    | In Person  |
| V A C A N C Y             |   |            |
| SUPPLIER SEGMENT          |   |            |
| V A C A N C Y             |   |            |
| V A C A N C Y             |   |            |
| V A C A N C Y             |   |            |
| V A C A N C Y             |   |            |
| V A C A N C Y             |   |            |
| V A C A N C Y             |   |            |

### 12. Other Attendance

| Name               | Organization                 | Attendance |
|--------------------|------------------------------|------------|
| Mariam Arnaut      | American Gas Association     | Phone      |
| Andrew Dotterweich | Consumers Energy             | Phone      |
| Ollie Frazier      | Duke Energy                  | Phone      |
| Kathryn Burch      | Duke Energy Gas Transmission | In Person  |
| Mark Gracey        | El Paso Eastern Pipelines    | In Person  |
| Lawrence Paulson   | Hoffman-Paulson Associates   | In Person  |
| Tom Gwilliam       | Iroquois Gas Transmission    | In Person  |
| Jim Cargas         | NAESB                        | In Person  |
| Rae McQuade        | NAESB                        | In Person  |
| Laura Kennedy      | NAESB                        | In Person  |
| Denise Rager       | NAESB                        | In Person  |



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|                    |                             |           |
|--------------------|-----------------------------|-----------|
| Bill Lohrman       | NERC                        | Phone     |
| Kim Van Pelt       | Panhandle Eastern Pipelines | In Person |
| Tony Reed          | Southern Company            | In Person |
| Valerie Crockett   | TVA                         | In Person |
| Debbie McKeever    | TXU Electric Delivery       | In Person |
| Christopher Burden | Williams Gas Pipeline       | In Person |
| Dale Davis         | Williams Gas Pipeline       | In Person |

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## 13. Votes

### NORTH AMERICAN ENERGY STANDARDS BOARD Wholesale Gas Quadrant Board Members

| END USER SEGMENT        |  | VOTE 1   | VOTE 2   | VOTE 3   | VOTE 4   | VOTE 5   |
|-------------------------|--|----------|----------|----------|----------|----------|
| VACANCY                 |  |          |          |          |          |          |
| <b>Joe Stepenovitch</b> | Florida Reliability Coordinating Council                                 | In Favor |
| John Procario           | Vice President & COO, Cinergy  | In Favor |
| VACANCY                 |  |          |          |          |          |          |
| Jim Templeton           | Principal, Comprehensive Energy Services                                 | In Favor |
| <b>LDC SEGMENT</b>      |  |          |          |          |          |          |
| Clifton Olson           | Vice President of Supply and Transmission, Energy East Corporation       | In Favor |
| Adrian Chapman          | Vice President, Regulatory Affairs & Energy Acquisition, Washington Gas  | In Favor |
| Reed Horting            | Vice President, Gas Supply & Transportation, PECO Energy Co.             | In Favor |
| Mike Novak              | Asst. General Manager, National Fuel Gas Distribution Corporation        | In Favor |
| Lee Stewart             | Senior Vice President, Gas Transmission, Southern California Gas Company | In Favor |
| <b>PIPELINE SEGMENT</b> |  |          |          |          |          |          |
| Terry McGill            | Executive Vice President, Enbridge Energy                                | Absent   | Absent   | Absent   | Absent   | Absent   |
| John Somerhalder        | President, El Paso Energy Pipeline Group                                 | In Favor |
| Bill Gryger             | Vice President, Panhandle Eastern Pipe Line                              | In Favor |
| Ron Mucci               | Senior Vice President Shared Services, Williams Gas Pipeline             | In Favor |
| Richard Kruse           | Senior Vice President, Duke Energy Gas Transmission                      | In Favor |
| <b>PRODUCER SEGMENT</b> |  |          |          |          |          |          |
| Jay Ellzey              | Manager – Regulatory and Opco Support, ChevronTexaco Natural Gas         | In Favor |
| William T. Benham       | Vice President – Regulatory Affairs, BP Energy Company                   | Absent   | Absent   | Absent   | Absent   | Absent   |



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|                   |  |          |          |          |          |          |
|-------------------|--|----------|----------|----------|----------|----------|
| Keith Sappenfield | Regional Director – US Regulatory Affairs, EnCana Oil & Gas (USA) Inc. | In Favor |
| Bill Hebenstreit  | Director of Contract Services - El Paso Production Company             | In Favor |
| Pete Frost        | Director - Regulatory Affairs, ConocoPhillips Gas and Power Marketing  | Absent   | Absent   | Absent   | Absent   | Absent   |

**SERVICES SEGMENT**

|                |   |          |          |          |          |          |
|----------------|---|----------|----------|----------|----------|----------|
| VACANCY        | VACANCY   |          |          |          |          |          |
| VACANCY        | VACANCY   |          |          |          |          |          |
| Jim Buccigross | Vice President Energy Industry Practice, Group 8760 LLC | In Favor |
| Lyn Maddox     | Oxadel Consulting, LLC                                  | In Favor |
| Gregory White  | Manager, President & CEO, Promet Energy Partners, LLC   | In Favor |

**NORTH AMERICAN ENERGY STANDARDS BOARD**

**Retail Electric Quadrant Board Members**

**DISTRIBUTOR SEGMENT**

|                       |  | <b>VOTE 1</b> | <b>VOTE 2</b> | <b>VOTE 3</b> | <b>VOTE 4</b> | <b>VOTE 5</b> |
|-----------------------|--|---------------|---------------|---------------|---------------|---------------|
| David Koogler         | Director – Regulation & Competition, Dominion Virginia Power (SERC NERC Region)                    | In Favor      |
| Bill Bourbonnais      | Vice President - Transmission, WPS Resources Corporation (MAIN NERC Region)                        | In Favor      |
| Johnny Magwood        | Vice President Customer Services, Baltimore Gas and Electric Company (MAAC NERC Region)            | Absent        | Absent        | Absent        | Absent        | Absent        |
| <b>Leonard Haynes</b> | Executive Vice President and Chief Marketing Officer, Southern Company Services (SERC NERC Region) | In Favor      |

**END USER SEGMENT**

|                |  |          |          |          |          |          |
|----------------|--|----------|----------|----------|----------|----------|
| Sonny Popowsky | Pennsylvania Office of Consumer Advocate |          |          |          | Absent   | Absent   |
| Bryan Anderson | Capital Partner, Foley & Lardner         | Absent   | Absent   | Absent   | In Favor | In Favor |
| V A C A N C Y  |  | In Favor | In Favor | In Favor |          |          |
| V A C A N C Y  |  |          |          |          |          |          |

**SERVICES SEGMENT**

|               |                               |          |          |          |          |          |
|---------------|-------------------------------|----------|----------|----------|----------|----------|
| V A C A N C Y |                               |          |          |          |          |          |
| Stacey Wood   | Director, The Structure Group | In Favor |



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|               |                     |          |          |          |          |          |
|---------------|---------------------|----------|----------|----------|----------|----------|
| J Cade Burks  | President, EC Power | In Favor |
| V A C A N C Y |                     |          |          |          |          |          |

## SUPPLIER SEGMENT

|               |   |          |          |          |          |          |
|---------------|---|----------|----------|----------|----------|----------|
| Brian Landrum | President, Reliant Energy Retail Services               | Absent   | Absent   | Absent   | Absent   | Absent   |
| David Booty   | Director of Operations, Direct Energy Business Services | In Favor |

V A C A N C Y

|                 |                                       |        |        |        |        |        |
|-----------------|---------------------------------------|--------|--------|--------|--------|--------|
| Richard Zelenko | General Manager, Dominion Retail Inc. | Absent | Absent | Absent | Absent | Absent |
|-----------------|---------------------------------------|--------|--------|--------|--------|--------|

## NORTH AMERICAN ENERGY STANDARDS BOARD Wholesale Electric Quadrant Board Members

| END USER SEGMENT         |  | VOTE 1   | VOTE 2   | VOTE 3   | VOTE 4   | VOTE 5   |
|--------------------------|--|----------|----------|----------|----------|----------|
| John A. Anderson         | Executive Director, Electricity Consumers Resource Council (ELCON)   | In Favor |
| Jeanne Zaiontz           | Director, Regulatory Affairs, BP Energy Co.  | Absent   | Absent   | Absent   | Absent   | Absent   |
| Carol Guthrie            | General Manager, Electric Market Strategies, ChevronTexaco Energy Research and Technology Company                              | Absent   | Absent   | Absent   | Absent   | Absent   |
| V A C A N C Y            |  |          |          |          |          |          |
| Ron Jackups              | Vice President, Electric System Operations, Cinergy  | Absent   | Absent   | Absent   | Absent   | Absent   |
| John Reese               | Senior Policy Advisor & Director of the Office of Economic Development and Policy, New York State Department of Public Service | Absent   | Absent   | Absent   | Absent   | Absent   |
| DISTRIBUTION/LSE SEGMENT |  |          |          |          |          |          |
| Frank Johnson            | Senior Vice President Electric Transmission and Distribution, Consumers Energy   | Absent   | Absent   | Absent   | Absent   | Absent   |
| Mark Crosswhite          | Senior Vice President & General Counsel – Generation and Energy Marketing, Southern Company                                    | In Favor |
| Barry R. Lawson          | Manager-Power Delivery, National Rural Electric Cooperative Association  | In Favor |
| Arthur G. Fusco          | Vice President and General Counsel, Central Electric Power Cooperative Inc.  | Absent   | Absent   | Absent   | Absent   | Absent   |



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|                    |  |        |        |        |        |        |
|--------------------|--|--------|--------|--------|--------|--------|
| Mark B. Bonsall    | Chief Financial Executive/Associate General Manager, Salt River Project        | Absent | Absent | Absent | Absent | Absent |
| Carrie Cullen Hitt | Vice President of Governmental and Regulatory Affairs, Constellation NewEnergy | Absent | Absent | Absent | Absent | Absent |

## GENERATION SEGMENT

### V A C A N C Y

|                      |   |          |          |          |          |          |
|----------------------|---|----------|----------|----------|----------|----------|
| Charles W. Severance | Director Bulk Power, Wisconsin Public Service Corporation                     | In Favor |
| John J. Dellas       | Executive Director Electric Restructuring, Consumers Energy                   | Absent   | Absent   | Absent   | Absent   | Absent   |
| Dennis Sobieski      | Managing Director – Business Development, PSEG Power                          | Absent   | Absent   | Absent   | Absent   | Absent   |
| Thomas Ingwers       | Director, Energy Trading and Contracts, Sacramento Municipal Utility District | Absent   | Absent   | Absent   | Absent   | Absent   |
| Gloria Ogenyi        | Director Energy and Market Policy, Conectiv Energy Supply, Inc.               | Absent   | Absent   | Absent   | Absent   | Absent   |

## TRANSMISSION SEGMENT

|                         |  |          |          |          |          |          |
|-------------------------|--|----------|----------|----------|----------|----------|
| W Terry Boston          | Executive Vice President – Transmission/Power Supply Group, Tennessee Valley Authority | In Favor |
| Peter Flynn             | Vice President Transmission Strategy and Policy, National Grid USA                     | In Favor |
| Paul McCoy              | Executive Vice President of Transmission System Operations, Trans-Elect                | In Favor |
| Carroll Waggoner        | Sr. Manager Transmission Policy, Sunflower Electric Power Corporation                  | In Favor |
| Richard Smead           | Director, Navigant Consulting, Inc.  | In Favor |
| <b>Michael Desselle</b> | Director Public Policy, American Electric Power  | In Favor |

## MARKETER/BROKER SEGMENT

|                |                |          |          |          |          |          |
|----------------|----------------|----------|----------|----------|----------|----------|
| Allen L. Burns | Allen L. Burns | Absent   | Absent   | Absent   | Absent   | Absent   |
| R. Scott Brown | R. Scott Brown | In Favor |
| Roy True       | Roy True       | Absent   | Absent   | Absent   | Absent   | Absent   |
| Jim Mayhew     | Jim Mayhew     | In Favor |



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|                |                |          |          |          |          |          |
|----------------|----------------|----------|----------|----------|----------|----------|
| Michael Grim   | Michael Grim   | In Favor |
| Joseph Hartsoe | Joseph Hartsoe | In Favor |

## NORTH AMERICAN ENERGY STANDARDS BOARD Retail Gas Quadrant Board Members

| DISTRIBUTORS/SEGMENT      |   | VOTE 1   | VOTE 2   | VOTE 3   | VOTE 4   | VOTE 5   |
|---------------------------|---|----------|----------|----------|----------|----------|
| Craig White               | Acting Chief Operating Officer, Philadelphia Gas Works                            | In Favor |
| Glen R. Schwalbach        | Assistant Vice President Corporate Planning, Wisconsin Public Service Corporation | Absent   | Absent   | Absent   | Absent   | Absent   |
| <b>Mark T. Maassel</b>    | President, Northern Indiana Public Service Company (NiSource, Inc.)               | In Favor |
| Paul J. Szykman           | Director – Rates and Gas Supply, UGI Utilities, Inc.                              | In Favor |
| V A C A N C Y             |   |          |          |          |          |          |
| V A C A N C Y             |   |          |          |          |          |          |
| END USERS SEGMENT         |   |          |          |          |          |          |
| V A C A N C Y             |   |          |          |          |          |          |
| Tina Burnett              | Chair, Northwest Industrial Gas Users Association                                 | In Favor |
| V A C A N C Y             |   |          |          |          |          |          |
| V A C A N C Y             |   |          |          |          |          |          |
| V A C A N C Y             |   |          |          |          |          |          |
| V A C A N C Y             |   |          |          |          |          |          |
| SERVICE PROVIDERS SEGMENT |   |          |          |          |          |          |
| Leigh Spangler            | President, Latitude Technologies Inc.   | In Favor |
| Dave Pfeifer              | Vice President – Energy, SunGard EnForm Consulting, LP                            | In Favor |
| Dave Darnell              | President & CEO, Systrends Inc.   | Absent   | Absent   | Absent   | Absent   | Absent   |
| Greg Lander               | Principal, Commerce Energy Group  | Absent   | Absent   | Absent   | Absent   | Absent   |
| Richard J. Rudden         | President & CEO, R. J. Rudden Associates, Inc.                                    | In Favor |



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V A C A N C Y

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**SUPPLIER SEGMENT**

V A C A N C Y

V A C A N C Y

V A C A N C Y

V A C A N C Y

V A C A N C Y

V A C A N C Y

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**Vote Legend:**

Vote 1 records the vote taken on Mr. Buccigross' motion to modify the WGQ Annual Plan to include Item 8.

Vote 2 records the vote taken on Mr. Brown's motion to adopt the WEQ Annual Plan to include the modifications explained by Mr. Oberski.

Vote 3 records the vote taken on Mr. Haynes' motion to adopt the REQ and RGQ Annual Plans as modified by the REQ and RGQ Executive Committees.

Vote 4 records the vote taken on the resolution to designate Ms. McQuade President of NAESB.

Vote 5 records the vote taken on the resolution that the June 2005 meeting of the NAESB Board be designated as the 2005 Annual Meeting of the corporation, pursuant to Section 6.2 of the Bylaws.



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June 27, 2005

**TO:** NAESB Board Members, Posting for Interested Industry Participants  
**FROM:** Laura Kennedy, NAESB Meeting/Project Manager  
**RE:** Draft Minutes from the NAESB Board of Directors Meeting – June 22, 2005

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
NAESB BOARD OF DIRECTORS MEETING  
June 22, 2005 in San Antonio, TX  
Draft Minutes**

## 1. Administration and Welcome

Mr. Maassel called the meeting to order and welcomed the board members, participants and guests. Mr. Boswell advised the participants of the anti-trust guidelines. Ms. Kennedy then called roll for the board members and announced that quorum was established. Mr. Templeton made a motion, seconded by Mr. Desselle to adopt the agenda. The agenda was adopted unanimously. Mr. Haynes made a motion to adopt the March 3, 2005 draft minutes, and Mr. Desselle seconded the motion. The minutes were adopted unanimously. The final minutes of the March 3, 2005 Board Meeting are posted on the NAESB website at <http://www.naesb.org/pdf2/bd030305fm.doc>.

## 2. Meeting of the Members

Ms. McQuade provided a review of the accomplishments of all four quadrants over the past twelve months. This information can be found on pages 34-36 of the Board Meeting book. Ms. McQuade noted that NAESB adopts voluntary business practice standards which may be provided to regulatory agencies as status reports. However, the organization will not advocate before any regulatory body. The NAESB standards development process is ANSI accredited and begins with a request for standards development submitted by a member, an interested industry participant, a government agency or commission, an ISO, RTO, or a NAESB subcommittee, or with an Annual Plan item approved by the Board of Directors.

Over the past year, the Wholesale Electric Quadrant (WEQ) worked closely with NERC to adopt Version 0—the business practice components of the NERC operating policies. The WEQ is currently developing Version 1. The WEQ also adopted OASIS business practices and Standards and Communication Protocols (S&CP) that represent FERC Order Nos. 889, 605, and 638. The OASIS business practices included enhancements for multiple identical transmission service requests, and requirements for redirects. The WEQ subcommittees will continue to develop enhancements to OASIS on an incremental basis. The WEQ also developed business practices to support the Large Generation Interconnection Order, the Standards of Conduct (affiliate) Order, and there are plans to expand the business practices for the Standards of Conduct to be more consistent with the Standards of Conduct adopted by the Wholesale Gas Quadrant (WGQ). In January 2005, NAESB filed a status report under FERC Docket Number RM05-5-000. FERC issued Notice of Proposed Rulemaking RM05-5-000 on May 9, 2005 proposing to incorporate most of the business practices submitted in the status report by reference.



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In September 2004, the WGQ adopted business practices to support gas quality reporting properties as reflected in pipelines' tariffs. This effort began with a three part request submitted by Florida Power and Light (Request No. R03035) to establish standards relating to gas quality specifications and measurement. To date, the WGQ has only addressed one portion of this request. Request R03035 also includes two other proposals: 1) reporting the assumptions used in making the gas quality measurements; and 2) investigation to determine if standards are needed for the gas quality standards. The WGQ also developed business practices to support reporting requirements for Standards of Conduct. The modifications were made to the Informational Postings section of pipeline web sites. The WGQ continues to work on requests to modify the existing base of WGQ standards. To ensure the standards are reflective of the current marketplace, over 35 requests have been addressed over the past twelve months that address the maintenance of the more than fifty business transactions and approximately six hundred business practices adopted by the WGQ.

The Retail Gas Quadrant (RGQ) and Retail Electric Quadrant (REQ) have worked together to develop commodity neutral business practices to address creditworthiness, billing and payments, market participant interactions, distribution company – supplier disputes, and trading partner agreement. The technical standards development for the Internet Electronic Transport Mechanism and Quadrant Electronic Delivery Mechanism is near completion. The retail quadrants expect to publish their first model business practices books during the 3<sup>rd</sup> quarter 2005.

The Energy Day effort is an outgrowth of the work of the Gas Electric Coordination Task Force. The WEQ and WGQ have worked together to address Request No. R04021 to develop business practices for communications between gas-fired generators and pipelines. These standards are in the process of being fully staffed in the WGQ and in the process of being ratified in the WEQ.

Several Board Committees were created during the last strategic session to develop programs or identify issues to make the organization more effective. The current Board Committees are: Gas-Electric Interdependency, which is chaired by Mr. Templeton; the Resources Committee which is chaired by Ms. Ogenyi and Mr. Brown, the Retail Awareness Committee, chaired by Mr. Burks, the Retail Structure Review Committee chaired by Mr. Bourbonnais; and the Certification Program chaired by Mr. Spangler. The WEQ voted through its procedures to add an additional At Large sub-segment within each segment to ensure that all members of the wholesale electric market can join and fully participate on the Executive Committee and Board of Directors.

Ms. McQuade stated that the Board and its committees are committed to the effectiveness and organization of NAESB. She added that the strategic session should provide input on the directions of standards development for 2006.

### **3. Strategic Session**

#### Review of the last strategic session:

Mr. Desselle reviewed the Strategic Session of the Board held on June 10, 2004. The notes from that meeting are included in the Board Meeting book on pages 38-40. Mr. Desselle stated that the Board discussed ways to address the waning membership and ways to address gas-electric coordination issues. For the wholesale arena, the Board listed: 1) business practice aspects of reliability; 2) integration of the gas and electric markets; 3) expansion of natural gas supply from non-conventional sources; 4) harmonization of standards; and 5) responsiveness to regulators as items for NAESB to address in coming years. For the retail arena, the Board



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listed: 1) development of a standard retail contract; 2) development of a standardized electric invoice; and 3) supporting regulators by teeing up policy issues as key topics for NAESB to address in the future.

### Energy Day Efforts Review of 6-27-05 report and vote on Board Committee effort represented in the report:

The draft report on pipeline-power generation facility communications and the Gas-Electric Interdependency Report can be found on pages 42-57 of the Board Meeting book. Mr. Maddox reviewed the work of the Gas-Electric Interdependency Committee (GEIC) and the report. In the report, the GEIC identified issues that warrant additional industry attention, but may not result in NAESB standards development. Mr. Maddox stated that the report has become highly anticipated by several organizations include the FERC and NARUC.

Mr. Brown asked what action from the FERC and other organizations the GEIC expected as a result of the submission and publication of the report. Mr. Maddox stated that the goal of the report was not to request action, but to identify outstanding issues NAESB is not prepared to address. Mr. Sobieski asked the steps NAESB would take to manage the expectation of the regulatory agencies of what NAESB is planning to do and the state of the industry regarding progress on these issues. Mr. Maassel added that one of the reasons the report is so widely anticipated is because it not only describes NAESB's role in these issues, but also identifies areas where action is required by other organizations, agencies, etc. to advance the marketplace. Mr. Rosenberg stated that he welcomed the industry defined issues that are standing in the way of the FERC policies being implemented.

Mr. Hebenstreit made the following resolution that was seconded by Mr. Wiley:

WHEREAS the Board of Directors supports the conclusion and next steps of the Gas-Electric Interdependency report, and

WHEREAS the Board of Directors recognizes that requests R04016 and R04020, assigned to NAESB for standards development, are symptoms on several of the issues identified in the report, and

WHEREAS the Board of Directors previously approved the postponement of requests R04016 and R04020 to direct standards development attention to request R04021,

THEREFORE BE IT RESOLVED THAT the Board of Directors charges the Gas-Electric Interdependency Committee with drafting a Standards Development Request to address standards development for items with a high probability for achieving consensus, and

FURTHER BE IT RESOLVED THAT action should not be taken on requests R04016 and R04020 unless further action is taken by the Board, and

FURTHER BE IT RESOLVED THAT the draft request should be presented to the Board at its September 22 meeting.

Mr. Maassel stated that the report would be submitted to the FERC and published on the NAESB website. The issues identified in the report that are ripe for NAESB standards development will be included in a request drafted by the GEIC and will be submitted to the Board at the September 2005 meeting. Mr. Wiley asked if NAESB would continue to highlight the issues identified in the report to the industry and the FERC. Mr. Stepenovitch stated that



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the Managing Committee meets with the FERC Commissioners and staff on a quarterly basis and will continue to highlight these issues. Mr. Haynes added that as the issues are resolved to allow NAESB to develop standards, industry participants, including the GEIC, can submit requests for standards development.

Mr. Wiley stated that he was the chair of the NERC Gas-Electric Interdependency Study and encouraged the NAESB Board to collaborate with NERC on the gas-electric coordination issues because many of the issues identified are truly reliability issues. Mr. Desselle stated that he would raise this issue at the next NERC Trustee meeting.

Mr. Novak noted that the WEQ and WGQ should to modify their Annual Plans to include general gas-electric interdependency items and that any request drafted by the GEIC would go through the normal triage process.

Mr. Maassel called the question on the motion. The motion passed unanimously.

### Retail Directions:

Ms. Kiselewich reviewed the direction of the Retail Quadrants. Ms. Kiselewich stated that the Retail Quadrants are pursuing ways to get industry participants in states that are not actively moving forward with retail choice programs involved in NAESB business practice standards development. Two requests have been submitted that will likely help increase participation by all segments of the retail gas and retail electric industries.

Request R05016 was submitted by Wal-Mart Stores, Inc. proposing “development of standards or model business practices for electronic retail billing transactions and bill payment transactions between customers, suppliers, and utilities.” This request was posted as supplemental material to the Board Meeting book on the NAESB website at: <http://www.naesb.org/pdf2/r05016.doc> (request) and <http://www.naesb.org/pdf2/r05016a1.pdf> (attachment to the request). Ms. Kiselewich stated that national accounts retailers like Wal-Mart, JC Penney, Radio Shack, and Home Depot have a large number of transactions with utilities dealing with billing and payments on a regular basis. Standards or business practices to address Request No. R05016 would provide these national accounts retailers with significant benefits. The request states that an electronic invoice would provide a potential savings of \$500,000 a year. Ms. Krieger asked why Wal-Mart or any customer would submit a request to NAESB to develop electronic billing transactions when the Utility Industry Group (UIG) develops these issues and if NAESB would follow UIG conventions when the model business practices are developed. Ms. Kiselewich stated that NAESB would build on the work of other groups like UIG to further develop these types of transactions and urged any interested industry party to participate.

Mr. Novak noted that during joint Retail Quadrant Executive Committee meetings, some retail quadrant participants have stated that to pursue development of model business practices for non-competitive markets would result in a deviation from the Retail Quadrants’ mission. Mr. Haynes stated that he supported the move toward retail standards applicable to non-competitive markets and that the retail quadrants should develop work products relevant to the entire retail community. There was no objection from the members of the Board that it is proper for the retail quadrants to move into these areas.

Request R05013 was submitted by Energy Window, Inc. to develop a model electric retail contract based on the NAESB WGQ Base Contract. Ms. Kiselwich stated that it is the expectation that this request would be processed in a commodity neutral fashion for use in



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both the retail electric and retail gas industries. Request R05013 and the attachment are included in the Board Meeting book on pages 68-87.

Ms. Kiselewich noted that the Triage Committee is scheduled to consider the above referenced requests during its next conference call scheduled on July 8.

Ms. Kiselewich stated that the retail quadrants should also examine the increased activity throughout North America related to green power. Mr. Behr stated that the retail quadrants should develop standards that are applicable in both pure retail choice environments as well as any retail green environment being contemplated across the nation.

Mr. Brown stated that the new direction of the retail quadrants would provide a good opportunity to enlist new members. He encouraged the Board members to conduct an outreach to organizations, such as state consumer groups, that will be interested in participating in developing these model business practices. Ms. Kiselewich stated that this new direction will likely result in increased participation by members of the end user and services segments in the Retail Quadrants.

Mr. Maassel noted that it was the broad consensus of the Board for the Retail Quadrants to move forward with the requests noted above and in the area of non-competitive markets and that the Annual Plans should be modified to reflect this direction.

### Wholesale Gas Directions:

Mr. Stepenovitch stated that Florida Power and Light submitted Request No. R03035 to establish standards relating to gas quality specifications and measurement. Ms. Gussow stated that this request was divided into three parts. Part A requested the establishment of “web-based reports for tracking all physical and chemical properties of natural gas defined in pipeline tariffs, including timelines for reporting.” Standards to address this section of the request were adopted by the WGQ in 2004. Part B requested development of “a uniform process, including the underlying assumptions and methodologies, for determining gas quality specifications from measured data.” Part C seeks to “examine the need to establish gas quality specification standards taking into consideration (i) the specification needs of end users and providers of service to end users, and (ii) sources of supply (e.g. land-based, the Gulf, LNG).” Ms. Gussow requested that the WGQ begin development of standards to address Part B. She stated that NAESB is the proper forum for development of these standards.

Mr. Mills stated that Parts B and C imply policy issues that NAESB cannot address until the Natural Gas Council finishes its work on this issue. Mr. Stepenovitch stated that Part B does not seek development of a standardized methodology, but to establish reporting procedures on what methodology that an entity uses to measure the data. Mr. Sappenfield and Mr. Buccigross agreed with Mr. Stepenovitch’s explanation of Part B. Mr. Sappenfield added that while to require everyone to use the same methodology is a policy decision, reporting on the methodology used to determine the gas quality specifications does not imply policy issues. He noted that even if an instrument is used to obtain the data, the manufacturer of the instrument had to use some methodology in the logic or software to generate the data.

Mr. Novak suggested that a separate request be submitted to narrow the information requested in Part B. Mr. Maassel stated that the Board has the ability to interpret the request and to charge the Executive Committee with developing standards to fit that interpretation. Mr. Boswell added that the Board is not bound by the form of the request itself and can narrowly construe the language of the request. Mr. Buccigross agreed and stated that the minutes should reflect that the intent of Part B is to report the methodology used to determine gas



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quality specifications, and not to standardize the methodology. Mr. Novak stated that the WGQ Executive Committee should add an item to the WGQ Annual Plan to reflect the direction by the Board.

Mr. Haynes moved that the Board keep Part C of Request R03035 in abeyance, and to instruct the WGQ Executive Committee to add Part B to the Annual Plan for 2006 with the understanding that work related to the reporting of gas quality specifications is associated with the development of reporting procedures and not the standardization of the measurement itself. Mr. Buccigross seconded the motion. The motion passed unanimously.

### Wholesale Electric Directions:

Mr. Desselle reviewed the direction of the WEQ. The FERC issued ANOPR RM00-10-000 in 2000 regarding the implementation of OASIS Phase II. Since that time, the industry has embraced electronic scheduling, e-tags and other OASIS enhancements. Mr. Desselle stated that Ms. McQuade and Mr. Gent sent a letter to FERC Chairman Wood on April 22, 2005 to report on the results of the NERC-NAESB OASIS Conference held on March 29, 2005. The letter described the efforts currently underway in the WEQ to develop OASIS and stated that the industry is working towards electronic scheduling on an incremental basis without the need for a major redefinition of OASIS requirements. As noted above, several OASIS enhancements were included in the January 2005 FERC filing. (*See Section 2*). In addition, the WEQ is working on recommendations for several requests that will result in OASIS enhancements. Dynegy and Calpine have been working with the NAESB office to develop a request to address the issues contemplated in the ANOPR. Ms. McQuade stated that the NAESB office is working at the request of FERC Commissioner Kelliher to identify activities currently underway in the WEQ that may satisfy the ANOPR and to identify other areas that require attention to satisfy the ANOPR. The WEQ also continues to develop Version 1 standards.

Mr. Brown asked if NAESB is interpreting communication from the FERC in a timely manner. He stated that he wanted to ensure that the FERC is aware that the Board members treat any communication from the FERC seriously. Mr. Maassel stated that in addition to the quarterly meetings with FERC staff, FERC staff will continue to have presence at the Board meetings. Ms. McQuade noted that FERC Facilitator, Mr. Rick Miles, facilitated all of the Energy Day meetings. She added that it is more difficult to communicate with state commissioners because of their number. She stated that the program for the NARUC summer meeting was modified to include a NAESB presentation. She urged Board members who are active with state commissions to identify areas where NAESB needs to be more involved.

### Funding Issues:

Mr. Desselle stated that Mr. Anderson requested that the Board investigate alternative ways of funding the organization either through dues tiering or funding from external sources. Mr. Maassel stated that Board members should submit any ideas for consideration. Mr. Sappenfield stated that funding has been an issue throughout NAESB and GISB's history and that the work of the Board Committees' is sufficient at this time.



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### 4. Board Business

#### Standards Adopted Since the March Board Meeting:

Ms. McQuade reviewed the standards adopted since the March 3 Board Meeting. A list of these standards is included on pages 98-100 of the Board Meeting book. The WGQ adopted a Trading Partner Agreement in a joint effort with the Retail Quadrants and adopted standards in response to FERC Order 2004 (Affiliate Order). Ratification is pending for the WGQ Quadrant Electronic Delivery Mechanism Manual and the Internet Electronic Transport specification, with ballots due on July 1. The WGQ is also in the process of fully staffing the standards for daily operational communications between pipelines and power plants (Energy Day Standards). In addition, ratification is pending in the WGQ for a number of maintenance requests with ballots due on July 1. Notational ballots are due on June 22 for the Executive Committee to approve additional Minor Corrections for NAESB Version 1.7.

The WEQ Executive Committee has approved the recommendation for standards for daily operational communications between pipelines and power plants (Energy Day Standards). Ratification of these standards is pending with ballots due on July 8.

The Retail Quadrants have adopted the Trading Partner Agreement for Retail Use in a joint effort with the WGQ.

Fourteen requests have been submitted since the March 3 Board meeting. Most of the requests are technical in nature, however, Request No. R05007 was submitted by ERCOT to modify the NAESB WEQ Version 0 business practice standards by removing any references to ERCOT. Ms. McQuade stated that this request was a good sign that the wholesale electric industry is beginning to accept the NAESB standards development process. As Ms. Kiselewich discussed above, two other requests of note are Request No. R05013 to develop a model electric retail contract and Request No. R05016 from Wal-Mart to standardize "electronic retail billing transactions and bill payment transactions between customers, suppliers, and utilities."

#### Filings with the FERC made since last report:

Ms. McQuade reviewed the six FERC submittals since the last Board meeting. A list of the filings is included in the Board Meeting book on pages 102-103. On March 18, NAESB submitted a report regarding assignment of permanent numbers to the NAESB WGQ standards to implement gas quality reporting requirements. On April 12, NAESB submitted errata to NAESB WGQ Version 1.7. On April 18, NAESB provided a supplemental report to the January 18, 2005 WEQ standards. On April 22, Ms. McQuade and Mr. Gent authored a letter to Chairman Wood to report the results of the NERC/NAESB Future of OASIS Conference. Also on April 22, NAESB responded to Paragraph 10 of the FERC's NOPR and Termination Order in Docket Nos. RM96-1-026 and RM96-1-015. The WGQ adopted modifications to existing standards in order to provide a specific location for posting voluntary consent to information disclosure by nonaffiliated customers. At the time the report was submitted, the modified standard had been distributed for member ratification, but had not been ratified. On May 4, 2005, NAESB submitted the ratification results for the standards submitted in the April 22 report.

#### Reports from the Board Committees:

Resources Committee



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Mr. Brown, co-chair of the Resources Committee, stated that the Resources Committee is responsible for twenty-five new members since its inception. When the thirteen resignations are taken into account, there has been a net of twelve new members. Mr. Brown stated that the Resources Committee will continue to work with the members of the Retail Quadrants to conduct an outreach for potential new members in light of the new direction of the Retail Quadrants. Mr. Brown requested that the Board members each contact two potential members to help the Resources Committee reach its goal.

### Retail Awareness Committee

Mr. Burks, chair of the Retail Awareness Committee, stated that members of the Retail Awareness Committee have approached several states and are currently developing a way to categorize activities in the Retail Quadrants by state on the NAESB web site. Mr. Burks' company, EC Power, has volunteered to develop this feature at no cost to NAESB.

### Retail Structure Review Committee

Mr. Bourbonnais is the chair of the Retail Structure Review Committee. He stated that the Committee met on June 1 to discuss reasons why the membership numbers in the Retail Quadrants has declined. The Committee determined that it would work closely with the Resources Committee to increase the membership of the Retail Quadrants.

### Certification Committee

Mr. Spangler, chair of the Certification Committee, stated that the Certification Program provides a way for providers of services and software to certify they are offering products that comply with NAESB technical standards. The goal is to update and increase the relevance of the program and to make it effective in the Wholesale Electric, Retail Electric, and Retail Gas Quadrants. The Certification Committee expects to have a work product for the Board's consideration at the September meeting.

### Executive Committee Report from Each Quadrant:

#### Wholesale Gas Quadrant

Mr. Buccigross reported on the modifications the WGQ Executive Committee made to the WGQ Annual Plan. The WGQ Annual Plan is located on pages 106-108 of the Board Meeting materials. Mr. Buccigross stated that Item 11 was added in response to Request No. R05014 to review and update NAESB Base Contract for Sale and Purchase of Natural Gas to reflect current industry practices. Based on the Board's decision regarding Request No. R03035, the Executive Committee will add Item 12 to develop procedures for the reporting of gas quality. Item 2 - development of standards regarding daily operational communications between natural gas pipelines and gas fired electrical generators is almost complete. The Technical and Information Requirements Subcommittees reviewed this recommendation and determined that the only changes necessary to implement these standards will be to the implementation manuals. The Executive Committee is scheduled to vote on the technical recommendation on July 11. Mr. Buccigross stated that completion dates were changed for Items 3, 5, 6, and 7.

Mr. Chapman moved, seconded by Mr. Desselle, to adopt the WGQ Annual Plan to include the modifications explained by Mr. Buccigross. The motion passed unanimously.

#### Wholesale Electric Quadrant

Mr. Desselle reported on the modifications the WEQ Executive Committee made to the WEQ Annual Plan, located on pages 109-112 of the Board Meeting materials. He stated that the



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majority of modifications were made to the status of the items and completion dates. Item 1(a)(i) and 1(h) were marked as Completed. The status of Items 1(e),(f), and (g) were changed to state that efforts are Underway. The subcommittee assignment of Item 4 was changed from Seams to Various because the Seams Subcommittee has been dissolved.

Mr. Desselle moved, seconded by Mr. Haynes, to adopt the WEQ Annual Plan to include modifications explained by Mr. Desselle. The motion passed unanimously.

### Retail Quadrants

Mr. Novak reviewed the modifications to the Retail Gas Quadrant and Retail Electric Quadrant Annual Plans located on pages 113-118 of the Board Meeting book. The completion dates for Items 1 (a), (b), and (c) were changed to 3<sup>rd</sup> Quarter 2005. Mr. Novak noted that CPS should be deleted from the Subcommittee Assignment on Item 1(b). Item 2 was marked as Completed. The status of Item 3 was changed to Underway, and the completion date was changed to 4<sup>th</sup> Quarter 2004. Mr. Novak stated that Item 6 is very close to completion. He stated that the Executive Committee voted to create a Contracts Subcommittee.

Mr. Novak moved, seconded by Mr. Desselle to adopt the Retail Gas Quadrant and Retail Electric Quadrant Annual Plans to include modifications explained by Mr. Novak. The motion passed unanimously.

### Financial Report:

Next, Ms. Wishart reviewed the Financial Report located on pages 120-122 of the Board Meeting book. The report included the Accrual Based Financial Report as of April 2005 and the Year to Date Income and Expenses to Budget.

Ms. McQuade reviewed the status of the membership. The WEQ currently has 141 members, the WGQ currently has 121 members, the REQ currently has 29 members, and the RGQ currently has 31 members. Most of the volatility can be seen in the WEQ as a result of adding the new At Large sub-segment. The membership information can be found on pages 123-136 of the Board Meeting book.

### Partnerships and Coordination with Other Groups:

Ms. McQuade reported that she, Mr. Desselle, and Mr. Stepenovitch met with FERC Commissioners on May 19 to provide an update on the Energy Day efforts requested by Commissioner Brownell. The notes from these meetings are included in the Board Meeting book on pages 137-138. The NAESB delegation also met with the Department of Energy, NARUC, and several trade associations to make them aware of the developments of the Energy Day Subcommittee and the GEIC. These groups were provided with a draft copy of the GEIC report. As a result, NARUC modified the agenda of its summer meetings in Austin to provide an opportunity for NAESB to make a presentation based on the GEIC report.

### **5. Plan for upcoming September 22 Board Meeting in Houston**

The next Board of Directors meeting is scheduled on Thursday, September 22, 2005 from 9 a.m. to 1 p.m. Central time. The meeting location is the IAH Airport Marriott Hotel in Houston, Texas. The agenda and meeting materials will be distributed to the Board members prior to the meeting.

### **6. Old and New Business**



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No other business was discussed.

## 7. Adjourn

Mr. Stepenovitch moved, seconded by Mr. Steward to adjourn. The meeting adjourned at 1:00 p.m. central.

## 8. Action Items From this Meeting

- Mr. Desselle will discuss NAESB’s coordination with NERC on gas-electric coordination issues at the next NERC Trustee meeting.
- The WEQ and WGQ Executive Committees should modify their Annual Plans to include general gas-electric interdependency items.
- The Retail Quadrant Annual Plans should be modified to include development of model business practices for non-competitive markets.
- The WGQ Executive Committee should add an Annual Plan item for Part B of Request R03035.

## 9. Board Attendance

### Wholesale Gas Quadrant Board Members

| END USER SEGMENT        |  | ATTENDANCE |
|-------------------------|--|------------|
| Valerie Crockett        | Tennessee Valley Authority   | In Person  |
| <b>Joe Stepenovitch</b> | Florida Reliability Coordinating Council                                 | In Person  |
| John Procario           | Vice President & COO, Cinergy - regulated                                | In Person  |
| Marty Patterson         | Director, Cinergy - unregulated  | Phone      |
| Jim Templeton           | Principal, Comprehensive Energy Services                                 | In Person  |
| LDC SEGMENT             |  |            |
| Clifton Olson           | Vice President of Supply and Transmission, Energy East Corporation       | In Person  |
| Adrian Chapman          | Vice President, Regulatory Affairs & Energy Acquisition, Washington Gas  | In Person  |
| Reed Horting            | Vice President, Gas Supply & Transportation, PECO Energy Co.             | Phone      |
| Mike Novak              | Asst. General Manager, National Fuel Gas Distribution Corporation        | In Person  |
| Lee Stewart             | Senior Vice President, Gas Transmission, Southern California Gas Company | In Person  |
| PIPELINE SEGMENT        |  |            |
| Terry McGill            | Executive Vice President, Enbridge Energy                                | Phone      |
| Larry Smith             | Vice President Commercial Operations, El Paso Eastern Pipelines          | In Person  |
| Bill Grygar             | Vice President, Panhandle Eastern Pipe Line                              | In Person  |
| Ron Mucci               | Senior Vice President Shared Services, Williams Gas Pipeline             | In Person  |
| Richard Kruse           | Senior Vice President, Duke Energy Gas Transmission                      | In Person  |
| PRODUCER SEGMENT        |  |            |
| Jay Ellzey              | Manager – Regulatory and Opco Support, ChevronTexaco Natural Gas         | Absent     |
| William T. Benham       | Vice President – Regulatory Affairs, BP Energy Company                   | Absent     |
| Keith Sappenfield       | Regional Director – US Regulatory Affairs, EnCana Oil & Gas (USA) Inc.   | In Person  |
| Bill Hebenstreit        | Director of Contract Services - El Paso Production Company               | In Person  |



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|                         |   |           |
|-------------------------|---|-----------|
| Pete Frost              | Director - Regulatory Affairs, ConocoPhillips Gas and Power Marketing | Phone     |
| <b>SERVICES SEGMENT</b> |   |           |
| VACANCY                 | VACANCY   |           |
| VACANCY                 | VACANCY   |           |
| Jim Buccigross          | Vice President Energy Industry Practice, Group 8760 LLC               | In Person |
| Lyn Maddox              | Consultant, Oxadel Consulting, LLC                                    | In Person |
| Gregory White           | Manager, President & CEO, Promet Energy Partners, LLC                 | Absent    |

## Retail Electric Quadrant Board Members

| <b>DISTRIBUTOR SEGMENT</b> |  | <b>ATTENDANCE:</b> |
|----------------------------|--|--------------------|
| David Koogler              | Director – Regulation & Competition, Dominion Virginia Power (SERC NERC Region)                    | In Person          |
| Bill Bourbonnais           | Vice President - Transmission, WPS Resources Corporation (MAIN NERC Region)                        | In Person          |
| Johnny Magwood             | Vice President Customer Services, Baltimore Gas and Electric Company (MAAC NERC Region)            | Absent             |
| <b>Leonard Haynes</b>      | Executive Vice President and Chief Marketing Officer, Southern Company Services (SERC NERC Region) | In Person          |
| <b>END USER SEGMENT</b>    |  |                    |
| Sonny Popowsky             | Pennsylvania Office of Consumer Advocate   | Absent             |
| VACANCY                    |  |                    |
| VACANCY                    |  |                    |
| VACANCY                    |  |                    |
| <b>SERVICES SEGMENT</b>    |  |                    |
| VACANCY                    |  |                    |
| Stacey Wood                | Director, The Structure Group  | Absent             |
| J Cade Burks               | President, EC Power  | In Person          |
| VACANCY                    |  |                    |
| <b>SUPPLIER SEGMENT</b>    |  |                    |
| Brian Landrum              | President, Reliant Energy Retail Services  | Absent             |
| David Booty                | Director of Operations, Direct Energy Business Services  | In Person          |
| VACANCY                    |  |                    |
| Richard Zelenko            | General Manager, Dominion Retail Inc.  | Absent             |

## Wholesale Electric Quadrant Board Members

| <b>END USER SEGMENT</b>         |  | <b>SUB SEG:</b> | <b>ATTENDANCE</b> |
|---------------------------------|--|-----------------|-------------------|
| John A. Anderson                | Executive Director, Electricity Consumers Resource Council (ELCON)   | LIND            | Absent            |
| Jeanne Zaiontz                  | Director, Regulatory Affairs, BP Energy Co.  | LIND            | Phone             |
| Carol Guthrie                   | General Manager, Electric Market Strategies, ChevronTexaco Energy Research and Technology Company                              | SGEN            | Absent            |
| VACANCY                         |  | COMPRET         |                   |
| VACANCY                         |  | IOU             |                   |
| John Reese                      | Senior Policy Advisor & Director of the Office of Economic Development and Policy, New York State Department of Public Service | REG             | Absent            |
| Kevin Burns                     | Vice President Sales and Marketing, Open Access Technology International, Inc.   | AT LARGE        | In Person         |
| <b>DISTRIBUTION/LSE SEGMENT</b> |  |                 |                   |
| Frank Johnson                   | Senior Vice President Electric Transmission and  | IOU             | In Person         |



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|                    |   |           |           |
|--------------------|---|-----------|-----------|
| Mark Crosswhite    | Distribution, Consumers Energy<br>Senior Vice President & General Counsel – Generation and Energy Marketing, Southern Company | IOU       | Absent    |
| Barry R. Lawson    | Manager-Power Delivery, National Rural Electric Cooperative Association   | MUNI-COOP | Phone     |
| Arthur G. Fusco    | Vice President and General Counsel, Central Electric Power Cooperative Inc.   | MUNI-COOP | In Person |
| Mark B. Bonsall    | Chief Financial Executive/Associate General Manager, Salt River Project   | OTHER     | Absent    |
| Carrie Cullen Hitt | Vice President of Governmental and Regulatory Affairs, Constellation NewEnergy  | COMPRET   | Phone     |
| Bruce Ellsworth    | New York State Reliability Council  | AT LARGE  | In Person |

## GENERATION SEGMENT

|                      |   |           |           |
|----------------------|---|-----------|-----------|
| V A C A N C Y        |   |           |           |
| Charles W. Severance | Director Bulk Power, Wisconsin Public Service Corporation                     | IOU       | In Person |
| John J. Dellas       | Executive Manager, Electric Supply, Consumers Energy                          | IOU       | Phone     |
| Dennis Sobieski      | Managing Director – Business Development, PSEG Power                          | MERC      | In Person |
| Thomas Ingwers       | Director, Energy Trading and Contracts, Sacramento Municipal Utility District | MUNI-COOP | Absent    |
| Gloria Ogenyi        | Director Energy and Market Policy, Conectiv Energy Supply, Inc.               | MERC      | Absent    |
| V A C A N C Y        |   | AT LARGE  |           |

## TRANSMISSION SEGMENT

|                         |  |           |           |
|-------------------------|--|-----------|-----------|
| W Terry Boston          | Executive Vice President – Transmission/Power Supply Group, Tennessee Valley Authority | FED       | Absent    |
| Peter Flynn             | Vice President Transmission Strategy and Policy, National Grid USA                     | ITC       | In Person |
| Paul McCoy              | Executive Vice President of Transmission System Operations, Trans-Elect                | ITC       | In Person |
| V A C A N C Y           |  | MUNI-COOP |           |
| John E. Lucas           | Manager, Transmission Services, Southern Company                                       | IOU       | Absent    |
| <b>Michael Desselle</b> | Director Public Policy, American Electric Power  | IOU       | In Person |
| Ken Wiley               | President and Chief Executive Officer, Florida Reliability Coordinating Council        | AT LARGE  | In Person |

## MARKETER/BROKER SEGMENT

|                |   |           |           |
|----------------|---|-----------|-----------|
| V A C A N C Y  |   |           |           |
| R. Scott Brown | Vice President and Director, Exelon Generation Power Team                           | IOU       | In Person |
| Roy True       | Manager of Regulatory Affairs – ERCOT, ACES Power Marketing                         | MUNI-COOP | In Person |
| Jim Mayhew     | Director, RTO Coordination and Commercial Liaison , Mirant Corp.                    | N IOU     | Absent    |
| Michael Grim   | Director of Markets and Regulation, TXU Business Services                           | N IOU     | In Person |
| Joseph Hartsoe | Vice President and Associate General Counsel, American Electric Power Service Corp. | IOU       | Phone     |
| Rick Smead     | Director, Navigant Consulting, Inc.   | AT LARGE  | In Person |

## Retail Gas Quadrant Board Members

**DISTRIBUTORS  
SEGMENT**

**ATTENDANCE:**



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|                        |   |           |
|------------------------|---|-----------|
| Craig White            | Acting Chief Operating Officer, Philadelphia Gas Works                            | Absent    |
| Glen R. Schwalbach     | Assistant Vice President Corporate Planning, Wisconsin Public Service Corporation | Absent    |
| <b>Mark T. Maassel</b> | President, Northern Indiana Public Service Company (NiSource, Inc.)               | In Person |
| Paul J. Szykman        | Director – Rates and Gas Supply, UGI Utilities, Inc.                              | Absent    |
| V A C A N C Y          |   |           |
| V A C A N C Y          |   |           |

## END USERS SEGMENT

|               |   |           |
|---------------|---|-----------|
| V A C A N C Y |   |           |
| Tina Burnett  | Chair, Northwest Industrial Gas Users Association | In Person |
| V A C A N C Y |   |           |
| V A C A N C Y |   |           |
| V A C A N C Y |   |           |
| V A C A N C Y |   |           |

## SERVICE PROVIDERS SEGMENT

|                   |  |           |
|-------------------|--|-----------|
| Leigh Spangler    | President, Latitude Technologies Inc.                  | In Person |
| Dave Pfeifer      | Vice President – Energy, SunGard EnForm Consulting, LP | Absent    |
| Dave Darnell      | President & CEO, Systrends Inc.                        | Phone     |
| Greg Lander       | Principal, Commerce Energy Group                       | Absent    |
| Richard J. Rudden | President & CEO, R. J. Rudden Associates, Inc.         | Absent    |
| V A C A N C Y     |  |           |

## SUPPLIER SEGMENT

|               |  |        |
|---------------|--|--------|
| Kathy Fudali  | Manager, Contract Administration, Sprague Energy Corp. | Absent |
| V A C A N C Y |  |        |
| V A C A N C Y |  |        |
| V A C A N C Y |  |        |
| V A C A N C Y |  |        |
| V A C A N C Y |  |        |

## 12. Other Attendance

| <b>Name</b>        | <b>Organization</b>        | <b>Attendance</b> |
|--------------------|----------------------------|-------------------|
| George Behr        | ESG                        | Phone             |
| Bill Boswell       | NAESB                      | In Person         |
| Mike Bray          | Enbridge Offshore          | In Person         |
| Chris Briggs       | Anadarko Petroleum         | In Person         |
| Gordon Brown       | California ISO             | Phone             |
| Kathryn Burch      | Duke Energy                | In Person         |
| Christopher Burden | Williams Gas Pipeline      | In Person         |
| Yvette Camp        | Southern Company           | Phone             |
| Dolores Chezar     | KeySpan                    | In Person         |
| Dale Davis         | Williams Gas Pipeline      | In Person         |
| Elizabeth Evans    | Anadarko Petroleum         | In Person         |
| Chuck Feagans      | Tennessee Valley Authority | Phone             |
| Christina Frescki  | NJR Energy Services        | Phone             |
| Michael Gildea     | Constellation Generation   | In Person         |
| Mark Gracey        | El Paso Eastern Pipelines  | In Person         |
| Dona Gussow        | Florida Power and Light    | In Person         |
| Tom Gwilliam       | Iroquois Gas Transmission  | In Person         |



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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Home Page: [www.naesb.org](http://www.naesb.org)

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| <b>Name</b>       | <b>Organization</b>                       | <b>Attendance</b> |
|-------------------|---|-------------------|
| Cheryl Hoffman    | Hoffman-Paulson Associates                | In Person         |
| Laura Kennedy     | NAESB                                     | In Person         |
| Iris King         | Dominion Transmission                     | In Person         |
| Ruth Kiselewich   | Baltimore Gas & Electric                  | In Person         |
| Rebecca Klein     | Loeffler Tuggey Pauerstein Rosenthal, LLP | In Person         |
| Hollis Krieger    | Con Edison                                | Phone             |
| Michelle Manson   | Conectiv                                  | Phone             |
| Marcy McCain      | Duke Energy Gas Transmission              | In Person         |
| Debbie McKeever   | TXU Electric Delivery                     | In Person         |
| Rae McQuade       | NAESB                                     | In Person         |
| Randy Mills       | Chevron                                   | Phone             |
| Todd Oncken       | NAESB                                     | In Person         |
| Marjorie Perlman  | Energy East                               | Phone             |
| Judy Ray          | Alabama Power Company                     | Phone             |
| Barbara Rehman    | BPA                                       | Phone             |
| Marv Rosenberg    | FERC                                      | In Person         |
| Micki Schmitz     | Northern Natural Gas                      | Phone             |
| Bob Schwermann    | Sacramento Municipal Utility District     | In Person         |
| Lisa Simpkins     | Constellation Commodities                 | In Person         |
| Veronica Thomason | NAESB                                     | In Person         |
| Kim Van Pelt      | Panhandle Eastern Pipe Line               | In Person         |
| Tommy Weathersbee | TXU Electric Delivery                     | In Person         |
| Darla Wishart     | NAESB                                     | Phone             |
| Kathy York        | Tennessee Valley Authority                | In Person         |

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18 February 2005

Ms. Rae McQuade, Executive Director  
NAESB  
1301 Fannin, Suite 2350  
Houston, Texas 77002

Re: Energy Day

Dear Ms. McQuade,

I would first like to take this opportunity to thank you for hosting the NAESB Advisory Council in Washington, DC on 12 February 2005. The meeting was extremely worthwhile in that it provided our members with an ongoing update on the activities of the four Quadrants, and it gave us an opportunity to comment and “advise” on a number of issues being pursued by the Board. As always you, the officers, and staff provided in-depth technical explanations of the various issues of interest to our members.

There was one issue which the Advisory Council members were particularly interested in, and which I would like you to share with the Board. We were apprised of NAESB’s efforts with regard to the establishment of an Energy Day, and were advised that efforts to pursue a coordinated gas/electric day was not being contemplated at the present time.

The Advisory Council has asked me to express its concern over such a decision. The dependency that each industry has on each other, particularly in this period of heavy reliance by the electric industry on natural gas as a feedstock, clearly calls for a commitment by all stakeholders to work toward a unified standard. While other issues such as uncertain heat content, interruptible gas rates, and inadequate pipeline capacities may continue to command the greatest focus, a continued emphasis to assure coordination between natural gas fuel supply and electric generating fuel requirements is essential.

We respectfully request that the Board continue to pursue the attributes of an Energy Day. We request that you advise the Federal Energy Regulatory Commission of our request.

Very truly yours,

Bruce B. Ellsworth  
Chairman, Advisory Council

## **Appendix 5: Transcripts**

Transcripts for the following meetings are available. Please contact the NAESB Office ([naesb@naesb.org](mailto:naesb@naesb.org)) for detailed information on how to obtain the transcripts.

### Wholesale Gas Quadrant and Wholesale Electric Quadrant Executive Committee Meetings:

- February 8, 2005 Conference Call
- May 26, 2005 Conference Call
- May 31, 2005 Conference Call

### Board of Directors Meetings:

- September 16, 2004 Meeting
- March 3, 2005 Meeting
- June 22, 2005 Meeting

### Joint Interface Committee Meetings:

- September 21-22, 2004