



NORTH AMERICAN ENERGY STANDARDS BOARD

1301 Fannin, Suite 2350 • Houston, Texas 77002 • Phone: (713) 356-0060 • Fax: (713) 356-0067
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October 19, 2005

NAESB AT A GLANCE: MONTHLY UPDATE

RETAIL PUBLICATION: Mr. Mike Novak, Assistant General Manager, National Fuel Distribution, and Retail Gas Quadrant Executive Committee Vice-Chair, reported that the Retail Gas Quadrant and Retail Electric Quadrant released the first joint publication of the retail model business practices on September 27th, 2005. The publication is divided into eight sections: market participant interactions, creditworthiness, billing and payments, distribution company/supplier disputes, contracts, electronic delivery mechanisms, internet electronic transport, and a master list of defined terms. While NAESB will not advocate the adoption or use of the retail model business practices, feedback from industry participants and state regulatory agencies is welcomed. NAESB members can obtain the retail model business practices by downloading them from the NAESB website free of charge, or by purchasing the CD-ROM. Non-members can also purchase the CD-ROM. Industry associations and regulators can request a courtesy copy of the CD-ROM or a courtesy password to download the model business practices directly from the NAESB website. The retail quadrants will continue to develop model business practices for customer choice markets and will begin to develop model business practices for non-customer choice markets.

RETAIL CONTRACTS SUBCOMMITTEE: Mr. Ed Overtree, Senior Counsel, Calpine Corporation, and Joint Retail Quadrant Contracts Subcommittee co-chair representing the Retail Electric Quadrant, reported that the Joint Retail Contracts Subcommittee was formed by both retail quadrant Executive Committees to address Request No. R05013 from EnergyWindow, Inc. to develop a model electric retail contract modeled after the NAESB Base Contract for Sale and Purchase of Natural Gas. The retail quadrant Executive Committees tasked the Contracts Subcommittee with the development of a retail contract for use in both the retail electric and retail gas industries. The Contracts Subcommittee adopted a committee mission statement that will be presented at the joint meeting of the Retail Electric Quadrant Executive Committee and Retail Gas Quadrant Executive Committee on November 30, 2005. The work of the Contracts Subcommittee will be limited to non-residential customer model contracts. The Contracts Subcommittee has scheduled a conference call on November 8th to begin discussion of the terms and conditions that will be included in the draft contract. The committee will begin by reviewing a draft contract submitted by EnergyWindow, Inc. that is based on the NAESB Base Contract for the Purchase and Sale of Natural Gas. The Retail Quadrant Contracts Subcommittee will also keep abreast of the work currently underway by the Wholesale Gas Quadrant Contracts Subcommittee to update the NAESB Base Contract for the Purchase and Sale of Natural Gas in order to incorporate any modifications into the draft of the retail quadrant contract.

RETAIL BPS WORK ON WAL-MART REQUEST (R05016): Mr. Dan Jones, Acting Manager Certified Business Center, Cinergy, and REQ co-chair of the Retail Quadrant Business Practices Subcommittee (BPS), stated that the BPS has drafted model business practices titled "Customer Billing and Payment via Uniform Electronic Transactions" to address the request from Wal-Mart to develop model business practices for electronic retail billing transactions and bill payment transactions between customers, suppliers, and utilities (Request No. R05016). The draft model business practices includes a list of business data that the billing party should send to the customer with the bill and a list of business data the customer should send to the billing party with the payment. The Retail BPS has scheduled its next meeting on November 1-2 in Atlanta, GA hosted by Georgia Power, where the subcommittee will review the draft Customer Billing and Payment via Uniform Electronic Transactions and potentially vote to submit the recommendation to the Information Requirements Subcommittee for development of the technical components of the model business practices.

RETAIL AWARENESS COMMITTEE UPDATE: Mr. Cade Burks, President, EC Power, and chair of the Retail Awareness Committee, stated that the Retail Awareness Committee (RAC) is charged with increasing awareness in the industry and with the state regulatory agencies about the work of the NAESB Retail Quadrants. The RAC has created a Retail Awareness page that will be added to the NAESB website. The page provides information on the retail markets in the states including an Executive Summary section; a section with a table that lists the communication method, the billing model, and the EDI/XML used by each utility in the state; and a section that will include the correspondence with the state regulators for each state. The page should be ready to be posted as a link on the NAESB website shortly. The information provided on the page will be a beneficial tool, but will also require monitoring and updates to reflect the current state of the industry.



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RETAIL STRUCTURE REVIEW COMMITTEE UPDATE: Mr. Bourbonnais, Vice President of Transmission, WPS Resources Corporation, and chair of the Retail Structure Review Committee (RSRC), reported that the RSR was formed to address the waning membership levels in both retail quadrants. Both retail quadrants' membership is below the forty member minimum as required in the NAESB Bylaws. The RSRC determined that one of the reasons for the decline in the membership of the two retail quadrants is because retail choice markets did not develop as previously anticipated. The RSRC has drafted a report to be submitted to the Board of Directors at the December 13, 2005 meeting. The recommendation in the current draft of the report states that the members of the RSRC recommend "that the NAESB Board of Directors move to merge the two retail quadrants into one and revise the bylaws to facilitate this change. The next conference call is scheduled on November 21, 2005.

GAS QUALITY: Ms. Kim Van Pelt, NAESB Coordinator – Panhandle Eastern Pipe Line, and chair of the Wholesale Gas Quadrant (WGQ) Business Practices Subcommittee (BPS), reviewed the status of Request No. R03035, submitted by Florida Power and Light in 2003. As noted during previous Monthly Update calls, the Board voted unanimously to add Part B of Request No. R03035 ("to develop a uniform process, including the underlying assumptions and methodologies, for determining gas quality specifications from measured data") to the WGQ Annual Plan with the understanding that the standards should reflect uniform reporting of the underlying assumptions, measurement techniques and calculations of gas quality specifications, not standardizing the underlying assumptions, measurement techniques and calculations of gas quality specifications. The WGQ BPS met on October 6 and drafted a proposed standard to address the request. The WGQ BPS has scheduled a conference call on October 20 to further review the draft standard. After the WGQ BPS finishes drafting the business practices, the recommendation will be forwarded to the WGQ Information Requirements and Technical Subcommittees for review. It is expected that this work will complete by yearend.

WGQ CONTRACTS SUBCOMMITTEE WORK ON REQUEST NO. R05014 TO UPDATE THE NAESB BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS: Ms. McQuade, NAESB President, reported that the WGQ Contracts Subcommittee has begun working to update the NAESB Base Contract for Sale and Purchase of Natural Gas pursuant to Request No. R05014. The committee began by soliciting comments from the industry on the use of the contract and needed changes. A number of comments were submitted and subsequently divided into three categories: changes that can easily be integrated as an enhancement into the agreement; changes where more discussion is needed to determine whether integration would be appropriate; and changes that should not be integrated because consensus is unattainable or inclusion would make the document less robust. The subcommittee established four subgroups to further discuss proposed modifications. The subgroups will meet separately and report back to the subcommittee. The four subgroups are: trigger price; taxes, financial responsibility; and force majeure. The WGQ Contracts Subcommittee plans to complete the modification of the Base Contract by first quarter 2006.

TLR BUSINESS PRACTICES: Ms. Kathy York, Specialist, Energy Markets and Policy – Tennessee Valley Authority, and chair of the WEQ Business Practices Subcommittee (BPS) reported that the WEQ BPS has completed its draft of the TLR business practices and that the recommendation has been posted for formal thirty day comment, with comments due on November 18, 2005. NERC and NAESB formed a Joint TLR Task Force in December 2004 to divide the business practice components and the reliability components from the existing TLR standards. The separation was complete in June 2005. The NAESB WEQ BPS was assigned the task of completing the draft TLR business practices. The developed recommendation was completed and voted out of subcommittee on October 12. All changes in content to the existing "Version" 0 TLR business practices (pre-split NERC IRO-006) were designated "Version 1" changes. The WEQ BPS has scheduled a conference call on November 22 to review and respond to any comments submitted on the recommendation. The WEQ Executive Committee will vote on the recommendation at its meeting on November 29 in Washington, DC.

INADVERTENT INTERCHANGE PAYBACK TASK FORCE: Mr. Lou Oberski, Director Electric Market Policy – Dominion Resource Services, Inc. and chair of the WEQ Executive Committee, stated that the final report of the Inadvertent Interchange Payback Task Force (IIPTF) was posted for formal thirty day comment, with comments due on November 14, 2005. The IIPTF began meeting in March 2003 to look at the methods to financially settle inadvertent interchange. After more than two years of consideration of several proposals, the task force concluded that the current standard cannot be improved because the solutions considered pose significant implementation obstacles such as data acquisition, integrity of data, pricing mechanisms, credit, level of participation, and that the WATEC ACE driven solution should be developed by NERC instead of NAESB. The WEQ Executive Committee will consider the final report and vote on the recommendation at its meeting on November 29.



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GEIC REPORT: Mr. Rick Smead, Director of Navigant Consulting, Inc., and vice-chair of the Gas-Electric Interdependency Committee (GEIC) reported on the work of the GEIC. The GEIC is working to finalize its report that includes the six possible solutions to improve the interaction between the gas and electric industries. After discussion, the members determined that there is not broad consensus to move forward with the development of a standards request. The members of the GEIC agreed that the committee would submit the report in lieu of a request for standards development. The GEIC will meet again via conference call to review the report on October 24. The report will be on the agenda for the December 13, 2005 Board Meeting for Board approval.

OTHER TOPICS: On future monthly update calls, NAESB will continue to report on the development of model business practice standards for electronic retail billing transactions and bill payment transactions (Request No. R05016) and the development of the retail contract (Request No. R05013).

NEXT CONFERENCE CALL: The next conference call is scheduled for **Wednesday, December 21, 2005**, at 2:00 pm Eastern. We hope you can join us. If there are particular topics you would like to see covered or would like to receive additional information, please contact the NAESB Office (713-356-0060, naesb@naesb.org).

NAESB Monthly Update Conference Call, Participant List October 19, 2005 -- 2:00 PM Eastern

	Name		Organization
1	Diane	Barney	New York State Department of Public Service
2	Phillip	Bedingfield	Georgia Public Utility Commission
3	John	Bulger	National Energy Board
4	Dave	Eichenlaub	Virginia State Corporation Commission
5	Annunciata	Marino	Pennsylvania Public Utility Commission
6	Lou Ann	Westerfield	Idaho Public Utility Commission

	Name		Organization
7	Roger	Austin	Allegheny Power
8	Don	Benjamin	NERC
9	Bill	Bourbonnais	WPS Resources Corporation
10	Ken	Brown	Public Service Electric and Gas Co.
11	Cade	Burks	EC Power
12	Chuck	Cook	Enbridge Offshore Pipelines
13	Dale	Davis	Williams Gas Pipeline
14	Mary	Edwards	Dominion Virginia Power
15	Gene	Fava	Great Lakes Gas Transmission
16	Mark	Fowler	Ameren
17	Dona	Gussow	Florida Power & Light Company
18	Jim	Hartwell	Northeast Power Coordinating Council
19	Bill	Hebenstreit	El Paso Production Company
20	Jim	Hicks	PacifiCop
21	Dan	Jones	Cinergy
22	Barb	Kedrowski	WE Energies
23	Laura	Kennedy	NAESB
24	Ruth	Kiselewich	Baltimore Gas & Electric
25	Melissa	Lauderdale	Edison Electric Institute



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Name		Organization
26	Terry McGill	Enbridge Energy Company, Inc.
27	Rae McQuade	NAESB
28	Sharice Miller	Conectiv Energy
29	George Nelms	Sempra Energy Utility
30	Clay Norris	North Carolina Municipal Power Agency #1
31	Mike Novak	National Fuel Gas Distribution
32	Lou Oberski	Dominion Resource Services, Inc.
33	Todd Oncken	NAESB
34	Ed Overtree	Calpine
35	Judy Ray	Alabama Power
36	Micki Schmitz	Northern Natural Gas
37	Lisa Simpkins	Constellation Energy Commodities Group
38	Rick Smead	Navigant Consulting, Inc.
39	Joe Stepenovitch	Florida Reliability Coordinating Council
40	Veronica Thomason	NAESB
41	Kim Van Pelt	Panhandle Eastern Pipe Line
42	Bill Walters	Puget Sound Energy, Inc.
43	Kathy York	Tennessee Valley Authority