



NORTH AMERICAN ENERGY STANDARDS BOARD

1301 Fannin, Suite 2350 • Houston, Texas 77002 • **Phone:** (713) 356-0060 • **Fax:** (713) 356-0067
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December 21, 2005

NAESB AT A GLANCE: MONTHLY UPDATE

UPDATE ON WEQ TLR BUSINESS PRACTICES: Mr. Michael Desselle, Director, Public Policy, AEP, Mr. Lou Oberski, Director Electric Market Policy, Dominion Resource Services, Inc., and Ms. Rae McQuade, NAESB President provided the update on the development of the WEQ TLR Business Practices. At the November 29, 2005 WEQ Executive Committee meeting, the WEQ Executive Committee voted on a motion to adopt the TLR Business Practices as modified by the WEQ BPS on November 22, 2005, but to hold ratification in abeyance until TLR implementation issues between NERC and NAESB have been clearly defined. The determination on coordination with NERC is to be made by the NAESB WEQ Members of the Board of Directors. There were not sufficient votes to establish a supermajority vote on the motion. The recommendation was distributed via notational ballot to those who were not present at the meeting to vote. Once the notational ballots were returned, it was determined that there were sufficient votes in support of the motion to meet the super majority requirement. At the December 13, 2005 Board meeting, the Board unanimously supported a motion to support the direction of the WEQ Members of the board of Directors to work on coordination issues with NERC and that the Board expects ratification of the TLR business practices to take place by March 2006. The WEQ Members of the Board of Directors are planning to work with NERC to address coordination issues.

RETAIL PUBLICATION: Mr. Michael Novak, Assistant General Manager, National Fuel Gas 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. With a few exceptions, the model business practices were adopted to be commodity neutral. Feedback from industry and state regulatory agencies is welcomed. The Retail model business practices are copyrighted. NAESB's copyright policy does not allow the posting of its copyrighted materials in a publicly accessible area, but interested parties are welcome to contact the NAESB office to determine if a waiver can be issued. The Retail Quadrants expect to provide an update on this publication in early 2007 to add datasets and new sections on Customer Switching, Contracts, etc. While the first publication focused on business practices that address the retail choice market, the Retail Quadrants are currently working on model business practices that address non-retail choice markets. NAESB members can download the Retail model business practices from the NAESB website for free, or can purchase the CD-ROM. Non-members can purchase the CD-ROM. Industry associations and regulators can request a courtesy copy of the CD-ROM or can contact the NAESB office to obtain a courtesy password to be able to download the model business practices directly from the NAESB website.

QUADRANT ANNUAL PLANS: Mr. Jim Buccigross, Vice President 8760, Inc. reviewed the 2006 WGQ Annual Plan. Mr. Michael Desselle, Director Public Policy, AEP reviewed the 2006 WEQ Annual Plan, and Mr. Michael Novak, Assistant General Manager, National Fuel Gas Distribution, and Retail Gas Quadrant Executive Committee Vice-Chair reviewed the Joint Retail Gas Quadrant and Retail Electric Quadrant Annual Plan. There are several items on the 2006 WGQ Annual Plan in addition to the maintenance of the existing standards including: a review of the security standards, a review of the minimum technical characteristics in the WGQ QEDM Manual, preparation of a joint analysis with the Retail Quadrants for AS2 and AS3 protocols as compared to the NAESB IET, a review and update of the NAESB Base Contract to reflect current industry practices and applicable terms and conditions (Request No. R05014), and development of a uniform process for reporting the underlying assumptions and methodologies for determining gas quality specifications from measured data. The Retail Quadrant Executive Committees decided to combine the Annual Plans of the Retail Gas Quadrant and Retail Electric Quadrant for 2006. The Retail Annual Plan includes the development of the information requirements and technical electronic implementation standards for business practice standards that have been drafted including Billing & Payment, Electronic Retail Billing, and Pre-Enrollment Customer Information. The Retail Annual Plan also include the development of business practices for Customer Enrollment, Switching & Dropping, and the development of procedures for responding to customer inquiries directed to Distributors and/or Suppliers and for notification of the other party (Customer Inquiries). The Retail Contracts Subcommittee will also continue the development of a model REQ/RGQ contract/outline modeled after the NAESB Base Contract designated for use by electric power markets or competitive gas markets (Request No. R05013). The Retail Quadrants will work with the Wholesale Gas Quadrant to prepare the joint analysis for AS2 and AS3 protocols compared to the NAESB IET, and will also work with the Department of Energy and Sandia National Laboratories on NAESB technical standards. The 2006 WEQ Annual Plan includes the development of business practice standards as needed to complement reliability standards, development of business



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practice standards for Version 1 to support ATC calculations, development of business practice standards to improve the current operation of the wholesale electric market and develop and maintain business practice and communication standards for OASIS and Electronic Scheduling.

COORDINATION COMMITTEE: Mr. Desselle reported that the Board of Directors voted to change the name of the ERO Committee, the Board Committee formed to address impending changes at NERC and to represent NAESB in the effort to modify the NERC/NAESB/IRC Memorandum of Understanding (MOU), to the Coordination Committee at its December 13th meeting. The Coordination Committee is also working with NERC to address the coordination issues surrounding the development of the TLR reliability standards by NERC and the complementary model business practices by NAESB. The Coordination Committee expects to begin meeting with representatives from NERC and the IRC to look at potential modifications in coordination between the organizations and at possible modifications to the MOU in the near future. The Coordination Committee consists of named Board Members, but all of its meetings and conference calls are open to interested industry participants.

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. During the development of the report, drafts of the report were forwarded to FERC staff. On December 5, the GEIC held a conference call and FERC staff attended the call to suggest modifications to the structure of the GEIC report and clarification of some the items included in the GEIC report. Members of the GEIC are currently working to modify the report based on the discussions with FERC staff. A conference call is scheduled on January 11 for the GEIC to review the modifications made pursuant to the comments and to vote to send the report to the Board of Directors. It is the expectation of the GEIC to send the report to the Board for vote via notational ballot in lieu of waiting until the next regularly scheduled Board meeting in March 2006. If the report is approved by the Board of Directors, it will be filed with the FERC.

RETAIL STRUCTURE REVIEW COMMITTEE UPDATE: Mr. Bourbonnais, Vice President of Transmission, WPS Resources Corporation, and chair of the Retail Structure Review (RSR) Committee, provided an update on the RSR Committee. The NAESB Board of Directors reviewed the final report of the RSR Committee at its meeting December 13, 2005. After considering several options including a proposed change the NAESB Bylaws, the RSR Committee recommended that the NAESB Board of Directors delay any structural changes to the Retail Quadrants at this time to allow the Retail Quadrants to complete their original work plan to develop customer choice business practices and continue to work on the business practices for customer choice and regulated retail markets in 2006. The Board unanimously approved the recommendation of the RSR Committee and directed the RSR Committee to complete a strategic planning exercise in 2006 to determine the direction of the two Retail Quadrants after the original retail quadrant work plan is completed. The strategic plan should include input from the NAESB Advisory Council. The Board also directed the RSR Committee to complete a review of the need for structural changes to the two Retail Quadrants in 2006 based on quadrant membership levels, progress and interest in the three initiatives for business practices for both retail customer choice and regulated markets. The RSR Committee will provide a final recommendation to the Board at the December 2006 Board meeting. The next RSR Committee conference call is scheduled on January 17, 2006 to develop the 2006 work plan. Interested parties are encouraged to attend to help the RSR Committee address the decreasing membership in the Retail Quadrants.

OTHER TOPICS: On future monthly update calls, topics will include the progress on the update of the NAESB Base Contract, and an update on the efforts of the GEIC.

NEXT CONFERENCE CALL: The next conference call is scheduled for **Wednesday, January 18, 2006**, 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).



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NAESB Monthly Update Conference Call, Participant List December 21, 2005 -- 2:00 PM Eastern

Name	Organization
1 Diane Barney	New York State Department of Public Service
2 John Bulger	National Energy Board
3 Dan Downs	State of New York Public Service Commission
4 Bill Heinrich	New York State Department of Public Service
5 Steve Oxley	Wyoming Public Service Commission
6 Lou Ann Westerfield	Idaho Public Utility Commission

Name	Organization
7 Barbara Alexander	State of Maine Public Advocate
8 Bill Bourbonnais	WPS Resources Corporation
9 Ken Brown	PSEG
10 Jim Buccigross	8760, Inc.
11 Scott Butler	Con Edison
12 David Darnell	Systrends, Inc.
13 Ed Davis	Entergy
14 Dale Davis	Williams Gas Pipeline
15 Michael Desselle	AEP
16 Andy Dotterweich	Consumers Energy Company
17 Tamara Evey	Ameren
18 Ollie Frazier	Duke Energy Corporation
19 Bill Gallagher	Vermont Public Power Supply Authority
20 Bill Griffith	El Paso Natural Gas
21 Jim Hicks	Pacificorp
22 Laura Kennedy	NAESB
23 Iris King	Dominion
24 Rae McQuade	NAESB
25 Mike Novak	National Fuel Gas Distribution
26 Richard Penyon	OATI
27 Marjorie Perlman	Energy East
28 Judy Ray	Alabama Power
29 Lisa Simpkins	Constellation Energy Commodities Group
30 Rick Smead	Navigant Consulting
31 Jim Vikinsalo	Southern Company
32 Charles Yeung	Southwest Power Pool
33 John Zurita	OATI