



NORTH AMERICAN ENERGY STANDARDS BOARD

801 Travis, Suite 1675 • Houston, Texas 77002 • Phone: (713) 356-0060 • Fax: (713) 356-0067
email: naesb@naesb.org • Web Site Address: www.naesb.org

November 26, 2014
Filed Electronically

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street N.E., Room 1A
Washington, D.C. 20426

RE: Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities (Docket No. RM14-2-000)

Dear Ms. Bose:

The North American Energy Standards Board ("NAESB") is voluntarily submitting this report to the Federal Energy Regulatory Commission ("FERC" or "Commission") to supplement the prior report submitted to the Commission on September 29, 2014 in response to the Notice of Proposed Rulemaking ("NOPR") on *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities* issued on March 20, 2014 (Docket No. RM14-2-000). The purpose of the report is to inform the Commission of the options the organization may pursue to respond to Commission action within the ninety-day deadline provided in the aforementioned NOPR, if the Commission adopts regulations not approved by NAESB.

The cover letter, report and enclosures are filed electronically in Adobe Acrobat® Portable Document Format (.pdf), with each enclosure bookmarked separately. The entire filing is also available on the NAESB website (www.naesb.org). Please feel free to call me at (713) 356-0060 or refer to the NAESB website (www.naesb.org) should you have any questions or need additional information regarding the report.

Respectfully submitted,

Rae McQuade

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



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cc with enclosures:

- Chairman Cheryl A. LaFleur, Federal Energy Regulatory Commission
- Commissioner Tony Clark, Federal Energy Regulatory Commission
- Commissioner Philip D. Moeller, Federal Energy Regulatory Commission
- Commissioner Norman C. Bay, Federal Energy Regulatory Commission

- Mr. Michael Bardee, Director, Office of Electric Reliability, Federal Energy Regulatory Commission
- Mr. Michael McLaughlin, Director, Office of Energy Market Regulation, Federal Energy Regulatory Commission
- Mr. David Morenoff, General Counsel, Office of the General Counsel, Federal Energy Regulatory Commission
- Ms. Jamie Simler, Director, Office of Energy Policy and Innovation, Federal Energy Regulatory Commission

- Ms. Valerie Crockett, Chairman and CEO, North American Energy Standards Board
- Mr. Michael Desselle, Vice Chairman, North American Energy Standards Board
- Mr. William P. Boswell, General Counsel, North American Energy Standards Board

Enclosures (all documents noted in the appendices are available publicly on the NAESB website – <http://www.naesb.org>):

- Appendix A NAESB Minor Correction Process
- Appendix B NAESB Standards Development Process
- Appendix C Draft Notes from the November 20, 2014 Managing Committee Conference Call

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Coordination of the Scheduling Processes of) Docket No. RM14-2-000
Interstate Natural Gas Pipelines and Public Utilities)

REPORT OF THE NORTH AMERICAN ENERGY STANDARDS BOARD

The North American Energy Standards Board ("NAESB") is voluntarily submitting this report in accordance with the Notice of Proposed Rulemaking ("NOPR") on *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*¹ issued on March 20, 2014 in the above referenced docket. This report supplements the report filed with the Commission on September 29, 2014 and is filed to clarify the next steps NAESB may pursue if the Commission adopts regulations not approved by NAESB as voluntary standards, including a start time for the Gas Day.² This report is solely a status report from NAESB regarding activities to respond to the FERC NOPR. NAESB does not advocate that the Commission take a particular position on any of the issues presented.

As described in the NOPR, upon issuance of a final rule by the Commission in the above referenced docket, NAESB will respond by integrating the Commission's regulations into its standards within ninety days of the effective date of the final rule and will notify the Commission when the standards are approved. To take this action, NAESB may integrate any such regulations into its standards through the *NAESB Minor Correction Process* described in Appendix A of this report or through the *NAESB Standards Development Process* described in Appendix B.

Per the *NAESB Minor Correction Process*, NAESB may make clarifications and corrections to existing standards made by a regulatory agency that are of a jurisdictional nature. Following this process, upon issuance of a final rule by the Commission, the NAESB staff will notify the Wholesale Gas Quadrant ("WGQ") Executive Committee ("EC"), the WGQ Business Practices Subcommittee ("BPS") and the WGQ Information Requirements and Technical ("IR/Technical") Subcommittees, and request the BPS and IR/Technical Subcommittees develop a minor correction recommendation that modifies the NAESB standards to reflect the regulations adopted by the Commission in the final rule. Once the minor correction recommendation is complete, the recommendation will be distributed to the WGQ EC via notational ballot for its consideration. If approved, the minor correction will be publically noticed and posted for a two-week comment period. If no comments are submitted, the minor correction will become effective one month from the date of the public notice. If comments are submitted, the WGQ EC will review the comments, provide written responses and determine if modifications to the minor correction are required. This determination can be through a notational ballot after the EC is given a three business day review period. Only modifications to correct the application of the final rule to the standards would be considered, as the EC would not debate the merits of the final rule through this process. If the *NAESB Minor Correction Process* is utilized, NAESB may be able to respond to the final order in as little as forty-five days.

As an alternative to the *NAESB Minor Correction Process*, NAESB may enable the *NAESB Standards Development Process* to respond to the Commission's final rule. Upon issuance of a final rule by the Commission, the NAESB Board of Directors will make the proposed provisional 2015 WGQ Annual Plan Item 3 active and assign the development of a recommendation in support of the item to the WGQ Business Practice Subcommittee ("BPS") and the WGQ Information Requirements and Technical ("IR/Technical") Subcommittees. Upon adoption of a recommendation containing the conforming standards modifications by the subcommittees, the recommendation will be posted for a thirty-day formal comment period. At the close of the comment period, the WGQ EC will

¹ FERC Notice of Proposed Rulemaking, *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, can be found through the following hyperlink: <http://www.ferc.gov/whats-new/comm-meet/2014/032014/M-1.pdf>.

² The September 29, 2014 Report to FERC in response to the Gas-Electric Harmonization NOPR can be found through the following hyperlink: https://www.naesb.org/pdf4/ferc092914_naesb_geh_report_nopr032014.pdf.

review the recommendation and all comments received and vote to approve or reject the recommendation of the subcommittees. If approved, the recommendation will be distributed for ratification by the WGQ membership and adopted as a NAESB final action if the requisite support is attained. While NAESB may be able to respond to the final order within the ninety-day deadline through this process, it may be challenging as multiple industry and member review periods are required and past expedited efforts have not been completed in under ninety-days.

The Managing Committee discussed these options during their November 20, 2014 conference call, and although both processes allow NAESB the opportunity to respond to the Commission's request within the ninety-day deadline provided in the NOPR, the *NAESB Minor Correction Process* may allow for a more expedient response. However, the efficiency of this process must be weighed against the higher voting thresholds and layers of industry vetting provided by the *NAESB Standards Development Process*. As noted, the processes are described in Appendix A and B to this report, and the organization stands ready to take any action the Commission recommends through its final order.

Appendix A: NAESB Minor Correction Process

The Appendix contains an excerpt from the NAESB Operating Procedures detailing the procedures to be followed for minor clarifications and corrections to existing NAESB WGQ Business Practice Standards.

Procedures for Minor Corrections as excerpted from the NAESB Operating Procedures

D. Minor Clarifications and Corrections to Standards

Minor clarifications and corrections to existing standards include: (a) clarifications or corrections made by a regulatory agency to standards that are of a jurisdictional nature, or by the American National Standards Institute or its successor; (b) clarifications or corrections to the format, appearance, or descriptions of standards in standards documentation; (c) clarifications or corrections to add code values to tables; and (d) clarifications and corrections that do not materially change a standard. Any request for a minor clarification or correction to an existing standard should be submitted in writing to the executive director. This request shall include a description of the minor clarification or correction and the reason the clarification or correction should be implemented.

1. Processing of Requests

The executive director shall promptly notify the EC and any appropriate subcommittee(s) of the receipt of the request. The members of the applicable quadrant's EC shall promptly determine whether the request meets the definition of a minor clarification or correction. Through the decision of the vice chair of the applicable quadrant, this determination may be delegated to one of the quadrant's subcommittees, with the concurrence of the subcommittee chair, in which case the subcommittee shall make a prompt decision.

If the request is determined to meet the definition of minor clarification or correction, the applicable quadrant's EC, with input from any subcommittee(s) to which the request has been forwarded, shall act on the request within one month of its receipt. A meeting to discuss the request is not required; the decision may be made by notational vote. A simple majority of the votes received shall determine the outcome. The members of the applicable quadrant's EC shall be given at least three working days to consider and vote on the request.

2. Public Notice

The results of the vote on the request for a minor clarification or correction shall be posted on the NAESB website and the members of the applicable quadrant shall be notified of the request by e-mail. If the request has been approved by the applicable quadrant's EC, the notification shall include a brief description of the request, the contact name and number of the requester so that further information can be obtained, and the proposed effective date of the clarification or correction. Any interested party shall have an opportunity to comment on the request, and the comments shall be posted on the NAESB website. The comment period is two weeks.

3. Final Disposition of Approved Requests

If no comments are received on an approved request, the standard shall be clarified or corrected as specified in the approved request on the effective date proposed. If comments are received, they shall be forwarded to the members of the applicable quadrant's EC for consideration. Each comment requires a public written response from the applicable quadrant's EC. The applicable quadrant's EC shall determine whether changes are necessary as a result of the comments. Members of the applicable quadrant's EC shall be given three working days to consider the comments and determine the outcome, which shall be decided by a simple majority of the votes received. A meeting to discuss the request is not required; the decision may be made by notational vote. The standard shall be clarified or corrected in accordance with the outcome of the vote, effective with the completion of voting, and notice thereof shall be posted on the NAESB website. In the case of minor corrections which are discovered during the editorial

Appendix A: NAESB Minor Correction Process

review process of publication of a new version and are categorized as clarifications under (b) or (c) above³, the proposed effective date may be (i) two weeks from the date of public notice, following simple majority approval by the applicable Quadrant(s) EC(s) of the shortened effective date, or (ii) one month from the date of the public notice. For all others, the proposed effective date of the minor clarification or correction shall normally be one month from the date of the public notice upon simple majority approval of the applicable Quadrant(s) EC(s).

³ Minor clarifications and corrections to existing standards include: (a) clarifications or corrections made by a regulatory agency to standards that are of a jurisdictional nature, or by the American National Standards Institute or its successor; (b) clarifications or corrections to the format, appearance, or descriptions of standards in standards documentation; (c) clarifications or corrections to add code values to tables; and (d) clarifications and corrections that do not materially change a standard.

Appendix B: NAESB Standards Development Process

The Appendix contains an excerpt from the NAESB Operating Procedures detailing the procedures for the development of NAESB WGQ Business Practice Standards.

III. Standards Development Process

NAESB is focused on proposing, considering, and adopting voluntary standards and model business practices that will have a significant and lasting impact on all aspects of the natural gas and electricity marketplaces. As a result of the standards NAESB adopts, it is expected that the industry will operate more efficiently and effectively, benefiting both the industry and its customers. At the same time, it must be acknowledged that NAESB standards may constitute a change in the way parties do business, with an accompanying effect on the use and allocation of resources.

NAESB's policy is to move at a deliberate pace, consistent with its annual plan(s), thus permitting those affected by its standards, especially those standards adopted as regulations by the Federal Energy Regulatory Commission (FERC) or other regulatory bodies, to assimilate them as part of their business practices. To this end, NAESB will carefully consider whether proposed standards are both timely and necessary. In particular, it will try to avoid adopting and implementing new standards, however beneficial, before the industry is able to reasonably make use of them.

The standards development process is governed by the annual plan, and items can be included in the plan or modified only with Board approval. The plan typically reflects requests from NAESB members, government agencies, and other interested parties. In approving the annual plan, the Board considers the availability of resources, including the NAESB budget and staff and the availability of industry volunteers. New requests received throughout the year are either considered part of the existing annual plan or as new items that require Board approval.

The standards development process begins with an annual plan item or a triaged and approved request. Triage is a process used by each quadrant of the EC to determine whether a request is within scope, which quadrant(s) it applies to, which subcommittee(s) it should be referred to, and what priority it should be assigned. Triage is carried out by EC members appointed by the EC chair. Triage recommendations are submitted to the en banc EC and require EC approval, and may also require Board approval if there are scope questions or if a modification of the annual plan is required.

If the triage process yields a request that is assigned to the WEQ, either solely or as part of a joint assignment, that request will be reviewed by NAESB and NERC executive management to determine if joint development is required as the development of both reliability standards and business practice standards is the expected outcome.

Once the triage process is completed, the subcommittees—more than one are normally involved in standards recommendations—review the request, compare it to existing standards, and prepare recommendations that may take the form of new or modified standards or interpretations. Participation in EC subcommittees is open to any interested party regardless of membership status. All subcommittee participants may vote; voting is balanced by segment and quadrant. All votes are public.

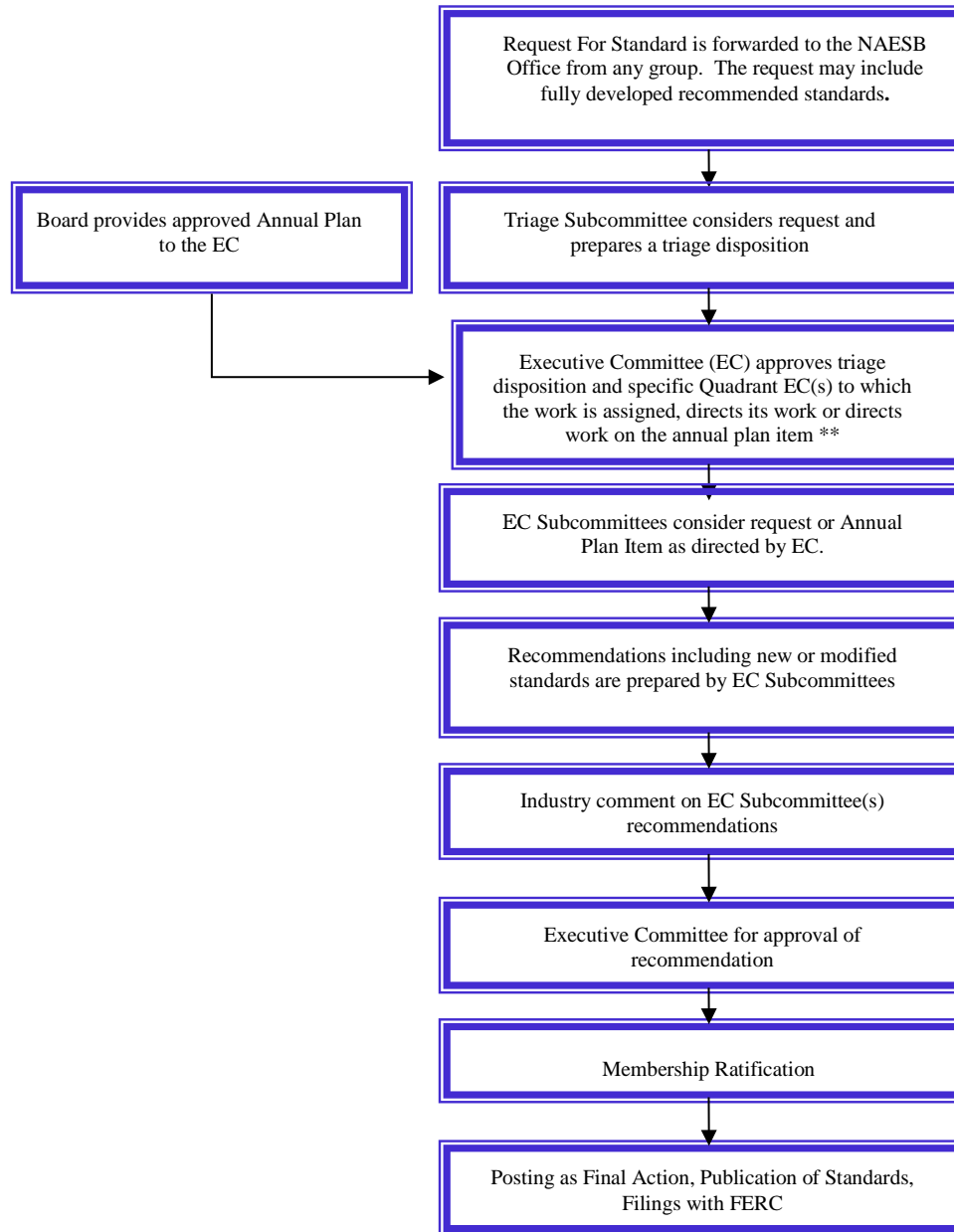
When the recommendation is complete, it is made available for a thirty-day industry comment period. The recommendation and comments are then forwarded to the EC, which considers the recommendation, makes any changes it deems necessary, and takes a vote. As noted above, a recommendation must receive an affirmative vote of at least 67 percent from each applicable quadrant EC and 40 percent from each of the fully populated segments of the applicable quadrant(s) in accordance with the requirements set forth in Article V of the NAESB Certificate of Incorporation and Article 2, Section 2.3 of the NAESB Bylaws.

After passage by the EC, the recommendation must be ratified by the NAESB members. An affirmative vote of 67 percent of the members of the applicable quadrant(s) is required for ratification. After ratification, standards and modifications are considered final actions and will be published in the next version of NAESB standards.

The foregoing process has been followed by the WGQ since 1994 and has been used to develop more than five hundred standards that have been incorporated by reference into federal regulations. The standards that apply to electronic delivery mechanisms have been endorsed by several state regulatory bodies and have also been adopted by the automotive, insurance, and health care industries.

Appendix B: NAESB Standards Development Process

North American Energy Standards Board
Standards Development Process Flow Chart



Appendix C: Draft Notes from the November 20, 2014 Managing Committee Conference Call

TO: NAESB Files
FROM: Jonathan Booe, NAESB Vice President
RE: Notes from the November 20, 2014 Managing Committee Call at 3:30 pm C
DATE: November 25, 2014

The NAESB Managing Committee met via conference call on November 20, 2014 to discuss the American National Standards Institute (ANSI) request to consider standards development related to energy efficiency, the possibility of providing members access to the standards in an editable format, and the submission of comments to the Federal Energy Regulatory Commission (FERC or Commission) noting the available NAESB processes for addressing a Final Order on the gas-electric coordination Notice of Proposed Rulemaking (NOPR). The call was opened by Valerie Crockett at 3:30 pm C. All Managing Committee members were present on the call. Dale Davis, Tom Gwilliam, Kathryn Burch, Elizabeth Mallett, Caroline Trum and Denise Rager also attended. The antitrust guidance reminder was provided by Mr. Booe. The agenda was adopted unanimously with no changes offered through a motion of Michael Desselle and second by Bruce Ellsworth.

Mr. Booe reviewed the request submitted by the ANSI Energy Efficiency Standardization Coordination Collaborative (EESCC) to consider standards development in eighteen potential areas related to energy efficiency identified in the EESCC Roadmap report. He stated that he held a conference call with the co-chairs of the DSM/EE Subcommittee, the WEQ and RXQ Executive Committee chairs and Wendell Miyaji to discuss their initial impressions of the request and gauge their temperature for pursuing standards development. Based upon cursory review of the request and Roadmap report by the participants, interest was low; however, all agreed that a discussion with a wider audience would be beneficial. Mr. Booe recommended that a special meeting be called by Ms. Crockett the week of December 1st to discuss the request with a larger audience and develop a recommendation that could be considered by the Board of Directors during the December 11, 2014 meeting as part of the 2015 annual planning process. Ms. Crockett stated that she supported this direction, and noted that resource availability should be a consideration for the Board of Directors when considering a path forward. Mr. Booe stated that availability of technical experts to lead the effort was discussed by the leadership, and he noted that direction from ANSI to engage in NAESB for the standards development effort may draw new non-member participation. There was no opposition from the Managing Committee to holding a special meeting to discuss the request with a larger audience prior to the Board meeting.

Next, Ms. Crockett reviewed the member comments submitted to the Managing Committee concerning the request for an editable format of the standards and a request made by the WEQ leadership. Mr. Booe stated that in response to the requests, the NAESB office has prepared a mechanism to offer the standards to requesting members under certain terms of use if directed by the Managing Committee. He noted that the terms of use have not been finalized and will require further review by Mr. Boswell. Mr. Desselle stated that the terms of use should clearly state that the true and correct version of the NAESB standards is what is provided on the NAESB website today. Ms. Davis stated that she supports making the standards available in an editable format, but asked if the Managing Committee will consider publishing the booklets for WGQ Version 3.0 as requested in the member comments. She noted that the booklets for WGQ Version 3.0 were near completion when the Managing Committee determined to discontinue their publication. Ms. Crockett stated that decision of the Managing Committee was based upon the resource management of the NAESB staff and equity across all three quadrants. Mr. Booe stated that the NAESB staff is currently working to publish the Retail Version 3.0 standards by the December 19, 2014 publication date and that any interruption of that work would put the deadline in jeopardy. There was no opposition from the Managing Committee to providing access to an editable format of the standards by requesting members under certain terms of use to be approved by Mr. Boswell. Mr. Gwilliam thanked the Managing Committee for its decision and consideration of the member comments.

For the submission of comments to the Commission concerning the gas-electric coordination NOPR, the comment period closes on November 28, 2014. Mr. Booe stated that he has prepared draft comments that the Managing Committee may consider for submission to the Commission that describe the *NAESB Minor Correction Process* and the *NAESB Standards*

Development Process, and notes the timing requirements for both processes. The NOPR states that if the Commission adopts regulations that have not been approved by NAESB, it will expect NAESB to integrate the

Appendix C: Draft Notes from the November 20, 2014 Managing Committee Conference Call

Commission's regulations into its standards within 90 days of the effective date of the final rule. Mr. Booe stated that the draft comments communicate that utilizing the *NAESB Minor Correction Process* may be the more efficient process, but notes that the organization stands ready to take any action the Commission recommends through its Final Order. Ms. Davis stated that the *NAESB Minor Correction Process* may not be appropriate if the regulations proposed in the Final Order are substantively or substantially different than the voluntary standards adopted by NAESB. Mr. Booe reminded Ms. Davis that per the *NAESB Minor Correction Process*, NAESB may make clarifications and corrections to existing standards made by a regulatory agency that are of a jurisdictional nature, and that the organization has done so multiple times in the past. Ms. Crockett stated that she supports providing comments to the Commission and recommends that they are filed on Wednesday, November 26, 2014 to ensure that there are not any issues with the submission near the deadline. There was no opposition from the Managing Committee from pursuing this course of action.

There were no "other business" topics to address. The motion was made to adjourn with no opposition. The meeting adjourned at 4:08 pm C.

Action items from the call included:

1. Schedule a conference call to discuss the ANSI request prior to the December Board meeting
2. Pursue making the standards available in an editable format to requesting members under terms of use approved by Mr. Boswell
3. File comments with the Commission in the gas-electric coordination docket concerning the NAESB processes available for supporting a Final Order on the gas-electric coordination NOPR

Attendance:

Managing Committee: Bill Boswell
Cade Burks
Valerie Crockett
Michael Desselle
Bruce Ellsworth

Other Attendance: Kathryn Burch
Dale Davis
Megan Doss
Tom Gwilliam

NAESB Staff: Jonathan Booe
Elizabeth Mallett
Denise Rager
Caroline Trum