

# NAESB Bulletin

October 2012 - January 2013

Volume 5, Issue 3

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## [2013 Calendar:](#)

### January 2013

01/01 - Holiday - New Years Day (NAESB Closed)  
01/03 - WEQ OASIS Conf. Call  
01/03 - WEQ JESS Conf. Call  
01/07 - Retail IR/TEIS Conf. Call  
01/09-10 - WEQ BPS Meeting (Redwood City, CA)  
01/10 - Retail Structure Review Committee Conf. Call  
01/14 - Retail Glossary Conf. Call  
01/14 - Retail BPS Conf. Call  
01/15-17 - WEQ OASIS Meeting (Charlotte, NC)  
01/15-17 - WGQ IR/Technical Meeting (Salt Lake City, UT)  
01/21 - Holiday - Martin Luther King (NAESB Closed)  
01/23 - NAESB Monthly Update Conf. Call  
01/24 - WEQ OASIS Conf. Call  
01/24 - Retail Structure Review Committee Conf. Call  
01/24 - WGQ BPS Conf. Call  
01/31 - Joint WGQ BPS and WGQ Interpretations Conf. Call

### February 2013

02/01 - Retail Texas Task Force Meeting (Houston, TX)  
02/02 - NAESB Advisory Council Meeting (Washington, DC)  
02/03-06 - Winter NARUC Meeting (Washington, DC)  
02/05 - WGQ BPS Conf. Call  
02/05-06 - WEQ JESS Meeting (Houston, TX)  
02/07 - WEQ PKI Conf. Call  
02/11 - Retail IR/TEIS Conf. Call  
02/11 - WEQ SRS Conf. Call  
02/13-14 - WEQ BPS Meeting (Houston, TX)  
02/18 - Retail Glossary Meeting (Phoenix, AZ)  
02/18-19 - Retail BPS Meeting (Phoenix, AZ)  
02/19-20 - WGQ IR/Technical Meeting (Phoenix, AZ)  
02/19 - WEQ Executive Committee Meeting (Phoenix, AZ)  
02/20 - Retail Executive Committee Meeting (Phoenix, AZ)  
02/20-21 - WEQ OASIS Meeting (Phoenix, AZ)  
02/21 - WGQ Executive Committee Meeting (Phoenix, AZ)  
02/22 - Retail Structure Review Committee Conf. Call  
02/25 - REQ Data Privacy Meeting (Austin, TX)

### March 2013

03/01 - WEQ OASIS Conf. Call  
03/05-06 - WEQ JESS Meeting (Norman, OK)  
03/07 - Retail Structure Review Committee Conf. Call  
03/12 - WEQ SRS Conf. Call  
03/14 - NAESB Monthly Update Conf. Call  
03/18 - Retail IR/TEIS Conf. Call  
03/20-21 - WEQ BPS Meeting (Little Rock, AR)  
03/21 - Retail Structure Review Committee Conf. Call  
03/26-27 - WEQ OASIS Meeting (Seattle, WA)  
03/27 - Retail BPS Conf. Call  
03/28 - WEQ OASIS Meeting

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## STANDARDS DEVELOPMENT

**Public Key Infrastructure (PKI) and Authorized Certification Authorities Update:** On January 29, 2013, NAESB filed the PKI and related standards with the Commission in Docket Nos. RM05-5-000 and RM05-5-022. The PKI standards development effort has resulted in modifications to NAESB WEQ-012 PKI standards, NAESB WEQ-000 Abbreviations, Acronyms, and Definition of Terms, the NAESB WEQ-001 Open Access Same-time Information Systems (OASIS) standards, the NAESB WEQ-002 OASIS Standards and Communication Protocols standards, the NAESB WEQ-003 OASIS Data Dictionary standards, the NAESB WEQ-004 Coordinate Interchange standards and the NAESB WEQ-013 OASIS Implementation Guide. In addition, to support the PKI standards development effort, modifications were made to the NAESB WEQ-013 OASIS Implementation Guide, the NAESB Electronic Tagging Functional Specification and the NAESB Accreditation Requirements for Certification Authorities Specification and the NAESB Authorized Certification Authority Process were created.

On September 18, 2012, NAESB filed the WEQ Version 003 standards report with the Commission in Docket Nos. RM05-5-000, RM05-17-000 and RM07-1-000. At that time, a recommendation proposing modifications to the PKI standards had been approved by the WEQ Executive Committee but had not been ratified by the NAESB membership. Also at that time, the OASIS Subcommittee and Joint Electric Scheduling Subcommittee (JESS) were in the development phases of recommendations addressing conforming changes to the OASIS standards and coordinate interchange standards to support the proposed WEQ-012 modifications.

NAESB filed a status report on November 30, 2012 to inform the Commission of the actions taken by NAESB related to the PKI standards development effort to date and to prepare the Commission for the anticipated January 29, 2013 Filing The Accreditation Specification and the PKI Subcommittee recommendation, stemming from 2012 WEQ Annual Plan Item 4.c.i-ii, were adopted by the PKI Subcommittee on June 14, 2012 and July 9, 2012, respectively. While the WEQ EC approved both the PKI Subcommittee WEQ-012 recommendation and the Accreditation Specification document during its August 21, 2012 meeting, the committee requested that the PKI standards undergo the full staffing process. The WEQ-012 PKI recommendation was subsequently ratified by NAESB membership on October 4, 2012.

The OASIS Subcommittee recommendation was ratified by NAESB membership on November 28, 2012. The membership ratification of Part 1 of the JESS recommendations, proposing changes to WEQ-004 Coordinate Interchange standards, occurred on December 28, 2012 and completed the full staffing process. The PKI standards address the security structure for commercial transactions in the electronic industry, such as e-Tagging, the Electric Industry Registry, and electronic scheduling on OASIS. The standards are supported by the Accreditation Specification document which, although not a business practice standard, identifies the requirements to become certified as a NAESB Authorized Certification Authority (ACA). This document goes hand-in-hand with the WEQ-012 standards themselves – as they reference ACAs, and the procedure approved by the Board of Directors for certifying certification authorities.

NAESB has begun accepting affidavits from pending ACAs for the current version of standards as amended by the final actions. The pending status is a consequence of the incomplete standing of revisions to the PKI and the other related standards. The ACA program will not apply retroactively to NAESB WEQ Version 2.1.

The NAESB office has worked with ANSI to obtain the necessary Object Identifiers (OID) to be included in the Accreditation Specification approved by the EC in August. Once finalized, the OIDs will be incorporated into the Accreditation Specification and will be used by the ACAs pending approval when issuing certificates. The ACAs pending approval have been closely involved in the OID process and have coordinated with the NAESB office to prepare for their incorporation. *(continued)*

STANDARDS DEVELOPMENT *(continued)*

*(continued)* The PKI Subcommittee will meet to address 2013 WEQ Annual Plan Item 4.a.ii which calls for review of the August 27, 2012 FERC report, “*Report on Use of North American Energy Standards Board Public Key Infrastructure Standards*” (Docket No. EL12-86-000). The subcommittee will determine which standards changes are needed to be responsive to suggestions made by the Commission.

*For more information, please go to [WEQ PKI Subcommittee Web Page](#), [WEQ JESS Web Page](#), [WEQ OASIS Web Page](#), [Board Certification Program Committee Web Page](#), [FERC Report on Use of North American Energy Standards Board Public Key Infrastructure Standards](#), [NAESB WEQ Version 003 FERC Filing](#), [NAESB Status Report to FERC](#), [2012 WEQ Annual Plan](#), [2013 WEQ Annual Plan](#), [August 21, 2012 WEQ EC Final Meeting Minutes](#), [PKI Subcommittee Final Action](#), [NAESB Accreditation Requirements for Authorized Certification Authorities](#), [JESS Subcommittee e-Tagging Final Action, Part 1](#), [JESS Subcommittee e-Tagging PKI Recommendation, Part 2](#), [NAESB Authorized Certificate Authority Process](#) and [OASIS PKI Final Action](#).*

**Data Privacy:** On August 16, 2012, NAESB received Request No. R12008, from the Smart Grid Interoperability Panel Cyber Security Working Group (CSWG). The Smart Grid Data Privacy Task Force has been reactivated in response to R12008 and at the request of the chair of the REQ Executive Committee. Christine Wright of the Public Utility Commission of Texas has agreed to chair the effort on behalf of the task force. The result of a CSWG review, Request No. R12008 recommends enhancements to NAESB REQ.22 that propose additional cyber security and privacy protections for those utilizing the model business practices, as well as for customers seeking to have smart meter-based information released to third parties. The CSWG recognized that in some cases there may be guidance in these areas from other sources, including state legislative or regulatory bodies. The first meeting of the Smart Grid Data Privacy Task Force took place on November 30, 2012. Future meeting dates will be announced by the NAESB office and posted to the Smart Grid Data Privacy Task Force web page.

The Retail Business Practices Subcommittee (BPS) and the REQ Data Privacy Task Force have been working jointly with the Demand-Side Management and Energy Efficiency (DSM-EE) Subcommittee since March 2012 to review a recommendation for 2012 Retail Annual Plan Item 10.b which calls for the development of a new standardized form to obtain retail customer's authorization for the release of their information to a third party. The subcommittees approved the recommendation during their October 22, 2012 joint meeting and posted the form for a 30 day industry comment period ending on January 4, 2013. The document will be reviewed and voted on during the February 20, 2013 Retail Executive Committee meeting.

*For more information, please go to [R12008](#), [Smart Grid Data Privacy Task Force Web Page](#), [Retail BPS Web Page](#), [DSM-EE Subcommittee Web Page](#), [Retail Customer Authorization Form Recommendation](#) and [2012 Retail Annual Plan](#).*

**Cyber Security:** NAESB recently met with the offices of Senator Harry Reid, Senator Susan Collins, and Senator Joe Lieberman, as well as the DHS and the newly created Office of Energy Infrastructure Security, headed by Joseph McClelland at FERC, regarding cyber security development issues. In response to the increased scrutiny on cyber security, the NAESB Managing Committee has supported the Chairman of the NAESB Board of Directors, Michael Desselle, in the creation of an ad hoc group which will work with the NAESB President, Rae McQuade, in the development of two fact sheets. These fact sheets, one for natural gas and one for electricity, will describe the NAESB cyber security related standards, how they are used, to which transactions they apply, and how they affect both the natural gas and electricity markets. During the December 6, 2012 board meeting, Chairman Desselle explained that the fact sheets will be developed into white papers that will be used to synchronize development efforts with NA-RUC and other organizations.

In the months of October, November and December, the Department of Energy and the Department of Homeland Security (DHS) hosted a series of regional classified and unclassified briefings to discuss recent cyber security attacks on the energy sector. During these meetings representatives from the FBI and the DHS Industrial Control Systems Cyber Emergency Response Team reviewed the malware attacks on Telvent, Saudi Aramco, and RasGas and discussed potential mitigation and best practices that could have been employed to combat against such attacks. NAESB was pleased to participate in these briefings.

*For more information, please go to [Board Managing Committee Web Page](#) and [November 29, 2012 Board Managing Committee Meeting Notes](#).*

**Update on the Electric Industry Registry (EIR):** As scheduled and announced by NAESB, NERC and OATI in mid-October, the EIR, also known as OATI's webRegistry, was put into production and published on November 13, 2012 at 12:00am Central. At that time, the EIR became the official industry registry and registry publication and its predecessor, the NERC TSIN Registry, was decommissioned. This decision was made by NAESB and NERC at the conclusion of the cutover test which took place November 6-12, 2012. No changes were allowed in either the NERC TSIN or the webRegistry system during that time period except as requested and manually entered by OATI as authorized by NAESB. To date, the EIR has over 1,200 registered entity roles, over 2,200 points of receipt and points of delivery roles, and over 5,800 source/sink points.

During the December 5, 2012 WEQ Leadership meeting, the participants considered the development of a transparent maintenance process and discussed industry participation in future improvements to the registry. On December 6, 2012, the NAESB Board of Directors expressed thanks to NERC and OATI for their efforts in making the transition to EIR a success.

*For more information, please go to [WEQ EIR Web Page](#), [WEQ JESS Web Page](#) and [NAESB EIR Press Release](#).*

STANDARDS DEVELOPMENT *(continued)**Gas-Electric Harmonization:*

On September 20, 2012, the NAESB Board of Directors unanimously approved the “*North American Energy Standards Board Gas-Electric Harmonization Committee Report*.” Since that time, the National Association of Regulatory Utility Commissioners (NARUC) adopted a resolution endorsing the report on November 14, 2012. In the [NARUC Resolution](#), put forth by Commissioner Simon of California and sponsored by the Gas Committee, members of NARUC were encouraged to utilize the final report to advance gas-electric harmonization efforts for its member states and to participate and comment if desired on any ongoing standards process at NAESB and other forums to advance gas-electric harmonization. NAESB would like to give special thanks to Commissioner Timothy Simon of the California Public Utilities Commission and Commissioner Wayne Gardner of the Pennsylvania Public Utility Commission.

The “*North American Energy Standards Board Gas-Electric Harmonization Committee Report*” identified the issues that affect the coordinated operations of the two industries. The report also identified three items that the board approved to be included on the NAESB Annual Plans as provisional items for 2013: (1) market timelines and coordination of scheduling for trading and nomination, (2) flexibility of scheduling, and (3) information sharing and communications protocols between the two markets.

The report was drafted over the course of seventeen meetings and conference calls held from January 27, 2012 to August 27, 2012. The Gas-Electric Harmonization Committee members were selected by the NAESB Chairman from the NAESB Board of Directors, Advisory Council, and drafters of the National Petroleum Council report, “*Prudent Development- Realizing the Potential of North America’s Abundant Natural Gas and Oil Resources*.” The Board Gas-Electric Harmonization Committee Report was voted out of the committee on August 27, 2012, and reflects observations that came from 25 reports and documents on gas-electric harmonization. The committee began its analyses by identifying three main issues as common themes in several of the documents and reports: (1) transparency and availability of interdependency data upon which to make decisions, (2) coordination of timelines and market functions, and (3) identification of commercial/operations issues that should be resolved for full gas-electric coordination and market interaction. Later, the development of a matrix and core issues were identified for each of the following issue areas: (1) scheduling, (2) capacity, (3) curtailment, and (4) information. Some overlap between these issues was noted. Thirty-five out of the thirty-six committee members returned a survey classifying the issues as related to possible standards development, related to policy issues or related to commercial practices issues. The committee members could choose

to place an observation in one or more of the three categories or they could identify the observation as more of a comment. From these observations, three recommendations for standards development, four areas for policy considerations and four areas for commercial or regional practices considerations were identified.

Typically, standards development depends upon three success factors: clear understandable policy, strong executive support and general acknowledgment of benefits by the industry. The NAESB Board of Directors will consider the development of the three areas for standards development against these three success factors to determine whether consensus is achievable. Once the Board of Directors determines that standards could be developed in the three areas noted for both wholesale natural gas and electric quadrants, the board will indicate that the items should be moved from the provisional section of the annual plans to the active development section of the annual plans.

On December 7, 2012, the Commission issued *Notice of Request for Comments and Technical Conference* in Docket No. AD12-12-000, the docket established by the Commission to consider gas-electric coordination matters. The notice requested comments on three questions pertaining to input sharing and communication practices between the electric and gas industries, and established a comment filing deadline on or before January 7, 2013. These questions were first posed in a November 15, 2012 Commission order directing staff to establish further conferences and reports to identify areas in which additional Commission guidance or regulatory changes could be considered. Comments responding to the December 7, 2012 notice will form the basis of two additional conferences on gas-electric coordination. The first technical conference will take place on February 13, 2012 from 9:00am to 4:00pm Eastern Standard Time.

For more information, please go to [NAESB GEH Committee Report September 2012](#), [NAESB GEH Press Release](#), [NARUC Resolution](#), [FERC Notice of Request for Comments and Technical Conference](#) and [FERC Order Directing Further Conferences and Reports](#).

**NAESB Primers and Training Courses:**

Please monitor the [NAESB Primers and Training Courses](#) web page for additional information and scheduling of upcoming courses.

[LDC Gas Forums](#)



STANDARDS DEVELOPMENT *(continued)*

***Demand-Side Management and Energy Efficiency (DSM-EE):*** 2012 Retail Annual Plan Item 3(b) called for the development of business practice standards used to measure and verify reductions in energy and demand from energy efficiency in wholesale and retail markets. The recommendation for the annual plan item was ratified by NAESB membership on October 26, 2012. The standards are complementary to the WEQ standards that were the subject of the April 19, 2012 FERC Notice of Proposed Rulemaking in Docket No. RM05-5-020. The retail standards are consistent with the WEQ standards, through the coordination efforts of the Retail Glossary Subcommittee, chaired by Patrick Eynon and the WEQ Standards Review Subcommittee, co-chaired by Ed Skiba and Narinder Saini.

On October 26, 2012, the NAESB membership ratified the DSM-EE Subcommittee recommendation for 2012 Retail Annual Plan Item 10(a), which called for the creation of common interfaces and data structures necessary for enrolling DR sites into a DR program. These new model business practices detail the processes involved with customer enrollment and removal from a DR program, as well as client account information revisions while participating in a DR program. Future DSM-EE Subcommittee meetings will be announced by the NAESB office and posted to the DSM-EE Subcommittee web page.

NAESB Vice President, Jonathan Booe, and long term NAESB standard development participant, Eric Winkler, have begun collaboration with the ANSI Energy Efficiency Standardization Coordination Collaborative (EESCC). This group is a cross-sector, neutral forum and focal point for broad-based coordination among energy efficiency activities involving or impacted by standardization (i.e., standards, codes, conformance activities) and regulations. The objective of the collaborative is to assess the energy efficiency standardization landscape, and carry out the development of an EESCC standardization roadmap and compendium. The standardization roadmap is intended to identify what standards, codes, and conformance programs are available or under development, what gaps exist, and what additional standardization activities are needed to advance energy efficiency in the United States; and to increase awareness of these activities to support the adoption and implementation of standards, codes, and conformance activities among the public and private sectors. Phase One of the EESCC standardization roadmap will focus on five identified areas of need, to be addressed by a working group for each area. On January 10, 2013, Mr. Booe and Mr. Winkler participated in the first meeting of Work Group 4: Evaluation, Measurement, and Verification, which encompasses EM&V, energy performance metrics and standardized and portable data collection and reporting.

The EESCC is not intended in any way to displace or duplicate work that is being done, but rather to augment and raise awareness of individual activities being advanced by many prominent organizations with the objective of moving energy efficiency forward. The EESCC will not develop standards, nor will it assign responsibility for their development. The next EESC meeting will be a full plenary meeting from January 22-23, 2013.

*For more information, please go to [DSM-EE Subcommittee Web Page](#), [Retail Energy Efficiency Final Action, April 19, 2012 FERC NOPR in Docket No. RM05-5-020](#), [ANSI EESCC Web Page](#) and [Retail Customer Enrollment Final Action](#).*

***Smart Grid:*** The Smart Grid Standards Subcommittee on Priority Action Plan (PAP) 10 has approved recommendations for 2012 Retail Annual Plan Item 7.b.i and 2012 WEQ Annual Plan Item 6.a. The subcommittee met on April 27, 2012 and July 26, 2012 to review the proposed modifications and to develop the [REQ](#) and [WEQ](#) recommendations. During the November 1, 2012 meeting the subcommittee completed a final review of the draft recommendations and voted them out for a 30 day formal comment period, ending on January 3, 2013. These recommendations revise the Energy Usage Information Model in an effort to harmonize the NAESB WEQ-019.3 standard and the relevant Retail Model Business Practices with other smart grid standards including the IEC Common Information Model (61968), Smart Energy Profile 2.0, the NAESB Energy Services Provider Interface (ESPI) standard and the ASHRAE standards under development in response to PAP 17.

The Smart Grid Interoperability Panel (SGIP) met December 4-6, 2012 during which a PAP 20 meeting was held. PAP 20 is dedicated to the Green Button and the evolution of the ESPI standard, which is an industry-led effort that responds to the [White House call-to-action](#) to provide electricity customers with easy access to their energy usage data in a consumer-friendly and computer-friendly format via a “Green Button” on electric utilities’ web sites. PAP 20 will focus on the implementation of the ESPI standard through Green Button applications and, ultimately, making energy usage information available to consumers. The SGIP is in the process of making a formal request to NAESB to consider two requirements proposed by the PAP 20 participants- 1.) NAESB could offer the schema contained in the ESPI standard freely available without restriction and, 2.) NAESB could agree to internationalize the ESPI standard by publication through an international standards body. As NAESB receives the formal request, it will carefully evaluate the language and assess the terms, as the requirements directly impact the revenue model and policies utilized by NAESB for all standards.

*For more information, please go to [PAP 10 Subcommittee Web Page](#), [PAP 10 REQ Recommendation](#), [PAP 10 WEQ Recommendation](#), [2012 Retail Annual Plan](#) and [NARUC Resolution on Smart Grid Principles](#).*

STANDARDS DEVELOPMENT *(continued)*

**Parallel Flow Visualization-Transmission Load Relief (PFV-TLR):** The WEQ Business Practices Subcommittee (BPS) continues to work on the PFV project. The efforts address key issues with the TLR process in the eastern interconnection with the goal of improving the reporting of firm/non-firm priorities to be used by the Interchange Distribution Calculator (IDC), the tool used for determining relief obligations when a TLR request is issued.

The WEQ BPS looked at multiple possible solutions for determining priorities including requiring all point-to-point and network service to be tagged between balancing authorities, which is required today, within balancing authorities, which is not required today, and a flowgate allocation process. The subcommittee settled on a hybrid approach and developed a white paper, presented at the August 21, 2012 WEQ Executive Committee meeting, that laid out the general process. This white paper identified key issues the subcommittee continues to develop: whether the method whereby firm service is granted within a given area would affect priorities and therefore curtailment responsibilities; whether a firm resource carries with it firm rights over an entire provider's system; how transmission customers should be provided notice of their provider's arrangements with its neighbors; and how credit for redispatch should be addressed. The subcommittee hopes to resolve these conceptual issues in future versions of the white paper and have draft standards completed by early 2013. Over the summer, the subcommittee determined what portions of the white paper belonged in the NAESB business practice standards or in other documents, such as the IDC User's Manual and the System Data Exchange (SDX) User's Manual.

The subcommittee has modified WEQ-000 Abbreviations, Acronyms, and Definition of Terms, WEQ-002 OASIS Standards and Communication Protocols, WEQ-003 OASIS Data Dictionary, WEQ-008 TLR-Eastern Interconnection and WEQ-013 OASIS Implementation Guide. The next steps for the WEQ BPS are to post the NAESB business practice standards for an informal comment period. NAESB will schedule a review session on the PFV business practice standards to assist those

entities who wish to submit comments. The WEQ BPS will recommend to the WEQ Executive Committee that these standards utilize the full staffing approach.

*For more information, please go to [WEQ BPS Web Page](#) and [PFV White Paper](#).*

**Preemption and Competition:** The WEQ OASIS Subcommittee is currently preparing revisions to existing business practice standards in response to FERC Order 890 and a standards request that was submitted prior to Order 890 which will formalize the processes of preemption and competition on the Open Access Same-Time Information Systems (OASIS). The preemption process is the act of displacing all or a portion of an existing reservation or pending request for transmission capacity to accommodate a higher priority transmission request for service. The competition process addresses the right of first refusal, that allows for, in certain instances, the holder of an existing reservation, known as the defender, to modify its transmission reservation to match the characteristics of the challenger's higher priority request in order to avoid preemption. The subcommittee is addressing a number of transaction processing functions in order to develop standards to formalize the preemption and competition processes, including the identification of a valid defender and challenger, the determination of the duration of competition, and which entities possess the right of first refusal. After the completion of formalizing the preemption and competition processes for short term firm, the subcommittee will focus on the processes for non-firm preemption and competition followed by the processes for treatment of competition for long-term transmission service. The OASIS Subcommittee has announced the following face-to-face meetings in the coming months: February 20-21, 2013, March 26-28, 2013, May 1-2, 2013, May 29-30, 2013, June 25-27, 2013, and July 30-August 1, 2013.

*For more information, please go to the [WEQ OASIS Subcommittee Web Page](#).*

**NAESB Member Subscription Service:**

NAESB e-mail information distribution system (NAESB Mail) is open to all NAESB members, trade association staff and government employees. By electing to participate in NAESB Mail, you will receive targeted e-mail messages from the NAESB Office about relevant NAESB events, as well as important documents. What you won't receive are duplicate messages – no matter how many groups you subscribe to, when the same message is sent to multiple groups, you'll receive only one copy. NAESB Members can register for this service at [Member Subscription Service](#) location on our home page. If you already participate in NAESB Mail but would like to change the NAESB quadrants or subcommittees to which you are subscribed, please [click here](#) and complete the NAESB Mail Account Manager form indicating those changes. To preview the list of available NAESB mail subscriptions [click here](#).

If you have any questions, please call the NAESB office at 713-356-0060 or email [drager@naesb.org](mailto:drager@naesb.org).

STANDARDS DEVELOPMENT *(continued)**Wholesale Gas Quadrant Contracts Subcommittee:*

After a nine month effort by the WGQ Contracts Subcommittee to conclude recommendations for 2012 WGQ Annual Plan Items 7a and 7b, the NAESB WGQ Standard No. 6.3.5 - NAESB WGQ Master Agreement for Purchase, Sale or Exchange of Liquid Hydrocarbons (NGL Master Agreement) - was ratified on December 6, 2012 by NAESB membership. The NGL Master Agreement is similar to the NAESB Base Contract for Sale and Purchase of Natural Gas and will increase the efficiency and decrease the costs of trading NGL commodities by reducing the amount of time and resources required to negotiate contracts between companies.

From March 7, 2012 to September 13, 2012 the WGQ Contracts Subcommittee held 12 meetings with 60 representatives from 30 separate entities participating. Participation averaged 20 attendees at each meeting. The subcommittee unanimously voted out the recommendation to the WGQ Executive Committee to adopt the Master Agreement on September 13, 2012. During the comment period from September 21, 2012 to October 22, 2012, six comments from Enogex, LyondellBassell, Chevron, ConocoPhillips, and Targa were submitted and reviewed by the subcommittee. On October 25, 2012, the WGQ Executive Committee met to discuss and adopt the NGL Master Agreement as a NAESB WGQ Standard.

NAESB will soon announce the date of a new contracts class specifically addressing the language and structure of the agreement. The NGL Master Agreement is now available for industry purchase and use. NAESB members have access to NAESB work products as part of the benefits of membership. Non-members may purchase the NGL Master Agreement by visiting the NAESB web page, [www.naesb.org](http://www.naesb.org), or by clicking [NAESB Material Order Form](#).

*For more information, please go to [WGO Contracts Subcommittee Web Page](#), [2012 WGO Annual Plan](#), [WGO Contracts Final Action](#), [Comments Submitted by Enogex](#), [Comments Submitted by LyondellBassell](#), [Comments Submitted by Chevron](#), [Comments Submitted by ConocoPhillips](#), [Comments Submitted by Targa Resources](#), [Supplemental Comments Submitted by Enogex](#) and [NAESB Material Order Form](#).*

*Dodd-Frank Wall Street Reform and Consumer Protection Act:*

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was passed on July 21, 2010. The Commodity Futures Trading Commission (CFTC), the CFTC staff and its Technical Advisory Committee have been developing rules to implement Dodd-Frank provisions. The rules require the filing of real-time notification of all trades and the provision of certain information to the CFTC, including how financial obligations associated with entering into non-cleared swaps have been met (e.g., credit support, pledged assets, third-party guarantee, credit and cash flow from operations).

In response to 2012 WGQ Annual Plan Item 13, the WGQ Contracts Subcommittee has begun to review the Dodd-Frank implications to contracting parties utilizing NAESB gas contracts. Over one hundred participants joined the October 5, 2012 WGQ Contracts Subcommittee conference call to discuss and develop the subcommittee's scope of work. During the November 9, 2012 conference call, the Matrix of CFTC Final Rule Issues (matrix) was developed to frame and document the subcommittee's work. The matrix includes issues identified by the participants, citations to the proposed rules or regulations, detailed descriptions of the issues, and the implications to the contracts to be reviewed. The subcommittee requests that suggestions for additional matrix topics, comments, or documents for proposed review be sent to [naesb@naesb.org](mailto:naesb@naesb.org).

The matrix will be developed into a white paper that identifies the implications, if any, of the new CFTC rules on the NAESB Base Contract for Sale and Purchase of Natural Gas, the Canadian Addendum to the Base Contract for Sale and Purchase of Natural Gas, the Master Agreement for Purchase, Sale or Exchange of Liquid Hydrocarbons (NGL Contract), the NAESB Base Contract for Retail Sale and Purchase of Natural Gas or Electricity and interstate pipeline transport and storage contracts.

The next WGQ Contracts Subcommittee meeting will be called after the CFTC takes material action on final rules that will help address the issues and concerns within the matrix. This will likely take place in 1Q 2013. Subsequent meetings will be announced by the NAESB office and posted to the WGQ Contracts Subcommittee web page.

*For more information, please go to [WGO Contracts Subcommittee Web Page](#), [Dodd-Frank Act \(HR 4173\)](#), [End-User Guide to CFTC Implementation Presentation](#), [October 5, 2012 WGQ Contracts Subcommittee Final Minutes](#), [2012 WGO Annual Plan](#) and [Matrix of CFTC Final Rule Issues](#).*

**Board Retail Structure Review Committee:** A meeting of the Board Retail Structure Review Committee (RSRC) was called on September 18, 2012 in response to concerns raised by the Managing Committee regarding compliance with the NAESB Bylaws membership requirements. According to Section 2.3 of the NAESB Bylaws, “[i]n order to have representation on the Board or the EC, a Quadrant shall have at least forty Voting Members and at least four Segments. Each Segment shall have at least five Voting Members.” The committee held subsequent meetings on October 31, 2012, November 6, 2012, November 15, 2012 and November 30, 2012 to develop the [NAESB Retail Structure Review Committee Report](#). This thirty-five page report contains background information, a section depicting membership profile and work products, a presentation of possible options considered for the retail structure, and an explanation of the two-part recommendation adopted by the Committee. The first part of the recommendation requests the board’s approval on the direction of the committee and part two requests the board’s approval on the implementation after a full recommendation on implementation is presented at the April 2013 board meeting.

During the December 6, 2012 board meeting, the RSRC presented the report and the board approved the direction of the committee. As part of the first step in the recommendation, the RSRC clarified its direction which included: 1) the RSRC intends to begin the process of merging the retail gas and retail electric quadrants and adjusting the segments such that the merged retail quadrants meet the requirements in the NAESB Bylaws and takes into consideration preserving existing members and leadership, 2) the RSRC will present the full recommendation with implementation to the board for its approval in April 2013, and 3) the RSRC emphasizes that the change created in the implementation should be put in place through a motion of the board for a period of a minimum of two years, after which the RSRC would request that the board review the success and determine if the interim solution should be codified in the NAESB Operating Practices, Bylaws and Certificate of Incorporation. In April 2013, the RSRC will ask the board to approve the implementation of the direction, including the segment definitions, assignments to segments of existing members, and other structural changes that may arise during the discussions to provide the proposed structure for a single retail market. The RSRC meeting schedule may be found on the NAESB web site.

For more information, please go to [Board RSRC Web Page](#), [NAESB RSRC Report](#) and [NAESB Bylaws](#).

**Changes to NAESB website:** The new version of the NAESB website is expected to go online in March. The changes will more clearly distinguish member benefits from non-member benefits. Non-members will soon be limited to current information on the site, while members will continue to enjoy their current access to the entirety of the web site. More information about the web site modifications will be announced in February.

**Filings:** When errata are discovered in standards, NAESB uses the minor corrections (MC) process to achieve industry consensus on the need for modification. In contrast to the standards development process, requests identified as MCs follow an abbreviated process that permits industry consensus to form, yet bypasses the lengthier procedures designed to permit issues that carry the potential for controversy to be fully vetted. When a MC affects standards that have already been submitted to the Commission, NAESB submits the modifications to FERC in the form of an Errata Filing. For publications submitted, yet not adopted, such as WEQ Version 003, there is no rulemaking necessary, as the Commission may choose to act upon the revised set of standards.

The following four MCs, impacting standards found in WEQ Version 003, were adopted by the WEQ Executive Committee on October 23, 2012 and filed with the Commission in Docket Nos. RM05-5-000 and RM05-5-022 on December 20, 2012 on behalf of the WEQ: MC12032 (consistency changes for the movement of the NERC TSIN registry to the NAESB EIR registry), MC12034 (correcting acronyms to avoid confusion), MC12035 (consistency changes based on terms documented in NAESB WEQ-000), and MC12036 (consistency changes in the use of “template” to the defined term “OASIS Template”).

On November 30, 2012, NAESB voluntarily submitted a status report regarding NAESB PKI Standards to FERC Docket Nos. RM05-05-000 and RM05-05-022. The purpose of the report was to inform the Commission of the actions taken by NAESB related to the PKI standards development effort to date and to give notice of the supplemental report expected to be submitted to the Commission on January 29, 2013. On September 18, 2012, NAESB filed the WEQ Version 003 standards report with the Commission in Docket Nos. RM05-5-000, RM05-17-000, and RM07-1-000. At that time, a recommendation proposing modifications to the WEQ-012 PKI standards had been approved by the WEQ Executive Committee but had not been ratified by the NAESB membership, and the OASIS Subcommittee and the JESS Subcommittee were in the development phases of recommendations addressing conforming changes to the OASIS standards and coordinate interchange standards to support the proposed WEQ-012 modifications.

On November 20, 2012, NAESB submitted a report regarding the NAESB Copyright Policy to FERC Docket Nos. RM 05-5-000 and RM 96-1-000. This report explained the existing NAESB Copyright Policy and clarified the parameters for use of NAESB copyrighted standards in FERC compliance filings and tariffs.

For more information, please go to [MC12032](#), [MC12034](#), [MC12035](#), [MC12036](#), [WEQ Minor Corrections Web Page](#), [WEQ Minor Corrections FERC Filing](#), [NAESB WEQ Version 003 FERC filing](#), [NAESB Status Report to FERC regarding NAESB Public Key Infrastructure \(WEQ-012\)](#), [NAESB Report to FERC regarding the NAESB Copyright Policy](#) and [NAESB Government Activities Web Page](#).

**LockLizard Safeguard Secure Viewer Software:** To support non-member access to protected NAESB work products and protect NAESB revenue stream, NAESB offers LockLizard Safeguard Secure Viewer, a document viewer software which will allow evaluations of the work products at no cost to the requestors. We provide this access in recognition that either: (1) non-members may need an abbreviated review of work products prior to purchase, or (2) non-members would review the standards as they prepare comments to regulated entities, although the non-members would not use the standards as they operate in the wholesale or retail natural gas or electric markets.

Non-member requests for evaluation are governed by the following rules:

- The review, considered a limited waiver, extends for three or sixty business days based on the purpose of the review, and the request for a limited waiver cannot be repeated for a given company and requested set of standards or final actions.
- The limited waiver is granted for evaluation or commenting purposes only.
- Once access to the protected documents is established, the access is restricted to viewing – it does not extend to printing or copying.
- The protected work products provided under the waiver should not be reproduced, adapted, displayed, distributed or shared in any manner.

To access the work product(s):

- Contact the NAESB office and request the specific version of standards or final actions.
- In order to evaluate the requested set of standards or final actions, there are two steps: (1) installing the PDF Secure Viewer, and (2) registering.
- Ms. Rager ([drager@naesb.org](mailto:drager@naesb.org), 713-356-0060) from the NAESB office can provide support in both steps.

If you are not a member of NAESB and would like to use NAESB final actions or published standards for other than the purposes noted above, please contact the NAESB office at 713-356-0060 or [naesb@naesb.org](mailto:naesb@naesb.org) for permission. Of course, non-members can [purchase the work products](#). As stated earlier, members have access to the work products as part of the benefits of membership.

We hope that this product is helpful to non-members in expanding the access to the work products and providing a tool for evaluation.

**NAESB Quadrant/Segment Membership Analysis:**

<b>Wholesale Gas Quadrant</b>	<b>115 Members</b>
End Users Segment	14
Distributors Segment	17
Pipelines Segment	43
Producers Segment	12
Services Segment	29
<b>Retail Electric Quadrant</b>	<b>29 Members</b>
End Users/Public Agencies Segment	13
Utilities Segment	7
Service Providers/Suppliers Segment	9
<b>Retail Gas Quadrant</b>	<b>14 Members</b>
End Users/Public Agencies Segment	1
Distributors Segment	5
Service Providers/Suppliers Segment	8
<b>Wholesale Electric Quadrant</b>	<b>130 Members</b>
End Users Segment	7
Distributors Segment	21
Transmission Segment	41
Generation Segment	21
Marketers/Brokers Segment	23
Non Specified	1
Independent Grid Operators/Planners Segment	9
Technology & Services Segment	7
<b>Total Membership</b>	<b>288 Members</b>

**Copyright/NAESB Standards Access:** As everyone should be aware, NAESB copyrights its work products – a practice used by most standards organizations. The copyrights are considered a subset of intellectual property law, and NAESB retains the rights to publication, reproduction, display and distribution. NAESB members may obtain materials free of charge as part of their benefits, but these benefits do not extend to their agents, affiliates or subsidiaries without prior approval and waivers from the NAESB office. Damages for copyright infringement can be significant, including penalties of \$100,000+, injunction, impounding of materials, seizure of property, and award of punitive damages. At the same time, NAESB is very liberal in its policies towards sharing information, and has granted waivers to regulators and educational institutions depending on the intended use. There is also a process by which anyone can request a three day waiver to review the work products, as they consider whether they should purchase them. NAESB’s control of copyrighted material provides a small revenue stream which offsets some of its standards development expenses and thus those of its members in the creation of the work products. More importantly, as entities must come to NAESB for its standards material, it assures that they will have access to the most current version.

For more information, please go to [Copyright, NAESB Material Order Form](#) or contact Denise Rager ([drager@naesb.org](mailto:drager@naesb.org)) for additional information.