**via posting**

**TO:** NAESB Board Revenue Committee Members: Michael Desselle, Bill Boswell, Jim Buccigross, Cade Burks, Valerie Crockett, Bruce Ellsworth, Art Fusco, Mike Gent, Michael Langston, Debbie McKeever, Randy Parker, Terry Thorn, Roy True and posting for interested industry parties

**FROM:** Jonathan Booe, Vice President, NAESB

**RE:** Meeting Notes from theNAESB Board Revenue Committee Conference Call on November 12, 2013

**DATE:** November 14, 2013

Dear Revenue Committee Members,

A Revenue Committee conference call was held on November 12, 2013. The meeting was called to order at 1:00 pm Central. Mr. Desselle presided over the meeting. The notes and attachments below serve as a record for the meeting.

| **Notes from the November 12, 2013 NAESB Board Revenue Committee Conference Call** | |
| --- | --- |
| **Administrative:** | Mr. Desselle welcomed the participants and provided background information for the meeting. Mr. Booe provided the antitrust and meeting policy guidance. The participants on the phone introduced themselves and quorum was established. Mr. Desselle reviewed the agenda and Mr. Ellsworth made a motion to adopt the agenda as drafted. Mr. Fusco seconded the motion and the motion passed without opposition. |
| **Review of Membership Report and Board and Executive Committee Rosters** | Ms. McQuade reviewed the membership report with the participants. She noted that NAESB has had 23 new members join and 11 members resign giving the organization a net gain of 12 members for the year to date. She stated that a majority of the new members joined the wholesale gas and electric quadrants, while the retail energy quadrant experienced a net loss of two members for the year. She also noted that the newest member, Iberdrola Renewables, joined in the generation segment of the WEQ as the current structure does not provide a separate segment for variable energy resource related companies. The current structure is under review of the Board Strategic Planning Task Force.  Ms. McQuade recommended that the committee continue to monitor the membership status of the retail quadrant as the NAESB Bylaws require all quadrants maintain a membership of 40 member companies - the retail quadrant currently has 42 members. The participants discussed the vacancies in the Board and Executive Committee of the retail quadrant. Ms. McQuade noted that currently there is only one member seated on the retail quadrant Executive Committee in the retail gas market segment. Mr. Desselle recommended that he distribute a letter to the retail gas market segment members asking for their participation on the Executive Committee. Mr. Connor agreed that he could send a similar letter to the America Gas Association members. Ms. McQuade stated that she would work with Mr. Desselle and Mr. Connor to draft the two letters. Mr. Desselle recommended that the committee review the status of the vacancies after the letters are distributed to determine if further action needs to be taken. |
| **Review of Standards Pricing Analysis** | Mr. Buccigross reviewed the analysis with the participants. He stated that the report was developed at the request of the Revenue Committee during their series of meetings held in the Spring. He stated that the report provides a comparison of the pricing and member benefit structures of a number of similarly situated standards organizations with NAESB. He noted that NAESB is on par with most organizations in several aspects but grossly undervalued in others. Ms. McQuade reviewed the appendices with the participants and explained the areas that she, Ms. Rager and Mr. Buccigross evaluated. Mr. Connor stated that any modifications to the current pricing structure should be announced to the membership as soon as possible so that the member companies can budget accordingly. Mr. Gent asked if an analysis of the other standards organizations’ effectiveness in promulgating their standards had been conducted. Ms. McQuade noted that each of the organizations referenced in the report is very well established and that making a comparison concerning the organizations effectiveness may be difficult as each address unique areas through varying structures. Mr. Langston asked Ms. McQuade if the description of full benefits in item 7 on page 4 of the report includes access to meetings, standards and work products at no additional cost. Ms. McQuade stated that it does and that she would modify the description to make that clear. Mr. Fusco asked what the value of certification is to NAESB. Ms. McQuade stated that certification programs are typically a component of fully matured standard organizations and noted that certification programs offered by other standards organizations, specifically the DISA program related to the HIPPA requirements. Mr. Connor confirmed that the audits required for certification in the NAESB program is not performed by NAESB staff. Mr. Buccigross noted that NAESB is certifying that the affidavits of compliance and accompanying documentation required by the program have been submitted to NAESB and are available. Ms. McQuade noted that the certification program is intended to provide a level of transparency that should help market participants make decisions about products and services related to the NAESB standards.  Mr. Gent asked if there is an explanation for why the membership discount for certification is extending to non-member affiliate companies. Ms. McQuade stated that the decision was made many years ago when the organization was developing and that treatment of operating companies and affiliates was not a major consideration at the time. Mr. Buccigross stated that the cost would likely not be a major factor considered by companies determining whether to pursue certification. Mr. Gent asked how other companies treat affiliates of member companies in relation to membership benefits. Ms. McQuade noted that many standards organizations have a tiered pricing structure and that the cost of extending membership benefits to affiliate companies is built into the membership cost. She asked if there was any other information the participants would like to see added to the report. Mr. Gent stated that he would like to see what the financial impact would be to the organization if our pricing and membership structures where made comparable to other similarly situated organizations. Mr. Thorn stated that the committee should also discuss the best appropriation of the additional revenue if action is taken to true up the organizations standards pricing and membership benefits with other groups. Mr. Desselle supported Mr. Thorn’s recommendation and noted that the goals of the organization should be to decrease the negative retained earnings of the organizations and to stabilize the revenue base.  Ms. Crockett noted that modifying the pricing structure and benefits of membership may have an impact on companies that hold multiple memberships in a single quadrant. Mr. Kruse stated that some quadrants may be more heavily impacted by a change to the current membership benefit structure than others. Mr. Desselle asked Ms. McQuade to provide an analysis of the current membership that would be impacted across the segments and quadrants. Ms. McQuade noted that modifications to the structure of membership benefits may necessitate changes to the governing documents. |
| **Discussion of Promotions for new members and new groups** | Mr. McQuade stated that the consideration promotions or special treatment for differing groups to attract new members may not be appropriate given the discussion of the committee concerning equitable membership benefits. The participants supported her statement. Mr. Desselle recommended that the agenda item be removed from the agenda going forward and potentially revisited once other determinations are made. |
| **Other Business/Next Meeting and Action Items:** | No new business discussed.  Action Items:   * Letter from Michael Desselle to the Retail Energy Quadrant membership regarding the lack of retail gas market interest segment executive committee members.  The letter urges members to consider participating as executive committee members. * Communication to the American Gas Association coordinated with Pete Connors regarding the lack of participation by the retail gas market interests segment, requesting the assistance of the AGA in identifying companies that may have interest in retail energy seats on the executive committee. * Effectiveness of comparable organizations (ANSI, DISA, ASHRAE, ASAE, IEEE-SA, and possibly other similarly organized groups funded through membership dues and producing work products that may contribute to the revenue stream). * Impact on revenues on affiliate pricing, comparison of pricing of standards and certification * Comparison of member types |
| **Adjourn:** | The meeting adjourned by consensus at 2:32 pm Central. |
| **Work Papers Provided for the Meeting:** | Meeting Related Documents:   * **Agenda Item 1:** Antitrust Guidance: <http://www.naesb.org/misc/antitrust_guidance.doc> * **Agenda Item 1:** NAESB Revenue Committee Members: <http://www.naesb.org/pdf4/board_revenue_committee_members.pdf> * **Agenda Items 2 and 3:** Membership Report: <http://www.naesb.org/misc/membership_report_102413.docx> (Report), <http://www.naesb.org/misc/membership_slide_102413.ppt> (Chart), <http://www.naesb.org/misc/membership_gain_loss_comparison_102413.pdf> (Gain/Loss Analysis) * **Agenda Item 3:** Rosters: <http://www.naesb.org/pdf4/bod_terms.pdf> (Board), <http://www.naesb.org/pdf4/ec_terms.pdf> (EC), <http://www.naesb.org/misc/board_revenue_bdec_vacancies_102413.docx> (Vacancies Analysis) * **Agenda Item 4:** *Comparison of product pricing to other organizations should be provided shortly,*  <http://www.naesb.org/misc/board_revenue_pricing_comparison_102413.pdf> (NAESB Current Pricing of Work Products and Services) * **Agenda Item 5:** Operating Entities, MLPs and Affiliate Analysis: Analysis is underway and the certificate: <http://www.naesb.org/pdf/naesb_certificate_112108.pdf> , and Bylaws: <http://www.naesb.org/pdf/naesbbylaws.pdf> are provided for reference * **Agenda Item 6:** Board Strategic Plan Task Force Reference Documents: <http://www.naesb.org/pdf4/bd_strategic_111413a.docx> (Nov 14 agenda), <http://www.naesb.org/pdf4/bd_strategic_101513mn.docx> (Oct 15 minutes) |

| **Notes from the November 12, 2013 NAESB Board Revenue Committee Conference Call**  **REVENUE COMMITTEE MEMBERS** | |
| --- | --- |
| **Name** | **Organization** |
| Bill Boswell | NAESB |
| Jim Buccigross | 8760, Inc. |
| Cade Burks | Big Data Energy |
| Valerie Crockett | Tennessee Valley Authority |
| Michael Desselle | Southwest Power Pool |
| Bruce Ellsworth | New York State Reliability Council |
| Art Fusco | Central Electric Power Cooperative, Inc. |
| Mike Gent | OATI |
| Michael Langston | Energy Transfer |
| Debbie McKeever | Oncor |
| Terry Thorn | KEMA |
| **OTHER ATTENDEES** | |
| **Name** | **Organization** |
| Jonathan Booe | NAESB |
| Kathryn Burch | Spectra Energy |
| Jim Cargas | City of Houston |
| Pete Connor | Representing AGA |
| Dale Davis | Williams Gas Pipeline |
| Richard Kruse | Spectra Energy |
| Elizabeth Mallett | NAESB |
| Rae McQuade | NAESB |
| Denise Rager | NAESB |
| Caroline Trum | NAESB |