



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

Contact: Denise Rager, 713-356-0060
For Immediate Release: September 24, 2012

NAESB GAS-ELECTRIC HARMONIZATION COMMITTEE REPORT ADOPTED

On September 20, the NAESB Board of Directors unanimously adopted the Gas-Electric Harmonization Report. The report was spurred on by the gas-electric harmonization issues highlighted in the recent National Petroleum Council (NPC) report, “Prudent Development: Realizing the Potential of North America’s Abundant Natural Gas and Oil Resources,” issued late last year. The Board of Directors also agreed to place the three standards development recommendations from the report as provisional items for standards development on NAESB’s wholesale gas and wholesale electric annual plans. The three areas for development are: (1) market timelines and coordination of scheduling, (2) flexibility in scheduling, and (3) provision of information.

The basis of the report was 25 documents that yielded more than 80 observations related to gas-electric market harmonization. These observations were then categorized into issues related to capacity, curtailments, information sharing and scheduling. Each of the observations in the given categories were then identified as actionable for standards development, as framing for policy issues, or as most appropriate for market attention through inclusion in commercial agreements and regional practices.

The drafters of the report, the members of the NAESB Gas-Electric Harmonization Committee of the Board, comprise a broad cross section of natural gas and electric markets – state and federal regulators, pipelines, generators, producers, distribution, marketing, transmission, end users, independent system operators and technology experts. The committee was fortunate to have several of the key architects of the NPC report as members. NAESB has reached out to other groups that are also addressing harmonization issues, such as the North American Electric Reliability Corporation, to ensure that the activities are coordinated. All NAESB meetings, including those of this committee, are open to any interested party.

Ms. Valerie Crockett of the Tennessee Valley Authority, who serves as the prior Chairman of the NAESB Board of Directors, and co-chairs the Gas-Electric Harmonization Committee, has noted that “We are at a transformative time for the two markets and it is clear that the accelerating interdependencies of the markets should be recognized and supported. I am pleased that the NAESB organization has agreed to take part in this initiative along with several other organizations and fully support the report and its recommendations.”

Dr. Susan Tierney, Managing Principal of Analysis Group and Ms. Crockett’s co-chair for the committee added, “At a time when the nation’s natural gas resource is offering so many opportunities in the power sector, it is gratifying to see so many accomplished industry leaders willing to volunteer their time and expertise to identify courses of action to help improve the harmonization of the two markets. Many observers, including the NPC, have pointed out the challenges, and now it’s great to see this group exploring possible solutions. This report advances the consideration by market players of the actions to



NORTH AMERICAN ENERGY STANDARDS BOARD

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

Page 2 of 2

be taken, and I hope it gets a broad reading by decision makers, managers and analysts in the many public and private sector organizations involved in the electric and natural gas industries.”

Mr. Michael Desselle of Southwest Power Pool and the current Chairman of the NAESB Board of Directors summarized with “I can think of no other organization in North America that is better represented by gas and electric leadership than NAESB to address and determine the need for market based standards and business practices addressing the interdependencies in the evolution of our respective gas and electric markets. Furthermore, NAESB’s leadership was and continues to be poised to assist the industry in identifying the policy-related matters to be resolved by public policy makers and regulators -- because of NAESB’s neutral advocacy requirement and diverse representation of electric and gas membership. I am grateful to all who participated in preparing this report – which helps to build a foundation from which actions can be determined and taken.”

The NAESB Gas-Electric Harmonization Report is posted on the NAESB web site and can be accessed from the following link: <http://www.naesb.org/pdf4/bd092012a1.pdf>.

The North American Energy Standards Board (NAESB) serves as an industry forum for the development and promotion of standards which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities. It is composed of over three hundred corporate members in the energy industry and many more non-member volunteers who contribute to the drafting and adopting of NAESB standards. To learn more about NAESB, go to www.naesb.org, contact Denise Rager (drager@naesb.org) or call 713-356-0060.