

North American Energy Standards Board

NAESB Overview of Wholesale and Retail Electric Activities To NARUC Electricity Subcommittee

February 12, 2006

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2005 Key Accomplishments:

❖ Wholesale Electric

- ❖ January 18, 2005: RM05-5-000, WEQ standards including version 0 complementary business practices to NERC reliability standards, standard of conduct, and OASIS business practices completed and forwarded to the FERC. The FERC issued a NOPR on May 9, with comments due by July 1, 2005. No final order has been issued yet.
- ❖ June 27, 2005: RM05-28-000, Gas-electric interdependency report and business practice standards for pipeline-power plant communications. The FERC has not issued a NOPR at this time.
- ❖ July 1, 2005: NAESB Comments on RM05-5-000 – changes requested by the FERC in the NOPR.

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2005 Key Accomplishments:

- ❖ Wholesale Electric (continued)
 - ❖ July 15, 2005: NAESB Report on the ANOPR RM00-10-000 against NAESB OASIS Activities and Planned Activities.
 - ❖ November 29, 2005: The WEQ EC adopted the Inadvertent Interchange Payback Report, which will be presented to the FERC in 1st Q 2006.
 - ❖ December 9, 2005: Comments of NAESB on the second technical conference of the formation of the ERO, Docket No. RM05-30-000.
 - ❖ December 13, 2005: Redesign of the NAESB Certification Program was prepared and approved by the Board of Directors. It went into effect in January 2006.

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2005 Key Accomplishments:

- ❖ Wholesale Electric (continued)
 - ❖ December 13, 2005: D-U-N-S® Analysis Report and Recommended Actions prepared and approved by the Board of Directors. The WEQ will pursue alternatives to the D&B solutions beginning in January.
 - ❖ December 19, 2005: The WEQ EC adopted the TLR split of standards for version 0. The ratification will be postponed until first quarter 2006 to permit the WEQ Board members to ensure that adequate coordination for TLR exists between NERC and NAESB.
 - ❖ December 22, 2005: NAESB comments on RM05-30-000 – formation of the Electric Reliability Organization.

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2005 Key Accomplishments:

- ❖ Wholesale Electric (continued)
 - ❖ Planned, First Quarter 2006: Final Report of the GEIC presented to the Board of Directors for approval to be sent to the FERC
 - ❖ Planned, First Quarter 2006: Separation on TLR standards into version 0 business practices and reliability standards and associated FERC filings.

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2005 Key Accomplishments:

❖ Wholesale Gas

- ❖ May 9, 2005: FERC issued a final order in RM96-12-026, adopting version 1.7 of the NAESB WGQ standards including the gas quality standards, for implementation in September 2005.
- ❖ June 27, 2005: RM05-28-000, Gas-electric interdependency report and business practice standards for pipeline-power plant communications. The FERC has not issued a NOPR at this time.
- ❖ December 13, 2005: Redesign of the NAESB Certification Program was prepared and approved by the Board of Directors. It went into effect in January 2006.

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2005 Key Accomplishments:

- ❖ Wholesale Gas (continued)
 - ❖ December 13, 2005: D-U-N-S® Analysis Report and Recommended Actions prepared and approved by the Board of Directors. The WEQ will pursue alternatives to the D&B solutions.
 - ❖ Planned, First Quarter 2006: Final Report of the GEIC presented to the Board of Directors for approval to be sent to the FERC

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2005 Key Accomplishments:

- ❖ **Retail Gas & Electric**
 - ❖ **September 27, 2005: Retail standards published, posted on the NAESB web site, and announcements of availability were sent to NAESB members, NAESB Advisory Council, NARUC, industry trade associations, and government agencies.**
 - ❖ **December 13, 2005: Redesign of the NAESB Certification Program was prepared and approved by the Board of Directors. It went into effect in January 2006.**
 - ❖ **December 13, 2005: D-U-N-S® Analysis Report and Recommended Actions prepared and approved by the Board of Directors. The retail quadrants will not pursue alternatives to the D&B solutions at this time.**

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2005 Key Accomplishments:

- ❖ **Retail Gas & Electric (continued)**
 - ❖ **December 13, 2005: Retail Structure Review Report and Recommended Actions prepared and approved by the Board of Directors. No actions were taken to alter the structure at this time.**

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2006 Plans:

- ❖ **Wholesale Electric:**
 - ❖ **Continue to develop business practices to complement reliability standards**
 - ❖ **Develop joint operators training manual with NERC**
 - ❖ **Identify e-Tag enhancements, Registry enhancements and IDC enhancements with NERC**
 - ❖ **Complete PKI standards for security**
 - ❖ **Modify and complete business practices standards for Standards of Conduct and Affiliate Reporting**
 - ❖ **Enhance OASIS business practices to support market needs**

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2006 Plans:

- ❖ Wholesale Gas:
 - ❖ Complete part B of the gas quality request – reporting of assumptions and methodologies used in determining gas quality specs.
 - ❖ Continue to maintain more than 600 business practices and electronic communication standards including more than 50 electronic business transactions.
 - ❖ Modify the base contract for natural gas to support today's market needs and to address LNG
 - ❖ Prepare for version 1.8 publication in 2006

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2006 Plans:

- ❖ **Retail Gas and Electric:**
 - ❖ **Develop business practices and electronic communications for:**
 - ❖ **Billing and Payments**
 - ❖ **Electronic Invoicing**
 - ❖ **Pre-enrollment Customer Information**
 - ❖ **Customer Enrollment, Switching and Dropping**
 - ❖ **Develop a base contract for purchase and sales of power and natural gas in retail markets**

Energy Day Efforts

The umbrella is: Support Gas-Electric Interdependency

- Generation facility/gas pipeline communications (Phase 1 complete)
- Board activities to identify other needed standards efforts (Phase 2 complete)
- Energy Day (no action planned)
- Gas Scheduling and Market Timelines (no action planned)
- Electric Scheduling and Market Timelines (no action planned)



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Brief Background on Energy Day Efforts:

- ❖ Began with Gas-Electric Coordination efforts that yielded to reports provided to the FERC:
 - ❖ Gas Electric Coordination Interim Status Report, filed 4-16-04
 - ❖ Gas Electric Coordination Final Report, filed 11-30-04
- ❖ Outcome of Reports: Received 3 requests for standards development
 - ❖ R04016: Energy Day
 - ❖ R04020: Market Timelines
 - ❖ R04021: Pipeline-Generator Communications

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Brief Background on Energy Day Efforts:

❖ Request Status

- ❖ All requests approved and found within the scope of NAESB by both NAESB and the Joint Interface Committee
- ❖ R04016 and R04021 were jointly assigned to wholesale gas and wholesale electric groups, R04020 was assigned to wholesale electric group only
- ❖ R04016 and R04020 will be withdrawn later this month after the FERC submittal of the final report of the Gas Electric Interdependency Committee
- ❖ R04021 is completed and was the subject of the FERC filing last summer (RM05-28-000)

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Review of

June 27, 2005 Filing – RM05-28-000

Standards for the Coordination of Business Practices Between Public Utilities and Interstate Natural Gas Pipelines

Communication Standards for Pipelines & Generators

- ❖ **Business practices were developed to address communications between parties in three situations:**
 - ✓ **For generation facilities that have gas scheduled**
 - ✓ **For generation facilities that do not have gas scheduled but need it**
 - ✓ **For gas that is needed in situations of extreme unanticipated demand**

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Gas- Electric Interdependency Issues

- ❖ The second part of the report highlighted Gas- Electric Interdependency Issues and provided a basis for those issues and other considerations that should be reviewed if they are to be addressed.
- ❖ The issues were categorized as to the type of issue raised –policy, business practices, reliability, regional or infrastructure related.
- ❖ No specific recommendations on the issues were provided.

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Gas- Electric Interdependency Issues – Categories

❖ Issue Categories:

- ✓ Policy directions from regulatory agencies, contractual issues
- ✓ Standards development by NERC
- ✓ Standards development by NAESB
- ✓ Regional issues
- ✓ Infrastructure Concerns

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Gas- Electric Interdependency Issues – Characterized

- ❖ **13 Issues Identified fall into the following groupings:**
 - ✓ **Communications issues between pipelines and generators**
 - ✓ **Risk assumptions in using interruptible transportation**
 - ✓ **Differences in timelines between markets**
 - ✓ **Need for regional or national solutions**
 - ✓ **Cost recovery and reserve capacity**
 - ✓ **Valuing and using short term capacity**
 - ✓ **Differences in curtailment policies in emergencies**

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Review of Upcoming

February 2006 Filing – RM05-28-000

Standards for the Coordination of Business Practices Between Public Utilities and Interstate Natural Gas Pipelines

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Gas- Electric Interdependency Progress To Date

- ✓ **The Board Committee has completed the final report, and the Board is in the process of approving it. The date for Board ballots to be returned is February 17.**
- ✓ **After board approval, the report will be submitted to the FERC under Docket No. RM05-28-000 and will be sent to NARUC and interested parties.**

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Gas- Electric Interdependency Progress To Date

- ✓ **The areas represented in the final report are:**
 - Enhance the standards to support Capacity Release pricing on an index for those pipelines that have the FERC authority to price capacity on an index basis.
 - Review the possibility of adding an additional intraday nomination cycle with bumping rights to provide more flexibility to power generators with firm transportation rights such that they can nominate for natural gas supporting their market clearing times.
 - Review the ability of pipelines to shift gas for primary firm transportation within a pipeline path without having to re-offer as secondary firm transportation service.

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Gas- Electric Interdependency Progress To Date

- Review and modify the requirements of the timelines so that organized electric markets clear in sufficient time to nominate within the gas nomination timelines.
- Require generators that declare availability for the day ahead market to have the appropriate commercial arrangements to fulfill the needed obligations.
- Develop the appropriate supporting definitions for new business practices for the Wholesale Electric Quadrant, including but not limited to definitions for: alternate fuel capability, usable alternate fuel capability, firm transportation service, firm sales service, firm supply, and “must run” generator.

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Committee Members:

Vicky Bailey	Johnston & Associates
Adrian Chapman	Washington Gas Light
Valerie Crockett	Tennessee Valley Authority
Mark Crosswhite	Southern Company
Michael Desselle	American Electric Power
Peter Flynn	National Grid USA
Pete Frost	ConocoPhillips Gas & Power Marketing
Robert Gee	Gee Strategies
Joseph Hartsoe	American Electric Power Service Corp
Leonard Haynes	Southern Company Services
Sheila Hollis	Duane Morris
Reed Horting	PECO Energy
Richard Kruse	Duke Energy Gas Transmission

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Committee Members:

Mark Maassel	Northern Indiana Public Service Company
Lyn Maddox	Oxadel Consulting, LLC
Randy Mills	ChevronTexaco
Ron Mucci	Williams Power
Marty Patterson	Cinergy CBU
John Procario	Cinergy
Rick Smead	Navigant Consulting
Larry Smith	El Paso Eastern Pipelines
Dennis Sobieski	PSEG Power
Joe Stepenovitch	
Jim Templeton	Comprehensive Energy Services
Ken Wiley	Florida Reliability Coordinating Council
Jeanne Zaiontz	BP Energy

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How to Participate

- ❖ **Join the distribution lists on the NAESB Web Site : www.naesb.org**
- ❖ **All meetings are open and accessible via telephone**
- ❖ **All materials are posted on the NAESB web site**
- ❖ **Your comments are welcome and will be posted on any NAESB standards issues**
- ❖ **If you are not a member, but are interested in membership, please call the NAESB Office: 713-356-0060**

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Contact Information

- ❖ **Web Site : www.naesb.org**
 - ❖ **Quadrant Procedures, Bylaws, Certificate for NAESB**
 - ❖ **Calendar of Meetings, Agendas, Work Papers, Comments**
 - ❖ **Board minutes, EC Minutes, How to order Transcripts**
 - ❖ **Standards and Related Work Products**
 - ❖ **Membership Information**
- ❖ **Contact Information**
 - ❖ **Phone – 713-356-0060**
 - ❖ **Fax – 713-356-0067**
 - ❖ **Email – naesb@naesb.org**
 - ❖ **For further information on the organization, please contact Veronica Thomason (713-356-0060, naesb@naesb.org)**

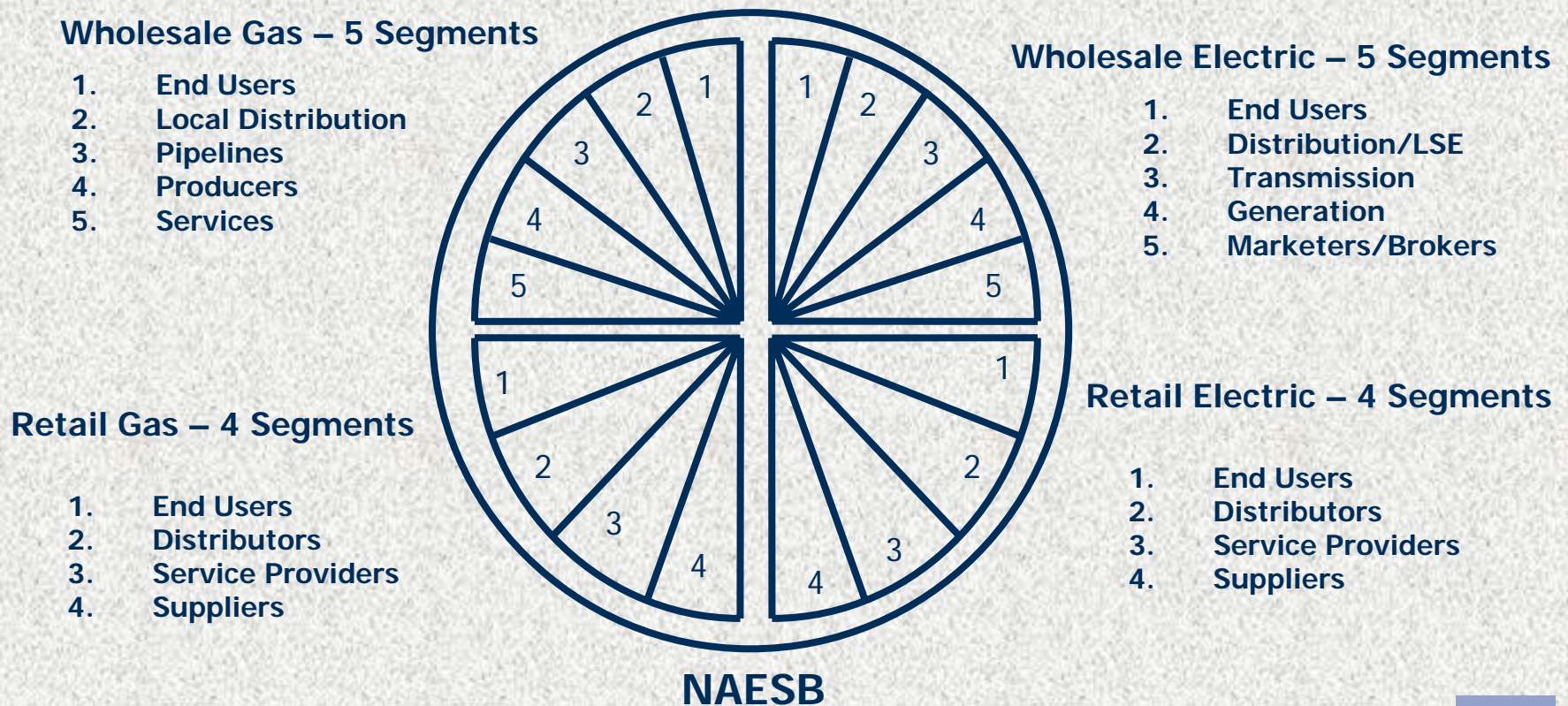
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Background Information for Reference

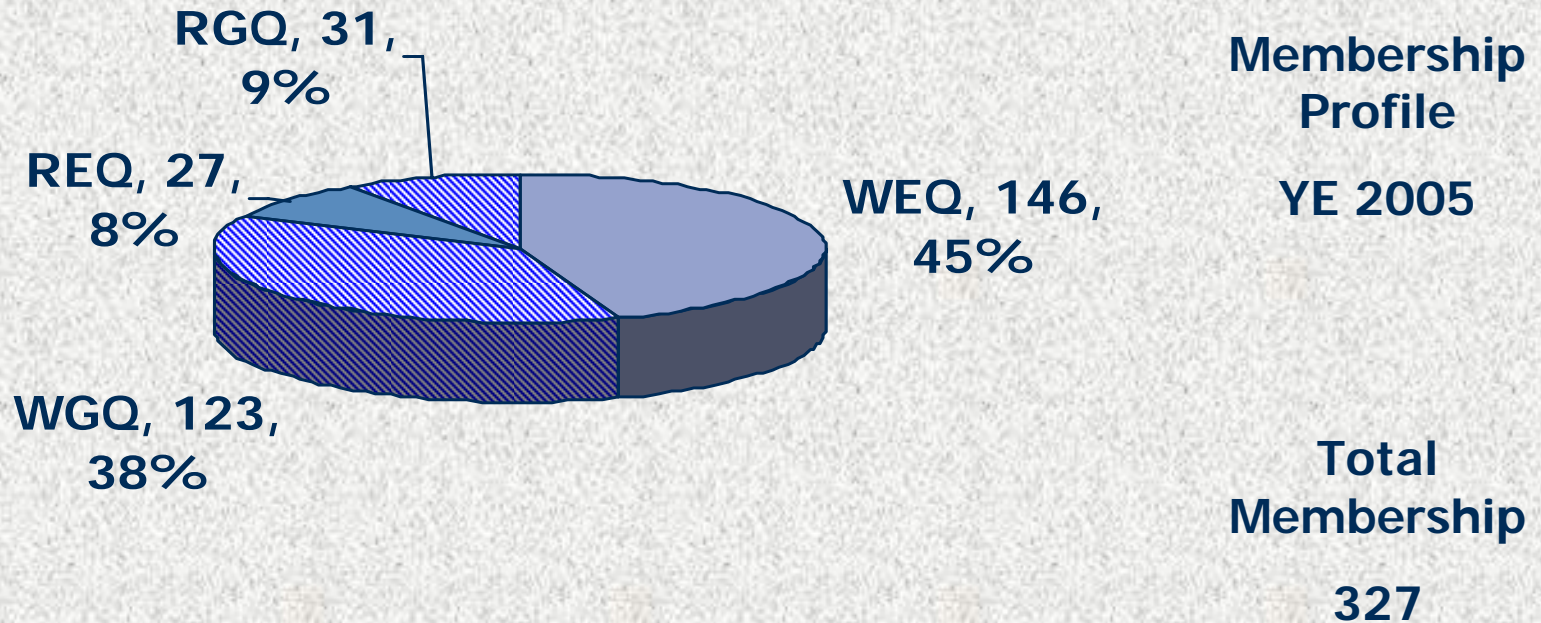
- ❖ **Organizational Profile**
- ❖ **Process Followed for Standards Development**
- ❖ **Highlights of standards development activities applicable to the wholesale gas and electric markets and the retail markets**

North American Energy Standards Board Organizational Profile

Organization by Quadrant and Segment



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Quadrant Statistics	WEQ	WGQ	REQ	RGO	Total
Membership YE 2004	133	119	32	32	316
Net Change	+13	+4	-5	-1	+11
Membership YE 2005	146	123	27	31	327

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Organizational Profile

Two Governing Bodies with identical structures –

Board of Directors – strategic direction, financial well being, annual planning for standards development, coordination of activities with other groups

Executive Committee – Carries out the annual plan, develops and maintains the standards and business practices through its subcommittees and task forces

North American Energy Standards Board Organizational Profile

NAESB - Board of Directors

100 Members

Electric Wholesale
Quadrant

Gas Wholesale
Quadrant

Electric Retail
Quadrant

Gas Retail
Quadrant

The Board meets "en banc" to consider and act on all items brought before it. For the Board, each quadrant is composed of segments determined by that quadrant. For a given quadrant, each segment's representatives on the Board will have an equal number of members. Each quadrant has an equal voice in voting and each segments' interests are balanced within that quadrant.

Executive Committee (EC)

100 Members

Electric Wholesale
Quadrant

Gas Wholesale
Quadrant

Electric Retail
Quadrant

Gas Retail
Quadrant

The Executive Committee meets and acts with specific quadrants acting on applicable standards. For the Executive Committee as with the Board, each quadrant is composed of segments determined by that quadrant. For a given quadrant, each segment's representatives on the EC will have an equal number of members. Each quadrant has an equal voice in voting and each segments' interests are balanced within that quadrant.

Triage Committee

Standards Development Subcommittees

North American Energy Standards Board

Organizational Profile

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Board of Directors

- Financial Authority
- Strategic Plans
- Direction of the Organization & Setting the Annual Plans

Strategy & Issue Definition

Organizational Structure & Support

Membership

Legal & Operational Procedures

Liaisons

Executive Committee

- Standards Development
- Tactical Implementation of the Annual Plan

Business Practices

Coding & Data

Technical Mapping

Interpretations

Communication Protocols

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Process Followed for Standards Development

❖ What is an Annual Plan?

- ❖ It is a roadmap of standards development activities for each quadrant to undertake
- ❖ The four plans (one for each quadrant) include high level topics for standards development and reflect requests from the industry participants, and state and federal agencies
- ❖ Quarterly progress is reported to the Board from the EC chair. This update is detailed in the Board minutes.
- ❖ Each month, the annual plans and status of activities are reviewed by state commission staff and other government agency representatives in the monthly At A Glance calls

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Process Followed for Standards Development

❖ **NAESB Develops Voluntary Standards**

- ❖ From the organization's perspective, all standards are voluntary and may be provided to regulatory agencies as status reports as they are published.
- ❖ Regulatory agencies may choose to adopt standards or model business practices, but NAESB will not advocate such action.
- ❖ The organization will not monitor for compliance, provide performance measures for compliance, nor will it define sanctions for non-compliance.
- ❖ The organization will not advocate before any regulatory body.

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Process Followed for Standards Development

❖ Standards Development Process

- ✓ The process begins with a request – which can come from a member, an interested industry participant, a government agency or commission, an ISO or RTO, or a NAESB subcommittee, or with an annual plan item approved by the Board of Directors. Requests would either be consistent with the annual plan or require Board approval to amend the plan.
- ✓ The process followed is ANSI accredited -- ANSI accredits organizations as Standards Development Organizations (“SDO”) based on their adherence to ANSI’s cardinal principles of standards-setting.
- ✓ The process is open and any interested party can participate and contribute to the standards development regardless of membership in NAESB.
- ✓ NAESB members fund the development process through dues.

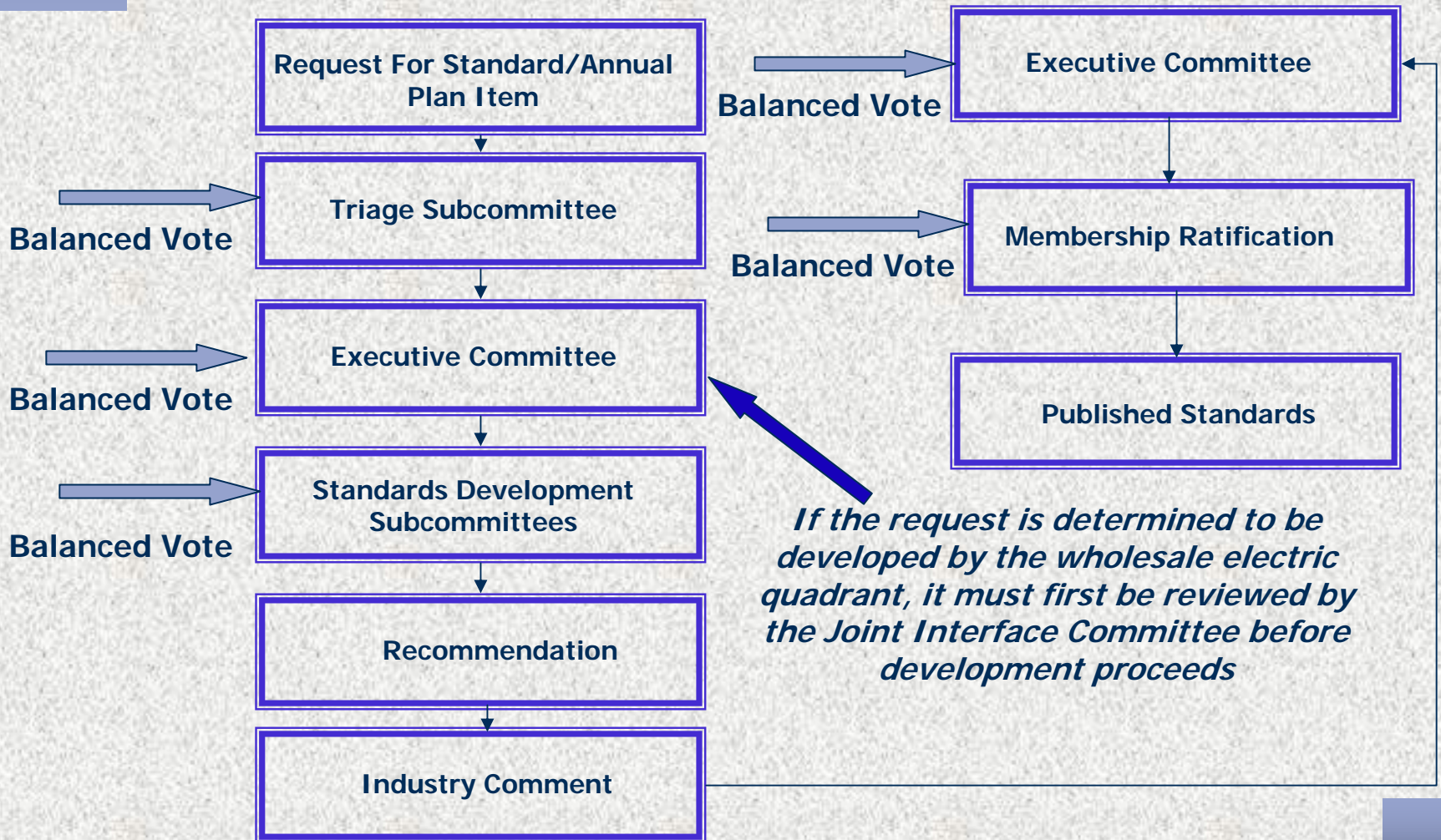
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Process Followed for Standards Development

How do the members create the standards?

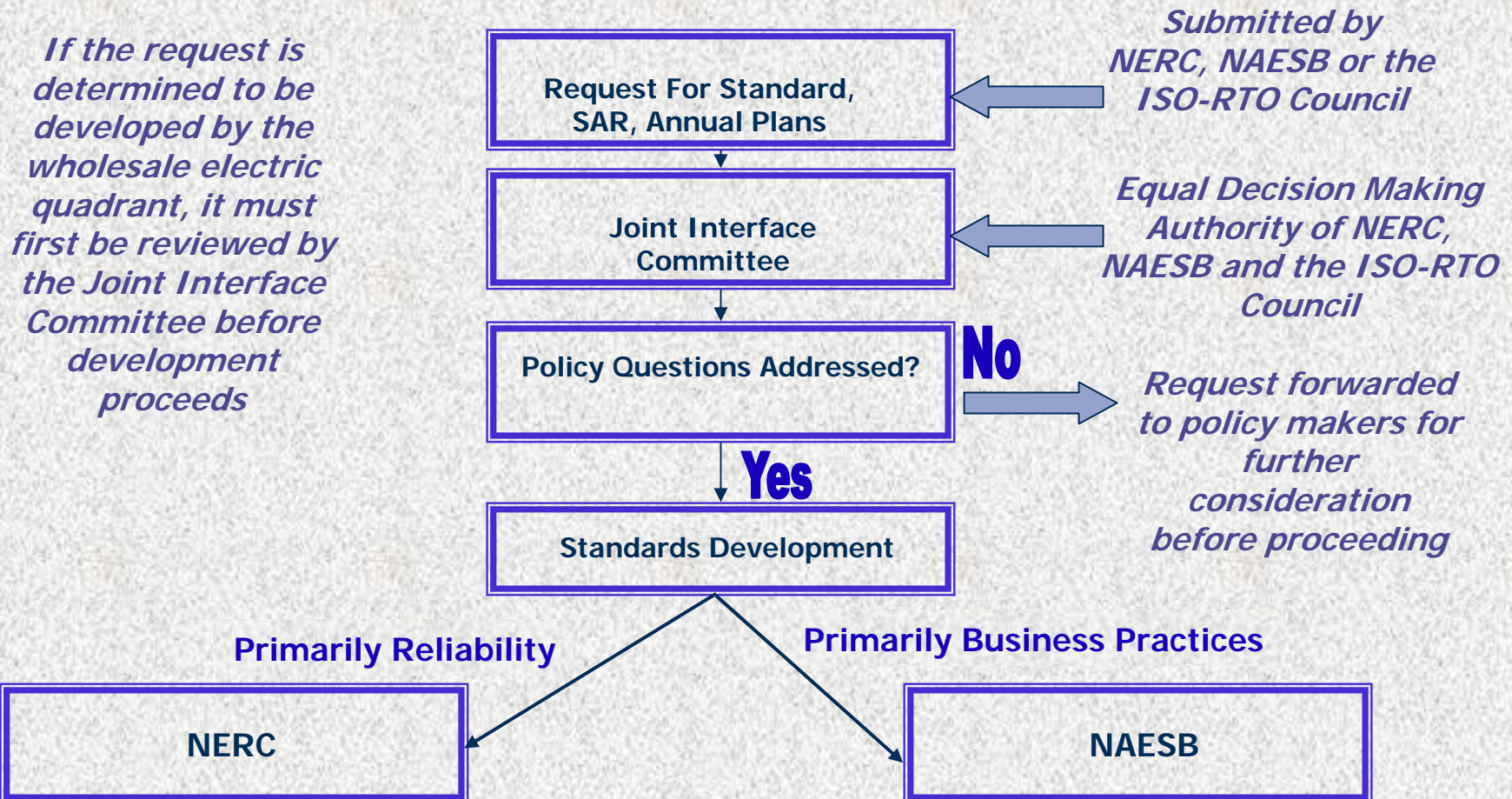
- ❖ We average 30-35 meetings or calls per month
- ❖ We average more than 450 participants by phone per month
- ❖ We offer web casting to assist in the conference calls
- ❖ All participants, regardless of NAESB membership status, are welcomed to the meetings and subcommittee efforts

North American Energy Standards Board Process Followed for Standards Development



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Process Followed for Standards Development



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Highlights of standards development activities

Wholesale Electric Efforts -- Version 0

- ✓ Represents the business practice components of the NERC operating policies.
- ✓ Components include Coordinate Interchange, ACE Equation Special Cases , Manual Time Error Correction, Inadvertent Interchange Payback, and Transmission Load Relief (TLR)
- ✓ Version 1 work is also underway.

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Highlights of standards development activities

Wholesale Electric Efforts -- OASIS

- ❖ **OASIS and Standards and Communication Protocols:**
 - ✓ Represents FERC Order Nos. 889, 605 and 638.
 - ✓ Enhancements to the existing orders include requirements for multiple identical transmission service requests, requirements for redirects on a firm basis, and requirements for redirects on a non-firm basis.
 - ✓ Work is continuing to improve OASIS
 - ✓ The direction of the work is not to create a new OASIS, but add enhancements on an incremental basis

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Highlights of standards development activities

Other FERC Orders related to Wholesale Electric Efforts:

- ✓ **Business Practices were developed to support the Large Generator Interconnection Order.**
- ✓ **Business Practices were developed to support the Standards of Conduct (affiliate) order.**
- ✓ **Work is underway to expand the business practices for the Standards of Conduct (affiliate) order.**

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Highlights of standards development activities

Wholesale Gas Efforts -- Gas Quality

- ✓ Business Practices were developed to support reporting gas quality properties as specified in the pipeline tariffs and as measured at representative points
- ✓ Request R03035 has two other points that have not been addressed yet at the direction of the Board:
 1. reporting of the assumptions used in making the gas quality measurements, and
 2. investigation to determine if standards are needed for the gas quality specifications.
- ✓ The Board at its June 2005 meeting directed the organization to consider the second part of the request, either this year or in planning for 2006

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Highlights of standards development activities

Wholesale Gas Efforts --Standards of Conduct

- ✓ Business Practices were developed to support reporting requirements for standards of conduct in the Informational Posting section of pipeline web sites.
- ✓ The informational postings are listed in the non-discrimination requirements category

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Highlights of standards development activities

Wholesale Gas Efforts -- Maintenance

- ✓ A key activity of the WGQ is the maintenance of ~600 business practices, more than 50 business transactions, more than 50 interpretations to better reflect today's marketplace
- ✓ Continued work on a backlog of requests to modify the existing base of standards -- 35 requests addressed over the past 12 months.
- ✓ The maintenance can take the form of additions or changes to codes and data elements, to the addition or change of existing business practices, to the inclusion of business practices to reflect new functionality

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Highlights of standards development activities

Retail Activities

Commodity Neutral Model Business Practices

- ✓ The two quadrants have worked collaboratively to develop commodity neutral model business practices
- ✓ Model business practices have been developed to address:
 1. Creditworthiness
 2. Billing and Payments
 3. Market Participant Interactions
 4. Distribution Company – Supplier Disputes
 5. Trading Partner Agreements

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Highlights of standards development activities

Retail Technical Standards and Publication

- ✓ Technical standards development for the Internet Electronic Transport Mechanism is nearing completion as is the Quadrant Electronic Delivery Mechanisms document.
- ✓ Technical mappings of the business transactions – defining the data elements and code values is underway.
- ✓ The publication of the model business practices was announced September 27, 2005

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Highlights of standards development activities

How To Monitor Activities

- ✓ Monthly Update Calls:
http://www.naesb.org/monthly_update.asp
- ✓ Review updated annual plans quarterly:
<http://www.naesb.org/materials/gov.asp>
- ✓ Review Board minutes quarterly:
http://www.naesb.org/weq/weq_bod.asp
- ✓ Sign up for email distribution notices on subcommittees of interest:
http://www.naesb.org/listserv/mail/mail_register.cfm
- ✓ Call NAESB office (713-356-0060, naesb@naesb.org)