

# **North American Energy Standards Board**

## **Standards Process**

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## **The Standards Process**

**Presentation to**  
**Federal Energy Regulatory Commission**

**February 2004**

# North American Energy Standards Board

## Standards Development Process

### ❖ 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.
- ❖ The request is reviewed to determine if it is within the organization's scope and further reviewed to determine if it fits within or should be added to the current year's annual plan.
- ❖ The process followed is ANSI accredited -- ANSI accredits organizations as Standards Development Organizations ("SDOs") based on their adherence to ANSI's cardinal principles of standards-setting
- ❖ NAESB will not monitor for compliance, provide performance measures for compliance, nor will it define sanctions for non-compliance.
- ❖ The organization will not advocate in front of regulatory bodies.

# North American Energy Standards Board

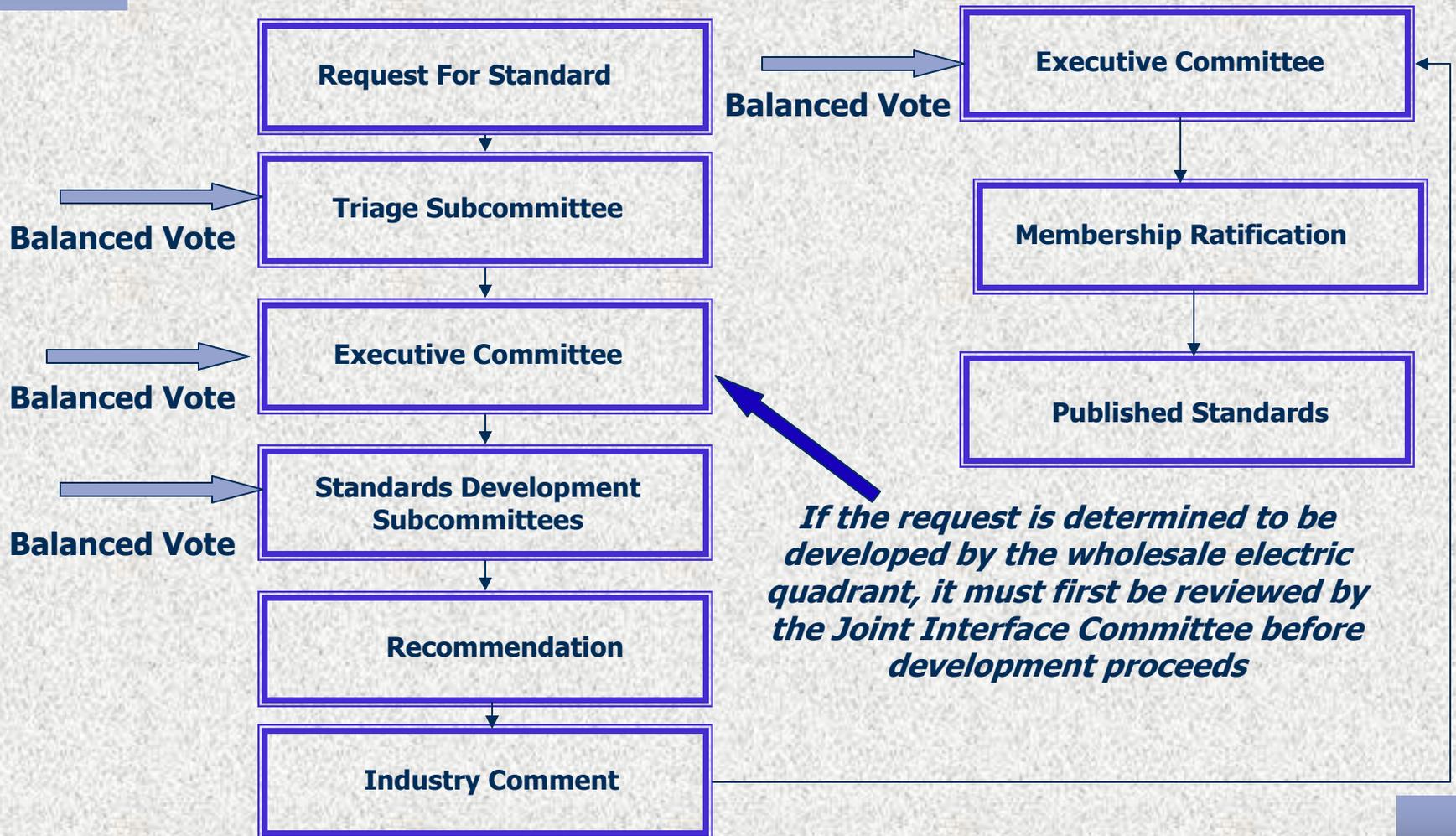
## Standards Development Process

### ❖ **ANSI Principles of Standards Development**

- ❖ Open. Any materially affected and interested party has the ability to participate.
- ❖ Balance and Lack of Dominance. The consensus body shall be balanced and shall not be dominated by any single interest category or organization.
- ❖ Due Process. All objections shall have an attempt made towards their resolution. Interests who believe they have been treated unfairly shall have a right to appeal.
- ❖ Consensus. More than a majority but not necessarily unanimity.
- ❖ Voluntary. Standards are not binding unless adopted by a governmental entity as part of a code or set of regulations.

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### ❖ **NAESB Scope**

❖ **NAESB's scope is cited in the NAESB Certificate (Article 2):**

❖ **"Section 1. The objects and purposes of NAESB are to propose and adopt voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service, as such standards apply to electronic data interchange ("EDI") record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries."**

# North American Energy Standards Board

## Standards Development Process

### ❖ **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.
- ❖ 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 in front of regulatory agencies.

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## Standards Development Process

### ❖ **Coordination with FERC**

- ❖ All NAESB wholesale gas and electric standards are forwarded to the FERC, upon ratification and publication.
- ❖ For those standards that are specific to FERC jurisdictional entities, the Commission has in the past incorporated them by reference into FERC regulations.
- ❖ This incorporation follows the FERC process for adoption of an order.
- ❖ More than 500 wholesale gas standards have been adopted by the FERC in this manner, including revisions.
- ❖ The wholesale gas quadrant standards are now version 1.7.

# **North American Energy Standards Board**

## **Activities Underway**

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### **Annual Plan Characteristics**

# North American Energy Standards Board

## Activities Underway –Annual Plan Characteristics

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### ❖ Annual Plan

- ❖ **Members and Interested Industry Participants determine scope and priority of standards work by quadrant**
- ❖ **Quadrant Annual Plans are prepared and submitted to the Board for approval**
- ❖ **Only standards development pursuant to the AP or requests is undertaken**

# North American Energy Standards Board

## Activities Underway – Annual Plan Characteristics

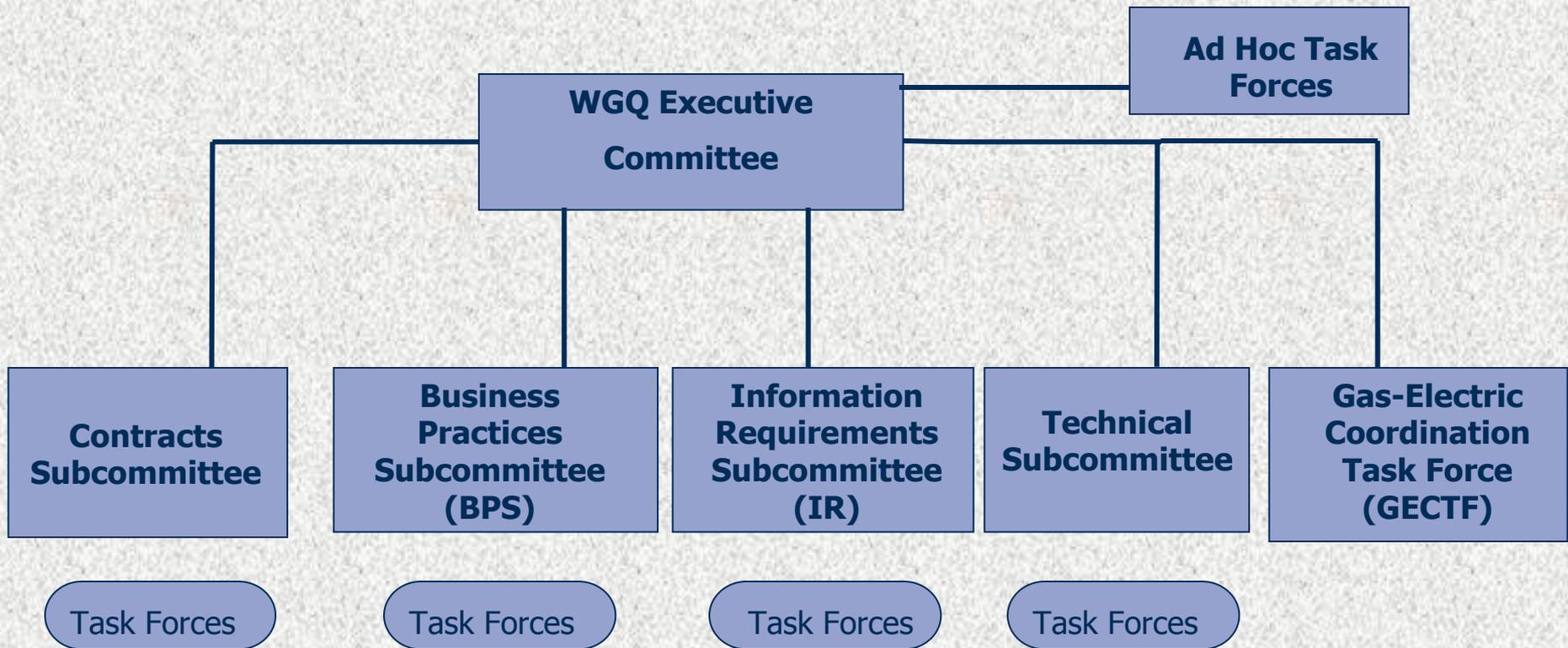
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### ❖ Annual Plan

- ❖ They include high level topics for standards development and reflect requests from state and federal agencies
- ❖ Quarterly progress is reported to the Board from the EC chair.

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## Wholesale Gas Quadrant Committee Structure



# **North American Energy Standards Board**

## **Activities Underway**

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### **Request R03035**

**Submitted From Florida Power and Light**

**December 11, 2004**

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## Standards Development Process

### ❖ Request Characteristics

- ❖ The request has three parts:
- ❖ Gas Quality Reporting
- ❖ Explanation of Assumptions Made During Calculations
- ❖ Investigation to determine if standards should be developed for gas quality specifications.
- ❖ The request scope applies to land based gas, gas from the Gulf and LNG.

# North American Energy Standards Board

## Standards Development Process

### ❖ Status of Request

- ❖ The Triage Subcommittee assigned the first two parts to the Wholesale Gas Quadrant, and remanded the third part back to the Executive Committee for determination of disposition.
- ❖ The Executive Committee raised a scope question to the Managing Committee and Board of Directors.
- ❖ The Managing Committee acting on behalf of the Board found the request with all three parts within NAESB's scope.
- ❖ The Board ratified the Managing Committee's decision on February 17, 2004.
- ❖ The Board will further discuss this request at its upcoming March meeting.

# North American Energy Standards Board

## Standards Development Process

### ❖ Previous Efforts

- ❖ It should be noted that in March 1996, GISB, the precursor of NAESB, filed with the FERC a set of business practice standards, and in that filing so noted with regard to gas quality that:
  - ❖ (page 24 of Volume 1) "Work will commence after January 1, 1997 on the following issues: 2.37 – Gas Quality Reporting, ..."
  - ❖ (page 38 of Volume 1) "The Executive Committee has also identified several issues requiring further examination: standard resolution of imbalances, penalties and cashout; reallocation; difference between transporter to shipper allocations and scheduled quantities; multi-tiered allocations and title transfer; and gas quality reporting."

# How to Find Out More Information

- ❖ **Web Site : [www.naesb.org](http://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](mailto:naesb@naesb.org)**
  - ❖ **For further information on the organization, please contact Veronica Thomason (713-356-0060, [naesb@naesb.org](mailto:naesb@naesb.org))**