**via email & posting for interested parties, November 27, 2013**

**TO: Board Strategic Plan Task Force:** Cade Burks, Jim Cargas, Valerie Crockett, Lorraine Cross, Dave Darnell, Michael Desselle, Michehl Gent, Richard Kruse, Mark Lauby, Debbie McKeever, Jim Minneman, Chris O’Hara, Timothy Simon, Mark Stultz, Jim Stanzione, Terry Thorn, Sue Tierney, Roy True

**cc:** NAESB Board of Directors, NAESB Advisory Council

**FROM:** Rae McQuade

**RE: A**nnouncement and Agenda for the December 4 Conference Call & Web Cast

Dear Task Force Members –

Thank you for your participation on November 14. The specifics of our next call on Wednesday December 4:

| **Topic** | **Information/Requests** |
| --- | --- |
| Charge | * The Board Strategic Plan Task Force is charged with identifying NAESB strategies and supporting organizational structures, and making recommendations to the full board, as discussed in the September 5 NAESB Board of Directors meeting. * Materials for this group are posted on the NAESB web site on the Board of Directors page: <http://www.naesb.org/weq/weq_bod.asp>. |
| Call for Wednesday, December 4 conference call & webcast from 10 am to Noon C, Call-in information | * Call-in information for attendance by phone: Conference number: 866-740-1260, Access code: 7133564, Security code: 8227 * Web cast: http:// [www.readytalk.com](http://www.readytalk.com), and use the same participant access code and security code above * Please feel free to provide comments if you are unable to attend |
| Draft Agenda | 1. Administrative – Welcome, Antitrust Guidance, Introduction of Task Force Members and Attendees, Adoption of Agenda, Adoption of the Minutes 2. Consideration of draft survey and audience, method to be used 3. Discussion on communication as a standing item for this task force or for the Revenue Committee 4. Determine if the task force should be recommended as a standing committee to the Board of Directors 5. Continue discussion on strategies, possible areas of development, definitions of segments within the quadrants and form a recommendation to the board 6. Identify deliverables and draft timeline, next steps and make assignments to task force members 7. Preparation for the December 12 board meeting, January 29 task force meeting 8. Other Business 9. Adjourn |
| Meeting & Background Reference Materials | * Antitrust Guidance: <http://www.naesb.org/misc/antitrust_guidance.doc> * Announcement: <http://www.naesb.org/pdf4/bd_strategic_101513announcement.docx> * Board Minutes: <http://www.naesb.org/pdf4/bd090513dm.docx> * Notes: * *Draft survey will be forwarded prior to the meeting(agenda item 2)* * *Draft work paper on communication will be forwarded prior to the meeting (agenda item 3)* * *Draft outline of recommendation to board will be forwarded prior to the meeting (agenda item 5)* * *Comments: Any comments from the task force members or other interested parties as they are received*. |
| Status & Context of Work | * The Board of Directors on September 5 asked that a group consider the development of a strategy recommendation that also addresses segment structure and resource requirements. Mr. Desselle noted that he would form a group to develop a recommendation to the board for its consideration. |
| Next Conference Call and Web Cast – January 29 | * Wednesday, January 29, 10 am to noon C * Call-in information for attendance by phone: Conference number: 866-740-1260, Access code: 7133564, Security code: 8227 * Web cast: http:// [www.readytalk.com](http://www.readytalk.com), and use the same participant access code and security code above * Any interested party can attend * Please feel free to provide comments if you are unable to attend |

**1. Threshold Questions:**

1. What is our vision of NAESB in the next three to five years?

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.

1. What resources will be required to achieve it?

**2. Procedural Considerations:**

1. Should this task force become a standing committee to provide periodic recommendations to the board as needed on both long and short term strategic directions?

Initial indications are that the task force should recommend that the board make this group a standing committee.

1. Should this task force, if reconstituted as a standing committee, periodically review and recommend changes in the structure to the board in support of the organization’s strategic plans?
2. Initial indications are that the task force should as a standing committee periodically review and recommend changes in the structure to the board in support of the organization’s strategic plans

**3. Strengths of NAESB now and strengths to be developed:**

1. Flexibility and agility to allow new businesses standards development needs to be incorporated without lengthy procedural effort
2. Goodwill in the industry
3. Diversity, open process and adaptability
4. Transparency
5. Support for the convergence of interests -- when industry segment's activities overlap or converge and there is need for better alignment
6. Provision for the interaction of unregulated and regulated or state and federally regulated activities, such as demand response
7. Accommodation of the introduction of new technologies that redefine the competitive landscape in the energy markets - such as smart grid
8. While new development may be regulatory driven, much of it is not – it is requested by market participants to provide a level of uniformity and efficiency which would provide lower transaction costs and ease of entry into new areas.
9. Justification of existing organization structure

**4. Cautions:**

1. Focus on a few key development areas that can be accomplished in a three to five year time frame
2. Continue to be member driven with a focus on value to the consumers and to the energy markets
3. Strategic directions should keep pace with the evolution of market rules
4. Ensure that appropriate resources are available before undertaking new development
5. As trade associations and energy organizations provide interest in new areas of development for NAESB, that interest should expand beyond the association itself to companies to provide for a longer term sustainability
6. Access to subject matter experts rather than those directed to policy and political efforts is key to determining whether standards development efforts should be undertaken
7. Provide a structure that supports all stakeholders having an opportunity to have a seat at the table
8. Continue to rise above self-interest to support the long term health of the markets
9. Examine whether a need for standards development necessarily means we have to act, as other organizations might be more appropriate places to address the need
10. As we set a strategic direction for standards development, focus on who our customers are and who benefits from the products we develop
11. NAESB should be forward looking as directed by its members and the market; NAESB should not have the approach of “build it and they will come”

**5. Risks:**

1. Expanding too quickly can impact effectiveness
2. Resources can be strained when new development by non-members is undertaken
3. Rapid evolution of markets require quick response to remain relevant
4. Geographical shift in natural gas production puts stress on existing infrastructure and could impact NAESB – both from an organizational structure perspective and from a standards development perspective
5. For new standards development that is based on regulatory policy, if the policy is controversial or ambiguous and does not have support of industry executives, the ability to achieve consensus on the development can become difficult
6. In retail markets, the interests are not as aligned, which can make the development more difficult, but development focused and led by a few states or regions can be seen as templates for other regions or states as they consider standards development
7. As NAESB develops standards in new areas, the process of reflecting the complexity of the new areas aligned with standards development, may include market participants at the table, but not specifically represented in the organization.
8. The unknown unknowns

**6. Current Developments that May Impact NAESB’s structure:**

1. Energy Efficiency
2. Demand Side Management
3. Variable Energy Resources, Renewables
4. Gas-Electric Coordination
5. Cybersecurity and social engineering
6. Data Privacy
7. Smart Grid Applications
8. Telecommunications and electronic communication of data for standard transactions

**7. Future Developments that May Impact NAESB’s work and structure:**

1. Distributed generation
2. Smart Grid interoperability
3. Clean water/energy nexus
4. Fracking and shale gas, and movement from production to market
5. Additional gas quality issues
6. Data privacy and data gathering, big data
7. Greenhouse gas and energy exports
8. Environmental regulations and reporting
9. Ancillary services
10. Midstream interests (such as processing and gathering);
11. NGL, LNG and CNG
12. Frequency Response
13. Telecommunications and electronic communication of data for standard transactions

**8. Questions the task force may consider:**

1. What new challenges and pressures are the gas and electric industries facing? What new challenges and pressures do these changes bring to NAESB?
2. Based on anticipated market changes, does NAESB need to reevaluate priorities? Is a new direction attainable in the current environment? Do we have the resources? Is the organization optimally designed to meet these new objectives?
3. Does the current structure support delivery of the work?
4. Does the existing NAESB quadrant structure have the ability to anticipate change and embrace adjustments for competitive advantage and continual improvement?
5. Should NAESB move beyond only being reactive and outcome-oriented to also focus on being proactive and anticipatory?
6. Should NAESB bring in new market participants and players other than our existing members? Will this effort require a structure change?
7. What new challenges and pressures are the gas and electric industries facing? What new challenges and pressures do these changes bring to NAESB?
8. Should this task force develop a strategic profile akin to the risk/reliability profile developed by NERC?

**9. Possible task force action items:**

1. Develop criteria for identifying tipping points where industry interest would equate to sustainability in development by NAESB
2. Develop criteria for evaluating new developments that may be impacting NAESB, which could include use of exploratory teams, including:
3. Develop criteria to assess need that could be applied to all new development areas
4. Determine level of interest within NAESB
5. Determine availability of subject matter experts willing to work within NAESB
6. Determine if NAESB is the best venue for development or if another standards development organization or industry group would be more appropriate
7. Determine if structural changes within NAESB are needed if the new effort is to be undertaken by NAESB
8. Collect strategic plans of members, particularly ISOs and RTOs, to better gauge the expectations of the market – which may take the place of a survey as the plans will identify emerging issues specific to our membership – and if amenable to standards development, could be considered if it is seen that they would bring a benefit to our members.
9. Determine how to accommodate new development until it is demonstrated that there are enough participants to support structural change – either broadening the scope of existing quadrants, segments and subsegments, or creating new ones.
10. Prepare a communications strategy that will support industry awareness of NAESB
11. Prepare a survey that provides input on the directions that NAESB should take based on the itemd outlined in sections 6 and 7 of this compilation of notes
12. Discuss the task force efforts with NARUC

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| **Members of the NAESB Board Strategic Plan Task Force** | |
| Cade Burks | Big Data Energy Services |
| Jim Cargas | City of Houston |
| Valerie Crockett | Tennessee Valley Authority |
| Lorraine Cross | Cross and Company, PLLC |
| Dave Darnell | Systrends, USA |
| ***Michael Desselle*** | ***Southwest Power Pool (Chairman of the Board Strategic Plan Task Force)*** |
| Michehl Gent | Open Access Technology International |
| Richard Kruse | Spectra Energy |
| Mark Lauby | North American Electric Reliability Corporation |
| Debbie McKeever | Oncor Electric Delivery Company LLC |
| Jim Minneman | PPL Solutions |
| Chris O’Hara | NRG Energy Inc. |
| Timothy Simon | TAS Strategies |
| Mark Stultz | BP Energy |
| Jim Stanzione | National Grid |
| Terry Thorn | KEMA Gas Consulting |
| Sue Tierney | Analysis Group Inc. |
| Roy True | ACES Power Marketing LLC |

| **Schedule of Meetings and Events Related to the NAESB Board Strategic Plan Task Force** | | | | |
| --- | --- | --- | --- | --- |
| **Date** | | **Time** | **Location** | **Group** |
| **✓** | **Sep 5, 2013** | **9:00 am to 1:00 pm C** | **Houston** | **NAESB Board of Directors** |
|  |  | During the strategic session of the NAESB board meeting, it was determined that Michael Desselle would create a group to develop a strategy recommendation that also addresses segment structure and resource requirements. The minutes of this meeting can be accessed from: <http://www.naesb.org/pdf4/bd090513dm.docx> | | |
| **✓** | **Oct 15, 2013** | **10:00 am to Noon C** | **Conference Call** | **Board Strategic Plan Task Force** |
|  |  | During the strategic session of the NAESB board meeting, it was determined that Michael Desselle would create a group to develop a strategy recommendation that also addresses segment structure and resource requirements. The minutes of this meeting can be accessed from: <http://www.naesb.org/pdf4/bd090513dm.docx>  Calling Information: 866-740-1260, Access code: 7133564, Security code: 8227 | | |
| **✓** | **Nov 14, 2013** | **10:00 am to Noon C** | **Conference Call and Web Cast** | **Board Strategic Plan Task Force** |
|  |  | Meeting is pending. During the meeting the participants should further refine and add to the materials that will be used to form the recommendation to the board on strategy and organizational structure.  Calling Information: 866-740-1260, Access code: 7133564, Security code: 8227  Web Information: [www.readytalk.com](http://www.readytalk.com) and use the same access and security codes above | | |
|  | **Dec 4, 2013** | **10:00 am to Noon C** | **Conference Call and Web Cast** | **Board Strategic Plan Task Force** |
|  |  | Meeting is pending. During the meeting the participants should further refine and add to the materials that will be used to form the recommendation to the board on strategy and organizational structure. Part of the meeting will be devoted to preparations for the board meeting on December 12.  Calling Information: 866-740-1260, Access code: 7133564, Security code: 8227  Web Information: [www.readytalk.com](http://www.readytalk.com) and use the same access and security codes above | | |
|  | **Dec 12, 2013** | **9:00 am to 1:00 pm C** | **Houston** | **NAESB Board of Directors** |
|  |  | This board meeting will have an update from the Board Strategic Plan Task Force as one of its agenda items. | | |
|  | **Jan 29, 2014** | **10:00 am to Noon C** | **Conference Call and Web Cast** | **Board Strategic Plan Task Force** |
|  |  | Meeting is pending. During the meeting the participants will continue to work towards the development of a recommendation and will address issues raised in the December 12 board meeting.  Calling Information: 866-740-1260, Access code: 7133564, Security code: 8227  Web Information: [www.readytalk.com](http://www.readytalk.com) and use the same access and security codes above | | |
|  | **Feb 26, 2014** | **10:00 am to Noon C** | **Conference Call and Web Cast** | **Board Strategic Plan Task Force** |
|  |  | Meeting is pending. During the meeting the participants will continue to work towards the development of a recommendation and will address issues raised in the December 12 board meeting.  Calling Information: 866-740-1260, Access code: 7133564, Security code: 8227  Web Information: [www.readytalk.com](http://www.readytalk.com) and use the same access and security codes above | | |
|  | **Mar 26, 2014** | **10:00 am to Noon C** | **Conference Call and Web Cast** | **Board Strategic Plan Task Force** |
|  |  | Meeting is pending. During the meeting the participants will continue to work towards the development of a recommendation and will address issues raised in the December 12 board meeting. Part of the meeting will be devoted to preparations for the board meeting on April 3.  Calling Information: 866-740-1260, Access code: 7133564, Security code: 8227  Web Information: [www.readytalk.com](http://www.readytalk.com) and use the same access and security codes above | | |
|  | **Apr 3, 2014** | **9:00 am to 1:00 pm C** | **Houston** | **NAESB Board of Directors** |
|  |  | This board meeting will have an update from the Board Strategic Plan Task Force as one of its agenda items. | | |