



# North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@aol.com](mailto:naesb@aol.com)

Home Page: [www.naesb.org](http://www.naesb.org)

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**via email and posting**

**TO:** NAESB WGQ Contracts Subcommittee Participants and Interested Parties

**FROM:** Keith Sappenfield, Co-Chair & EnCana Corporation, Suzanne Calcagno, Co-Chair & USB Warburg Energy

**RE:** **FINAL** Wholesale Gas Quadrant Contracts Subcommittee Meeting Minutes – March 27 & 28, 2003

**DATE:** April 22, 2003

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
WGQ CONTRACTS SUBCOMMITTEE FACE TO FACE MEETING  
March 27, 2003, 9:00 a.m. to 6:00 p.m. CST  
March 28, 2003, 8:00 a.m. to 1 p.m. CST**

**1. Welcome & Administrative Items**

Mr. Sappenfield welcomed meeting participants and gave the antitrust advice. Mr. Sappenfield thanked Apache Corporation for sponsoring the meetings. Meeting participants discussed the agenda. Mr. Sappenfield deferred review and approval of the draft minutes from the January 21, 2003 face to face meeting and the February 26, 2003 Conference Call until the morning of the second day of the meeting. The discussion of subsequent meetings and discussion of a target date for completion of the Credit Support Addendum were added as other business. Mr. Ishikawa moved, seconded by Mr. Connor, to adopt the agenda as modified. Absent objection, the agenda was adopted unanimously.

**2. Review & discuss comments on the “NAESB Credit Support Addendum”**

Mr. Sappenfield generally discussed the comments received and posted on the NAESB WGQ Contracts web site for this meeting. Comments included specific language and wording changes to the Cover Sheet and the Base Document.

Several parties also commented on the purpose of the NAESB Credit Support Addendum (CSA) and its use. Interested Local Distribution Companies (LDCs) were opposed to the development of the CSA since they believe that if the CSA became a standard or model document, the LDCs' counter parties would probably insist that a NAESB Contract for Purchase and Sale of Natural Gas (NAESB Gas Contract) include a CSA. The LDC's concern is founded in part on their belief that the current CSA language did not clearly state the optional nature of the CSA. Other participants expressed their opinions that the LDC concern was not a likely scenario since in today's gas contracting practice a credit support addendum is included in the NAESB Gas Contract if and only if both parties agree to include a credit support addendum. There was no consensus on this issue reached at the meeting.

The group also agreed to hold a second round of comments on the CSA. This was to allow more participation by non-represented WGQ segments, permit the group to review the CSA for any conflict in terms with the work of the WGQ Business Practices Subcommittee (BPS) related to Creditworthiness and permit participants working on both the CSA and BPS more time to focus on the CSA work. The timing of the second round of comments on the CSA would be discussed at the end of the second day of work.



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Mr. Sappenfield stated that during his report on the Status of the WGQ Contracts Subcommittee reported to the WGQ EC meeting on April 9, 2003 he would mention the above discussions and concerns on the CSA purpose, segment non-participation, resource availability between BPS and Contracts work schedules, and potential conflicts in term definitions and the plan for a second round of comments and development of a "User's Guide" to address these concerns.

The attendees decided to go forward with the review and discussion of the specific language and wording comments on the CSA. The group decided to continue work on the CSA since the WGQ EC vote on approval of the CSA could go either way.

The group discussed and agreed to several general comments filed by various parties including (1) combining the Cover Sheet with the Base Document into a single document (CSA) similar to the NAESB Gas Contract, (2) CSA to be designed to be executed concurrent with the Gas Contract, (3) revise the "Section" titles with "Paragraph", (4) delete all references to "Potential Events of Default" or "NAESB Potential Events of Default", (5) label the blank spaces on page 1 of the CSA as "elections" and (6) develop a "User's Guide" as part of the CSA. CSA "User's Guide" to include (1) CSA Statement of Purpose, (2) explanation for completing "elections" part of CSA, (3) pro forma amendment to add the CSA to an existing NAESB Gas Contract and (4) pro forma language to amend CSA to include various provisions.

The group reviewed and discussed all comments filed. The draft CSA at the end of the meeting reflects the group's consensus on the comments filed. The draft CSA includes several comments in bold text where the group either could not reach consensus or additional comments is to be solicited on the noted language in the second round of comments.

### **3. Discuss and set location, date and times for next meetings**

Mr. Sappenfield proposed the following schedule for upcoming meetings for a second round of comments.

Posting of revised draft CSA	No later than April 15, 2003
Posting of the initial draft User's Guide	No later than April 15, 2003
Conference Call to review revised draft CSA to insure all comments included	Mid April after BPS work is complete Week of April 21, 2003
Second Round of Comments Due	May 9, 2003
Face to Face Meeting to discuss and review CSA and User's Guide	6-6-03 (Day after WGQ EC meeting in DC) or week of 6-9-03

No objection was expressed for the date of the conference call. Future meeting date, times and location will be discussed on the conference call during the week of April 21, 2003.

### **4. Next Steps and Other Business**

The meeting notes for the meetings of January 21, 2003 and February 26, 2003 were reviewed. Some minor corrections were made to word spelling, names and representative companies. Motion by R. Ishikawa and Seconded by J. Allen. No objection to the motion and motion passed. Meeting minutes are now final and will be posted on the NAESB web site.

### **5. Adjourn**

Mr. Sappenfield adjourned the meeting at 12:00 Noon CST on March 28, 2003.



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### Meeting Attendees:

<b>Name</b>	<b>Company</b>	<b>Notes</b>
JannaLyn Allen	Cinergy	3/27 & 3/28
Suzanne Calcagno	UBS Warburg Energy (Co-Chair) ( <u>Phone</u> )	3/27 & 3/28
Chuck Cerria	Hess	3/27 & 3/28
Pete Connor	NiSource Distribution Companies	3/27 & 3/28
Jennifer Deegan	Washington Gas Light Company ( <u>Phone</u> )	3/27
Andrew Dotterweich	Consumers Energy ( <u>Phone</u> )	3/27
Lisa Groff	American Electric Power ( <u>Phone</u> )	3/27
Paramy Graff	Apache Corp.	3/27 & 3/28
Richard Ishikawa	Southern California Gas Company	3/27 & 3/28
Jane Lewis	American Gas Association	3/27
Tracy McLaughlin	American Electric Power	3/27 & 3/28
Gerald Nemeo	Apache Corporation	3/27 & 3/28
Michael Novak	National Fuel ( <u>Phone</u> )	3/27 & 3/28
Bill Oppenheim	PECO ( <u>Phone</u> )	3/27
Keith Sappenfield	EnCana Corporation (Co-Chair)	3/27 & 3/28
Abby Snyder	Sempra	3/27 & 3/28
Tiffany Silvey	Calpine	3/27 & 3/28
Cathy Szasz	American Electric Power (Phone)	3/27
Scott Williams	Nevada Power Company (Phone)	3/27