



Gas Industry Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
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via email and posting

TO: GISB Contract Subcommittee Participants & Posting for Interested Industry Participants
FROM: Rae McQuade, Executive Director
Diane McVicker, Co-Chairman, GISB Contracts Subcommittee
Cary Metz, Co-Chairman, GISB Contracts Subcommittee
RE: Final Minutes of the Contracts Subcommittee Meeting – May 7, 2001
DATE: May 7, 2001

GAS INDUSTRY STANDARDS BOARD
GISB CONTRACTS SUBCOMMITTEE MEETING – CONFERENCE CALL
May 7, 2001 – 2:00 p.m. to 3:00 p.m. Central
FINAL MINUTES

I. Administrative

Ms. Metz welcomed the participants and Ms. McQuade announced the attendees. Ms. Cary Metz read the antitrust statement. The agenda was adopted as posted. The April 23 minutes were adopted with changes identified in the meeting.

II. Outstanding Issues and the Enbridge Work Paper

- Check off Boxes

In discussion of the minutes, the drafting team may recommend changes to the check off boxes for uniformity (the cover page – boxes for sections §§ 10.2.2, 10.2.4 and 13.10). After further discussion, it was determined that a discussion on default choices would be held after the drafting group had met and completed its task.

- Enbridge Work Paper

It was raised that sections §1.2 and §13.4 are inconsistent. The provision does more properly belong in section §1.3 as long as it is limited to the oral transactions. It was suggested that it would be better to create an exception in section §13.4 where the parties had agreed to use the oral transaction procedure. Below are the sections discussed:

Oral Transaction Procedure:

- 1.2 The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a “writing” and to have been “signed”. Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile. EDI or mutually agreeable electronic means. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains Special



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Provisions, other than those relating to the commercial terms of the Transaction (e.g., price, volume, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration, provisions, or additional representations and warranties) such provisions shall not be deemed to be accepted pursuant to this Section unless agreed to in writing; provided that the foregoing shall not invalidate any Transaction agreed to by the Parties.

Written Transaction Procedure:

- 1.2 The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of non-conflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.
- 1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2., such receiving party shall notify the sending party via facsimile by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. The entire agreement between the parties shall be those provisions contained in both the Base Contract and any effective Transaction Confirmation. In the event of a conflict among the terms of (i) a Transaction Confirmation that is signed or passage of the Confirm Deadline without objection from the receiving party, (ii) a recorded conversation, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.
- 13.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective Transaction Confirmation(s). This Contract may be amended only by a writing executed by both parties.

The drafters can move the additional language to 1.3 and clarification to 13.4 that the contract can be amended through an oral transaction procedure if both parties agree to do so.

III. Next Steps

The drafting team of:

Mark Rae

David Hollingsworth

Dede Russo, Paramy Graf & Jennifer Minnis

Stacey Dickson

Stroock & Stroock & Lavan

Williams

Reliant

Enron



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Vernon Sevier or Matt Cross
Angie Ishikawa or Rick Ishikawa
Carolyn Hazel
Mitch Dutton & Cathy Szasz
Margaret Lester
Dennis Lane
Anne Lovett

ExxonMobil
SoCal Gas(not confirmed)
Conoco
AEP
Dynergy (not confirmed)
Coral Energy
PPL

will meet at the offices of Williams in Houston beginning the afternoon of May 21 and concluding by lunch on May 23. Information on this meeting should be made available shortly.

It was asked if this contract would be used for long term contract. As such, it was discussed that the disclaimer should be changed to remove the clause for 30 days. This discussion will continue with discussion on the development of the long term contract. The definition of long term and timing and whether there should be one or two documents should be determined as the first agenda items for the long term contract. The contract and the change on the disclaimer will be considered at the last short term base contract meeting prior to the document going out for industry comment.

III. Adjourn

The meeting adjourned at 3:00 pm central.



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IV. Attendees

Member?	Name	Company
Services:		
Y	Mitch Dutton	AEP
Y	Cathy Szasz	AEP
Y	Janis Shaffer	AEP
Y	Gina McMahon	BTUWatch.com
Y	Mark Scheel	Dynegy
Y	Stacey Dickson	Enron North America
Y	Tracey Ruffeno	PanCanadian Energy Marketing
Y	Rhonda Alphin	Reliant
Y	Paramy Graf	Reliant
Y	Jennifer Minnis	Reliant
	Mark Rae	Stroock & Stroock & Lavan
Y	David Hollingsworth	Williams Energy Marketing
End Users:		
Y	Cary Metz	Midland Cogeneration Ventures
Y	Anne Lovett	PPLWeb Plus
Producers:		
Y	Vernon Sevier	ExxonMobil
LDCs:		
Y	Angie Ishikawa	SoCal Gas
Y	Rick Ishikawa	SoCal Gas

GISB membership for 2001 - membership is not a requirement to participate in this or any GISB meeting. Membership is not a requirement for voting in this subcommittee.