



North American Energy Standards Board

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TO: NAESB Wholesale Gas Quadrant Contracts Subcommittee, Posting for Interested Industry Participants

FROM: Meghan McMillan, NAESB Staff

RE: Final Minutes from the NAESB Wholesale Gas Quadrant Contracts Subcommittee Meeting – May 21, 2003

DATE: May 30, 2003

Wholesale Gas Quadrant Contracts Subcommittee
May 21, 2003
(8:00 am – 2:00 pm Central)
Final Minutes

1. Welcomes & Administrative Items

Mr. Sappenfield opened the meeting and gave the antitrust advice. Mr. Sappenfield suggested postponing the approval of the April 22, 2003 minutes. Mr. Hebenstreit moved, seconded by Mr. Novak to adopt the agenda. The agenda was adopted absent objection.

2. Review & Discuss Comments on the “NAESB Credit Support Addendum (CSA)”

Mr. Sappenfield suggested the group review the redline draft CSA, which includes all comments submitted. The document was reviewed page by page and suggested changes were discussed. Modifications were made during the meeting to the redline draft. Please refer to the draft CSA attached to these minutes, which reflects changes made through paragraph 5 and minor grammatical corrections.

Mr. Hebenstreit stated there is a difference in NAESB between a standard and a model and suggested caution when using the term model as opposed to standard in the title of the document. Mr. Ishikawa stated the word model emphasizes this agreement is an option. It was suggested the document be titled Credit Support Addendum and be identified as a model in the User's Guide. Mr. Novak proposed that it might make this issue less controversial if the CSA is referred to as a model, bearing in mind that this designation might change in the future. Mr. Sappenfield noted his preference would be to refer to the CSA as a model in the User's Guide, and suggested the subcommittee make a note of major issues (such as using the word 'model' in the title of the document) and vote on them at a future meeting. Mr. Sappenfield also noted the subcommittee might consider the addition of a pro-forma special provision to include in the User's Guide, which would allow parties to make changes such as including guarantees.

There was discussion concerning the 'specifying letter of credit issuer' comment. Mr. Sappenfield suggested the subcommittee should identify specifying requirements and use the User's Guide to identify specific issuers of letter of credit.

There was a discussion of adding a date to the CSA. Mr. Sappenfield suggested that the date simply be left blank to be filled in by the parties involved in the agreement.

Mr. Sappenfield suggested parties might want to exclude transactions that they would not consider physical. It was noted this circumstance might need to be included in the special provisions, which could be part of the User's Guide.

Mr. Sappenfield asked for input on dates and deadlines used in the document. It was proposed to leave all dates blank; bearing in mind this does not prevent parties from adding special provisions



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to cover these issues. Mr. Sappenfield suggested the subcommittee review the typical practices used in the industry to determine the best approach.

Mr. Novak asked if the subcommittee would be suggesting changes to the Base Contract. Mr. Sappenfield noted the User's Guide would identify special provisions that could be included in the base contract when using the CSA.

It was agreed to move the disclaimer to the last page so that it will appear in a box similar to the disclaimer in the Base Contract.

There was extended discussion of the definition of 'credit rating' and concerns were voiced about the original language emphasizing use of the unsecured debt rating. Ms. Allen stated this original language was used specifically because it reflects language used in other industry agreements. Mr. Novak suggested this item be put on the list to be voted on. It was agreed to vote on this item. Further discussion of definitions led to an agreement to vote on whether or not the CSA is a stand-alone agreement or not.

3. Discuss dates & times for next meetings or conference calls, if necessary.

It was agreed to schedule short conference call to schedule the next face-to-face meeting where the group will vote on the contentious issues partly listed at this meeting. The Subcommittee's goal is to finish drafting the CSA and the User's Guide at the next face-to-face meeting. Subsequent to this meeting a short conference call was scheduled for May 30, 2003 (1:00 pm - 2:00 pm Central).

4. Next Steps and Other Business

Mr. Sappenfield will accept clarification changes in the CSA and leave all other suggested changes redlined. The draft document resulting from this meeting will be posted on the NAESB website and comments will be accepted.

5. Adjourn

The meeting was adjourned on May 21, 2003 at 2:12 pm Central.

6. Attendees

Name	Company	In Person/Phone
Allen, Jannalyn	Cinergy	In Person
Bell, Jerry	Sequent	In Person
Berkemeier, Frank	Consumers Energy	Phone
Calcagno, Suzanne	UBS Warburg Energy	Phone
Castrejana, Josie	American Electric Power	In Person
Dotterweich, Andrew	Consumers Energy	Phone
Groff, Lisa	American Electric Power	In Person
Hebenstreit, Bill	El Paso Merchant Energy	In Person
Ishikawa, Rick	Southern California Gas	In Person
Klecka, Ellen	Cinergy	In Person
LeForce, Randall	Raft International	In Person
Maxwell, Matt	Sequent	In Person
McLaughlin, Tracy	AEP	Phone
McMillan, Meghan	NAESB	In Person
Novak, Mike	National Fuel Gas Distribution	In Person
Perlman, Marjorie	Energy East	In Person
Russell, Mark	Salt River Project	In Person
Sappenfield, Keith	EnCana	In Person



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Name	Company	In Person/Phone
Sager, Elizabeth	UBS Warburg Energy	In Person
Slover, Eric	None given	Phone
St. Clair, Carol	Sempra	In Person
Staton, Greg	Dominion	Phone
Szasz, Kathy	American Electric Power	Phone