

CONTRACT SUBCOMMITTEE
MODEL TRADING PARTNER AGREEMENT
MEETING MINUTES
Final Minutes
Friday, May 23, 1997
AGA Offices - Washington, D.C.

1. Administrative

a. Welcome and introductions - Attendee

Pipelines:

Joyce Phillips - TETCO
Cynthia Corcoran - AGT
Coralie Sculley - PEPL
Carlos Pena - El Paso
Lanyard Sledge - El Paso - TGP
Theresa Hess - Northern Natural
Clayton Smith - Transco (phone-in)

Services:

Stacy Dickson - EPMI
Mary Cook - ECT (phone-in)
Stuart Maudlin - NGC-Ozark (phone-in)
Jo Ellen Krane - NGC (phone-in)

b. Antitrust

- ▶ The antitrust guidelines were presented by Jim Buccigross of TransCapacity. Housekeeping matters were addressed by both Brian White and Cheryl Loewen.

c. Adoption of Agenda

- ▶ Stacy Dickson of EPMI made a motion to move Item 4 on the agenda before Item 2. Cynthia Corcoran seconded the motion. During discussion on the motion, Carlos Pena suggested a compromise where Item 4 would be moved after Items 2(a) had been discussed. Jo Ellen Krane moved to vote on the motion on the floor. A majority of the representatives approved changing the agenda to discussing Item 4 after Item 1.

d. Minutes for the May 23, 1997 Meeting

- ▶ Cynthia Corcoran volunteered to prepare minutes of the May 23, 1997 meeting.

e. Adoption of the April 15, 1997 Minutes

- ▶ Numerous requests were made to change the April 15 minutes.
- ▶ Jo Ellen Krane of NGC
 - Page 2, Item 2, Line 6, to include the sentence "Each task force of the Contract Subcommittee will add a description to this mission statement to address specific task force responsibilities".

- Page 2, Item 3, first line, the word "redlined" needed a close quotation mark.
 - Item 3, Paragraph 2, third line [V-XXX] was inserted after the word "model".
 - Page 3, Item 4, Paragraph 7, Line 18, insert the words "as work papers" between "page" and "by May 7".
 - Jo Ellen Krane also requested that the minutes reflect the discussion at the last Contract Subcommittee Meeting that Cheryl Loewen would ask the Executive Committee to approve and expedite comment period of two weeks prior to the Executive Committee vote on any work product finalized by the group. The consensus of those present was that the discussion did take place on April 15 and the minutes were modified to reflect this. There was also a discussion concerning if the product of the Subcommittee would be submitted as work papers. The sense of the room was unanimous that any product of the Subcommittee would be submitted as work papers and not submitted any other way.
- ▶ Stacy Dickson
 - Stacy Dickson requested changes to Page 1, Paragraph B (1) changing Enron Capital and Trade to the Drafting Committee. Thus change was made throughout the minutes as necessary.
 - Page 2, Item 2, Paragraph 3, the following phrase was added to the end the sentence: "as the recommendation of the MTPA Task Force".
 - Page 2, Item 4 at the end of the paragraph the following was inserted: "There was additional discussion concerning the matrix and what response and acceptance documents were. The Committee will continue to develop these issues".
 - ▶ Mary Cook, Jo Ellen Krane, Cheryl Loewen and Cynthia Corcoran had a discussion if a vote was actually taken on whether the MTPA would be recommended as a standard. In resolution of the matter it was agreed to include the following phrase in the minutes: "A consensus of the Task Force present agreed that the MTPA would not be recommended as a standard at the next EC meeting.
 - ▶ Cynthia Corcoran
 - Page 3, Paragraph 5 - Insert the statement "PanEnergy requested at least three hours to be devoted to the review of Request No. R97060 and the majority of those present agreed".
 - ▶ Theresa Hess requested a clarifying change to Page 1, Paragraph B(1) to insert the "GISB procedures for processing" in lieu of the phrase "discussion of".

- ▶ Jim Buccigross moved that the minutes be adopted as amended. Cynthia Corcoran seconded. All present unanimously agreed to the motion.

f. Report on May 8, 1997 Process Meeting

- ▶ C. Loewen reported that at the EC meeting she did not provide a formal report due to a lack of time. Cheryl Loewen was given an additional form to fill out to instruct the Subcommittee on the GISB procedures that will be followed. Cheryl Loewen informally discussed the mission statement with several EC members and there was no apparent opposition. Request No. R97060 was voted in scope and the Subcommittee was directed to handle Request No. R97060.
- ▶ C. Loewen reported that the Contract Subcommittee was assigned the task of processing Request No. R97063. Stacy Dickson commented that this request was being handled by the Purchase and Sale task force, not the TPA task force and that Jeff Hodge of ECT was heading up that task force. C. Loewen clarified that all of the task forces are considered part of the Contracts Committee and this is the reason for informing this group of the Purchase and Sale Task Force activities.
- ▶ C. Loewen further reported that the Process Subcommittee did not specifically agree to revise the GISB organization chart to show the Contract Subcommittee as reporting directing to the EC.

4. Review and Discuss EC&T Proposed EDI Trading Partner Agreement

- ▶ Stacy Dickson distributed an amended version of Request No. R97060 to Subcommittee members present and noted that the changes were already reflected on what was posted on the Home Page. Cynthia Corcoran asked as a procedural question if ECT needed to submit a revised Request No. R97060 to reflect changes that had been developed. Joyce Phillips responded that when the Contracts Subcommittee recommends changes to R97060 it will eventually result in a modification of the request. Therefore, no new request needed to be submitted by ECT. If ECT supported the changes that were made to Request No. R97060 by the contracts subcommittee, ECT and/or the drafting committee could file comments in support of the contracts subcommittee recommendation.
- ▶ Mary Cook provided an overview of the development of the electronic data interchange trading partner agreement submitted in Request No. R97060.
- ▶ Mary Cook
 - In the August 1996 meeting of the Contract Task Force, a request was made of the members to provide a shorter form of the MPTF due to general dissatisfaction with the existing form. Stacy Dickson and Sara Beth Smith volunteered to do a new draft of the agreement. Due to internal reorganization at ECT Mary Cook was assigned the responsibility of drafting the agreement.

In the fall of 1996, in preparation for designing a revised document, Ms. Cook reviewed the existing GISB MPTA, all the new standards proposed by GISB and familiarized herself with changes that had occurred on the Internet, as well as discussed with internal technical consultants experience the industry had gained since the original drafting.

The revised draft is designed to flush out with more accuracy and increase technical certainty the obligations and responsibilities of the sender and receiver of documents. The revised request is a stream-lined document and designed to address the needs of the gas industry specifically. The MPTA originally drafted by GISB was based on an ABA draft form a general purchasing agreement and was not specific to the gas industry.

- Mary Cook contacted Rae McQuade and asked whether the draft could be circulated to the members of the GISB Model Trading Partner Agreement Subcommittee. Rae McQuade provided the names of representatives from Valero, ECT, PanEnergy, Florida Gas, Transwestern and NGC. All of these parties as well as TransCapacity were invited to the initial meeting. A subsequent meeting of the initial participation took place before the draft. It was submitted to the GISB office under Request R97060.
- ▶ Stacy Dickson noted that in August, 1996, the group was charged with drafting a replacement to the existing MPTA rather than an alternative which also would incorporate the new GISB standards.
 - C. Loewen asked why there were not any LDCs or endusers at the working session. Mary Cook responded that Stacy Dickson, representing the marketer, had volunteered to do the original draft and that those called together to review the draft were parties that had been identified by Rae McQuade, the Executive Director of GISB.
 - It was noted that at the three MPTA contract subcommittee meetings that had taken place in 1997 to date, no LDCs or endusers had been present, including the meeting taking place on May 23.

Review of Request No. R97060 on a line-by-line basis

- ▶ Discussion ensued whether the word "model" should be inserted in the title of the draft agreement. Mary Cook responded that the agreement would itself be recommended as voluntary and a model. Cheryl Loewen and Carlos Pena requested that the word "model" be added to the title as did Jim Buccigross. Parties present agreed that "model" would be added to the title.
- ▶ Clayton Smith suggested dropping the words "trading partner" from the title. Cynthia Corcoran argued that "trading partner" should be left in the title as it identified who was to enter into the agreement. A sense of the room was to keep the title the same.

Preamble

- ▶ Mary Cook explained that the ABA approach was to support stand-alone agreements where the approach of this draft and the previous GISB draft was that TPA would deal with communication between two parties who already had an underlying agreement. The main purpose of the document was to discuss how communications should take place when it had occurred, when it would be effective and if it had failed.

- ▶ Jim Buccigross stated that you needed to add to the draft space and instructions to insert the type of business organization and the location or office of that business organization. This information is required in some jurisdictions. Mary Cook said there is a blank left in the document which followed the phrase "with offices at" which was intended to include this information. Discussion ensued in the group that the blanks would be more helpful to the parties using the model if the blank had a description of the information to be filed in parenthesis following the blank.

- ▶ Discussion ensued on whether the words
 - "in furtherance of the parties transportation agreement [described other users, if any, that this communication agreement will support: for example the aggregation of transportation deal]" should be included in the agreement.

 - Jim Buccigross objected to this information being left in and stated that his company would use the agreement as an agent on behalf of shippers.

 - Cynthia Corcoran responded that there were two situations contemplated for the agreement. One where the agreement was used to send and receive information on behalf of a trading partner which would effectuate an underlying contract. The second would be where the entity simply accessed information provided by the pipeline. Furthermore, the agreement provided for the use of third party providers to access such information.

 - Discussion ensued between the representatives present as to who would use the agreement and for what purpose. Jim Buccigross stated that the point that the two cases described in the preamble were not inclusive of the universe and that if any descriptive examples were given, many more must be added. Jo Ellen Krane made the point that document could also be used in other areas unrelated to transportation such as by a producer for plant operations or for the transmission of information related to confirmation scheduled quantities.

 - The sense of the room was to leave the description for the use of the agreement open. The sense of the room agreed to compromise language: of the communication between the parties in support of [describe the uses and agreements that this communication agreement will support].

 - Clayton Smith requested that the words "according to the standards published

by the Gas Industry Standards Board as adopted by the Federal Energy Regulatory Commission" be struck. Sense of the room was that the information about what standards would be utilized would be contained in the appendix and that removing this language would provide more flexibility. The sense of the room was that the parties agreed to change such language.

- ▶ A motion was made to adopt the preamble as changed. Motion was seconded. The vote was unanimous with all attendees voting.

Removal of the "Whereas" Clauses and All Recitals From the Current Draft

- ▶ Cheryl Loewen questioned the necessity of removal of the whereas clauses from the existing model EDI TPA. Discussion ensued that the information contained in the recitals was now either contained in the preamble or was included in the body of the document itself at Section 3.2. After this explanation, Cheryl Loewen agreed to review the Section 3.2 and hold any questions until the Section was before the group.

Section 1 Prerequisites

1.1 Documents and Standards

- ▶ As a way of introduction to the section Mary Cook explained that there were two attachments to the agreement: Appendix and Exhibits. The agreement itself would describe the rights and responsibilities of parties sending and receiving data. The appendix included contract-level information and the exhibits provided detailed specifications for each transaction set, both VAN and EDM.
- ▶ Discussion ensued relating to the definition of the word "Document". Originally Section 1.1 was drafted that document would be used to refer to the information communicated relating to a transaction set.
- ▶ Mary Cook established that the issue was what information should be relied upon and could give rise to a legal obligation that is being sent. The group identified both the HTTP response time-stamp and the functional acknowledgment. As a placeholder, the group agreed to leave a note that the definition of "Document" may need to be changed and agreed such changes would become clearer as the document was further reviewed.
- ▶ Jim Buccigross asked for changes that would further refine the paragraph. The group agreed to make these changes. The changes were made to the third and fourth sentences of the paragraph. These specific changes can be seen in the redline draft of the EDI TPA provided by Mary Cook attached hereto.

A motion was made to vote to support Section 1.1. The motion was seconded. All parties were present and agreed to support Section 1.1 subject to further work on the

definition of "Documents".

Section 1.2

- ▶ Mary Cook introduced this section by stating that the paragraph was intended to identify which party would be the electronic communication providers of information. She noted that the language relating to third party providers had been changed to "third party electronic communication providers" due to the use of provider in other practices in the industry.
- ▶ NGC renewed its concerns previously discussed with the use of the definition of documents. The room agreed that this was still an open issue but agreed to strike the phrase "as specified in the EDI exhibit" from the first sentence in order to not limit the meaning of documents. In the first sentence, after provider the phrase "specified in the EDI exhibit" was added in order to ensure that the provider of information was clearly designated in the agreement.
- ▶ Jim Buccigross raised a concern that the language relating to the cost of any providers associated with transmission of a document was not sufficiently dealt with. The sense of the room was to insert language to indicate that unless mutually agreed to between the parties in the appendix the cost would be handled as specified in paragraph 1.2.
- ▶ Another point discussed related to the use of the phrase "uniform resource locator" in sentence number 4. A question was raised by Jim Buccigross and Carlos Pena if a definition of URL should be provided. Jim Buccigross agreed that the URL definition could either be included in the body of the document or the appendix or exhibit. The sense of the room was that the more detailed information belonged in the exhibit.
- ▶ The group further discussed the concept of using the word "Document". A solution was reached that there should be two defined terms in the agreement -- one, "document" which would include information agreed upon in a transaction set and two, "data communication" which would include all data transmissions between senders and receivers. In order implement this change, Sections 1.1 and 1.2 were again reviewed by the participants to identify where the phrase "data communication" should be inserted. Reference should be made to the redlined version of the EDI TPA attached hereto to see specific changes.

A motion was made to vote on the changes to Section 1.2. The motion was seconded, and a sense of the room was taken and the motion passed. The results were as follows: Cook - yes, Krane - yes, Maudlin - yes, Smith - not present for the vote, Hess - yes, Buccigross - yes, Pena - yes, Corcoran - yes, Sledge - yes, Sculley - not present for the vote, Loewen - yes, Dickson - yes, Phillips - not present for the vote.

Section 1.3 - System Operations and Security Procedures

- ▶ Carlos Pena requested to add the phrase "minimum" before security procedures in this section. The discussion on this section involved whether one party could independently determined that the security procedures specified in the appendix were a minimum and institute higher security precautions. Cheryl Loewen made the comment that any party could agree to additional security procedures on its own system but not additional procedures that would impact other parties to the agreement. Jim Buccigross stated that Carlos Pena's suggestion to insert the word "minimum procedures" into the section was contrary to GISB Standards 4.1.15 and 4.3.15 which discuss site-level security. Basically Section 4.1.15 provides that a party may take whatever security measures are necessary on its system behind the "firewall".
- ▶ The word "document" in the third line was changed to "data communication".
- ▶ A motion was made to vote on Section 1.3 as amended. Motion was seconded. The vote was unanimous with all parties present for the vote.

Section 1.4 - Digital Codes

- ▶ Jim Buccigross began discussion of this section with the question of what is a digital code and what usage it would have in the GISB transmission. Mary Cook suggested that this provision should be bracketed and that the representatives present should consult with their technical advisors to determine if this provision should remain in the agreement or not. Mary Cook noted that this provision would allow for the use of a VAN. Joyce Phillips suggested that this issue of a digital code should be sent to the FTTF or the Technical Subcommittee for further discussion. Cheryl Loewen disagreed and said that it was not appropriate to send it to the FTTF - that it was a business process as to whether a digital code would be used or not. Lanyard Sledge made the point that the digital code could be required by the third-party service provider as a security measure and that a digital code could be part of site security and would be more appropriate to include in Section 1.3. Carlos Pena asked if the parties must actually transmit and receive a digital code or if it could be ignored.
- ▶ Cynthia Corcoran made the motion to table discussion on Section 1.4 until the representatives were better able to educate themselves on the use of digital codes. Jim Buccigross seconded the motion. There was no opposition to deferring the discussion.

Section 1.5 - Keys

- ▶ Mary Cook introduced this section by stating that when drafting this section she was advised by her technical representatives that the encryption and the use and exchange of public and private keys was critical to the success of an EDI transmission. As drafted, Section 1.5 would require the use of encryption and

public and private keys by all parties. Jim Buccigross made the point that Standard 4.3.15 requires encryption. Other parties, however, on the Internet do not require encryption. Mary Cook responded that the agreement was a model and voluntary and the parties could otherwise agree not to encrypt the information. In order to allow for this flexibility, the phrase "unless otherwise specified in the exhibit" was inserted into the document.

- ▶ Jim Buccigross made the point that subsequent changes would be necessary in the paragraph to normalize the paragraph for the mutuality of choice of using the keys. Further discussion ensued about the value of using public keys. The introductory language to the sentence was changed again to provide "where the parties are utilizing a public key, the following shall provide, unless otherwise agreed in the appendix".
- ▶ Further discussion on the last two lines of the paragraph ensued concerning changing keys in an emergency situation. As a way of introduction to this question, Jim Buccigross explained that the use of keys allows decryption -- public key is used to encrypt the information and the receiver has the private key which is used to decrypt the information. The heart of the question is how much notice should be provided under emergency circumstances. Coralie Sculley made the point that this should be "best efforts" same as using the EBB or fax to notify in the case of emergency as quickly as possible. Jim Buccigross answered yes. Cynthia Corcoran made the point that in an emergency circumstance immediate action needed to be taken and that 24-hours notice was too long a period. Mary Cook suggested that the language be changed to "in emergency circumstances immediate prior notice may be given". Therefore, if a person changes the key and gives no notice, they would fall outside of this provision.
- ▶ A motion was taken to vote on Section 1.5 as amended. Motion was seconded. The votes were Dixon - yes, Phillips - yes, Corcoran - yes, Sculley - yes, Sledge - yes, Loewen - no, Buccigross - yes, Hess - yes, Pena - not present for the vote, Smith - no, Cook - yes, Krane - not present for the vote, Maudlin - yes.

Jim Buccigross requested that the group shift to agenda Item 5 before people began to leave this session. The group agreed to do so.

5c Next Meeting

The sense of the room was that another in-person was needed to finish reviewing R97060. Mary Cook agreed to provide space and support staff to conclude reviewing the document. The group agreed that Tuesday, June 17, 1997 was the appropriate date, subject to confirmation with the GISB office.

5b Conference Call

Cheryl Loewen requested that technical representatives of the companies join her on a conference call to review agenda item 3 which is discussion and verification of the sample Internet appendices and exhibits. Cynthia Corcoran responded that PanEnergy's personnel would call Cheryl Loewen and ECT agreed as well that their parties would call Cheryl Loewen to set up an appropriate time.

5a Next Step

Cheryl Loewen said that at the June 11 and 12 EC meeting she would simply provide a subcommittee update and would state that we were in the process of still reviewing both documents.

Resume Discussion of R97060 - Section 2.1

Section 2 - Transmission

Section 2.1 - Proper Receipt

- ▶ By way of introduction, Mary Cook stated that the majority of the changes from the current GISB MTPA were included in Section 2. Section 2.1 was intended to describe proper receipt and what successful receipt was.
- ▶ Discussion ensued on rather the phrase "time-stamp response" should be further defined. A compromise was reached in the group that the phrase "the HTTP time-stamp response or other time-stamp record" would be utilized in order to provide the parties with a certain amount of flexibility. The point was made that GISB Standard 4.3.9 designated a site time-stamp response as HTTP. However, some companies are using an alternative method and C. Loewen noted that if the VAN was being used there would summary logs to indicate time-stamp.
- ▶ C. Loewen raised the question of what would happen if proper receipt did not occur. Mary Cook responded that Section 2.1 defined proper receipt and the event of no receipt and that Section 2.2 further discussed verification of proper receipt.
- ▶ The sense of the room agreed that no vote would be taken on Section 2.1 on its own and that 2.2 would be discussed with both 2.1 and 2.2. being voted on together.

Section 2.2

- ▶ Section 2.2 dealt with the verification. Mary Cook stated that this section was intended to allow verification of authorized trading partner through use of a digital code or a legal entity common code with a DUNS number. The agreement then provided that if encryption was utilized, translation would occur in accordance the ANSI standards. If the above-described steps were completed, a functional acknowledgment would be sent. Mary Cook noted that the requirement for

functional acknowledgment was inserted in this document that ANSI did not require a functional acknowledgment and that GISB was silent. However, as business practices, a functional acknowledgment was necessary in order to determine if the transaction had been lost through the EDI communication practice.

- ▶ Cheryl Loewen made the point that the current GISB model provides for the use of functional acknowledgment through a yes/no checkbox in the appendix. Jim Buccigross requested the insertion of the words "unless otherwise specified in the exhibit" at the end of the second sentence in the paragraph to give the parties the option of not sending functional acknowledgments. Mary Cook stated that functional acknowledgments were critical in order, from a legal point of view, to know when the parties' obligation to undertake the transaction arose. This section in the previous model was much shorter and did not specifically define the entire communication process. Mary Cook stated that promptly and properly in legal documents evoked litigation and that more definition of the obligations of the parties was put into draft. Loewen suggested the words "promptly and properly" could be a way to shorten this section and that these words were utilized in the first GISB draft. Discussion ensued relating to appropriateness of using undefined terms such as promptly and properly.
- ▶ Since it was 5:15 PM, and Section 2.2 is critical, the parties agree to resume review the document at a subsequent meeting.

Additional Motion

Lanyard Sledge stated that Carlos Pena has requested that he make a motion to replace the existing GISB MTPA with the draft appended to Request R97060. There was no second. Discussion ensued by the participants that this point that the motion would be discussed at the next meeting.

The meeting was adjourned at 5:20 PM.