

Contract Subcommittee
Model Trading Partner Agreement
Final Meeting Minutes
Tuesday, June 17, 1997
ECT Offices - Houston
Minutes prepared by Cynthia Corcoran.
Meeting chaired by Cheryl Loewen.

I. Administrative

A. Welcome

B. Housekeeping

C. Antitrust warning given

D. Minutes

The minutes of the May 23, 1997 meeting were not reviewed at the start of the meeting because they had not been available to committee members due to a number of reasons, none attributable to the prepare of the minutes. The group agreed to read the minutes during lunch, and review them prior to resuming other business.

E. Agenda - adopted

F. Announcements by Chair

- OBA Task Force meeting June 20, 1997, noon - 5 P.M.
- Contracts Purchase and Sale Agreement Subcommittee will be chaired by Jeff Hodges of ECT.
- The Contracts Subcommittee has reviewed the charges made to GISB Model - referred to as Version 1. However the Subcommittee has not reviewed a redlined version due to formatting problems when downloaded from the home page. Therefore reviewing the corrected red-lined version of the agreement will be done at this meeting.

G. Introductions -

See Attached Appendix 1 for attendance list.

II. Review of Red-Lined Version of Model 1.

- Jo Ellen Krane noted a typographical error on page 1, line 17, "know" should be "known."
 - pages 7-8 remove 2nd reference to URL definition.
- The Appendices and Exhibits were reviewed next. Many of the participants in the room could not follow the discussion due to redlined errors in posting.
- Mary Cook of ECT made a motion to stop reviewing Version 1 until the red-lined version could be posted on the home page, allowing all participants to

better follow the discussion. Motion 2nd by Cynthia Corcoran.

Discussion:

Chair believed that there was no reason to stop reviewing the document.

Call for vote: Mary Cook
Result of vote: 9 opposed to motion
6 in favor
1 abstention

Motion fails.

Cook	yes	Kardas	no	Wallace: abstain
Corcoran	yes	Buccigross	no	
Dickson	yes	Schenher	no	
Krane	yes	Loewen	no	
Maudlin	yes	Wallenhorst	no	
Phillips	yes	Mespelli	no	
		Kleinman	no	
		Maxwell	no	
		Cory	no	
		Spicknell	no	

Discussion on Agenda Item 2 continues.

NGC asked why we were discussing the redlined version. Chair response was that we need to verify the accuracy of the changes.

Jim Buccigross suggested that red-lined versions should no longer be posted due to posting problems. Buccigross noted two other changes to the appendix of the Model 1. Review of the redlined changes to R97035 as completed.

Chair: All of the FTTF recommendations in R97035 have been addressed by the Subcommittee.

Buccigross: Motion to post Model 1 as revised by the Subcommittee as a recommendation of the Subcommittee

John Cory seconded.

Discussion.

Corcoran: April 15, 1997 minutes reflect that the Subcommittee had agreed to post Model 1 only as work product documents, not to support Model 1 as a recommendation of committee.

Cook: Affirms that the Subcommittee had already voted on this issue, and agreed to post Model 1 only as a work product.

Chair: The chair notes that the question was going to be voted again.

Phillips: Objects that a GISB recommendation form will not be filled out and subcommittee members will not be given a chance to craft the recommendation. Furthermore, without a recommendation form the E.C. will not accurately see the subcommittee votes.

Chair: Calls for the vote

Corcoran: Notes she believes the motion needs further discussion

Chair: Calls the vote

Vote: Motion Carries

10 in support		1 abstain		7 oppose	
Buccigross	yes	Wallace		Van Pelt	no
Loewen	yes			Phillips	no
Kardas	yes			Corcoran	no
Wallenhorst	yes			Cook	no
Mespelli	yes			Dickson	no
Kleinman	yes			Maudlin	no
Maxwell	yes			Krane	no
Cory	yes				
Spicknell	yes				
Schenher	yes				

Charlie Bass, Greg Landers, Coralie Sculley, Betty Barnum, Susan Croley, Diane Biegel, Gary Payne and Theresa Hess all joined the meeting at various times after the above described vote was taken. The vote was taken at approximately 9:30 a.m.

III. Discussion of R97060

Note all changes to Model 2 were made electronically and posted for viewing on an overhead screen contemporaneously. Therefore, the revised draft was available for viewing for those in the meeting room.

Chair requests that Cook give a general description of Model 2.

A. Preamble and Section 1.1.

Cook states that Model 2 is not a separate contract of sale as opposed to Model 1. Model 2 will require underlying contractual documents to be in place, with the TPA serving only as a communication document. Model 2 was deliberately limited to allow companies to prevent contracts being entered into by an authorized parties.

Chair agrees that the specific underlying contractual documents may be listed in the appendix and only general references to the nature of those agreements need be included in the first paragraph of the TPA.

Sense of the room was that everyone agreed with the chair.

Cook offers an explanation for the need for digital codes as used in Model 2, Section 1.1 and 1.4. Cook explained that different states had different legal requirements. For this reason Cook recommended that "digital codes" remain in the document and be reworded to "digital signature" throughout the document. This was agreed upon by those present.

Schenher raised a question regarding the specific use of public and private keys which is specific to only one security procedure PGP. Recommends using generic wording on this issue.

Chair responds that this issue had been discussed and resolved at the last meeting so it will not be discussed again.

Corcoran questions the rules of engagement that are being used noting that the previous vote had revoked an issue resolved at the April 15 meeting as reported in the minutes.

Chair restates her position and determines that all items are open for rediscussion and voting.

Sense of the room taken and Section 1.4 is maintained as written on April 15, 1997.

Discussion of use of digital signature resumes. Schenher explains that a digital signature will only appear in the encrypted document. Once the document has been decrypted, the digital code will not appear.

Chair calls for a sense of the room.

Corcoran requests a specific vote from those on the phone.

Chair objects. Corcoran restated her request explaining that she believes some parties have left to call.

Chair agrees: Phone Roll Call

Wallenhorst	present	Kleinman	absent (never rejoined call)
Maxwell	present	Mespelli	absent (never rejoined call)
Cory	present		
Spicknell	present		

Chair requests that when people leave the conference call they inform the meeting.

Cook continues to discuss Section 1.1 and discussion focused on the definition of "Document" and "Data Communication".

Susan Croley of FTTF chair, representing PTMSI, joined the meeting via conference call at this point.

- The group agreed it was necessary to add "error notification" to the definition of "Data Communications." Section 1.1 provides that "Data Communications" shall have no force and effect between the parties.

B. Sense in the room was taken to approve Section 1.1 and the preamble as written.

- ▶ No opposition was voiced.
- ▶ Corcoran requested a specific vote of the conference call participants.
- ▶ Mespelli, Kleinman or Landers were not present on the conference call for the vote.

C. Section 1.2

Chair requested the reason that the term "Third Party Provider" was changed to "Third Party Electronic Communication provider."

Cook responded that Shelly Corman of Enron Pipelines had made the request due to the different meanings of "provider" within the GISB process.

Kardas noted that a GISB task force to address definitions had been created and that provider would probably be defined.

Corcoran noted that the PanEnergy Pipelines had supported the change because some companies used the word provider to refer to agents. A distinction in the TPA must be made clear that Providers under this document were conduits of information not necessarily authorized agents.

Landers requested definition of receipt computer.

Cook responded that receipt computer is defined in the Appendix as a URL or Mailbox.

Sense of room taken to approve Section 1.2 as modified.

- ▶ Those present in the room were all in favor.
- ▶ Those present on the phone (Wallenhorst, Landers, Kleinman and Mespelli were absent for conference call) were also in favor.
- ▶ Wallace of ANR objected to the procedural request to specifically poll those on the phone, notes the group is having difficulty working together and recommends dispensing with the procedure of specific votes for each sense of the room. Wallace states that he needs to leave the meeting.

D. Section 1.3

No questions were raised regarding this section. Sense of the room was taken to approve Section 1.3. No opposition was raised either in room or on conference call. No roll call was taken.

- E. Section 1.4
Cook advised that as requested digital codes had been changed to digital signature through the document

Discussion arose over rather "symbols" as used in definition of digital signature should be changed to "printable symbols". The discussion was resolved by the observation that all symbols are printable if sufficient electronic communication equipment is utilized.

Sense of the room was taken to approve Section 1.4 as revised. No opposition was voiced on the phone or in the meeting room.

- F. Section 1.5
Chair noted that this Section reflects the provisions of Model I. No further discussion took place.

Sense of room was taken to approve Section 1.5. No opposition to Section 1.5 voiced either on the conference call or in the room.

11:30 Break for lunch -- minutes should be reviewed during lunch hour. Reconvene noon central time.

Note: Weather conditions required the evacuation of the meeting room. Work was not able to resume until 1:15 PM. Due to the desire to finish reviewing Model 2, it was agreed that minutes of May 23 would not be reviewed at this meeting.

Informal review of Model 2 resumed by meeting room participants at 1:00 PM. Wallace did not return.

- G. Section 2.1
Cook explained that the purpose of Section 2.1 was to establish proper receipt. The method of defining was negative listing, what was not proper receipt was used.

Sense of the meeting room was taken to approve Section 2.1. No one objected to Section 2.1 as revised in the meeting room.

- H. Section 2.2
Cook gave a general explanation of the purpose of Section 2.2 stating that the section establishes when the parties should put reliance on a document.

The issue that was discussed at length was that under the Model 2 a person can receive a quick response before a functional acknowledgement. Under the current draft reliance is not intended to occur until a functional acknowledgement is received.

1:15 PM Conference call participants returned:Maxwell

Corey
Crowley
Wallenhorst
Sticknoe
Lander

Charles Bass raised the issue of when a pipeline could begin to rely on the information and begin the scheduling process. The issue centered on the need to revise Model 2 to allow processing of nominations in good faith, during the period of time after sending the FA but prior to the receiver receiving the HTTP response. As drafted there is a deficiency in Section 2.2 because the party receiving the nomination sends a 997 and should be able to continue processing the quick response and scheduled quantity without awaiting the receipt of the HTTP response from the receiver of the 997.

Bass questions how long he should wait for the HTTP response before he starts processing the nomination. Is this information that should be included in the appendix?

Chair suggests, and Cook agrees, to rewording Section 2.2 to address this issue -- see Revised Model 2 for the language which was included to address this issue. The redraft ensures that sender will contact receiver to determine the status of document and determine if recommunication is necessary. The functional acknowledge deadline is also included as a specific item to be included into the EDI Exhibit for such document. Also since functional acknowledgments are not mandated in all situation, Model 2 is reworded to include a "Response Document" that parties may agree upon in the applicable EDI Exhibit.

Sense of the room is taken and those in the room and on the conference call agree that the drafting solution suggested for Model 2 Sections 2.2 and 2.3 will address Bass's concern.

I. Section 2.3

Krane asked the meaning of "substantive content" and how this section will address a partial receipt of a document.

The parties in the meeting agreed that the underlying contractual documents should determine if the substantive content of an transaction is correct.

Cook redrafts Section 2.3 to remove the language currently there and replace it with language that will allow the parties to designate another document as a response document.

Betty Barnum rejoins the conference call
Greg Landers leaves the conference call

Sense of the room is taken on approving Section 2.3 as revised. No party

opposes the revisions of Section 2.3.

- J. Section 3
Cook explains that the provisions of Section 3 Model 2 are identical to those of Model 1. Due to concerns raised by Buccigross and Bass, the relationship of Section 3.1 and 4.2 is further clarified.
- K. Section 3.2
Cook explains that Section 3.2 of Model 2 follows Section 3.2 of Model 1.

Sense of the room taken on both Sections 3.1 and 3.2 -- Sections 3.1 and 3.2 are not opposed by any party.
- L. Section 4.1
Cook explains that a charge has been made to Section 4.1 to allow Section 3.2 to survive for statute of fraud purposes even after termination.

Sense of the room is taken on Section 4.1. Section 4.1 is not opposed by anyone.
- M. Section 4.2 Anti-severability clause
Cook explains that Section 4.2 of Model 2 is different from Model 1. The agreement has been limited to communication only, therefore if a part of the agreement fails the entire agreement should fail.

Sense of the room is taken on Section 4.2. Section 4.2 is not opposed by anyone.
- N. Section 4.3
No discussion raised by anyone.

Sense of the room is taken on Section 4.3. No one objected to Section 4.3.
- O. Section 4.4
No discussion was raised by anyone.

Sense of the room is taken on Section 4.4. No one objected to Section 4.4.
- P. Section 4.5
Cook says this section is a repeat of Model 1 except for inclusion of "business interpretations damage" to those damages excluded by consequential damages.

Some parties in the room disagree with this inclusion, therefore it is removed.

Sense of the room was taken on Section 4.5 as revised. Section 4.5 was not opposed by anyone.

Q. Sections 4.7 and 4.8
There was no discussion on these sections.

Sense of the room taken on Sections 4.7 and 4.8 -- Sections 4.7 and 4.8 were not opposed.

Review of the body of the document in Request R97060 was completed.

Discussion of the group on how to handle the two different TPAs - Model 1 in Request R97035 and Mode 2 Request R97060 commences.

Buccigross stated that neither document would be available for the July E.C. due to the 30-day comment period.

Corcoran: Motion: The results of the committee' work regarding R97035 will be posted for comment at the same time as the committee's work regarding R97060. These two requests will be presented to the E.C. at the same time and further the TPA subcommittee recommends a 30-day comment period for both requests.

Buccigross: 2nd motion

Vote: No one was opposed to the motion. Motion passed.

The group discussed when to meet to review the exhibits and appendices of R97060. Thursday, June 19, was agreed upon during a conference call.

Corcoran: Motion: The subcommittee would recommend approval by the E.C. of R97060 and not R97035.

Cook: 2nd motion

Chair: Strongly objects to the motion. The motion was designed to eliminate a vote taken earlier by the committee at 9:30 AM that morning. Taking a vote late in the meeting was not fair. And finally, the E.C. had instructed the TPA subcommittee to review the Model 1 TPA and make only those changes necessary to accommodate Internet pursuant to R97035.

Cook: R97060 was originally to be an alternative version of the TPA, however, at the last meeting Carlos Pena requested that a motion be made to replace R97060 for the existing TPA in R97035.

Bass: Requested Corcoran to hold her motion in abeyance so another motion could be voted on.

Corcoran: Agreed to withdraw her motion subject to the right to resubmit.

Bass: Motion: Moves for the group to accept body of Model 2 in R97060 as modified

during the meeting.

Krane: 2nd motion

Discussion: Chair: It is premature to accept any part of R97060. It may still need to be revised further after the appendices and exhibits are completed.

Krane: This working session allowed the parties to review the changes as they were being made due to electronic revision contemporaneously. It will be unnecessary to review the body of R97060 again.

Corcoran: The composition of the group is always shifting. Since today's subcommittee reviewed the document in total, today's subcommittee should vote on the body of the document.

Chair: Still objects to the motion.

A participant on the conference call asked as a point of clarification if it would be possible to make changes to R97060 after the vote.

Cook: Responded that based on the rules used to date, it appeared that everything could always be changed regardless of a vote already having been taken.

Cook and Corcoran call for the vote -- 13 support motion; 6 oppose; 1 abstain

<u>Yes</u>	<u>Opposed</u>	<u>Abstain</u>
Phillips	Cory	Hess
Corcoran	Maxwell	
Cook	Buccigross	
Biegel	Kardas	
Maudlin	Loewen	
Bass	Riesling	
VanPelt		
Dickson		
Crowley		
Barnum		
Scully		
Krane		
Payne		

Motion to adjourn meeting. Motion 2nd. Meeting adjourned.