



North American Energy Standards Board

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TO: NAESB Wholesale Electric Quadrant Contracts Subcommittee, Posting for Interested Industry Participants
FROM: Meghan McMillan, NAESB Staff
RE: Draft Minutes from the NAESB Wholesale Electric Quadrant Contracts Subcommittee Conference Call – May 6, 2003
DATE: May 12, 2003

**Wholesale Electric Quadrant
Contracts Subcommittee
May 6, 2003 (10:00 am – 11:00 am Central)
Draft Minutes**

1. Welcome

Mr. Dison opened the meeting and greeted participants. Mr. Oncken gave the antitrust guidelines.

2. Adoption of Agenda

Mr. Dison reviewed the agenda. Ms. Gasca asked if there was going to be discussion of FTAA and Mr. Dison confirmed the FTAA would be discussed. The agenda was adopted by consent.

3. Approval of Draft Contracts Minutes

Mr. Johnson moved, seconded by Mr. Cox to adopt the draft minutes from March 5, 2003. The minutes were adopted with modifications. Mr. Johnson moved, seconded by Mr. Cox to adopt the draft minutes from March 24, 2003. The minutes were adopted as written.

4. FTAA Task Force: Review of comments – Conectiv, Visage

Mr. Johnson requested participants introduce themselves. Introductions were made.

Mr. Dison referred participants to comments received and posted concerning the FTAA. Ms. Gasca led the discussion concerning these comments. Mr. Trangsrud reviewed Salt River Project's (SRP) comments. He voiced concerns regarding the following issues: reliability, cost, credit risk, legal risk, operational risk, and commodity trading. In part, Mr. Trangsrud noted the use of the third party (FTA) to implement a transaction was a substantial departure from the historical practice of a confirmation becoming binding upon the execution by the buyer and seller. The SRP comments went further to describe an increased risk when a subsequent transaction was entered into, based on the potential of the FTA to rescind or fail to confirm the underlying transaction pursuant to the FTAA agreement. In response to Mr. Trangsrud's concerns about subsequent transactions being dependent on the initial FTA confirmation, Mr. Dison stated the FTAA is not a mandatory contract, and if used, the parties should presume the transaction is not complete until confirmation is received. Further, Mr. Dison clarified the FTAA does not force a company to take on the risk of the less than creditworthy party; it simply allows the parties to assign this risk elsewhere. Concerns were voiced that the electric FTAA would become an industry standard. Mr. Dison noted this instrument is intended to improve the liquidity of the market.

Ms. McQuade briefly reviewed the standards development process. She noted the remaining steps for the FTAA as follows: 1) consideration and vote by the WEQ Executive Committee; and 2) assuming an affirmative vote, submission to the WEQ membership for ratification. To assist the Executive Committee in their deliberations on the FTAA, Mr. Dison recommended the FTAA Task Force consolidate all comments received during the comment period for the FTAA and submit a



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response to those comments to the Executive Committee prior to the June Executive Committee meeting.

5. Master Service Agreement (MSA) Task Force: Review of Activities

Mr. Crespo reviewed the activities of the MSA Task Force. He noted the Contracts Subcommittee, at its March 5, 2003 meeting, decided not to merge the EEI and WSPP Master Agreements to create a NAESB standard contract. In light of the March 5 decision, he stated the MSA Task Force held a conference call on April 21 and discussed a potential meeting between NAESB, the GSA, and the US Department of Energy (DOE) to discuss the need for a standard contract produced through an ANSI-accredited process. Ms. McQuade noted the meeting is currently being scheduled.

Mr. Crespo added the task force was asked to consider options for developing contract addendums for the existing Master Service Agreements. Mr. Crespo reported the task force has decided against drafting standards or addendums to existing external documents.

6. EEI 6-12-03 Meeting

Participants were reminded EEI will hold a meeting on June 12, 2003 to review the EEI contract to determine what changes, if any, are needed.

7. Next Steps Including Review of Annual Plan Items Assigned to Contracts Subcommittee

Mr. Dison suggested that he and Ms. McQuade discuss the issues raised at this meeting. He encouraged participants to attend the EEI meeting on June 12. Ms. Russo noted that if NAESB would like EEI to use the NAESB procedure to draft their documents then NAESB might want to make EEI aware of the NAESB.

Mr. Dison asked the NAESB Office to solicit participants, via email, for a task force to begin work on 2003 WEQ Annual Plan Item 5(c), which addresses issues related to various liquidated damages contracts.

8. Calendar of Meetings

No further meetings were scheduled pending discussions with EEI and the outcome of the June Executive Committee meeting regarding the FTAA.

9. Other Business

No other business was discussed.

10. Adjourn

The meeting adjourned at 11:00 am Central.

11. Attendees

Name	Company
Smith, William	Allegheny Power
Terelmes, Steve	Ameren Energy
Crespo, John	American Electric Power
Desselle, Michael	American Electric Power
Cox, Phil	American Electric Power
Gasca, Amy	AmPro Energy
Silvey, Tiffany	Calpine
Steele, Terry	Coral



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Name	Company
Oberski, Lou	Dominion Energy Marketing
Hill, Fred	El Paso Electric
Burke, Oliver	Entergy New Orleans
Johnson, Alan	Mirant
McMillan, Meghan	NAESB
McQuade, Rae	NAESB
Cargas, Jim	NAESB
Oncken, Todd	NAESB
Laughlin, Barry	NRECA
Tilghman, Henry	PacifiCorp
Weinstein, Jeremy	PacifiCorp
Wessling, Nathalie	PacifiCorp
Facey, David	Powerex
Tammy, Ed	Providence Power
Hebson, Jim	PSEG
Russo, Dede	Reliant Energy
Trangsrud, Jim	Salt River Project
Dison, Joel	Southern Company
Watson, Steve	Tennessee Valley Authority
Horn, Linda	WE Energy