



North American Energy Standards Board

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via email and posting

TO: NAESB WEQ Funds Transfer Agent Agreement (FTAA) Task Force Conference Call Participants and Posting for Interested Parties

FROM: Rae McQuade, Executive Director

RE: NAESB WEQ FTAA Task Force Conference Call Minutes – February 14, 2003

DATE: February 18, 2003

**NORTH AMERICAN ENERGY STANDARDS BOARD
WEQ Funds Transfer Agent Agreement (FTAA) Task Force
February 14, 2003, 9:00 a.m. to noon CST**

1. Welcome

Ms. Gasca, the point person for the FTAA Task Force, opened the call and welcomed participants. Mr. Oncken gave the antitrust advice. Participants introduced themselves.

2. Review of charge of the task force

Ms. Gasca reviewed the charge of the FTAA Task Force. The purpose of the FTAA Task Force was established at the January 28, 2003 WEQ Contracts Subcommittee meeting, as follows:

“FTAA Task Force: The FTAA Task Force is charged with reviewing the red-lined NAESB WGQ FTAA and reporting back to the next WEQ Contracts Subcommittee meeting with a recommendation for adoption as a standard, if appropriate. The following participants volunteered to work on the FTAA Task Force: Ms. Gasca (chair), Mr. Johnson, Mr. Dison, Mr. Poche, and Ms. McQuade would contact Mr. Thorsen and Mr. Freitas to see if they would like to participate.”

Participants discussed the applicability of the proposed agreement. Ms. Gasca explained the power FTAA could apply to all types of agreements, depending on the intent of the parties. It was noted that on the gas side, the agreement has functioned on a month to month basis, but it is envisioned the agreement could work for daily, monthly, or term deals for power. Further, it was noted the power FTAA would work in tandem with the master agreement in force.

3. Discussion and review of request, including any modifications

This item was deferred for future consideration.

4. Discussion of redlined FTAA, plan for any changes

Ms. Gasca began review of the redlined FTAA. Ms. Gasca prepared a redline draft of the NAESB Funds Transfer Agent Agreement, used for gas transactions, to apply for power transactions. Participants agreed to work from the work paper submitted by Mr. Sappenfield, as it incorporated the changes proposed by Ms. Gasca. Mr. Sappenfield noted additional changes might be necessary since the gas FTAA links to specific sections of the NAESB Base Contract for Sale and Purchase of Natural Gas. It was suggested that references to the Base contract just be removed. However, Mr.



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Sappenfield noted that change would not be sufficient and additional modifications should be made.

Participants discussed the scope and applicability of the document. Discussion surrounded whether the document would be applicable to Texas only, or across the nation. If the intent was for nationwide applicability, Section 1.4 detailing choice of law was troublesome. Ms. Gasca confirmed her intent was that the power FTAA be applicable across the nation, since power should be traded across the states. With that intent, Ms. McQuade clarified the power FTAA should be evaluated with the eye that it work with the existing EEI and WSPP agreements.

Participants discussed the proposed confidentiality clause. Participants generally agreed on the merits of the standard clause, but disposition on the item was reserved for a future meeting. Ms. Gasca asserted the proposed language was intended to confirm communications among parties would be open, but communication with outside entities would be prohibited. It was noted the proposed language captured that purpose.

Mr. Freitas suggested adding language into the agreement that would address bankruptcy issues. It was envisioned this language would embody the legal opinions obtained by Visage Energy on the gas FTAA. Mr. Freitas asserted the language would produce a stronger document. Participants did not reach concurrence on the addition of the language.

Mr. Sappenfield noted the legal opinions would probably be applicable to the power FTAA as well, given its nexus with the gas FTAA. Rather than incorporation into the document, Mr. Sappenfield suggested the opinions remain outside the agreement in a user's guide or legal landscape. It was noted by approaching it in this manner, the legal landscape or user's guide could be completed after adoption of the agreement, thus streamlining the process.

During discussion, the procedure for addressing power traded at different delivery points was identified as a possible issue for future consideration. One option proposed would be to account for the transmission price in the confirmations. However, it was noted that approach might be problematic due to a lack of parity in the confirmation document. Ms. Gasca proposed to draft some language on this topic prior to the next task force meeting.

The following changes were proposed: 1) identify the governing law as the law of the base contract; and 2) modify terms throughout the document so that the nomenclature conforms to that customarily found in power agreements. Ms. Gasca proposed to make the suggested changes and submit a redlined document prior to the next task force meeting.

5. Other Business

No other business was discussed.

6. Adjourn

Ms. Gasca adjourned the call at 10:15 a.m. CST.



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7. Meeting Attendees:

Name	Company	Notes
Christopher Freitas	US Dept Of Energy	
Amy Gasca	Ampro Energy	Call Leader
Wayne Harris	Aces Power Marketing	
Alan Johnson	Mirant	
Will Johnson	Visage Energy	
Lisa Mellencamp	Duke Energy	
Tom Moran	Entergy	
Todd Oncken	NAESB	Administrative
Keith Sappenfield	Encana	
William Smith	Allegheny Power	
Edward Tammy	Florida Power & Light Company	
Jeff Thorsen	Sempra Energy	
Dean Ulch	Southern Co	
Rae McQuade	NAESB Executive Director	Administrative