



# North American Energy Standards Board

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**via email and posting**

**TO:** NAESB WEQ Master Service Agreements (MSA) Task Force Conference Call Participants and Posting for Interested Parties

**FROM:** Rae McQuade, Executive Director

**RE:** NAESB WEQ MSA Task Force Conference Call Minutes – February 24, 2003

**DATE:** February 27, 2003

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**NORTH AMERICAN ENERGY STANDARDS BOARD  
WEQ Master Service Agreements (MSA) Task Force  
February 24, 2003, 10:00 a.m. to 1:00 p.m. CST**

**1. Welcome**

Ms. Lauderdale welcomed meeting participants. Participants introduced themselves. Mr. Oncken gave the antitrust advice. Ms. Lauderdale moved, seconded by Mr. Crespo, to adopt the minutes from the February 12, 2003 meeting as written. The draft minutes were adopted without objection.

Mr. Crespo reviewed the work plan for the call as finding the major differences between the EEI and WSPP contracts by issue, and also to bring in other issues not addressed in either contract. Mr. Crespo noted several entities have prepared comparisons of the contracts which are posted on the NAESB web site, including Southern California Edison, Mike Small, Southern Company, and Troutman Sanders. Mr. Crespo proposed the MSA review the comparisons and come to consensus on the major issues of discordance. Ms. Lauderdale noted the current task of the MSA was not to resolve issues or debate the merits of each contract, but instead create a list for future discussion.

**2. Identification of Controversial or unaddressed issues of Master Service or Netting agreements**

Participants agreed to use the document prepared by Southern California Edison as the basis for comparison on the contracts. Participants discussed each aspect of the contracts. Mr. Small noted that some of the differences in the agreements might be due to the fact that the WSPP contract is a member agreement and the EEI contract is a bi-lateral agreement.

Below is a list of the items identified as different between the EEI and WSPP contracts:

<b>Issue Category</b>	<b>Provision</b>	<b>Location in SCE document</b>
Disputes	Dispute Resolution Procedures	6
	Payment Portion Due of Disputed Invoice/Bill	6
	Trial by Jury	6
Events of Default	Failure to Perform Obligation	7
	Bankruptcy	7



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Remedies for Unexcused Failure to Deliver/Receive	Payment Due*	8
	Treatment of Penalty Payments	Not addressed
Termination Payment	Declaration of Termination Date	10
	Calculation of Termination Payment	10
	Termination Payment Due Date	10
	Dispute of Termination Payment	10
Credit and Collateral Requirements	Financial Statements	11
	Credit Assurances	11
	Collateral Threshold	11
	Independent Amount	11
	Rounding Amount	11
	Downgrade Event	12
	Guarantee Amount	12
Confirmation Letter	Required Confirmation	13
	Seller Issuing Confirmation Letter	13
	Recording/Oral Agreements	14
Governing Law	Governing State Law	18
Business Days	Business Days Defined	19
	Canadian Holidays	19
	Mexican Holidays	19

\*It was noted some of the changes were added to the list to highlight the different approaches rather than differences in substance. Several items which can be elected on the EEI cover sheet are addressed through different agreements under the WSPP.

At the conclusion of discussion, participants discussed the magnitude of differences between the EEI contract and WSPP contract. Mr. Johnson suggested there does not appear to be a significant difference between the contracts. Mr. Small concurred. However, it was noted there are differences in the details of certain issues, such as default.

### **3. Review of contract comparisons**

Please see discussion of agenda item 2.

### **4. Preparation for the March 5 Contracts Subcommittee Meeting**

MSA Task Force leadership agreed to prepare a document containing the issues identified through today's discussions for presentation and discussion at the next MSA conference call. Pending review of that document, the prepared document noting identified issues will be reported to the WEQ Contracts subcommittee on March 5, 2003.



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### 5. Other Business

Participants agreed the March 3 conference call would be held from 2:00 p.m. to 4:00 p.m. CST. The March 3 conference call was previously scheduled from 1:00 p.m. to 4:00 p.m. CST.

### 6. Adjourn

Ms. Lauderdale adjourned the call at noon CST.

### 7. Meeting Attendees:

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<b>Name</b>	<b>Company</b>	<b>Notes</b>
Steve Bunkin	Goldman Sachs	Call Leader
Oliver Burke	Entergy	
John Crespo	AEP	Call Leader
Ed Davis	Entergy	
Andrew Dotterweich	Consumers Energy	
Brian Harms	Troutman Sanders	
Wayne Harris	Aces Power Marketing	
Alan Johnson	Mirant	
Melissa Lauderdale	EEl	Call Leader
Todd Miller	Bonneville Power Administration	
Sandy Murrey	Wisconsin Electric Power	
Lou Oberski	Dominion	
Todd Oncken	NAESB	Administrative
David Perlman	FERC	
Dede Russo	Reliant	
Tiffany Silvey	Calpine	
Mike Small	Wright Talisman	
William Smith	Allegheny Power	
Carol St. Clair	UBS Warburg Energy	
Jim Tangsrud	Salt River Project	
Henry Tilghman	PacifiCorp	
Steve Watson	Tennessee Valley Authority	
Al Wiens	OPS	