1. Submitting Entity & Address:

United States Department of Energy  
1000 Independence Avenue  
Washington D.C.  

Visage Energy  
6345 Greenvalley Circle, Ste. 216  
Culver City, California

2. Contact Person, Phone #, Fax #, Electronic Mailing Address:

Name: Will Johnson  
Phone: 310-216-6887  
Fax: 310-645-7720  
E-mail: visage@ix.netcom.com

3. Description of Proposed Standard or Enhancement:

Strengthen the FTA Agreement to eliminate some weak points and maintain the record that all properly executed FTA Agreements have resulted in payment. The changes are as follows:

1.) It has come to our attention that an individual may not have had a mirror agreement in place. The FTA Agreement did not include the matching terms and conditions of the Agreement with the Buyer’s Repurchaser. [for proposed solution see preamble, a.) on page 1].

2.) Gas was nominated into a pool other than the Buyer’s Repurchaser’s pool. [for proposed solution see preamble, b.) on page 1]

3.) The FTA Agreement was utilized for gas which went into the WMBE’s pool and not the pool of the LDC. [for the proposed solution see preamble, c.) on page 1]

4.) This change was implemented to clearly and more forcefully resolve any concerns about a possible WMBE bankruptcy impeding or altering the flow of funds specified in the FTA Agreement. [for the proposed solution see page 4, Section 3.1 ...“Funds received from Buyer’s Repurchaser shall be held in trust by the FTA for the benefit of the Seller to the extent of the purchase price owing from the Buyer to the Seller...”]

5.) The purpose of this change is to clearly and succinctly identify the specific funds of each Producer. [i.e. for proposed solution see page 4, Section 3.1 ... “Additionally, the Transaction Confirmation # assigned to the operative Exhibit A-2 by the Buyer’s Repurchaser, shall be the same Transaction Confirmation # utilized for the corresponding Exhibit A-1 for each and every operative Transaction Confirmation]

6.) The Exhibit A-1 has a new box which is intended to be a frequent reminder of key terms and conditions that are included in the base documentation of the FTA Agreement but seldom reviewed. [i.e. for proposed solution see ...“BUYER AND SELLER AGREE THAT
PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION"...]

7.) The Notification Section of the AMENDMENT TO NATURAL GAS SALE AND PURCHASE CONTRACT has been strengthened to clearly make it a requirement to provide a copy of the Exhibit A-2 to the Fund Transfer Agent. [for the proposed solution see page 1, Section 4, "..."Repurchaser and Marketer agree to furnish to the FTA a copy of this Amendment and each operative Exhibit A-2"...].

8.) The Exhibit A-2 has a new box which is intended to be a frequent reminder of key terms and conditions that are included in the base documentation of the FTA Agreement but seldom reviewed. [i.e. for proposed solution see "BUYER AND SELLER AGREE THAT PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION"...].

4. **Use of Proposed Standard or Enhancement** (include how the standard will be used, documentation on the description of the proposed standard, any existing documentation of the proposed standard, and required communication protocols):

   These changes will make the FTA more applicable to today’s market.

5. **Description of Any Tangible or Intangible Benefits to the Use of the Proposed Standard or Enhancement**:

   Increased use of the FTA allows WMBE companies more access to the energy marketplace.

6. **Estimate of Incremental Specific Costs to Implement Proposed Standard or Enhancement**:

   No incremental cost is expected to implement the changes.

7. **Description of Any Specific Legal or Other Considerations**:

   The changes have been reviewed by Sempra and by Union Bank of California.

8. **If This Proposed Standard or Enhancement Is Not Tested Yet, List Trading Partners Willing to Test Standard or Enhancement**:

   Union Bank of California, Visage and Sempra are supportive of the changes.

9. **If This Proposed Standard or Enhancement Is In Use, Who are the Trading Partners**:

   These changes are not in use yet, pending NAESB review.

10. **Attachments** (such as: further detailed proposals, transaction data descriptions, information flows, implementation guides, business process descriptions, examples of ASC ANSI X12 mapped transactions):

    The FTA is attached in a redline format showing the language that supports the previously noted eight changes.
MODEL FUNDS TRANSFER AGENT AGREEMENT

This Funds Transfer Agent Agreement ("FTA Agreement") is made and entered into as of [____________,] by [Marketer] ("Buyer"). [Bank] ("Fund Transfer Agent" or "FTA"), and [Supplier] ("Seller"). Whereas, Buyer, Seller and Funds Transfer Agent have agreed to enter into this FTA Agreement for the purpose of facilitating the sale and purchase of natural gas transactions. The FTA Agreement is designed to be a model contract and can be customized to fit different situations and to accommodate different commodities. However, the underlying intent of the FTA Agreement is as follows:

a.) There is a separate and distinct FTA Agreement between the Seller, Buyer and Funds Transfer Agent for each of the Buyer's Repurchasers which reflects the underlying terms and conditions of the contract between the Buyer and the Buyer's Repurchaser.

b.) The FTA Agreement provides for an instantaneous transfer of title from Seller to Buyer to Repurchaser, (e.g. in the case of natural gas, all parties agree that the transportation of the natural gas is only to be nominated to delivery points that belong to the Buyer's Repurchaser as indicated on the Exhibit A-2 and the corresponding Exhibit A-1.

c.) The Buyer, Seller and Funds Transfer Agent agree that Buyer's purchases from Seller under this Funds Transfer Agreement shall only be resold to _______________________________ (i.e., Buyer's Repurchaser).

ARTICLE I

SCOPE OF AGREEMENT
1.1 SPECIAL PROVISION: This FTA Agreement constitutes a Special Provision to that certain Base Contract for Short-Term Sale and Purchase of Natural Gas dated ______________, between Buyer and Seller ("Base Contract"), and is intended to supplement the General Terms and Conditions ("GT&C") affecting all Transactions thereunder wherein Buyer and Seller assume the respective roles indicated above. Capitalized terms used in this FTA Agreement, which are not herein defined, will have the meanings ascribed to them in the GT&C.

1.2 TERM: This FTA Agreement shall commence on ______________, and continue on a Month-to-Month basis until terminated by any party upon 30 days written notice to the other parties; provided, however, that this FTA Agreement may not be terminated prior to the expiration of the latest Delivery Period of any Transaction Confirmation(s) previously agreed to by the parties subject to this FTA Agreement. The obligation to make payment hereunder, including any related adjustments, shall survive the termination or cancellation of this FTA Agreement.

1.3 APPOINTMENT OF FUNDS TRANSFER AGENT ("FTA"): Seller and Buyer hereby appoint FTA as their agent under this FTA Agreement and all related documents, instruments and agreements ("Related Agreement(s)"), and authorize the FTA, in such capacity, to exercise such powers and perform such duties as are expressly delegated to the FTA by the terms of this FTA Agreement and the Related Agreements, together with such other powers as are reasonably incidental thereto. The FTA shall not have any duties or responsibilities to, or any fiduciary relationship with, Buyer or Seller, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this FTA Agreement or any Related Agreement or otherwise exist with respect to the FTA, except those expressly set forth herein.

ARTICLE II
TRANSACTION PROCEDURE

2.1 MODIFICATION TO BASE CONTRACT: The parties will use the following Transaction Confirmation procedure in lieu of the procedure set out in Sections 1.2 and 1.3 of the GT&C.
2.2 EXECUTION OF TRANSACTION CONFIRMATION BY BUYER AND SELLER: Should Buyer and Seller come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period subject to this FTA Agreement, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, to the other party and to the FTA by the close of the Business Day following the date of agreement. If a sending party’s Transaction Confirmation is agreeable to the receiving party, the receiving party will execute the Transaction Confirmation and communicate copies thereof to the sending party and to the FTA by facsimile transmission by the close of the Business Day following receipt.

2.3 CONFIRMATION OF TRANSACTION BY FTA: Upon the FTA’s receipt of a Transaction Confirmation executed by both Buyer and Seller or of non-conflicting Transaction Confirmations from both Buyer and Seller, FTA will verify (i) that Buyer has contracted with a repurchaser to take delivery of a like quantity of gas at the Delivery Point(s) identified on the Transaction Confirmation under the same Performance Obligation (firm or interruptible); (ii) that Buyer’s Repurchaser has agreed to make payment through the FTA of the funds due for its purchase of the gas delivered and accepted at such Delivery Point(s); and (iii) that the price to be paid by the repurchaser for such gas is not less than the price set out on the Transaction Confirmation between Buyer and Seller. The FTA will confirm its verification within 24 hours of its receipt of the executed Transaction Confirmation(s) by executing the FTA Confirmation Statement, as provided below, as a Special Condition at the bottom of the Transaction Confirmation and returning copies of such executed FTA Confirmation Statement to Buyer and Seller by facsimile transmission. (An example of this form of Transaction Confirmation is attached as Exhibit A-1.)

Special Condition - FTA Confirmation Statement

[Bank], as the Fund Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the gas delivered subject to this Transaction Confirmation pursuant to the terms and conditions to its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer has contracted for the repurchase of a corresponding quantity of gas at the Delivery Point(s) identified above, under the same Performance Obligation and at a price greater than the price set out above, and that Buyer’s Repurchaser has agreed to make payments for such gas directly to FTA.

[Bank]: ____________________________
2.4 CONFIRMATION EXECUTION REQUIRED: If Seller or Buyer has not received the FTA's Confirmation Statement within 24 hours after communication of the executed Transaction Confirmation to FTA, such party shall contact FTA and the other party by telephone regarding such non-receipt. The parties acknowledge that their agreement will not be binding until FTA executes its FTA Confirmation Statement and communicates a copy of such to Seller.

2.5 NO MODIFICATION; ENTIRE AGREEMENT: A fully executed and confirmed Transaction Confirmation may not be modified without the written consent of Buyer, Seller and the FTA. The entire agreement between the parties shall be those provisions contained in both the Base Contract, as supplemented by this FTA Agreement, and any effective Transaction Confirmation. In the event of a conflict among the terms of (i) a Transaction Confirmation, (ii) the Base Contract, and (iii) the GT&C, the terms of the documents shall govern in the priority listed in this sentence.

ARTICLE III
PAYMENTS

3.1 PAYMENT FROM FTA: FTA shall pay Seller by wire transfer for the benefit of Buyer on the next Business day following receipt of funds paid by Buyer’s Repurchaser, and in accordance with FTA wire instructions contained in Section 3.2 below. Buyer shall not be required to enter into any other contractual or other arrangements in order to effectuate payments to Seller. FTA's obligation to make payment to Seller hereunder is specifically conditioned upon FTA's receipt of funds from Buyer's Repurchaser. Funds received from Buyer’s Repurchaser shall be held in trust by the FTA for the benefit of the Seller to the extent of the purchase price owing from the Buyer to the Seller. Additionally, the Transaction Confirmation # assigned to Exhibit A-2, by the Buyer’s Repurchaser, shall be the same Transaction Confirmation # utilized for Exhibit A-1 for each and every operative transaction.

3.2 PAYMENT ADDRESS: All payments from Buyer to Seller shall be sent through FTA via Fed Funds to Seller at the address set out herein. Only Seller may request revisions to the address specified for payment herein, which requests shall not be made more than two times per year, unless due to merger or mandated by State or Federal regulations.
ARTICLE IV

NOTICES

4.1 NOTICE REQUIREMENTS: Any notice provided for in this FTA Agreement, or any notice which any party may desire to give to the others, shall be in writing and shall only be deemed to be duly delivered upon receipt. Such notice shall in each instance be sent by facsimile or other mutually acceptable electronic means, and confirmed by a telephone call as soon as possible during common business hours, to the contacts set out below.

4.2 NOTICES TO FTA:

Primary Contact: [name] 
Telephone No: 
Facsimile No: 

Emergency Contact: [name] 
Telephone No: 
Facsimile No: 

4.3 NOTICES TO BUYER:

Primary Contact: [name] 
Telephone No: 
Facsimile No: 

Emergency Contact: [name] 
Telephone No: 
Facsimile No: 

4.4 NOTICES TO SELLER:

Primary Contact: 

Emergency Contact: 

[Supplier'] - Wire Transfer Account
Bank: [Supplier's Bank] 
Account No. [000-00-00000] ABA # [000000000] 

[City, State]

Invoice Reference No. ______________ 
Please include invoice reference number ______________ in the text field of your wire transfer.
4.5 **CHANGE OF CONTACTS**: Any party may change the designated contact and telephone or facsimile numbers for notices upon seven days written notice.
As evidence of their agreement hereto, the parties have caused this FTA Agreement to be duly executed in triplicate originals by their authorized representatives as of the date first written above.

BUYER:  
By:  _______________________
Name:  _______________________
Title:  _______________________

SELLER:  
By:  _______________________
Name:  _______________________
Title:  _______________________

FUNDS TRANSFER AGENT:  
By:  _______________________
Name:  _______________________
Title:  _______________________

AMENDMENT TO NATURAL GAS SALE AND PURCHASE CONTRACT

This Special Provision amends that certain Base Contract for Short-Term Sale and Purchase of Natural Gas dated ______________ _____, between [Repurchaser] and [Marketer] (“Base Contract”), and is intended to supplement the General Terms and Conditions (“GT&C”) affecting all Transactions thereunder wherein [Repurchaser] is buyer and [Marketer] is seller. Capitalized terms used in this Agreement, which are not herein defined, will have the meanings ascribed to them in the GT&C.

1. DEFINITION OF “FTA”: The term “FTA” or “Funds Transfer Agent” will refer to:

[Bank]
[Bank’s address]

2. CONFIRMATION OF TRANSACTION BY FTA: Buyer and Seller will send copies of their respective periodic Transaction Confirmations to FTA. Seller will obtain confirmation by the FTA that Seller has contracted with a supplier to deliver a like quantity of gas at the Delivery Point(s) identified on the Transaction Confirmation, under the same Performance Obligation (firm or interruptible) and at a price no greater than the price set out on the Transaction Confirmation between Buyer and Seller. Such confirmation will be documented by the FTA’s execution of the FTA Confirmation Statement, as provided below, as a Special Condition at the bottom of the Transaction Confirmation sent by Seller to Buyer. (An example of this form of Transaction Confirmation is attached as Exhibit A-2.)

Special Condition - FTA Confirmation Statement

_______________________________, as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Seller has contracted for delivery of a corresponding quantity of gas at the Delivery Point(s) identified above, under the same Performance Obligation and at a price no greater than the price set out above. FTA will accept payment from Buyer on behalf of Seller under the terms and conditions of the Base Contract.

[ FTA ]: ________________________________

3. NO MODIFICATION: The payment instructions may not be modified during the operative period of a binding Transaction Confirmation. Any modification to a binding Transaction Confirmation must be in the form of a revised Transaction Confirmation and subject to the same confirmation process set out in paragraph 2 above.

4. NOTIFICATION: Repurchaser and Marketer agree to furnish to the FTA a copy of this Amendment and each operative Exhibit A-2.
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated ________________________. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of Receipt unless otherwise specified in the Base Contract.

**SELLER:** [Supplier]  
________________________________________________  
________________________________________________  
________________________________________________  
Attn: ____________________________________________  
Phone: ___________________________________________  
Fax: _____________________________________________  
Base Contract No.: ________________________________

**BUYER:** [Marketer]  
________________________________________________  
________________________________________________  
________________________________________________  
Attn: ____________________________________________  
Phone: ___________________________________________  
Fax: _____________________________________________  
Base Contract No.: ________________________________

**Performance Obligation:**  ____ Firm (Fixed)  ____ Interruptible

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<th>Transporter</th>
<th>Transporter Contract No.</th>
<th>Daily Quantity</th>
<th>Delivery Point(s)</th>
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**Special Condition:** FTA Confirmation Statement

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**FTA Confirmation Statement:**

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the gas delivered subject to this Transaction Confirmation pursuant to the terms and conditions to its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer has contracted for the repurchase of a corresponding quantity of gas at the Delivery Point(s) identified above, under the same Performance Obligation and at a price greater than the price set out above, and that Buyer's Repurchaser has agreed to make payments for such gas directly to FTA.

[Bank]  
Name: ________________________________  
Title: ________________________________  
Date: ________________________________

**BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.**
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated ______________. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of Receipt unless otherwise specified in the Base Contract.

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<th>SELLER: [Marketer]</th>
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Performance Obligation:  ____ Firm (Fixed)  ____ Interruptible

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Special Condition: FTA Confirmation Statement

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**BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.**

FTA Confirmation Statement:

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Seller has contracted for delivery of a corresponding quantity of gas at the Delivery Point(s) identified above, under the same Performance Obligation and at a price no greater than the price set out above. FTA will accept payment from Buyer on behalf of Seller under the terms and conditions of the Base Contract.

[Bank] __________________
Name: __________________
Title: __________________
Date: __________________