



NORTH AMERICAN ENERGY STANDARDS BOARD

1301 Fannin, Suite 2350 • Houston, Texas 77002 • Phone: (713) 356-0060 • Fax: (713) 356-0067
email: naesb@naesb.org • Web Site Address: www.naesb.org

September 13, 2006

NAESB AT A GLANCE: MONTHLY UPDATE

REVIEW OF REVISED NAESB BASE CONTRACT FOR THE PURCHASE AND SALE OF NATURAL GAS: Mr. Sappenfield, Regional Director, US Regulatory Affairs, EnCana Corporation, and chair of the WGQ Contracts Subcommittee reviewed the newly ratified NAESB Base Contract for the Purchase and Sale of Natural Gas. The Base Contract was ratified on September 4, 2006 and published on September 5, 2006. An Executive Summary of the substantive changes was provided for the call: [Outline of Changes to the NAESB Base Contract](#). An option to elect to use Triangular Setoff was added to the Cover Page and language for Triangular Setoff was added to Section 10.3.2. A new Section was added on Market Disruption. This section will apply specifically to prices that are based on index prices when the index price is not published. Section 14 sets forth a methodology for counterparties to replace the index price with an alternative price. Section 8.4 was added to highlight the need to report imports and file the requisite records with the United States Government for instances when transfer of title takes place in Canada or Mexico for a particular transaction. Section 9.4 was added to provide counterparties with an opportunity to confirm changes to payment instructions. The party that receives such notice of change is not obligated to implement such change until ten Business Days after receipt of such notice. Section 15.12 was added to recognize that many organizations store contracts digitally. The new language recognizes that the scanned copy is as valid as the original executed contract, subject to proof that the digital copy is an actual rendition of the original. The Cover Page was modified to be two pages and the layout of the Cover Page was modified to provide room to include additional information that may be requested in the Special Provisions. The new sections that were added to the Cover Page include: Section 2.1 – Additional Event of Default; Section 2.23 – Indebtedness Cross Default; Section 2.33 – Transactional Cross Default; Section 2.30 – Specified Transaction(s). A definition of Affiliate was added as Section 2.2 to the definitions in the Contract to clarify the meaning of the term as it is used in several clauses of the Base Contract. Now that the Base Contract has been ratified, the WGQ Contracts Subcommittee is planning to schedule meetings to develop the Frequently Answered Questions companion document.

2007 ANNUAL PLAN EFFORTS: Mr. Buccigross, Vice President, 8760, Inc., and chair of the WGQ Executive Committee reviewed the potential standards development efforts that will be reflected on the WGQ 2007 Annual Plan. There will be an item to review the minimum technical characteristics of the WGQ Quadrant Electronic Delivery Mechanism. Item 5 – Prepare a joint analysis with the Retail Quadrants for AS2 and AS3 protocols -- as compared to the NAESB IET will likely carry over from the WGQ 2006 Annual Plan to the WGQ 2007 Annual Plan. The WGQ Contracts Subcommittee will work on updating the Canadian Addendum to the NAESB Base Contract for the Purchase and Sale of Natural Gas. The WGQ will also continue to address requests to develop standards for Gas Quality. The WGQ will continue to conduct maintenance on all of the existing WGQ standards.

Ms. Kiselewich, Baltimore Gas and Electric Company, and chair of the Retail Electric Quadrant Executive Committee, reviewed the potential standards development efforts that will be reflected on the Joint Retail 2007 Annual Plan. The 2007 Annual Plan will likely include carryover of 2006 Annual Plan Item 4 - Customer Enrollment, Drop and Account Maintenance and Item 5 – Customer Inquiries. The Retail Quadrants have conducted an outreach to EEI, AGA, and NARUC to determine if additional items should be added to the scope of the work for the Retail Quadrants. Suggestions for other model business practice development include: model business practices for Customer Choice Activities; Distributed Generation; Energy Renewal and Green Energy Programs; Interruption and Curtailment Procedures; and Load Profiling. The current Joint Retail 2006 Annual Plan is posted on the NAESB website: [Retail 2006 Annual Plan](#).

Ms. York, Sr. Energy Markets and Policy Specialist, Tennessee Valley Authority, and chair of the Wholesale Electric Quadrant Executive Committee, reviewed the potential standards development efforts that will be reflected on the WEQ 2007 Annual Plan. Once the FERC issues the final ruling on the OATT Reform NOPR, there are thirty-three areas that will likely result in standards development items for NAESB. The WEQ continues to work jointly with the North American Electric Reliability Council (NERC) to create complementary business practices to NERC's reliability standards. The 2007 Annual Plan will also include completion of the TLR standards, OASIS modifications, and the cyber-security standards, and development of the NERC/NAESB Joint Operating Training Manual. The current WEQ 2006 Annual Plan is posted on the NAESB website: [WEQ 2006 Annual Plan](#).



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NEXT CONFERENCE CALL: The next conference call is scheduled for **Wednesday, December 6, 2006**, at 2:00 pm Eastern. We hope you can join us. If there are particular topics you would like to see covered or would like to receive additional information, please contact the NAESB Office (713-356-0060, naesb@naesb.org).

NAESB Monthly Update Conference Call, Participant List September 13, 2006 -- 2:00 PM Eastern

	Name	Organization
1	Philip Bedingfield	Georgia Public Service Commission
2	Marv Rosenberg	FERC
3	Lou Ann Westerfield	Idaho Public Utility Commission

	Name	Organization
4	Ken Brown	PSEG
5	Jim Buccigross	8760, Inc.
6	Brenda Carter	Alabama Power
7	Kelly Daly	Stinson Morrison Hecker
8	Michael Desselle	SPP
9	Barry Green	Ontario Power
10	Dona Gussow	Florida Power and Light
11	Linda Horn	Wisconsin Electric Power
12	Robert Keithly	San Diego Gas Electric Co.
13	Laura Kennedy	NAESB
14	Ruth Kiselewich	Baltimore Gas and Electric
15	Rae McQuade	NAESB
16	George Nelms	Sempra Energy Utilities
17	Lou Pisano	PSEG
18	Judy Ray	Alabama Power
19	Keith Sappenfield	EnCana Corporation
20	Charles Severance	Wisconsin Public Service Corporation
21	Lisa Simpkins	Constellation Energy
22	Stacy Wood	Structure Group
23	Kathy York	TVA