

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
May 8-10, 2007

North American Energy Standards Board

Executive Committee Meeting

Wholesale Electric Quadrant
Retail Gas Quadrant
Retail Electric Quadrant

May 8-10, 2007

NAESB Offices, Houston, Texas

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TAB 20

Subcommittee Updates

- This material is for review only and no action is required of the WGQ. The material may be used in updating the 2007 annual plan.
- The material in tab 20 corresponds to agenda item 3 of the WGQ ECs agenda.



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NAESB EXECUTIVE COMMITTEE MEETING MATERIALS WGQ SUBCOMMITTEE SUMMARY AS OF MAY 1, 2007

WGQ SUBCOMMITTEES AND TASK FORCES

Business Practices Subcommittee

- **January 4, 2007:** The WGQ BPS met via conference call to review the outcome of the December 7, 2006 WGQ EC meeting and consider and draft language for gas quality standards related to Recommendation R06008 (Modify WGQ Business Practice Standard 4.3.90 to clarify that all available data at representative points should be made available by Transmission Service Providers).
- **January 12, 2007:** The WGQ BPS met via conference call to continue work on standards language as related to Recommendation R06008 and Gas Quality Standards.
- **February 8, 2007:** The WGQ BPS met to continue development of a revised Recommendation for R06008. The meeting resulted in several revised proposed standards that will be posted for formal comment and considered by the WGQ Executive Committee in May 2007.
- **No additional meetings of the WGQ BPS are planned at this time.**

Information Requirements Subcommittee

- **January 17, 2007:** The Information Requirements Subcommittee met to address current requests for initiation or enhancement of NAESB standards and items transferred from other NAESB subcommittees. The requests discussed during the meeting were:
 - (1) R06007: Add Reduction Reason code to Scheduled Quantity, Operator Scheduled Quantity and Confirmation Response.
 - (2) R99033: Add the name and definition for design capacity and scheduled quantity to the data set 5.4.13 Operationally Available and Unsubscribed Capacity.
 - (3) R96018: Develop standards for real-time capacity information.
- **March 7-8, 2007:** The Information Requirements Subcommittee met in Colorado Springs, Colorado to address current requests for initiation or enhancement of NAESB standards and items transferred from other NAESB subcommittees. The agenda for this meeting included:
 - (1) R06008: Revise Gas Quality Posting Standards
 - (2) R98048: A new dataset, called "Fuel Matrix Information", and the code value addition to the Data Sets Requested data element in the Upload of Request for Download dataset to support NAESB WGQ Standard. 1.3.30
 - (3) R99033: Implementation of standards adopted by the EC on 2/10/00 re Location Operationally Available Capacity (LOAC), Location Operating Capacity (LOPC) and Location Scheduled Quantity (LSQ)
 - (4) R96018: Real time capacity info
 - (5) R04038: Operationally Available and Unsubscribed Capacity Data Set (5.4.13) – accommodate the senders option business practice of indicating whether authorized overrun has been scheduled
 - (6) R05017: Transactional Reporting – Firm and Capacity Release – Modify the usage of the data element Rate Form/Type Code data and corresponding data elements from conditional to senders option and accommodate the code value Blended Rate for the data element Rate Identification Code
 - (7) R05027: Add two new data elements to the Nomination and Scheduled Quantity data sets. The first data element would be used to identify a specific path for the nominated transaction. The second data element



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provides shippers the ability to identify the specific month of an imbalance for which they are nominating a transaction to clear such imbalance.

- (8) R06017: Add 3 new warning and 2 new error code values for Nomination Quick Response, standard 1.4.2, at the sub-detail level.
 - (9) R06018: Add 2 new error code values for Confirmation Response Quick Response, standard 1.4.2, at the detail level.
 - (10) R06019: Add 3 new warning code values for Pre-determined Allocation Quick Response, standard 2.4.2, at the sub-detail level
 - (11) R06020: Add 1 new warning code value for Pre-determined Allocation Quick Response, standard 2.4.2, at the detail level.
 - (12) R06021: Add 12 new code values for Transaction Type in Nomination, Scheduled Quantity, Transportation/Sales Invoice and any other applicable NAESB datasets. Texas Gas will use all of the requested code values in the Transportation/Sales Invoice dataset. In addition to the Transportation/Sales Invoice dataset, we will use "Meter Bounce Receipt" and "Meter Bounce Delivery" in the Nominations and Scheduled Quantities datasets and "Storage to Imbalance Netting" in the Shipper Imbalance dataset
 - (13) R06022: Add 2 new code values for Location Quantity Type Indicator in the Offer Download, Bid Download, Award Download, Replacement Capacity, Offer Upload, Offer Upload Notification, Operationally Available, Unsubscribed Capacity, Bid Upload, Transactional Reporting – Capacity Release, Firm Transportation, and Interruptible Transportation
 - (14) R06023: Add 20 new Reduction Reason code values for Scheduled Quantity, Scheduled Quantity for Operator and any other applicable NAESB datasets
- o **April 3, 2007:** The Information Requirements Subcommittee met in Richmond, Virginia. The meeting was hosted by Dominion Transmission and the team addressed current requests for initiation or enhancement of NAESB standards and items transferred from other NAESB subcommittees. The following requests were discussed:
- (1) R99033: Implementation of standards adopted by the EC on 2/10/00 re Location Operationally Available Capacity (LOAC), Location Operating Capacity (LOPC) and Location Scheduled Quantity (LSQ)
 - (2) R96018: Real time capacity info
 - (3) R04038: Operationally Available and Unsubscribed Capacity Data Set (5.4.13) – accommodate the senders option business practice of indicating whether authorized overrun has been scheduled
 - (4) R05027: Add two new data elements to the Nomination and Scheduled Quantity data sets. The first data element would be used to identify a specific path for the nominated transaction. The second data element provides shippers the ability to identify the specific month of an imbalance for which they are nominating a transaction to clear such imbalance.
 - (5) R06017: Add 3 new warning and 2 new error code values for Nomination Quick Response, standard 1.4.2, at the sub-detail level.
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 - (8) R06020: Add 1 new warning code value for Pre-determined Allocation Quick Response, standard 2.4.2, at the detail level.
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the Nominations and Scheduled Quantities datasets and "Storage to Imbalance Netting" in the Shipper Imbalance dataset

- (10) R06022: Add 2 new code values for Location Quantity Type Indicator in the Offer Download, Bid Download, Award Download, Replacement Capacity, Offer Upload, Offer Upload Notification, Operationally Available, Unsubscribed Capacity, Bid Upload, Transactional Reporting – Capacity Release, Firm Transportation, and Interruptible Transportation.
- (11) R06023: Add 20 new Reduction Reason code values for Scheduled Quantity, Scheduled Quantity for Operator and any other applicable NAESB datasets.

- **Planned, May 9, 2007:** The Information Requirements Subcommittee will meet in Washington, D.C. The meeting will be hosted by Williams and the team will address current requests for initiation or enhancement of NAESB standards and items transferred from other NAESB subcommittees.

Technical Subcommittee

- **January 18-19, 2007:** The Technical Subcommittee met to address any technical provisions of current WGQ requests for initiation or enhancement of NAESB standards. The requests discussed during this meeting were:
 - (1) R98048: Add a new data set, "Fuel Matrix Information", plus a new code value, "Fuel Matrix", in the Upload of Request for Download (and Response) data sets to facilitate the transfer of fuel matrix information to and from trading partners.
- **February 6, 2007:** The Technical Subcommittee met to address any technical provisions of current WGQ requests for initiation or enhancement of NAESB standards. The requests discussed during this meeting were:
 - (1) R98048: Add a new data set, "Fuel Matrix Information", plus a new code value, "Fuel Matrix", in the Upload of Request for Download (and Response) data sets to facilitate the transfer of fuel matrix information to and from trading partners.
 - (2) R03032: Change existing data elements of NAESB WGQ Transactional Reporting - Firm Transportation Standard 5.4.21
- **March 6, 2007:** The Technical Subcommittee met in Colorado Springs, Colorado to continue to address any technical provisions of current WGQ requests for initiation or enhancement of NAESB standards, and addressed the following request:
 - (1) R98048: A new dataset, called "Fuel Matrix Information", and the code value addition to the Data Sets Requested data element in the Upload of Request for Download dataset to support NAESB WGQ Standard 1.3.30
- **April 4-5, 2007:** The Technical Subcommittee met in Richmond, Virginia, hosted by Dominion Transmission to continue to address any technical provisions of current WGQ requests for initiation or enhancement of NAESB standards. The following request was addressed: R98048: Develop working document for x12 data set.
- **Planned, May 11, 2007:** The Technical Subcommittee will meet in Washington, D.C. (hosted by Williams) to continue to address any technical provisions of current WGQ requests for initiation or enhancement of NAESB standards.

Electronic Delivery Mechanism (EDM) Subcommittee

- **January 12, 2007:** The Retail IR and TEIS met with the WGQ EDM Subcommittee to continue working on WGQ 2007 Annual Plan Item 4 – Prepare a joint analysis with the Retail Quadrants for AS2 and AS3 protocols as compared to the NAESB IET. It is the expectation that this group will draft a report in response to a review of the AS2 and AS3 protocols as compared to the NAESB IET.
- **January 24, 2007:** The Retail IR and TEIS, in a joint meeting with the WGQ EDM Subcommittee continued working on Retail 2007 Annual Plan Item r – Prepare a joint analysis with the Retail Quadrants for AS2 and AS3



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protocols as compared to the NAESB IET and drafted a report in response to a review of the AS2 and AS3 protocols as compared to the NAESB IET. The group also began drafting their responses to Sandia Labs' 2006 recommendations.

- **February 16, 2007:** The Retail IR and TEIS met jointly with the WGQ EDM Subcommittee on Retail 2006 Annual Plan Item 7 – Prepare a joint analysis with the WGQ for AS2 and AS3 protocols as compared to the NAESB IET and to draft responses to Sandia Labs' review of the IET and multi-Quadrant QEDMs.
- **March 20, 2007:** The WGQ EDM Subcommittee met via conference call jointly with the Retail IR and TEIS to continue working on the response to a review of the AS2 and AS3 protocols as compared to the NAESB IET and continue drafting responses to Sandia Labs' 2006 recommendations.
- **March 30, 2007:** The Joint Subcommittee met via conference call to complete Retail 2006 Annual Plan Item 7, the document comparing AS2 and AS3 with Internet ET, as well as the matrix dividing Sandia's comments into categories.
- **April 16, 2007:** The Joint RXQ IR/TEIS and WGQ EDM subcommittee met to finalize an appendix to the multi-Quadrant Internet Electronic Transport Manual, explaining the differences between NAESB's IET system and the AS2/3 communications systems. The subcommittee also completed its matrix of proposed actions arising out of Sandia Labs' IET and standards recommendations.
- **April 20, 2007:** The Joint RXQ IR/TEIS and WGQ EDM subcommittee met to review a draft Recommendation to the Retail and WGQ ECs about the multi-Quadrant Internet Electronic Transport Manual and to begin memorializing its reasoning behind the Sandia recommendations that the subcommittee believes should NOT lead to IET Manual or NAESB standards changes.

Contracts Subcommittee

- **January 25, 2006:** The WGQ Contracts Subcommittee reviewed proposed draft Frequently Asked Questions and Canadian Addendum to the NAESB 2006 Base Contract.
- **February 15, 2007:** The WGQ Contracts Subcommittee met with web conferencing on February 15 to continue the development of the FAQs for the updated NAESB Base Contract (2007 WGQ Annual Plan Item 5) and the update to the Canadian Addendum to the NAESB Base Contract to bring it up to date with the revised NAESB Base Contract for the Purchase and Sale of Natural Gas (2007 WGQ Annual Plan Item 6). The subcommittee adopted a Recommendation to the WGQ EC on the completed Canadian Addendum.
- **May 1, 2007:** The WGQ Contracts Subcommittee met via conference call on May 1 to finalize the revisions to the Frequently Asked Questions to the NAESB 2006 Base Contract. The Contracts Subcommittee voted to send the recommendation for WGQ 2007 Annual Plan Item 5 - Develop FAQ for Updated NAESB Base Contract for Sale and Purchase of Sale of Natural Gas to the WGQ Executive Committee for adoption after the expiration of a 30 day comment period. The recommendation includes a reformatting and reorganization of the WGQ Contracts section of the standards manual so that all of the Frequently Asked Questions will be organized in one section of the manual.

Interpretations Subcommittee

- **Planned 2007:** The Interpretations Subcommittee will meet to review requests for clarification as assigned to them during 2007. No requests have yet been received or assigned.



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JOINT QUADRANT EFFORTS

E-TARIFF STANDARDS DEVELOPMENT – ASSIGNED TO WHOLESALE GAS AND WHOLESALE ELECTRIC:

- **February 1, 2007 :** A meeting was held at the FERC, opened by Chairman Kelliher. Proposals from INGAA, EEI, AOPL and Texas Intrastate Association were given, along with a review by FERC staff of requirements to be met for an e-Tariff program.
- **March 13, 2007:** A meeting was held at NAESB offices, chaired by Keith Sappenfield and Jane Daly. The FERC staff further delineated their requirements and answered questions from EEI and INGAA. The group began drafting standards.
- **April 26, 2007:** The e-Tariff Subcommittee met in Washington DC hosted by AGA. During this meeting, FERC Staff reviewed their work paper [Filing Field Data Example Submitted by FERC Staff](#) and answered questions on what data will be required for submittal of electronic tariff and related documents. The pipeline segment also presented their proposed approach regarding development of e-Tariff standards. After further discussion, it was determined that the e-Tariff Subcommittee needed to schedule a conference call prior to the June 4 meeting to determine what approach the NAESB e-Tariff standards will take.
- **Planned, May 21, 2007:** The e-Tariff Subcommittee will meet via conference call for a one topic agenda – to determine the approach the NAESB e-Tariff standards will take.
- **Planned, June 4, 2007:** The group plans to meet in Phoenix, hosted by APS to continue drafting standards.

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Wholesale Gas Quadrant

TAB 21

2007 Annual Plan for WGQ

- The 2007 plan as approved by the Board of Directors at its March 2007 meeting is included. Should the WGQ EC determine that changes are to be made to the plan as a result of the subcommittee updates; a motion to approve the changes for forwarding to the Board for approval would be required. The motion would require a simple majority to pass.
- The materials in Tab 21 correspond to agenda item 3 for the WGQ EC agenda.



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NORTH AMERICAN ENERGY STANDARDS BOARD

2007 WGQ Annual Plan

Approved by the NAESB Board of Directors on March 22, 2007

	Item Description	Completion ¹	Assignment ²
Damage Reporting for Natural Gas Pipeline Facilities			
1	Review and develop standards as appropriate to support posting of information as noted in Docket No. RM06-18-000, Order No. 682 . Status: Not Started.	1 st Q, 2006	BPS
a.	Review transmission line damage reporting to identify commonality and apply to item 1 above as appropriate. Status: Not Started.	1 st Q, 2006	BPS
Electronic Delivery Mechanisms and Related Activities			
2	Review security standards as may be deemed necessary, e.g. Public Key Infrastructure (PKI). Status: Pending Activities of the WEQ EC.	Pending WEQ PKI activities	EDM
3	Develop or amend WGQ technical standards, as appropriate, to address to the DoE Sandia National Laboratories 2006 surety assessment findings and recommendations. Status: Underway.	4 th Q, 2007	BPS/EDM
4	Prepare a joint analysis with the retail quadrants for AS2 and AS3 protocols as compared to the NAESB IET. Status: Underway.	TBD	WGQ EDM & Retail TEIS
Contracts Activities			
5	Develop FAQ for Updated NAESB Base Contract for Sale and Purchase of Sale of Natural Gas. Status: Not Started.	1st Q, 2007	Contracts
6	Review and update NAESB Canadian Addendum to the NAESB Base Contract for Sale and Purchase of Sale of Natural Gas to incorporate the recent NAESB Base Contract revisions (Initial Draft prepared by Chair of Contracts SC). Status: Not Started.	2 nd Q, 2007	Contracts
Gas-Electric Interdependency			
7	Respond to directives of Docket Nos. RM05-5-001 and RM96-1-027 as related to the NAESB reports submitted in Docket No. RM05-28-000 . Status: Not Started.	TBD	TBD
Review and develop business practices standards to support e-Tariff program			
8	Develop business practices as needed to support the e-Tariff program including submittal of tariffs and metadata. (Docket No RM05-1-000) Status: Underway.	3rd Q, 2007	Joint WEQ/WGQ e-Tariff Subcommittee



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NORTH AMERICAN ENERGY STANDARDS BOARD

2007 WGQ Annual Plan

Approved by the NAESB Board of Directors on March 22, 2007

Program of Standards Maintenance & Fully Staffed Standards Work³

Business Practice Requests	Ongoing	Assigned by the EC ⁴
Continue review against plan for migration to ANSI ASC X12 new versions as needed and coordinate such activities with DISA.	Ongoing	ANSI X12 Subcommittee
Information Requirements and Technical Mapping of Business Practices	Ongoing	Assigned by the EC ⁴
Ongoing Interpretations for Clarifying Language Ambiguities	Ongoing	Assigned by the EC ⁴
Ongoing Maintenance of Code Values and Other Technical Matters	Ongoing	Assigned by the EC ⁴

Provisional Activities⁵

Respond to requests as received that are related to Docket No. [AD06-11-000](#) (Market Transparency Reporting).

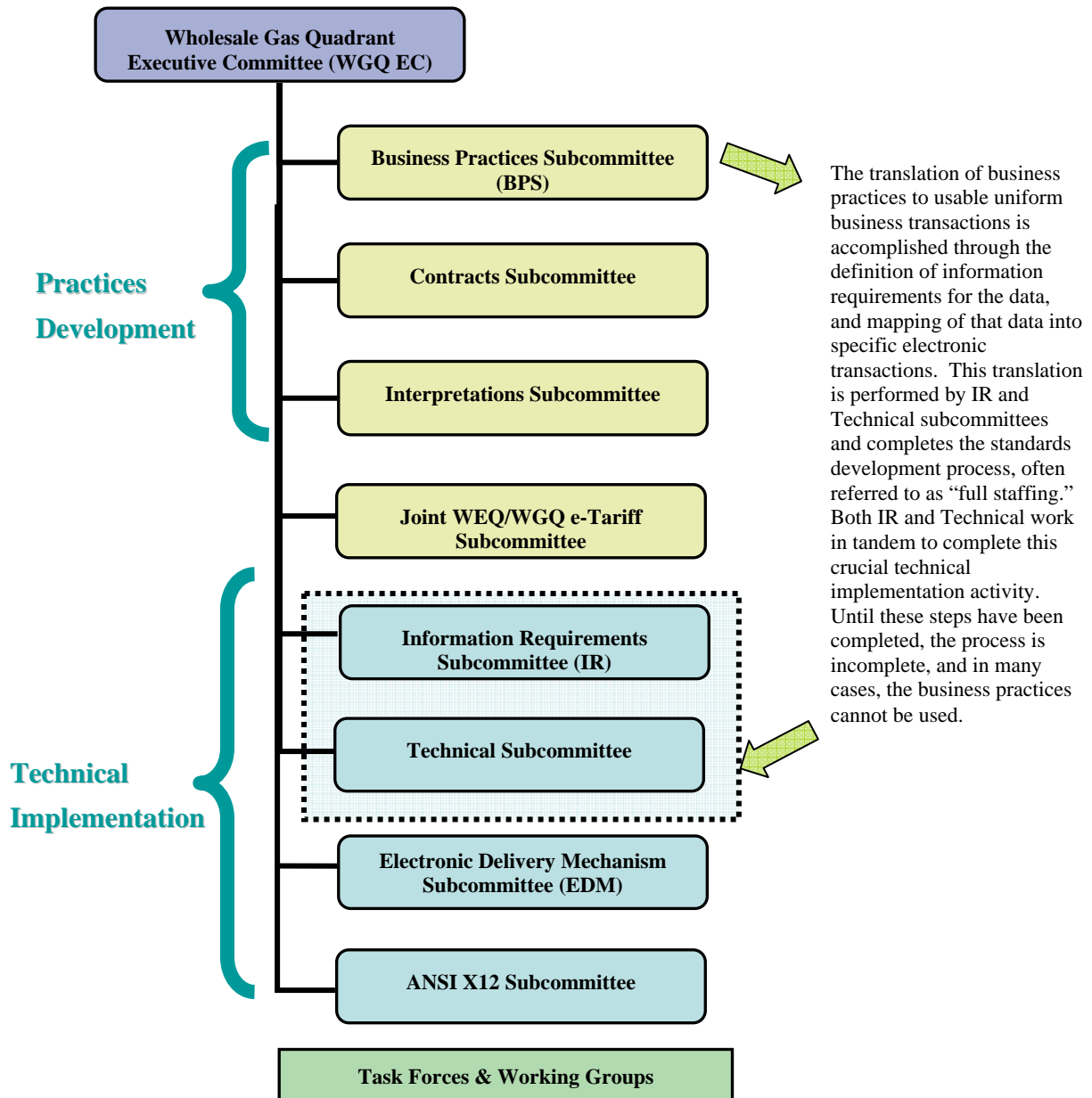
Respond to changes as needed to support decisions from the [D.C. Court of Appeals decision, No. 04-1183](#), decided on 11-17-06 vacating FERC Order Nos. 2004, 2004-A, 2004-B, 2004-C and 2004-D as applied to natural gas pipelines.

Notes: (a) Priority is given to action items that are carry-overs from the 2006 Annual Plan.

(b) Any new activity should be preceded by a request from the submitter after which the annual plan will be revisited. The provisional items would only be addressed after a request is submitted or an order is issued by the FERC.

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NAESB 2007 WGQ EC and Subcommittee Leadership:

- Executive Committee: Jim Buccigross, Chair and Mike Novak, Vice-Chair
- Business Practices Subcommittee: Kim Van Pelt, Tina Burnett, Dolores Chezar and Richard Smith
- Information Requirements Subcommittee: Dale Davis
- Technical Subcommittee: Kim Van Pelt
- Contracts Subcommittee: Keith Sappenfield
- Electronic Delivery Mechanism Subcommittee: Leigh Spangler, Christopher Burden
- Interpretations Subcommittee: Paul Love
- Joint WEQ/WGQ e-Tariff Subcommittee: Keith Sappenfield



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End Notes:

¹ Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.

² The assignments are abbreviated. The abbreviations and committee structure can be found at the end of the annual plan document.

³ This work is considered routine maintenance and thus the items are not separately numbered.

⁴ The EC assigns maintenance of existing standards on a request by request basis.

⁵ To the extent that it is determined that any of the provisional activities should be worked upon during the year as a result of a specific request for standards development or a FERC action, the Board has the discretion to modify the annual plan. Additionally, provisional activities will remain on the Annual Plan for one year pending the filing of a formal request or a decision to add them to the plan as active items.

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Wholesale Gas Quadrant

TAB 22

Proposed Standard for R06008 – Gas Quality Standard Enhancement

- Action may be required of the WGQ EC to approve the proposed standard.
- This section includes the recommendation and comments due on May 8. As comments are received, they will be provided under separate cover.
- Tab 22 corresponds to agenda item 4 for the WGQ EC.



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

1. RECOMMENDED ACTION:

- Accept as requested
- Accept as modified below
- Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

- Change to Existing Practice
- Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

Per Recommendation:

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Modify existing NAESB WGQ Standard Nos. 4.3.90 and 4.3.92.
- Add proposed NAESB WGQ Standard Nos. 4.3.x1, 4.3.x2, and 4.3.x3.

STANDARDS LANGUAGE:

Proposed Revised NAESB WGQ Standard No. 4.3.90

The Transportation Service Provider (TSP) should provide on its Informational Postings Web Site daily average gas quality information for prior gas day(s), to the extent routinely collected and readily available, for location(s) that are representative of mainline gas flow. To the extent that a TSP monitors tariff-based gas quality provisions for locations representative of mainline gas flow by non-electronic methods (e.g., spot sample), such information should be posted as soon as practicable. The gas quality information posted pursuant to this standard is operational in nature.

For purposes of this standard, "readily available" is that data which is currently available in electronic format or would be available electronically with minor enhancement(s) to existing data collection, processing and reporting capability.



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

The gas quality information should be reported in units as specified in the tariff or general terms and conditions. Gas quality information not specified in the TSP's tariff or general terms and conditions should be posted using units determined by the TSP.

The information available for the identified location(s) should be provided in a downloadable format. ~~Information should be reported in units as specified in the tariff or general terms and conditions.~~ In any event, all applicable parties' compliance with gas quality requirements is in accordance with the TSP's tariff or general terms and conditions.

~~The following Listed below are examples of gas quality attributes that could be included in the posting for the applicable Gas Day(s) and Location(s):~~

- Heating Value
- Interchangeability index(ices)/factor(s)
- Hydrocarbon liquid drop out control parameter(s)/factor(s)
- Hydrocarbon components, % of C1 – Cnn, as used in determining Heating Value
- Specific Gravity
- Water
- Nitrogen
- Carbon Dioxide
- Oxygen
- Hydrogen
- Helium
- Total Sulfur
- Hydrogen Sulfide
- Carbonyl Sulfide
- Mercaptans
- Mercury and/or any other contaminants being measured
- Other pertinent gas quality information that is specified in the TSP's tariff or the general terms and conditions.

Proposed modifications to NAESB WGQ Standard No. 4.3.92:

Data provided pursuant to NAESB WGQ Standard No. 4.3.90 should be provided in a tabular downloadable file to be described by the Transportation Service Provider. The first row of the file should contain the column headers and data should begin on the second row of the file. In addition, one of the columns should contain the applicable Gas Day.

Proposed NAESB WGQ Standard 4.3.x1:

For data provided pursuant to NAESB WGQ Standard 4.3.90, where a Transportation Service Provider (TSP) does not provide a Wobbe Number for location(s) that are representative of mainline gas flow, upon notification from a Service Requestor of its desire to begin discussing the interchangeability of gas supplies, should endeavor to calculate a Wobbe Number for such location(s). Within 90 days of such notification, but no later than the initiation of discussions to develop tariff-based gas quality interchangeability provisions, a TSP should provide a Wobbe Number for location(s) that are representative of mainline gas flow.

Where a TSP uses an alternative method to characterize interchangeability, it may substitute or supplement the Wobbe Number with the applicable data. Where no above-mentioned notification is



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

received by the TSP or where the above mentioned discussions lead to a conclusion that tariff based gas quality interchangeability provisions are not necessary, a TSP may satisfy this standard by providing a Heating Value and Specific Gravity.

Proposed NAESB WGQ Standard 4.3.x3:

Data provided pursuant to NAESB WGQ Standard No. 4.3.90 should be made available in a single download for one and/or all location(s) representative of mainline gas flow as posted for a given date range within the most recent three month period.

The Executive Committee should reconsider 4.3.x2 as presented and then modified during its 12/07/2006 meeting. The standard is as follows:

Proposed NAESB WGQ Standard 4.3.x2:

For data provided pursuant to NAESB WGQ Standard No. 4.3.90, a Transportation Service Provider (TSP) with tariff-based gas quality provisions for the control of hydrocarbon liquid drop out should measure or calculate a 1) Cricondenthem Hydrocarbon Dew Point (CHDP) or 2) C6+GPM for the locations(s) that are representative of mainline gas flow. If applicable, the TSP should provide the control parameter specified within its tariff. Where a TSP uses an alternative approach to control hydrocarbon liquid drop out, it may substitute the appropriate control parameter.

BUSINESS PROCESS DOCUMENTATION (for addition, modification or deletion of business process documentation language)

Standards Book: WGQ Quadrant EDM

Language: Business Process and Practices Section – Tab 4
<ul style="list-style-type: none"> • Modify WGQ Standards 4.3.90 and 4.3.92 and add proposed WGQ Standards 4.3.x1, 4.3.x2 and 4.3.x3 to Section C (in numerical order). • Modify WGQ Standards 4.3.90 and 4.3.92 and add proposed WGQ Standards 4.3.x1, 4.3.x2, and 4.3.x3 under the “Informational Postings Related” functional area of Section D.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

While the implementation of NAESB WGQ Standard 4.3.90 (and other related standards) by most Transportation Service Providers (TSPs) has been commendable, some TSPs interpreted the standards language to limit the data to be provided to just those items specified within their tariffs. This was counter to the intention of the Executive Committee (EC) - that all available data at representative points be made available. For example, some TSPs post BTU values but none of the hydrocarbon components. The language of 4.3.90 can be read (but misinterpreted) to provide for such a result, therefore, modifications are proposed to reduce that ambiguous nature of the existing standards language. These proposed changes will still preserve another intention of the EC - that implementation of 4.3.90 would not require procurement of incremental gas quality equipment by the TSP.



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

Additionally, the addition of Wobbe Number to the list of gas quality attributes reflects growing industry acceptance of Wobbe as a key measure of interchangeability [e.g. 1) NGC+ [White Paper on Natural Gas Interchangeability and Non-Combustion End Use](#), 2) Initial Decision Docket Nos. RP04-249-001, April 11, 2006]

For NAESB WGQ Standard 4.3.91, some Transportation Service Providers (TSPs) meet the letter of the standard by providing data but make access to the data unnecessarily difficult. For example, data from the required three month-period is available through download one day at a time (instead of the user requested period) or for a given day, for one point rather than for user selected points. The intent of the proposed modification to 4.3.91 is to put a minimum performance standard on the availability of data.

b. Description of Recommendation:

Business Practices Subcommittee

See meeting minutes for Business Practices Subcommittee as follows:

- July 10, 2006
- August 3, 2006
- August 30, 2006
- September 11, 2006

Motion: August 30, 2006

Adopt the proposed standards language below for WGQ Standard No. 4.3.92:

4.3.92 Data provided pursuant to NAESB WGQ Standard No. 4.3.90 should be provided in a tabular downloadable file to be described by the Transportation Service Provider. The first row of the file should contain the column headers. Data should be made available in a single download for one and/or all location(s) representative of mainline gas flow as posted for a given date range within the most recent three month period.

**Wholesale Gas Quadrant
Balanced Voting by Segment Tally**

Segment	Votes Cast			Balanced Vote		
	YES	NO	TOTAL	YES	NO	TOTAL
End Users	2	0	2	2	0	2
LDCs	4	0	4	2	0	2
Pipeline	7	0	7	2	0	2
Producer	1	0	1	1	0	1
Services				0	0	0
Total	14	0	14	7	0	7

Motion Passes

Motion: September 11, 2006

Adopt the proposed modifications to WGQ Standard No. 4.3.90 and proposed standards 4.3.x1 and 4.3.x2, as found in Mr. Novak's work paper posted at [R06008 Work Paper Submitted by M. Novak, National Fuel](#) as further modified during the meeting.



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

- 4.3.90 The Transportation Service Provider (TSP) should provide on its Informational Postings Web Site daily average gas quality information for prior gas day(s), to the extent available, for location(s) that are representative of mainline gas flow. The information available for the identified location(s) should be provided in a downloadable format. Information should be reported in units as specified in the tariff or general terms and conditions. In any event, all applicable parties' compliance with gas quality requirements is in accordance with the TSP's tariff or general terms and conditions.

~~The following~~ Listed below are examples of gas quality attributes ~~that could be included in posting for the applicable Gas Day(s) and Location(s):~~

- Heating Value
 - Interchangeability index(ices)/factor(s)
 - Hydrocarbon Liquid Drop Out control parameter(s)/factor(s)
 - Hydrocarbon Components, % of C1 – Cnn, as used in determining Heating Value
 - Specific Gravity
 - Water
 - Nitrogen
 - Carbon Dioxide
 - Oxygen
 - Hydrogen
 - Helium
 - Total Sulfur
 - Hydrogen Sulfide
 - Carbonyl Sulfide
 - Mercaptans
 - Mercury and/or any other contaminants being measured
 - Other pertinent gas quality information that is specified in the TSP's tariff or the general terms and conditions.
- **Proposed NAESB WGQ Standard 4.3.x1.**
- 4.3.x1 For data provided pursuant to NAESB WGQ Standard 4.3.90, a Transportation Service Provider (TSP), upon notification from a customer or other applicable party of its desire to begin discussing the interchangeability of gas supplies, should endeavor to calculate a Wobbe Number for location(s) that are representative of mainline gas flow. As soon as practical, but no later than the initiation of discussions to develop tariff-based gas quality interchangeability provisions, a TSP should provide a Wobbe Number for location(s) that are representative of mainline gas flow. Where a TSP uses an alternative method to characterize interchangeability, it may substitute or supplement the Wobbe Number with the applicable data. Where no above-mentioned notification is received by the TSP or where the above mentioned discussions lead to a conclusion that tariff based gas quality interchangeability provisions are not necessary, a TSP may satisfy this standard by providing a Heating Value and Specific Gravity.
- **Proposed NAESB WGQ Standard 4.3.x2:**
- 4.3.x2 For data provided pursuant to NAESB WGQ Standard No. 4.3.90, a Transportation Service Provider (TSP) with tariff-based gas quality provisions for the control of hydrocarbon dropout should measure or calculate a 1) Cricondenthem Hydrocarbon Dew Point (CHDP) or 2) C6+GPM for locations(s) that are representative of mainline gas flow. If applicable, the TSP should provide the control parameter specified within its tariff.



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

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Where a TSP uses an alternative approach to control hydrocarbon liquid dropout, it may substitute the appropriate control parameter.

**Wholesale Gas Quadrant
Balanced Voting by Segment Tally**

Segment	Votes Cast			Balanced Vote		
	YES	NO	TOTAL	YES	NO	TOTAL
End Users	2	0	2	2	0	2
LDCs	6	0	6	2	0	2
Pipeline	0	10	10	0	2	2
Producer	2	0	2	2	0	2
Services	1	0	1	1	0	1
Total	11	10	21	7	2	9

Motion Passes

Information Requirements Subcommittee

See meeting minutes for Information Requirements Subcommittee as follows:

- September 14, 2006

Motion:

The WGQ Information Requirements Subcommittee (IR) is transferring this item to the WGQ Technical Subcommittee (and then it should be transferred to the WGQ EDM Subcommittee for determination of the location of the proposed standards 4.3.x1 and 4.3.x2 in the QEDM - Quadrant Electronic Delivery Mechanism Manual adopted by the WGQ Executive Committee in May 2005). In addition, IR has determined that no other changes need to be made.

Vote WGQ				Balance	Balance	Balance
	For	Against	Total	For	Against	Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	6	0	6	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	0	0	0	0.00	0.00	0
	6	0	6	2.00	0.00	2

Motion Passes

Technical Subcommittee

See meeting minutes for the Technical Subcommittee as follows:

- September 15, 2006



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

Motion:

The Technical Subcommittee has determined that no other changes need to be made. In addition, it is transferring this request to the WGQ EDM Subcommittee for determination of the location of the proposed standards 4.3.x1 and 4.3.x2 in the QEDM - Quadrant Electronic Delivery Mechanism Manual adopted by the WGQ Executive Committee in May 2005.

Vote WGQ				Balance	Balance	Balance
	For	Against	Total	For	Against	Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	9	0	9	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	0	0	0	0.00	0.00	0
	9	0	9	2.00	0.00	2

EDM Subcommittee

See meeting minutes for the EDM Subcommittee for October 16, 2006.

Motion:

Modify existing NAESB WGQ Standards 4.3.90 and 4.3.92 and add NAESB WGQ Standard 4.3.x1 and 4.3.x2, all relating to Gas Quality, to Section C (in numerical order) and, Section D by function, in the Informational Postings area of Tab 4 in the NAESB WGQ Quadrant EDM Related Standards Manual as follows:

- 4.3.90 The Transportation Service Provider (TSP) should provide on its Informational Postings Web Site daily average gas quality information for prior gas day(s), to the extent available, for location(s) that are representative of mainline gas flow. The information available for the identified location(s) should be provided in a downloadable format. Information should be reported in units as specified in the tariff or general terms and conditions. In any event, all applicable parties' compliance with gas quality requirements is in accordance with the TSP's tariff or general terms and conditions.

~~The following~~Listed below are examples of gas quality attributes ~~that could be included in posting for the applicable Gas Day(s) and Location(s):~~

- Heating Value
- Interchangeability index(ices)/factor(s)
- Hydrocarbon Liquid Drop Out control parameter(s)/factor(s)
- Hydrocarbon Components, % of C1 – Cnn, as used in determining Heating Value
- Specific Gravity
- Water
- Nitrogen
- Carbon Dioxide
- Oxygen
- Hydrogen
- Helium



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

- Total Sulfur
- Hydrogen Sulfide
- Carbonyl Sulfide
- Mercaptans
- Mercury and/or any other contaminants being measured
- Other pertinent gas quality information that is specified in the TSP's tariff or the general terms and conditions.

- 4.3.91 Data provided pursuant to NAESB WGQ Standard No. 4.3.90 should be made available on the Transportation Service Provider's Web Site for the most recent three-month period. Beyond the initial three-month period, the historical data should be made available offline in accordance with regulatory requirements.
- 4.3.92 Data provided pursuant to NAESB WGQ Standard No. 4.3.90 should be provided in a tabular downloadable file to be described by the Transportation Service Provider. The first row of the file should contain the column headers. Data should be made available in a single download for one and/or all location(s) representative of mainline gas flow as posted for a given date range within the most recent three month period.
- 4.3.93 For the locations posted pursuant to NAESB WGQ Standard No. 4.3.90, the Transportation Service Provider (TSP) should provide on its Informational Postings Web Site a list that identifies the industry standard (or other methodology, as applicable) used by the TSP for the following:
- Procedures used for obtaining natural gas samples,
 - Analytical test method(s),
 - Calculation method(s), in conjunction with any physical constant(s) and underlying assumption(s).
- 4.3.x1 For data provided pursuant to NAESB WGQ Standard 4.3.90, a Transportation Service Provider (TSP), upon notification from a customer or other applicable party of its desire to begin discussing the interchangeability of gas supplies, should endeavor to calculate a Wobbe Number for location(s) that are representative of mainline gas flow. As soon as practical, but no later than the initiation of discussions to develop tariff-based gas quality interchangeability provisions, a TSP should provide a Wobbe Number for location(s) that are representative of mainline gas flow. Where a TSP uses an alternative method to characterize interchangeability, it may substitute or supplement the Wobbe Number with the applicable data. Where no above-mentioned notification is received by the TSP or where the above mentioned discussions lead to a conclusion that tariff based gas quality interchangeability provisions are not necessary, a TSP may satisfy this standard by providing a Heating Value and Specific Gravity.
- 4.3.x2 For data provided pursuant to NAESB WGQ Standard No. 4.3.90, a Transportation Service Provider (TSP) with tariff-based gas quality provisions for the control of hydrocarbon dropout should measure or calculate a 1) Cricondenthem Hydrocarbon Dew Point (CHDP) or 2) C6+GPM for locations(s) that are representative of mainline gas flow. If applicable, the TSP should provide the control parameter specified within its tariff. Where a TSP uses an alternative approach to control hydrocarbon liquid dropout, it may substitute the appropriate control parameter.

The motion was approved unanimously. A balanced vote was not taken.



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

Executive Committee

See meeting minutes for the Executive Committee for December 7, 2006.

The Executive Committee failed to pass the proposed standards and sent the recommendation back to the Business Practices Subcommittee for reconsideration.

Business Practices Subcommittee

See the motions and votes in the meeting minutes for the Business Practices Subcommittee as follows:

- January 4, 2007
- January 12, 2007
- February 8, 2007

Information Requirements and Technical Subcommittees

See the meeting minutes for the IR and Technical Subcommittees combined meeting on March 8, 2007.

Motion:

The IR and Technical subcommittees have determined that no technical changes are necessary.

Vote:

Vote				Balance	Balance	Balance
	For	Against	Total	d For	d Against	d Total
End						
Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	6	0	6	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	0	0	0	0.00	0.00	0
	6	0	6	2.00	0.00	2

Motion Passes

Electronic Delivery Mechanism Subcommittee

See meeting minutes for the EDM Subcommittee for March 20, 2007.

Motion:

Modify existing NAESB WGQ Standards 4.3.90 and 4.3.92 and add NAESB WGQ Standard 4.3.x1 and 4.3.x2, all relating to Gas Quality, to Section C (in numerical order) and, Section D



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

by function, in the Informational Postings area of Tab 4 in the NAESB WGQ Quadrant EDM Related Standards Manual as follows:

4.3.90

The Transportation Service Provider (TSP) should provide on its Informational Postings Web Site daily average gas quality information for prior gas day(s), to the extent routinely collected and readily available, for location(s) that are representative of mainline gas flow. To the extent that a TSP monitors tariff-based gas quality provisions for locations representative of mainline gas flow by non-electronic methods (e.g., spot sample), such information should be posted as soon as practicable. The gas quality information posted pursuant to this standard is operational in nature.

For purposes of this standard, "readily available" is that data which is currently available in electronic format or would be available electronically with minor enhancement(s) to existing data collection, processing and reporting capability.

The gas quality information should be reported in units as specified in the tariff or general terms and conditions. Gas quality information not specified in the TSP's tariff or general terms and conditions should be posted using units determined by the TSP.

The information available for the identified location(s) should be provided in a downloadable format. ~~Information should be reported in units as specified in the tariff or general terms and conditions.~~ In any event, all applicable parties' compliance with gas quality requirements is in accordance with the TSP's tariff or general terms and conditions.

~~The following~~ Listed below are examples of gas quality attributes ~~that could be included in the posting for the applicable Gas Day(s) and Location(s):~~

- Heating Value
- Interchangeability index(ices)/factor(s)
- Hydrocarbon liquid drop out control parameter(s)/factor(s)
- Hydrocarbon components, % of C1 – Cnn, as used in determining Heating Value
- Specific Gravity
- Water
- Nitrogen
- Carbon Dioxide
- Oxygen
- Hydrogen
- Helium
- Total Sulfur
- Hydrogen Sulfide
- Carbonyl Sulfide
- Mercaptans
- Mercury and/or any other contaminants being measured
- Other pertinent gas quality information that is specified in the TSP's tariff or the general terms and conditions.

4.3.92:



**REVISED RECOMMENDATION
TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: National Fuel Gas Distribution Request No.: R06008

Data provided pursuant to NAESB WGQ Standard No. 4.3.90 should be provided in a tabular downloadable file to be described by the Transportation Service Provider. The first row of the file should contain the column headers and data should begin on the second row of the file. In addition, one of the columns should contain the applicable Gas Day.

4.3.x1:

For data provided pursuant to NAESB WGQ Standard 4.3.90, where a Transportation Service Provider (TSP) does not provide a Wobbe Number for location(s) that are representative of mainline gas flow, upon notification from a Service Requestor of its desire to begin discussing the interchangeability of gas supplies, should endeavor to calculate a Wobbe Number for such location(s). Within 90 days of such notification, but no later than the initiation of discussions to develop tariff-based gas quality interchangeability provisions, a TSP should provide a Wobbe Number for location(s) that are representative of mainline gas flow.

Where a TSP uses an alternative method to characterize interchangeability, it may substitute or supplement the Wobbe Number with the applicable data. Where no above-mentioned notification is received by the TSP or where the above mentioned discussions lead to a conclusion that tariff based gas quality interchangeability provisions are not necessary, a TSP may satisfy this standard by providing a Heating Value and Specific Gravity.

4.3.x2:

For data provided pursuant to NAESB WGQ Standard No. 4.3.90, a Transportation Service Provider (TSP) with tariff-based gas quality provisions for the control of hydrocarbon liquid drop_out should measure or calculate a 1) Cricondenthem Hydrocarbon Dew Point (CHDP) or 2) C6+GPM for the locations(s) that are representative of mainline gas flow. If applicable, the TSP should provide the control parameter specified within its tariff. Where a TSP uses an alternative approach to control hydrocarbon liquid drop_out, it may substitute the appropriate control parameter.

4.3.x3:

Data provided pursuant to NAESB WGQ Standard No. 4.3.90 should be made available in a single download for one and/or all location(s) representative of mainline gas flow as posted for a given date range within the most recent three month period.

The motion was approved unanimously. A balanced vote was not taken.



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December 13, 2006

TO: NAESB Wholesale Gas Quadrant Executive Committee and Interested Industry Participants

FROM: Laura B. Kennedy, Meeting/Project Manager

RE: Wholesale Gas Quadrant Executive Committee Draft Minutes – December 7, 2006

**NORTH AMERICAN ENERGY STANDARDS BOARD
EXECUTIVE COMMITTEE CONFERENCE CALL
WHOLESALE GAS QUADRANT (WGQ)
Thursday, December 7, 2006 – 10:00 am to 12:00 pm Central
DRAFT MINUTES**

1. Welcome

Mr. Buccigross called the meeting to order and welcomed attendees. Ms. Kennedy gave the antitrust advice and called the roll of WGQ Executive Committee members and WGQ Executive Committee Alternates. Quorum was established. Ms. Chezar moved, seconded by Ms. McVicker, to adopt the agenda as drafted. The motion passed without objection.

2. Consideration and vote on recommendations for standards with comments submitted:

Recommendation R06008 – Modify WGQ Business Practice Standard 4.3.90 to clarify that all available data at representative points should be made available by Transmission Service Providers: Mr. Buccigross opened the discussion of the recommendation for Request No. R06008 that was posted for comments on November 1, with comments due on December 1, 2006: [Recommendation R06008](#). Comments were submitted by the Pipeline Segment: [WGQ Pipeline Segment Minority Report, NAESB WGQ Request R06008](#) and [Late Comments Submitted by the Pipeline Segment](#); Duke Energy Gas Transmission: [Comments Submitted by K. Burch, Duke Energy Gas Transmission on NAESB WGQ Request R06008](#); NiSource Gas Transmission and Storage Companies: [Comments Submitted by D. Sharo, NiSource Gas Transmission and Storage Companies on NAESB WGQ Request R06008](#); and National Fuel Gas Distribution: [Comments Submitted by M. Novak, National Fuel Gas Distribution Corporation on NAESB WGQ Request R06008](#).

Mr. Novak moved, seconded by Ms. Crockett, to adopt the recommendation as drafted with a few modifications. The modifications were: change the proposed revision to Standard 4.3.90 so that the terms that should not be capitalized in “Hydrocarbon liquid drop out control parameter(s)/factor(s)” and “Hydrocarbon components, % of C1 – Cnn, as used in determining Heating Value” are changed to lower case as suggested in the Pipeline Segment Minority Report; include the modifications to Proposed Standard 4.3.x2 submitted by the Pipeline Segment Minority Report, with the additional modification that the word “locations(s)” be changed to “location(s)”.

Ms. Chezar requested a modification to Proposed Standard 4.3.x1 to change the phrase “customer or other applicable party” to “Service Requestor”. Mr. Novak and Ms. Crockett agreed to incorporate that modification as part of their motion.

Mr. Novak stated that the current ratified version of Standard 4.3.90 unintentionally created an ambiguity between the use of the word should in the first sentence and the use of the word



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could in the sentence that leads in to the bulleted list. Mr. Novak stated that the intent of the language was that the phrase “to the extent available” would control whether the items were provided on the Transportation Service Provider’s Informational Postings Web Site. It was not the intent to require pipelines to purchase new equipment but to provide the data that is available. Mr. Novak stated that data in a chromatograph should be provided because it is available. The addition of Interchangeability factors and Hydrocarbon liquid drop out in the recommended revision to Standard 4.3.90 represent an evolution of the discussion, the NGC Plus work papers, and the FERC Policy Statement. The phrase “all applicable parties” was added because without this phrase, the practice for some has been the limitation of what is made available due to tariff provisions. Addition of “all applicable parties” refers to shippers and interconnected parties, not specifically the tariff.

Mr. Novak stated that the proposed revision to Standard 4.3.92 was drafted because some pipelines have implemented NAESB standards in a manner that makes data less accessible and less user friendly. The search and query function would make the data more accessible. Mr. Novak noted that several pipelines have implemented this function and the proposed revision to Standard 4.3.92 is an attempt to adopt the industry’s best practice.

Mr. Novak stated that Proposed Standard 4.3.x2 is constructed to defer presentation of Dew Point or GPM until tariff provisions are in place.

Mr. Love stated that nothing in the discussion has changed from the pipeline perspective and that the Pipeline Segment refers the Executive Committee to the Pipeline Segment Minority Report. Mr. Love added that the late comments submitted by the Pipeline Segment were in response to issues raised by Mr. Novak in the comments he submitted.

Ms. Burch stated that it is not in the best interest of parties to post the Wobbe Number. She added that Duke Energy Gas Transmission posts items based on discussions with customers. Mr. Young stated that NAESB is not the appropriate forum to obtain the data contained within the proposed standards. If customers would like access to additional data, customers should participate in proceedings with pipelines. Mr. Novak stated that National Fuel Gas Distribution does business with a pipeline that refuses to provide additional data in response to customer requests. Mr. Young stated that there are other venues, such as filing a complaint with the FERC, that customers can utilize instead of using the NAESB process to adopt standards for the whole industry.

Mr. Griffith stated that the FERC Policy Statement requires the use of the NGC Plus Papers as a guideline in conjunction with customer meetings. Ms. Chezar stated that when she does meet with pipelines, they bring the data to the meetings. If the information is available to bring to the customer meetings, then it should be available for posting.

Ms. Van Pelt stated that as co-chair of the WGQ Business Practices Subcommittee (BPS), she was disappointed that other co-chairs did not try to keep the recommendation for R06008 from being handled the way it was handled in the BPS. She stated that there was not adequate discussion during the September 11 BPS meeting because the discussion was cut off. Ms. Van Pelt stated that if there were a few additional BPS meetings to work on consensus to language, then there would not be as many issues on which parties cannot agree as there are with the recommendation as presented. Mr. Novak stated that his motion to adopt the recommendation includes every change suggested in the Pipeline Segment Minority Report except for the changes in 4.3.x1. Ms. Chezar stated that she participated in all three BPS meetings where this request was discussed and the discussions were not making progress.



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Mr. Frost asked if the issue at heart of the discussion is whether the pipelines have information available that they are not posting on their sites. He asked for an explanation of the process by which pipelines determine what to post on their sites. Ms. Chezar stated that each pipeline posts different information in a different manner.

Mr. Frost asked if the group could discuss the criteria that information is available is made available. He stated that it would be helpful if the pipelines could agree on a minimum requirement. Mr. Frost stated that as a customer, more information will help his company determine where to explore and where to connect new supplies to various pipelines.

Ms. Chezar stated that while there are many pipelines that work with customers to post the information that the customers request, there are a few who only post what is in the tariff. Mr. Gwilliam stated that Iroquois Gas Transmission interprets the existing language to only require posting of the information in the tariff.

Mr. Frost supported adoption of a set of baseline gas quality standards that require specific information to be posted regardless of what is included in tariffs. He added that the standards would be important because what happens on one pipeline affects other pipelines and affects pipeline shippers.

Ms. Van Pelt stated that there was no intent that every item on the list included in Standard 4.3.90 would be required to be provided by pipelines. Ms. Van Pelt stated that the draft standards would require customers to comply with the quality standards in the tariff regardless of what is included in the standard.

Mr. Frost suggested adding language as an additional bullet in Standard 4.3.90 to state: "In all events pipelines will make the information available the specifications in their tariffs if the information is in the tariff. Mr. Griffith stated that many pipelines' tariffs or general terms and conditions include items such as total sulfur. He stated that information is not currently posted because the data is meaningless. Mr. Frost stated that he was not suggesting a modification to the standard that would force pipelines to monitor something that is restriction. He stated that it is the intent to require pipelines to post information to the extent it is available and is in the tariff. Ms. Chezar stated that she did not want to limit the data posted to only what is included in the tariff.

Ms. McVicker suggested adding language that states: "Unless specifically addressed in another standard, nothing in this requires a TSP to make available data beyond what is required in TSP's tariff or general terms and conditions."

Ms. Chezar stated that the two proposed changes suggested by Mr. Frost and Ms. McVicker change would change the meaning of the recommendation and would require further language modification. Ms. McVicker withdrew her proposed modification.

Mr. Novak suggested adding the phrase "collected and readily" so that the first sentence in Standard 4.3.90 would state: The Transportation Service Provider (TSP) should provide on its Informational Postings Web Site daily average gas quality information for prior gas day(s), to the extent collected and readily available, for location(s) that are representative of mainline gas flow. Ms. Chezar noted that this language would clarify the intent of the existing language in Standard 4.3.90. Ms. Crockett, as the Executive Committee member who seconded the original motion, supported this additional modification.

Ms. Van Pelt noted that pipelines that are not responsive to requests to make additional information available other than what is in the tariff are not going to begin to be responsive based on the proposed changes in Standard 4.3.90.



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After further discussion, Mr. Novak proposed taking the vote with the redline changes discussed in the meetings. The redlined recommendation is posted as an attachment to these minutes: http://www.naesb.org/pdf2/wgq_ec120706a1.doc. The motion did not garner sufficient votes to obtain a super majority vote. [Vote 1].

Mr. Novak moved, seconded by Ms. Burch, to remand the recommendation to the WGQ Business Practices Subcommittee (BPS) for a meeting not later than January 28. The WGQ BPS will notify the WGQ Executive Committee as to the expected disposition of the standards and the WGQ Executive Committee will meet no later than March 15 to address whatever comes out of the WGQ BPS. The motion passed a simple majority vote with one vote in opposition by Mr. Young. [Vote 2].

3. New Business

The WGQ BPS chairs and WGQ Executive Committee chairs will work with the NAESB office to schedule meetings for this issue pursuant to the WGQ Executive Committee's motion.

4. Adjourn

Ms. McVicker moved, seconded by Mr. Cook to adjourn. The meeting adjourned at 12:10 PM Central.



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5. Executive Committee Attendance and Voting Record¹

		ATTENDANCE	VOTE 1	VOTE 2
PRODUCERS SEGMENT				
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company			
Pete Frost	Director – Regulatory Affairs, ConocoPhillips Gas and Power Marketing	Y	S	
Chuck Cook	Manager - Regulatory Affairs, ChevronTexaco	Y	S	S
Richard Smith	Regulatory, ExxonMobil Gas & Power Marketing			
Mike Shepard	General Counsel, Mewbourne Oil Company	Y	S	S
PIPELINE SEGMENT				
Bill Griffith	Consultant, El Paso Natural Gas Company	Y	O	S
Kathryn Burch	Project Manager, Standards and Regulatory, Duke Energy	Y	O	S
Paul Love Alt. for D. Davis		Y	O	S
Randy Young	Director Regulatory Compliance, Gulf South Pipeline	Y	O	O
Kim Van Pelt	Regulatory Compliance Manager, Panhandle Eastern Pipe Line	Y	O	S
LOCAL DISTRIBUTION COMPANY (LDC) SEGMENT				
Rodger Schwecke	Pipeline Products Projects Manager, Southern California Gas	Y	S	S
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	Y	S	A
Scott Butler	Projects Manager – Energy Markets Policy Group, Consolidated Edison Company of New York, Inc.	Y	S	A
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	Y	S	S
Craig Colombo	Energy Trader III, Dominion Resources	Y	S	S
END USERS SEGMENT				
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	Y	S	S
Valerie Crockett	Energy Markets & Policy Specialist, Tennessee Valley Authority	Y	S	S
Kelly Daly	Partner, Stinson, Morrison & Hecker	Y	S	S
Dona Gussow	Contracts Coordinator, Florida Power and Light	Y	S	S



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Tina Burnett	Natural Gas Operations Administrator, The Boeing Company	Y	S	S
SERVICES SEGMENT				
Suzanne Calcagno	Director – Regulatory Compliance, UBS Energy LLC			
Lisa Simpkins	Director Regulatory/Legislative Affairs, Constellation Energy Commodities Group	Y	S	S
Leigh Spangler	CEO, Latitude Technologies	Y	A	S
Jim Buccigross	Vice President, 8760 Inc.	Y	S	S
Keith Sappenfield	Regional Director – US Regulatory Affairs, EnCana Marketing (USA) Inc.	Y	S	S

6. Additional Participation

Name	Organization
Yvette Camp	Southern Company Services
LaRita Cormier	Riverside Reporting
Mark Gracey	Tennessee Gas Pipeline Company
Rick Ishikawa	Southern California Gas Company
Laura Kennedy	NAESB
Iris King	Dominion Transmission, Inc.
Paul Love	Natural Gas Pipe Line Company of America
Rae McQuade	NAESB
Marjorie Perlman	Energy East Management Corporation
George Simmons	NiSource Inc.
Yvette Camp	Southern Company Services
LaRita Cormier	Riverside Reporting
Mark Gracey	Tennessee Gas Pipeline Company
Rick Ishikawa	Southern California Gas Company

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TO: Wholesale Gas Quadrant (WGQ) Business Practices Subcommittee (BPS)
 Participants and Interested Industry Parties

FROM: DeDe Kirby, NAESB Meeting/Project Manager

RE: WGQ Business Practices Subcommittee Final Minutes – January 4, 2007

DATE: January 17, 2007

**NORTH AMERICAN ENERGY STANDARDS BOARD
 WHOLESALE GAS QUADRANT
 BUSINESS PRACTICES SUBCOMMITTEE CONFERENCE CALL
 January 4, 2007; 1:00 p.m. – 4:00 p.m. Central
 FINAL MINUTES**

1. Administrative

Ms. Van Pelt called the meeting to order. Ms. Kirby gave the anti-trust advice and took the roll of participants. Ms. Davis moved to adopt the agenda and Mr. Sappenfield seconded the motion. Ms. Van Pelt stated that the adoption of the September 11, 2006 draft minutes would be postponed to the January 12, 2006 meeting.

2. Review of WGQ EC meeting on 12-7-06:

Ms. Van Pelt stated that the results of the EC meeting were recorded in the minutes, posted at http://www.naesb.org/pdf2/wgq_ec120706dm.doc. Ms. Chezar noted that she had changes to the minutes. Ms. Van Pelt asked the group to submit work papers of redlines to the EC minutes to the EC. Those work papers will be reviewed during the next WGQ EC meeting, prior to the adoption of the 12/7/06 minutes. Ms. Van Pelt clarified that the changes recorded in the attachment to the EC minutes were those that were recommended during the EC call. She added that those changes to Recommendation R06008 (Modify WGQ Standard No. 4.3.92 to clarify that all available data at representative points should be made available by Transportation Service Providers) failed the EC voting requirements. She suggested the group begin with the standards voted on by the BPS during the September 11th meeting, due to the failure of the EC vote.

3. Consideration, drafting language, and possible vote on recommendation for gas quality standards related to recommendation R06008

The group reviewed [WGQ Pipeline Segment Work Paper Regarding R06008 - 1/3/07](#). The group began with a review of the suggested changes to WGQ Standard No. 4.3.90. Ms. Chezar stated that all information collected should be posted on the pipelines' websites, and not just what is listed in the pipeline tariff. Mr. Griffith reviewed the pipeline suggested changes to the recommended standard. He stated that of main concern to the pipelines was the clarity of the posting requirements. He said it was not agreeable to the pipelines to have a wide open posting requirement for gas quality that encompassed all collected data. Mr. Griffith clarified that the term "available" referred to data routinely electronically available in the pipeline work paper.

Mr. Connor questioned if data fell under the pipeline standard if it was routinely electronically available but not specified in the tariff. Mr. Griffith stated that if the data was not specified in the tariff, it became part of the mutually agreed to part of the standard. Mr. Griffith clarified that "electronically available" referred to data that was processed electronically. Ms. Chezar stated that data calculated by hand off a chromatograph would not be posted under this

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explanation. Ms. Chezar clarified that this is a reason given by some pipelines for why certain information is not posted. She offered the example of sulfur, often not collected on a daily basis by pipeline, but collected on a regular basis by pipelines. Ms. Chezar stated that under the standard provided by the pipeline this information would not be posted. Mr. Griffith stated that Ms. Chezar was correct in her statement. Ms. Chezar stated that the pipeline standard was unacceptable for those reasons. Mr. Griffith stated that often sulfur was only collected on a semi-annual basis and that sulfur readings were so far below the tariff requirement that the reading was often not meaningful. Ms. Gussow stated that it would satisfy many end users if a simple statement to that effect was posted.

Ms. Chezar stated that the pipeline proposed standards made it clear that certain information would not be posted and the end users and LDCs could end up with less information than is available today. Ms. Gussow said that the purpose of the standard was to set a standard for planning criteria postings for data that end users required. She stated that if a pipeline could not provide all information, that would be considered an exception. However, she emphasized the importance of setting a standard that worked towards a goal of providing information needed in the clearest way possible. Ms. Davis disagreed that this was the intent resulting from the original gas quality meetings. Ms. Chezar stated that KeySpan expected to see information collected by pipelines posted for representative points. Ms. Davis stated that it might be in the best of interest of end users to report those pipelines that do not conform to the standard to FERC, instead of making changes to the standard for violations that most pipelines were not committing.

Ms. Davis clarified that if the recommended standard failed the EC, it was reported to the Board but that the Board cannot pass standards. If the standard is blocked by one segment, the standard is submitted to the FERC and the FERC provides a direction or solution for the standard. She said as is, the recommended standard did not pass the EC. However, she emphasized that if each change would have been voted on separately, several of the changes would have been passed by the pipeline segment in the recommendation that went before the EC on December 7th.

Mr. Frost stated that the recommended language by the pipelines did not advance the goal of having information provided by pipelines that can be easily provided. He added that because all other standards in the section are dependent on standard No. 4.3.90, changing language like "electronically available" could fulfill the goals of the end users and producers. Ms. Chezar clarified that according to the recommended standard of the pipelines, a spec must be listed in their tariff, routinely measured, and electronically available to be a required posting.

Mr. Frost stated that it was important for producers and shippers to understand the requirements of the pipelines for gas quality, in order to meet those requirements. He added that there must be sufficient information posted on a timely basis by the pipelines in order to allow adequate time for shippers to respond. Mr. Griffith stated that if the data was not in the pipeline's tariff, the pipeline did not control for it. Mr. Frost stated that he interpreted the pipelines proposed recommended standards to mean there was too much discretion for pipelines as to what information would be posted. Mr. Young questioned if Ms. Chezar and other end users were addressing problems with individual pipelines through the FERC. Ms. Chezar stated that it was the decision of the LDCs to try and address the problem at NAESB before reporting individual pipelines to the FERC. Ms. Chezar added that NAESB already had ratified original standard No. 4.3.90 on gas quality, but many pipelines did not interpret it nor implement it in the intended manner. The original request was to provide for an interpretation of the standard, but the Interpretations Committee leadership had decided it was best clarified by the industry in the BPS.

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Mr. Griffith continued with his explanation of the pipeline work paper. He stated that this standard should be consistent with other NAESB standards that require downloads, such as standard no. 4.3.16. Mr. Griffith stated that proposed standard 4.3.x1 should be consistent with 4.3.x2 and be based on tariff requirements and not individual requesters. Ms. Chezar asked how the proposed pipeline changes would be interpreted under the NGC Whitepaper. Mr. Griffith stated that the NGC Whitepaper stated that the inclusion of interchangeability is between a pipeline and a shipper. He added that the way this standard was originally proposed was ahead of plans in developing interchangeability and the posting of it before discussions between pipelines and customers had concluded. He added that the requirement should be based on their tariffs and anything beyond should be between Transmission Service Providers and their service requesters. Mr. Griffith stated that the pipeline work paper edited 4.3.x.2 to make it consistent with the proposed revisions to standard no. 4.3.90.

Ms. Chezar stated that the critical standard to come to an agreement on was 4.3.90. She stated that the BPS could not move forward on a proposed revised recommendation until this standard was settled. She suggested the group review the pipeline work paper and the proposed revisions to the standard considered by the EC during the December 7th meeting.

Mr. Smith stated that the pipeline paper did not move the group forward in coming to a compromise. Mr. Griffith stated that the pipelines had presented a standard they thought clearer and better than the current language. He added that to have a general requirement to post information concerned the pipelines and that the requirement should be clarified. Mr. Smith asked why all information could not be posted in order to provide for better business and communications. He added that if data was important enough for pipelines to monitor it, it was important enough to post for the other industry participants. Ms. Gussow stated that information was often kept by pipelines in spreadsheet form but not posted. Mr. Griffith stated that he would review these issues with the pipelines prior to the next BPS meeting. Ms. Gussow repeated the need of end users to know in advance if elements in the natural gas being transported were going to damage generators. She stated that if the measurements were taken at the power plants, it was too late and the damage was done.

Mr. Love stated that a paper from the LDCs, end users, and producers, stating the exact provisions they wished included in the standard, should be posted prior to the next meeting. Ms. Davis asked for clarification that the type of revisions proposed by the groups above would not call for pipelines to add equipment. Several in the group recognized that no new equipment should be required.

Mr. Frost stated that if quality spec was included in a pipeline tariff and the pipeline is controlling for it, it should be posted data. He questioned how a pipeline could deny service to a Customer based on a spec they do not control for. He added that it would be enough for pipelines to post a statement of trace amounts for those specs that are controlled for but present no meaningful reading.

Ms. Chezar questioned the failure to post oxygen. Mr. Griffith replied that pipelines were not in agreement on whether or not oxygen was corrosive. Ms. Davis restated that many pipelines were not testing for oxygen in its pure form. Mr. Frost repeated that if a pipeline was going to control for an element, they would receive information on it. The information received should be posted. Mr. Young commented that producers should not send gas that does not meet the specs. Mr. Frost replied that this depended on producers being aware of what the specs are.

Mr. Novak stated that if information was in a pipelines tariff they were controlling for it. He added that if the pipelines were not agreeable to posting this information it was most likely best to go to the FERC. He questioned whether the pipelines would support an agreement at

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the EC level that they had supported at the BPS level. Ms. Van Pelt replied that several meetings had been scheduled to come to an agreement on the standard. Mr. Novak questioned if NAESB was the forum to deal with the issue. Ms. Chezar agreed that the group was not making progress. Mr. Love said the pipelines needed a clear explanation of what the producers, end users, and LDCs were requesting for the standard. Mr. Novak said he would provide the paper for the next meeting. Mr. Young stated that the LDCs should approach the pipelines with needed changes first and if the pipeline is not responsive, report them to the FERC. Mr. Young encouraged the subcommittee members to keep working on the standard in NAESB because difficulties always arose on standards that were tough to negotiate. He added that although the pipelines had provided their proposed standards, they obviously did not understand everything the LDCs, end users, and producers required. Ms. Van Pelt agreed that the topic was tough and required further discussion and negotiation.

Mr. Novak stated that the subcommittee should not be having meetings if an agreement could not be reached. Ms. Van Pelt replied that the pipelines were making a good faith effort and the other segments should make such an effort to negotiate as well. Ms. Chezar stated that at some point the BPS would have to admit the discussions were not getting the subcommittees any closer to a resolution for the standards. Mr. Connor asked if the pipelines were willing to negotiate on the terms “routinely” and “electronically available” in the proposed revisions for standard no. 4.3.90. Mr. Connor also questioned what would happen if some cost was required in to implement the standards. Mr. Love replied that cost was not discussed at NAESB. Mr. Connor stated that the pipelines brought up the issue of cost when they stated a standard could not be written to increase costs for the pipelines.

Mr. Frost stated he wished to move forward with discussions if Mr. Novak was willing to draft a work paper stating the requirements of the producers, end users, and LDCs prior to the next meeting. Ms. Van Pelt asked that Mr. Novak not present his work paper as a motion at the beginning of the meeting, in order to allow for adequate time for discussion and review during the meeting. Mr. Novak agreed that discussion would be needed on the paper.

3. Next Meeting and Agenda

Mr. Novak will present the work paper showing proposed changes to the standards at the next meeting on January 12, 2007.

4. Adjourn

Ms. Chezar moved to adjourn and Ms. Davis seconded the motion. The meeting was adjourned at 4:14 p.m. Central time.

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5. Attendance and Voting Record

Name	Organization
End Users:	
Valerie Crockett	Tennessee Valley Authority
Kelly Daly	Stinson, Morrison, and Hecker
Dona Gussow	Florida Power and Light
LDCs:	
Scott Butler	Consolidated Edison
Dolores Chezar	KeySpan Gas Distribution
Craig Colombo	Dominion Resources
Pete Connor	NiSource Distribution
Richard Ishikawa	Southern California Gas
Mike Novak	National Fuel Gas Distribution
Marjorie Perlman	Energy East
Barb Salvadore	National Fuel Gas Distribution
Pipelines:	
Kathryn Burch	Spectra Energy
Christopher Burden (not voting)	Williams Gas Pipeline
Dale Davis	Williams Gas Pipeline
Mark Gracey	Tennessee Gas Pipeline Co.
Bill Griffith	El Paso Natural Gas
Tom Gwilliam	Iroquois Gas
Brenda Horton	Kern River Gas Transmission
Iris King	Dominion Transmission Inc.
Paul Love	Natural Gas Pipeline
Donna Scott	Florida Gas
Kim Van Pelt	Panhandle Eastern
Mark Wilke	Trunkline Gas Co.
Randy Young	Gulf South Pipeline
Producers:	
Pete Frost	Conoco Phillips
Richard Smith	Exxon Mobil
Services:	
Keith Sappenfield	EnCana
Administrative:	
DeDe Kirby	NAESB

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TO: Wholesale Gas Quadrant (WGQ) Business Practices Subcommittee (BPS)
 Participants and Interested Industry Parties

FROM: DeDe Kirby, NAESB Meeting/Project Manager

RE: WGQ Business Practices Subcommittee Final Minutes – January 12, 2007

DATE: January 22, 2007

**NORTH AMERICAN ENERGY STANDARDS BOARD
 WHOLESAL GAS QUADRANT
 BUSINESS PRACTICES SUBCOMMITTEE CONFERENCE CALL
 January 12, 2007; 1:00 p.m. – 4:00 p.m. Central
 FINAL MINUTES**

1. Administrative

Ms. Van Pelt called the meeting to order. Ms. Kirby gave the anti-trust advice and took the roll of participants. Mr. Novak stated that the adoption of the 1/4/07 draft minutes should be struck from the agenda, as the minutes were not complete. Mr. Novak moved that the agenda be adopted as revised and Mr. Young seconded the motion. The group reviewed the redline changes to the 9/11/06 minutes found in [Revised Draft Minutes Submitted by D. Davis and M. Novak - Redlined](#). Ms. Davis noted that she would double check the affiliation of Mr. Sanders, an attendee of the 9/11/06 meeting. With that caveat, Mr. Love moved to adopt the 9/11/06 minutes as revised in the posted edits and Ms. Davis seconded the motion. The minutes were adopted as modified by consensus.

2. Review of the following Business Practices Requests:

Mr. Novak stated that the focus of the discussion of the January 4th meeting was clarity of the posting requirements for gas quality. He explained that he had developed the work paper [LDC segment work paper submitted by M. Novak, National Fuel](#) after the January 4th meeting and that the redlines posted in red were the only changes that were completed after the January 4 meeting. Mr. Novak explained that the first redline addition made to WGQ Standard No. 4.3.90 was a sentence regarding tariff units. Mr. Novak stated that the addition was made because not all tariff units were specified. A sentence was also added to account for TSPs that do not post some information on a daily basis because it is not collected that often. Mr. Novak stated that an explanation of why such information was not posted on a daily basis would suffice under this proposed language.

Mr. Novak stated that he thought the changes to proposed standard 4.3.x1 clarified the requirements of the LDCs. The “as soon as practicable” statement in the proposed standard was changed to “within 90 days of notification.” Mr. Novak explained that proposed standard 4.3.x2 was a definition of “readily available.” He stated that the enhancements included in the work paper are related to the amount of data collected. The new language for the definition would not expect a company to purchase a chromatograph if one was not available. However, it does expect reasonable enhancements to systems necessary to process the data.

Mr. Love questioned the difference between the pipelines and LDC work papers on posting requirements. He said his understanding was that the LDCs wanted everything posted that was collected for a mainline point. The pipeline paper clarified that they would post everything available electronically that was specified in their tariff for a mainline point. Mr. Love stated that he thought both positions were substantially the same. Mr. Novak agreed but stated

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elements that were part of other items posted, such as hydrocarbons are a part of the BTU calculation, would also be posted.

Mr. Love gave the example of spot testing for water on a portion of a pipeline. The tests would not be routinely taken and the only reason for the testing was to determine the source of the water. The information is provided to the interconnecting parties but is never loaded into the system. Mr. Novak stated that in this case, the testing is non-routine. If it is a one time response to a problem, then most likely it would not fall under the posting requirements. However, if it becomes routine, the information should be posted. Mr. Love answered that if it was done routinely, it would be electronically available. It was stated that Mr. Love was not speaking for all pipelines. Ms. Gussow stated that even if water was tested for once a year in a routine matter, the information should be posted. Mr. Novak agreed.

Mr. Griffith stated that he thought the group was coming closer to an agreement. The pipelines had expanded their obligations from those items stated in the tariff to also including any item electronically available. However, he stated there was still a difference between “readily available” and “electronically available.” Ms. Chezar stated that the segments understood each other better due to the work papers submitted, but she did not see how the groups were coming closer to agreement. She stated that the BPS should concentrate on the main issue, which was “routinely available in electronic format” v. “collected and readily available.”

Mr. Shepard stated that it might be more practical to move forward with revisions to the pipeline work paper. The group reviewed [Pipeline segment work paper submitted by D. Davis, Williams Gas Pipeline](#). Ms. Chezar stated that the “may” in the second sentence of the second paragraph of 4.3.90 should be changed to “should.” Mr. Novak agreed with this change but stated that the next sentence also provided concerns. He stated that the sentence could easily be misunderstood and that some TSPs would always find a reason to not post certain information. He added that in the third paragraph, “tariff-based” should be changed to refer to the list following. Mr. Novak added that if these changes were addressed, there was a better chance that the LDCs could come to agreement with the pipelines. Mr. Griffith stated there was a possibility that these changes could be made by the pipelines.

Mr. Shepard stated that if changes did not cause a great deal of programming modifications for pipelines, they should be considered. Mr. Griffith stated that pipelines should not be obligated to go through a significant effort to reformat to provide for communication protocols. Mr. Novak stated it was important for pipelines to be flexible in allowing for modifications that do not come with much effort. Mr. Smith agreed and stated that some pipelines post nothing on gas quality. Mr. Novak some of the pipelines that do not post point to the NAESB standards and state they do not have to post. He added that there has to be some logic as to why most pipelines post correctly. He said that the standards must become more detailed for those that are unwilling to acknowledge the intent behind the posting requirements. Ms. Davis disputed that all agreed with Mr. Novak’s statement of the original intent of the standards. Ms. Van Pelt stated that the FERC Order that adopted version 1.7 specifically ordered pipelines to work with their Customers. She added that if the FERC Order did not compel those pipelines to discuss needed postings with Customers, then the BPS could not most likely compel them to correct themselves.

Ms. Van Pelt stated that Panhandle pipeline could most likely comply with a change to posting requirements under 4.3.92 to post for all points for all days. However, she stated she could not speak for all pipelines, especially those that have several mainline points.

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Ms. Chezar stated that if the pipelines and the other segments could come to an agreement over the definition of “readily available,” a compromise could be reached for 4.3.90. The group also discussed how “routinely available” could be modified to fit the needs of the LDCs. Mr. Novak suggested that “routinely available” be that which is readily available in electronic format or that which would be with minor enhancements to data collection processing and reporting capability. It was commented that the last paragraph of the LDC work paper is similar to the second paragraph of the pipeline paragraph. Ms. Van Pelt stated that there were some similarities in the papers. Ms. Van Pelt volunteered to put the combined work paper together for the next meeting.

3. Next Meeting and Agenda

The next meeting of the BPS is a conference call scheduled for February 8th Central time.

4. Adjourn

Mr. Novak moved to adjourn and Ms. Davis seconded the motion. The meeting was adjourned at 3:44 p.m. Central time.

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5. Attendance and Voting Record

Name	Organization
End Users:	
Valerie Crockett	Tennessee Valley Authority
Dona Gussow	Florida Power and Light
Diane McVicker	Salt River Project
LDCs:	
Dolores Chezar	KeySpan Gas Distribution
Craig Colombo	Dominion Resources
Mike Novak	National Fuel Gas Distribution
Marjorie Perlman	Energy East
Don Peterson	Pacific Gas & Electric
George Simmons	NiSource
Pipelines:	
Pat Berry	Northern Natural Gas
Kathryn Burch	Spectra Energy
Christopher Burden (not voting)	Williams Gas Pipeline
Dale Davis	Williams Gas Pipeline
Mark Gracey	Tennessee Gas Pipeline Co.
Bill Griffith	El Paso Natural Gas
Lisa Fitzgerald	NiSource
Brenda Horton	Kern River Gas Transmission
Iris King	Dominion Transmission Inc.
Paul Love	Natural Gas Pipeline
Micki Schmitz	Northern Natural Gas
Kim Van Pelt	Panhandle Eastern
Randy Young	Gulf South Pipeline
Producers:	
Mike Shepard	Mewbourne Oil
Richard Smith	Exxon Mobil
Services:	
Keith Sappenfield	EnCana
Other attendance:	
Mariam Arnaout	AGA
Administrative:	
DeDe Kirby	NAESB
Angela Gonzales	NAESB



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via posting

TO: NAESB Wholesale Gas Quadrant (WGQ) Business Practices Subcommittee and Posting for Interested Parties

FROM: Laura B. Kennedy, Meeting/Project Manager

RE: Draft Minutes from WGQ Business Practices Subcommittee Meeting on February 8, 2007

DATE: March 5, 2007

**Wholesale Gas Quadrant
Business Practices Subcommittee Meeting
February 8, 2007 10:00 a.m. – 4:00 p.m. Central**

Draft Minutes

1. Administrative

Ms. Van Pelt Called the meeting to order and welcomed the meeting participants. The participants in the room and on the phone introduced themselves. Ms. Kennedy read the antitrust guidelines. The subcommittee reviewed the draft agenda. Ms. McVicker moved, seconded by Mr. Young, to adopt the agenda as drafted. The motion passed without objection.

Next, the subcommittee reviewed the draft minutes from the January 4, 2007 conference call. It was noted that in the Attendance and Voting Record section of these minutes the following changes should be made: Mr. Ishikawa's company should be Southern California Gas; Ms. Burch's company should be Spectra Energy; Mr. Smith's company should be Exxon Mobil; and Mr. Burden should be added to the attendance with a note that he did not vote during that meeting. Mr. Young moved, seconded by Ms. Chezar to adopt the January 4, 2007 minutes as revised as the final minutes. The motion passed unanimously. The final minutes from the January 4, 2007 conference call are posted on the NAESB website: [Final Minutes](#).

The subcommittee reviewed the draft minutes from the January 12, 2007 conference call. Ms. Chezar requested that the statement attributed to her in the first paragraph of page two be modified to "It was stated that..." A typographical error was corrected in the fourth paragraph of page two. In the fifth paragraph of page 2, El Paso was changed to Panhandle. Ms. Burch's company designation was changed to Spectra Energy; Mr. Burden's attendance was noted as (not voting); and Mr. Smith's company was corrected as Exxon Mobil. Mr. Young moved, seconded by Ms. Chezar to adopt the January 12, 2007 minutes as revised as the final minutes. The motion passed unanimously. The final minutes from the January 12, 2007 conference call are posted on the NAESB website: [Final Minutes](#).

2. Review of the following Business Practices Requests:

R06008 National Fuel Gas Distribution, Discussion and possible vote: The subcommittee began its discussion by reviewing the work paper that consolidated the revisions proposed during the December 7, 2006 conference call of the WGQ Executive Committee and the work paper presented by the LDC Segment for the January 12 conference call of the WGQ BPS: [BPS Chairs Strawman Work Paper](#).



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Standard 4.3.90: Mr. Shepard suggested replacing “and” with “and/or” to the phrase “...to the extent collected and readily available” in the first paragraph of Standard 4.3.90 as set forth in the BPS Chairs Strawman Work Paper. Mr. Shepard stated that the information could be readily available without being routinely collected. Ms. Van Pelt stated that there are instances when the data is readily available but is not necessarily purposefully collected. Mr. Raup supported Mr. Shepard’s suggested change and noted that there are pieces of data that pipelines collect and sample to determine the value one time, which is an example of information that is readily available but not routinely collected.

Mr. Griffith did not support making the revision to “and/or”. He stated that his interpretation of the phrase “routinely collected and readily available” is that there may have been some information that was collected routinely that is not being posted. It is readily available if there is some other information that needed a minor enhancement that makes it capable of being posted on a routine basis. After further discussion, Mr. Shepard withdrew his suggestion.

Mr. Griffith noted that in the final version of the standards that are posted for publication and comment that the footnotes should be removed. It was the consensus of the subcommittee that the footnotes would be removed before the standards were posted for comment and publication.

Mr. Frost requested an explanation of the phrase “...operational in nature.” in the first paragraph of Standard 4.3.90 as set forth in the BPS Chairs Strawman Work Paper. Mr. Griffith stated that the reporting of data is available and is not subject to any review or audit, *i.e.*, the information is not billing quality data. Ms. Chezar noted that most websites have disclaimers that the data is only operational quality information.

Pursuant to this discussion, Ms. McVicker requested that the sentence be revised to state that the quality of the information posted is operational in nature. Mr. Griffith stated that it is preferable to state what the information is: operational in nature rather than that the information is not billing quality data. He noted that most of the posted information is not used in any billing process. Ms. Gussow noted that some of the data is used in determining heating value that is applied to volumes that are used in bottom line invoices. Ms. McVicker noted that if it is the intent of the language to convey that the quality of the data is preliminary, then the language “operational in nature” is vague. Mr. Novak suggested inserting the phrase “best available and” before “operational in nature.” Mr. Griffith stated that he did not see value in adding the language proposed and that he would need to talk with counsel regarding these proposals. Mr. Smith stated if the phrase “best available” would add further confusion to the language then the language should not be modified. After further discussion, it was the consensus of the group that operational in nature was sufficient to convey the meaning intended.

The word “gas” was added between “mainline” and “flows” in the first paragraph. The s was deleted from the word “flows”.

Next, the subcommittee reviewed the list of gas quality attributes and the lead in language for the list. Mr. Love suggested adding the phrase “that could be included” back to the language to control expectations that not everything on the list is going to be made available. Ms. Van Pelt stated that this notion is covered by the language in the first paragraph “...to the extent routinely collected and readily available...” Mr. Griffith supported Ms. Van Pelt’s comment and stated that the controlling language is the first paragraph. After further discussion, the



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participants agreed that the first paragraph covers the notion that the list of gas quality attributes would be provided to the extent routinely collected and readily available.

Next, the subcommittee reviewed the second paragraph of 4.3.90 that is the definition of “readily available”. Mr. Novak stated that the term “minor enhancement” as used in this language should be defined. Mr. Griffith stated it would be difficult to define the term in the standard and that it would be problematic to define an obligation to expend resources based on posting requirements in a standard. Mr. Griffith added that the situation for each pipeline is different. Mr. Shepard stated that the term will be defined based on the particular situation. Mr. Smith supported the language as drafted and stated that the way it is worded gives the data collector some discretion to determine what is considered a major enhancement and what is considered a minor enhancement.

Ms. Dolores made the following motion: to adopt the proposed revised 4.3.90 work paper with the revisions made during this meeting: with the footnotes deleted, the word gas inserted between mainline and flow, the change from the word flows to flow, and the added comma to the section that defines “readily available”. Mr. Gwilliam seconded the motion. The motion unanimously passed a balanced vote as set forth below [*Vote 1*]:

Wholesale Gas Quadrant

Balanced Voting by Segment Tally

Segment	Votes Cast			Balanced Vote		
	YES	NO	TOTAL	YES	NO	TOTAL
End Users	4	0	4	2	0	2
LDCs	6	0	6	2	0	2
Pipeline	10	0	10	2	0	2
Producer	4	0	4	2	0	2
Services	2	0	2	2	0	2
Total	26	0	26	10	0	10

Standard 4.3.x2: It was the consensus of the subcommittee to support adoption of the language for Proposed Standard 4.3.x2 in the form that it was voted upon at the December 7, 2006 conference call of the WEQ Executive Committee:

For data provided pursuant to NAESB WGQ Standard No. 4.3.90, a Transportation Service Provider (TSP) with tariff-based gas quality provisions for the control of hydrocarbon liquid drop_out should measure or calculate a 1) Cricondenthem Hydrocarbon Dew Point (CHDP) or 2) C6+GPM for the location(s) that are representative of mainline gas flow. If applicable, the TSP should provide the control parameter specified within its tariff. Where a TSP uses an alternative approach to control hydrocarbon liquid drop_out, it may substitute the appropriate control parameter.

Mr. Griffith moved that the WGQ Business Practices Subcommittee recommend that the WGQ Executive Committee reconsider Proposed Standard 4.3.x2 in the form that it was voted upon at the December 7, 2006 conference call. Ms. Chezar seconded the motion. The motion unanimously passed a simple majority vote. [*Vote 2*].

Standard 4.3.92: Mr. Novak requested that the language in this standard require that the data contain the column headers either in the standard or in the implementation guide. Ms. Van



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Pelt noted that the language drafted for 4.3.92 was intended to mimic flat file/EDM formats without requiring one to use flat file/EDM formats.

There was discussion that the language should be modified to require that the first row should contain column headers and that the data should begin on the second row of the file. There was also a suggestion that at least one of the columns should contain the effective date. After further discussion, the following language was added to the end of the second sentence in 4.3.92 as set forth in the LDC Segment work paper ([LDC segment work paper submitted by M.Novak, National Fuel](#)): "...and data should begin on the second row of the file. In addition, one of the columns should contain the applicable Gas Day."

A new proposed standard was drafted, 4.3.x3, to include the sentence that was removed from 4.3.92: "Data should be made available in a single download for one and/or all location(s) representative of mainline gas flow as posted for a given date range within the most recent three month period."

Mr. Novak moved, seconded by Ms. Burch, to adopt the revisions to 4.3.92 as set forth above. The motion unanimously passed a balanced vote as set forth below [Vote 3]:

Wholesale Gas Quadrant

Balanced Voting by Segment Tally

Segment	Votes Cast			Balanced Vote		
	YES	NO	TOTAL	YES	NO	TOTAL
End Users	4	0	4	2	0	2
LDCs	5	0	5	2	0	2
Pipeline	10	0	10	2	0	2
Producer	3	0	3	2	0	2
Services	1	0	1	1	0	1
Total	23	0	23	9	0	9

Mr. Novak moved, seconded by Mr. Frost, to adopt the language proposed for the new standard 4.3.x3:

Data provided pursuant to NAESB WGQ Standard No. 4.3.90 should be made available in a single download for one and/or all location(s) representative of mainline gas flow as posted for a given date range within the most recent three month period.

The motion passed a balanced vote as set forth below [Vote 4]:

Wholesale Gas Quadrant

Balanced Voting by Segment Tally

Segment	Votes Cast			Balanced Vote		
	YES	NO	TOTAL	YES	NO	TOTAL
End Users	4	0	4	2	0	2
LDCs	4	0	4	2	0	2
Pipeline	0	7	7	0	2	2
Producer	3	0	3	2	0	2
Services	1	0	1	1	0	1
Total	12	7	19	7	2	9



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Standard 4.3.x1: Next, the subcommittee reviewed the language proposed for new standard 4.3.x1 in the LDC Segment work paper. Mr. Novak stated that the 90 days time frame came from the FERC letter order in the Tennessee Gas Pipeline case. The principle behind the 90 day time frame is to provide a reasonable amount of time for an organization to begin to provide data that is not currently provided today. Mr. Young stated that the regulatory arena was the proper forum to discuss Wobbe Numbers.

Mr. Novak moved, seconded by Ms. Mcvicker, to adopt the language for 4.3.x1 as set forth in the LDC Work Paper posted for this meeting. The motion passed a balanced vote as set forth below [Vote 5]:

Wholesale Gas Quadrant Balanced Voting by Segment Tally

Segment	Votes Cast			Balanced Vote		
	YES	NO	TOTAL	YES	NO	TOTAL
End Users	4	0	4	2	0	2
LDCs	5	0	5	2	0	2
Pipeline	0	8	8	0	2	2
Producer	3	0	3	2	0	2
Services	0	0	0	0	0	0
Total	12	8	20	6	2	8

The resulting language for each standard is posted as an attachment to these minutes in redline and clean format: [Resulting Standards Language Redline](#) and [Resulting Standards Language Clean](#).

3. Next Meeting(s) and Agenda

Ms. Van Pelt stated that she would work with the NAESB office to schedule the next WGQ Business Practices Subcommittee meeting to handle other requests that have been assigned to the WGQ Business Practices Subcommittee

4. Adjourn

Ms. McVicker moved to adjourn. The meeting adjourned at 1:39 PM Central.



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5. Attendance of Voting Participants

Name	Organization	Attendance	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
END USERS SEGMENT							
Tina Burnett	Boeing Company	In Person	S	S	S	S	S
Valerie Crockett	Tennessee Valley Authority	In Person	S	S	S	S	S
Dona Gussow	Florida Power and Light	Phone	S	S	S	S	S
Diane McVicker	Arizona Public Service	In Person	S	S	S	S	S
LDC SEGMENT							
Dolores Chezar	KeySpan Gas Distribution	In Person	S	S	S	S	S
Craig Colombo	Dominion Resources	Phone	S	S	S	S	S
Richard Ishikawa	Southern California Gas	Phone	S	S	S	S	S
Mike Novak	National Fuel Gas Distribution	In Person	S	S	S	S	S
Phil Precht	Baltimore Gas and Electric	In Person	S	S	S		S
Chris Raup	Consolidated Edison of New York	Phone	S	S			
PIPELINE SEGMENT							
Kathryn Burch	Spectra Energy	In Person	S	S	S	A	O
Christopher Burden	Williams Gas Pipeline	Phone	S	S	S	O	O
Lisa Fitzgerald	NiSource	In Person	S	S	S	O	O
Bill Griffith	El Paso Natural Gas	In Person	S	S	S	O	O
Tom Gwilliam	Iroquois Gas Transmission	In Person	S	S	S	O	A
Brenda Horton	Kern River Gas	Phone	S	S	S	O	O
Iris King	Dominion Transmission	In Person	S	S	S	A	A
Paul Love	Natural Gas Pipeline Company	In Person	S	S	S	O	O
Kim Van Pelt	Panhandle Eastern Pipe Line	In Person	S	S	S	A	O
Randy Young	Gulf South Pipeline	In Person	S	S	S	O	O
PRODUCERS SEGMENT							
Chuck Cook	Chevron	In Person	S	S	S	S	S



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Name	Organization	Attendance	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Pete Frost	ConocoPhillips	In Person	S	S	S	S	S
Mike Shepard	Mewbourne Oil Company	Phone	S				
Richard Smith	ExxonMobil	In Person	S	S	S	S	S
SERVICES SEGMENT							
Keith Sappenfield	EnCana	Phone	S	S	S	S	
Lisa Simpkins	Constellation Energy Commodities Group	Phone	S	S			

6. Other Attendance

Name	Organization	Attendance
Mariam Arnaout	American Gas Association	Phone
Pete Connor	NiSource	Phone
Angela Gonzalez	NAESB	In Person
Laura Kennedy	NAESB	In Person
Lou Oberski	Dominion Resource Services, Inc.	Phone
Micki Schmitz	Northern Natural Gas	Phone

¹ Voting Record Legend and List of Votes:

S = Support; O = Oppose; A = Abstain

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
May 8-10, 2007

Wholesale Gas Quadrant

TAB 23

Proposed Standard for AP 6: Canadian Addendum

- Action may be required of the WGQ EC to approve the proposed standard.
- This section includes the recommendation and comments due on April 11. Comments were received and are provided.
- Tab 23 corresponds to agenda item 4 for the WGQ EC.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ Contracts S/C

Request No.: 2007 WGQ Annual Plan Item 6

1. Recommended Action:

- Accept as requested
- Accept as modified below
- Decline

Effect of EC Vote to Accept Recommended Action:

- Change to Existing Practice
- Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

Per Recommendation:

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Update the NAESB WGQ Canadian Addendum related to the UPDATE of the NAESB WGQ Base Contract for Sale and Purchase of Natural Gas (NAESB WGQ Standard 6.3.1) dated September 5, 2006 and other industry comments proposed during the discussions.

The Proposed updated NAESB Canadian Addendum is attached as APPENDIX "A" and a redline, marked to show changes from the current NAESB Canadian Addendum is attached as APPENDIX "B."



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: **WGQ Contracts S/C**

Request No.: **2007 WGQ Annual Plan Item 6**

STANDARDS LANGUAGE:

4. SUPPORTING DOCUMENTATION

a. Description of Request:

2006 WGQ Annual Plan Item No. 6: Review and update NAESB Canadian Addendum to the NAESB Base Contract for Sale and Purchase of Natural Gas.

b. Description of Recommendation:

WGQ Contracts Subcommittee

See the WGQ Contracts Subcommittee (SC) meeting minutes, meeting minute attachments and filed comments for the supporting documentation under the SC meetings and task group meetings noted below.

December 11, 2006
January 25, 2007 and
February 15, 2007

The update of the NAESB Canadian Addendum set forth in the Appendix A was reached by consensus of the SC during the meetings.

Motion on Recommendation:

Replace the existing NAESB WGQ Canadian Addendum to the NAESB WGQ Base Contract for Sale and Purchase of Natural Gas (NAESB WGQ Standard 6.3.1) with the updated NAESB WGQ Canadian Addendum dated February 15, 2007 to the NAESB WGQ Base Contract for Sale and Purchase of Natural Gas dated September 5, 2006 as reflected in Appendix A.

Discussion on the motion:

Motion made by Ms. Graff and seconded by Mr. Scoggin at the NAESB WGQ Contracts Subcommittee meeting held on February 15, 2007.

Vote on the Motion

The vote on the motion was 8-0 **balanced**.

c. Business Purpose:

The business purpose is to update and replace the existing NAESB Canadian Addendum to the NAESB WGQ Standard 6.3.1.

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

The commentary/rationale to support the new standard is set forth in the meeting minutes noted for the meetings identified above in Section 4.b.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ Contracts S/C

Request No.: 2007 WGQ Annual Plan Item 6

APPENDIX "A"

NAESB Canadian Addendum dated February 15, 2007

to the

NAESB Base Contract dated September 5, 2006



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ Contracts S/C

Request No.: 2007 WGQ Annual Plan Item 6

Base Contract for Sale and Purchase of Natural Gas

Canadian Addendum

This Canadian Addendum ("Canadian Addendum") is entered into as of the following date: _____.
The parties to this Canadian Addendum are the following:

PARTY A [INSERT COUNTERPARTY LEGAL ENTITY NAME]	PARTY NAME	PARTY B [INSERT COUNTERPARTY LEGAL ENTITY NAME]
	<i>ADDRESS</i>	
www. _____	<i>BUSINESS WEBSITE</i>	www. _____
	<i>CONTRACT NUMBER</i>	
	<i>CONTRACT DATE</i>	
	<i>D-U-N-S® NUMBER</i>	
<input type="checkbox"/> US FEDERAL: <input type="checkbox"/> CANADIAN GST: <input type="checkbox"/> OTHER:	<i>TAX ID NUMBERS</i>	<input type="checkbox"/> US FEDERAL: <input type="checkbox"/> CANADIAN GST: <input type="checkbox"/> OTHER:

IN WITNESS WHEREOF, the parties hereto agree to the terms and conditions set forth herein and have executed this Canadian Addendum in duplicate.

[INSERT COUNTERPARTY LEGAL ENTITY NAME]	PARTY NAME	[INSERT COUNTERPARTY LEGAL ENTITY NAME]
	<i>SIGNATURE</i>	
By: _____		By: _____
[Insert Name]	<i>PRINTED NAME</i>	[Insert Name]
[Insert Title]	<i>TITLE</i>	[Insert Title]

Addendum: This Canadian Addendum constitutes an addendum to that certain Base Contract for Sale and Purchase of Natural Gas, as identified above, between the parties ("Base Contract"), and supplements and amends the Base Contract affecting transactions thereunder. Capitalized terms used in this Canadian Addendum which are not herein defined will have the meanings ascribed to them in the Base Contract.

The parties hereby agree to the following provision. In the event the parties fail to check a box, the default provision for this section shall apply. **Select only 1 box from this section:**

Section 2.31: Spot Price Publication: Delete the selection made on the cover page of the Base Contract and replace it with the following:

- Canadian Gas Price Reporter (default)
- Gas Daily Midpoint
- _____



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ Contracts S/C

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The parties hereby agree to the following provision. In the event the parties fail to check a box, the default provision for this section shall apply. **Select only 1 box from this section:**

Section 10.4: Termination Currency

- U. S. Dollars (default)
 Canadian Dollars

The parties hereby agree to the following provision. In the event the parties fail to check a box, the default provision for this section shall apply. **Select only 1 box from this section:**

Section 15.5: Choice of Law: If a selection is made herein, delete the selection made on the cover page of the Base Contract and replace it with the following:

- Province of Alberta, Canada (default)

Delete the last sentence of Section 1.3 and replace it with the following:

“In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Special Provisions to the Base Contract, if applicable (iv) the Canadian Addendum, (v) other addendums to the Base Contract executed between the parties and (vi) the General Terms and Conditions of the Base Contract as limited by selections on its cover pages, the terms of the documents shall govern in the priority listed in this sentence.”

Delete Section 2.2 and replace it with the following:

2.2.1 “Affiliate” shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of at least 50 percent of the voting power of the entity or person; and “entity” shall include a partnership of any kind.

Delete Section 2.3 and replace it with the following:

2.3 “Alternative Damages” shall mean such damages, expressed in United States dollars or United States dollars per MMBtu, or Canadian dollars or Canadian dollars per GJ, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

Delete Section 2.6 and replace it with the following:

2.6 “Business Day” shall mean any day except Saturday, Sunday, or a statutory or banking holiday observed in the jurisdiction specified pursuant to Section 14.5. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant party’s principal place of business. The relevant party, in each instance unless otherwise specified, shall be the party to whom the Notice is being sent and by whom the Notice is to be received.

Delete Section 2.10 and replace it with the following:

2.10 “Contract Price” shall mean, if the Delivery Point is in the United States, the amount expressed in U.S. Dollars per MMBtu or, if the Delivery Point is in Canada, the amount expressed in Canadian Dollars per GJ, unless specified otherwise in a transaction, to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ Contracts S/C

Request No.: 2007 WGQ Annual Plan Item 6

Delete Section 2.13 and replace it with the following:

2.13 "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a security interest in an asset, a guaranty, Other Credit Support in the Form of Cash as described in Section 10.1(b), or other good and sufficient security of a continuing nature.

Delete Section 2.21 and replace it with the following:

2.21 "Guarantor" shall mean any entity that has provided a guaranty of the Financial Obligations of a party hereunder.

Add the following as Section 2.36:

2.36 "GJ" shall mean 1 gigajoule; 1 gigajoule = 1,000,000,000 Joules. The standard conversion factor between Dekatherms and GJ's is 1.055056 GJ's per Dekatherm.

Add the following as Section 2.37:

2.37 "Joule" shall mean the joule specified in the SI system of units.

Add the following as Section 2.38:

2.38 "Termination Currency Equivalent" shall mean, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency that the Non-Defaulting Party would be required to pay, on the Early Termination Date, to purchase such amount of Other Currency for spot delivery, as determined by the Non-Defaulting Party in a commercially reasonable manner.

Add the following as Section 2.39:

2.39 "Cash" or "cash" shall mean lawful currency of Canada or the United States of America, as the case may be.

Add the following as Section 2.40:

2.40 "Financial Obligations" shall mean with respect to a party, all present and future debts, liabilities and financial obligations, direct or indirect, absolute or contingent, matured or not, extended or renewed, of that party under the Base Contract including, but not limited to, Credit Support Obligation(s).

Delete Section 5 and replace it with the following:

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry or one GJ, as agreed to by the parties in a transaction. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

Add the following to Section 6:

Sections 6.2, 6.3 and 6.4 apply if the Delivery Point is in Canada.

6.2 The Contract Price does not include any amounts payable by Buyer for the goods and services tax ("GST") imposed pursuant to the Excise Tax Act (Canada) ("ETA") or any similar or replacement value added or sales or use tax enacted under successor legislation. Notwithstanding whether the parties have selected "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract, Buyer will pay to Seller the amount of GST payable for the purchase of Gas in addition to all other amounts payable under the Contract. Seller will hold the GST paid by Buyer and will remit such GST as required by law. Buyer and Seller will provide each other with the information required to make such GST remittance or claim any corresponding input tax credits, including GST registration numbers.

6.3 Where Buyer indicates to Seller that Gas will be exported from Canada, the following shall apply:

6.3.1 Where Buyer is not registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada,



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

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Buyer may request Seller treat such Gas as “zero-rated” Gas for export within the meaning of the ETA for billing purposes. If Seller, in its sole discretion, agrees to so treat such Gas, then Buyer hereby declares, represents and warrants to Seller that Buyer will: (i) export such Gas as soon as is reasonably possible after Seller delivers such Gas to Buyer (or after such Gas is delivered to Buyer after a zero-rated storage service under the ETA) having regard to the circumstances surrounding the export and, where applicable, normal business practice; (ii) not acquire such Gas for consumption or use in Canada (other than as fuel or compressor gas to transport such Gas by pipeline) or for supply in Canada (other than to supply natural gas liquids or ethane the consideration for which is deemed by the ETA to be nil) before export of such Gas; (iii) ensure that, after such Gas is delivered and before export, such Gas is not further processed, transformed or altered in Canada (except to the extent reasonably necessary or incidental to its transportation and other than to recover natural gas liquids or ethane from such Gas at a straddle plant); (iv) maintain on file, and provide to Seller, if required, or to the Canada Customs and Revenue Agency, evidence satisfactory to the Minister of National Revenue of the export of such Gas by Buyer; and/or (v) comply with all other requirements prescribed by the ETA for a zero-rated export of such Gas.

6.3.2 Where Buyer is registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as “zero-rated” Gas for export within the meaning of the ETA for billing purposes, and Buyer hereby declares, represents and warrants to Seller that Buyer intends to export such Gas by means of pipeline or other conduit in circumstances described in Section 6.3.1 (i) to (iii).

6.3.3 Without limiting the generality of Section 8.3, Buyer indemnifies Seller for any GST, penalties and interest and all other damages and costs of any nature arising from breach of the declarations, representations and warranties contained in Section 6.3.1 or 6.3.2, or otherwise from application of GST to Gas declared, represented and warranted by Buyer to be acquired for export from Canada.

6.4 In the event that any amount becomes payable pursuant to the Contract as a result of a breach, modification or termination of the Contract, the amount payable shall be increased by any applicable Taxes or GST remittable by the recipient in respect of that amount.

Delete Section 7.5 and replace it with the following:

7.5 If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under “Money Rates” by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

Delete Section 7.7 and replace it with the following:

7.7 Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, in the same currency, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

Add the following as Section 7.8:

7.8 For each transaction, all associated payments shall be made in the currency of the Contract Price for such transaction.

Delete Section 8.4 in its entirety.

Delete Section 10.1 and replace it with the following:

10.1 If either party (“X”) has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party (“Y”) (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance or Other Credit Support in the Form of Cash, where:



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- (i) "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to a standby irrevocable letter of credit, a prepayment in the form of cash, a security interest in an asset or a guaranty; or
- (ii) "Other Credit Support in the Form of Cash" shall mean: a) Y transfers to X Cash (excluding prepayment in the form of cash) as credit support, and b) the relationship between Y and X is a relationship of creditor and debtor, respectively, and (c) all right, title and interest in the Other Credit Support in the Form of Cash is transferred absolutely by Y to X. Although no security interest is created in Other Credit Support in the Form of Cash, Party Y hereby pledges to X as security for the Financial Obligations and grants to Y a first priority continuing security interest in, lien on and right to setoff Other Credit Support in the Form of Cash against any amounts payable by Y with respect to the Financial Obligations. This right of setoff can be exercised in the same circumstances as X can exercise its rights under Paragraph 10.3. Party X shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Other Credit Support in the Form of Cash transferred to it by Y in accordance with the terms hereof, free from any claim or right of any nature whatsoever of Y, including any equity or right of redemption by Y.

Upon the return by X to Y of such Adequate Assurance of Performance or Other Credit Support in the Form of Cash, as the case may be, the security interest and lien granted hereunder on that Adequate Assurance of Performance or Other Credit Support in the Form of Cash shall be released automatically and, to the extent possible, without any further action by either party.

In Section 10.2(vii) delete the term "Adequate Assurance of Performance" and substitute therefore the term "Adequate Assurance of Performance or Other Credit Support in the Form of Cash".

Add the following as Section 10.3.4:

10.3.4 The Non-Defaulting Party shall use the Termination Currency Equivalent of any amount denominated in a currency other than the Termination Currency in performing any netting, aggregation or setoff required or permitted by Section 10.3.1 or 10.3.2.

Delete Section 10.4 and replace it with the following:

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid, in the Termination Currency, by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

Delete Section 10.5 and replace it with the following:

10.5 The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code. The parties also agree that the transactions hereunder constitute an "eligible financial contract" within the meaning of the Bankruptcy and Insolvency Act (Canada) and the Companies Creditors Arrangements Act (Canada), and similar Canadian legislation.

Delete the last sentence of Section 14 and replace it with the following:

"For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to four decimal places. If the fifth decimal number is five or greater, then the fourth decimal number shall be increased by one and if the fifth decimal number is less than five, then the fourth decimal number shall remain unchanged."



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Delete Section 15.5 and replace it with the following:

The interpretation and performance of this Contract shall be governed by the laws of the personal jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

Section 15.10:

In the first sentence on line 3 after the phrase "that the employees, lenders, royalty owners, counsel, accountants and other agents of the party" insert the following phrase ", or its Affiliates"

Delete Exhibit A ("Transaction Confirmation") and replace it with the following:



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**TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY**

EXHIBIT A

Letterhead/Logo	Date: _____, _____ Transaction Confirmation #: _____
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____.	
This Transaction Confirmation is also subject to the Canadian Addendum between Seller and Buyer dated _____: <input type="checkbox"/> Yes (default) <input type="checkbox"/> No	
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: _____ _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____
Contract Price: U.S. \$ _____ /MMBtu or Canadian \$ _____ /GJ or _____	
Delivery Period: Begin: _____, _____ End: _____, _____	
Performance Obligation and Contract Quantity: (Select One) Units: <input type="checkbox"/> MMBtu or <input type="checkbox"/> GJ or <input type="checkbox"/> Other _____ Firm (Fixed Quantity): _____ Units/day <input type="checkbox"/> EFP	
Firm (Variable Quantity): _____ Units/day Minimum _____ Units/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	
Interruptible: Up to _____ Units/day	
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):	
Canadian Export Zero Rating (Section 6.3): <input type="checkbox"/> No (default) <input type="checkbox"/> Yes	
Special Conditions: _____ _____ _____	
Seller: _____ By: _____ Title: _____	Buyer: _____ By: _____ Title: _____



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Date: _____

Date: _____

APPENDIX "B"

NAESB Canadian Addendum dated February 15, 2007

to the

NAESB Base Contract dated September 5, 2006

Redlined to show changes from the

NAESB Canadian Addendum

to the

NAESB Base Contract for Sale and Purchase of Natural Gas adopted on April 19, 2002



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Base Contract for Sale and Purchase of Natural Gas

Canadian Addendum

This Canadian Addendum ("Canadian Addendum") is entered into as of the following date: _____.

The parties to this Canadian Addendum are the following:

_____ and _____

 Duns Number _____ Duns Number _____
 Base Contract Number _____ Base Contract Number _____
 Base Contract Date _____ Base Contract Date _____
 U.S. Federal Tax ID Number _____ U.S. Federal Tax ID Number _____
 Canadian GST Number _____ Canadian GST Number _____

PARTY A [INSERT COUNTERPARTY LEGAL ENTITY NAME]	PARTY NAME	PARTY B [INSERT COUNTERPARTY LEGAL ENTITY NAME]
	ADDRESS	
www. _____	BUSINESS WEBSITE	www. _____
	CONTRACT NUMBER	
	CONTRACT DATE	
	D-U-N-S@ NUMBER	
<input type="checkbox"/> US FEDERAL: <input type="checkbox"/> CANADIAN GST: <input type="checkbox"/> OTHER: _____	TAX ID NUMBERS	<input type="checkbox"/> US FEDERAL: <input type="checkbox"/> CANADIAN GST: <input type="checkbox"/> OTHER: _____

IN WITNESS WHEREOF, the parties hereto agree to the terms and conditions set forth herein and have executed this Canadian Addendum in duplicate.

Party _____ Party _____
 By _____ By _____
 Name _____ Name _____
 Title _____ Title _____

[INSERT COUNTERPARTY LEGAL ENTITY NAME]	PARTY NAME	[INSERT COUNTERPARTY LEGAL ENTITY NAME]
	SIGNATURE	
By: _____		By: _____
[Insert Name]	PRINTED NAME	[Insert Name]
[Insert Title]	TITLE	[Insert Title]

Addendum: This Canadian Addendum constitutes an ~~Addendum~~ **addendum** to that certain Base Contract for Sale and Purchase of Natural Gas, as identified above, between the parties ("Base Contract"), and supplements and amends the Base Contract affecting



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transactions thereunder. ~~Unless amended herein, the Base Contract continues to apply.~~ Capitalized terms used in this Canadian Addendum which are not herein defined will have the meanings ascribed to them in the Base Contract. ~~In the event of a conflict between the terms of~~

~~The parties hereby agree to the following provision. In the event the parties fail to check a box, the default provision for this Canadian Addendum and the Base Contract, the terms of section shall apply. Select only 1 box from this Canadian Addendum shall apply.~~

~~**Term:** This Canadian Addendum shall be effective from and after the date on which it is entered into and continue in effect until terminated by either party upon 30 Days' written Notice to the other party; provided, however, that this Canadian Addendum may not be terminated prior to the expiration of the latest Delivery Period of any transactions previously agreed to by the parties which are subject to this Canadian Addendum. The obligation to make payment hereunder, including any related adjustments, shall survive the termination of this Canadian Addendum.~~

~~The parties hereby agree to the following provisions. In the event the parties fail to check a box, the default provision for each section shall apply. Select only 1 box from each section:~~

Section 2.26:31: Spot Price Publication: Delete the selection made on the cover page of the Base Contract and replace it with the following:

Canadian Gas Price Reporter (default if the Delivery Point is in Canada)

Gas Daily Midpoint (default if the Delivery Point is in the United States)

~~The parties hereby agree to the following provision. In the event the parties fail to check a box, the default provision for this section shall apply. Select only 1 box from this section:~~

Section 10.4: Termination Currency

U. S. Dollars (default)

Canadian Dollars

Section 14.5: _____

~~The parties hereby agree to the following provision. In the event the parties fail to check a box, the default provision for this section shall apply. Select only 1 box from this section:~~

Section 15.5: Choice of Law: If a selection is made herein, delete the selection made on the cover page of the Base Contract and replace it with the following:

Province of Alberta, Canada (default)

Delete **the last sentence of Section 1.3** and replace it with the following:

~~"In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2.1 and replace it with, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the following: parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Special Provisions to the Base Contract, if applicable (iv) the Canadian Addendum, (v) other addendums to the Base Contract executed between the parties and (vi) the~~



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General Terms and Conditions of the Base Contract as limited by selections on its cover pages, the terms of the documents shall govern in the priority listed in this sentence.

Delete Section 2.4-2 and replace it with the following:

2.2.2 "Affiliate" shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person; and "entity" shall include a partnership of any kind.

Delete Section 2.3 and replace it with the following:

2.3 "Alternative Damages" shall mean such damages, expressed in United States dollars or United States dollars per MMBtu, or Canadian dollars or Canadian dollars per GJ, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

Delete Section 2.46 and replace it with the following:

2.4-6 "Business Day" shall mean any day except Saturday, Sunday, or a statutory or banking holiday observed in the jurisdiction specified pursuant to Section 14.5. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant party's principal place of business. The relevant party, in each instance unless otherwise specified, shall be the party to whom the Notice is being sent and by whom the Notice is to be received.

Delete Section 2.8 and replace it with the following:

Delete Section 2.8-10 and replace it with the following:

2.10 "Contract Price" shall mean, if the Delivery Point is in the United States, the amount expressed in U.S. Dollars per MMBtu or, if the Delivery Point is in Canada, the amount expressed in Canadian Dollars per GJ, unless specified otherwise in a transaction, to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

Delete Section 2.13 and replace it with the following:

2.13 "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a security interest in an asset, a guaranty, Other Credit Support in the Form of Cash as described in Section 10.1(b), or other good and sufficient security of a continuing nature.

Delete Section 2.21 and replace it with the following:

2.22 "Guarantor" shall mean any entity that has provided a guaranty of the Financial Obligations of a party hereunder.

Add the following as Section 2.3036:

2.30-36 "GJ" shall mean 1 gigajoule; 1 gigajoule = 1,000,000,000 Joules. The standard conversion factor between Dekatherms and GJ's is 1.055056 GJ's per Dekatherm.

Add the following as Section 2.3437:

2.34-37 "Joule" shall mean the joule specified in the SI system of units.

Add the following as Section 2.3238:

2.32-38 "Termination Currency Equivalent" shall mean, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency that the Non-Defaulting Party would be required to pay, on the Early Termination Date, to purchase such amount of Other Currency for spot delivery, as determined by the Non-Defaulting Party in a commercially reasonable manner.



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Add the following as Section 2.39:

2.39 "Cash" or "cash" shall mean lawful currency of Canada or the United States of America, as the case may be.

Add the following as Section 2.40:

2.41 "Financial Obligations" shall mean with respect to a party, all present and future debts, liabilities and financial obligations, direct or indirect, absolute or contingent, matured or not, extended or renewed, of that party under the Base Contract including, but not limited to, Credit Support Obligation(s).

Delete Section 5 and replace it with the following:

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry or one GJ, as agreed to by the parties in a transaction. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

Add the following to Section 6:

Sections 6.2, 6.3 and 6.4 apply if the Delivery Point is in Canada.

6.2 The Contract Price does not include any amounts payable by Buyer for the goods and services tax ("GST") imposed pursuant to the Excise Tax Act (Canada) ("ETA") or any similar or replacement value added or sales or use tax enacted under successor legislation. Notwithstanding whether the parties have selected "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract, Buyer will pay to Seller the amount of GST payable for the purchase of Gas in addition to all other amounts payable under the Contract. Seller will hold the GST paid by Buyer and will remit such GST as required by law. Buyer and Seller will provide each other with the information required to make such GST remittance or claim any corresponding input tax credits, including GST registration numbers.

6.3 Where Buyer indicates to Seller that Gas will be exported from Canada, the following shall apply:

6.3.1 Where Buyer is not registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes. If Seller, in its sole discretion, agrees to so treat such Gas, then Buyer hereby declares, represents and warrants to Seller that Buyer will: (i) export such Gas as soon as is reasonably possible after Seller delivers such Gas to Buyer (or after such Gas is delivered to Buyer after a zero-rated storage service under the ETA) having regard to the circumstances surrounding the export and, where applicable, normal business practice; (ii) not acquire such Gas for consumption or use in Canada (other than as fuel or compressor gas to transport such Gas by pipeline) or for supply in Canada (other than to supply natural gas liquids or ethane the consideration for which is deemed by the ETA to be nil) before export of such Gas; (iii) ensure that, after such Gas is delivered and before export, such Gas is not further processed, transformed or altered in Canada (except to the extent reasonably necessary or incidental to its transportation and other than to recover natural gas liquids or ethane from such Gas at a straddle plant); (iv) maintain on file, and provide to Seller, if required, or to the Canada Customs and Revenue Agency, evidence satisfactory to the Minister of National Revenue of the export of such Gas by Buyer; and/or (v) comply with all other requirements prescribed by the ETA for a zero-rated export of such Gas.

6.3.2 Where Buyer is registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes, and Buyer hereby declares, represents and warrants to Seller that Buyer intends to export such Gas by means of pipeline or other conduit in circumstances described in Section 6.3.1 (i) to (iii).

6.3.3 Without limiting the generality of Section 8.3, Buyer indemnifies Seller for any GST, penalties and interest and all other damages and costs of any nature arising from breach of the declarations, representations and warranties contained in Section 6.3.1 or 6.3.2, or otherwise from application of GST to Gas declared, represented and warranted by Buyer to be acquired for export from Canada.

6.4 In the event that any amount becomes payable pursuant to the Contract as a result of a breach, modification or termination of the Contract, the amount payable shall be increased by any applicable Taxes or GST remittable by the recipient in respect of that amount.



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Delete Section 7.5 and replace it with the following:

7.5 ____ If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.



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Delete Section 7.7 and replace it with the following:

7.7 ____ Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, in the same currency, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

Add the following as Section 7.8:

7.8 ____ For each transaction, all associated payments shall be made in the currency of the Contract Price for such transaction.

Delete Section 8.4 in its entirety.

Delete Section 10.1 and replace it with the following:

10.2 If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance or Other Credit Support in the Form of Cash, where:

- (iii) "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to a standby irrevocable letter of credit, a prepayment in the form of cash, a security interest in an asset or a guaranty; or
- (iv) "Other Credit Support in the Form of Cash" shall mean: a) Y transfers to X Cash (excluding prepayment in the form of cash) as credit support, and b) the relationship between Y and X is a relationship of creditor and debtor, respectively, and (c) all right, title and interest in the Other Credit Support in the Form of Cash is transferred absolutely by Y to X. Although no security interest is created in Other Credit Support in the Form of Cash, Party Y hereby pledges to X as security for the Financial Obligations and grants to Y a first priority continuing security interest in, lien on and right to setoff Other Credit Support in the Form of Cash against any amounts payable by Y with respect to the Financial Obligations. This right of setoff can be exercised in the same circumstances as X can exercise its rights under Paragraph 10.3. Party X shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Other Credit Support in the Form of Cash transferred to it by Y in accordance with the terms hereof, free from any claim or right of any nature whatsoever of Y, including any equity or right of redemption by Y.

Upon the return by X to Y of such Adequate Assurance of Performance or Other Credit Support in the Form of Cash, as the case may be, the security interest and lien granted hereunder on that Adequate Assurance of Performance or Other Credit Support in the Form of Cash shall be released automatically and, to the extent possible, without any further action by either party.

In Section 10.2(vii) delete the term "Adequate Assurance of Performance" and substitute therefore the term "Adequate Assurance of Performance or Other Credit Support in the Form of Cash".

Add the following as Section 10.3.4:

10.3.4 __ The Non-Defaulting Party shall use the Termination Currency Equivalent of any amount denominated in a currency other than the Termination Currency in performing any netting, aggregation or setoff required or permitted by Section 10.3.1 or 10.3.2.

Delete Section 10.4 and replace it with the following:

10.4. __ As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a



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written statement explaining in reasonable detail the calculation of ~~such amount~~the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid, in the Termination Currency, by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

Delete Section 10.5 and replace it with the following:

10.5 ___ The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code. The parties also agree that the transactions hereunder constitute an "eligible financial contract" within the meaning of the Bankruptcy and Insolvency Act (Canada) and the Companies Creditors Arrangements Act (Canada), and similar Canadian legislation.

Delete the last sentence of Section 14 and replace it with the following:

"For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to four decimal places. If the fifth decimal number is five or greater, then the fourth decimal number shall be increased by one and if the fifth decimal number is less than five, then the fourth decimal number shall remain unchanged."

Delete Section 15.5 and replace it with the following:

The interpretation and performance of this Contract shall be governed by the laws of the personal jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

Section 15.10:

In the first sentence on line 3 after the phrase "that the employees, lenders, royalty owners, counsel, accountants and other agents of the party" insert the following phrase ", or its Affiliates"

Delete Exhibit A ("Transaction Confirmation") and replace it with the following:



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**TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY**

EXHIBIT A

Letterhead/Logo		Date: _____, _____ Transaction Confirmation #: _____
-----------------	--	---

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____.

This Transaction Confirmation is also subject to the Canadian Addendum between Seller and Buyer dated _____:
 Yes (default) No

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.

<p>SELLER:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No. _____</p> <p>Transporter: _____</p> <p>Transporter Contract Number: _____</p>	<p>BUYER:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No. _____</p> <p>Transporter: _____</p> <p>Transporter Contract Number: _____</p>
--	---

Contract Price: U.S. \$ _____ /MMBtu or Canadian \$ _____ /GJ or _____

Delivery Period: Begin: _____, _____ End: _____, _____

Performance Obligation and Contract Quantity: (Select One)

Units: MMBtu or GJ or Other _____

<p>Firm (Fixed Quantity):</p> <p>_____ Units/day</p> <p><input type="checkbox"/> EFP</p>	<p>Firm (Variable Quantity):</p> <p>_____ Units/day Minimum</p> <p>_____ Units/day Maximum</p> <p>subject to Section 4.2. at election of</p> <p><input type="checkbox"/> Buyer or <input type="checkbox"/> Seller</p>	<p>Interruptible:</p> <p>Up to _____ Units/day</p>
---	--	---

Delivery Point(s): _____
 (If a pooling point is used, list a specific geographic and pipeline location):

Canadian Export Zero Rating (Section 6.3): No (default) Yes

Special Conditions:

<p>Seller: _____</p> <p>_____</p> <p>By: _____</p> <p>_____</p> <p>Title: _____</p>	<p>Buyer: _____</p> <p>_____</p> <p>By: _____</p> <p>_____</p> <p>Title: _____</p>
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RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ Contracts S/C

Request No.: 2007 WGQ Annual Plan Item 6

Date: _____

Date: _____

-----Original Message-----

From: Mike Shepard

Sent: Monday, March 12, 2007 2:30 PM

To: Rager,Denise

Cc: keith.sappenfield

Subject: Re: NAESB WGQ Request for Comments on 2007 WGQ Annual Plan Item 6

Hello Folks,

Two suggested changes: first, the final phrase of the new last sentence of Section 1.3 should be revised to read as follows: "...the terms of the documents shall govern and have priority in the order in which they are listed in this sentence." This change is necessary because order does not by itself impart priority. Second, in 10.2 (iv), on the fifth line, the Y should be an X . Thanks.

Mike Shepard
Mewbourne Oil Company
PO Box 7698
Tyler, TX 75711



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Base Contract for Sale and Purchase of Natural Gas

Canadian Addendum

This Canadian Addendum ("Canadian Addendum") is entered into as of the following date: _____.
 The parties to this Canadian Addendum are the following:

PARTY A [INSERT COUNTERPARTY LEGAL ENTITY NAME]	PARTY NAME	PARTY B [INSERT COUNTERPARTY LEGAL ENTITY NAME]
	<i>ADDRESS</i>	
www. _____	<i>BUSINESS WEBSITE</i>	www. _____
	<i>CONTRACT NUMBER</i>	
	<i>CONTRACT DATE</i>	
	<i>D-U-N-S® NUMBER</i>	
<input type="checkbox"/> US FEDERAL: <input type="checkbox"/> CANADIAN GST: <input type="checkbox"/> OTHER:	<i>TAX ID NUMBERS</i>	<input type="checkbox"/> US FEDERAL: <input type="checkbox"/> CANADIAN GST: <input type="checkbox"/> OTHER:

IN WITNESS WHEREOF, the parties hereto agree to the terms and conditions set forth herein and have executed this Canadian Addendum in duplicate.

[INSERT COUNTERPARTY LEGAL ENTITY NAME]	PARTY NAME	[INSERT COUNTERPARTY LEGAL ENTITY NAME]
	<i>SIGNATURE</i>	
By: _____		By: _____
[Insert Name]	<i>PRINTED NAME</i>	[Insert Name]
[Insert Title]	<i>TITLE</i>	[Insert Title]

Addendum: This Canadian Addendum constitutes an addendum to that certain Base Contract for Sale and Purchase of Natural Gas, as identified above, between the parties ("Base Contract"), and supplements and amends the Base Contract affecting transactions thereunder. Capitalized terms used in this Canadian Addendum which are not herein defined will have the meanings ascribed to them in the Base Contract.

The parties hereby agree to the following provision. In the event the parties fail to check a box, the default provision for this section shall apply. **Select only 1 box from this section:**

Section 2.31: Spot Price Publication: Delete the selection made on the cover page of the Base Contract and replace it with the following:



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- Canadian Gas Price Reporter (default)
 Gas Daily Midpoint

The parties hereby agree to the following provision. In the event the parties fail to check a box, the default provision for this section shall apply. **Select only 1 box from this section:**

Section 10.4: Termination Currency

- U. S. Dollars (default)
 Canadian Dollars

The parties hereby agree to the following provision. In the event the parties fail to check a box, the default provision for this section shall apply. **Select only 1 box from this section:**

Section 15.5: Choice of Law: If a selection is made herein, delete the selection made on the cover page of the Base Contract and replace it with the following:

- Province of Alberta, Canada (default)

Delete the last sentence of Section 1.3 and replace it with the following:

“In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Special Provisions to the Base Contract, if applicable (iv) the Canadian Addendum, (v) other addendums to the Base Contract executed between the parties and (vi) the General Terms and Conditions of the Base Contract as limited by selections on its cover pages, the terms of the documents shall govern and have in the priority in the sequence listed in this sentence.”

Delete Section 2.2 and replace it with the following:

2.2.1 “Affiliate” shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of at least 50 percent of the voting power of the entity or person; and “entity” shall include a partnership of any kind.

Delete Section 2.3 and replace it with the following:

2.3 “Alternative Damages” shall mean such damages, expressed in United States dollars or United States dollars per MMBtu, or Canadian dollars or Canadian dollars per GJ, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

Delete Section 2.6 and replace it with the following:

2.6 “Business Day” shall mean any day except Saturday, Sunday, or a statutory or banking holiday observed in the jurisdiction specified pursuant to Section 14.5. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant party’s principal place of business. The relevant party, in each instance unless otherwise specified, shall be the party to whom the Notice is being sent and by whom the Notice is to be received.



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Delete Section 2.10 and replace it with the following:

2.10 "Contract Price" shall mean, if the Delivery Point is in the United States, the amount expressed in U.S. Dollars per MMBtu or, if the Delivery Point is in Canada, the amount expressed in Canadian Dollars per GJ, unless specified otherwise in a transaction, to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

Delete Section 2.13 and replace it with the following:

2.13 "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a security interest in an asset, a guaranty, Other Credit Support in the Form of Cash as described in Section 10.1(b), or other good and sufficient security of a continuing nature.

Delete Section 2.21 and replace it with the following:

2.21 "Guarantor" shall mean any entity that has provided a guaranty of the Financial Obligations of a party hereunder.

Add the following as Section 2.36:

2.36 "GJ" shall mean 1 gigajoule; 1 gigajoule = 1,000,000,000 Joules. The standard conversion factor between Dekatherms and GJ's is 1.055056 GJ's per Dekatherm.

Add the following as Section 2.37:

2.37 "Joule" shall mean the joule specified in the SI system of units.

Add the following as Section 2.38:

2.38 "Termination Currency Equivalent" shall mean, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency that the Non-Defaulting Party would be required to pay, on the Early Termination Date, to purchase such amount of Other Currency for spot delivery, as determined by the Non-Defaulting Party in a commercially reasonable manner.

Add the following as Section 2.39:

2.39 "Cash" or "cash" shall mean lawful currency of Canada or the United States of America, as the case may be.

Add the following as Section 2.40:

2.40 "Financial Obligations" shall mean with respect to a party, all present and future debts, liabilities and financial obligations, direct or indirect, absolute or contingent, matured or not, extended or renewed, of that party under the Base Contract including, but not limited to, Credit Support Obligation(s).

Delete Section 5 and replace it with the following:

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry or one GJ, as agreed to by the parties in a transaction. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

Add the following to Section 6:



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Sections 6.2, 6.3 and 6.4 apply if the Delivery Point is in Canada.

6.2 The Contract Price does not include any amounts payable by Buyer for the goods and services tax ("GST") imposed pursuant to the Excise Tax Act (Canada) ("ETA") or any similar or replacement value added or sales or use tax enacted under successor legislation. Notwithstanding whether the parties have selected "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract, Buyer will pay to Seller the amount of GST payable for the purchase of Gas in addition to all other amounts payable under the Contract. Seller will hold the GST paid by Buyer and will remit such GST as required by law. Buyer and Seller will provide each other with the information required to make such GST remittance or claim any corresponding input tax credits, including GST registration numbers.

6.3 Where Buyer indicates to Seller that Gas will be exported from Canada, the following shall apply:

6.3.1 Where Buyer is not registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes. If Seller, in its sole discretion, agrees to so treat such Gas, then Buyer hereby declares, represents and warrants to Seller that Buyer will: (i) export such Gas as soon as is reasonably possible after Seller delivers such Gas to Buyer (or after such Gas is delivered to Buyer after a zero-rated storage service under the ETA) having regard to the circumstances surrounding the export and, where applicable, normal business practice; (ii) not acquire such Gas for consumption or use in Canada (other than as fuel or compressor gas to transport such Gas by pipeline) or for supply in Canada (other than to supply natural gas liquids or ethane the consideration for which is deemed by the ETA to be nil) before export of such Gas; (iii) ensure that, after such Gas is delivered and before export, such Gas is not further processed, transformed or altered in Canada (except to the extent reasonably necessary or incidental to its transportation and other than to recover natural gas liquids or ethane from such Gas at a straddle plant); (iv) maintain on file, and provide to Seller, if required, or to the Canada Customs and Revenue Agency, evidence satisfactory to the Minister of National Revenue of the export of such Gas by Buyer; and/or (v) comply with all other requirements prescribed by the ETA for a zero-rated export of such Gas.

6.3.2 Where Buyer is registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes, and Buyer hereby declares, represents and warrants to Seller that Buyer intends to export such Gas by means of pipeline or other conduit in circumstances described in Section 6.3.1 (i) to (iii).

6.3.3 Without limiting the generality of Section 8.3, Buyer indemnifies Seller for any GST, penalties and interest and all other damages and costs of any nature arising from breach of the declarations, representations and warranties contained in Section 6.3.1 or 6.3.2, or otherwise from application of GST to Gas declared, represented and warranted by Buyer to be acquired for export from Canada.

6.4 In the event that any amount becomes payable pursuant to the Contract as a result of a breach, modification or termination of the Contract, the amount payable shall be increased by any applicable Taxes or GST remittable by the recipient in respect of that amount.

Delete Section 7.5 and replace it with the following:

7.5 If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

Delete Section 7.7 and replace it with the following:

7.7 Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, in the same currency, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to



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netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

Add the following as Section 7.8:

7.8 For each transaction, all associated payments shall be made in the currency of the Contract Price for such transaction.

Delete Section 8.4 in its entirety.

Delete Section 10.1 and replace it with the following:

10.1 If either party (“X”) has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party (“Y”) (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance or Other Credit Support in the Form of Cash, where:

- (i) “Adequate Assurance of Performance” shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to a standby irrevocable letter of credit, a prepayment in the form of cash, a security interest in an asset or a guaranty; or
- (ii) “Other Credit Support in the Form of Cash” shall mean: a) Y transfers to X Cash (excluding prepayment in the form of cash) as credit support, and b) the relationship between Y and X is a relationship of creditor and debtor, respectively, and (c) all right, title and interest in the Other Credit Support in the Form of Cash is transferred absolutely by Y to X. Although no security interest is created in Other Credit Support in the Form of Cash, Party Y hereby pledges to X as security for the **Financial Obligations and grants to X a first priority continuing security interest in, lien on and right to setoff Other Credit Support in the Form of Cash against any amounts payable by Y with respect to the Financial Obligations. This right of setoff can be exercised in the same circumstances as X can exercise its rights under Paragraph 10.3. Party X shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Other Credit Support in the Form of Cash transferred to it by Y in accordance with the terms hereof, free from any claim or right of any nature whatsoever of Y, including any equity or right of redemption by Y.**

Upon the return by X to Y of such Adequate Assurance of Performance or Other Credit Support in the Form of Cash, as the case may be, the security interest and lien granted hereunder on that Adequate Assurance of Performance or Other Credit Support in the Form of Cash shall be released automatically and, to the extent possible, without any further action by either party.

In Section 10.2(vii) delete the term “Adequate Assurance of Performance” and substitute therefore the term “Adequate Assurance of Performance or Other Credit Support in the Form of Cash”.

Add the following as Section 10.3.4:

10.3.4 The Non-Defaulting Party shall use the Termination Currency Equivalent of any amount denominated in a currency other than the Termination Currency in performing any netting, aggregation or setoff required or permitted by Section 10.3.1 or 10.3.2.

Delete Section 10.4 and replace it with the following:

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid, in the Termination Currency, by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-



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effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

Delete Section 10.5 and replace it with the following:

10.5 The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code. The parties also agree that the transactions hereunder constitute an "eligible financial contract" within the meaning of the Bankruptcy and Insolvency Act (Canada) and the Companies Creditors Arrangements Act (Canada), and similar Canadian legislation.

Delete the last sentence of Section 14 and replace it with the following:

"For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to four decimal places. If the fifth decimal number is five or greater, then the fourth decimal number shall be increased by one and if the fifth decimal number is less than five, then the fourth decimal number shall remain unchanged."

Delete Section 15.5 and replace it with the following:

The interpretation and performance of this Contract shall be governed by the laws of the personal jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

Section 15.10:

In the first sentence on line 3 after the phrase "that the employees, lenders, royalty owners, counsel, accountants and other agents of the party" insert the following phrase ", or its Affiliates"

Delete Exhibit A ("Transaction Confirmation") and replace it with the following: