North American Energy Standards Board

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via email and posting

TO: NAESB WGQ Members and Interested Industry Participants
FROM: Rae McQuade, Executive Director
RE: Wholesale Gas Quadrant Request For Comments
DATE: August 27, 2003

An industry comment period begins today and ends on September 26, 2003 for the 12 recommendations attached. The recommendations were forwarded from the Interpretations Subcommittee, the Contracts Subcommittee and the Technical Subcommittee. The WGQ Executive Committee will meet in Phoenix on October 9 to review the recommendations and the comments provided. The recommendations can also be accessed from the NAESB Web site. All comments received by the NAESB office by end of business on September 26 will be posted on the Home Page and forwarded to the WGQ EC members for their consideration. If you have difficulty retrieving this document, please call the NAESB office at (713) 356-0060.

Best Regards,

Rae McQuade

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ 2003 Annual Plan
Request No.: WGQ Annual Plan Item 6 (AP03006) – Creditworthiness

1. RECOMMENDED ACTION:

_X_ Accept as requested
___ Accept as modified below
___ Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_ Change to Existing Practice
___ Status Quo

2. TYPE OF MAINTENANCE

Per Request:	**Per Recommendation:**
_X_ Initiation	_X_ Initiation
___ Modification	___ Modification
___ Interpretation	___ Interpretation
___ Withdrawal	___ Withdrawal
___ Principle (x.1.z)	___ Principle (x.1.z)
___ Definition (x.2.z)	___ Definition (x.2.z)
___ Business Practice Standard (x.3.z)	___ Business Practice Standard (x.3.z)
___ Document (x.4.z)	_X_ Document (x.4.z)
___ Data Element (x.4.z)	___ Data Element (x.4.z)
___ Code Value (x.4.z)	___ Code Value (x.4.z)
___ X12 Implementation Guide	___ X12 Implementation Guide
___ Business Process Documentation	_X_ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Create new Additional Standards book
- Modify the Executive Summary Section of the Capacity Release Related Standards Implementation Guide

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ 2003 Annual Plan
Request No.: WGQ Annual Plan Item 6 (AP03006) – Creditworthiness

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

Standards Book: Additional Standards

Language: See Attached

Standards Book: Capacity Release Related Standards

Language: Modify the Executive Summary Section by adding the following paragraph after the section titled 'Transactional Reporting' and before the section titled "Business Use of Capacity Release Related Transactions":
Creditworthiness Certain creditworthiness standards relate to the awarding of capacity and the notification to original releasing shippers when the replacement shipper has received specified credit or service related notifications. Additional creditworthiness related standards can be found in the Additional Standards Implementation Guide.

Language: Modify section C. Capacity Release Related Standards of the Business Process and Practices section to add the following standards in numeric order at the end:	
5.3.zD	The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.
5.3.zF	The Transportation Service Provider (TSP) should provide the original releasing shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by the TSP to the releasing shipper's replacement shipper(s), of the following: (1) Notice to the replacement shipper regarding the replacement shipper's past due, deficiency, or default status pursuant to the TSP's tariff; (2) Notice to the replacement shipper regarding the replacement shipper's suspension of service notice; (3) Notice to the replacement shipper regarding the replacement shipper's contract termination notice due to default or credit-related issues; and (4) Notice to the replacement shipper that the replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ 2003 Annual Plan
Request No.: WGQ Annual Plan Item 6 (AP03006) – Creditworthiness

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:

Description of Change:
[no changes needed]

4. SUPPORTING DOCUMENTATION

a. Description of Request:

b. Description of Recommendation:

Information Requirements Subcommittee

Motion:
Adopt the following:

- A new Additional Standards book as reflected in the attached workpaper; and

- Modify the Executive Summary Section of the Capacity Release Related Standards Implementation Guide by adding the following paragraph after the section titled 'Transactional Reporting' and before the section titled "Business Use of Capacity Release Related Transactions":

  Creditworthiness

  Certain creditworthiness standards relate to the awarding of capacity and the notification to original releasing shippers when the replacement shipper has received specified credit or service related notifications. Additional creditworthiness related standards can be found in the Additional Standards Implementation Guide.

- Modify section C. Capacity Release Related Standards of the Business Process and Practices section of the Capacity Release Related Standards Implementation Guide to add the following standards in numeric order at the end:

  5.3.zD The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

  5.3.zF The Transportation Service Provider (TSP) should provide the original releasing shipper with Internet E-mail notification reasonably proximate in time with any of the following formal notices given by the TSP to the releasing shipper's replacement shipper(s), of the following:

(1) Notice to the replacement shipper regarding the replacement shipper's past due, deficiency, or default status pursuant to the TSP's tariff;
(2) Notice to the replacement shipper regarding the replacement shipper's suspension of service notice;
(3) Notice to the replacement shipper regarding the replacement shipper's contract termination notice due to default or credit-related issues; and
(4) Notice to the replacement shipper that the replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.

Balanced Vote: July 10, 2003 Motion Passes

				Balanced	Balanced	Balanced
	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	1	0	1	1.00	0.00	1
	10	0	10	3.00	0.00	3

Technical Subcommittee
See minutes for the following NAESB WGQ Technical Subcommittee meetings:
August 4, 2003

Motion
No technical changes are needed for creditworthiness.

Balanced Vote: August 4, 2003 2 In Favor 0 Opposed

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	0	0	0	0
Pipelines	4	2	0	0
Producers	0	0	0	0
Totals	**4**	**2**	**0**	**0**
motion passes				

c. Business Purpose:

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

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ 2003 Annual Plan
Request No.: WGQ Annual Plan Item 6 (AP03006) – Creditworthiness

The following pages contain the documentation necessary to create the new implamention manual:

Additional Standards

North American Energy Standards Board

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ADDITIONAL STANDARDS

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Version 1.7 December 31, 2003

The North American Energy Standards Board ("NAESB") disclaims and excludes, and any user of the NAESB standard acknowledges and agrees to NAESB's disclaimer of, any and all warranties, conditions or representations, express or implied, oral or written, with respect to the standard or any part thereof, including any and all implied warranties or conditions of title, non-infringement, merchantability, or fitness or suitability for any particular purpose (whether or not NAESB knows, has reason to know, has been advised, or is otherwise in fact aware of any such purpose), whether alleged to arise by law, by reason of custom or usage in the trade, or by course of dealing. Each user of the standard also agrees that under no circumstances will NAESB be liable for any special, incidental, exemplary, punitive or consequential damages arising out of any use of, or errors or omissions in, the standard.

Special Thanks and Acknowledgments to:

NAESB WGQ Member Companies for donating significant staff time to coordinate the publication of the ANSI ASC X12 guidelines.

FORESIGHT CORPORATION

For software used to develop the ANSI ASC X12 transaction sets.

NAESB WGQ SUBCOMMITTEES

For support and materials describing the business practices, related data sets, data set organization, data elements and data element formats, implementation guides and mapping.

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VERSION NOTES

1.7 December 31, 2003

INTRODUCTION

The North American Energy Standards Board (NAESB) is a voluntary non-profit organization comprised of members from all aspects of the greater gas industry. NAESB Wholesale Gas Quadrant (WGQ) Standards are a product of the North American Energy Standards Board. The NAESB mission is to take the lead in developing and implementing standards across the industry to simplify and expand electronic communication, and to streamline business practices. This will lead to a seamless North American marketplace for natural gas, as recognized by its customers, the business community, industry participants and regulatory bodies.

The standards are written as 'minimums,' which industry participants are encouraged to exceed (if they are not doing so already) through provision of value-added services and customized arrangements. NAESB defines 'exceed the minimum standard' to mean surpassing the standards without negative impact on contracting and non-contracting parties.

All of the standards have been adopted in the realization that as the industry evolves and uses the standards, additional and amended NAESB WGQ standards will be necessary. Any industry participant seeking additional or amended standards (including principles, definitions, standards, data elements, process descriptions, technical implementation instructions) should submit a request to the NAESB office, detailing the change, so that the appropriate process may take place to amend the standards.

TAB 1 Version Notes
Contains a summary of changes to this version and all preceding versions.

TAB 2 Introduction
Provides a background statement about NAESB's Mission and the underlying concepts behind the design and use of this guide.

TAB 3 Executive Summary
Provides a brief outline of the industry business situation which is the basis for development of this guide.

TAB 4 Business Process & Practices
Provides a brief overview of the business process and the NAESB WGQ approved principles, definitions, standards and interpretations related to the business process covered by this guide.

TAB 5 Related Standards
Provides a reference to any related standards, including standards from other organizations, that were used in development of this set of standards or that relate to implementation of these NAESB WGQ standards.

EXECUTIVE SUMMARY

The WGQ NAESB implementation guides are organized into five distinct areas of business activity: Nominations, Flowing Gas, Invoicing, EDM, and Capacity Release. Certain standards are in addition to these specific business activities. They could be topic specific, such as creditworthiness, or general in nature applying to multiple business activities. These types of standards have been grouped together in this Additional Standards implementation guide.

Creditworthiness:

This section includes standards which relate to the exchange of information, notification, and communication between parties during the creditworthiness evaluation process. Additional creditworthiness related standards can be found in the Capacity Release Related Standards Implementation Guide.

BUSINESS PROCESS AND PRACTICES

A. Overview

Within the NAESB WGQ communication of information, certain data is conveyed through the use of code values. In any given data set, the TSP supports the code values applicable to its business model. When submitting upload data sets to the TSP, the availability of a list of code values supported by the TSP enables the preparation of valid data sets. The Supported Code Value Information document provides such a list.

B. General Standards

Principles:

0.1.1 An entity is a person or organization with sufficient legal standing to enter into a contract or arrangement with another such person or organization (as such legal standing may be determined by those parties) for the purpose of conducting and/or coordinating natural gas transactions.

0.1.2 For NAESB WGQ purposes, there should be a unique entity common code for each entity name and there should be a unique entity name for each entity common code.

Standard:

0.3.1 Entity common codes should be "legal entities", that is, Ultimate Location, Headquarters Location, and/or Single Location (in Dun & Bradstreet Corporation ("D&B") terms). However, in the following situations, a Branch Location (in D&B terms) can also be an entity common code:

1. when the contracting party provides a D-U-N-S® Number at the Branch Location level; or
2. to accommodate accounting for an entity that is identified at the Branch Location level.

0.3.Z Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.
(this standard was adopted by the EC May 20, 1999 and should be included in Version 1.7 to be published December 31, 2003)

C. Additional Standards

Creditworthiness:
Standards:

0.3.zB If the Transportation Service Provider (TSP) requests additional information to be used for credit evaluation after the initiation of service, the TSP, contemporaneous with the request, should provide its reason(s) for requesting the additional information to the Service Requester (SR) and designate to whom the response should be sent. The TSP and the SR may mutually agree to waive the requirements of this standard.

0.3.zC Upon receipt of either an initial or follow-up request from the Transportation Service Provider (TSP) for information to be used for creditworthiness evaluation, the Service

Requester's (SR) authorized representative(s) should acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive the requirements of this standard.

0.3.zD The Service Requester's (SR) authorized representative(s) should respond to the Transportation Service Provider's (TSP) request for credit information, as allowed by the TSP's tariff, on or before the due date specified in the request. The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.

0.3.zE Upon receipt from the Service Requester (SR) of all credit information provided pursuant to applicable NAESB WGQ standards, the Transportation Service Provider (TSP) should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive the requirements of this standard.

0.3.zF The Service Requester (SR) should designate up to two representatives who are authorized to receive notices regarding the SR's creditworthiness, including requests for additional information, pursuant to the applicable NAESB WGQ standards and should provide to the Transportation Service Provider (TSP) the Internet e-mail addresses of such representatives prior to the initiation of service. Written requests and responses should be provided via Internet E-mail, unless otherwise agreed to by the parties. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. The SR should manage internal distribution of any creditworthiness notices that are received.

The TSP should designate, on its Internet website or in written notices to the SR, the Internet e-mail addresses of up to two representatives who are authorized to receive notices regarding the SRs' creditworthiness. The SR's obligation to provide confirmation of receipt is met by sending such confirmation to such representatives, and the TSP should manage internal distribution of any such confirmations.

0.3.zK At any time after the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), the SR may initiate a creditworthiness re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR should either update or confirm in writing the prior information provided to the TSP related to the SR's creditworthiness. Such update should include any event(s) that the SR believes could lead to a material change in the SR's creditworthiness.

0.3.zL After a Transportation Service Provider's (TSP) receipt of a Service Requester's (SR) request for re-evaluation, including all required information pursuant to NAESB WGQ Standard [0.3.zK] ("SR's Request"), within five (5) Business Days, the TSP should provide a written response to the SR's Request. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed twenty (20) Business Days from the date of the receipt of the SR's Request unless specified in the TSP's tariff or if the parties mutually agree to some later date.

0.3.zQ In complying with the creditworthiness related notifications pursuant to the applicable NAESB WGQ standards, the Service Requester(s) and the Transportation Service Provider may mutually agree to other forms of communication in lieu of Internet E-mail notification.

RELATED STANDARDS

Common Codes

A decision made in 1993 by a FERC-established standards development group (EBB Working Group 5) resulted in a location coding system which cross-references proprietary point codes to a common industry-supported location code. This common location code, called the GRID Code, was developed based on the American Petroleum Institute (API) well code model. The FERC, in Order 563-A, directed the industry to establish any necessary relationships and to proceed with the implementation of the GRID Code. To achieve this implementation, in August 1994 trade associations representing three segments of the natural gas industry entered into an agreement with Petroleum Information Corporation (PI) to develop and maintain the PI *GRID*™ Common Code database. As GISB prepared standards for capacity release (July 1995) and nominations (September 1995), GISB fully endorsed the use of the PI *GRID*™ common codes.

However, after extensive consideration by GISB's Common Code Subcommittee, GISB adopted, on September 30, 1996, a new Common Code for Gas Transaction Points, the NAESB WGQ/PI Data Reference Number (generally referred to as "DRN"). The DRN is a one-to-nine digit, non-intelligent number also assigned by IHS (successor to PI), which has a one-to-one relationship with the PI *GRID*™ Code. For more information, access the NAESB Web Page at www.naesb.org.

In keeping with the trends in other industries involved with EDI, EBB Working Group 5 recommended the acceptance of the D-U-N-S®[1] Number as a common company identifier. This recommendation was also adopted in FERC Order 563-A. The D-U-N-S® Number is assigned to companies by the Dun & Bradstreet Corporation (D&B). Similarly, as GISB prepared standards for capacity release (July 1995) and nominations (September 1995), GISB fully endorsed the use of the D-U-N-S® Number common code.

For NAESB WGQ Common Code purposes, an entity will use one and only one D-U-N-S® Number. Entity common codes should be "legal entities," that is, Ultimate Location, Headquarters Location, and/or Single Location (in Dun & Bradstreet Corporation ("D&B") terms). However, in the following situations, a Branch Location (in D&B terms) can also be an entity common code: 1. When the contracting party provides a D-U-N-S® Number at the Branch Location level; or 2. to accommodate accounting for an entity that is identified at the Branch Location level. Since D&B offers customers the option of carrying more than one D-U-N-S® Number per entity, please refer to NAESB's Web Page at www.naesb.org for directions on determining the one and only one D-U-N-S® Number constituting the NAESB WGQ Entity Common Code.

In the datasets, an asterisk by a data element means that it is a "common code," so the field will reflect the industry-supported common code for location or company. In the event that a common code is not available for a company, parties should mutually agree to use the Transportation Service Provider's proprietary code for that company.

NAESB WGQ Electronic Data Interchange Trading Partner Agreement

In 1998, GISB adopted Standard 6.3.3, the NAESB WGQ Electronic Data Interchange Trading Partner Agreement (TPA) for exchange of data within the gas industry. The NAESB WGQ TPA defines the relationship of the sender and receiver of NAESB WGQ Standard ASC X12 documents. This agreement represents a complete set of balanced terms which a company should accept

1 D-U-N-S® is a registered trademark of Dun & Bradstreet, Inc.

whether it is sender or receiver of electronic documents. It has established all the data items necessary to exchange electronic documents in a step by step, fill in the blank model form. The use of the TPA minimizes preparation, negotiation and review time. This will allow more time for implementation of electronic commerce. Copies of this agreement may be obtained from the NAESB office or may be downloaded from the NAESB home page at www.naesb.org.

Party Roles

In all of the transaction sets, there are multiple parties that may be involved in the transaction. There are the Transportation Service Provider (a.k.a. Pipeline or Transporter), the Service Requester (a.k.a. Shipper), Service Requester Agent (a.k.a. Shipper's Agent) and Third Party Service Provider (a.k.a. Third Party Agent). It is important to distinguish between the role of the Service Requester Agent and the Third Party Service Provider.

The Service Requester Agent is the party contractually authorized by the Service Requester to submit business transactions to the Transportation Service Provider on behalf of the Service Requester for a service requester contract. Once the Service Requester Agent is contractually authorized, the agent becomes the Service Requester for subsequent business transactions unless and until the agency relationship is terminated.

The Third Party Service Provider is the communications agent that the Service Requester or Service Requester Agent may subscribe to in order to send and receive transactions with the Transportation Service Provider.

It is possible that a single entity may, at times, provide the role of a Service Requester Agent for one party while providing the role of Third Party Service Provider for another party. Likewise, a single entity could be both Service Requester Agent and Third Party Service Provider for a single party.

In EDI implementation, the party that is authorized to send and receive transactions will be the party identified in the transmission envelope (ISA Header Segment). If the sending party is a Service Requester, Service Requester Agent or Third Party Service Provider, their appropriate identifiers will appear here. In all cases, the Transportation Service Provider, Service Requester and Service Requester Agent (if applicable) will be identified in the body of the transaction (N1 Name Segment).

ANSI ASC X12 Standards

The NAESB WGQ standards reflect an industry utilization of the American National Standards Institute (ANSI) ASC X12 standards maintained by the Data Interchange Standards Association, Inc. (DISA). The technical implementation documents included in this manual reflect the NAESB WGQ subset of the ANSI ASC X12 standards versions. It is recommended that any industry participant who wishes to utilize the ANSI ASC X12 standards should also have a copy of the ANSI ASC X12 Standards Reference document for a full understanding of the X12 requirements. NAESB members may purchase an ANSI reference document through NAESB by contacting the NAESB office. Non-NAESB industry participants may purchase the reference document by contacting:

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DISA
333 John Carlyle Street, Suite 600
Alexandria, VA 22314

Voice: 703-548-7005
Fax: 703-548-5738
www.disa.org

As a member of ANSI, NAESB WGQ will utilize the ANSI ASC X12 standards and remain in full compliance. In all standards, occasions arise where the standard does not fully meet a need. NAESB WGQ recognizes this and will add interim usages and code values when required. When NAESB WGQ utilizes an interim solution, NAESB WGQ will apply to ANSI and the appropriate ANSI organizations for acceptance of the interim solution. ANSI's final solution may provide a usage or code value different than the interim solution. NAESB WGQ standards will be updated to reflect the final solution.

The architecture of ASC X12 is designed for end to end communications. The translator that generates the ASC X12 file and envelope will assign control numbers and counts that will appear within the ISA/IEA segments of the transaction and within the GS/GE segments of the transaction. These numbers and counts allow the translator to ensure that all of the segments in an envelope and all of the data elements in an envelope have been received and that the transmission was complete.

ISA contents

The ISA segment marks the beginning of an X12 document. It can be equated to an envelope that a paper document would come in via the mail. The envelope may contain one or more functional groups (defined by the GS segment) and one or more transaction sets.

The ISA is the interchange control segment to be utilized on all NAESB WGQ X12 standards. The segment identifies the sender and receiver of the document. The Interchange Sender ID/Interchange Receiver ID is published by both the sender and receiver for other parties to use as the sender/receiver ID to route data to them. The sender must always code the sender's ID in the sender element and the designated receiver's ID in the receiver ID. Trading partners utilizing a password for their documents will use the Security Information element. The receiver of the document identifies a password for the sender to include in this element. This sender and receiver information is specified in the NAESB WGQ Electronic Data Interchange Trading Partner Agreement.

There are additional elements in the ISA segment. These elements are traditionally assigned by the sending party's translator. These elements inform the receiver of the date/time that the envelope was generated, the X12 version number being utilized, whether the transmission is for test or production purposes, and what characters were used to designate the end of a sub element, element or segment. Different characters must be chosen for the sub element, element and segment delimiters. These delimiting characters must never appear in the data.

For more information on the ISA segment and the possible values for its elements, contact DISA at the above address or consult the appropriate version of the ANSI ASC X12 Standards Reference document corresponding to the NAESB WGQ transaction set being sent/received. Information about control segments (including the ISA and IEA) can be found in the Overview/Introduction and Control Standards sections of the reference document. Specific information about the ISA and IEA segments and corresponding elements can be found in the Segment Directory and Data Element Dictionary sections.

GS contents

The GS segment indicates the beginning of a functional group and provides control information for the data that follows it. A functional group can be defined as a group of transactions related to one business application. Within a mailing envelope, there may be a bundle of information relating to imbalances and a bundle of information relating to measurement information. Each of these 'bundles' is sent within its own (or a separate) GS Functional Group Header and a GE Functional Group Trailer in the X12 environment. The sender of a transmission provides the Application Sender's Code that the receiver of the transmission will reflect back on acknowledging documents. The receiver of a transmission provides the Application Receiver's Code that the sender will include in the transmission for the receiver to utilize in routing to internal applications. Group Control Numbers are originated and maintained by the sender of the document.

For more information on the GS segment and the possible values for its elements, contact DISA at the above address or consult the appropriate version of the ANSI ASC X12 Standards Reference document corresponding to the NAESB WGQ transaction set being sent/received. Information about control segments (including the GS and GE) can be found in the Overview/Introduction and Control Standards sections of the reference document. Specific information about the GS and GE segments and corresponding elements can be found in the Segment Directory and Data Element Dictionary sections.

997 Usage

The 997 Functional Acknowledgment is used to indicate the results of the syntactical analysis of the X12 documents. The documents include the transaction sets and functional groups with an ISA/IEA envelope. This standard covers all of the X12 and NAESB WGQ standard criteria that the receiver of the document has incorporated into the receiver's translator. The translator may be set to accept all information into the receiver's application processing, it may be set to accept only ANSI ASC X12 compliant information into the receiver's application processing, or it may be set to accept only ANSI ASC X12 and NAESB WGQ compliant information into the receiver's application processing. Compliance checking, in a translator, may be set to any of several levels. NAESB WGQ recommends that compliance checking be set to the element level in the Functional Acknowledgement.

The 997 informs the originator of the transaction whether the translator accepted the file, accepted it with errors, or rejected it. When errors occur, the 997 identifies the location and type of error that was encountered. Once a transaction passes the translator, the 997 is sent to the originator of the transaction and the data (if accepted) is passed on to the receiver's business application for processing.

Hypertext Transfer Protocol (HTTP)

The Hypertext Transfer Protocol (HTTP) is an application-level protocol with the lightness and speed necessary for distributed, collaborative, hypermedia information systems. It is a generic, stateless, object-oriented protocol which can be used for many tasks, such as name servers and distributed object management systems, through extension of its request methods (commands). A feature of HTTP is the typing of data representation, allowing systems to be built independently of the data being transferred.

HTTP has been in use by the World-Wide Web global information initiative since 1990. Appendix A of the Electronic Delivery Mechanism Related Standards manual contains a listing of the HTTP version(s) supported by NAESB WGQ.

HTTP transaction-set Code Values

The following table contains a list of code values to be used with the transaction-set data element, which is a mutually agreeable (MA) data element in the HTTP Request.

HTTP transaction-set Code Values	NAESB WGQ Standard Number	Transaction Set Description
G873NMST	1.4.1	Nomination
G874NMQR	1.4.2	Nomination Quick Response
G873RQCF	1.4.3	Request for Confirmation
G873RRFC	1.4.4	Confirmation Response
G873SQTS	1.4.5	Scheduled Quantity
G873SQOP	1.4.6	Scheduled Quantity for Operator
G874CRQR	1.4.7	Confirmation Response Quick Response
G860PDAL	2.4.1	Pre-determined Allocation
G865PDQR	2.4.2	Pre-determined Allocation - Quick Response
G865ALLC	2.4.3	Allocation
G811IMBL	2.4.4	Shipper Imbalance
G867MSIN	2.4.5	Measurement Information
G867MAUS	2.4.6	Measured Volume Audit Statement
G814RQIN	2.4.7	Request for Information
G814RRIN	2.4.8	Response to Request for Information
G811TSIN	3.4.1	Transportation/Sales Invoice
G820PYRM	3.4.2	Payment Remittance
G822STAC	3.4.3	Statement of Account
G811SRCA	3.4.4	Service Requester Level Charge/Allowance Invoice
G840CROF	5.4.1	Offer Download
G843CRBR	5.4.2	Bid Download
G843CRAN	5.4.3	Award Download
G832CRRC	5.4.4	Replacement Capacity
G843CRWD	5.4.5	Withdrawal Download
G840UPWD	5.4.6	Withdrawal Upload
G840UDOF	5.4.7	Offer Upload
G843UDVL	5.4.8	Offer Upload Quick Response
G840UDRC	5.4.9	Offer Upload Notification
G843UDBC	5.4.10	Offer Upload Bidder Confirmation
G824UDCV	5.4.11	Offer Upload Bidder Confirmation Quick Response
G567UDFD	5.4.12	Offer Upload Final Disposition
G840OAUC	5.4.13	Operationally Available and Unsubscribed Capacity

HTTP transaction-set Code Values	NAESB WGQ Standard Number	Transaction Set Description
G846UPRD	5.4.14	Upload of Request for Download of Posted Datasets
G846RURD	5.4.15	Response to Upload of Request for Download of Posted Datasets
G864SWNT	5.4.16	System-Wide Notices
G864CRNS	5.4.17	Note/Special Instruction
G843BDUP	5.4.18	Bid Upload
G843BDQR	5.4.19	Bid Upload Quick Response
G997FNAK	N/A	Functional Acknowledgement

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Natural Gas Pipeline Co. Request No: R00011

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:	**Per Recommendation:**
___Initiation	___Initiation
_X_Modification	_X_Modification
___Interpretation	___Interpretation
___Withdrawal	___Withdrawal
___Principle (x.1.z)	___Principle (x.1.z)
___Definition (x.2.z)	___Definition (x.2.z)
___Business Practice Standard (x.3.z)	___Business Practice Standard (x.3.z)
___Document (x.4.z)	___Document (x.4.z)
___Data Element (x.4.z)	___Data Element (x.4.z)
___Code Value (x.4.z)	_X_Code Value (x.4.z)
___X12 Implementation Guide	_X_X12 Implementation Guide
___Business Process Documentation	___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add four code values to the Code Values Dictionary for the data element “Transaction Type” in the following Data Dictionaries:
  - Pre-determined Allocation (NAESB WGQ Standard 2.4.1)
  - Allocation (NAESB WGQ Standard 2.4.3)
  - Shipper Imbalance (NAESB WGQ Standard 2.4.4)
  - Transportation/Sales Invoice (NAESB WGQ Standard 3.4.1)

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Natural Gas Pipeline Co. Request No: R00011

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: **Pre-determined Allocation, NAESB WGQ Standard 2.4.1**
Allocation, NAESB WGQ Standard 2.4.3
Shipper Imbalance, NAESB WGQ Standard 2.4.4
Transportation/Sales Invoice, NAESB WGQ Standard 3.4.1

Transaction Type

Code Value Description	Code Value Definition	Code Value
Bank	A "bank" of quantities at a location by a Service Requester on the Transportation Service Provider's system.	59
Bank Payback	A payback of "bank" quantities at a location by a Service Requester.	60
Take	A "take" of quantities at a location from the Transportation Service Provider's system to a Service Requester.	61
Take Payback	A payback of "take" quantities at a location by a Service Requester.	62

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.: **Pre-determined Allocation, NAESB WGQ Standard 2.4.1**
Allocation, NAESB WGQ Standard 2.4.3
Shipper Imbalance, NAESB WGQ Standard 2.4.4
Transportation/Sales Invoice, NAESB WGQ Standard 3.4.1

Description of Change:
Pre-determined Allocation
Transaction Set Tables
SI 1000/234 Pairs (Sub-detail) table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 59 – Bank 60 – Bank Payback 61 – Take 62 – Take Payback
Allocation
Transaction Set Tables
SI 1000/234 Pairs (Sub-detail) table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 59 – Bank 60 – Bank Payback 61 – Take 62 – Take Payback
Shipper Imbalance

Transaction Set Tables
LQ Segments (Sub-sub-detail - HL03 = 'IA') table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 59 – Bank 60 – Bank Payback 61 – Take 62 – Take Payback
Transportation/Sales Invoice
Transaction Set Tables
LQ Segments (Sub-detail - HL03 = '9') table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 59 – Bank 60 – Bank Payback 61 – Take 62 – Take Payback

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Add new Transaction Type code values for use in Nominations, Scheduled Quantities, Allocations, Imbalances, and Invoicing. These Transaction Types are needed in order to discretely identify each quantity so transacted for scheduling and accounting purposes:

Bank on pipeline
Bank payback
Draw on pipeline
Draw payback
OFO

b. Description of Recommendation:

Information Requirements Subcommittee
See minutes for the following NAESB WGQ Information Requirements Subcommittee meeting:

- January 14, 2003

Motion:
Add the following transaction types to the data sets listed below:

- 1.4.1 Nominations
- 1.4.5 Scheduled Quantities
- 2.4.1 Pre-determined Allocation
- 2.4.3 Allocation
- 2.4.4 Shipper Imbalance
- 3.4.1 Transportation/Sales Invoice

Transaction Type:

Code Value Description	Code Value Definition	Code Value

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Natural Gas Pipeline Co. Request No: R00011

Code Value Description	Code Value Definition	Code Value
Bank	A "bank" of quantities at a location by a Service Requester on the Transportation Service Provider's system.	
Bank Payback	A payback of "bank" quantities at a location by a Service Requester.	
Take	A "take" of quantities at a location from the Transportation Service Provider's system to a Service Requester.	
Take Payback	A payback of "take" quantities at a location by a Service Requester.	

Balanced Vote: **January 14, 2003** 4.00 In Favor 0.00 Opposed

	Vote For	Against	Total	Balanced For	Balanced Against	Balanced Total
End Users	0	0	0	0.00	0.00	0
LDCs	1	0	1	1.00	0.00	1
Pipelines	11	0	11	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	13	0	13	4.00	0.00	4

Motion Passes

Technical Subcommittee
See minutes for the following NAESB WGQ Technical Subcommittee meetings:
July 9, 2003

Balanced Vote: **July 9, 2003** 3 In Favor 0 Opposed

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	7	2	0	0
Producers	0	0	0	0
Totals	**8**	**3**	**0**	**0**

c. Business Purpose:

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

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: El Paso Natural Gas Company Request No: R00016

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:

___Initiation
_X_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
_X_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)
_X_Code Value (x.4.z)
___X12 Implementation Guide
___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add two code values to the Code Values Dictionary for the data element “Reduction Reason” in the following Data Dictionaries:
    - Confirmation Response (NAESB WGQ Standard 1.4.4)
    - Scheduled Quantity (NAESB WGQ Standard 1.4.5)

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: El Paso Natural Gas Company Request No: R00016

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: **Confirmation Response, NAESB WGQ Standard 1.4.4**
Scheduled Quantity, NAESB WGQ Standard 1.4.5

Reduction Reason

Code Value Description	Code Value Definition	Code Value
Loop In	Pool loop in.	LPI
Loop Out	Pool loop out.	LPO

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.: **Confirmation Response, NAESB WGQ Standard 1.4.3**
Scheduled Quantity, NAESB WGQ Standard 1.4.5

Description of Change:
Confirmation Response
Transaction Set Tables
LQ Segments (Detail) table: For the Reduction Reason data element, add the reduction reason codes and their descriptions (in alphabetical order) in the LQ02 and LQ02 Description columns, respectively, as follows: LPI Loop In LPO Loop Out
Scheduled Quantity
Transaction Set Tables
LQ Segments (Sub-detail) table: For the Reduction Reason data element, add the reduction reason codes and their descriptions (in alphabetical order) in the LQ02 and LQ02 Description columns, respectively, as follows: LPI Loop In LPO Loop Out

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Add the following 2 new transaction type code values in the Nominations, Scheduled Quantity, Pre-determined Allocation, Allocation, Shipper Imbalance and Transportation/Sales Invoice data sets:

Imbalance Payback from Transportation Service Provider – Prior Business Period
Imbalance Payback to Transportation Service Provider – Prior Business Period

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: El Paso Natural Gas Company Request No: R00016

b. Description of Recommendation:

Business Practices Subcommittee
See minutes for the following NAESB WGQ Business Process Subcommittee meeting:

- April 12, 2001
- May 10, 2001

Motion: (motioned by Theresa Hess, seconded by Bill Hebenstreit)
The BPS sees no business practice work that should be done with this request and, therefore, transfers it to the Information Requirements Subcommittee to implement.

Procedural motion passes with no opposition

Information Requirements Subcommittee
See minutes for the following NAESB WGQ Information Requirements Subcommittee meeting:

- January 14, 2003

Motion:
Add the following transaction types to the data sets listed below:

- 1.4.4 Confirmation Response
- 1.4.5 Scheduled Quantities

Reduction Reason:

Code Value Description	Code Value Definition	Code Value
Loop In	Pool loop in.	
Loop Out	Pool loop out.	

Balanced Vote: **January 14, 2003** 4.00 In Favor 0.00 Opposed

Vote	For	Against	Total	Balanced For	Balanced Against	Balanced Total
End Users	0	0	0	0.00	0.00	0
LDCs	1	0	1	1.00	0.00	1
Pipelines	11	0	11	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	13	0	13	4.00	0.00	4

Motion Passes

Technical Subcommittee

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: El Paso Natural Gas Company **Request No: R00016**

Balanced Vote: August 4, 2003 3 In Favor 0 Opposed

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	4	2	0	0
Producers	0	0	0	0
Totals	**5**	**3**	**0**	**0**

c. Business Purpose:

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

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Questar Pipeline Co. **Request No: R01021**

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:	**Per Recommendation:**
___Initiation	___Initiation
_X_Modification	_X_Modification
___Interpretation	___Interpretation
___Withdrawal	___Withdrawal
___Principle (x.1.z)	___Principle (x.1.z)
___Definition (x.2.z)	___Definition (x.2.z)
___Business Practice Standard (x.3.z)	___Business Practice Standard (x.3.z)
___Document (x.4.z)	___Document (x.4.z)
___Data Element (x.4.z)	___Data Element (x.4.z)
___Code Value (x.4.z)	_X_Code Value (x.4.z)
___X12 Implementation Guide	_X_X12 Implementation Guide
___Business Process Documentation	___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add two code values to the Code Values Dictionary for the data element “Transaction Type” in the following Data Dictionaries:
  - Nominations (NAESB WGQ Standard 1.4.1)
  - Scheduled Quantities (NAESB WGQ Standard 1.4.5)
  - Pre-determined Allocation (NAESB WGQ Standard 2.4.1)
  - Allocation (NAESB WGQ Standard 2.4.3)
  - Shipper Imbalance (NAESB WGQ Standard 2.4.4)
  - Transportation/Sales Invoice (NAESB WGQ Standard 3.4.1)

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Questar Pipeline Co. **Request No: R01021**

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: **Nomination, NAESB WGQ Standard 1.4.1**
Scheduled Quantity, NAESB WGQ Standard 1.4.5
Pre-determined Allocation, NAESB WGQ Standard 2.4.1
Allocation, NAESB WGQ Standard 2.4.3
Shipper Imbalance, NAESB WGQ Standard 2.4.4
Transportation/Sales Invoice, NAESB WGQ Standard 3.4.1

Transaction Type

Code Value Description	Code Value Definition	Code Value
Imbalance Payback from Transportation Service Provider – Prior Business Period	A payback of an imbalance for a prior business period from the Transportation Service Provider to the Service Requester.	63
Imbalance Payback to Transportation Service Provider – Prior Business Period	A payback of an imbalance for a prior business period from the Service Requester to the Transportation Service Provider.	64

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.: **Nomination, NAESB WGQ Standard 1.4.1**
Scheduled Quantity, NAESB WGQ Standard 1.4.5
Pre-determined Allocation, NAESB WGQ Standard 2.4.1
Allocation, NAESB WGQ Standard 2.4.3
Shipper Imbalance, NAESB WGQ Standard 2.4.4
Transportation/Sales Invoice, NAESB WGQ Standard 3.4.1

Description of Change:
Nomination
Transaction Set Tables
LQ Segments (Sub-detail) table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 63 – Imbalance Payback from Transportation Service Provider – Prior Business Period 64 – Imbalance Payback to Transportation Service Provider – Prior Business Period
Scheduled Quantity
Transaction Set Tables
LQ Segments (Sub-detail) table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 63 – Imbalance Payback from Transportation Service Provider – Prior Business Period 64 – Imbalance Payback to Transportation Service Provider – Prior Business Period
Pre-determined Allocation
Transaction Set Tables

SI 1000/234 Pairs (Sub-detail) table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 63 – Imbalance Payback from Transportation Service Provider – Prior Business Period 64 – Imbalance Payback to Transportation Service Provider – Prior Business Period
Allocation
Transaction Set Tables
SI 1000/234 Pairs (Sub-detail) table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 63 – Imbalance Payback from Transportation Service Provider – Prior Business Period 64 – Imbalance Payback to Transportation Service Provider – Prior Business Period
Shipper Imbalance
Transaction Set Tables
LQ Segments (Sub-sub-detail - HL03 = 'IA') table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 63 – Imbalance Payback from Transportation Service Provider – Prior Business Period 64 – Imbalance Payback to Transportation Service Provider – Prior Business Period
Transportation/Sales Invoice
Transaction Set Tables
LQ Segments (Sub-detail - HL03 = '9') table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 63 – Imbalance Payback from Transportation Service Provider – Prior Business Period 64 – Imbalance Payback to Transportation Service Provider – Prior Business Period

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Add the following 2 new transaction type code values in the Nominations, Scheduled Quantity, Pre-determined Allocation, Allocation, Shipper Imbalance and Transportation/Sales Invoice data sets:

Imbalance Payback from Transportation Service Provider – Prior Business Period
Imbalance Payback to Transportation Service Provider – Prior Business Period

b. Description of Recommendation:

Information Requirements Subcommittee
See minutes for the following NAESB WGQ Information Requirements Subcommittee meeting:

- January 14, 2003

Motion:
Add the following transaction types to the data sets listed below:

- 1.4.1 Nominations
- 1.4.5 Scheduled Quantities
- 2.4.1 Pre-determined Allocation
- 2.4.3 Allocation
- 2.4.4 Shipper Imbalance
- 3.4.1 Transportation/Sales Invoice

Transaction Type:

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Questar Pipeline Co. **Request No: R01021**

Code Value Description	Code Value Definition	Code Value
Imbalance Payback from Transportation Service Provider – Prior Business Period	A payback of an imbalance for a prior business period from the Transportation Service Provider to the Service Requester.	
Imbalance Payback to Transportation Service Provider – Prior Business Period	A payback of an imbalance for a prior business period from the Service Requester to the Transportation Service Provider.	

Balanced Vote: **January 14, 2003** 4.00 In Favor 0.00 Opposed

	Vote For	Against	Total	Balanced For	Balanced Against	Balanced Total
End Users	0	0	0	0.00	0.00	0
LDCs	1	0	1	1.00	0.00	1
Pipelines	12	0	12	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	14	0	14	4.00	0.00	4

Motion Passes

Technical Subcommittee
See minutes for the following NAESB WGQ Technical Subcommittee meetings:
July 9, 2003

Balanced Vote: **July 9, 2003** 3 In Favor 0 Opposed

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	6	2	0	0
Producers	0	0	0	0
Totals	**7**	**3**	**0**	**0**

c. Business Purpose:

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

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: KeySpan **Request No.: R02012**

1. RECOMMENDED ACTION:

___Accept as requested
__X Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

___Change to Existing Practice
_X__Status Quo

2. TYPE OF MAINTENANCE

Per Request:	**Per Recommendation:**
___Initiation	___Initiation
_X_Modification	_X_Modification
___Interpretation	___Interpretation
___Withdrawal	___Withdrawal
___Principle (x.1.z)	___Principle (x.1.z)
___Definition (x.2.z)	___Definition (x.2.z)
___Business Practice Standard (x.3.z)	___Business Practice Standard (x.3.z)
___Document (x.4.z)	___Document (x.4.z)
___Data Element (x.4.z)	___Data Element (x.4.z)
___Code Value (x.4.z)	___Code Value (x.4.z)
___X12 Implementation Guide	___X12 Implementation Guide
___Business Process Documentation	_X_Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Modify the Executive Summary section of the Capacity Release Manual to delete the paragraph referred to as 'FERC Order 637 et al'

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

Standards Book: Capacity Release

Executive Summary: delete the paragraph referring to 'FERC Order 637 et al

~~**FERC Order 637 et al**~~

~~Pursuant to FERC Order 637 et al., the FERC removed the maximum rate cap on releases whose term is less than one year. This provision may expire at the end of the time period specified by FERC (September 30, 2002).~~

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: KeySpan **Request No.: R02012**

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:

Description of Change:
[no technical changes are needed]

4. SUPPORTING DOCUMENTATION

a. Description of Request:

KeySpan requests that NAESB WGQ Capacity Release Standards and data sets be modified, to the extent necessary, to incorporate the October 1 2002 reinstatement of the price cap on capacity release transactions. In particular, the ability to roll-over a prearranged 31-day release at maximum rates without being subject to the bidding process.

b. Description of Recommendation:

Business Practices Subcommittee

R02012 was discussed at the following BPS meetings:

07/14/2003
07/22/2003

See meeting minutes for discussion and voting record.

Modified Motion (motioned by Mike Novak, seconded by Marjorie Perlman) 07/22/2003
The BPS instructs the Information Requirements Subcommittee to review the Capacity Release data sets to determine if reinstatement of the price cap requires any modifications to the data and code values dictionaries and make such modifications as may be necessary.
Motion passes unanimously (see vote 1 on the attendee list)

Information Requirements Subcommittee

MOTION:
In the Capacity Release Related Standards Executive Summary, the section "FERC Order 637 et al" should be deleted. No other changes are necessary to the Capacity Release Data Dictionaries, Code Values Dictionaries, Sample Papers, or TIBPs

Balanced Vote: **8/5/03** 3 In Favor 0 Opposed

				Balanced	Balanced	Balanced
	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

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: KeySpan **Request No.: R02012**

				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
Pipelines	8	0	8	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	9	0	9	3.00	0.00	3

Motion Passes

Technical Subcommittee

Motion

[no technical changes are needed]

Balanced Vote: August 19, 2003 2 In Favor 0 Opposed

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	0	0	0	0
Pipelines	3	2	0	0
Producers	0	0	0	0
Totals	**3**	**2**	**0**	**0**

c. Business Purpose:

To ensure that monthly capacity releases, at maximum rates, can be rolled over to the next month without being subject to the bidding process consistent with FERC regulation.

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

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: National Fuel Gas Distribution Request No.: R03002

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:

___Initiation
_X_Modification
___Interpretation
___Withdrawal

___Principle (x.1.z)
___Definition (x.2.z)
_X_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
_X_Modification
___Interpretation
___Withdrawal

___Principle (x.1.z)
___Definition (x.2.z)
_X_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:

- Delete NAESB WGQ Standards 1.1.6, 1.1.8, 1.19, 1.3.78, and 4.1.14
- Modify NAESB WGQ Standards 1.3.32, 4.3.1, and 4.3.2

STANDARDS LANGUAGE:

~~**1.1.6** Currently, fuel reimbursement is handled by percent-in-kind or alternative methods such as cost of service, cashout and simplified in-kind methods mutually agreed-upon. A GISB task force should recommend to the Executive Committee by 1/1/97 a range of fuel reimbursement options and standard definitions of those options, as well as implementation schedules of the standards applicable to each option.~~

~~**1.1.8** The industry should use common codes for location points and legal entities. Those standards are currently under development by the GISB Common Codes Task Force (GISB Version 1.0).~~

~~**1.1.9** The GISB Market Execution Task Force is working on the development of meaningful error messages. Business practices should be sent to the Market Execution Task Force and meaningful error messages should only be developed for those practices.~~

1.3.32 For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. ~~Transportation Service Providers may (for an interim period expiring on April 1, 1999) limit Service Requesters to one transmittal of nominations per standard intraday nomination cycle, (excluding corrections of errors identified in the Quick Response).~~

~~**1.3.78** The effective date for implementation of the TTT standards is the later of June 2000 or eight months following the publication of the TTT standards within the applicable NAESB WGQ standards manual.~~

~~**4.1.14** The industry should use standard policies and guidelines for testing new data sets. These guidelines are currently being developed using the NAESB WGQ guideline adoption procedures (GAP) (GISB Version 1.0).~~

4.3.1 ~~By 4/1/97, a~~A<u></u>ll parties sending and receiving data should accept a TCP/IP connection. ~~At a minimum, s~~<u>S</u>ending and receiving parties should designate an Internet address as a designated site for the receipt and delivery of NAESB WGQ standardized data sets<u>.</u> ~~subject to the successful completion of pilot testing by 1/1/97 to ensure that security, performance (within NAESB WGQ standard data transmission time), and reliability are acceptable. The NAESB WGQ data file format should be utilized. The Future Technology Task Force should determine the direction of outstanding issues such as security, archiving, receipt notification, etc., by 7/1/96.~~

4.3.2 On time stamping, data leaves control of the originator by the same time (deadline), regardless of mechanism (3rd party service provider time stamp is acceptable) and 15 minutes of communication time should be available to allow accumulation of all transactions to the pipeline. A standard network protocol (TCP/IP) should be in service for direct connect to the pipeline designated site ~~by 4/1/97~~.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Review NAESB WGQ Version 1.6 Standards Booklets and Implementation Guides to remove references to actions and dates that have already passed (e.g. 1.1.6, 1.1.8, 1.3.32, 1.3.78, 2.1.5, 4.3.1, 4.3.2 and 7.3.25). Modifications to standards should maintain the intent and usage of the standards, however, recommendations to delete Standards, where appropriate, are a potential outcome.

b. Description of Recommendation:

<u>Business Practices Subcommittee</u>

R03002 was discussed at the following BPS meetings:

07/14/2003
07/22/2003

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: National Fuel Gas Distribution Request No.: R03002

07/30/2003
See meeting minutes for discussion and voting record.

Motion (motioned by Dale Davis, seconded by Bill Griffith) 7/30/2003
Adopt the modifications and deletions for NAESB WGQ Standards as follows:

~~**1.1.6** Currently, fuel reimbursement is handled by percent-in-kind or alternative methods such as cost of service, cashout and simplified in-kind methods mutually agreed-upon. A GISB task force should recommend to the Executive Committee by 1/1/97 a range of fuel reimbursement options and standard definitions of those options, as well as implementation schedules of the standards applicable to each option.~~

~~**1.1.8** The industry should use common codes for location points and legal entities. Those standards are currently under development by the GISB Common Codes Task Force (GISB Version 1.0).~~

~~**1.1.9** The GISB Market Execution Task Force is working on the development of meaningful error messages. Business practices should be sent to the Market Execution Task Force and meaningful error messages should only be developed for those practices.~~

1.3.32 For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. ~~Transportation Service Providers may (for an interim period expiring on April 1, 1999) limit Service Requesters to one transmittal of nominations per standard intraday nomination cycle, (excluding corrections of errors identified in the Quick Response).~~

~~**1.3.78** The effective date for implementation of the TTT standards is the later of June 2000 or eight months following the publication of the TTT standards within the applicable NAESB WGQ standards manual.~~

~~**4.1.14** The industry should use standard policies and guidelines for testing new data sets. These guidelines are currently being developed using the NAESB WGQ guideline adoption procedures (GAP) (GISB Version 1.0).~~

4.3.1 ~~By 4/1/97, a~~A<u></u>ll parties sending and receiving data should accept a TCP/IP connection. ~~At a minimum, s~~<u>S</u>ending and receiving parties should designate an Internet address as a designated site for the receipt and delivery of NAESB WGQ standardized data sets<u>.</u> ~~subject to the successful completion of pilot testing by 1/1/97 to ensure that security, performance (within NAESB WGQ standard data transmission time), and reliability are acceptable. The NAESB WGQ data file format should be utilized. The Future Technology Task Force should determine the direction of outstanding issues such as security, archiving, receipt notification, etc., by 7/1/96.~~

4.3.2 On time stamping, data leaves control of the originator by the same time (deadline), regardless of mechanism (3rd party service provider time stamp is acceptable) and 15 minutes of communication time should be available to allow accumulation of all transactions to the pipeline. A standard network protocol (TCP/IP) should be in service for direct connect to the pipeline designated site ~~by 4/1/97~~.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: National Fuel Gas Distribution **Request No.: R03002**

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0.00	0.00	0.00	0.00
LDCs	1.00	1.00	0.00	0.00
Pipelines	6.00	2.00	0.00	0.00
Producers	1.00	1.00	0.00	0.00
Services	1.00	1.00	0.00	0.00
Totals	9.00	5.00	0.00	0.00

Motion passes unanimously (see vote 1 on the attendee list)

Information Requirements Subcommittee

MOTION:
After reviewing the proposed deletions and modifications to the standards identified in the minutes for the July 30, 2003 Business Practices Subcommittee for request R03002, IR determined that no changes are necessary to the documentation for which IR is responsible.

Balanced Vote: **8/5/03** 2 In Favor 0 Opposed

	For	Against	Total	Balanced For	Balanced Against	Balanced Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	7	0	7	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	0	0	0	0.00	0.00	0
	7	0	7	2.00	0.00	2

Motion Passes

Technical Subcommittee

Motion

[no technical changes are needed]

Balanced Vote: date 2 In Favor 0 Opposed

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	0	0	0	0
Pipelines	3	2	0	0
Producers	0	0	0	0
Totals	**3**	**2**	**0**	**0**

Motion passes

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: National Fuel Gas Distribution Request No.: R03002

c. Business Purpose:

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

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity / Skipping Stone **Request No.: R98011 & R98012**

Columbia Gas Transmission **Request No. R98001**

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:

___Initiation
_X_Modification
___Interpretation
___Withdrawal

___Principle (x.1.z)
___Definition (x.2.z)
___Business Practice Standard (x.3.z)
___Document (x.4.z)
_X_Data Element (x.4.z)
___Code Value (x.4.z)
___X12 Implementation Guide
___Business Process Documentation

Per Recommendation:

___Initiation
_X_Modification
___Interpretation
___Withdrawal

___Principle (x.1.z)
___Definition (x.2.z)
___Business Practice Standard (x.3.z)
___Document (x.4.z)
_X_Data Element (x.4.z)
___Code Value (x.4.z)
___X12 Implementation Guide
___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Modify the definition of the data elements 'Delivery Rank' and 'Receipt Rank' in the following data sets:
  - 1.4.1 Nominations
  - 1.4.3 Request for Confirmation
  - 1.4.4 Confirmation Response
  - 1.4.5 Scheduled Quantity
- Modify the definition of the data elements 'Downstream Rank (Priority)' and 'Upstream Rank (Priority)' in the following data set:
  - 1.4.1 Nominations
- Modify the description of the Usage C4 in the PDA Transaction Type Matrix in the following data set:
  - 2.4.1 Pre-determined Allocation
- Modify the description of the Usage C4 in the Allocation Transaction Type Matrix in the following data set:
  - Allocation

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity / Skipping Stone **Request No.: R98011 & R98012**

Columbia Gas Transmission **Request No. R98001**

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.: **Nominations, NAESB WGQ Standard 1.4.1**
Request for Confirmation, NAESB WGQ Standard 1.4.3
Confirmation Response, NAESB WGQ Standard 1.4.4
Scheduled Quantity, NAESB WGQ Standard 1.4.5

See attached

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: **Pre-determined Allocation, NAESB WGQ Standard 2.4.1**

Language: Modify the description of the Usage C4 in the PDA Transaction Type Matrix as follows:
Mandatory when mutually agreed to and submitted in the nomination process and when associated contract is not used for storage balancing. Mandatory for Service Requester provided PDAs when the Associated Contract was submitted in the Nomination.

Document Name and No.: **Allocation, NAESB WGQ Standard 2.4.3**

Language: Modify the description of the Usage C4 in the Allocation TransactionType Matrix as follows:
Mandatory when mutually agreed to and submitted in the nomination process and when associated contract is not used for storage balancing. Mandatory in an Allocation provided to a PDA submitter when it is provided in the PDA.

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:

Description of Change:
[no technical changes needed]

4. SUPPORTING DOCUMENTATION

a. Description of Request:

R98011 / R98012: Implementation of standards adopted by Executive Committee 9/16/99 regarding allocations, who does them, who should be providing the allocating instructions, and the level of detail in the allocations.

R98001: Modify the usage/condition of Associated Contract in the PDA and Allocation Statement so it can be used in allocating storage. Currently the condition reads "Mandatory when submitted in the nomination and Associated Contract is not used for storage balancing."

b. Description of Recommendation:

Executive Committee

9/16/99: The Executive Committee adopted a package of standards for R98011 and R98012 including the following instruction to IR:

INSTRUCTION #1 –
The definition of all rank data elements should be re-examined to allow for their use in the allocation process.

Business Practices Subcommittee

R98001: See the meeting minutes for the following Business Practices Subcommittee meetings:

- March 20, 1998
- March 11, 1999
- March 25, 1999
- April 1, 1999

MOTION (April 1):
BPS recommends to Information Requirements Subcommittee that it implement the intended business result as a separate independent business reflected in the following language:

> Columbia Gas Transmission requests that the text "and mandatory for Service Requester provided PDAs when the Associated Contract was submitted in the Nomination." be added to the condition of Associated Contract for Standard 2.4.1. Also, Columbia Gas Transmission requests that the condition for Associated Contract in Standard 2.4.3 be changed to "Associated Contract is Mandatory in an Allocation provided to a PDA submitter when it is provided in the PDA."

and do so in conjunction with its processing of request numbers R98011 and R98012.

VOTE: The motion passed unanimously.

Information Requirements Subcommittee

R98011, R98012 and R98001: See the meeting minutes for the following Information Requirements Subcommittee meetings:

- April 2, 2003
- May 6-7, 2003

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity / Skipping Stone Request No.: R98011 & R98012
Columbia Gas Transmission Request No. R98001

MOTION:
Adopt the proposed workpaper for R98011/ R98012 and R98001 as posted for the May 6-7, 2003 IR meeting.

Balanced Vote: May 6, 2003 5 In Favor 0 Opposed

	For	Against	Total	Balanced For	Balanced Against	Balanced Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	5	0	5	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	0	0	0	0.00	0.00	0
	5	0	5	2.00	0.00	2

Technical Subcommittee
See minutes for the following NAESB WGQ Technical Subcommittee meetings:
August 4, 2003

Balanced Vote: August 4, 2003 5 In Favor 0 Opposed

Segments	**Vote For**	**Balanced For**	**Vote Against**	**Balanced Against**
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	4	2	0	0
Producers	0	0	0	0
Totals	**5**	**3**	**0**	**0**

c. Business Purpose:

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

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity / Skipping Stone Request No.: R98011 & R98012
Columbia Gas Transmission Request No. R98001

Document Name and No.: Nominations NAESB WGQ 1.4.1

Business Name (Abbreviation)	Definition	Data Group	EBB Pathed	EBB Non-Pathed	EBB PNT - "T"	EBB PNT - "U"	EDI / FF Usage	Condition
Delivery Rank (Priority) (Del Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the upstream side of the flange at the delivery location. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	DelDG	SO	SO	SO	nu	C	Sender's option when the model used is 'Pathed', 'Non-Pathed' or 'Pathed Non-Threaded - Threaded Segment'. If not provided, a default specified by the service provider will be utilized.
Downstream Rank (Priority) (Dn Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the downstream side of the delivery location. If it is a physical location, it can be thought of as the downstream side of the flange. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	DelDG	MA	MA	nu	SO	C	Sender's option when the model used is 'Pathed Non-Threaded - Unthreaded Segment' and may be mutually agreed to for 'Pathed' or 'Non-Pathed' models.

Business Name (Abbreviation)	Definition	Data Group	EBB Pathed	EBB Non-Pathed	EBB PNT - "T"	EBB PNT - "U"	EDI / FF Usage	Condition
Receipt Rank (Priority) (Rec Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the downstream side of the flange at the receipt location. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	RecDG	SO	SO	SO	nu	C	Sender's option when the model used is 'Pathed', 'Non-Pathed' or 'Pathed Non-Threaded - Threaded Segment'. If not provided, a default specified by the service provider will be utilized.
Upstream Rank (Priority) (Up Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the upstream side of the receipt location. It can be thought of as the upstream side of the flange. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	RecDG	MA	MA	nu	SO	C	Sender's option when the model used is 'Pathed Non-Threaded - Unthreaded Segment' and may be mutually agreed to for 'Pathed' or 'Non-Pathed' models.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity / Skipping Stone Request No.: R98011 & R98012

Columbia Gas Transmission Request No. R98001

Document Name and No.: Request for Confirmation NAESB WGQ 1.4.3

Assumption: The EBB Usage of 'BC' is based upon the business practices of the entity named in the title bar.

Business Name (Abbreviation)	**Definition**	**Data Group**	**EBB Usage**	**EDI / FF Usage**	**Condition**
Delivery Rank (Priority) (Del Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the upstream side of the flange at the delivery location. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	TSDG	MA	MA	Provided by the Confirmation Requester
Receipt Rank (Priority) (Rec Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the downstream side of the flange at the receipt location. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	TSDG	MA	MA	Provided by the Confirmation Requester

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity / Skipping Stone Request No.: R98011 & R98012

Columbia Gas Transmission Request No. R98001

Document Name and No.: Confirmation Response NAESB WGQ 1.4.4

Assumption: The EBB Usage of 'BC' is based upon the business practices of the entity named in the title bar. The EBB Usage of 'SO' means that the data may be input at the option of the party entering the data.

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI / FF Usage	Condition
Delivery Rank (Priority) (Del Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the upstream side of the flange at the delivery location. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	TSDG	MA	MA	
Receipt Rank (Priority) (Rec Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the downstream side of the flange at the receipt location. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	TSDG	MA	MA	

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity / Skipping Stone Request No.: R98011 & R98012

Columbia Gas Transmission Request No. R98001

Document Name and No.: Scheduled Quantity NAESB WGQ 1.4.5

Business Name (Abbreviation)	Definition	Data Group	EBB Pathed	EBB Non-Pathed	EBB PNT - "T"	EBB PNT - "U"	EDI / FF Usage	Condition
Delivery Rank (Priority) (Del Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the upstream side of the flange at the delivery location. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	DelDG	MA	MA	MA	nu	MA	For EDI and FF, this data element is not needed when the Nominator's Tracking ID is used.
Receipt Rank (Priority) (Rec Rank)	This is the ~~scheduling~~ rank (priority) assigned to the quantities on the downstream side of the flange at the receipt location. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be ~~scheduled~~ applied on a pro rata basis.	RecDG	MA	MA	MA	nu	MA	For EDI and FF, this data element is not needed when the Nominator's Tracking ID is used.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Colorado Interstate Gas Co., Wyoming Interstate Company, Ltd and Young Gas Storage, Ltd.

Request No: R99008

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:	**Per Recommendation:**
___Initiation	___Initiation
_X_Modification	_X_Modification
___Interpretation	___Interpretation
___Withdrawal	___Withdrawal
___Principle (x.1.z)	___Principle (x.1.z)
___Definition (x.2.z)	___Definition (x.2.z)
___Business Practice Standard (x.3.z)	___Business Practice Standard (x.3.z)
___Document (x.4.z)	___Document (x.4.z)
___Data Element (x.4.z)	_X_Data Element (x.4.z)
___Code Value (x.4.z)	_X_Code Value (x.4.z)
___X12 Implementation Guide	_X_X12 Implementation Guide
___Business Process Documentation	___Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add a new data element 'Re-post Indicator' to the following dataset:
  - Offer Upload (NAESB WGQ Standard 5.4.7)
- Add two code values to the Code Values Dictionary for the data element "Re-post Indicator" in the Offer Upload (NAESB WGQ Standard 5.4.7)
- Add four code values to the Code Values Dictionary for the data element "Validation Code (Heading)" in the Offer Upload Quick Response (NASEB WGQ Standard 5.4.8):

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Colorado Interstate Gas Co., Wyoming Interstate Company, Ltd and Young Gas Storage, Ltd.

Request No: R99008

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.: Offer Upload, NAESB WGQ Standard 5.4.7

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Re-post Indicator (Re-post)	In the event a valid bid has not been received, this indicates that the offer should be re-posted for the next appropriate cycle after the close of the bid period.	MA	MA	

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: Offer Upload, NAESB WGQ Standard 5.4.7

Re-post Indicator

Code Value Description	Code Value Definition	Code Value
Yes	[no definition necessary]	Y
No	[no definition necessary]	N

Document Name and No.: Offer Upload Quick Response, NAESB WGQ Standard 5.4.8

Validation Code (Heading)

Code Value	Code Value Description	Code Value Definition
E536	Invalid Re-post Indicator	[no definition necessary]
E537	Missing Re-post Indicator	[no definition necessary]
W821	Invalid Re-post Indicator	[no definition necessary]
W822	Re-post Indicator not used	[no definition necessary]

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Colorado Interstate Gas Co., Wyoming Interstate Company, Ltd and Young Gas Storage, Ltd.

Request No: R99008

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.: **Offer Upload, NAESB WGQ Standard 5.4.7**
Offer Upload Quick Response, NAESB WGQ Standard 5.4.8

Description of Change:
Offer Upload
Data Element Xref to X12
Heading REF: Add a new row after the Affiliate Indicator REF row as follows: REF MA Re-post Indicator
X12 Mapping
Heading REF segment (position 050): REF02: Add "Re-post Indicator" to the end of the list of data elements.
Transaction Set Tables
REF Segments (Heading) table: Insert new row into the table at the bottom as follows: Element Name = 'Re-post Indicator' Usage = 'MA' REF01 = 'RP' REF02 = 'Y' [and on next sub-row] 'N' Description = 'Yes' [and on next sub-row] 'No'
Offer Upload Quick Response
Transaction Set Tables
Errors and Warnings (Heading) table: Add new error in numerical order: E536 – Invalid Re-post Indicator
Errors and Warnings (Heading) table: Add new error in numerical order: E537 – Missing Re-post Indicator
Errors and Warnings (Heading) table: Add new warning in numerical order: W821 – Invalid Re-post Indicator
Errors and Warnings (Heading) table: Add new warning in numerical order: W822 – Re-post Indicator not used

4. SUPPORTING DOCUMENTATION

a. Description of Request:

New standard data sets, elements and/or code values are requested under the GISB Capacity Release Related Standards (5.4.X) to accomplish the reposting of an offer to release capacity subsequent to the close of an open season. It is believed that this function could be accomplished on a Mutually Agreeable basis via EDI/EDM through the creation or modification of ANSI X.12 EDI data sets and/or code values. For the Submitting Entities, this function is currently accomplished interactively on their proprietary EBBs.

b. Description of Recommendation:

EBB Internet Implementation Subcommittee – March 9, 1999

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Colorado Interstate Gas Co., Wyoming Interstate Company, Ltd and Young Gas Storage, Ltd.

Request No: R99008

Motion:

IR50 Instruct Information Requirements Subcommittee to accommodate the mutually agreeable capacity release related business practice of reposting an offer to release capacity subsequent to the close of the bid season.

The motion passed unanimously.

Information Requirements Subcommittee

See minutes for the following NAESB WGQ Information Requirements Subcommittee meetings:

- September 10, 2002
- November 13, 2002

MOTION:

- Add the following data element at the header level:

Document Name and No.:

- **Offer Upload** **NAESB WGQ Standard 5.4.7**

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Re-post Indicator (Re-post)	In the event a valid bid has not been received, this indicates that the offer should be re-posted for the next appropriate cycle after the close of the bid period.	MA	MA	

- **Add the following code values to the code values dictionaries as indicated below.**

Document Name and No.:

- **Offer Upload** **NAESB WGQ Standard 5.4.7**

Re-post Indicator

Code Value Description	Code Value Definition	Code Value
Yes	[no definition necessary]	
No	[no definition necessary]	

Document Name and No.:

- **Offer Upload Quick Response** **NAESB WGQ Standard 5.4.8**

Validation Code (Heading)

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: Colorado Interstate Gas Co., Wyoming Interstate Company, Ltd and Young Gas Storage, Ltd.

Request No: R99008

Code Value	Code Value Description	Code Value Definition
E	Invalid Re-post Indicator	[no definition necessary]
E	Missing Re-post Indicator	[no definition necessary]
W	Invalid Re-post Indicator	[no definition necessary]
W	Re-post Indicator not used	[no definition necessary]

Balanced Vote: **December 10, 2002** 3.00 In Favor 0.00 Opposed

Vote End	For	Against	Total	Balanced For	Balanced Against	Balanced Total
Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	7	0	7	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	8	0	8	3.00	0.00	3

Motion Passes

Technical Subcommittee

See minutes for the following NAESB WGQ Technical Subcommittee meetings:

July 9, 2003

Balanced Vote: **July 9, 2003** 3 In Favor 0 Opposed

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	8	2	0	0
Producers	0	0	0	0
Totals	**9**	**3**	**0**	**0**

c. Business Purpose:

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

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

1. RECOMMENDED ACTION:

___Accept as requested
_X_Accept as modified below
___Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:	Per Recommendation:
___Initiation	___Initiation
_X_Modification	_X_Modification
___Interpretation	___Interpretation
___Withdrawal	___Withdrawal
___Principle (x.1.z)	___Principle (x.1.z)
___Definition (x.2.z)	___Definition (x.2.z)
___Business Practice Standard (x.3.z)	___Business Practice Standard (x.3.z)
___Document (x.4.z)	___Document (x.4.z)
_X_Data Element (x.4.z)	_X_Data Element (x.4.z)
_X_Code Value (x.4.z)	_X_Code Value (x.4.z)
___X12 Implementation Guide	_X_X12 Implementation Guide
___Business Process Documentation	___Business Process Documentation

3. RECOMMENDATION

The processing of this recommendation is contingent on the successful processing of the recommendations for Requests R97058B, R99024, and R99016.

SUMMARY: (modifications dependent on R97058B)

- Add data elements “Right to Amend Primary Points Indicator” and ‘’Right to Amend Primary Points Terms” to the header level in the following documents:
    - Offer Download (NAESB WGQ Standard 5.4.1)
    - Award Download (NAESB WGQ Standard 5.4.3)
    - Offer Upload (NAESB WGQ Standard 5.4.7)
    - Offer Upload Notification (NAESB WGQ Standard 5.4.9)
- Add code values for the new data element “Right to Amend Primary Points Indicator” to the following documents:
    - Offer Download (NAESB WGQ Standard 5.4.1)
    - Award Download (NAESB WGQ Standard 5.4.3)
    - Offer Upload (NAESB WGQ Standard 5.4.7)

- Offer Upload Notification (NAESB WGQ Standard 5.4.9)
- Add code values for Validation Code (Sub-detail) in the Offer Upload Quick Response (NAESB WGQ Standard 5.4.8).

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.: **Offer Download, NAESB WGQ Standard 5.4.1**
Offer Upload Notification, NAESB WGQ Standard 5.4.9

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Right to Amend Primary Points Indicator Data	An indicator used to identify whether the Replacement Shipper may amend the contract to change the primary point(s) after the capacity is awarded.			
Right to Amend Primary Points Indicator (RAPP)		C	C	Mandatory when present and processed in the original Offer Upload. For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.
Right to Amend Primary Points Indicator Description (RAPP Desc)		C	nu	Mandatory when present and processed in the original Offer Upload. For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Right to Amend Primary Points Terms (RAPP Terms)	A description of the terms and conditions under which the Replacement Shipper may amend the contract to change the primary point(s) after the capacity is awarded.	C	C	Mandatory when present and processed in the original Offer Upload.

Document Name and No.: Award Download, NAESB WGQ Standard 5.4.3

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Right to Amend Primary Points Indicator Data	An indicator used to identify whether the Replacement Shipper may amend the contract to change the primary point(s) after the capacity is awarded.			
Right to Amend Primary Points Indicator (RAPP)		C	C	Mandatory when present and processed in the original Offer Upload. For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.
Right to Amend Primary Points Indicator Description (RAPP Desc)		C	nu	Mandatory when present and processed in the original Offer Upload. For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.
Right to Amend Primary Points Terms (RAPP Terms)	A description of the terms and conditions under which the Replacement Shipper may amend the contract to change the primary point(s) after the capacity is awarded.	C	C	Mandatory when present and processed in the original Offer Upload.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Document Name and No.: Offer Upload, NAESB WGQ Standard 5.4.7

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Right to Amend Primary Points Indicator Data	An indicator used to identify whether the Replacement Shipper may amend the contract to change the primary point(s) after the capacity is awarded.			
Right to Amend Primary Points Indicator (RAPP)		BC	BC	Used when the Transportation Service Provider supports the ability for the Releasing Shipper to indicate whether the Replacement Shipper(s) can amend the primary points after the capacity is awarded. For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.
Right to Amend Primary Points Indicator Description (RAPP Desc)		BC	nu	Used when the Transportation Service Provider supports the ability for the Releasing Shipper to indicate whether the Replacement Shipper(s) can amend the primary points after the capacity is awarded. For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Right to Amend Primary Points Terms (RAPP Terms)	A description of the terms and conditions under which the Replacement Shipper may amend the contract to change the primary point(s) after the capacity is awarded.	BC	BC	Used only when the Rights to Amend Primary Points Indicator is present and not 'No'.

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: **Offer Download, NAESB WGQ Standard 5.4.1**
Award Download, NAESB WGQ Standard 5.4.3
Offer Upload, NAESB WGQ Standard 5.4.7
Offer Upload Notification, NAESB WGQ Standard 5.4.9

Right to Amend Primary Point Indicator

Code Value Description	Code Value Definition	Code Value
Yes, conditionally	The primary point can only be changed by the initial replacement shipper(s).	YC
Yes, unconditionally	The primary point can be changed by the initial replacement shipper(s) and by any and all re-release replacement shipper(s).	YU
No	The primary points cannot be changed by the replacement shipper(s).	NO

Document Name and No.: **Offer Upload Quick Response, NAESB WGQ Standard 5.4.8**

Validation Code (Sub-detail)

Code Value	Code Value Description	Code Value Definition
E538	Invalid Right to Amend Primary Points Indicator	[no definition necessary]
E539	Missing Right to Amend Primary Points Indicator	[no definition necessary]
E540	Missing Right to Amend Primary Points Terms	[no definition necessary]
W823	Right to Amend Primary Points Indicator not used	[no definition necessary]
W824	Right to Amend Primary Points Terms not used	[no definition necessary]

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.: **Offer Download, NAESB WGQ Standard 5.4.1**
Award Download, NAESB WGQ Standard 5.4.3
Offer Upload, NAESB WGQ Standard 5.4.7
Offer Upload Quick Response, NAESB WGQ Standard 5.4.8
Offer Upload Notification, NAESB WGQ Standard 5.4.9
Note/Special Instruction, NAESB WGQ Standard 5.4.17

Offer Download, 5.4.1

Data Element Xref to X12

Heading NTE: Add a new row for the NTE segment (after the occurrence of the Recall/Reput Terms) as follows:

NTE C Right to Amend Primary Points Terms

Heading REF: Add a new row for the REF segment (after the occurrence of the Recall/Reput Terms) as follows:

REF C Right to Amend Primary Points Indicator

X12 Mapping

Header NTE segment (position 030): NTE02: Add 'Right to Amend Primary Points Terms' to the end of the list of data elements.

Header REF segment (position 050): REF02: Add 'Right to Amend Primary Points Indicator' to the end of the list of data elements.

Transaction Set Tables

NTE Segments (Heading) table: Insert new row into the table (at the end) as follows:

Element Name	Usage	NTE01	NTE02 Description
Right to Amend Primary Points Terms	C6	EBW	Right to Amend Primary Point Terms

NTE Segments (Heading) table, Usage section: Add a new usage note at the bottom of the list as follows:

C6 Mandatory when heading REF01 = 'RA' and REF03 = 'NTE'.

REF Segments (Heading) table: Insert new row into the table (at the end) as follows:

Element Name	Usage	REF01	REF02	REF02 Description	REF03	REF03 Description
Right to Amend Primary Points Indicator	C	RA	NO	No	not used	
			YC	Yes, conditionally The terms, if any, are referenced in REF03.	864 NTE	see n2
			YU	Yes, unconditionally The terms, if any, are referenced in REF03	864 NTE	see n2

REF Segments (Heading) table: Notes section: Add a new note at the bottom of the list as follows:

n2 This element will contain '864' when the terms are in the corresponding 864 transaction or the element will contain 'NTE' when the terms are in a NTE segment of this transaction. This element will be blank if there are no terms.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Award Download, 5.4.3

Data Element Xref to X12

Heading NTE: Add a new row for the NTE segment (after the occurrence of the Recall/Reput Terms) as follows:

NTE C Right to Amend Primary Points Terms

Heading REF: Add a new row for the REF segment (after the occurrence of the Recall/Reput Terms) as follows:

REF C Right to Amend Primary Points Indicator

X12 Mapping

Header NTE segment (position 030): NTE02: Add 'Right to Amend Primary Points Terms' to the end of the list of data elements.

Header REF segment (position 050): REF02: Add 'Right to Amend Primary Points Indicator' to the end of the list of data elements.

Transaction Set Tables

NTE Segments (Heading) table: Insert new row into the table (at the end) as follows:

Element Name	Usage	NTE01	NTE02 Description
Right to Amend Primary Points Terms	C2	EBW	Right to Amend Primary Point Terms

NTE Segments (Heading) table, Usage section: Add a new usage note at the bottom of the list as follows:

C2 Mandatory when heading REF01 = 'RA' and REF03 = 'NTE'.

REF Segments (Heading) table: Insert new row into the table (at the end) as follows:

Element Name	Usage	REF01	REF02	REF02 Description	REF03	REF03 Description
Right to Amend Primary Points Indicator	C	RA	NO	No	not used	
			YC	Yes, conditionally The terms, if any, are referenced in REF03.	864 NTE	see n2
			YU	Yes, unconditionally The terms, if any, are referenced in REF03	864 NTE	see n2

REF Segments (Heading) table: Notes section: Add a new note at the bottom of the list as follows:

n2 This element will contain '864' when the terms are in the corresponding 864 transaction or the element will contain 'NTE' when the terms are in a NTE segment of this transaction. This element will be blank if there are no terms.

Offer Upload, 5.4.7

Data Element Xref to X12

Heading NTE: Add a new row for the NTE segment (after the occurrence of the Recall/Reput Terms) as follows:

NTE BC Right to Amend Primary Points Terms

Heading REF: Add a new row for the REF segment (after the occurrence of the Recall/Reput Terms) as follows:

REF BC Right to Amend Primary Points Indicator

X12 Mapping

Header NTE segment (position 030): NTE02: Add 'Right to Amend Primary Points Terms' to the end of the list of data elements.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Header REF segment (position 050): REF02: Add 'Right to Amend Primary Points Indicator' to the end of the list of data elements.

Transaction Set Tables

NTE Segments (Heading) table: Insert new row into the table (at the end) as follows:

Element Name	Usage	NTE01	NTE02 Description
Right to Amend Primary Points Terms	BC1	EBW	Right to Amend Primary Point Terms

NTE Segments (Heading) table, Usage section: Add a new usage note at the bottom of the list as follows:

BC1 Used only when heading REF01 = 'RA' and REF03 = 'NTE'.

REF Segments (Heading) table: Insert new row into the table (at the end) as follows:

Element Name	Usage	REF01	REF02	REF02 Description	REF03	REF03 Description
Right to Amend Primary Points Indicator	BC	RA	NO	No	not used	
			YC	Yes, conditionally The terms, if any, are referenced in REF03.	864 NTE	see n2
			YU	Yes, unconditionally The terms, if any, are referenced in REF03.	864 NTE	see n2

REF Segments (Heading) table: Notes section: Add a new note at the bottom of the list as follows:

n2 This element will contain '864' when the terms are in the corresponding 864 transaction or the element will contain 'NTE' when the terms are in a NTE segment of this transaction. This element will be blank if there are no terms.

Offer Upload Quick Response, 5.4.8

Transaction Set Tables

Errors and Warnings (Heading): Add the following Validation Codes and Descriptions in numerical order:

E538 Invalid Right to Amend Primary Points Indicator
E539 Missing Right to Amend Primary Points Indicator
E540 Missing Right to Amend Primary Points Terms
W823 Right to Amend Primary Points Indicator not used
W824 Right to Amend Primary Points Terms not used

Offer Upload Notification, 5.4.9

Data Element Xref to X12

Heading NTE: Add a new row for the NTE segment (after the occurrence of the Recall/Reput Terms) as follows:

NTE C Right to Amend Primary Points Terms

Heading REF: Add a new row for the REF segment (after the occurrence of the Recall/Reput Terms) as follows:

REF C Right to Amend Primary Points Indicator

X12 Mapping

Header NTE segment (position 030): NTE01: Mark code value 'EBW' as used. Add code value note 'Right to Amend Primary Point Terms'.

Header NTE segment (position 030): NTE02: Add 'Right to Amend Primary Points Terms' to the list of data elements after 'Not a Stand-alone Offer Terms and Conditions'.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Header REF segment (position 050): REF02: Add 'Right to Amend Primary Points Indicator' to the end of the list of data elements.

Transaction Set Tables

REF Segments (Heading) table: Insert new row into the table (at the end) as follows:

Element Name	Usage	REF01	REF02	REF02 Description	REF03	REF03 Description
Right to Amend Primary Points Indicator	C	RA	NO	No	not used	
			YC	Yes, conditionally The terms, if any, are referenced in REF03.	864 NTE	see n2
			YU	Yes, unconditionally The terms, if any, are referenced in REF03	864 NTE	see n2

REF Segments (Heading) table: Notes section: Add a new note at the bottom of the list as follows:

n2 This element will contain '864' when the terms are in the corresponding 864 transaction or the element will contain 'NTE' when the terms are in a NTE segment of this transaction. This element will be blank if there are no terms.

Note/Special Instruction, 5.4.17

X12 Mapping

Detail MIT segment (position 010): MIT01: Add code value 'EBW'. Add code value note 'Right to Amend Primary Points Terms'.

Detail MSG segment (position 080): MSG01: Add 'Right to Amend Primary Points Terms' to the end of the list of data elements.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

- **R99020 - Enron Gas Pipeline Group**
  Modify the capacity release data sets to accommodate the Releasing Shipper's ability to specify whether Gas Transaction Points can be changed after the capacity has been awarded. This modification will affect the Offer Upload, Offer Download, Award Download and Offer Upload Notification data sets.

- **R99032 - Williams Gas Pipeline**
  Add data element to the Capacity Release Offer Upload (5.4.7) to allow the Releaser to specify whether contractual point changes by the Replacement Shipper are permitted on this offer. The new indicator would also need to be added to the Offer Download (5.4.1) to communicate to parties the terms as proposed by the Releaser

- **R01001 – Enron Transportation Services Company**
  Add data element 'Change Gas Transaction Points Terms' to the header level of the Offer Upload (5.4.7), Offer Upload Notification (5.4.9), Offer Download (5.4.1) and the Award

Download (5.4.3). It is also requested that Validation Codes be added to the Offer Upload Quick Response (5.4.8).

- **R02005 - ANR Gas Pipeline**
  Add data element 'Rights to Amend Primary Points' and associated code values to Capacity Release data sets. The element will be used to indicate if the Releasing Shipper will allow the replacement shipper to re-locate the primary point.

b. Description of Recommendation:

EBB to Internet Implementation Task Force (EEITF)
See minutes for the following EIITF meeting:

- February 25, 1999 R99020 & R99032
- April 6, 1999 R99020 & R99032

MOTION: **IR 53**
Instruct IR to modify the Capacity Release - Offer Upload to accommodate the releasing shipper's ability to specify whether contractual point changes by the Replacement Shipper are permitted on this offer. This new data element would be BC on the Offer Upload, C on the Offer Download, C on the Award Download, and C in the Offer Upload Notification. These instructions revise the instructions previously sent to IR for R99020 in IR 48.

Balanced Vote: **4/6/99** **Motion Passes**

	For	Against	Total	Balanced For	Balanced Against	Balanced Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	11	0	11	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	2	1	3	1.33	0.67	2
	13	1	14	3.33	0.67	4

Business Practices Subcommittee (BPS)
See minutes for the following BPS meeting:

- March 29, 2001 R01001
- May 8, 2002 R02005

Motion:
BPS instructs the Information Requirements Subcommittee to accommodate the business conditional business practice of sending change gas transactions point terms in the Offer Upload. If this information is provided, it also should be included in the Offer Download, Award Download, and Offer Upload Notification.

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Balanced Vote: **3/29/01** **Motion Passes**

				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	1	0	1	1.00	0.00	1
LDCs	1	0	1	1.00	0.00	1
Pipelines	8	0	8	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	1	2	1.00	1.00	2
	11	1	12	5.00	1.00	6

Motion
BPS instructs the Information Requirements Subcommittee to process R02005 along with R99020 and R99032 according to EIITF Instruction #48.

Balanced Vote: **5/8/02** **Motion Passes**

				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	1	0	1	1.00	0.00	1
LDCs	2	0	2	2.00	0.00	2
Pipelines	5	0	5	2.00	0.00	2
Producers	1	0	1	1.00	0.00	1
Services	1	0	1	1.00	0.00	1
	10	0	10	7.00	0.00	7

Information Requirements Subcommittee (IR)

See minutes for the following IR meeting:

- September 10, 2002
- October 15, 2002
- November 13, 2002 – see meeting minutes for motion re adoption of draft minutes for 10/15/02 and adminstrative edits to workpaper.
- July 10, 2003 – see minutes for modifications to workpaper
- July 25, 2003 – see minutes for modifications to workpaper

Motion:
Modify the following NAESB WGQ Standards Data Dictionaries and Code Values Dictionaries as indicated below: (see details of the modifications in the minutes as captured above in section 3)

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

No changes necessary to the following documentation for the data sets being modified:

- TIBPs
- Sample Papers
- Executive Summary
- Business Process and Practices

Balanced Vote: **10/15/02** **Motion Passes**

				Balanced	Balanced	Balanced
	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	10	0	10	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	11	0	11	3.00	0.00	3

Motion:
Modify the following Capacity Release Data sets as indicated below: see details of the modificaitions in the minutes as captured above in section 3)

Balanced Vote: **7/10/03** **Motion Passes**

				Balanced	Balanced	Balanced
	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	7	0	7	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	8	0	8	3.00	0.00	3

Motion:
Adopt the revised workpaper for R99020, R99032, R02005 and R01001 as reflected in the attached.

Balanced Vote: **7/25/03** **Motion Passes**

Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	0	0	0	0.00	0.00	0

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE - REVISED

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

LDCs	0	0	0	0.00	0.00	0
Pipelines	5	0	5	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	6	0	6	3.00	0.00	3

Technical Subcommittee

Balanced Vote: March 31, 2003 3 In Favor 0 Opposed

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	3	2	0	0
Producers	0	0	0	0
Totals	**4**	**3**	**0**	**0**

Balanced Vote: August 19, 2003 2 In Favor 0 Opposed

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	0	0	0	0
Pipelines	3	2	0	0
Producers	0	0	0	0
Totals	**3**	**2**	**0**	**0**

c. Business Purpose:

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

RECOMMENDATION TO
NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ Contracts SC **Request No.: 2003 Annual Plan Item 2**

1. Recommended Action:

___Accept as requested
_X_Accept as modified below
___Decline

Effect of EC Vote to Accept Recommended Action:

_X_Change to Existing Practice
___Status Quo

2. TYPE OF MAINTENANCE

Per Request:

___Initiation
_X_Modification
___Interpretation
___Withdrawal

___Principle (x.1.z)
___Definition (x.2.z)
_X_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
_X_Modification
___Interpretation
___Withdrawal

___Principle (x.1.z)
___Definition (x.2.z)
_X_Business Practice Standard (x.3.z)
___Document (x.4.z)
___Data Element (x.4.z)
___Code Value (x.4.z)
___X12 Implementation Guide
_X_Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add proposed NAESB WGQ Standards 6.3.z1 [Credit Support Addendum to the NAESB WGQ's "Base Contract for Purchase and Sale Natural Gas" (NAESB WGQ Standard 6.3.1) including the User's Guide to the Credit Support Addendum.]

RECOMMENDATION TO
NAESB WGQ EXECUTIVE COMMITTEE

Requester: WGQ Contracts SC **Request No.: 2003 Annual Plan Item 2**

STANDARDS LANGUAGE:

For Proposed WGQ Standard 6.3.z1 see Exhibit "zA" attached including CSA User's Guide.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

2003 Annual Plan Item 2 – "Complete the Credit Annex for the contract for purchase and sales of natural gas.

b. Description of Recommendation:

WGQ Contracts Subcommittee

See the WGQ Contracts Subcommittee (Contracts) meeting minutes, meeting minute attachments, filed comments and various document drafts for the supporting documentation, discussion, and voting records for the following dates:

November 18, 2002
December 17, 2002
January 21, 2003
February 26, 2003
March 27 & 28, 2003
April 22, 2003
May 21, 2003
May 30, 2003
June 24, 2003
July 23, 2003
August 20, 2003
August 25, 2003

VOTES of the WGQ Contracts Subcommittee (Contracts SC)

The CSA and User's Guide to the CSA attached to this recommendation represent a consensus of the Contracts SC except for one issue that required a balanced vote of the Contracts SC at the meeting held on July 23, 2003. The vote taken was on the issue of the naming of the CSA document.

The motion:

To affirm the name of the document as "Credit Support Addendum to the Base Contract for Sale and Purchase of Natural Gas."

Discussion on the motion:

The alternative name discussed by a group of interested local distribution companies (Interested LDCs) was "**Model** Credit Support Addendum to the Base Contract for Sale and Purchase of Natural Gas."

Interested LDCs' opinion on the name was to make it abundantly clear that the use of the CSA as an addendum to the CSA was an optional form of CSA. Parties could use other CSA forms available including either parties' in-house CSA forms. Further, since the term "Model" was going to be used in only one place in the document, parties using the CSA form could easily revise the document for use as a CSA.

Representatives of other segments expressed their opinion that it was unnecessary to add the term "Model" to the CSA document since the optional nature of the CSA was clearly explained

both in the User's Guide and in a separate disclaimer included in the CSA. They also noted that the other existing addendum to the Base Contract (Canadian Addendum) did not contain the term "Model" in its name. Finally, several services segment and end-user segment representatives explained that naming the CSA a "Model" could likely create confusion and may give rise to questions of enforceability as it might be viewed as illustrative only without the force and effect of a binding agreement. Also, in their experience, they believed adding the term "Model" to the CSA name may falsely connote a document without industry consensus on either the document itself or the terms in the document.

Vote on the Motion
The vote on the motion on July 23, 2003 was

Segments	**Vote For**	**Balanced For**	**Vote Against**	**Balanced Against**
Pipelines	1	1	0	0
Producers	1	1	0	0
Services	4	2	0	0
LDCs	0	0	3	2
End Users	1	1	0	0
Totals	7	5	3	2

Motion passes

c. Business Purpose:

The business purpose is provided in the "Purpose" and "Structure" provisions of the CSA User's Guide.

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

The commentary/rationale to support the development of the CSA and User's Guide is provided in the "Purpose" and "Structure" provisions of the CSA User's Guide.

Credit Support Addendum
to the
Base Contract for Sale and Purchase of Natural Gas

This Credit Support Addendum ("CSA") is entered into as of this _____ day of _____, 20__.

The parties to this CSA are the following:

Party A		Party B
_____	and	_____
_____		_____
Base Contract Date: _____		Base Contract Date: _____
Base Contract Number: _____		Base Contract Number: _____

Credit Related Notices:

Attn: _____	Attn: _____
Phone: _____ Fax: _____	Phone: _____ Fax: _____
E-mail Address: _____	E-mail Address: _____

Wire Transfer or ACH Numbers (if applicable):

Bank: _____	Bank: _____
ABA: _____	ABA: _____
ACCT: _____	ACCT: _____
Other Details: _____	Other Details: _____

This CSA is published by the North American Energy Standards Board, Inc. The parties hereby agree to the following provisions offered in said CSA Elections.

Credit Support Provider	Party A : _____ Party B : _____	Interest Rate	_____ _____ _____
Eligible Collateral	Valuation Percentage Party A: ? Cash 100% ? Letters of Credit 100%* ? Other _____ ___% Party B: ? Cash 100% ? Letters of Credit 100%* ? Other _____ ___% * - See Definition of Valuation Percentage.	Minimum Transfer Amount	Party A: _____ Party B: _____
		Letter of Credit Issuer Requirements	_____ _____ _____
Transfer Method for Other Eligible Collateral	Party A: _____ Party B: _____	Notification Time Close of Business	? 1 p.m. Eastern Prevailing Time ? Other _____ Prevailing Time ? 5 p.m. Eastern Prevailing Time ? Other _____ Prevailing Time
Collateral Threshold	? See attached Rating Matrix ? Flat amounts Party A: _____ Party B: _____	Rounding Amount	Party A: _____ Party B: _____
Eligibility Requirements to Hold Cash	Party A: _____ Party B: _____	Custodian Requirements	_____ _____ _____
? **OPTION A for CSA Paragraphs 4, 5 and 6 – OR –** ? **OPTION B for CSA Paragraphs 4, 5 and 6 (Exhibit A for elections is attached.)** ? **Special Provisions** Number of sheets attached: _____			

IN WITNESS WHEREOF, the parties hereto have executed the first page of this CSA in duplicate.

Party A Name	**Party B Name**
By _____	By _____
Name:	Name:
Title:	Title:

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GENERAL TERMS AND CONDITIONS
of the
CREDIT SUPPORT ADDENDUM
to the
BASE CONTRACT FOR PURCHASE AND SALE OF NATURAL GAS

Paragraph 1. Purpose

This CSA constitutes an Addendum to that certain Base Contract for Sale and Purchase of Natural Gas, as identified on the front page herein, between the parties ("Base Contract"), and supplements, forms part of, and amends the Base Contract affecting transactions thereunder. Capitalized terms used in this CSA that 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 this CSA and the Base Contract, the terms of this CSA shall apply for the purposes of this CSA.

The terms set forth below shall have the meanings ascribed to them below. Other terms are also defined elsewhere in the Base Contract and shall have the meanings ascribed to them therein.

Paragraph 2. Definitions.

As used in this CSA:

"Cash" shall mean United States Dollars.

"Close of Business" shall have the meaning set forth in the elections on Page 1 herein.

"Collateral Requirement" shall have the meaning set forth in Paragraph 3 herein.

"Collateral Threshold" shall mean, with respect to a party, the amount, if any, set forth in the elections on Page 1 herein for such party; provided, however, that the Collateral Threshold for a party that is a Defaulting Party shall be zero (0) upon the occurrence and during the continuance of an Event of Default.

"Credit Support Default" shall have the meaning set forth in Paragraph 10 herein.

"Credit Support Provider", if applicable, shall mean the entity set forth in the elections on Page 1 herein.

"Custodian" shall mean an entity that meets the Custodian Requirements set forth in the elections on Page 1 herein.

"Defaulting Party" shall have the meaning set forth in Paragraph 10 herein.

"Demand Date" shall mean, with respect to a party's (i) demand for the Transfer of Eligible Collateral pursuant to Paragraph 4 herein, (ii) demand for Reduction or Substitution of Posted Collateral pursuant to Paragraph 5 herein, and/or (iii) demand for Disputed Calculations pursuant to Paragraph 6 herein:

(a) the date on which a demand is made, if such demand is received prior to the Notification Time on a Business Day; or

(b) the following Business Day if a demand is made on a non-Business Day or after the Notification Time on a Business Day.

"Eligible Collateral" shall have the meaning set forth in the elections on Page 1 herein.

"Exposure" shall mean the Net Settlement Amount, as calculated by the Secured Party in good faith and in a commercially reasonable manner, that the Pledging Party would owe to the Secured Party if an Early Termination Date had been designated as of the date of such calculation as provided for in Section 10 of the Base Contract; provided that such calculations shall be at the mid point between the bid price and the offer price.

"Interest Amount" shall mean the aggregate sum of the amounts of interest calculated for each day in that Interest Period on the principal amount of Cash held by the Secured Party on that day, determined for each such day as follows: (x) the amount of Cash on that day; multiplied by (y) the Interest Rate for that day: divided by (z) 360.

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"Interest Period" shall mean the period from (and including) the last Business Day on which an Interest Amount was Transferred (or if no Interest Amount has yet been Transferred, the Business Day on which Cash was Transferred to the Secured Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

"Interest Rate" shall have the meaning set forth in the elections on Page 1 herein.

"Letter of Credit" shall have the meaning set forth in Paragraph 7 (a) herein.

"Letter of Credit Default" shall have the meaning set forth in Paragraph 7(b) herein.

"Minimum Transfer Amount" shall mean the amount set forth in the elections on Page 1 herein for a party.

"Notification Time" shall have the meaning set forth in the elections on Page 1 herein.

"Notice" shall have the meaning set forth in Paragraph 9 herein.

"Pledging Party" shall have the meaning set forth in Paragraph 3 herein.

"Posted Collateral" shall mean (1) all Eligible Collateral and all proceeds thereof that have been Transferred to or received by the Secured Party hereunder and not Transferred to the Pledging Party pursuant to Paragraph 4 or released by the Secured Party, (2) any Interest Amount or portion thereof held by the Secured Party and not Transferred pursuant to Paragraph 8(c), and (3) any Cash received and held by the Secured Party after drawing on any Letter of Credit.

"Reference Market Maker" shall mean a leading dealer in the relevant market that is not an affiliate of either party selected by a party determining any disputed calculations pursuant to Paragraph 6 herein in a commercially reasonable manner from among dealers which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit.

"Rounding Amount" shall mean the amount set forth in the elections on Page 1 herein for a party.

"Secured Party" shall have the meaning set forth in Paragraph 3(b) herein.

"Letter of Credit Issuer Requirements" shall have the meaning set forth in the elections on Page 1 herein.

"Transfer" or "Transferred" shall mean, with respect to any Eligible Collateral, Posted Collateral, or Interest Amount, and in accordance with the instructions of the appropriate party:

(i) in the case of Cash, payment or delivery by wire transfer in immediately available federal funds into one or more bank accounts set forth on Page 1 herein (or as otherwise specified in a demand Notice);

(ii) in the case of Letters of Credit, delivery of the Letter of Credit by the Pledging Party to the Secured Party at the address specified in this CSA (or as otherwise specified in a demand Notice) or delivery of an executed amendment to such Letter of Credit (extending the term or increasing the amount available to the Secured Party thereunder) by the Pledging Party, to the Secured Party; and for purposes of Paragraph 5, return of the Letter of Credit by the Secured Party to the Pledging Party or delivery of an executed amendment (which amendment shall be given by the Pledging Party to the Secured Party) to the Letter of Credit in form and substance satisfactory to the Secured Party, reducing the amount available to the Secured Party thereunder, in each case to the address specified in the applicable demand letter or this CSA; and

(iii) in the case of any other Eligible Collateral, the Transfer methodology specified by the parties in the elections on Page 1 herein.

(iv) in any case in which Eligible Collateral or Posted Collateral is in the form of a Letter of Credit, the deadlines set forth in Paragraph 7 (h).

(iv) In connection with each Transfer of any Eligible Collateral to the Secured Party pursuant to this CSA, the Secured Party will, upon request of the Pledging Party, provide a receipt in form and substance reasonably satisfactory to the Pledging Party showing the Eligible Collateral

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Transferred to it. In connection with each Transfer of any Posted Collateral to the Pledging Party pursuant to this CSA, the Pledging Party will, upon request of the Secured Party, provide a receipt in form and substance reasonably satisfactory to the Secured Party showing the Posted Collateral Transferred to it.

"Valuation Percentage" shall mean the percentage set forth in the elections on Page 1 herein for each form of Eligible Collateral; provided with respect to Letters of Credit the Valuation Percentage shall be 100% unless either (i) a Letter of Credit Default shall apply with respect to such Letter of Credit or (ii) 20 or fewer Business Days remain prior to the expiration of such Letter of Credit, in which case the Valuation Percentage shall be zero (0).

"Value" shall mean the Valuation Percentage multiplied by the amount of Posted Collateral; provided with respect to Letters of Credit, such amount shall be the amount then available to be unconditionally drawn under the Letter of Credit held by the Secured Party.

Paragraph 3. Calculation of Collateral Requirement.

On any Business Day, the "Collateral Requirement" for a party (the "Pledging Party") means the Secured Party's Exposure minus the sum of:

(a) the Pledging Party's Collateral Threshold; plus

(b) the Value of all Posted Collateral then held by the party other than the Pledging Party (the "Secured Party"), and any accrued Interest Amount that has not yet been Transferred to the Pledging Party;

provided, however, that, the Collateral Requirement of the Pledging Party will be deemed to be zero (0) whenever the calculation of such Pledging Party's Collateral Requirement yields a number less than zero (0).

OPTION A: Paragraphs 4, 5, and 6

If the parties select Option A of the elections on Page 1 herein, the following Paragraphs 4, 5 and 6 shall apply.

Paragraph 4. Transfer of Eligible Collateral.

On any Business Day on which (i) no Credit Support Default with respect to the Secured Party has occurred and is continuing, (ii) no Event of Default with respect to the Secured Party has occurred and is continuing, (iii) no Early Termination Date has occurred or been designated by the Pledging Party for which there exist any unsatisfied payment obligations under the Base Contract, and (iv) the Pledging Party's Collateral Requirement equals or exceeds its Minimum Transfer Amount, the Secured Party may demand, by Notice to the Pledging Party, that the Pledging Party Transfer to the Secured Party, and the Pledging Party shall Transfer or cause to be Transferred to the Secured Party, Eligible Collateral for the benefit of the Secured Party having a Value on the date of Transfer at least equal to the Pledging Party's Collateral Requirement. The amount of Eligible Collateral required to be Transferred hereunder shall be rounded up to the nearest integral multiple of the Rounding Amount. Unless otherwise agreed to in writing by the parties, the Pledging Party shall Transfer the Eligible Collateral by the Close of Business on the Business Day following the Demand Date. Any Letter of Credit or other type of Eligible Collateral (other than Cash) shall be Transferred to the address specified in this CSA or to such address as the Secured Party shall specify in its demand, pursuant to this Paragraph 4. Any demand made by the Secured Party pursuant to this Paragraph 4 shall specify wire transfer information for the account(s) to which Eligible Collateral in the form of Cash shall be Transferred if different then that set forth in this CSA. Notwithstanding anything to the contrary in this CSA, in the event of a Credit Support Default or an Event of Default, with respect to the Pledging Party which gives rise to an obligation to Transfer Eligible Collateral, the Pledging Party shall have no obligation to Transfer such Eligible Collateral if such event is cured or otherwise no longer exists prior to the time that such Eligible Collateral is required to be provided hereunder.

Paragraph 5. Reduction and Substitution of Posted Collateral.

(a) On any Business Day a Pledging Party may demand, by Notice to the Secured Party, a reduction in the amount of Posted Collateral previously provided by the Pledging Party for the benefit of the Secured Party, and the Secured Party shall comply with said demand, provided that after giving effect to the demanded reduction in Posted Collateral, (i) the Pledging Party shall have a Collateral Requirement of zero (0) as of the date the Secured Party would be required to return the requested Posted Collateral, (ii) no Credit Support Default with respect to the Pledging Party has occurred and is continuing, (iii) no Event of Default with respect to the Pledging Party has occurred and is continuing, and (iv) no Early Termination Date has occurred or been designated by the Secured Party for which there exist any unsatisfied payment obligations under the Base Contract. The amount of the Posted

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Collateral reduction shall be made by the Secured Party if such amount equals or exceeds the Secured Party's Minimum Transfer Amount; provided however, such amount actually returned by the Secured Party shall be rounded down to the nearest integral multiple of the Rounding Amount. Unless otherwise agreed in writing by the parties, the Secured Party shall effect a permitted reduction in Posted Collateral by the Close of Business on the Business Day following the Demand Date for such reduction. If a permitted reduction in Posted Collateral is to be effected by a reduction in the amount that may be drawn under an outstanding Letter of Credit previously issued for the benefit of the Secured Party, the Secured Party shall promptly take such action as is reasonably necessary to cooperate with the Pledging Party to effectuate such reduction.

(b) Except when (i) a Credit Support Default with respect to the Pledging Party has occurred and is continuing, or (ii) an Event of Default with respect to the Pledging Party has occurred and is continuing, or (iii) no Early Termination Date has occurred or been designated by the Secured Party for which there exist any unsatisfied payment obligation under the Base Contract, the Pledging Party may substitute new Eligible Collateral for existing Posted Collateral of equal or greater Value (provided that, if such substitute Eligible Collateral is of a type not designated as Eligible Collateral in the elections on Page 1 herein, then the substitution may not occur unless the Secured Party consents to such substitution). Upon the Transfer to the Secured Party of the substitute Eligible Collateral, the Secured Party shall Transfer the relevant replaced Posted Collateral (as specified by the Pledging Party) to the Pledging Party by the Close of Business on the second Business Day after such Transfer has been effected. Notwithstanding anything herein to the contrary, no such substitution shall be permitted unless (x) the substitute Eligible Collateral is Transferred to the Secured Party prior to, the release of the Posted Collateral to be returned to the Pledging Party and, if applicable, the security interest in, and lien upon, such substituted Eligible Collateral granted pursuant hereto in favor of the Secured Party shall have been perfected as required by applicable law and shall constitute a first priority perfected security interest therein and general first lien thereon, and (y) after giving effect to such substitution, the Value of such substitute Eligible Collateral, together will all other Posted Collateral held by the Secured Party, shall equal or exceed the Pledging Party's Collateral Requirement. Each substitution of Eligible Collateral shall constitute a representation, warranty and agreement by the Pledging Party that the substituted Eligible Collateral shall be subject to and governed by the terms and conditions of this CSA, including without limitation and if applicable, the security interest in, general first lien on and right of offset against, such substituted Eligible Collateral granted pursuant to Paragraph 13(a) in favor of the Secured Party.

(c) The Transfer of any Posted Collateral by the Secured Party to the Pledging Party in accordance with this Paragraph 5 shall be deemed a release by the Secured Party of its security interest, general first lien and right of offset granted pursuant to Paragraph 13(a) hereof only with respect to such returned Posted Collateral.

Paragraph 6. Disputed Calculations.

(a) If the Pledging Party disputes the amount of Eligible Collateral requested by the Secured Party and such dispute relates to the amount of the Exposure as determined by the Secured Party, then the Pledging Party shall (i) notify the Secured Party of the existence and nature of the dispute not later than the Close of Business on the Demand Date, and (ii) Transfer Eligible Collateral to or for the benefit of the Secured Party in accordance with Paragraph 4 and in an amount equal to the Pledging Party's own calculation of its Collateral Requirement as determined, in accordance with Paragraph 3. Such calculation shall be made in good faith and a commercially reasonable manner that is consistent with Section 10 of the Base Contract. In all such cases, the parties thereafter shall promptly consult with each other in order to reconcile the two conflicting calculations. If the parties have not been able to resolve their dispute on or before the Notification Time on the second Business Day following the Demand Date, then the amount of the Exposure shall be recalculated with each party requesting quotations from one (1) Reference Market-Maker by the Notification Time on the third (3rd) Business Day following the Demand Date (taking the arithmetic average of those quotations obtained to obtain the average Exposure, provided, that, if only one (1) quotation can be obtained, then that quotation shall be used and if no quotations can be obtained, then the Secured Party's calculation shall control) for the purpose of recalculating the Exposure of each transaction in respect of which the parties disagree as to the Exposure thereof. The Pledging Party shall inform the Secured Party of the quotation it has obtained, if any, by the Notification Time on the third (3rd) Business Day following the Demand Date. The Secured Party shall inform the Pledging Party of the results of such recalculation in reasonable detail by the Notification Time on the fourth (4th) Business Day following the Demand Date. Eligible Collateral shall thereupon be provided, returned, or reduced, if necessary, by the Close of Business on the fifth (5th) Business Day following the Demand Date. If the Pledging Party fails to dispute the amount of the Collateral requirement within the time period specified above, then the Pledging Party shall Transfer or cause to be Transferred to the Secured Party, Eligible Collateral for the benefit of the Secured Party having a Value on the date of Transfer at least equal to the Pledging Party's Collateral Requirement, as originally demanded by the Secured Party.

(b) If the Secured Party disputes the amount of Eligible Collateral to be reduced by the Secured Party and such dispute relates to the amount of the Exposure claimed by the Pledging Party, then the Secured Party shall (i) notify the Pledging Party of the existence and nature of the dispute by the Close of Business on the Demand Date for such reduction, and (ii) effect the reduction of Eligible Collateral to or for the benefit of the Pledging Party in accordance

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with Paragraph 5 and in an amount equal to the Secured Party's own estimate, made in a commercially reasonable manner, of the Pledging Party's Collateral Requirement as determined in accordance with Paragraph 3. In all such cases, the parties thereafter shall promptly consult with each other in order to reconcile the two conflicting amounts. If the parties have not been able to resolve their dispute on or before the Notification Time on the second (2nd) Business Day following the Demand Date for such reduction, then the Secured Party's Exposure shall be recalculated by each party requesting quotations from one (1) Reference Market-Maker by the Notification Time on the third (3rd) Business Day following the Demand Date for such reduction (taking the arithmetic average of those quotations obtained to obtain the average Exposure; provided, that, if only one (1) quotation can be obtained, then that quotation shall be used and if no quotations can be obtained, then the Secured Party's calculations shall control) for the purpose of recalculating the Exposure of each transaction in respect of which the parties disagree as to the Exposure thereof. The Pledging Party shall inform the Secured Party of the quotation it has obtained, if any, by the Notification Time on the third (3rd) Business Day after the Demand Date. The Secured Party shall inform the Pledging Party of the results of such recalculation in reasonable detail by the Notification Time on the fourth (4th) Business Day after the Demand Date for such reduction. Eligible Collateral shall thereupon be provided, returned, or reduced, if necessary, by the Close of Business on the fifth (5th) Business Day after the Demand Date for such reduction. If the Secured Party fails to dispute the amount of the demanded reduction within the time period specified above, then the Secured Party shall Transfer or cause to be Transferred to the Pledging Party, Eligible Collateral for the benefit of the Pledging Party having a Value on the date of Transfer at least equal to the Pledging Party's demanded reduction.

OPTION B: Paragraphs 4, 5, and 6

If the parties select Option B of the elections on Page 1 herein, the following Paragraphs 4, 5 and 6 and the related timing requirements and party information set forth in the Exhibit A to this CSA shall apply.

Paragraph 4. Transfer of Eligible Collateral.

On any Business Day on which (i) no Credit Support Default with respect to the Secured Party has occurred and is continuing, (ii) no Event of Default with respect to the Secured Party has occurred and is continuing, (iii) no Early Termination Date has occurred or been designated by the Pledging Party for which there exist any unsatisfied payment obligations under the Base Contract, and (iv) the Pledging Party's Collateral Requirement equals or exceeds its Minimum Transfer Amount, the Secured Party may demand, by Notice to the Pledging Party, that the Pledging Party Transfer to the Secured Party, and the Pledging Party shall Transfer or cause to be Transferred to the Secured Party, Eligible Collateral for the benefit of the Secured Party having a Value on the date of Transfer at least equal to the Pledging Party's Collateral Requirement. The amount of Eligible Collateral required to be Transferred hereunder shall be rounded up to the nearest integral multiple of the Rounding Amount. Unless otherwise agreed to in writing by the parties, the Pledging Party shall Transfer the Eligible Collateral by the Close of Business on the **('A')** Business Day following the Demand Date. Any Letter of Credit or other type of Eligible Collateral (other than Cash) shall be Transferred to the address specified in this CSA or to such address as the Secured Party shall specify in its demand, pursuant to this Paragraph 4. Any demand made by the Secured Party pursuant to this Paragraph 4 shall specify wire transfer information for the account(s) to which Eligible Collateral in the form of Cash shall be Transferred if different then that set forth in this CSA. Notwithstanding anything to the contrary in this CSA, in the event of a Credit Support Default or an Event of Default, with respect to the Pledging Party which gives rise to an obligation to Transfer Eligible Collateral, the Pledging Party shall have no obligation to Transfer such Eligible Collateral if such event is cured or otherwise no longer exists prior to the time that such Eligible Collateral is required to be provided hereunder.

Paragraph 5. Reduction and Substitution of Posted Collateral.

(a) On any Business Day a Pledging Party may demand, by Notice to the Secured Party, a reduction in the amount of Posted Collateral previously provided by the Pledging Party for the benefit of the Secured Party, and the Secured Party shall comply with said demand, provided that after giving effect to the demanded reduction in Posted Collateral, (i) the Pledging Party shall have a Collateral Requirement of zero (0) as of the date the Secured Party would be required to return the requested Posted Collateral; (ii) no Credit Support Default with respect to the Pledging Party has occurred and is continuing; (iii) no Event of Default with respect to the Pledging Party has occurred and is continuing; and (iv) no Early Termination Date has occurred or been designated by the Secured Party for which there exist any unsatisfied payment obligations under the Base Contract. The amount of the Posted Collateral reduction shall be made by the Secured Party if such amount equals or exceeds the Secured Party's Minimum Transfer Amount; provided however, such amount actually returned by the Secured Party shall be rounded down to the nearest integral multiple of the Rounding Amount. Unless otherwise agreed in writing by the parties, the Secured Party shall effect a permitted reduction in Posted Collateral by the Close of Business on the **('B')** Business Day following the Demand Date for such reduction. If a permitted reduction in Posted Collateral is to be effected by a reduction in the amount that may be drawn under an outstanding Letter of Credit previously issued for the benefit of

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the Secured Party, the Secured Party shall promptly take such action as is reasonably necessary to cooperate with the Pledging Party to effectuate such reduction.

(b) Except when (i) a Credit Support Default with respect to the Pledging Party has occurred and is continuing, or (ii) an Event of Default with respect to the Pledging Party has occurred and is continuing or (iii) no Early Termination Date has occurred or been designated by the Secured Party for which there exist any unsatisfied payment obligation under the Base Contract, the Pledging Party may substitute new Eligible Collateral for existing Posted Collateral of equal or greater Value on the **('C')** Business Day following the Demand Date thereof (provided that, if such substitute Eligible Collateral is of a type not designated as Eligible Collateral in the elections on Page 1 herein, then the substitution may not occur unless the Secured Party consents to such substitution). Upon the Transfer to the Secured Party and/or its Custodian of the substitute Eligible Collateral, the Secured Party and/or its Custodian shall Transfer the relevant replaced Posted Collateral (as specified by the Pledging Party) to the Pledging Party by the Close of Business on the **('D')** Business Day after such Transfer has been effected. Notwithstanding anything herein to the contrary, no such substitution shall be permitted unless (x) the substitute Eligible Collateral is Transferred to the Secured Party and/or its Custodian simultaneously with, or has been Transferred to the Secured Party and/or its Custodian prior to, the release of the Eligible Collateral to be returned to the Pledging Party and, if applicable, the security interest in, and lien upon, such substituted Eligible Collateral granted pursuant hereto in favor of the Secured Party shall have been perfected as required by applicable law and shall constitute a first priority perfected security interest therein and general first lien thereon, and (y) after giving effect to such substitution, the Value of such substitute Eligible Collateral, together will all other Posted Collateral held by the Secured Party, shall equal or exceed the Pledging Party's Collateral Requirement. Each substitution of Eligible Collateral shall constitute a representation, warranty and agreement by the Pledging Party that the substituted Eligible Collateral shall be subject to and governed by the terms and conditions of this CSA, including without limitation and if applicable, the security interest in, general first lien on and right of offset against, such substituted Eligible Collateral granted pursuant to Paragraph 12(a) in favor of the Secured Party.

(c) The Transfer of any Eligible Collateral by the Secured Party and/or its Custodian to the Pledging Party in accordance with this Paragraph 5 shall be deemed a release by the Secured Party of its security interest, general first lien and right of offset granted pursuant to Paragraph 12(a) hereof only with respect to such returned Eligible Collateral.

Paragraph 6. Disputed Calculations.

(a) If the Pledging Party disputes the amount of Eligible Collateral requested by the Secured Party and such dispute relates to the amount of the Exposure as determined by the Secured Party, then the Pledging Party shall (i) notify the Secured Party of the existence and nature of the dispute not later than the Close of Business on the **('A')** Business Day following the Demand Date that the demand for Eligible Collateral is made by the Secured Party pursuant to Paragraph 4, and (ii) Transfer Eligible Collateral to or for the benefit of the Secured Party in accordance with Paragraph 4 and in an amount equal to the Pledging Party's own calculation of its Collateral Requirement, in accordance with Paragraph 3. Such calculation shall be made in good faith and a commercially reasonable manner that is consistent with Section 10 of the Base Contract. In all such cases, the parties thereafter shall promptly consult with each other in order to reconcile the two conflicting calculations. If the parties have not been able to resolve their dispute on or before the Notification Time on the **('E')** Business Day following the Demand Date, then the amount of the Exposure shall be recalculated with each party requesting quotations from one (1) Reference Market-Maker by the Notification Time on the **('F')** Business Day following the Demand Date (taking the arithmetic average of those quotations obtained to obtain the average Exposure, provided, that, if only one (1) quotation can be obtained, then that quotation shall be used and if no quotations can be obtained, then the Secured Party's calculation shall control) for the purpose of recalculating the Exposure of each transaction in respect of which the parties disagree as to the Exposure thereof. The **('A1')** Party shall inform the **('A2')** Party of the quotation it has obtained, if any, by the Notification Time on the **('G')** Business Day following the Demand Date. The **('A3')** Party shall inform the **('A4')** Party of the results of such recalculation in reasonable detail by the Notification Time on the **('H')** Business Day following the Demand Date. Eligible Collateral shall thereupon be provided, returned, or reduced, if necessary, by the Close of Business on the **('I')** Business Day following the Demand Date. If the Pledging Party fails to dispute the amount of the Collateral requirement within the time period specified above, then the Pledging Party shall Transfer or cause to be Transferred to the Secured Party, Eligible Collateral for the benefit of the Secured Party having a Value on the date of Transfer at least equal to the Pledging Party's Collateral Requirement, as demanded by the Secured Party.

(b) If the Secured Party disputes the amount of Eligible Collateral to be reduced by the Secured Party and such dispute relates to the amount of the Exposure claimed by the Pledging Party, then the Secured Party shall (i) notify the Pledging Party of the existence and nature of the dispute by the Close of Business on the **('J')** Business Day following the Demand Date for such reduction, and (ii) effect the reduction of Eligible Collateral to or for the benefit of the Pledging Party in accordance with Paragraph 5 and in an amount equal to the Secured Party's own estimate, made in a commercially reasonable manner, of the Pledging Party's Collateral Requirement in accordance with Paragraph 3. In all such cases, the parties thereafter shall promptly consult with each other in order to reconcile the

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two conflicting amounts. If the parties have not been able to resolve their dispute on or before the Notification Time on the **('K')** Business Day following the Demand Date for such reduction, then the Secured Party's Exposure shall be recalculated by each party requesting quotations from one (1) Reference Market-Maker by the Notification Time on the **('L')** Business Day following the Demand Date for such reduction (taking the arithmetic average of those quotations obtained to obtain the average Exposure; provided, that, if only one (1) quotation can be obtained, then that quotation shall be used and if no quotations can be obtained, then the Pledging Party's calculations shall control) for the purpose of recalculating the Exposure of each transaction in respect of which the parties disagree as to the Exposure thereof. The **('A5')** Party shall inform the **('A6')** Party of the quotation it has obtained, if any, by the Notification Time on the **('M')** Business Day after the Demand Date. The **('A7')** Party shall inform the **('A8')** Party of the results of such recalculation in reasonable detail by the Notification Time on the **('N')** Business Day after the Demand Date for such reduction. Eligible Collateral shall thereupon be provided, returned, or reduced, if necessary, by the Close of Business on the **('O')** Business Day after the Demand Date for such reduction. If the Secured Party fails to dispute the amount of the demanded reduction within the time period specified above, then the Secured Party shall Transfer or cause to be Transferred to the Pledging Party, Eligible Collateral for the benefit of the Pledging Party having a Value on the date of Transfer at least equal to the Pledging Party's demanded reduction.

Paragraph 7. Letters of Credit.

Eligible Collateral provided in the form of a Letter of Credit shall be subject to the following provisions.

(a) Each "Letter of Credit" shall be an irrevocable, transferable, standby letter of credit, issued by an entity that meets the requirements of a Letter of Credit Issuer Requirements set forth in the elections on Page 1 herein in a form reasonably acceptable to the Secured Party.

(b) "Letter of Credit Default" shall mean with respect to an outstanding Letter of Credit that is held by the Secured Party as Posted Collateral the occurrence of any of the following events: (i) the issuer of such Letter of Credit shall fail to meet the Letter of Credit Issuer Requirements set forth in the elections on Page 1 herein, (ii) the issuer of such Letter of Credit goes bankrupt; (iii) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing after the lapse of any applicable grace period; (iv) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; or (v) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect (other than in accordance with its terms) prior to the satisfaction of all obligations of the Pledging Party under each transaction to which such Letter of Credit shall relate without the written consent of the other party; provided, however, that no Letter of Credit Default shall occur in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to the Pledging Party in accordance with the terms of this CSA. Upon the occurrence of a Letter of Credit Default, the Pledging Party agrees to Transfer to the Secured Party either a substitute Letter of Credit or other Eligible Collateral, in each case on or before the second Business Day after the occurrence thereof (or the fifth (5) Business Day after the occurrence thereof if and only if clause (i) under the definition of Letter of Credit Default applies).

(c) Unless otherwise agreed in writing by the parties, each Letter of Credit shall be provided in accordance with this Paragraph 7 and each Letter of Credit shall be maintained for the benefit of the Secured Party. The Pledging Party shall (i) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit, (ii) Transfer either a substitute Letter of Credit or other Eligible Collateral, in each case at least twenty (20) Business Days prior to the expiration of the outstanding Letter of Credit, and (iii) Transfer for the benefit of the Secured Party either a substitute Letter of Credit or other Eligible Collateral, in each case within one (1) Business Day, if the bank issuing a Letter of Credit shall fail to honor the Secured Party's properly documented request to draw on an outstanding Letter of Credit, provided that, as a result of the Pledging Party's failure to perform in accordance with (i), (ii), or (iii) above, the Pledging Party's Collateral Requirement would be greater than zero (0).

(d) As one method of providing Posted Collateral, the Pledging Party may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.

(e) Upon or at any time after the occurrence of an Event of Default with respect to the Pledging Party and/or the designation of an Early Termination Date by the Secured Party, the Secured Party may draw on the entire undrawn portion of any outstanding Letter(s) of Credit upon submission to the bank issuing such Letter of Credit in accordance with the specific requirements of the Letter of Credit. Cash proceeds received from drawing upon the Letter of Credit shall be deemed Posted Collateral as security for the Pledging Party's obligations to the Secured Party and the Secured Party shall have the rights and remedies set forth in this CSA with respect to such Cash proceeds. Notwithstanding the Secured Party's receipt of Cash under the Letter of Credit, the Pledging Party shall remain liable (i) for any failure to Transfer sufficient Posted

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Collateral, and (ii) for any amounts owing to the Secured Party and remaining unpaid after the application of the amounts so drawn by the Secured Party.

(f) A Pledging Party may substitute a Letter of Credit for one or more other outstanding Letter(s) of Credit issued for the benefit of the Secured Party, provided that the Value of such substitute Letter of Credit shall be at least equal to the Value of the Letter(s) of Credit being replaced, and provided further that no Letter of Credit shall be canceled unless and until the Letter of Credit to be substituted therefor shall have been validly executed, issued and Transferred for the benefit of the Secured Party in accordance with applicable law.

(g) In all cases, the costs and expenses incurred by the Pledging Party to establish, renew, substitute, cancel, and/or increase the amount of (as the case may be) a Letter of Credit shall be borne by the Pledging Party.

(h) In any case in which Eligible Collateral or Posted Collateral is in the form of a Letter of Credit (which permits draws based on a facsimile copy), the deadlines set forth in this CSA for providing such collateral to the other party may be met by providing a facsimile copy of the Letter of Credit with an original transmitted by overnight courier for delivery on the next Business Day.

Paragraph 8. Care and Use of Cash.

Eligible Collateral provided in the form of Cash shall be subject to the following provisions.

(a) Eligibility to Hold Cash.

(i) If a party is not eligible to hold Cash as set forth in the elections on Page 1 herein, then such Cash shall be held in a Collateral Account in accordance with the provisions of Paragraph 8(e).

(ii) The Secured Party or its Custodian will be entitled to hold Cash provided that the following conditions, as applicable, are satisfied: (1) the Secured Party is not a Defaulting Party, (2) the Secured Party or its Credit Support Provider, if applicable, meets the Eligibility Requirements to Hold Cash requirements set forth in the elections on Page 1 herein, (3) Cash shall be held only in any jurisdiction within the United States, and (4) the Custodian meets the Custodian Requirements set forth in the elections on Page 1 herein. If a party or its Custodian is not eligible, or subsequently becomes ineligible, to hold Posted Collateral pursuant to this Section, then it shall be considered a "Downgraded Party" or a "Downgraded Custodian", as the case may be, and Posted Collateral shall be maintained in accordance with Paragraph 8(e).

(iii) Upon Notice by the Secured Party to the Pledging Party of the appointment of a Custodian, the Pledging Party's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Cash by a Custodian will be deemed to be the holding of Cash by the Secured Party for which the Custodian is acting. The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(b) Use of Cash. Notwithstanding the provisions of applicable law, if the Secured Party is eligible to hold cash in accordance with Paragraph 8(a), is not a Defaulting Party and no Early Termination Date has occurred or been designated by the Pledging Party as a result of an Event of Default with respect to the Secured Party, then the Secured Party shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Cash it holds, free from any claim or right of any nature whatsoever of the Pledging Party, including any equity or right of redemption by the Pledging Party.

(c) Interest Payments on Cash. So long as no Event of Default with respect to the Pledging Party has occurred and is continuing, and no Early Termination Date (for which any unsatisfied payment obligations of the Pledging Party exist) has occurred or been designated as the result of an Event of Default with respect to the Pledging Party and to the extent that an obligation to Transfer Posted Collateral would not be created or increased by the Transfer, the Secured Party will upon written request Transfer to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have been paid with respect to the Cash (all of which may be retained by the Secured Party), the Interest Amount on the third Business Day of each calendar month. On or after the occurrence of an Event of Default with respect to the Pledging Party or an Early Termination Date as a result of an Event of Default with respect to the Pledging Party, the Secured Party shall retain any such Interest Amount as additional Eligible Collateral hereunder until the obligations of the Pledging Party under the Base Contract have been satisfied.

(d) Care of Cash. Without limiting the Secured Party's rights under Paragraph 8(b), the Secured Party will exercise reasonable care to assure the safe custody of all Cash held by it as Posted Collateral to the extent

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required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Cash, including, without limitation, any duty to enforce or preserve any rights pertaining thereto.

(e) Holding of Cash by a Custodian. The provisions of Paragraph 8(b) will apply to the parties; provided, however, that if a party or its Custodian is not eligible to hold Cash pursuant to Paragraph 8(a) (the event that caused it or its Custodian, if any, to be ineligible to hold Cash shall be a "Credit Rating Event"; if such Credit Rating Event occurs with respect to a party, such party shall be the "Downgraded Party"; and if such Credit Rating Event occurs with respect to a party's Custodian, such Custodian shall be the "Downgraded Custodian"), then: (1) the provisions of Paragraph 8(b) will not apply with respect to the Downgraded Party as the Secured Party for so long as either the Secured Party or its Custodian, if any, remain a Downgraded Party or a Downgraded Custodian, respectively, and (2) the Downgraded Party shall be required to deliver (or cause the Downgraded Custodian to deliver, as the case may be) by the Close of Business on the second (2nd) Business Day following such Credit Rating Event all Cash in its possession or held on its behalf (i) to a Custodian that meets the Custodian Requirements, and (ii) to a segregated, safekeeping or custody account ("Collateral Account") within such Custodian with the title of the Collateral Account indicating that the property contained therein is being held as Posted Collateral for the Downgraded Party; provided, that, if the Credit Rating Event occurs with respect to a party's Custodian that is holding Posted Collateral on behalf of such party, then such Downgraded Custodian may also deliver such Posted Collateral to such party if such party is not a Downgraded Party, and (iii) the parties agree to enter into a control agreement ("Control Agreement") with the Custodian maintaining the Collateral Account. The Control Agreement shall be in such form as shall be reasonably acceptable to each of the parties and shall provide for such items as the timing and release of the funds in the Collateral Account and the investment and reinvestment of Cash held in the Collateral Account. The Control Agreement shall further provide that Custodian shall serve as Custodian with respect to the Posted Collateral in the Collateral Account, and shall hold such Posted Collateral in accordance with the terms of this CSA and for the security interest of the Downgraded Party and, subject to such security interest, for the ownership of the non-Downgraded Party. The parties further agree that notwithstanding the fact that Cash is being held by a Custodian in a Collateral Account pursuant to a Control Agreement, the Downgraded Party shall be required to make interest payments to the non-Downgraded Party in an amount equal to the Interest Amount in accordance with the provisions of Paragraph 8(c).

Paragraph 9. Notices

(a) "Notice" shall mean a notice or other communication in respect of this CSA. Notice may be given in any manner set forth below to the address or number or in accordance with the electronic messaging system details provided on Page 1 of this CSA and will be deemed effective as indicated:

(i) if in writing and delivered in person or by courier, on the Business Day it is delivered;

(ii) if sent by facsimile transmission, on the date that transmission is received by the recipient in legible form (which may be evidenced by a transmission report generated by the sender's facsimile machine) unless such facsimile transmission is received on a non-Business Day or after the Close of Business then such facsimile shall be deemed to have been received on the next following Business Day.

(iii) if sent by certified or registered mail or the equivalent (return receipt requested), on the Business Day that mail is delivered or its delivery is attempted; or

(iv) if sent by electronic messaging system, on the date that electronic message is received, unless such electronic message is received on a non-Business Day or after the Close of Business, then such electronic message shall be deemed to have been received on the next following Business Day.

(b) Any other Notice, including but not limited to, Notice of an Event of Default, must be given pursuant to Section 9 of the Base Contract.

Paragraph 10. Credit Support Default

(a) A "Credit Support Default" shall exist with respect to a party (the "Defaulting Party") if:

(i) a party fails (or fails to cause its Custodian, as applicable) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it, and such failure continues for one (1) Business Day after Notice of that failure is provided to that party; or

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(ii) a party fails to comply with or perform any material agreement or obligation provided for in this CSA, and such failure continues for one (1) Business Day after Notice of that failure is provided to that party; or

(iii) a party or its Custodian fails to comply with any of the obligations under Paragraph 8 herein and the failure continues for one (1) Business Day after notice of the failure is given to that party.

(b) Credit Support Default shall constitute and have the effect of an Event of Default set forth in Section 10.2 (vi) of the Base Contract.

Paragraph 11. Representations and Warranties.

Each party continuously represents and warrants to the other party that: (a) it has the power and authority under the law of the jurisdiction of its organization or incorporation and under its organizational and constituent documents to grant to the Secured Party a valid, enforceable, first-priority security interest in, and lien on, all Posted Collateral (other than Letters of Credit) that it Transfers as the Pledging Party, and has taken all necessary actions to authorize the granting and perfection of that security interest and lien; (b) as of each date on which it, as the Pledging Party, Transfers Eligible Collateral to the Secured Party or to any agent of the Secured Party for the benefit of the Secured Party (or, in the case of after-acquired Posted Collateral, at the time the Secured Party or its agent acquires rights therein), it has title to, and will be the sole owner of such Eligible Collateral, free and clear of any security interest, lien, pledge, charge, encumbrance, or other interests or restrictions other than the security interest granted to the Secured Party hereby; (c) the Secured Party will have a valid and perfected first-priority security interest in, and lien on, all Posted Collateral (other than Letters of Credit) upon receipt thereof; (d) the performance by it of its obligations under this CSA will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted pursuant to this CSA; and (e) in connection with the delivery, issuance, renewal, substitution, or increase (as the case may be) which constitutes a Transfer of a Letter of Credit, such Letter of Credit is the legal, valid and binding obligation of the Issuer thereof, enforceable in accordance with its terms.

Paragraph 12. Certain Rights and Remedies.

(a) Secured Party's Rights and Remedies. If at any time (i) an Event of Default with respect to the Pledging Party has occurred and is continuing, or (ii) an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to the Pledging Party, then the Secured Party may do any one or more of the following: (x) exercise any of the rights and remedies of a secured party with respect to the Posted Collateral, including any such rights and remedies under law then in effect; (y) exercise its rights of setoff against any and all property of the Pledging Party in the possession of the Secured Party or its agent; and (z) draw on any outstanding Letter of Credit issued for its benefit under its terms and this CSA. The Secured Party shall either (y) apply the proceeds of the Posted Collateral realized upon the exercise of any such rights or remedies to reduce the Pledging Party's obligations under the Base Contract or this CSA (the Pledging Party remaining liable for any amounts owing to the Secured Party after such application), subject to the Secured Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full and/or (z) hold such proceeds as collateral security for the Pledging Party's obligations under the Base Contract or this CSA, subject to the Secured Party's obligation to return the proceeds after such obligations are satisfied in full.

(b) Pledging Party's Rights and Remedies. If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default with respect to the Secured Party, then: (i) the Secured Party will be obligated immediately to Transfer all Posted Collateral and the Interest Amount, if any, to the Pledging Party; and (ii) the Pledging Party may do any one or more of the following: (x) exercise any of the rights and remedies of a pledgor with respect to the Posted Collateral, including any such rights and remedies under law then in effect; (y) to the extent that the Posted Collateral or the Interest Amount is not Transferred to the Pledging Party as required in (i) above, setoff amounts payable by the Pledging Party to the Secured Party against the Posted Collateral held by the Secured Party or to the extent its rights to setoff are not exercised, withhold payment of any remaining amounts payable by the Pledging Party, up to the value of any remaining Posted Collateral held by the Secured Party, until the Posted Collateral is Transferred to the Pledging Party; and/or (z) exercise rights and remedies available to the Pledging Party under the terms of any Letter of Credit.

Paragraph 13. General.

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(a) To secure its obligations under the Base Contract and all outstanding transactions, each party, as the Pledging Party, hereby grants to the other party, as the Secured Party, a present and continuing first-priority security interest in, and lien on (and right of setoff against), all Posted Collateral (other than Letters of Credit) Transferred to the Secured Party hereunder. Each party agrees to take such action as the other party reasonably requires in order to perfect or maintain the other party's first-priority continuing security interest in, and lien on (and right of setoff against), such Posted Collateral.

(b) Each party will pay its own costs and expenses in connection with performing its obligations under this CSA and neither party will be liable for any costs or expenses incurred by the other party in connection herewith.

(c) This CSA has been and is made solely for the benefit of the parties and their permitted successors and assigns, and no other entity shall acquire or have any right under or by virtue of this CSA.

(d) No failure or delay by either party hereto in exercising any right, power, privilege, or remedy hereunder shall operate as a waiver thereof.

(e) The headings in this CSA are for convenience of reference only, and shall not affect the meaning or construction of any provision thereof.

DISCLAIMER: The purposes of this CSA are to facilitate trade, avoid misunderstandings and make more definite the terms of margining arrangements related to contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this CSA by any party. **NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CSA ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CSA OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CSA ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CSA.**

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EXHIBIT A

to the

Credit Support Addendum (the "CSA")
to the
Base Contract for Sale and Purchase of Natural Gas

This Exhibit A is hereby incorporated into and made a part of the CSA to Base Contract between Party A and Party B, dated _____.

Party A: _____	**Party B:** _____

The parties have agreed to use Option B, as indicated on the first page of the CSA, and hereby make the following elections with respect to Option B[‡]:

Timing requirements for the designated number of Business Day(s) must be selected for each of the following:

A: _____
B: _____
C: _____
D: _____
E: _____
F: _____
G: _____
H: _____
I: _____
J: _____
K: _____
L: _____
M: _____
N: _____
O: _____

Secured or Pledging must be selected for each of the following:

A1: _____
A2: _____
A3: _____
A4: _____
A5: _____
A6: _____
A7: _____
A8: _____

Party A: _____	Party B: _____
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

‡ The recommended format of the timing requirements (numbers) for the designated Business Days should be as follows: first (or 1st) , second (or 2nd), third (or 3rd), etc.

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USER'S GUIDE

for the

Credit Support Addendum (CSA)

to the

Base Contract for Purchase and Sale of Natural Gas

August 2003

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Introduction and DISCLAIMER

This Credit Support Addendum (CSA) was completed using the North American Energy Standards Board, Inc.'s (NAESB) processes for development of standards, models or interpretations. The NAESB development process is open to all participants, members and non-members.

DISCLAIMER:

THIS CREDIT SUPPORT ADDENDUM (CSA) AND THIS USER'S GUDE WERE DEVELOPED BY THE WHOLESALE GAS QUADRANT (WGQ) OF THE NORTH AMERICAN ENERGY STANDARDS BOARD, INC. (NAESB) AND ITS SUBCOMMITTEES AND ARE PROVIDED FOR THE CONVENIENCE OF NAESB MEMBERS AND ANY OTHER THIRD PARTIES. THE CSA AND THE USER'S GUIDE DO NOT REFLECT ANY POLICY ADOPTED BY NAESB OR ITS MEMBERS AND ARE **INTENDED TO PROVIDE MODEL FORM OF A CSA DOCUMENT AS A POSSIBLE STARTING POINT** FOR PARTIES' NEGOTIATIONS. PARTIES MAY USE OTHER MODEL FORMS OF CREDIT ARRANGMENTS IN CONNECTION WITH NAESB'S *BASE CONTRACT FOR SALE AND PURCHASE OF NATUAL GAS* AND ARE **NOT REQUIRED TO USE THIS MODEL FORM**. PARTIES ARE FREE TO MODIFY THE CSA MODEL FORM FOR THEIR OWN USE. NAESB DOES NOT WARRANT THE LEGAL EFFICACY OF THE CSA OR THE USER'S GUIDE; NOR SHALL THE PROVISIONS OF THESE MODEL FORMS CONSTITUTE THE GIVING OF LEGAL ADVICE. PARTIES ARE ADVISED TO CONSULT WITH THEIR OWN LEGAL COUNSEL TO OBTAIN ADVICE CONCERNING USE OF THESE MODEL FORMS AND OTHERWISE TO ASSURE THE EFFICACY OF ANY CREDIT ARRANGEMENTS THEY MAY MAKE.

Purpose

The CSA is an **optional** addendum to the North American Energy Standards Board, Inc.'s (NAESB) Base Contract for Sale and Purchase of Natural Gas (Base Contract).

During the development of the CSA by members of the NAESB WGQ Contracts Subcommittee, members that expressed interest in proceeding with the development of the CSA offered the following information to support the CSA development and its use.

1. CSA should be a starting point for negotiation of a CSA, if needed, between counterparties.
2. CSA provides a basis for efficient administration of the Transfer of collateral between counterparties.
3. CSA and the User's Guide will provide each party with a check-list of terms and conditions that may be included in a CSA that should minimize the risk of a key term being omitted.
4. The CSA should expedite the negotiation of the final document(s).

Members that expressed concerns on the CSA development and use offered the following information to state when the CSA could be considered as an inappropriate addendum to the Base Contract.

1. The CSA may not be needed when Local Distribution Company's or End-User's primary purpose of the Base Contract is to buy natural gas from a counterparty and there is little or no sale of natural gas by the Local Distribution Company or End-User to the same counterparty.
2. The CSA may not be needed when a natural gas Producer's primary purpose for the Base Contract is to sell natural gas to a counterparty and there is little or no purchase of natural gas by the natural gas Producer from the same counterparty.
3. The CSA is probably not needed when a pipeline or gathering system operator purchases or sells natural gas on a very infrequent basis.
4. The current credit support provision of the Base Contract (Section 10.1) may be adequate for such purposes between the counter parties for the specific Base Contract. For instance, a

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CSA to the Base Contract may not be necessary when (1) the Base Contract between counter parties will be used for purchase or sale of natural gas for a term of one month or less, (2) there is no expectation of a long term contractual relationship between the counter parties, or (3) where these is no expectation by either party of reaching an agreement on the CSA terms.

Credit Support Addendum (CSA) structure

The structure of the CSA is an optional addendum to the Base Contract. The CSA is designed to be executed concurrently with the underlying Base Contract. If parties would like to add the CSA to an existing Base Contract they should consider using the pro forma special provision noted below for adding the CSA to prior existing Base Contract.

No Pro Forma Special Provision is required to add CSA to concurrent Base Contract

The CSA is an addendum to the Base Contract and both parties must agree to include the CSA as part of the Base Contact before the CSA terms and conditions would apply to the Base Contract. The only action required by the parties is the check the addendum box at the bottom of the Base Contract and then insert the phrase "CSA dated _____" on the adjacent line space. Similar actions would be performed to add the CSA to a Base Contract that includes a Canadian Addendum. As provided in the CSA, capitalized terms used in the CSA that are not defined will have the meanings ascribed to them in the Base Contract. In the event of a conflict between the terms of this CSA and the Base Contract, the terms of this CSA shall apply for the purposes of this CSA.

Pro Forma Special Provision to add CSA to prior existing Base Contract

The CSA is an addendum to the Base Contract and both parties must agree to include the CSA as part of the Base Contact before the CSA terms and conditions would apply to the Base Contract. Model Pro Forma No. 1 below is a form of text to add the CSA to an existing Base Contract that was executed prior to the CSA.

General Matters

Noted below are certain material terms that are either (1) not defined in the CSA and thus have the meanings ascribed to them in the Base Contract or (2) not included in the CSA or the Base Contract as explained below.

"Event of Default" – The CSA has no separate definition of Event of Default since the group decided the Event of Default under Section 10 of the Base Contract was adequate. Please note there is a definition for "Credit Support Default" under CSA Paragraph 10 and "Letter of Credit Default" under CSA Paragraph 7(b),

"Potential Event of Default" – The CSA does not include any reference or application of a "Potential Event of Default". The group decided that "Event of Default", "Credit Support Default" and "Letter of Credit Default' were sufficient for this CSA.

"OPTION A – OR - OPTION B for CSA Paragraphs 4, 5 & 6." - The CSA includes two alternatives for Paragraphs 4, 5 and 6 covering the transfer of collateral between the parties.

OPTION A alternative language is based on the drafting group's decision to delete "Potential Event of Default" noted above. The group believes such deletion is appropriate if parties desire to set a relatively short time period for

(1) the Pledging Party to Transfer of Collateral after a demand from the Secured Party,

(2) Secured Party's return of Posted Collateral after a demand for reduction in Posted Collateral by the Pledging Party,

(3) dispute process for Secured Party's recalculation of Exposure, and

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(4) Pledging Party's opportunity to cure default.

OPTION B alternative language may be used where the parties agree to extend one or more of the time periods for the above items by filling in the applicable blank spaces in Exhibit A to the CSA. Pro Forma Exhibit A is shown below under Appendix C. In this instance, the parties may want to consider reinstating a "Potential Event of Default" provision as additional default triggers in the CSA. OPTION B also allows the parties to agree to have the Pledging and Secured Parties perform different obligations and responsibilities under Paragraph 6 relating to disputed calculations of exposure.

In developing OPTION A and OPTION B alternative for the CSA, the members prepared several timelines related to collateral transfers between the parties. Timelines for Collateral Demands, Return of Collateral and Substitution of Collateral are included in Appendix A for CSA Option A language and in Appendix B for CSA Option B language. These timelines were specifically used to develop Paragraphs 4, 5 and 6 under Option A and B of the CSA. It is suggested that the timelines be reviewed to fully understand the timing and provisions for collateral transfers and disputes for related calculations. The selection of Option A and Option B under the CSA is further explained under the Elections section below.

"Limitations on Frequency of Transfer of Eligible or Posted Collateral" - There was agreement to delete the following limitation on Transfers of Posted Collateral "(but no more frequently than weekly with respect to Letters of Credit and daily with respect to Cash)." The phrase was after the initial phrase "On any Business Day" in the first sentence of the first paragraph of **Paragraph 5. Reduction and Substitution of Posted Collateral**. In part, the group believed the phrase could be deleted since the other limitations on Transfer of Collateral (e.g. "Minimum Transfer Amounts") may be sufficient for most parties. For parties wishing to reinstate this limitation, they may use the Model Pro Forma CSA Special Provision noted below to add the provision to the CSA.

"Credit Rating Definition" – The group agreed to delete the definition of "Credit Rating" and the related definitions for Moody's and S&P due to disputes on the definition for "Credit Rating" and the fact that the definition was referred to only in one location in the CSA. For parties wanting to add a definition for "Credit Rating" to the CSA, Pro Forma Special Provision Text for Collateral Threshold (Rating Matrix alternative), Eligibility to Hold Cash and Custodian Requirements includes applicable language.

CSA Party Information

Identification of Party A and Party B

Party A and Party B should be the same Party A and Party B as set forth in the Base Contract.

Base Contract Date

Base Contract Date is the date of the underlying Base Contract that the CSA is added to as a Special Provision.

Base Contract Number

Base Contact Number is the contract number for the Base Contract that the CSA is added to as a Special Provision.

Credit Related Notices

Party A and Party B should identify person(s) in their respective companies that are authorized to receive notices, demands pursuant to the CSA. These persons are typically credit managers or their equivalent. If a Secured Party wants different persons to receive Eligible Collateral from a Pledging Party, the Secured Party's demand notice should include the name of such persons in the demand notice instructions. Likewise, if a Pledging Party

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wants a different person to receive returned Posted Collateral from the Secured Party, the Pledging Party's demand notice should include the name of such persons in the demand notice instructions. For electronic message systems such as Internet e-mail, each party should designate the e-mail address of its internal e-mail box or person(s) authorized to receive such notice in the "Credit Related Notices" election on Page 1 of the CSA. It is presumed that when a party includes the Internet e-mail address under the "Credit Related Notices" election on Page 1 of the CSA that such party is agreeing to use of Internet e-mail as a form of notice under the CSA. Each party should manage their own internal distribution of any notices received by Internet e-mail.

Wire Transfer or ACH Numbers

Party A and Party B should identify the specific accounts for receipt of funds transfer made by the counterparty pursuant to the CSA.

Completing the "Elections"

General

All the blank election spaces for each party to the CSA should be completed or noted as "not applicable (N/A)". Some election spaces are required to be completed as noted below.

Credit Support Provider

Credit Support Provider - The entity that is evaluated from a credit standpoint i.e. based on financial statements and/or unsecured credit ratings. For example, a Credit Support Provider can be either the party's parent company or some other entity agreed upon by the parties. If an entity is identified as a Credit Support Provider, then the other party to the CSA will probably require a Guaranty from the Credit Support Provider.

Interest Rate

Interest Rate - this is the rate that the parties agree will be applied to Posted Collateral in the form of Cash and, subject to certain conditions, paid to the Pledging Party by the Secured Party. A common interest rate election is "Federal Funds Effective Rate – the rate for that day opposite the caption 'Federal Funds (Effective)' as set forth in the weekly statistical release designated as H.15 (519), or any successor publication, published by the Board of Governors of the Federal Reserve System."

Eligible Collateral

Eligible Collateral - Each party will specify the types of collateral that a party will deliver to the other party. The most common types of collateral are cash and letters of credit. Only what is specified on page 1 of the NAESB Credit Support Addendum shall be considered Eligible Collateral between the parties unless the parties agree otherwise.

Minimum Transfer Amount

Minimum Transfer Amount – the minimum amount of exposure that must be realized before a transfer of additional Eligible Collateral is required when either (i) a Party's Exposure exceeds the sum of the Posted Collateral held by such Party on behalf of the other Party plus the other Party's Collateral Threshold, OR (ii) a Party's Exposure is less than the sum of the Posted Collateral held on behalf of the other Party plus the other Party's Collateral Threshold.

Letter of Credit Issuer Requirements

Letter of Credit Issuer Requirements – the minimum criteria that must be met by a Letter of Credit Issuer to issue a Letter of Credit to the Secured Party. A typical Letter of Credit Issuer Requirement is:

"Major U.S. commercial bank or a U.S. branch office of a foreign bank, in either case, with a Credit Rating of at least (a) "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's, but

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not both."

A form of Letter of Credit is included in Appendix C, Pro Forma No. 10 "Letter of Credit Agreement". The above provision outlines the requirement for the issuer of the Letter of Credit. The use of this language and form should minimize later disputes and enable parties to safely meet the timelines outlined in the CSA with respect to the transfers of collateral.

Transfer Method for Other Eligible Collateral

Transfer Method for Other Eligible Collateral – The CSA provides the parties the election to identify "Other" forms of Eligible Collateral. When the parties agree to "Other" forms of Eligible Collateral each party should describe the method of transfer for such "Other" Eligible Collateral. For example, if parties identify "Guaranty" as an "Other" Eligible Collateral, the parties should include a description such as "Guaranty shall be Transferred in the manner as set forth in the applicable Special Provisions attached hereto."

Notification Time

Notification Time – the time by which notification must be effective pursuant to the Transfer definition in Paragraph 1. The Notification time triggers the rights and obligations of the Parties, including determining deadlines for responding to demands. Notification Time is 1 p.m. Eastern Prevailing Time unless the parties agree to a different time.

Close of Business

Close of Business – the time by which the Party responsible to transfer new or additional collateral or return Posted Collateral must complete such transfer or return to the other Party. Close of Business corresponds to the Notification Time above and is 5 p.m. Eastern Prevailing Time unless parties agree to a different time.

Collateral Threshold

Collateral Threshold - This is the amount of unsecured credit that a party is willing to tolerate without holding any Eligible Collateral provided by the other party. This amount is often related to the credit quality of the party and/or the long-term business relationships of the parties. Once a party exceeds its set Collateral Threshold, the other party may request the first party to post Eligible Collateral to cover the difference between the party's Exposure and the Collateral Threshold. The elections provide for three basic alternatives for the amount Collateral Threshold for the Pledging Party. Parties could agree to (1) a flat amount for each party as set by the other party,(2) a Rating Matrix where the amounts for each party is based on the Credit Rating of such party, or (3) a combination of flat amount for one party and a Rating Matrix for the other party.

For the flat amount, some members of the drafting group believe that parties could consider setting the Credit Threshold in excess of one (1) month receivables for transactions under the Base Contract(s) between the parties to insure that inadvertent late payments under the Base Contract does not trigger a collateral demand under the CSA. Further, if one party is a Local Distribution Company[1] or other regulated entity that is authorized to recover all its gas costs from their ratepayers under a Gas Cost Recovery (GCR) mechanism (or its equivalent), the other party in setting the Credit Threshold amount could recognize the ability of the local distribution company to recovery all its gas costs and related transportation and storage costs in setting the Credit Threshold for the local distribution company. In this event, some members of the drafting group believe that the local distribution company's Credit Threshold could equal the quantity of gas delivered to its customers during the relevant time period times the local distribution company's GCR Rate(s) authorized under the GCR.

[1] - A utility that provides retail natural gas services within a state. Further, the utility's sales and transportation rates, its system supply gas purchasing practices and gas cost recovery are regulated by the state's public utility regulatory commission (or its equivalent).

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If the parties elect the Rating Matrix alternative, the CSA needs special provisions for to add the following:

1, A CSA Special Provision to add the terms below and the Rating Matrix to the CSA (See Pro Forma No. 3, Special Provisions Text),
2. Definition of Credit Rating,
3. Definition of S&P, and
4. Definition of Moody's.

Rounding Amount

Rounding Amount – the amount to which each transfer of Eligible Collateral will be rounded for a Party.

Eligibility Requirements to Hold Cash

Eligibility requirements to Hold Cash - Each party, as the Secured Party, is entitled to hold Cash, provided that is satisfies the conditions specified in the Agreement. The conditions can be based on external credit ratings given to a party by the various rating agencies, financial ratios based on the most recent financial statements or any other condition agreed to by both parties. If the party does not meet the conditions, such party must hold the Cash with a Custodian. Suggested provision text is:

"A party shall be entitled to hold Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party, (2) the party has a Credit Rating from **[INSERT CREDIT RATING AGENCY]** and the lowest Credit Rating for the party is **[INSERT CREDIT RATING FOR A PARTY]** or higher from **[INSERT SAME CREDIT RATING AGENCY ABOVE]**; (3) Cash shall be held only in any jurisdiction within the United States; and (4) **[INSERT OTHER CONDITIONS, IF ANY]**."

When a Credit Rating Agency is included in the above language it is suggested that the following complete names for S&P and Moody's be used:
Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor (S&P)
Moody's Investors Services, Inc. or its successor (Moody's)

Custodian Requirements

Custodian Requirements – the minimum criteria which must be met by the Secured Party, or its designated Custodian, to hold Posted Collateral. Suggestion provision text for Custodian Requirements is:

"A commercial bank or trust company organized under the laws of the United States or a political subdivision thereof, with (i) a Credit Rating of at least (a) "A-" by Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor (S&P) and "A3" by Moody's Investors Services, Inc. or its successor (Moody's), if such entity is rated by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both, and (ii) having a capital and surplus of at least $1,000,000,000."

OPTION A - OR - OPTION B: For Paragraphs 4, 5 & 6

OPTION A or OPTION B check boxes – Parties are to select by a check mark either the box before OPTION A or the box before OPTION B.

Selection of OPTION A box means that the parties agree to apply Paragraphs 4, 5 & 6 under OPTION A in the General Terms and Conditions to the CSA starting on Page 4 of the CSA. If parties select OPTION A then all dates and timeline in Paragraphs 4, 5 & 6 are predetermined as written, unless specifically modified by the parties. Parties should refer to the timelines in Appendix A for

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review and understanding of the dates and timelines used for the developments of OPTION A: Paragraphs 4, 5 & 6.

Selection of OPTION B box means the parties agree to apply Paragraphs 4, 5 & 6 under OPTION B in the General Terms and Conditions to the CSA starting on Page 7 of the CSA. If parties select OPTION B, then all timing requirements for Business Day(s) in Paragraphs 4, 5 & 6 are **NOT** predetermined and must be agreed to by the parties and inserted in the blanks spaces noted in the designated blanks in Exhibit A to the CSA. Parties should refer to the timelines in Appendix B to assist them in the determining the timing requirements for the Business Day(s) to be inserted in the blank spaces on Exhibit A. Also if parties select OPTION B, the parties must select either the Pledging Party or Secured party to fill in the designated blanks in Paragraph 6 (a) and 6 (b) related to which party's quotation governs when there is a dispute in exposure calculations.

Special Provisions

Special Provisions – additional provisions agreed to between the Parties with respect to performance of the terms and conditions of the CSA. Since the CSA will usually be the starting point for negotiation of a document for credit support, it is highly probable that there will be at least one or more special provisions added to the CSA. Parties are to check the box adjacent to the Special Provisions box and insert a phrase describing the number of sheets attached to the CSA as CSA Special Provisions (e.g. "4 sheets of CSA Special Provisions are attached.").

CSA Special Provision Text

The Model Pro Forma documents described under this section are Special Provision language that members of the NAESB WGQ Contracts Subcommittee have found in their experience to be commonly negotiated between the parties. These are offered for information only as starting points for negotiation between the parties for the specific Special Provisions noted below.

Special Provision Text for Guaranty

Party A and Party B should identify their respective Credit Support Providers, if any. If that Credit Support is to be in the form of a Guaranty, the parties may include a provision to identify the Guarantor and provisions related to the Transfer and requirements of the Guaranty and the obligations of the Pledging Party and Secured Party. See Pro Forma No. 2 for suggested form of Special Provision Text.

Special Provision Text for Collateral Threshold using "Rating Matrix"

Party A or B may elect to use a Rating Matrix to define the Collateral Threshold. The use of the Rating Matrix may be adapted to apply to Party A and Party B, or each party individually, as the parties mutually agree. See Pro Forma No. 3 for suggested form of Special Provision Text.

Special Provision Text for Independent Amount

The parties may elect to utilize the concept of an "Independent Amount" to address the lack of credit for either party. This concept is similar to a provision in the ISDA credit support documents. See Pro Forma No. 4 for suggested form of Special Provision Text.

Special Provision Text for Rating Agency and Definitions

The Parties may want to amend the definition of Credit Rating to include rating agencies other than S&P and Moody's. See Pro Forma No. 5 for suggested form of Special Provision Text.

Special Provision Text for Specified Letter of Credit Issuers

Party A and Party B may choose to identify their specific Letter of Credit Issuer and/or the general requirements for an acceptable LC issuer and/or the form of LC to be used. A party would do this to minimize any concerns of the other party, if and when such

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Letter of Credit Issuer issues a Letter of Credit. See Pro Forma No. 6 for suggested form of Special Provision Text.

Special Provision Text for Exclusion of certain Base Contract transactions from inclusion in CSA

Party A and Party B may choose to exclude certain transactions of either Party A or Party B from all calculations for Exposure under the CSA. The exclusion of transactions may be based on a party's desire to limit applicability of the CSA to (1) transaction(s) where natural gas is directly delivered into the party's facilities and not at a remote physical location, (2) where certain transactions are for terms of less than one month or (3) for any other reason. See Pro Forma No. 7 for suggested form of Special Provision Text.

Special Provision Text for Limitations on Frequency of Transfer of Eligible or Posted Collateral

Party A and Party B may choose to limit the frequency of the Transfer of Eligible or Posted Collateral. See Pro Forma No. 8 for suggested form of Special Provision Text.

Special Provision Text for CSA as Exclusive Method for transfer of Eligible Collateral or Posted Collateral

Party A and Party B may agree to have the CSA be the exclusive method to transfer Eligible Collateral or Posted Collateral under the NAESB Base Contract and the CSA. See Pro Forma No. 9 for suggested form of Special Provision Text.

NOTE: The group did not include this provision in the CSA since many believed this provision would limit the ability of parties to demand and receive Eligible Collateral under Section 10.2 of the Base Contract for additional adequate assurances. This transfer of Eligible Collateral was felt to be an additional right to calculation of Eligible Collateral determined under Paragraphs 4, 5 & 6 of the CSA.

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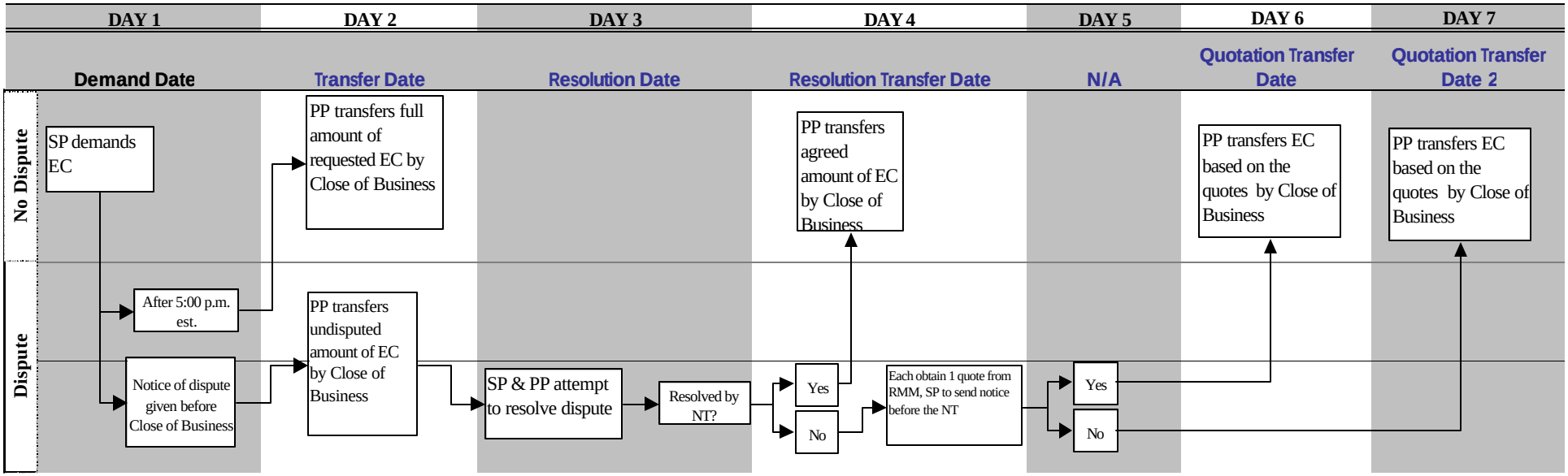
APPENDIX A-1: OPTION A for Paragraph 4, Timeline for Collateral Demands



SP = Secured Party, PP = Pledging Party, EC = Eligible Collateral, RMM = Reference Market Marker, NT = Notification Time

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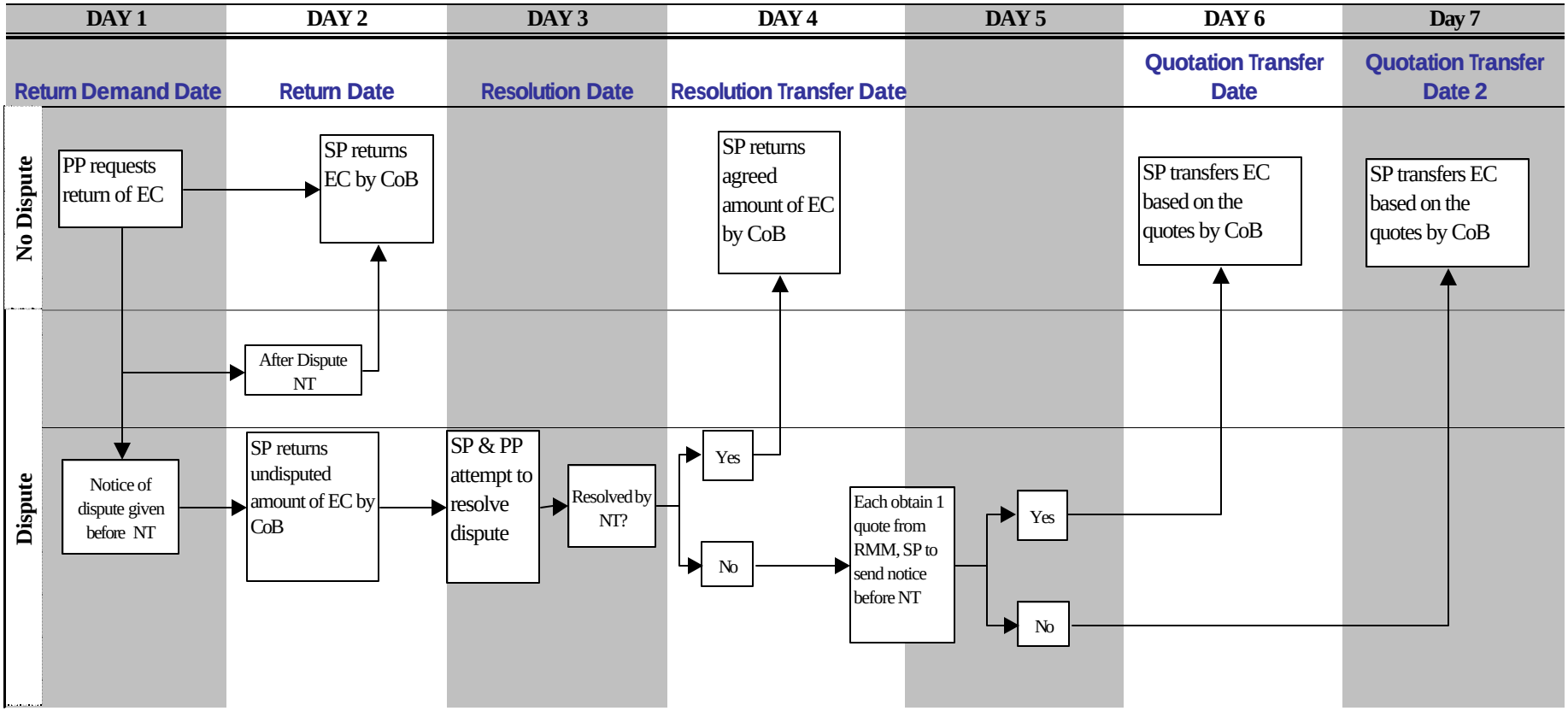
APPENDIX A-2: OPTION A for Paragraph 5, Timeline for Return of Collateral



SP = Secured Party, PP = Pledging Party, EC = Eligible Collateral, RMM = Reference Market Marker, NT = Notification Time

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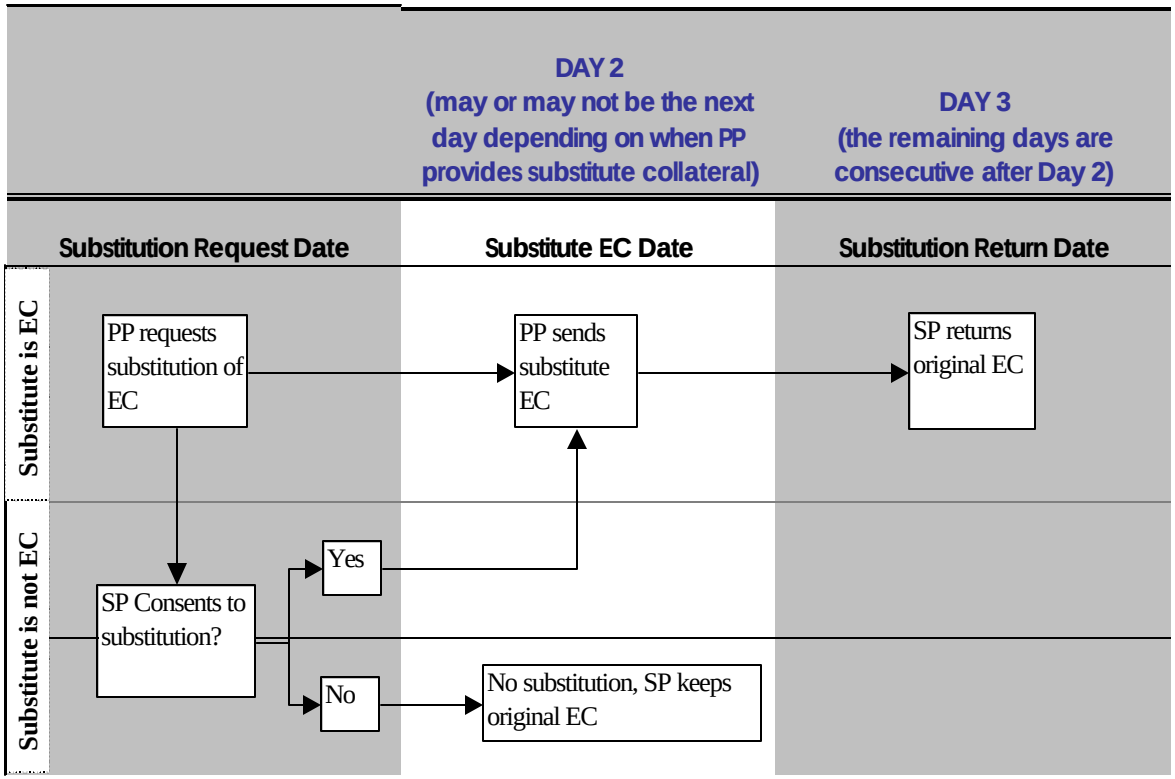
APPENDIX A-3: OPTION A for Paragraph 5, Timeline for Substitution of Collateral



SP = Secured Party, PP = Pledging Party, EC = Eligible Collateral, RMM = Reference Market Marker, NT = Notification Time

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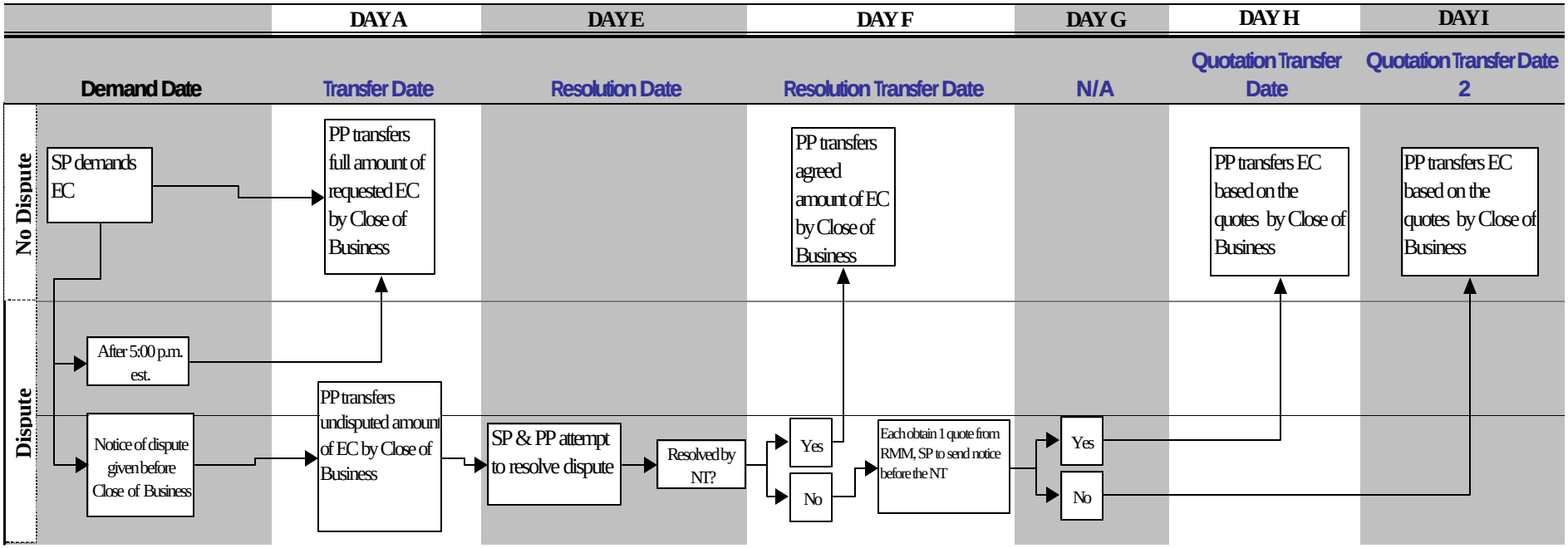
APPENDIX B-1: OPTION B for Paragraph 4, Timeline for Collateral Demands

SP = Secured Party, PP = Pledging Party, EC = Eligible Collateral, RMM = Reference Market Marker, NT = Notification Time



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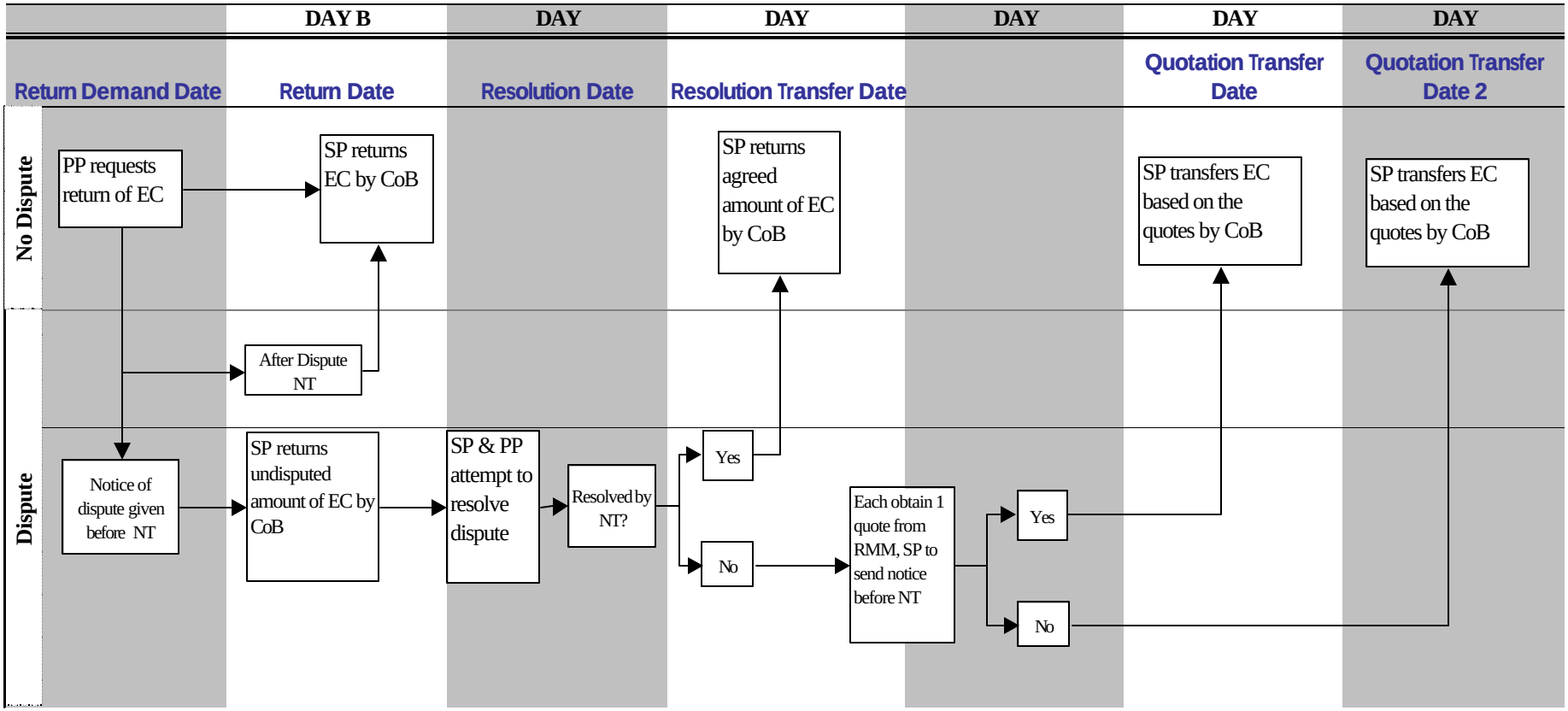
APPENDIX B-2: OPTION B for Paragraph 5, Timeline for Return of Collateral



SP = Secured Party, PP = Pledging Party, EC = Eligible Collateral, RMM = Reference Market Marker, NT = Notification Time

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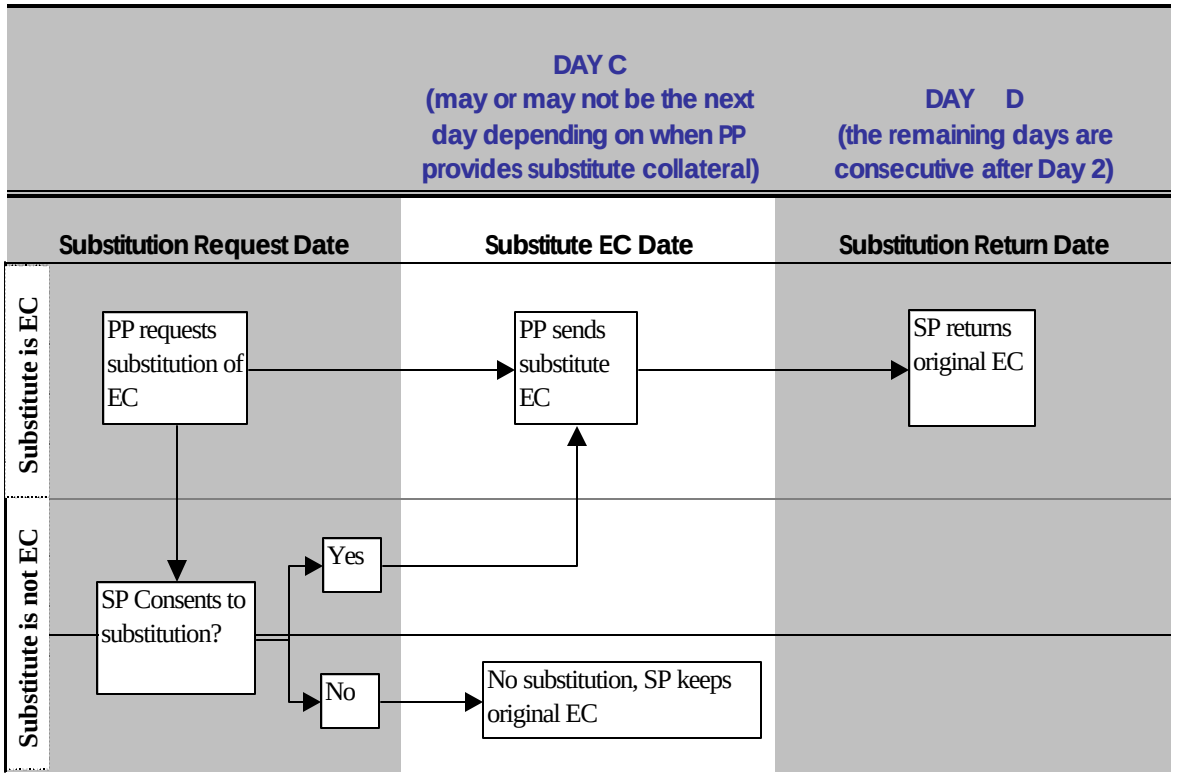
APPENDIX B-3: OPTION B for Paragraph 5, Timeline for Substitution of Collateral



SP = Secured Party, PP = Pledging Party, EC = Eligible Collateral, RMM = Reference Market Marker, NT = Notification Time

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APPENDIX C, Exhibit A to CSA for OPTION B Election

EXHIBIT A

to the

Credit Support Addendum (the "CSA")
to the
Base Contract for Sale and Purchase of Natural Gas

This Exhibit A is hereby incorporated into and made a part of the CSA to Base Contract between Party A and Party B, dated _____.

Party A:	**Party B:**
_____	_____

The parties have agreed to use Option B, as indicated on the first page of the CSA, and hereby make the following elections with respect to Option B[‡]:

Timing requirements for the designated number of Business Day(s) must be selected for each of the following:

A: _____
B: _____
C: _____
D: _____
E: _____
F: _____
G: _____
H: _____
I: _____
J: _____
K: _____
L: _____
M: _____
N: _____
O: _____

Secured or Pledging must be selected for each of the following:

A1: _____
A2: _____
A3:
A4:
A5: _____
A6: _____
A7: _____
A8: _____

Party A: _____	Party B: _____
By:	By: _____
Title:	Title: _____
Date: _____	Date: _____

‡ The recommended format of the timing requirements (numbers) for the designated Business Days should be as follows: first (or 1st) , second (or 2nd), third (or 3rd), etc.

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APPENDIX D, Pro Forma Listing

1. Pro Forma Special Provision Text No. 1 – Base Contract Amendment Text to add CSA to prior existing Base Contract
2. Pro Forma Special Provision Text No. 2 – CSA Special Provision Text to add Guaranty to CSA
3. Pro Forma Special Provision Text No. 3 – CSA Special Provision Text to add Collateral Threshold using "Rating Matrix" to CSA
4. Pro Forma Special Provision Text No. 4 – CSA Special Provision Text to add Independent Amount to CSA
5. Pro Forma Special Provision Text No. 5 – CSA Special Provision Text to add Rating Agency and Definitions to CSA.
6. Pro Forma Special Provision Text No. 6 – CSA Special Provision Text to add Specified Letter of Credit Issuer to CSA.
7. Pro Forma Special Provision Text No. 7 – CSA Special Provision Text to exclude certain Base Contract Transactions from the CSA.
8. Pro Forma Special Provision Text No. 8 – CSA Special Provision Text to limit frequency of the Transfer of Eligible Collateral and Posted Collateral
9. Pro Forma Special Provision Text No. 9 – CSA Special Provision Text to add CSA as the Exclusive Method for Transfer of Eligible Collateral and Posted Collateral
10. Pro Forma No. 10 – Letter of Credit Agreement
11. Pro Forma No. 11 – Control Agreement

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PRO FORMA No.1, Base Contract Amendment Text to Add CSA to prior existing Base Contract

Amendment to North American Energy Standard Board, Inc.'s (NAESB) Base Contract for Sale and Purchase of Natural Gas dated _____, 20_____ ("Base Contract") between _____ (Party A) and _____(Party B)

The parties hereby agree to the amend the Base Contract to incorporate the Credit Support Addendum dated _____, 20_____ ("CSA") between the parties attached hereto and made a part of the Base Contract.

Capitalized terms used in the CSA and the CSA's Special Provisions shall have the meanings ascribed to them in the Base Contract. Sections referenced in these Special Provisions refer to a Section of the General Terms and Conditions of the Base Contract, unless specified otherwise.

IN WITNESS WHEREOF, the parties hereto have executed this page of this Base Contract Amendment in duplicate.

Party A Name _____	**Party B Name _____**
By _____	By _____
Name: _____	Name: _____
Title: _____	Title: _____

PRO FORMA No. 2, Special Provision Text to

Add Guaranty to CSA

Elections on Page 1 of CSA

1. Party's A Credit Support Provider will provide a Guaranty to the Secured Party in accordance with the requirements set forth in this CSA.
2. Party's B Credit Support Provider will provide a Guaranty to the Secured Party in accordance with the requirements set forth in this CSA.
3. Add Guaranty as Other "Eligible Collateral" for both parties with a Valuation Percentage of 100%.

Paragraph 2 – Definitions

4. Add the following provisions to the defined terms in the CSA:

   ""Guarantor" shall mean an entity who shall be a Credit Support Provider, eligible to provide a Guaranty in accordance with the requirements set forth herein."

   ""Guaranty" shall mean a guaranty of payment and not performance, issued by a Guarantor and in form and for an amount reasonably acceptable to the Secured Party."

5. Under "Transfer" or "Transferred" deleted item (iv) and substitute therefor:

   "(iv) In any case in which Eligible Collateral or Posted Collateral is in the form of a Letter of Credit or Guaranty, the deadlines set forth for providing such collateral to the other party may be met by providing a facsimile copy of the Letter of Credit or Guaranty with an original transmitted by overnight courier for delivery on the next Business Day."

6. Add the following term under the definition of "Transfer" or "Transferred":

   "(v) in the case of Guaranties, Transfer of the Guaranty or an amendment thereto to the recipient."

Paragraph 10 – Credit Support Default

7. Delete the word "or" at the end of the sentence under Paragraph 10 (a) (ii).
8. Add the following terms under "Credit Support Default", Paragraph 10 (a):

   "(iv) any representation or warranty made by a Guarantor in connection with a Guaranty issued as Credit Support pursuant to this CSA or Base Contract is false or misleading in any material respect when made or when deemed made or repeated;

   (v) the failure of a Guarantor's Guaranty to be in full force and effect for purposes of this CSA (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under each Transaction to which such Guaranty shall relate without the written consent of the other Party;

   (vi) a Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any Guaranty issued as Credit Support pursuant to this CSA; or

   (vii) the failure of the Guarantor to make any payments required or to perform any other material covenant or obligation in any Guaranty made in connection with the Base Contract."

Paragraph 11 – Representations and Warranties

9. Delete the parenthetical phrase "(other than Letters of Credit)" on lines 5, 12 and 13 and substitute therefor the parenthetical phrase "(other than Letters of Credit or Guaranties)."

Paragraph 13 – General

10. Delete the parenthetical phrase "(other than Letters of Credit)" on lines 3 and 4 and substitute therefor the parenthetical phrase "(other than Letters of Credit or Guaranties)."

[End of CSA Special Provision Text]

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PRO FORMA No. 3, Special Provision Text to

Add Collateral Threshold "Rating Matrix" to CSA

Elections on Page 1 of CSA

1. The Rating Matrix for [Party A] [Party A's Credit Support Provider] selected below shall define the Collateral Threshold for such designated party(ies).

   □ The amount set forth below under the heading "Party A Collateral Threshold" opposite the Credit Rating for [Party A][Party A's Credit Support Provider] on the relevant date of determination, or (b) zero if on the relevant date of determination [Party A][Party A's Credit Support Provider] does not have a Credit Rating from the rating agency specified below.

Party A **Collateral Threshold**	[Rating Agency] Credit Rating
$_____	_____ (or above)
$_____	_____
$_____	_____
$_____	_____
$_____	Below _____

   □ The amount set forth below under the heading "Party A Collateral Threshold" opposite the Credit Rating for [Party A][Party A's Credit Support Provider] on the relevant date of determination, and if [Party A's][Party A's Credit Support Provider's] Credit Ratings shall not be equivalent, the lower Credit Rating shall govern or (b) zero if on the relevant date of determination [Party A][its Credit Support Provider] does not have a Credit Rating from the rating agency(ies) specified below.

Party A **Collateral Threshold**	**[Rating Agency] Credit Rating**	**[Rating Agency] Credit Rating**
$_____	_____ (or above)	_____ (or above)
$_____	_____	_____
$_____	_____	_____
$_____	_____	_____
$_____	Below _____	Below _____

   The amount set forth below under the heading "Party A Collateral Threshold" opposite the ACRV for [Party A][Party A's Credit Support Provider] on the relevant date of determination.

   "ACRV" means, with respect to any person, the average of the Numerical Values applicable to the Credit Ratings published (if any) for such person by any of S&P, Moody's and Fitch, as determined in accordance with the matrix below. In determining the ACRV, the average of the

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Numerical Values shall be rounded as follows: if the first decimal number is five (5) or below, the ACRV shall be rounded to the next lower integer, and if the first decimal number is six (6) or above, the ACRV shall be rounded up to the next highest integer.

Party A

Collateral Threshold	**S&P Credit Rating**	**Moody's Credit Rating**	**Fitch Credit Rating**	**Numerical Value / ACRV**
$_____	AAA	Aaa	AAA	1
$_____	AA+	Aa1	AA+	2
$_____	AA	Aa2	AA	3
$_____	AA-	Aa3	AA-	4
$_____	A+	A1	A+	5
$_____	A	A2	A	6
$_____	A-	A3	A-	7
$_____	BBB+	Baa1	BBB+	8
$_____	BBB	Baa2	BBB	9
$_____	BBB-	Baa3	BBB1	10
$_____	BB+	Ba1	BB+	11
$_____	BB	Ba2	BB	12
$_____	BB-	Ba3	BB-	13
$_____	B+	B1	B+	14
$_____	B	B2	B	15
$_____	B-	B3	B-	16

If either S&P or Moody's withdraws a Credit Rating assigned to an entity (without assignment of a new Credit Rating), 16 shall be used as the Numerical Value from such rating agency for purposes of calculating the Average Credit Rating Value for such person. If Fitch withdraws a Credit Rating published with respect to a person, the ACRV shall be calculated as if Fitch had never provided a Credit Rating with respect to such person.

[End of CSA Special Provision Text]

PRO FORMA No. 4, Special Provision Test to Add Independent Amount to CSA

Paragraph 2 – Definitions

1. Add the following definition :

"Independent Amount" shall have the meaning as set forth in the elections below as agreed to by the parties;

□ Party **[A or B]** shall have a Fixed Independent Amount of $_____. If the Fixed Independent Amount option is selected for Party **[A or B]**, then Party **[A or B]** (which shall be a Pledging Party with respect to the Fixed Independent Amount Credit Support) will be required to Transfer or cause to be Transferred to the other (which shall be a Secured Party with respect to the Fixed Independent Amount Credit Support) Eligible Collateral with a Value equal to the amount of such Independent Amount (the "Fixed IA Credit Support"). The Fixed IA Credit Support shall not be reduced for so long as there are any outstanding obligations between the Parties as a result of the CSA, and shall not be taken into account when calculating Party **[A or B]**'s Collateral Requirement, as applicable, pursuant to the CSA. Except as expressly set forth above, the Fixed IA Credit Support shall be held and maintained in accordance with, and otherwise be subject to the CSA.

□ Party **[A or B]** shall have a Full Floating Independent Amount of $_____. If the Full Floating Independent Amount option is selected for Party **[A or B]**, then for purposes of calculating Party **[A or B]**'s Collateral Requirement, as applicable, pursuant to Paragraph 3 of the CSA, such Full Floating Independent Amount for Party **[A or B]** shall be added to the other party's Exposure.

□ Party **[A or B]** shall have a Partial Floating Independent Amount of $_____. If the Partial Floating Independent Amount option is selected for Party **[A or B]**, then Party **[A or B]** will be required to Transfer or cause to be Transferred to the other party Eligible Collateral with a Value equal to the amount of such Independent Amount (the "Partial Floating IA Credit Support") if at any time Party **[A or B]** otherwise has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount) pursuant to Paragraph 3 of the CSA. The Partial Floating IA Credit Support shall not be reduced so long as Party **[A or B]** has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount). The Partial Floating Independent Amount shall not be taken into account when calculating a Party's Collateral Requirements pursuant to the CSA. Except as expressly set forth above, the Partial Floating Independent Amount shall be held and maintained in accordance with, and otherwise be subject to, the CSA.

[End of CSA Special Provision Text]

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PRO FORMA No. 5, Special Provision Text to

Add new Rating Agency to CSA

_____

Paragraph 2 – Definitions

1. Under the definition of "Credit Rating" delete the last phrase "or any other specified rating agency." and substitute therefor:

   " or _**[Insert name of Rating Agency]**_."

[End of CSA Special Provision Text]

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PRO FORMA No. 6, Special Provision Test to Add specified Letter of Credit Issuer to CSA

Elections on Page 1 of CSA

1, With respect to Party A, Letters of Credit issued by ___**[Insert name of Bank or other entity.]**__ in accordance with the applicable requirements of Paragraph 7 of the CSA comply with the Letter of Credit Issuer Requirements herein.

2. With respect to Party B, Letters of Credit Issued by ___**[Insert name of Bank or other entity.]**__ in accordance with the applicable requirements of Paragraph 7 of the CSA comply with the Letter of Credit Issuer Requirements herein.

[End of CSA Special Provision Text]

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PRO FORMA No. 7, Special Provision Text to

Exclude certain Base Contract transactions from CSA

Paragraph 2 – Definitions

1. Under the definition of "Exposures" at the end of the sentence after the phrase "between the bid price and the offer price" add the following phrase:

   "; provided further, that the Net Settlement Amount shall not include any Transaction under the Base Contract designated by the Pledging Party to be excluded from the CSA as noted in the "Special Conditions" portion of the Base Contract's "Transaction Confirmation for Immediate Delivery" document"

[End of CSA Special Provision Text]

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PRO FORMA No. 8, Special Provision Text to

Add limits on frequency of Collateral Transfers to CSA

Paragraph 5 – Reduction and Substitution of Posted Collateral

1. Under Paragraph 5 (a) after the beginning phrase "On any Business Day" in the first sentence insert the parenthetical phrase (but not more frequently than weekly for Letters of Credit **[Insert the phrase "and Guaranties" if applicable]** and daily with respect to Cash)"

[End of CSA Special Provision Text]

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PRO FORMA No. 9, Special Provision Text to

Add CSA as the Exclusive Method for Collateral Transfers to CSA

_____

Paragraph 13 – General

1. Under Paragraph 13 add the following provision:

"(f) Unless otherwise agreed in writing, the parties agree that this CSA is the sole and exclusive method for Transfer of Eligible Collateral, return of Posted Collateral and any transactions related thereto."

[End of CSA Special Provision Text]

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PRO FORMA No. 10, Letter of Credit Agreement

IRREVOCABLE STANDBY LETTER OF CREDIT
DATE OF ISSUANCE: _____

[Address**]**

Re: Credit No. _____

We hereby establish our Irrevocable Transferable Standby Letter of Credit in your favor for the account of _____ (the "Account Party"), for the aggregate amount not exceeding _____ United States Dollars ($_____), available to you at sight upon demand at our counters at (Location) on or before the expiration hereof against presentation to us of one or more of the following statements, dated and signed by your representative:

"An Event of Default (as defined in the Base Contract for Sale and Purchase of Natural Gas dated as of _____ between the beneficiary hereof and the Account Party, as the same may have been amended (the "Master Agreement")) has occurred and is continuing with respect to the Account Party under the Master Agreement. Wherefore, the undersigned beneficiary does hereby demand payment of the entire undrawn amount of the Letter of Credit."; or

"An Early Termination Date (as defined in the Base Contract for Sale and Purchase of Natural Gas dated as of _____ between the beneficiary hereof and the Account Party, as the same may have been amended (the "Master Agreement")) has occurred and is continuing with respect to the Account Party under the Master Agreement. Wherefore, the undersigned beneficiary does hereby demand payment of the entire undrawn amount of the Letter of Credit."

The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings previously paid by us hereunder. Partial drawings are permitted hereunder.

This Letter of Credit shall expire _____ (____) Days from the date of issuance, but shall automatically extend without amendment for additional _____ (_____)-Day periods from such expiration date and from subsequent expiration dates, if you, as beneficiary, and the Account Party have not received due notice of our intention not to renew ninety (90) Days prior to any such expiration date.

We hereby agree with you that drafts drawn under and in compliance with the terms of this Letter of Credit shall be duly honored upon presentation as specified.

This Letter of Credit shall be governed by the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500 (the "UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, in which case the terms of this Letter of Credit shall govern.

With respect to Article 13(b) of the UCP, the Issuing Bank shall have a reasonable amount of time, not to exceed three (3) banking Days following the date of its receipt of documents from the beneficiary hereof, to examine the documents and determine whether to take up or refuse the documents and to inform the beneficiary hereof accordingly.

In the event of an Act of God, riot, civil commotion, insurrection, war or any other cause beyond our control that interrupts our business (collectively, an "Interruption Event") and causes the place for presentation of this Letter of Credit to be closed for business on the last Day for presentation, the expiry date of this Letter of Credit will be automatically extended without amendment to a date thirty (30) calendar Days after the place for presentation reopens for business.

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This Letter of Credit is transferable, and we hereby consent to such transfer, in connection with a permitted transfer under the Master Agreement but otherwise may not be amended, changed or modified without the express written consent of the beneficiary hereof, the Issuing Bank and the Account Party.

Typographical errors other than in amounts are not considered discrepancies.

[BANK SIGNATURE]

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PRO FORMA No. 11, Control Agreement

CONTROL AGREEMENT
(Cash and Securities as Collateral)

Control Agreement dated as of _____ 2003, by and among _____("**Secured Party**"), _____ listed on Attachment A hererto ("**Pledgor**"), and _____("**Custodian**") (the "**Agreement**").

WHEREAS, pursuant to a custodian contract between Custodian and Pledgor (as amended, the "**Custodian Agreement**"), Custodian acts as custodian for Pledgor's assets and, as such Custodian, has established a custodial account in the name of Pledgor, in which the Collateral (together with other assets of Pledgor) will be held; and

WHEREAS, Secured Party and Pledgor have entered into a NAESB Base Contract for Sale and Purchase of Natural Gas and Credit Support Annex, dated as of_____, 2003 (as amended from time to time, the "**Master Agreement")**; and

WHEREAS, pursuant to the terms of the Master Agreement, Pledgor will from time to time pledge certain assets specified by Pledgor and identified to the Custodian as Collateral (as defined below) to secure Pledgor's obligations under the Master Agreement; and

WHEREAS, Secured Party, Pledgor and Custodian are entering into this Agreement to provide for the control of the Collateral;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed as follows:

1. **Collateral Account.** Pledgor, from time to time, shall instruct the Custodian by any of the means mutually agreed to between Pledgor and the Custodian (which shall constitute "Proper Instructions" under the Custodian Agreement), to segregate U. S. Cash, certain U.S. Government securities or other U.S. securities acceptable to Secured Party ("Collateral") for the benefit of Secured Party. Such Collateral (other than cash Collateral) shall be identified and segregated on the Custodian's books and records under the name "_____for the benefit of_____" (the "Securities Account"). The Custodian shall hold such Collateral as financial assets under Article 8 of the Uniform Commercial Code (the "UCC"), as in effect from time to time in an account assigned by US Bank. The Custodian shall identify and segregate in a separate deposit account (as defined in Section 9-102 of the UCC) any cash Collateral and hold it under the name "_____for the benefit of_____" (the "Deposit Account" and, together with the Securities Account, the "Collateral Account"). The Custodian agrees not to change the name on the Collateral Account without the prior written consent of Secured Party. The Custodian shall have no responsibility for determining the adequacy of any Collateral required hereunder or under the Master Agreement, nor will it assume responsibility for any calculations related to any Collateral requirements under the Master Agreement.

2. **Account Control.**

2.1 Security Interest. This Agreement is intended by Secured Party and Pledgor to grant "control" of the Collateral Account to Secured Party for purposes of perfection of Secured Party's security interest in such Collateral pursuant to Article 8 and Article 9 of the UCC, and the Custodian hereby acknowledges that it has been advised of Pledgor's grant to Secured Party of a security interest in the Collateral Account. Notwithstanding the foregoing, the Custodian makes no representation or warranty with respect to the creation or enforceability of any security interest in the Collateral Account.

2.2 Joint Control by Secured Party and Pledgor. Unless and until the Custodian receives written notice from Secured Party pursuant to Section 2.3 below instructing the Custodian that Secured Party is exercising its right to exclusive control over the Collateral Account, which notice is substantially in the form attached hereto as Exhibit A (a "Notice of Exclusive Control**"), or if all**

previous Notices of Exclusive Control have been revoked or rescinded in writing by Secured Party: (i) the Custodian shall take actions with respect to the Collateral in the Collateral Account upon the joint instructions of Secured Party and Pledgor, and (ii) the Custodian shall have no responsibility or liability to Secured Party or Pledgor for actions taken in accordance with such joint instructions.

2.3 Control by Secured Party.

(i) Upon receipt by the Custodian of a Notice of Exclusive Control, the Custodian shall thereafter follow only the instructions of Secured Party with respect to the Collateral Account and shall comply with any entitlement order or instructions (within the meaning of Sections 8-102 and 9-106 of the UCC) received from Secured Party, without further consent of Pledgor or any other person, and Custodian will not comply with entitlement orders or instructions concerning the Collateral originated by Pledgor without the prior written consent of Secured Party.

(ii) Secured Party represents and warrants to Pledgor that Secured Party will only issue to the Custodian a Notice of Exclusive Control if Secured Party has determined in good faith that an event or default or other authorized event has occurred under the Master Agreement which entitles Secured Party to exercise its rights as a secured party with respect to the Collateral in the Collateral Account.

(iii) The Custodian shall have no responsibility or liability to Pledgor for complying with a Notice of Exclusive Control or complying with entitlement orders originated by Secured Party concerning the Collateral Account. The Custodian shall have no duty to investigate or make any determination to verify the existence of an event of default or compliance by either Secured Party or Pledgor with applicable law or the Master Agreement, and the Custodian shall be fully protected in complying with a Notice of Exclusive Control whether or not Pledgor may allege that no such event of default or other like event exists.

(iv) As between Secured Party and the Custodian, notwithstanding any provision contained herein or in any other document or instrument to the contrary, the Custodian shall not be liable for any action taken or omitted to be taken at the instruction of Secured Party, or any action taken or omitted to be taken under or in connection with this Agreement, except for the Custodian's own gross negligence or willful misconduct in carrying out such instructions.

3. [**Distributions.** The Custodian shall, without further action by Pledgor or Secured Party, credit to Pledgor's custodial account all interest, dividends and other income received by the Custodian on the Collateral, unless the Custodian has received a Notice of Exclusive Control and until such Notice of Exclusive Control has been revoked or rescinded in writing by Secured Party. Pledgor and Secured Party agree that any such instructions from Secured Party shall be pursuant to the terms of the Master Agreement.]

4. Final Returns; Release of Security Interest.

4.1 Returns. If there are no transactions outstanding under the Master Agreement, Pledgor may request Secured Party to instruct Custodian to release all Collateral held in the Collateral Account. Custodian will effect such release as soon as reasonably practicable after receiving instructions from Secured Party and Pledgor.

4.2 Release of Security Interest. Secured Party agrees to notify the Custodian promptly in writing when all obligations of Pledgor to Secured Party under the Master Agreement have been fully paid and satisfied (and any commitment of Secured Party to advance further amounts or credit thereunder has been terminated) or Secured Party otherwise no longer claims any interest in the Collateral in the Collateral Account, whichever is sooner; at which time the Custodian shall have no further liabilities or responsibilities hereunder and the Custodian's obligations under this Agreement shall terminate.

5. Duties and Services of Custodian.

(i) Custodian agrees that it is acting as a securities intermediary, as defined in Section 8-102 of the UCC, with respect to the Collateral in the Securities Account, except Identified Securities. The parties acknowledge that the Custodian Agreement is governed by the laws of _____ and that, as a consequence, the jurisdiction of the Custodian as securities intermediary and bank

is_____. The Custodian agrees that, with respect to the Collateral in the Deposit Account, it is acting as a "bank" as such term is used in Section 102(a)(29) of the UCC.

(ii) The Custodian shall have no duties, obligations, responsibilities or liabilities with respect to the Collateral Account except as and to the extent expressly set forth in this Agreement and the Custodian Agreement, and no implied duties of any kind shall be read into this Agreement against the Custodian including, without limitation, the duty to preserve, exercise or enforce rights in the Collateral and the Collateral Account. The Custodian shall not be liable or responsible for anything done or omitted to be done solely by it in good faith and in the absence of gross negligence and may rely and shall be protected in acting upon any notice, instruction or other communication which it reasonably believes to be genuine and authorized.

(iii) As between Pledgor and the Custodian, except for the rights of control in favor of Secured Party agreed to herein, nothing herein shall be deemed to modify, limit, restrict, amend or supercede the terms of the Custodian Agreement, and Custodian shall be and remain entitled to all of the rights, indemnities, powers, and protections in its favor under the Custodian Agreement, which shall apply fully to the Custodian's actions and omissions hereunder. Instructions under this Agreement from Pledgor's authorized representative given in accordance with the terms of the Custodian Agreement shall also constitute Proper Instructions under the Custodian Agreement.

(iv) Secured Party agrees to provide to Custodian, on Exhibit B attached hereto, the names and signatures of authorized parties who may give instructions or entitlement orders concerning the Collateral Account.

(v) Custodian agrees to provide to Secured Party daily statements, via facsimile or electronic mail, of the collateral (including cash and securities) pledged by Secured Party held in the account.

(vi) The parties hereto acknowledge that no "security entitlement" under the UCC shall exist with respect to any cash or any financial asset held in the Collateral Account which is registered in the name of Pledgor, payable to the order of the Pledgor, or specially indorsed to Pledgor or any third party (each such asset an "Identified Security**"), except to the extent such Identified Security has been specially indorsed by Pledgor to the Custodian or in blank. Furthermore, Pledgor agrees to specially indorse any such Identified Security to the Custodian or in blank. The parties further acknowledge and agree that any such cash and/or Identified Securities received by the Custodian and credited to the Collateral Account from time to time shall (so long as so credited to the Collateral Account and so long as this Agreement remains in effect) be held by the Custodian for the benefit of Secured Party, not in its capacity as a "securities intermediary" (as defined in the UCC), but in its capacity as a custodial agent under and subject to the terms of this Agreement.**

6. Force Majeure. The Custodian shall not be liable for delays, errors or losses occurring by reason of circumstances beyond its control, including, without limitation, acts of God, market disorder, terrorism, insurrection, war, riots, failure of transportation or equipment, or failure of vendors, communication or power supply. In no event shall the Custodian be liable to any person for consequential or special damages, even if the Custodian has been advised of the possibility or likelihood of such damages.

7. Compliance with Legal Process and Judicial Orders. **The Custodian shall have no responsibility or liability to Secured Party or Pledgor or to any other person or entity for acting in accordance with any judicial or arbitral process, order, writ, judgment, decree or claim of lien relating to the Collateral Account subject to this Agreement notwithstanding that such order or process is subsequently modified, vacated or otherwise determined to have been without legal force or effect.**

8. Custodian Representations. **The Custodian agrees and confirms, as of the date hereof, and at all times until the termination of this Agreement, that it has not entered into, and until the termination of this Agreement will not enter into, any agreement (other than the Custodian Agreement) with any other person or entity relating to the Collateral or the Collateral Account under which it has agreed to comply with entitlement orders (as defined in Section 8-102 of the UCC) of such other person or entity.**

9. Access To Reports. **Upon any pledge, release, or substitution of Collateral in the Collateral Account, Custodian shall notify Secured Party within one business day of such change. The Custodian will**

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provide to Secured Party a copy of a statement of the Collateral Account within five (5) business days of the end of the calendar month; provided, however, that the Custodian's failure to forward a copy of such statement to Secured Party shall not give rise to any liability hereunder.

10. Interpleader. Notwithstanding any provision contained in this Agreement to the contrary, in the event of any dispute concerning this Agreement or the disposition of any of the Collateral or the Collateral Account, the Custodian shall have the absolute right, at its election, to (a) refrain from taking any action (other than to hold the Collateral in accordance with the Custodian Agreement) until directed by written instructions signed by Pledgor and Secured Party or by final order of a court of competent jurisdiction; or (b) in the event of litigation between Pledgor and Secured Party, deliver all of the Collateral in the Collateral Account to the clerk of any court in which such litigation is pending, or file suit in interpleader and deliver the Collateral in the Collateral Account to the court in which the action is commenced, and obtain an order from the court requiring the parties to interplead and litigate in such court their claims and rights among themselves, whereupon the Custodian shall thereby be relieved from any further liability respecting the Collateral and the Collateral Account.

11. Fees and Expenses of Custodian.

11.1 Reimbursement For Costs. In addition to the terms of the Custodian Agreement, Pledgor hereby agrees to pay and reimburse the Custodian for any advances, fees, costs, expenses (including, without limitation, reasonable attorney's fees and costs) and disbursements that may be paid or incurred by the Custodian in connection with this Agreement or the arrangement contemplated hereby, including any that may be incurred in performing its duties or responsibilities pursuant to the terms of this Agreement.

11.2 Advances. It is hereby expressly acknowledged and agreed by the parties that the Custodian (including its agents) shall not be obligated to advance cash or investments to, for or on behalf of Pledgor in the Collateral Account, provided, however, that if the Custodian does advance cash or investments to the Collateral Account for any purpose (including but not limited to securities settlements, foreign exchange contracts, assumed settlement or account overdraft) for the benefit of Pledgor, any property at any time held pursuant to this Agreement and the Custodian Agreement shall be security therefore and, should Pledgor fail to repay the Custodian promptly, the Custodian shall be entitled to utilize available cash and to dispose of Collateral in the Collateral Account to the extent necessary to obtain reimbursement.

12. Notices. **Any notice, instruction or other instrument required to be given hereunder, or requests and demands to or upon the respective parties hereto, shall be in writing and may be sent by hand, or by facsimile transmission, telex, or delivery by any recognized delivery service, prepaid or, for termination of this Agreement only, by certified or registered mail, and addressed as follows, or to such other address as any party may hereafter notify the other respective parties hereto in writing:**

If to Secured Party, then:

If to Pledgor, then:

If to Custodian, then:

_____

_____

13. Amendment. No amendment or modification of this Agreement will be effective unless it is in writing and signed by each of the parties hereto.

14. Termination. This Agreement shall continue in effect until five (5) business days following notice by Secured Party to the Custodian in writing that this Agreement is to be terminated. Upon the fifth business

day after such notice, Secured Party shall have no further right to originate entitlement orders concerning the Collateral Account and Pledgor shall be entitled to originate entitlement orders concerning the Collateral for any purpose and without limitation except as may be provided in the Custodian Agreement. This Agreement may also be terminated by the Custodian, Secured Party or Pledgor, and shall terminate in the event of the termination of the Custodian Agreement, following thirty (30) days prior written notice to the other parties hereto. Upon termination of this Agreement by any party, all Collateral in the Collateral Account that has not been released by Secured Party shall be transferred, within 30 days of such termination, to a successor custodian designated in writing by Pledgor and acceptable to Secured Party. In the event no successor is agreed upon, the Custodian shall be entitled to petition a court of competent jurisdiction to appoint a successor custodian and shall be indemnified by Pledgor for any costs and expenses (including, without limitation, attorneys' fees) relating thereto.

15. Severability. In the event any provision of this Agreement is held illegal, void or unenforceable, the remainder of this Agreement shall remain in effect.

17. Governing Law. **This Agreement shall be governed by and construed in accordance with the laws of New York, without giving effect to the conflict of law provisions thereof.**

18. Headings. Any headings appearing on this Agreement are for convenience only and shall not affect the interpretation of any of the terms of this Agreement.

19. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all such counterparts taken together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or duly authorized representatives as of the date first above written.

_____

By:_____

Name:

Title:

_____

By:_____

Name:

Title:

_____

By: _____

Name:

Title:

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Exhibit A

NOTICE OF EXCLUSIVE CONTROL

We hereby instruct you pursuant to the terms of that certain Control Agreement dated as of _____, 2003 (as from time to time amended and supplemented, the "Control Agreement") among the undersigned, _____(together with its successors and assigns, "Pledgor") and you, as Custodian, that you (i) shall not follow any instructions or entitlement orders of Pledgor with respect to the Collateral or the Collateral Account held by you for Pledgor, and (ii) unless and until otherwise expressly instructed by the undersigned, shall exclusively follow the entitlement orders and instructions of the undersigned with respect to the Collateral or the Collateral Account.

Very truly yours,

By:_____ By: _____

Authorized Signatory Authorized Signatory

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Exhibit B

AUTHORIZED PERSONS

with respect to Collateral Control Agreement dated _____2003

_____BANK is directed to accept and act upon instructions received from any one of the following persons at_____:

Name	Telephone/Fax Number	Signature

Authorized by: _____, as authorized agent of _____

Name:

Title:

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RECCOMENDATION TO THE NAESB WGQ EXECUTIVE COMMITTEE
PROPOSED INTERPRETATION

Requester: Caminus **Request No.: C03004**

C03004 Request from Caminus Regarding the Data Dictionary for G855RRFC and G850RQCF:

In the data dictionary for G855RRFC and G850RQCF it is required that an Up/Dn identifier code be sent depending on the contractual flow indicator. At a pipeline interconnect the ususal confirmation proces is by Up/Dn contract identifier. Shouldn't the Up/Dn identifier code between the two pipelnes be a business conditional process? Here is one reason why. At an interconnect there could be several buy/sale transactions. The transport contract may be communicated thru the chain but the entity may not due to confidentiality reasons. Please justify your position on this required element.

Proposed Draft Language:

The Mandatory usage of Upstream and Downstream Identifiers (Entities) in the Confirmation process, specifically as used in documents G855RRFC and G850RQCF, dates back to GISB version 1.0. In requesting that NAESB "justify" it's position in requiring these data elements, C03004 states: "At a pipeline Interconnect the usual confirmation process is by Up/Dn contract identifier". The discussions for crafting version 1.0 and subsequent versions have repeatedly revealed that this assumption is incorrect. The industry as a whole has agreed that the Confirmation process requires, at a minimum, the use of Upstream and Downstream Identifiers. These discussions and the resulting votes have promulgated the Industry's wishes to specify thru NAESB a single method of confirmation for all facilities, whether a wellhead, interconnect, etc, as opposed to creating separate processes based on facility type. Subsequent standards have been adopted for other processes that rely on the mandatory usage of these identifiers.

With respect to interconnected parties coming to agreement not to use the Upstream and Downstream Identifier elements in their joint Confirmation process, NAESB recognizes the right for such parties to so agree to the extent that other standards, processes and agreements are not adversely affected, as is the case in any question of usage. Should one of the parties not agree to exclude the Upstream and Downstream Identifier elements in the Confirmation process, the standards will govern specifying mandatory usage of these elements.

RECCOMENDATION TO THE NAESB WGQ EXECUTIVE COMMITTEE
PROPOSED INTERPRETATION

Requester: MIGC, Inc. **Request No.: C03005**

C03005 Request from MIGC, Inc. Regarding NAESB WGQ Standard 3.3.14:

Standard 3.3.14 states that "the transportation invoice should be prepared on or before the 9th business day". What is the definition of "prepared"? Is the intent of this standard that the transportation invoice should be maiiled on or before the 9th business day or that it should be "rendered" on or before the 9th business day?

Proposed Draft Language:

Prepared means "made ready". The intent of the standard is that the invoice be rendered or "made available" to the Service Requester("SR") on or before the 9h business day of the month. Some examples of rendering the invoice to the SR include, but are not limited to: 1) mailing the invoice, or 2) making the invoice available on the transportation service provider's customer activities website, or 3) sending the invoice via EDI. It is implied that the invoice be prepared prior to it being rendered. The invoiced could be prepared the same day it is rendered but preparation must take place prior to it being rendered.

The date the invoice is rendered is more significant than the date it is prepared. For example, an invoice prepared on the 8th business day but not rendered until after the 9th business day is late with respect to WGQ Standard 3.3.14. That the invoice was prepared in advance of the 9th would be of no consequence to the SR.