

GasEDI

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NEW GasEDI BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS

Mission: Develop a New GasEDI Base Contract for Sale and Purchase of Natural Gas (“New GasEDI Base Contract”) based on: the GasEDI Base Contract for Short-Term Sale and Purchase of Natural Gas as published by GasEDI on October 26, 2000, (“GasEDI 2000 Base Contract”); the North American Energy Standards Board (“NAESB”) Base Contract for Sale and Purchase of Natural Gas as published by NAESB on April 19, 2002, and its addenda (“NAESB 2002 Base Contract”); the NAESB General Terms and Conditions for Day Trade Interruptible Contract as published by NAESB on April 16, 1998; and additional recommendations from committee participants.

COMMENTARY: JUNE 21, 2005, DRAFT vs APRIL 19, 2005, DRAFT Draft - June 21, 2005

Following is a commentary on the differences between the June 21, 2005, Draft and the April 19, 2005, Draft.

All changes are the result of suggestions from numerous parties, as considered by Niall Armstrong; Direct Energy Marketing Limited, and Ian Anderson. Where necessary, conforming changes have been made.

I believe the substance of the changes is, for the most part, less intimidating than appears from the actual number of changes.

- Changed “the Contract” to “this Contract”.
- Changed “herein” to “in this Contract”, etc.
- Changed “on the Base Contract” to “on the Cover Sheet” in several places.
- Changed “billing” to “invoicing”.
- Numerous changes to make it abundantly clear which party is being referred to (eg: changed “it” to “Seller” in 2 places in Section 8.2).
- Removed superfluous language, such as “For greater certainty”, “parties agree that”, etc.
- Changed “this Base Contract” to “the Base Contract”.
- Added “, without limitation,” in many places, and frequently deleted language expressing this concept in other ways.
- In cases with 2 layers of romanettes, changed the 2nd layer to “A”, “B”, etc. See “Market Price” definition for an example.
- “set off” and “set-off” changed to “setoff”.

- In several places, changed the concept of “this Contract and any effective Transaction Confirmation(s)” to “this Contract” because “Contract” definition includes any and all Transaction Confirmations and any and all Transactions.
- “Affiliate” definition modified per Stikeman.
- “Base Contract” definition cleaned-up.
- “Buyer” definition cleaned-up.
- “Confirm Deadline” definition made consistent with the Cover Sheet.
- “Cover Sheet” definition added.
- “Credit Annex” definition made consistent with new definitions for Base Contract and Cover Sheet.
- “Interest Rate” definition added.
- “Liquidation Amount” definition deleted because no longer used.
- “Payor” changed to “Payer” (spelling).
- “Seller” definition cleaned-up.
- “Special Provisions” definition made consistent with new definitions for Base Contract and Cover Sheet.
- “Transaction Confirmation” definition cleaned-up.
- Section 1.2.a: Language simplified.
- Section 1.2.b: Language clarified.
- Section 3.2: In the April 19, 2005, Draft (and the GasEDI 2000 Base Contract), the Spot Price Standard section was structured “quantity difference x price”, whereas the Cover Price Standard section was structured “price x quantity difference”. Since the quantity difference language was identical in both the Spot Price Standard section and the Cover Price Standard section, I felt the language would be easier to understand if both sections were structured “quantity difference x price”. So, I restructured the Cover Price Standard section to be “quantity difference x price”. Beyond that, I used the style of the Spot Price Standard to re-word the price components of the Cover Price Standard. Also, I incorporated the Stikeman language to determine the price component of the Uncovered Gas calculation.
- Section 3.2: Added new final sentence.
- Section 3.3: Restructured into a box with a header box referring to the Cover Sheet selection.

- Section 4.3: Clarified the language identifying which party is responsible for Imbalance Charges; language as suggested by Stikeman.
- Section 7.4: Changed to take advantage of “Interest Rate” definition.
- Section 7.7: Added new final sentence.
- Section 10.1: Broken up into Sections 10.1.a and 10.1.b - to make the concept in what is now Section 10.1.b more prominent. Also, the concept in the last sentence of what was Section 10.1 has been moved to the end of Section 10.1.a because the concept seems to belong in Section 10.1.a. The related cross-reference changes have been made.
- Section 10.2: Clarified the tail end - the parties shall resume performance, not just the Payee.
- Section 10.3: Corrected the responsibility for Imbalance Charges pursuant to Section 4.3.
- Section 10.4: Changed subsection numbering to be consistent.
- Section 10.4.a: Clarified other amounts.
- Section 10.4.b: Simplified.
- Section 10.4.c: Simplified.
- Section 10.4.d: Corrected and simplified.
- Section 10.4.f: Clarified and simplified; new last sentence added.
- Section 10.4.h: Corrected the lead.
- Section 11.2: Made the header box language consistent with other header boxes.
- Section 11.2: Changed the subsection numbering to be consistent.
- Section 11.2.a: Simplified the lead and added (ii).
- Section 11.2.b: Simplified the lead and tail, and added “, or storage operator”.
- Section 11.2.c: Simplified the lead, and referred to Option A because rest of Section 11.2.c was identical to Option A.
- Section 11.3: Simplified the lead.
- Section 14.1: Added concept of consent in the tail.
- Section 14.4: Simplified.
- Section 14.1: Broken up into Sections 14.1.a and 14.1.b.

- Section 14.1.a: Time limit in last sentence changed.
- Section 14.11: Revised in light of the Androscoggin Energy case.

FURTHER INFORMATION

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