

GasEDI

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GasEDI 2005 BASE CONTRACT - RELEASED FOR GENERAL USE

FOR IMMEDIATE RELEASE - AUGUST 31, 2005

On August 31, 2005, GasEDI announced release for general use of the 2005 version of the GasEDI Base Contract for Sale And Purchase of Natural Gas (GasEDI 2005 Base Contract).

The GasEDI 2005 Base Contract (with background information) is available on the GasEDI web site at www.gasedi.ca.

During the last 5 years, the GasEDI 2000 Base Contract has become a common basis for sale and purchase of natural gas in Canada. The GasEDI 2005 Base Contract is a significant update - particularly in the areas of financial risk management and force majeure.

A substantial team developed the updates, starting in June, 2004. The team, which solicited input from individuals across North America involved in natural gas marketing, was led by:

- **Committee Chair:** Niall Armstrong; Direct Energy Marketing Limited; 403-290-6726; niall.armstrong@na.centrica.com.
- **Credit Subcommittee:** Kris Lautermilch; ConocoPhillips Canada Limited; 403-233-4224; K.Lautermilch@ConocoPhillips.com.
- **Force Majeure Subcommittee:** Diane Pettie; Sempra Energy Trading (Canada) Limited; 403-750-5395; dpettie@sempratrading.com.
- **Miscellaneous Subcommittee:** Pat Butler; Shell Trading Gas and Power; 713-767-5646; pbutler@coral-energy.com, Son Tran; TransAlta Energy Marketing; 403-267-6940; Son_Tran@TransAlta.com and Shannon Glover; TD Commodity and Energy Trading Inc.; 403-299-8672; Shannon.Glover@tdsecurities.com.
- **Project Manager:** Ian Anderson; I. S. Anderson & Associates Limited; 403-243-1079; ian@isanderson.com.

HISTORY

On May 13, 1996, the Gas Industry Standards Board (GISB) released for general use the "GISB Base Contract For Short-Term Sale And Purchase Of Natural Gas" (GISB 1996 Base Contract). This contract was intended to standardize the General Terms and Conditions for gas purchase and sale agreements with short terms up to one month. While use of this contract was optional, this contract quickly became the industry norm for such short term transactions. In fact, many gas industry participants went on to use the GISB 1996 Base Contract as the basis for longer term agreements (some more than 12 months), and developed their own Special Provisions as additions to the GISB 1996 Base Contract.

The "GasEDI Base Contract For Short-Term Sale And Purchase Of Natural Gas" (GasEDI 2000 Base Contract) was released for general use on October 26, 2000. This contract was based on the GISB 1996 Base Contract; the most significant differences between the GasEDI 2000 Base Contract and the GISB 1996 Base Contract include the following (there are many more):

- Addition of language to be more consistent with Canadian commercial practices, while retaining the equivalent US language.

- Addition of language similar to many of the more commonly used Special Provisions.
- Addition of language dealing with GST.
- Substantial enhancements in the areas of financial risk management.

GISB became the North American Energy Standards Board (NAESB) on January 1, 2002.

On April 19, 2002, NAESB replaced the GISB 1996 Base Contract with the "NAESB Base Contract for Sale and Purchase of Natural Gas", (NAESB 2002 Base Contract), with an optional Canadian Addendum. Excluding the Canadian Addendum, the NAESB 2002 Base Contract is an update of the GISB 1996 Base Contract, particularly in the area of financial risk management. The Canadian Addendum added the most significant Canadian specific components of the GasEDI 2000 Base Contract to the NAESB 2002 Base Contract - so the NAESB 2002 Base Contract with the Canadian Addendum would be more consistent with Canadian commercial practices.

On October 9, 2003, NAESB completed development of the "NAESB Model Credit Support Addendum to the Base Contract for Sale and Purchase of Natural Gas", which provides a basis for the efficient transfer and administration of collateral between the parties. This addendum can be used "as-is" or as a starting point for negotiations.

As you can see, the concept of standardized General Terms and Conditions for agreements respecting the sale and purchase of natural gas has evolved over the years.

WHITHER NOW?

It is anticipated that a Credit Annex to the GasEDI 2005 Base Contract will be developed during the coming months - interested parties are invited to contact Ian Anderson.

FURTHER INFORMATION

Please visit GasEDI's web site (www.gasedi.ca) or contact Ian Anderson (403-243-1079; ian@isanderson.com).