



Gas Industry Standards Board

1100 Louisiana, Suite 4925, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: gisb@aol.com

Home Page: www.gisb.org

TO: Business Practices Subcommittee Chairs, Interested Industry Participants
FROM: Rae McQuade, Executive Director
RE: **Revised Final** Minutes from the Business Practices Subcommittee Meeting
DATE: January 18, 2001

**Business Practices Subcommittee
Final Minutes
January 18, 2001**

1. Administrative

Mr. Lander gave the anti-trust advice. The Agenda was modified and adopted. The draft minutes of January 11, 2001 were reviewed and adopted as amended.

1.A BPS Chairs Report

Report to BPS updating the Committee on the BPS Chairs teleconference meeting of 1/17/2001
Mike Novak gave the report as follows:

The GISB office has received word from a FERC Staff member that proposed standard 5.3.2, as adopted by the EC on December 14, might likely be in conflict with Order 637. In particular, it was noted that shippers, once they acquired released capacity, could nominate coincident with that acquisition, on any of the nomination timelines. Moreover, it was pointed out that nominations and scheduling for released capacity transactions should be on an equal footing with shippers purchasing capacity directly from the pipeline, with no timing differences. Lastly, it was observed that the contract for such transactions should be issued within an hour of request, but not required to be executed in that timeframe.

It was suggested that the BPS take up this issue a part of the review of Order 637 proposed standards that was directed by the EC at its 12/14/2000 meeting. The BPS chairs have discussed this suggestion and believe that addressing the issue raised by FERC Staff and proposing changes, if any, to standard 5.3.2 would be beyond what the EC initial request. The BPS Chairs believe that process dictates that the EC address the issue first, even if the end result is to reassign standard 5.3.2 to BPS.

An EC conference call is being scheduled for February 5 to address proposed standard 5.3.2.

2. Order 637 Priority Action Items 1 and 2 (Priority 6) returned to BPS by the Executive Committee (See 12/14/2000 EC Minutes)

The motion for vote (M11) in the EC Minutes of 12/14/2000 directs the Interpretations Subcommittee and BPS to review and update the standards and interpretations for how they are impacted by items voted on by the EC at that meeting, BPS is specifically to review:

- 5.3.31 Discussion focused on the interaction between the word "biddable" in the EC passed vote (M9) of 12/14/2000 and the implementation of the pre-arranged deal uploads – whether or not biddable—in the existing standards. Standard 5.3.2 and standard 5.3.10 were also discussed. As discussion continued, it was observed that it might even be possible to eliminate both standard 5.3.31 and standard 5.3.32 and add a reference to standard 5.3.33



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which points back to standard 5.3.2 with respect to the deadlines and the references within standard 5.3.2 concerning Business Day. One suggestion had been to break 5.3.31 into two parts to parallel the construction of standard 5.3.2. Another suggestion was to leave standard 5.3.31 as modified by the EC in December and to add another standard dealing with the non-biddable deal uploads. Earlier it had been observed that the fact a time is referenced at all in standard 5.3.31 and standard 5.3.32 runs the group afoul of the determination not to deal specifically with the timeline in standard 5.3.2 or with the logic initially offered to move the times in standard 5.3.31 and standard 5.3.32 back by one hour. It had been stated that the reason the times had been shifted was to provide the "one hour for the contract activity" and still be able to nominate at 5:00 PM on the offer/bid/award day for flow at the 9:00 PM to 9:00 AM cycle of that gas day (Intraday 2). The participants wanted to think through whether they felt that standard 5.3.33 with a reference to standard 5.3.2 (the deadline) would be sufficient and be a better way to address the issues associated with uploads being received in advance of deadlines for the processing of the transactions they are associated with (or initiate). There was agreement to come back with their thoughts at the next meeting.

5.3.32 See above discussion.

5.3.33 See above discussion

5.3.35 While the existing standards were not reviewed with respect to the EC's actions, the proposed modified standard 5.3.35, standard 5.3.36, and standard 5.3.xx were reviewed. One issue identified in the discussions was that the requirement of notification to shippers that their capacity was being/had been recalled should be between the contracting parties. As articulated, this meant that the notice would be between the recalling shipper and the acquiring shipper as well as between the recalling shipper and the TSP. There was no voiced opposition to this and it was noted that the existing standard reflects this approach. It was pointed out that currently there is no requirement for the TSP to provide notice of recalls. Where the controversy arises, is whether the TSP should be the one to notify parties which were the subsequent acquiring shippers, and what might happen if they did not. One opinion was that the party initiating the recall caused the capacity which was subsequently re-released to "evaporate" and that the party who had their capacity recalled was not themselves in turn recalling capacity from their acquiring shipper. This was not agreed to by another who stated that they could see how the second acquiring shipper could look to the GISB standards and state that they did not have sufficient notice. This caused the discussion to dwell on who had contract rights with whom and what the different implications for any proposed process would be. It was also stated that the process outlined in proposed standard 5.3.xx could have the effect of a party notifying other, non-contracting parties, as to the status/value of their contract rights with another non-contracting party and that this was problematic. One formulation was for the participants to take back to their respective offices the discussion as to the implications of notifying and of not notifying all parties with whom you have/had a contractual relationship with respect to the effect on that relationship of a particular recall, when that recall impacts(ed) on that relationship(s) and the capacity associated with that relationship.

5.3.36 See above discussion

5.3.xx (recall notices) - See above discussion

Discussion of What to do about the Interpretations:



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Mr. Lander proposed that Order 637 Proposed Standards Interpretation questions should be sent to Interpretations Subcommittee. Ms. Hess noted that the EC did forward the review and update of interpretation to the Interpretations Subcommittee. Others agreed. Based on this, BPS will not review the approved standards for potential impact on existing interpretations.

5.3.41

5.3.41 The display of capacity release data for an Offer should be selected from a summary list of Offers. The summary list should be comprised of the following:

- Offer Number
- Release Term Start Date
- Release Term End Date
- Recall Cycle Indicator*
- Location Information as applicable, and/or navigation to detail
- Maximum Offer Quantity – Contract
- Biddable Deal Indicator
- other data elements, if applicable

Discussion:

Recall Cycle Indicator may be a new data element. No other standards appear to be impacted. IR will deal with dataset issues.

5.3.z1 (recall notices)

5.3.z1 *A release which takes effect during a gas day shall not be available for recall until the day following the effective date of the release.*

Discussion:

No other standards appear to be impacted. IR will deal with dataset issues, if any.

5.3.z2 (recall notices)

5.3.z2 *Recall notices should contain at least the affected Service Requester Contract(s) and the effective date/cycle.*

Discussion:

Until a final disposition is made on standard 5.3.36 – see above discussion, no further action is required.

5.3.2 – Based on the above statement from the BPS chairs, no action will be taken on standard 5.3.2 at this time.

3. **Review of the following request returned from the Executive Committee:** (see posted recommendation form, 2/10/2000 EC Meeting Minutes, 1/11/2001 Meeting Minutes)

R98044 Duke Energy **discussion and possible vote**

Statement of the Issue:

R98044 - The data element Estimated Heating Factor was added to the Scheduled Quantity for Operator in order for a TSP to be able to communicate to an operator what they anticipate the heating factor will be at the location. The definition that was developed was a mirror of the Heating



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Factor data element that currently exists in the Measured Volume Audit Statement. Questions were raised during the EC meeting about the definition of both data elements.

Ms. Hess requested that this discussion be moved to February 1.

R00004 - Discussion only. Proposed new data element called "limit type". Computed by TSP system, it is a contractual limit for allocation purposes once the swing source is identified by the party that submits a PDA. M. Novak questioned whether Tennessee Gas Pipeline's (TGP's) business practice was similar to Transco's contingency swing business practice (and is therefore currently accommodated with the datasets). The difference is that TGP requires a specific indicator and by doing such, TGP's system will calculate a system limit while Transco uses a service requestor provided numerical limit. TGP does not currently accommodate submission of a numerical limit.

Potential motion: BPS instructs IR to accommodate the Business Conditional business practice of permitting the PDA submitter to specify a Limit Type and have the TSP's system generate a limit value.

R00005 - Discussion only. The fuel associated with a swing on storage can either be cashed out or allocated to a storage contract.

The requestor for R00004 and R00005 will submit formal motions at the next BPS meeting.

4. **Next meeting and agenda**

Administrative:

- R98044 discussion and vote
- R00004 discussion and vote
- R00005 discussion and vote
- Discussion of outstanding BPS related requests

5. **The meeting adjourned at 4:17Central Time**



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Meeting Attendees and Voting Record

<u>Segment</u>	<u>Company</u>	<u>Voting</u>	<u>GISB</u>	<u>Vote 1</u>	<u>Vote 2</u>	<u>Vote 3</u>
		<u>Member</u>				
Pipelines:						
Kim Van Pelt	CMS – Panhandle Eastern	X	X			
Theresa Hess	Enron- Transwestern	X	X			
Clancy Aschbrenner	CIG	X	X			
Dale Davis	Williams Gas Pipeline	X	X			
Mark Gracey	Tennessee Gas Pipeline	X	X			
Twyla Strogon	Dominion Transmission	X	X			
Mary Sue McNeal	El Paso Natural	X				
Tammy Hopkins	Northern Natural	X				
Dena Copeland	Tennessee Gas Pipeline		X			
Randy Young	Koch Gateway	X	X			
Services:						
Gina McMahon	BTU Watch	X	X			
Greg Lander	CapacityCenter.com	X	X			
Mark Scheel	Dynegy	X	X			
Producers:						
End Users:						
Joel Green	Salt River Project	X	X			
LDC's:						
Mike Novak	National Fuel Gas Dist.	X	X			
Audrey Bragg	Washington Gas	X	X			

Bold signifies a BPS Chair