



Gas Industry Standards Board

1100 LOUISIANA, SUITE 4925, HOUSTON, TEXAS 77002
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Home Page www.gisb.org

February 4, 1999

TO: Business Practices Subcommittee (BPS) chairs: Greg Lander, Norm Walker, Randy Friedman, Diane McVicker (absent), Terry McRae (absent)
Posting on the GISB home page for interested industry participants

FROM: Rae McQuade

RE: **Final Minutes from the Business Practices Subcommittee -- February 4, 1999**

I. Administrative

Mr. Lander opened the meeting, welcomed the participants, the roll was called and antitrust advice was given by Mr. Lander. The revised agenda was adopted with the addition of the topic to discuss the time scheduled for the meeting. The minutes of the January 28 meeting were adopted with changes.

II. Issues raised by Information Requirements Subcommittee, to be addressed by the BPS

With regard to the BPS recommendation (forwarded to the Information Requirements (IR) Subcommittee 4/9/98): "The BPS requests that Information Requirements create a data dictionary for each of the upload of Offer and upload of Bid documents. When implementing these business practices via the EDI standards, seek to employ as much of the existing UPPD related documents as is reasonably possible so as to minimize the implementation effort.", the IR Subcommittee identified several issues:

1. Should the capacity release data sets accommodate the Releasing Shipper's ability to specify whether Gas Transaction Points can be changed after the capacity has been awarded?
Response:
After discussion, the motion was made that the BPS determine that the issue is outside of the scope of Request No. R97111, and in order to be processed, it should be the subject of a request. The motion passed unanimously.
2. Bidder's contingency terms: (IR 7/14/98):
 - 1) Should the Bid Upload provide for the bidder to specify contingency terms?
 - 2) If so, is there a requirement as to specificity?
 - 3) And, if contingency terms are added, is the data verified?Response:
After discussion, the motion was made for the BPS to decline to standardize method of communication by the bidder of contingency terms. The motion passed unanimously.
3. Is the Offer Upload Final Disposition used for non-prearranged deals as well as for prearranged deals? (IR 9/15/98).
Response:
Mr. Buccigross described the question. After discussion, the motion was made that Mr. Buccigross return at the next meeting with language to respond to the question. The motion passed unanimously.
4. In the recently adopted standards from Request No. R97111, was 5.3.A standard meant to be in addition to or a replacement to GISB Standard No. 5.3.10?
Response:



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A work paper will be forthcoming from the Information Requirements Subcommittee and Mr. Lander will provide a draft response.

III. Transfers from BPS to EBB Internet Implementation (EII) Task Force (Invoicing and Capacity Release Requests)

No requests to transfer requests to EII Task Force were received for consideration by the BPS.

IV. Standards Language for Request Nos. R98011 and R98012

Work papers were received from both TransCapacity regarding outstanding proposed standards and Koch Gateway regarding a replacement to the BPS recommended standard 2.3.H. There was a question raised on which work paper should be addressed first. After discussion, it was determined to place the work paper provided by Koch Gateway first on the agenda in the discussion on Request Nos. R98011 and R98012 at the February 11 conference call.

The discussion began with proposed standard 2.3.J and 2.3.K, from TransCapacity's workpaper draft 11 of proposed standards:

2.3.J Where the Allocating Party is performing Monthly Allocations at a location and Service Requester supplied rankings are employed for allocations purposes, the individual rankings by day should be summed for each nomination line item and the mathematical sum of these ranks for each line item would be employed to identify the relative rankings of these line items for allocations purposes.

2.3.K Where the Allocating Party is performing Monthly Allocations at a location and Confirming Party supplied rankings are employed for allocations purposes, the individual rankings by day should be summed for each nomination line item and the mathematical sum of these ranks for each line item would be employed to identify the relative rankings of these line items for allocations purposes.

Discussion: Mr. Young noted that Cumulative Monthly Allocations is not a defined term. There is a proposed definition cited in the work paper for later consideration. The original effort to define the term failed. An alternate proposal was offered to use the most recently supplied ranking. After discussion, the reference to Cumulative Monthly Allocations was removed from 2.3.J and 2.3.K. After the proposed standard review is completed, it will be revisited to determine if changes are needed for the BPS recommended standards that reference Monthly Allocations to include references to Cumulative Monthly Allocations. It was observed by Ms. Scott and Mr. Lander that there is a lack of understanding and consistency of Service Requester supplied rankings to Transportation Service Providers. Ms. Scott recommended that in the scheduling process, the employment of rankings should be clarified, both when supplied by the Service Requester and when provided by the Transportation Service Provider.

Vote: After discussion, both proposed standards 2.3.J and 2.3.K were withdrawn by the requester.

V. Upcoming Agenda & Adjournment

The meeting adjourned at 5:00 p.m. The next meeting is scheduled for Thursday, February 11, at 2:30 p.m. to 4:30 p.m. central. There will be a face to face meeting to wrap up R98011 and R98012 and to begin on R97022 from 9 a.m. to 4:30 p.m. on February 17 and from 9 a.m. to 3 p.m. on February 18, hosted by Koch Gateway. The meeting time for the conference calls was changed to 2:30 pm. to 4:30 p.m. central.

The agenda for the meeting on February 11 is:



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1. Administrative: Welcome, Antitrust Advice, Roll Call, Adoption of Agenda, Adoption of Draft Minutes from February 9, 1999.
 2. Issues raised by Information Requirements Subcommittee, to be addressed by the BPS
 3. Transfers from BPS to EII Task Force (Invoicing and Capacity Release Requests)
 4. Review of the following requests **FOR DISCUSSION AND VOTE** :
 - R98011 Add new standards and definitions to standardize the PDA/Allocation process and standardize the terms parties use when referring to various processes known as allocation
 - R98012 Add a new standard to describe when and under what circumstances Allocation Statements are sent to shippers
[The discussions will start with 2.3.H.1 in the Koch Gateway work paper, then followed by 2.3.M.1 in the TransCapacity work paper]
 5. Next meeting and agenda for telephone conference
 6. Adjourn



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IV. Attendees¹

	<u>Name</u>	<u>Company</u>	<u>Member</u>
SERVICES	Jim Buccigross	National Registry of Cap. Rights	✓
	Donna Scott	Enron Administrative Corp.	✓
	Greg Lander	TransCapacity	✓
LDCs	Rick Ishikawa	So Cal Gas	✓
	Randy Friedman	Northwest Gas	✓
PIPELINES	Betty Barnum	Duke -- Panhandle Eastern	✓
	Kim Van Pelt	Duke -- Trunkline	✓
	Norm Walker	El Paso Natural Gas	✓
	Mary Sue McNeal	El Paso Natural Gas	✓
	Sally Turley	El Paso Natural Gas	✓
	Theresa Hess	Enron -- Transwestern	✓
	Mary Dramer	Enron -- Northern Natural	✓
	Elizabeth Brown	Enron -- Northern Border	✓
	Julie Unruh	Koch Gateway	✓
	Sandra Barnett	Koch Gateway	✓
	Randy Young	Koch Midstream Services	✓
	Mark Gracey	Tennessee Gas Pipeline	✓
	Dale Davis	Williams Gas Pipelines	✓
Kelly Adolf	Williston Basin	✓	
GISB	Rae McQuade	GISB	✓

¹ The attendees' names which appear in **BOLD** are committee chairs. The others are participants.



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STANDARDS LANGUAGE SUPPORTED FOR REQUEST NOS. R98011 & R98012

as of January 28, 1999

EXISTING STANDARDS:

2.3.24 [DELETE]

DEFINITIONS:

- 2.2.A. Monthly Allocation is the term used to describe the process where the Allocating Party performs the allocation process at the end of the monthly flow period.
- 2.2.C Daily Allocation is the term used to describe the process where the Allocating Party performs the allocation process following each gas day.

STANDARDS:

- 2.3.A At a location, there is at least one Confirming Party on each side of a location.
- 2.3.A.1 Allocations use the total quantity measured, or estimated, during the period to provide allocations to parties' scheduled (or otherwise identified transactions consistent with GISB Standard No. 2.3.F) transactions.
- 2.3.A.3 In the allocation process, estimated quantities should be adjusted to actuals following the time that the actual quantities are known.
- 2.3.B.1.d At a location which is not covered by an OBA, an Allocating Party receives PDAs from others.
- 2.3.B.1.e At a location which is not covered by an OBA, an Allocating Party calculates the allocations for the location and provides these allocations to the appropriate parties for their use.
- 2.3.B.2 At a location which is not covered by an OBA, a party which is not the Allocating Party at the location should receive and process allocations from the Allocating Party and employ these allocations when providing allocation information to its parties (as applicable and appropriate).
- 2.3.C At a location which is covered by an OBA, each Allocating Party can allocate its side of the location.
- 2.3.D.3 At a location which is not covered by an OBA:
- where the Confirming Parties confirm at a level less detailed than the nomination level;
 - where a Service Requester has submitted more than one nomination line item to a Transportation Service Provider (TSP); and,
 - where the TSP allocates to a level lower than the Service Requester contract level;
- the TSP should employ the TSP's tariff allocation methodology (including where applicable employing the other Confirming Party(ies)' Pre-determined Allocation(s) (PDA)) to allocate gas to the confirmation detail level. The TSP should then either: a) accept a PDA from such Service Requesters that provides allocation instructions for the allocation of quantities from the confirmation detail level to the nomination line item detail level, or b) employ the Service Requester's supplied ranks to allocate gas to the nomination line item detail level.

Where a TSP accepts PDAs from a Service Requester and the Service Requester does not provide a PDA, the TSP should employ the tariff allocation methodology for the



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allocation of the gas to the applicable confirmation level of detail and then should perform the default allocating methodology for allocations from the confirmation detail level down to the nomination line item detail level.

TSPs which allocate to Service Requesters at the Service Requesters contract level, or higher, are not required to allocate to a lower level or accept accounting allocation instructions from the Service Requester (i.e. neither PDAs nor Service Requester supplied ranks).

2.3.E At a location which is not covered by an OBA, a Confirming Party is permitted to submit a Pre-determined Allocation (PDA) to the Allocating Party which conforms to level of detail as used in the confirmation process between the Allocating Party and that Confirming Party. The Allocating Party should employ such PDA for the purpose of allocating quantities of its party(ies)' gas to the level of detail contained in the confirmation process between the Allocating Party and that Confirming Party.

A Confirming Party should not submit a PDA to an Allocating Party with respect to a location at a lower level of detail (more detailed) than that level of information exchanged between such parties during the confirmation process between them.

A PDA submitted by the Confirming Party to the Allocating Party with respect to a location should conform to the level of detail exchanged between such parties during the confirmation process. Submission by the Confirming Party to the Allocating Party of information at a higher level of detail (less detail) is a mutually agreed process.

2.3.F Absent prior mutual agreement among the Confirming Parties and those Service Requester(s) which are not Confirming Parties at the location, a Pre-determined Allocation (PDA) may not be used to allocate gas to a transaction that was not identified in the nomination or confirmation process, as applicable. In the event of a conflict between this standard and the Transportation Service Provider's (TSP's) existing tariff or general terms and conditions, the latter will prevail.

Where there has been such prior mutual agreement, a TSP, upon receipt of a PDA referencing a transaction not otherwise present in a nomination or confirmation may, but is not required to, generate a nomination (or confirmation) transaction (of zero or null quantity) corresponding to the subject transaction.

2.3.G Except in cases where the Percentage or Operator Provided Value method of allocation or the operation of GISB Standard No. [2.3.M.1] is being employed, where there is:

- (i) sufficient gas to fulfill all scheduled quantities at a location, a Pre-determined Allocation (PDA) should not result in a quantity being allocated to a party, contract or transaction, as applicable, that is less than the corresponding scheduled quantity(ies) for that party, contract or transaction, as applicable,
- (ii) insufficient gas to fulfill all scheduled quantities at a location, a PDA should not result in a quantity being allocated to a party, contract or transaction, as applicable, that is greater than the corresponding scheduled quantity(ies) for that party, contract or transaction, as applicable.

In the event of conflicts between this standard and the Transportation Service Provider's existing tariff or general terms and conditions, the latter will prevail.

2.3.H If a Pre-determined Allocation (PDA) for the swing or rank methodology is received without an approval from the swing or lowest ranked party, then it is not considered a valid PDA and allocation defaults to pro-rata.

2.3.N At a location which is covered by an OBA, the scheduled quantity should be the allocated quantity.



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INSTRUCTIONS TO INFORMATION REQUIREMENTS:

- 2.3.B.1.e At a location which is not covered by an OBA, there is at least a Primary Allocating Party which is the Confirming Party which operates on side of the locations and which it has been agreed will receive and process PDA(s) from the Confirming Party(ies) on the other side of the location. This Primary Allocating party receives and processes the PDA(s) to the level specified in the PDA(s) and returns appropriate Allocated quantities information to the Confirming Party(ies) on the other side of the location which provided PDA(s). Where the PDA(s) received by the Primary Allocating Party did not specify allocations to the level of transactions present on the Primary Allocating Party's side of the location, other standards apply for the remainder of the allocation process on the Primary Allocating Party's side of the location.
- After the Primary Allocating Party has provided Allocated quantities information to the Confirming Party(ies) on the other side of the location, the Confirming Party on the other side of the location which is the operator of the other side of the location (the Secondary Allocating Party) employs the allocated quantities information received by such Secondary Allocating Party from the Primary Allocating Party to provide allocated quantities information to its parties in a manner consistent with the allocated quantities information provided to it by the Primary Allocating Party. To the extent PDA(s) received by the Secondary Allocating Party from party(ies) on its side of the location specify a level of detail more specific than the Allocated quantities information received from the Primary Allocating Party, the Secondary Allocating Party employs these PDA(s) to allocate quantities to its PDA Submitters. Where the Allocated quantities information received by the Secondary Allocating Party were not to the level of transactions on the Secondary Allocating Party's side of the location, and where the PDA(s) received by the Secondary Allocating Party (if any) did not specify allocations to the level of transactions present on the Secondary Allocating Party's side of the location other standards apply for the remainder of the allocation process.
- 2.3.B.2 Confirming Parties which are not the Primary Allocating Party at a location should receive and process allocations from the Primary Allocating Party and employ these allocations in providing allocation information to their parties and Service Requesters (as applicable and appropriate). Where a Confirming Party is the operator of one side of a location and is not the Primary Allocating Party at the location, then they are the Secondary Allocating Party. The allocations provided by such Secondary Allocating Party to its parties and Service Requesters should reflect the same business results as those communicated to them by the Primary Allocating Party.