



## Gas Industry Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

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

Home Page: www.gisb.org

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**TO:** BPS Chairs (Bill Hebenstreit, Greg Lander, Mike Novak, Kim Van Pelt, Producer vacancy)  
Posting for Interested Industry Participants

**FROM:** Rae McQuade, Executive Director

**RE:** **Final** Minutes for the Business Practices Subcommittee - February 21, 2001

**DATE:** February 21, 2001

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**GAS INDUSTRY STANDARDS BOARD  
BUSINESS PRACTICES SUBCOMMITTEE  
Wednesday, February 21, 2001 10:30 a.m. – 5:00 p.m.  
FINAL MEETING MINUTES**

### 1. Administrative

Ms. Van Pelt welcomed the participants to the meeting and thanked Reliant Energy and Keith Sappenfield for hosting today's meetings. Mr. Novak gave the antitrust advice. Attendees introduced themselves. After discussion, Mr. Young made the motion, seconded by Mr. Hebenstreit, to modify the agenda to postpone the review of the November 1 and 2, 2000 draft minutes to the BPS meeting scheduled for March 2, 2001. The motion to adopt the agenda as revised passed unanimously. For a full accounting of the discussion from today's meeting, the transcripts should be ordered from Ms. Jane Copeland of Ak/Ret Reporting, (361-882-9037). The minutes capture the motions and voting.

### 2. Discussion of Standard 5.3.2

There was discussion of the correspondence prepared by Mr. Costan regarding conversations with FERC staff on EC adopted standard 5.3.2. Several options for going forward were considered by the subcommittee. The EC determination at its December 14 meeting to request that several standards adopted related to Order No. 637, including the EC adopted standard 5.3.2, be "scrubbed" against existing standards with a report back to the EC at its February 22 meeting, and the GISB policy of not ratifying standards until they are fully staffed were highlighted as reasons for the standards having not been sent out for ratification.

After further discussion, several items were identified for discussion by the subcommittee including the execution of the contract, time for administration built in the timeline, revisit the times contained in the timeline - December 14 EC approved versus FERC comments, and when must a contract be executed. Decisions made for each of the above listed items is shown below:

#### ➤ Execution of the contract

Mr. Novak suggested with modifications as a result of discussion, that the language in the December 14 approved standard 5.3.2 should be changed on the biddable releases of less than one year from:



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“contract tendered with contract # by 4:00 P.M.; contract executed; nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)”

to

“contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)”

He further recommended that analogous changes be made to biddable releases of one year or more:

“contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)”

and each of the cycles for non-biddable releases:

“contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.”

No other language changes were discussed under this item. No motions were made at this time to adopt the above language changes. Mr. Novak was asked whether he would make a motion at this time. He declined, stating he would wait until the end of the meeting so all of the items could be included in one motion.

### ➤ **When must a contract be executed**

There was additional discussion on when a contract should be executed and the need for paper contracts. A lunch break was taken. After lunch, Mr. Novak noted a possible standard that would address the need to execute a contract:

“A TSP may elect not to schedule a nomination for which there is no executed contract.”

Several participants noted that from a process perspective, should a company want such a standard to be adopted by GISB, it should go through the GISB process of requesting a standard rather than defining it in subcommittee. There was general discussion on the need for contract numbers in processing a nomination. There was no agreement by the subcommittee or motion made to propose additional standards regarding execution of contracts.

### ➤ **Time for administration built into the timeline**

There was general discussion on the need for time to process awards through to assigning contract numbers. The discussion included whether the process was comparable to processing interruptible or firm transportation nominations, the recognition that capacity release confirmation processes would require time not separately reflected in the timeline for prearranged deals, the use of nomination IDs in lieu of or accompanying issuing contract



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numbers, and the use of master or shell contracts. There was discussion that the phrase “after the acquisition of capacity” as stated in the regulations 18 CFR 284.12 (c )1(ii), could carry several meanings, which would give rise to various interpretations. During the discussion, there was no consensus reached on any changes to the standard 5.3.2 approved by the EC on December 14, 2000.



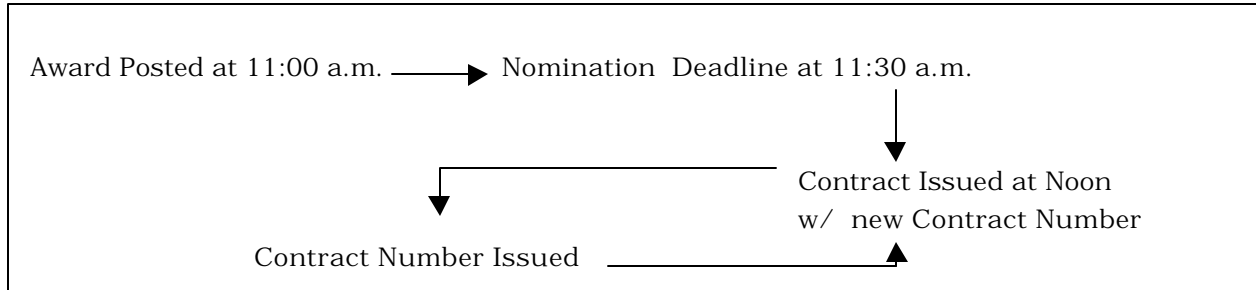
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The chart below was drawn in discussing possible times to allow for administering the capacity release program:



There was no motion made during the discussion to change any of the standards approved by the EC on December 14.

➤ **Revisit the times contained in the timeline - December 14 EC approved versus FERC comments**

In review of the red-lined 5.3.2 document provided by Mr. Costan, it was noted that the EC approved timeline addresses the time needed to process the bids, evaluate them and determine who wins the capacity.

In summary, after discussion, Mr. Novak noted that it would be unlikely to garner enough support to modify the existing recommended standard 5.3.2, so a motion would not be put on the floor for consideration. He also noted that after months of effort, the process has not yielded additional consensus as parties do not view scheduling equality with enough similarity to reach consensus on standards.

Ms. Hess made the following motion seconded by Mr. Griffith:

Revise GISB standard 5.3.2 as adopted by the EC at their 12/14/00 meeting, as shown below:

**For biddable releases (less than 1 year):**

- offers should be tendered by 12:00 P.M. on a Business Day;
- open season ends no later than 1:00 P.M. on a Business Day (evaluation period begins at 1:00 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken);
- evaluation period ends at 2:00 P.M.;
- match or award is communicated by 2:00 P.M.;
- match response by 2:30 P.M.;
- award posting by 3:00 P.M.;
- ~~contract tendered with contract # by 4:00 P.M.; contract executed;~~ contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)



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### **For biddable releases (1 year or more):**

- offers should be tendered by 12:00 P.M. four Business Days before award;
- open season ends no later than 1:00 P.M. on the Business Day before timely nominations are due (open season is three Business Days);
- evaluation period begins at 1:00 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken;
- evaluation period ends at 2:00 P.M.;
- match or award is communicated by 2:00 P.M.;
- match response by 2:30 P.M.;
- award posting by 3:00 P.M.;
- ~~contact tendered with contract # by 4:00 P.M.; contract executed;~~ contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract. (Central Clock Time)

### **For non-biddable releases:**

#### Timely Cycle

- posting of prearranged deals not subject to bid are due by 9:30 A.M. on a Business Day;
- ~~contact tendered with contract # by 10:30 A.M.; contract executed;~~ contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

#### Evening Cycle

- posting of prearranged deals not subject to bid are due by 4:00 P.M. on a Business Day;
- ~~contact tendered with contract # by 5:00 P.M.; contract executed;~~ contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

#### Intraday 1 Cycle

- posting of prearranged deals not subject to bid are due by 8:00 A.M. on a Business Day;
- ~~contact tendered with contract # by 9:00 A.M.; contract executed;~~ contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

#### Intraday 2 Cycle

- posting of prearranged deals not subject to bid are due by 3:00 P.M. on a Business Day;
- ~~contact tendered with contract # by 4:00 P.M.; contract executed;~~ contract issued within one hour of award posting (with a new contract number, when applicable); nomination possible beginning at the next available nomination cycle for the effective date of the contract.

The motion failed in a balanced vote of 3 in favor to 5 opposed (see voting record). There was concern raised by some that in light of the communications from Mr. Costan on his



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conversations with FERC standard on Order 637 that the standard 5.3.2 as adopted by the EC on December 14 would not pass the EC when it was considered as a fully staffed standard, nor would it pass the ratification.

The results of this meeting will be discussed at tomorrow's EC meeting.

### **3. Adjourn**

The meeting adjourned at 5:04 p.m.



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## 4. Attendance

Name	GISB Member	Voting in the Meeting	Company
<b>SERVICES SEGMENT:</b>			
Gina McMahon	Y	Y	BtuWatch.com
Gary Payne	Y	Y	Enron Administrative
Jim Buccigross	Y	Y	Group 8760
<b>PIPELINE SEGMENT:</b>			
Marcy McCain (by phone)	Y	Y	Algonquin
Kim Van Pelt	Y	Y	CMS Panhandle
Mark Wilke	Y	Y	CMS Trunkline
Bill Griffith	Y	Y	Colorado Interstate
Clancy Aschbrenner	Y		Colorado Interstate
Iris King	Y	Y	Dominion Transmission
Mary Sue McNeal (by phone)	Y		EL Paso Natural Gas
Norma Boddy (by phone)	Y	Y	El Paso Natural Gas
Janice Alperin	Y		El Paso Natural Gas
Tammy Hopkins	Y	Y	Enron - Florida Gas
Mary Draemer	Y	Y	Enron - Northern Natural
Theresa Hess	Y	Y	Enron - Transwestern
Randy Young	Y	Y	Gulf South Pipeline
Tom Gwilliam	Y	Y	Iroquois
Joe Kardas	Y	Y	National Fuel Gas Supply
Prince McDougal (by phone)	Y	Y	SoNat
Charlie Bass	Y	Y	Tennessee Gas Pipeline
Kathryn Burch	Y	Y	Texas Eastern
Jim Keisler	Y		Williams Gas Pipeline
Dale Davis	Y	Y	Williams Gas Pipeline
Lynn Lindblom (by phone)	Y	Y	Williston Basin
<b>END USER SEGMENT:</b>			
Tina Patton	Y	Y	Boeing
Bill Hebenstreit	Y	Y	El Paso Merchant Energy
Diane McVicker	Y	Y	Salt River Project
<b>PRODUCER SEGMENT:</b>			
Scott Brown	Y	Y	Marathon
<b>LDC SEGMENT:</b>			
Steve Sullivan	Y	Y	ConEd
Mike Shahan	Y	Y	Dominion
Mike Novak	Y	Y	National Fuel Gas Distribution
Richard Ishikawa	Y	Y	SoCal Gas
<b>ADMINISTRATIVE:</b>			
Jo Ann Garcia			GISB



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Name	GISB Member	Voting in the Meeting	Company
Rae McQuade	Y		GISB
<b>ASSOCIATIONS:</b>			
Jane Lewis			AGA
Mariam Arnaout			AGA
Joan Dreskin			INGAA

## 5. Voting

Segment	Actual Count				Balanced Count		
	For	Against	Abstain	Total	For	Against	Total
End User	0	3	0	3	0.00	2.00	2.00
LDC	0	2	2	4	0.00	2.00	2.00
Pipelines	11	0	2	13	2.00	0.00	2.00
Producers	0	0	0	0	0.00	0.00	0.00
Services	1	1	1	3	1.00	1.00	2.00
<b>Total</b>	<b>12</b>	<b>6</b>	<b>5</b>	<b>23</b>	<b>3.00</b>	<b>5.00</b>	<b>8.00</b>