

North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
Home Page: www.naesb.org

TO: Business Practices Subcommittee Chairs, Interested Industry Participants
FROM: Rae McQuade, Executive Director
RE: Final Minutes from the Business Practices Subcommittee Meeting, April 10-11, 2002
DATE: April 24, 2002

1. Administrative

Ms. Van Pelt opened the meeting at 9:30 a.m. EST. Mr. Buccigross gave the anti-trust advice. Participants in the room and on the telephone introduced themselves. The agenda was adopted as posted. Modifications were made to the April 3, 2002 minutes and they were adopted as modified.

2. Identification of Additional Action Items in Request R02002 and FERC Order No. 587-N

There were no additional action items proposed. This issue will be placed last on the agenda from meeting to meeting.

3. Categorize and Prioritize Action Items for Resolution

Each of the items in the table were categorized and prioritized. See table below.

| Discussion Category Priority | Paragraph (P) and/or Footnote (F) Number | Proposed Issues |
|------------------------------|--|---|
| Recall 1 | None | Explore whether we should standardize terms such as partial day recall or flowing day recall? |
| Recall 2 | P 40; P 41 | Review the order to determine if the timeline proposed for use in the interim can be used as the basis for the timeline for the period beyond the interim so that pipelines do not have to modify their systems a second time. |
| Recall 2 | P 32 | Review capacity release timeline in standard 5.3.2 and recall timeline in standard 5.3.6 for proposed modification. It was discussed that the replacement shipper receiving the recall notice should have the ability to obtain and reschedule capacity. |
| Recall 2 | P 37 | Review nomination timeline in standard 1.3.2 for proposed modification. It was discussed that the replacement shipper receiving the recall notice should have the same notification rights as an interruptible shipper. |

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| | | |
|----------|-------------------------------|---|
| Recall 3 | P 71 | Should standards be considered for recalls at non-standard nomination times? It was discussed that whatever is decided in NAESB shouldn't preclude pipelines from allowing recalls at non-standard times. |
| Recall 4 | P 41; P 37 | Determine who supplies recall notification to the replacement shipper. |
| Recall 5 | P 14, including F 22 | It was discussed that the total volumes delivered do not exceed original contract MDQ. |
| Recall 6 | P 33; P 66 | Review standards to determine if any are affected by the penalty discussions in the order. |
| Recall 6 | P. 66 | What is the penalty exposure? |
| Recall 7 | P 17, including F 25; P 41 | Review standards 5.3.6 and 5.3.7 for proposed modification. |
| Recall 8 | P 29; P 39 | Review existing data sets and web site standards to determine if a release is recallable or not and to determine if the existing standards are sufficient to let the replacement shipper know the terms of the release upfront. It was discussed that we may need to pull some of the pieces of information related to recalls out of the special terms and conditions to be data elements or code values so that the replacement shipper can know the terms of the release upfront. |
| Reput 1 | P 64 | Determine whether a schedule or timeline for reput notification is necessary. |
| Last | | Review of existing standards for consistency. |

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4. Resolution of Action Items

In addition to the comments below, see attached **Action Items Resolution** document. This document will be maintained from meeting to meeting.

| | | |
|-----------------|-------------|--|
| Recall 1 | None | Explore whether we should standardize terms such as partial day recall or flowing day recall? |
|-----------------|-------------|--|

It was discussed that we would not create definitions for the terms at this time, but that we would reflect the concept of the terms (such as “timely recall”, “evening recall”, etc.) in the recall timeline that will be developed.

| | | |
|-----------------|-------------------|---|
| Recall 2 | P 40; P 41 | Review the order to determine if the timeline proposed for use in the interim can be used as the basis for the timeline for the period beyond the interim so that pipelines do not have to modify their systems a second time. |
|-----------------|-------------------|---|

| | | |
|-----------------|-------------|---|
| Recall 2 | P 32 | Review capacity release timeline in standard 5.3.2 and recall timeline in standard 5.3.6 for proposed modification. It was discussed that the replacement shipper receiving the recall notice should have the ability to obtain and reschedule capacity. |
|-----------------|-------------|---|

See attached **Proposed Recall Timeline Options** document for the options discussed. These options will be discussed at the next meeting for issues resolution.

| | | |
|-----------------|-------------|--|
| Recall 2 | P 37 | Review nomination timeline in standard 1.3.2 for proposed modification. It was discussed that the replacement shipper receiving the recall notice should have the same notification rights as an interruptible shipper. |
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It was discussed that this action item cannot be resolved until the recall timeline and capacity release timeline action items are resolved.

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| | | |
|-----------------|-------------|--|
| Recall 3 | P 71 | Should standards be considered for recalls at non-standard nomination times? It was discussed that whatever is decided in NAESB shouldn't preclude pipelines from allowing recalls at non-standard times. |
|-----------------|-------------|--|

After discussion, it was agreed that no standards should be proposed at this time.

| | | |
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| Recall 4 | P 41; P 37 | Determine who supplies recall notification to the replacement shipper. Determine how the notification is accomplished. |
|-----------------|-------------------|---|

It was discussed that in order to meet the timeline that the transportation service provider should be the official sender of the recall notification to all parties in the release/re-release chain. It was also discussed that the recalling shipper should notify the replacement shipper at the same time the notification is given to the transportation service provider. It was discussed that it was desirable for transportation service providers to be notified through their Customer Activities web sites and that they, in turn, would send out email notification using the existing Notices standards. The following standards should be reviewed: 4.3.29, 5.2.2, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40.

The method of how the notification should be done will be discussed further.

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| Recall 5 | P 14, including F 22 | It was discussed that the total quantities delivered do not exceed original contract MDQ. |
|-----------------|-----------------------------|--|

It was discussed that the total quantities delivered should not exceed original contract quantity.

| | | |
|-----------------|-------------------|---|
| Recall 6 | P 33; P 66 | Review standards to determine if any are affected by the penalty discussions in the order. |
| Recall 6 | P. 66 | What is the penalty exposure? |

Look at 1.3.51 to determine if modifications or a new standards are needed. The type of standard that would be created would be related to communication of penalty information, like for intra-day bumps. Penalty provisions will not be standardized because it out of the scope of the NAESB WGQ.

| | | |
|-----------------|---------------------------------------|--|
| Recall 7 | P 17, including F 25; P 41 | Review standards 5.3.6 and 5.3.7 for proposed modification. |
|-----------------|---------------------------------------|--|

The Commission did not incorporate by reference 5.3.6 and 5.3.7. It was proposed that we delete 5.3.6 and then put the recall timeline into a new standard or into the existing 5.3.2. This will be resolved during the timeline discussion.

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It was proposed that the first sentence of 5.3.7 should be deleted per the Commission's order. We will address the reput aspect of the standard when we get to the reput discussion. We may need to delete 5.3.7 and add new standards relating to reput to keep everything clean because of the "unincorporation" by the FERC.

| | | |
|-----------------|-------------------|---|
| Recall 8 | P 29; P 39 | Review existing data sets and web site standards to determine if a release is recallable or not and to determine if the existing standards are sufficient to let the replacement shipper know the terms of the release upfront. It was discussed that we may need to pull some of the pieces of information related to recalls out of the special terms and conditions to be data elements or code values so that the replacement shipper can know the terms of the release upfront. |
|-----------------|-------------------|---|

It was discussed that transportation service providers shouldn't administer the specific terms of the release and that the cycles should be indicated by the use of code values.

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|----------------|-------------|--|
| Reput 1 | P 64 | Determine whether a schedule or timeline for reput notification is necessary. |
|----------------|-------------|--|

Recall notification and reput notification should be separate actions and should require two separate processes. Current code values support reput options and they should be reviewed. Review the code values supported by the data sets.

The recall timeline may not impact the current reput process. It was discussed that automatic reputting is not a good idea. Further discussion will be held once the recall process has been determined.

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| Recall 2 | P 40; P 41 | Review the order to determine if the timeline proposed for use in the interim can be used as the basis for the timeline for the period beyond the interim so that pipelines do not have to modify their systems a second time. |
|-----------------|-------------------|---|

| | | |
|-----------------|-------------|--|
| Recall 2 | P 32 | <p>Review capacity release timeline in standard 5.3.2 and recall timeline in standard 5.3.6 for proposed modification.</p> <p>It was discussed that the replacement shipper receiving the recall notice should have the ability to obtain and reschedule capacity.</p> |
|-----------------|-------------|--|

There was further discussion related to the proposed recall timeline options. Several parties proposed different strawmen using the proposed options. See the table below. Also, see the attached **Proposed Recall Timeline and Strawman Options Cross Reference** document.

| Cycle | Strawman A | Strawman B | Strawman C | Strawman D |
|--------------|-------------------|-------------------|-------------------|-------------------|
| Timely | Option 1 | Option 3 | Option 2 | Option 3 |
| Evening | Option 1 | Option 1 | Option 1 | Option 2 |
| Intraday 1 | Option 1 | Option 3 | Option 3 | Option 3 |
| Intraday 2 | Option 1 | Option 4 | Option 4 | Option 5 |

Strawman A

Pros:

Provides time after receipt of scheduled quantity for releasing shippers to analyze their scheduled quantities and initiate a recall.

Doesn't require modifications to the nomination timeline.

Doesn't require modifications to the capacity release timeline (including the 1 hour for contract creation).

Provides 1 hour for TSPs to process the impact of the recalled capacity

Provides 1 hour for TSPs to create the contract after posting of non-biddable pre-arranged deal.

Provides continuity between the interim FERC implementation and this implementation.

Doesn't require changes to TSP systems.

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Cons:

Doesn't allow time for replacement shipper to acquire non-biddable pre-arranged capacity before the non-biddable pre-arranged release posting deadline in the concurrent cycle.

Strawman B

Pros

Provides time after receipt of scheduled quantity for releasing shippers to analyze their scheduled quantities and initiate a recall.

Doesn't require modifications to the nomination timeline.

Doesn't require modifications to the capacity release timeline (including the 1 hour for contract creation).

Provides 1 hour for TSPs to process the impact of the recalled capacity.

Provides 1 hour for TSPs to create the contract after posting of non-biddable pre-arranged deal.

Provides time for the replacement shipper to acquire non-biddable pre-arranged released capacity, with the exception of the Evening Cycle.

Provides time in the Timely Cycle for the releasing shipper to work with the TSP and the replacement shipper to avoid the recall.

Cons

May not provide enough time for the replacement shipper to acquire non-biddable pre-arranged capacity in the Intraday 2 Cycle.

Doesn't allow any time for the replacement shipper to acquire non-biddable pre-arranged capacity in the Evening Cycle.

Strawman C

Pros

Doesn't require modifications to the nomination timeline

Doesn't require modifications to capacity release timeline (including the 1 hour for contract creation).

Provides 1 hour for TSPs to process the impact of the recalled capacity.

Provides 1 hour for TSPs to create the contract after the posting of the non-biddable pre-arranged deal.

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Allows more time in the Timely Cycle for the releasing shipper to work with the TSP and replacement shipper to avoid the recall.

Cons

Doesn't provide the replacement shipper with surety of having notice of a recall prior to the deadline of non-biddable pre-arranged releases in the Timely Cycle.

May not provide enough time for the replacement shipper to acquire non-biddable pre-arranged capacity in the Intraday 2 Cycle.

Doesn't allow any time for the replacement shipper to acquire non-biddable pre-arranged capacity in the Evening Cycle.

Strawman D

Pros:

Provides a more balanced approach with all parties compromising on some times in some cycles.

Cons

Requires modification to the nomination timeline in the Evening Cycle.

Doesn't provide 1 hour for TSPs to process the impact of the recalled capacity in the Evening and Intraday 2 Cycles.

Doesn't provide 1 hour for TSPs to create the contract after the posting of non-biddable pre-arranged deals in the Evening Cycle.

5. Next Meeting(s) and Agenda

- Conference Call – April 24, 2002
8:30 a.m.-12:30 p.m.
- Meeting – April 30 - May 1, 2002, Gulf South Pipeline – Houston, TX
9:00 a.m.-5:00 p.m.
9:00 a.m.-3:00 p.m.

6. Adjourn

The meeting was adjourned at 3:00 p.m. EST.

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Meeting Attendees and Voting Record

| Attendee | Organization | 04/10 (nv) - not voting | 04/11 | NAESB Member ? |
|--------------------------|--------------------------------|------------------------------------|--------------|-------------------------------|
| Pipelines: | | | | |
| Kim Van Pelt | CMS-Panhandle Eastern | √ | √ | √ |
| Mark Wilke | CMS-Trunkline Gas | √ | √ | X |
| Kathryn Burch | Texas Eastern | √ | √ | √ |
| Marcy McCain | Algonquin Gas Transmission | √ | √ | √ |
| Sally Wood | El Paso Natural Gas | √ | √ | √ |
| Bill Griffith | Colorado Interstate Gas | √ | √ | √ |
| Randy Young | Gulf South Pipeline | √ | √ | √ |
| Donna Scott (phone) | Enron-Transwestern | √ | | √ |
| Prince McDougal (phone) | Southern | √ | √ | √ |
| Kelly Brooks (phone) | Williston Basin | √ | | √ |
| Kelly Wachter (phone) | Williston Basin | √ | | √ |
| Charlie Bass | ANR | √ | √ | √ |
| Mark Gracey | Tennessee Gas Pipeline | √ | √ | √ |
| Dale Davis | Williams Gas Pipeline | √ | √ | √ |
| Iris King | Dominion Transmission | √ | √ | √ |
| Jon Keeler | Great Lakes Gas | √ | √ | √ |
| Joe Kardas | National Fuel Gas Supply | √ | √ | √ |
| Tom Gwilliam | Iroquois Gas Transmission | √ | √ | √ |
| Paul Love | Natural Gas Pipeline | √ | √ | √ |
| Rita Bianchi (phone) | Northern Natural Gas | √ | √ | √ |
| Services: | | | | |
| Jim Buccigross | 8760 Inc. | √ | √ | √ |
| Mark Scheel | Dynegy Inc | √ | √ | √ |
| Tammy Lee Jaquet (phone) | Duke Energy Trading & Mktg | | √ | √ |
| Producers: | | | | |
| End Users: | | | | |
| Kirstin Gibbs | Sutherland Asbill & Brennan | √ | √ | X |
| LDCs: | | | | |
| Mike Novak | National Fuel Gas Dist. | √ | √ | √ |
| Dolores Chezar | Key Span | √ | √ | √ |
| Audrey Bragg (phone) | Washington Gas | √ | | √ |
| Steve Sullivan | Consolidated Edison | √ | √ | √ |
| Associations: | | | | |
| Jane Lewis | AGA | √ | √ | √ |
| Mariam Arnaout (phone) | AGA | √ | √ | √ |
| GISB Office: | | | | |
| Rae McQuade | | √ | √ | |

Bold signifies a BPS Chair