

North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
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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, May 30, 2002
DATE: May 30, 2002

1. Administrative¹

Ms. Van Pelt opened the meeting at 1:05 p.m. CCT and gave the anti-trust advice. Participants on the conference call introduced themselves. The agenda was modified to insert an item between agenda items 2 and 3 to discuss the addition of a new proposed principle and the deletion of existing NAESB WGQ Standard No. 1.3.19 (see page 4 of the May 16-17 final minutes for a proposed principle and the proposed deletion of existing standard 1.3.19 that was never resolved). The agenda was also modified to change agenda item 2 to say "Discussion and Vote of Conforming Changes". The agenda as adopted as modified. The 5/22-23 draft minutes and attachment were modified and adopted as modified.

2. Discussion and Vote of Conforming Changes (see posted workpaper for proposed modifications to 5.3.z7 and 5.1.z1) 5.3.z7 5.1.z1 Other modifications, as needed

The Williams workpaper was put forth for discussion and the proposed modification to 5.3.z7 was introduced.

From the workpaper:

5.3.z7 Proposed Standard – Proposed Modification

The deadline for notifying the Transportation Service Provider of a reput is ~~8:30~~ 8:00 a.m. to allow for timely nominations to flow on the next gas day.

Rationale: It is my recollection that we were trying to sync up the reput deadline to be the same as the deadline for the Timely recall notification but when we changed the Timely recall deadline to 8:00 a.m., we failed to go back and change the reput deadline.

Motion:

Motion to adopt the proposed modified standard 5.3.z7 as specified below:

5.3.z7 Proposed Modified Standard

The deadline for notifying the Transportation Service Provider of a reput is ~~8:30~~ 8:00 a.m. to allow for timely nominations to flow on the next gas day.

¹ Each BPS meeting regarding Order 587N is being transcribed. For a full accounting of the discussion from today's meeting, contact the NAESB office for information on ordering the transcript. These minutes will record the discussion points, motions, and voting results. The detailed discussion is captured in the transcripts.

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	For	Against	Total	Balancing Determinant	Balanced For	Balanced Against	Balanced Total
End Users	1	0	1	1	1	0	1
LDCs	2	0	2	2	2	0	2
Services	1	0	1	1	1	0	1
Pipelines	13	0	13	2	2	0	2
Producers	0	0	0	0	0	0	0
	17	0	17	6	6	0	6

motion passes

Proposed Principle 5.1.z1 and the workpaper options were introduced.

From the workpaper:

5.1.z1 Proposed Principle

The Releasing Shipper should provide capacity recall notification to its affected Replacement Shipper(s) at the same time it provides notification to the Transportation Service Provider. The mode of notification should be mutually agreed between the parties.

Question: Do we still need this principle at all now that the language of 5.3.z1 says the Releasing Shipper has to notify the TSP and the First Replacement Shipper? Two options:

Option 1:

Delete Proposed Principle 5.1.z1

Option 2:

Proposed Principle – Proposed Modification

~~The Releasing Shipper should provide capacity recall notification to its affected Replacement Shipper(s) at the same time it provides notification to the Transportation Service Provider.~~ The mode of notification of recall from the Releasing Shipper to the First Replacement Shipper(s) should be mutually agreed between the parties.

Discussion:

It was proposed that a third option be considered – that 5.3.z1 be modified instead. In effect, this would remove any ambiguity about what actions the TSP should take if it was to receive notification from the first replacement shipper that it did not receive notification from the releasing shipper. However, retaining the principle 5.1.z1 as it is currently proposed would preserve the intent that the first replacement shipper be notified of a recall by the releasing shipper.

Parties agreed that even if the replacement shipper did not receive notification that the TSP would process the recall. Conceptually, a replacement shipper could not reject the recall by notifying the TSP that it had not received the intended notification.

After some more discussion, the Williams issue was withdrawn and no modifications were proposed to proposed principle 5.1.z1. Participants felt that it was important to note that "its affected Replacement Shipper(s)" used in proposed principle 5.1.z1 and "the first Replacement Shipper" in proposed standard 5.3.z1 reference the same party.

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No other modifications to any of the existing standards were proposed.

Some of the standards were rearranged to place the repute standards after all of the recall standards. The standards are now numbered as specified below:

Cross Reference of Standard, Principle, and Instruction Numbers

Old Number	New Number
5.3.2	5.3.2
5.3.6	5.3.6
5.3.7	5.3.7
5.3.41	5.3.41
5.3.42	5.3.42
5.3.z1	5.3.z1
5.3.z2	5.3.z2
5.3.z3	5.3.z3
5.3.z4	5.3.z4
5.3.z5	5.3.z5
5.3.z10	5.3.z6
5.3.z11	5.3.z7
5.3.z12	5.3.z8
5.3.z15	5.3.z9
5.3.z6	5.3.z10
5.3.z7	5.3.z11
5.1.z1	5.1.z1
IR 1	IR 1
IR 2	IR 2
IR 3	IR 3

The strawman G timeline will not be included in the attached standards, principle, and instructions document, but will be on the recommendation form in the supporting documentation section.

3. Discussion of New Proposed Principle and Deletion of NAESB WGQ Standard No. 1.3.19

(See page 4 of the May 16-17 final minutes for a proposed principle and the proposed deletion of existing standard 1.3.19 that was never resolved.)

From the 5/16-17 Final Minutes:

Proposal:

Replace Standard 1.3.19 with the proposed principle below:

1.3.19 Proposed Modified Standard

~~Overrun quantities should be requested on a separate transaction~~

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1.3.z1 Proposed Principle

Overrun quantities may be requested on a separate transaction.

Discussion:

Mr. Novak noted that during the May 16-17 meeting, a TSP mentioned that even when capacity was recalled, there would be cases where the receipts would continue to flow and deliveries would continue to flow. Under these situations, the shipper could fall into an overrun situation. Mr. Novak suggested that this situation may be a reasonable alternative for the replacement shipper, the point operators and the TSP. Standard 1.3.19, which requires overrun nominations to be requested on a separate transaction, might stand in the way. He noted that some pipelines had tariffs that did not require the separate overrun nomination and that FERC considered that practice to be "exceeding the standards". He proposed that standard 1.3.19 could be downgraded to a principle to encourage use of overruns as a replacement for recalled capacity but would permit TSPs who wanted to continue to require separate overrun nominations to do so.

It was discussed that downgrading this standard to a principle would have a negative affect on pipeline systems that are already designed to handle overrun nominations in the manner currently proscribed by standard 1.3.19. Pipelines could, however, take steps or provide services to accommodate the above mentioned parties without deleting the existing standard 1.3.19. After more discussion, Mr. Novak withdrew his proposal to create a new principle and delete existing standard 1.3.19.

4. Next Meeting(s) and Agenda

The draft meeting minutes will be adopted at the "regular" BPS conference call on 6/6/02.

5. Adjourn

The meeting was adjourned.

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Meeting Attendees and Voting Record

Attendees	Organization	05/30 (nv) – not voting	Vote 1	NAESB Member?
Pipelines:				
Kim Van Pelt	CMS-Panhandle Eastern	√	Y	√
Mark Wilke	CMS-Trunkline Gas	√	Y	X
Kathryn Burch	Texas Eastern	√	Y	√
Bill Griffith	Colorado Interstate Gas	√	Y	√
Sally Wood	El Paso Natural Gas	√	Y	
Randy Young	Gulf South Pipeline	√	Y	√
Donna Scott	Enron-Transwestern	√	Y	√
Kelly Wachter	Williston Basin	√	Y	√
Charlie Bass	ANR	√	absent	√
Mark Gracey	Tennessee Gas Pipeline	√	Y	
Dale Davis	Williams Gas Pipeline	√	Y	√
Tom Gwilliam	Iroquois Gas Transmission	√	Y	√
Rita Bianchi	Northern Natural Gas	√	Y	X
Stephanie Marks	Dominion	√	Y	√
Services:				
Tammy Lee Jaquet	Duke Energy Trading & Mktg	√	Y	√
Producers:				
End Users:				
Kirstin Gibbs	Sutherland Asbill & Brennan	√	Y	X
LDCs:				
Mike Novak	National Fuel Gas Dist.	√	Y	√
Audrey Bragg	Washington Gas	√	Y	√
Associations:				
GISB Office:				

Bold signifies a BPS Chair