

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, August 7-8, 2002
DATE: August 14, 2002

1. Administrative¹

Ms. Van Pelt opened the meeting and gave the anti-trust advice. Participants in the meeting and on the conference call introduced themselves. The agenda was adopted. The 7/23/2002 meeting minutes were adopted as modified.

2. Consideration of Proposed Standards Concerning Capacity Allocation and Billing with Regard to Order 587-N, including Issues Raised by FERC Staff (see posted workpapers)

It was noted that both the LDC segment and the Pipeline segment posted workpapers. The floor was open for discussion and Mr. Novak started with an example.

Release of 24,000 Dekatherms

- I. Recall of All Capacity at
 - A. Start of Gas Day
 - B. Intraday 1
 - C. Intraday 2
- II. Recall of Unscheduled Capacity at
 - A. Start of Gas Day
 - B. Intraday 1
 - C. Intraday 2

Release of 24,000 Dekatherms and Replacement Shipper Nominates 24,000 Dekatherms

Methodology 1	Recall Notice to TSP	Replacement Shipper Quantity*	Releasing Shipper Quantity Remaining
I. B. Intraday 1	24,000	8,000	16,000
I. C. Intraday 2	24,000	12,000	12,000

*In the above table, the quantity refers to the allocation of capacity and not an allocation of a scheduled nomination.

Methodology 2	Recall Notice to TSP	Replacement Shipper Quantity*	Releasing Shipper Quantity Remaining
I. B. Intraday 1	16,000	8,000	16,000
I. C. Intraday 2	12,000	12,000	12,000

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 or the NAESB Web site 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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*In the above table, the quantity refers to the allocation of capacity and not an allocation of a scheduled nomination.

Release of 24,000 Dekatherms and Replacement Shipper Nominates 12,000 Dekatherms

Methodology 1	Recall Notice to TSP	Replacement Shipper Quantity*	Releasing Shipper Quantity Remaining
II. A. Start of GD	12,000	12,000	12,000
II. B. Intraday 1	12,000	16,000	8,000
II. C. Intraday 2	12,000	18,000	6,000

*In the above table, the quantity refers to the allocation of capacity and not an allocation of a scheduled nomination.

Methodology 2	Recall Notice to TSP	Replacement Shipper Quantity*	Releasing Shipper Quantity Remaining
II. A. Start of GD	12,000	12,000	12,000
II. B. Intraday 1	8,000	16,000	8,000
II. C. Intraday 2	6,000	18,000	6,000

*In the above table, the quantity refers to the allocation of capacity and not an allocation of a scheduled nomination.

After the examples were discussed, Mike Novak motioned the following standards, seconded by Joe Kardas:

5.3.z12 Proposed Standard

For the recall notification provided to the Transportation Service Provider (TSP), the quantity should conform to the TSP's specified Capacity Recall Notification Allocation Methodology. The list of methodology types: [Methodology 1], [Methodology 2]

5.3.z13 Proposed Standard

For the [Methodology 1] Capacity Recall Notification Allocation Methodology, recall quantities should be expressed in terms of full day capacity entitlements.

5.3.z14 Proposed Standard

For the [Methodology 2] Capacity Recall Notification Allocation Methodology, recall quantities should be expressed in terms of full day capacity entitlements, except for those submitted at Intraday 1 and Intraday 2 nomination cycles, in which case, the quantities should equal the capacity utilization entitlement for the remainder of the day.

Modifications:

5.3.z12 Proposed Standard

For the recall notification provided to the Transportation Service Provider (TSP), the quantity should conform to the TSP's capacity recall notification specification. The TSP should specify whether the quantity should be expressed in terms of total released capacity entitlements or adjusted total released capacity entitlements based upon the elapsed prorated scheduled quantity. The capacity entitlements resulting from the use of either specification should be the same.

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5.3.z13 Proposed Standard

~~For the [Methodology 1] Capacity Recall Notification Allocation Methodology, recall quantities should be expressed in terms of full day capacity entitlements.~~

5.3.z14 Proposed Standard

~~For the [Methodology 2] Capacity Recall Notification Allocation Methodology, recall quantities should be expressed in terms of full day capacity entitlements, except for those submitted at Intraday 1 and Intraday 2 nomination cycles, in which case, the quantities should equal the capacity utilization entitlement for the remainder of the day.~~

The pipeline workpaper proposed definition 5.2.p1 and proposed standard 5.3.p1 were then discussed.

Pipeline 5.2.p1

5.2.z1 Proposed Definition

Elapsed Prorata Capacity means that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

Pipeline proposed standard 5.3.p1 was modified as follows:

5.3.z13 Proposed Standard

In the event of an intra-day capacity recall, the Transportation Service Provider (TSP) should determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity (EPC). Variations to the use of EPC may be necessary to reflect the nature of the TSP's tariff, services, and/or operational characteristics.

Thursday, August 8

Pete Whatley proposed the following standard to replace some of the standards on the LDC and pipeline workpaper.

5.3.z? Proposed Standard

Allocation of released/recalled capacity between Releasing Shippers and Replacement Shippers should be based upon calculation(s) assuming a cumulative uniform hourly use of the capacity. However, Transportation Service Providers should take into consideration effective permissible flow rates for the released/recalled capacity in the allocation calculation(s).

After discussion that re-hashed some of the issues already discussed, it was determined not to go any further with this discussion.

The following definition, principles, and standards were proposed for final consideration:

5.2.z1 Proposed Definition

Elapsed Prorata Capacity means that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

5.3.z12 Proposed Standard

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For the recall notification provided to the Transportation Service Provider (TSP), the quantity should conform to the TSP's capacity recall notification specification. The TSP should specify whether the quantity should be expressed in terms of

- a) total released capacity entitlements or
- b) adjusted total released capacity entitlements based upon the elapsed prorata capacity.

The capacity entitlements resulting from the use of either a) or b) should be the same.

5.3.z13 Proposed Standard

In the event of an intra-day capacity recall, the Transportation Service Provider (TSP) should determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity (EPC). Variations to the use of EPC may be necessary to reflect the nature of the TSP's tariff, services, and/or operational characteristics.

5.3.z14 Proposed Standard

The Transportation Service Provider should not be obligated to deliver in excess of the total daily contract quantity of the release as a result of NAESB WGQ Standard No. [5.3.z12].

5.1.z2 Proposed Principle

The service flexibility available to either the Releasing Shipper or the Replacement Shipper(s) for the subject capacity should not be less as a result of the recall.

5.3.z15 Proposed Standard

The amount of capacity allocated to the Replacement Shipper(s) should equal the original released capacity less the recalled capacity.

5.1.z3 Proposed Principle

Notice of the allocation of capacity between the Releasing Shipper, provided through the Transportation Service Provider's Customer Activities Web site, and the Replacement Shipper(s), provided for in NAESB WGQ Standard Nos. [5.3.z2] and [5.3.z3], should be provided in a manner that will permit affected parties sufficient time, as provided for in NAESB WGQ Standard No. [5.3.z1], to place nominations or take other corrective actions to avoid penalties.

The following two standards were proposed for consideration, but due to possible scope and antitrust concerns, they will be deferred for discussion at the August EC meeting.

3.3.z1 Proposed Standard

For recalls at the intraday 1 and intraday 2 cycles, the reservation charge and capacity release credit quantities should be based upon the allocation of capacity between the Releasing Shipper and Replacement Shipper(s).

3.3.z2 Proposed Standard

For recalls at the intraday 1 and intraday 2 cycles, overrun charges, if applicable, should be based upon the allocation of capacity between the Releasing Shipper and Replacement Shipper(s).

Mr. Novak withdrew his previous motion and motioned to adopt the following standards (as proposed above): 5.2.z1, 5.3.z12, 5.3.z13, 5.3.z14, 5.1.z2, 5.3.z15, 5.1.z3 Mr. Hebenstreit seconded the motion. See also the attachment to the minutes for the standards language.

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	For	Against	Total	Balancing Determinant	Balanced For	Balanced Against	Balanced Total
End Users	2	0	2	0	2	0	2
LDCs	5	0	5	0	2	0	2
Services	2	0	2	0	2	0	2
Pipelines	14	0	14	0	2	0	2
Producers	0	0	0	0	0	0	2
	23	0	23	0	8	0	8

Motion passes in a balanced vote with no opposition.

3. Next Meeting(s) and Agenda
conference call to adopt meetings for June 6 and August 7-8, 2002

4. Adjourn

The meeting was adjourned.

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Meeting Attendees and Voting Record

Attendees	Organization	NAESB Member?	08/07	08/08
Pipelines:				
Kim Van Pelt	CMS-Panhandle Eastern	√	√	√
Mark Wilke	CMS-Trunkline Gas	X	√	√
Kathryn Burch	Texas Eastern	√	√	√
Bill Griffith	Colorado Interstate Gas	√	√	√
Donna Scott	Enron-Transwestern	√	√	√
Charlie Bass	ANR	√	√	√
Mark Gracey	Tennessee Gas Pipeline	√	√	√
Dale Davis	Williams Gas Pipeline	√	√	√
Christopher Burden	Williams Gas Pipeline	√	√	√
Tom Gwilliam	Iroquois Gas Transmission	√	√ (phone)	√ (phone)
Rita Bianchi	Northern Natural Gas	X	√ (phone)	√ (phone)
Michele Winckowski	Northern Natural Gas	X	√ (phone)	√ (phone)
Iris King	Dominion	√	√	√
Jon Keeler	Great Lakes Transmission	√	√	√
Brian White	NiSource Gas Pipelines	√	√	√
Joe Kardas	National Fuel Gas Supply	√	√	√
Prince McDougal	Southern Natural Gas	√	√ (phone)	
Paul Love	NGPL	√	√	√
Services:				
Mark Scheel	Dynegy Inc.	√	√	√
Pete Whatley	Dynegy Marketing & Trade	√	√	√
Tammy Lee-Jaquet	Duke Energy Marketing & Trade	√	√ (phone)	√
Producers:				
End Users:				
Gary Hinners	Reliant Energy Wholesale Group	√	√	
Bill Hebenstreit	El Paso Merchant Energy	√	√	√
Kemp Jones	Reliant Energy Wholesale Group	√		√
LDCs:				
Mike Novak	National Fuel Gas Dist.	√	√	√
Audrey Bragg	Washington Gas	√	√ (phone)	√ (phone)
Dolores Chezar	Keyspan	√	√	√
Craig Colombo	Dominion Resources	√	√	√
Associations:				
Jane Lewis	AGA	√	√	√
GISB Office:				

Bold signifies a BPS Chair