



## Gas Industry Standards Board

1100 Louisiana, Suite 4925, Houston, Texas 77002

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**TO:** BPS Chairs (Bill Hebenstreit, Greg Lander, Robert McAnally, Joyce Phillips, Kim Van Pelt)  
Posting for Interested Industry Participants

**FROM:** Rae McQuade, Executive Director

**RE:** Final Minutes for the Business Practices Subcommittee Order No. 637 Action Items - August 8-9, 2000

**DATE:** August 15, 2000

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**GAS INDUSTRY STANDARDS BOARD  
BUSINESS PRACTICES SUBCOMMITTEE MEETING  
August 8-9, 2000 - 8:30am - 4:30pm  
DUKE ENERGY HOUSTON, TEXAS  
FINAL MINUTES**

Ms. Phillips called the meeting to order. Ms. Burch welcomed participants to the Duke Energy Building and the participants thanked her for hosting these meetings. The Antitrust Advice was given, a roll call of participants occurred, the posted Agenda and the revised minutes of August 1-2, 2000 face-to-face meeting were adopted.

**Review of Order No. 637 Action Item BPS Priority 3 for discussion and possible vote: (see July 7, 2000 meeting minutes, July 25-26 meeting minutes, August 1-2, 2000)**  
**3 - Review award data set codes and structure for firm and interruptible transportation (FT and IT) reporting. (Affects GISB Standard No. 5.4.3.)**

**Discussion of Interruptible Service Reporting, Contract Quantity:**

The meeting opened with a review of the interruptible service reporting requirements as stated in FERC Order 637-A for contract quantity. Discussion ensued on when an interruptible contract has rights and/or entitlements. Many felt that interruptible does not have an entitlement prior to scheduling of its nomination. The issue of "posting prior to first nomination" was reiterated. Discussion of "entitled to transport" and "eligible to transport" raised many different opinions for implementation scenarios. Some requested the use of "eligible to nominate."

**Motion:**

Ms. Van Pelt made a motion, second by Ms. Davis, to send the following instruction to IR (#16).

- BPS instructs IR to accommodate the reporting of interruptible quantity for the reporting of interruptible services as the quantity that the Service Requester is entitled to transport.

**Discussion:**

Ms. Van Pelt stated that the CMS pipelines had contract quantities on IT contracts and that quantity would be posted. Other pipeline representative explained that their companies had different contract implementations. Mr. Scheel stated his support of Ms. Van Pelt's interpretation of the requirements in the Order and his concern that there would not be consistent implementation by all pipelines. Mr. Griffith suggested the use of what a shipper is entitled to nominate. Mr. Payne and Mr. Scheel asked the motion maker to modify the instruction by replacing 'transport' with 'nominate'. Ms. Van Pelt and Ms. Davis agreed to modify the proposed instruction.



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### Modified Motion:

BPS instruction to IR (#16).

- BPS instructs IR to accommodate the reporting of interruptible quantity for the reporting of interruptible services as the quantity that the Service Requester is entitled to nominate.

Ms. Phillips asked the motion makers to consider the following modification to the proposed instruction to allow for different contracting practices and reporting implementations by the transportation service providers:

BPS instructs IR to accommodate the reporting of interruptible quantity for the reporting of interruptible services as the quantity that the ~~Service Requester is eligible to nominate.~~ **Transportation Service Provider is willing to transport.**

The motion makers declined the modification. Ms. Van Pelt clarified that her motion is for a single quantity, this is in place of Contract Quantity, not in addition to Contract Quantity.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	1	1	0	0
LDCs	0	0	0	0
Services	6	2	0	0
Producers	0	0	1	1
Pipelines	10	2	0	0
<b>Totals</b>	<b>17</b>	<b>5</b>	<b>1</b>	<b>1</b>

Motion passes

Mr. Keisler made the following motion, second by Ms. Hess.

### Motion:

Modify BPS instruction to IR #10 as follows:

### BPS instruction to IR (#10)

BPS instructs IR to accommodate the reporting of Contract Quantity for the reporting of firm and capacity release services to reflect:

the maximum daily contract quantity for a firm transportation service contract and

the maximum storage quantity for a firm storage service contract.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	1	1	0	0
LDCs	0	0	0	0
Services	6	2	0	0
Producers	0	0	0	0
Pipelines	9	2	0	0
<b>Totals</b>	<b>16</b>	<b>5</b>	<b>0</b>	<b>0</b>

Motion passes unanimously

A discussion ensued on what the usage should be for the Interruptible Quantity data element. After discussion, the consensus was that it should be Sender's Option.

### Discussion on Contract Number:



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Mr. Whatley offered his opinion that Service Requester Contract should be added to the list of reporting requirements for interruptible service with a usage of Sender's Option.

Mr. Keisler made the following motion, second by Ms. Hess.

**Motion:**

Approve the "Combined Table for Firm and Interruptible Services and Capacity Release" and adopt the following BPS instruction to IR #17:

BPS instructs IR to utilize the "Combined Table for Firm and Interruptible Services and Capacity Release" as a basis for the development of the reporting of firm service, interruptible service, and capacity release.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	1	1	0	0
LDCs	0	0	0	0
Services	4	1.6	1	.4
Producers	0	0	1	1
Pipelines	11	2	0	0
<b>Totals</b>	16	4.6	2	1.4

Motion passes

**Review of Order No. 637 Action Item BPS Priority 5 for discussion and possible vote: (see June 30, 2000 a.m. meeting minutes)**

**Review the method for collecting information on the releasing shipper's relationship to the acquiring shipper.**

Mr. Keisler made the following motion, second by Ms. Davis.

**Motion:**

**BPS instruction to IR #18**

- BPS instructs IR to require affiliate information between the releasing shipper and the replacement shipper to be provided to the TSP in the Offer Upload (applicable only to prearranged deals) and the Bid Upload.

**Discussion:**

Some participants expressed their view that the Order only requires the reporting of affiliate relationships between the TSP and the shipper and between the releasing shipper and the replacement shipper. The TSP should know who its affiliates are. Therefore only the relationship between the releasing shipper and the replacement shipper needs to be communicated to the TSP. There was consensus that the affiliate information should be mandatory.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	1	1	0	0
LDCs	0	0	0	0
Services	4	2	0	0
Producers	1	1	0	0
Pipelines	9	2	0	0
<b>Totals</b>	15	6	0	0

Motion passes unanimously.



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### **Review of Order No. 637 Action Item BPS Priority 6 for discussion and possible vote: (see June 30, 2000 p.m. meeting minutes)**

**Review timelines for modifications including accommodation of intraday or partial day capacity releases. (Affects GISB Standard No. 5.3.2 and related interpretations.)**

**Review elimination of the restrictions on partial day recalls. (Affects GISB Standard Nos. 5.3.6, 5.3.7)**

#### **Discussion:**

Review issues identified with GISB Standard 5.3.2 from the minutes of June 30, 2000:

- *Are the last two bullets of the short-term section of 5.3.2 still appropriate in light of the intraday release language of FERC?*
- *Is a new section of 5.3.2 needed to deal with intraday pre-arranged releases?*

What actions are necessary to achieve comparability of nomination rights between firm service purchased from the TSP and firm service purchased through capacity release? Discussion began with prearranged deals not subject to bidding and extended to biddable releases. Some participants requested a standardized process to address the issue of nominations in each of the four nomination cycles for both types of releases. There was not consensus on the issue of intraday biddable deals. A suggestion was made to continue the discussion; addressing non-biddable releases separate from biddable releases.

#### **Prearranged Deals not subject to bidding**

Mr. Fava explained one approach for prearranged deals, notification to TSP 1 hour and 45 minutes prior to each nomination cycle. The TSP processes the deal and provides the replacement shipper with a contract in an hour or less; the replacement shipper then has 45 minutes to submit a nomination. Other TSP representatives offered a different solution, in which the TSP processes the prearranged deal in an hour and makes the contract available for the next nomination cycle. The releasing and replacement shippers would be responsible to submit their prearranged deal to the TSP with sufficient time to submit a nomination in the nomination cycle to achieve the needed service, taking into account the one hour processing time for contracting by the TSP.

#### **Development of a strawman (as modified during the discussion):**

<b>Cycle</b>	<b>Prearranged non/bid deal due to TSP (Posted)</b>	<b>Contract Due</b>	<b>Noms Leave Control of Nominator</b>	<b>Noms Received by TSP</b>	<b>Gas Flow (Nom Effective)</b>
Timely	9:30 AM	10:30 AM	11:30 AM	11:45 AM	9:00 AM next day
Evening	4:00 PM	5:00 PM	6:00 PM	6:15 PM	9:00 AM next day
Intraday 1	8:00 AM	9:00 AM	10:00 AM	10:15 AM	5:00 PM same day
Intraday 2	3:00 PM	4:00 PM	5:00 PM	5:15 PM	9:00 PM same day

Some participants expressed the desire to have a one hour turn around. Others expressed concerns that this could require a 24 by 7 capacity release desk. Mr. Young asked if the strawman allowed time for contract execution? Mr. Payne asked if the strawman should include a column for deal posting time? It was determined that the column labeled "Prearranged non/bid deal due to TSP" was the deal posting time.



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Mr. Fava made the following motion, second by Mr. Young:

**Motion:**

Adopt the above strawman as the timeline for processing prearranged deals not subject to bidding.

**Discussion on motion:**

Mr. Scheel requested the column labeled "Contract Due" should be changed to "contract tendered and executed" to mirror the language in GISB Standard 5.3.2. Others pointed to the FERC Order stating execution of contract should not inhibit the ability to nominate. Mr. Payne expressed his belief that there should be additional time in the strawman to allow replacement shippers the ability to process the contract and communicate with its parties once the contract is received from the TSP. Mr. Whatley asked if the motion makers would modify the strawman to allow an additional 30 minutes in the posted time. Mr. Fava and Mr. Young agreed to the change.

Mr. Whatley then requested the strawman include a clarification that the contract is available for nomination when received by the replacement shipper be included in the "Contract Due" column. In response, some participants expressed their concern that the business practices in regards to nomination and contract execution vary between companies and this was not the arena to address those contract execution practices. Mr. Whatley explained he needs to receive a contract that is useful, in other words, be able to nominate. Mr. Young expressed his understanding of the language in FERC Order 637-A that the hour is for issuance of the contract and does not require execution of the contract. Mr. Young feels the phrase "contract executed" in GISB Standard 5.3.2 should be included in any proposal to modify this standard.

Mr. Young offered the following language for the group's consideration:

For prearrange deals the following timeline shall govern the processing of contracts based upon when prearranged/non-biddable releases are submitted to the TSP.

Contracts may be executed in a variety of ways; however, contracts should be executed no later than the time of nominations.

Discussion on "the time of nomination" versus "before gas flow" did not achieve consensus in the group.

Mr. Whatley proposed the following language for addition to GISB Standard 5.3.2 for the group's consideration:

Timely Cycle

- posting of pre-arranged deals not subject to bid by 9:30 A.M. the day of nominations
- contract tendered with contract # by 10:30 A.M.; contract executed; nomination possible for next day gas flow at 9:00 A.M. (Central Clock Time)

Evening Cycle

- posting of pre-arranged deals not subject to bid by 4:00 P.M. the day of nominations
- contract tendered with contract # by 5:00 P.M.; contract executed; nomination possible for next day gas flow at 9:00 A.M. (Central Clock Time)

Intraday 1 Cycle

- posting of pre-arranged deals not subject to bid by 8:00 A.M. the day of nominations
- contract tendered with contract # by 9:00 A.M.; contract executed; nomination possible for same day gas flow at 5:00 P.M. (Central Clock Time)

Intraday 2 Cycle



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- posting of pre-arranged deals not subject to bid by 3:00 P.M. the day of nominations
  - contract tendered with contract # by 4:00 P.M.; contract executed; nomination possible for same day gas flow at 9:00 P.M. (Central Clock Time)

### Revised motion:

Mr. Fava and Mr. Young agreed to modify their motion as follows:

Adopt the following modifications to GISB Standard 5.3.2.

For short-term releases (less than 5 months):

- Offers should be tendered by 1:00 P.M. on the day before nominations for short-term releases (less than 5 months);
- open season ends no later than 2 P.M. on the day before nominations are due (evaluation period begins at 2 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken);
- evaluation period ends at 3:15 P.M.;
- match or award is communicated by 3:15 P.M.
- match response by 4 P.M.;
- award posting by 5 P.M.;
- ~~Posting of pre-arranged deals not subject to bid by 9A.M. the day of nominations;~~
- contract tendered with contract # by 10 A.M.; contract executed; nomination possible for next day gas flow. (Central Clock Time)

For longer term releases (five months or more):

- offers should be tendered by 1:00 P.M. four business days before award for long-term releases;
- open season ends no later than 2 P.M. on the day before nominations are due (open season is three business days)
- evaluation period begins at 2 P.M. during which contingency is eliminated, determination of best bid is made, and ties are broken;
- evaluation period ends at 3:15 P.M.;
- match or award is communicated by 3:15 P.M.;
- match response by 4 P.M.;
- award posting by 5 P.M.;
- ~~Posting of pre-arranged deals not subject to bid by 9A.M. the day of nominations;~~
- contract tendered with contract # by 10 A.M.; contract executed; nomination possible for next day gas flow. (Central Clock Time)

For non-biddable releases:

Timely Cycle

- posting of pre-arranged deals not subject to bid are due by 9:30 A.M.
- contract tendered with contract # by 10:30 A.M.; contract executed; nomination possible for Timely cycle.

Evening Cycle

- posting of pre-arranged deals not subject to bid are due by 4:00 P.M.
- contract tendered with contract # by 5:00 P.M.; contract executed; nomination possible for Evening cycle.

Intraday 1 Cycle



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- posting of pre-arranged deals not subject to bid are due by 8:00 A.M.
- contract tendered with contract # by 9:00 A.M.; contract executed; nomination possible for Intraday 1 cycle.

### Intraday 2 Cycle

- posting of pre-arranged deals not subject to bid are due by 3:00 P.M.
- contract tendered with contract # by 4:00 P.M.; contract executed; nomination possible for Intraday 2 cycle. (Central Clock Time)

### Discussion on revised motion:

The group had a lengthy discussion on availability of contract for nomination, what it means and how to convey this point in a standard.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	4	2	0	0
Producers	0	0	0	0
Pipelines	9	2	0	0
<b>Totals</b>	13	4	0	0

Motion passes

### Discussion on biddable releases and scheduling equality with firm service:

Mr. Scheel offered the following modifications to proposed Standard 5.3.2 (above) as a possible way to address biddable releases.

- If a TSP is able to post the award by 5 P.M., can they also provide the contract contemporaneous with the award posting?
  - Mr. Young suggested the contract be provided at 9:00 A.M. the morning following the award.
- On longer-term releases it is four business days before award, can this time be reduced to two or three?
  - Mr. Scheel stated a desire to tighten up the timeline.
- Do we want to define short term and long term to make the rules comparable?

It was pointed out for Mr. Scheel's first proposed change, there may need to be time for the TSP to be able to process the contract between the time when the award is posted and when the contract is available. In response to Mr. Scheel's second proposed modification, it was pointed out that the bidding period was an issue for those parties evaluating the offers and bids. Due to the long term nature of these deals, these parties had previously wanted this amount of time in order to do their evaluations. Further, some participants expressed their continued concern that treasury for credit approval and contract desk for producing the contract will not be staffed 24 X 7 or after 5:00 P.M.

After some discussion and reiteration of issues, participants are asked to take these issues back to their office and it will be discussed at the next meeting.

### Discussion on issues identified during the June 30, 2000 afternoon conference call:

- *Is there any requirement that an intraday release be only for the balance of the first day?*  
The sense of the room was there is not a requirement that an intraday release be only for the balance of the first day. There was no objection.



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- *Is there a need to be clear that the duration of the release is what determines the bidding requirement and not the intraday nature of the first day of the release?*

The sense of the room was the duration of the release determines the bidding requirements. There was no objection.

- *Is there a need for an "end" to the current longer term releases section of 5.3.2 at a period less than a year (i.e., greater than or equal to five months and less than a year), then a third category added for those releases whose duration is equal to or greater than a year?*

*Discussion (from the June 30 minutes):*

*This issue was identified because the thought was that there was no longer a waiver of bidding for deals less than a year, as there was no longer a maximum rate for deals less than a year. This may be an issue because for deals that are greater than 31 days in duration and less than a year in duration there is no longer a non-biddable status. All these deals have to be posted for open bidding. There is no longer the greater than five months non-biddable prearranged deals at max rate exemption from bidding.*

What is the amount of time that is reasonable to analyze an offer and determine what an acceptable bid would be? One participant responded that the open season requirements do not require changes. GISB Standard 5.3.2 defines the open season; it does not address what is biddable or non-biddable.

The sense of the room was there is not a need for an "end" to the current longer-term release section of 5.3.2 at a period less than a year. There was no objection.

The sense of the room was a third category should not be added for those releases whose duration is equal to or greater than a year. There was no objection.

- *Is there a need to rearrange the structure of 5.3.2 to take account of intraday, 31 days or less, greater than 31 days to five months, then five months to a year and over a year?*

The sense of the room was no change in the structure of 5.3.2 is required. There was no objection.

GISB Standard 5.3.6 and 5.3.7

- *The issue identified was whether an intraday release can be recalled.*

The sense of the room was upon the review of GISB Standards 5.3.6 and 5.3.7 no changes are required. Specifically, there is no need to eliminate the prohibition on partial day recalls. There was no objection.

Next meeting:

August 15, 2000

CMS Energy, Houston

9:30 A.M.

Agenda

Issues on biddable releases.

Priority items 7, 8, and 9

Posting timeline

Meeting was adjourned at 4:15 P.M.