

North American Energy Standards Board

1301 Fannin, Suite 2350, 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, November 19, 2003
DATE: November 19, 2003

1. Administrative

Ms. Van Pelt opened the meeting and gave the anti-trust advice. Participants in the room and on the call introduced themselves. The agenda was modified to postpone the adoption of the 11/06/2003 meeting minutes until the 12/03/2003 BPS conference call. The modified agenda was adopted. The 10/02/2003 draft minutes were adopted as modified.

2. Review of Business Practices Requests

R03015 Transcanada Discussion and possible vote

Discussion:

This request was discussed at the 10/02/2003 BPS meeting. Mr. Schubert gave a brief review of the request before discussion. He also posted a work paper for this meeting. Mr. Schubert went through each of the examples from the work paper and it was discussed that we could see where it was possible that more ranks could be needed, but that it could expand exponentially, which is not practical. So, it was determined that only one data element was needed. It was determined that an additional data element would be added for the Pathed Non-Threaded nomination model for the Threaded Segment only. It is defined as "This is a supplemental rank (priority) assigned to the quantities on the threaded segment of the Pathed Non-Threaded nomination model. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be applied on a pro-rata basis." Mr. Schubert requested that the data element be added to the scheduled data as mutually agreed, as well.

Motion (motioned by Ken Schubert, seconded by Mike Schisler)

The Business Practices Subcommittee instructs the Information Requirements Subcommittee to accommodate the ability to send the Threaded Rank data element in the nomination process as a mutually agreed business practice for the Threaded segment of the Pathed Non-Threaded nomination model. The suggested definition is "This is a supplemental rank (priority) assigned to the quantities on the threaded segment of the Pathed Non-Threaded nomination model. Priority 1 means the highest priority. Priorities 2, 3, etc. are in descending order of priority. Quantities assigned the same rank will be applied on a pro-rata basis."

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	3	2	0	0
Pipelines	8	2	0	0
Producers	0	0	0	0
Services	2	2	0	0
Totals	13	6	0	0

Motion passes

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3. Review of the following Information Requirement's Subcommittee Questions for Discussion and Possible Vote (see memos posted on bottom of BPS web page):

IR Memo Regarding Upstream and Downstream Rank, memo May 23, 2003

At its meeting on January 14-15, 2003, the Information Requirements (IR) subcommittee discussed an issue related to the 1999 Annual Plan – Cross Contact Ranking. The issue in question was transferred to IR by the EC at its meeting of November 11, 1999. The instruction to IR from the Cross Contract Ranking Subcommittee was to change the condition of upstream rank and downstream rank in the Data Element Cross Reference Table to “nu” for the pathed and non-path models. In December 2002, IR completed its work, but it was reviewed again during its January 2003 meeting. At that time, it was determined to send the following question to BPS and the following motion was made:

IR MOTION: Send the following question to BPS:

At the March 23, 1999 meeting of the Cross Contract Ranking Subcommittee, it was determined that the usage of upstream rank and downstream rank in the Nominations data set should be changed from “MA” to “nu” and in the minutes of that meeting it stated that an instruction would be sent to IR to make this change.

At the EC meeting of November 11, 1999, the EC confirmed that this issue should be transferred to IR. Although IR changed the usages as instructed at its meeting of December 10, 2002, it has come to IR's attention that TransCanada plans to file a related request involving the same data elements for the pathed non-threaded threaded segment in the near future. Based on this discussion, IR is now concerned that others may already be using the existing pathed and non-pathed data elements as “MA”. IR believes these comments should be considered as a part of the processing of the issue currently in IR along with the forthcoming TransCanada request. Therefore, before IR transfers its work from the December meeting to the Technical Subcommittee, IR requests that BPS review these related issues and provide direction to IR as to how to proceed.

Discussion:

Now that the R03015 request has been resolved and a new data element has been added to accommodate the ranking needed by TransCanada, it was determined that upstream and downstream ranks are not need for the threaded segment of the Pathed Non-threaded nomination model. A brief discussion was held as to how an upstream and downstream rank would be used for the Pathed and Non-pathed nomination models. It was generally felt that the data elements would not be used for the pathed and non-pathed models. It was determined that we should go ahead and modify the upstream rank and downstream rank data elements in the pathed and non-pathed nomination models from MA to nu.

Motion (motioned by Donna Scott, seconded by Mike Schisler)

In response to the Information Requirements memo, dated May 23, 2003, regarding Upstream and Downstream Rank, the Business Practices Subcommittee confirms that IR should change the usage of the data elements Upstream Rank (Priority) and Downstream Rank (Priority) in the nomination process from MA to nu (not used).

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	2	2	0	0
Pipelines	9	2	0	0
Producers	0	0	0	0

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Services	1	1	0	0
Totals	12	5	0	0
Motion passes				

4. Review of the following Business Practices Requests:

R03026 SunGard Energy Systems Discussion only

Ms. Chen explained the request and reviewed the requirements of Version 1.6 and the FERC requirements of Order 637. She explained that they were trying to accomplish a default to indicate how to handle the Releasing Shipper's nominated quantity and the Replacement Shipper's nominated quantity in the event of overlapping nominations.

It was discussed that there was an additional way to handle overlapping priorities on other pipelines, which would be to schedule all the nominations down to zero and the service requester would have to re-nominate. This requirement is currently being implemented using Special Terms and Conditions. It was discussed that since FERC allowed the Order 637 requirements to be implemented in different ways that maybe we shouldn't try to work on the standardization of this request.

Ms. Burch explained that there was another option to the one specified in the request, which is specifying percentages. Ms. Burch provided the following example of a service requester's contract that had released portions it's MDQ within a zone. The original party does three releases.

	Zone X			
	Segment 1	Segment 2	Segment 3	Segment 4
K original	10,000	10,000	10,000	10,000
After the release:				
K – Primary	9,000	4,000	8,000	9,000
K – Secondary	1,000	6,000	2,000	1,000
R-1 – Primary	0	5,000	0	0
R-1 – Secondary	5,000	0	5,000	5,000
R-2 – Primary	1,000	1,000	1,000	0
R-2 – Secondary	0	0	0	1,000
R-3 – Primary	0	0	1,000	1,000
R-3 – Secondary	1,000	1,000	0	0
Total Primary	10,000	10,000	10,000	10,000
Total Secondary	7,000	7,000	7,000	7,000
Total	17,000	17,000	17,000	17,000

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Taking the above contract example and looking at nominated quantity in Segment 1, here is how the overlap % could work.

Note: R-2 has an MDQ of 1,000 but only nominates 500.

Party	Nominated Quantity	Segment 1 Primary	Segment 1 Secondary	%	ADJ. %	Allocated Secondary	Total Scheduled
K > release	10,000	9,000	1,000	25%	33.3%	166	9,166
R-1 > release	5,000	0	5,000	25%	33.3%	166	166
R-2 > release	500	500	0	25%	0		500
R-3 > release	1,000	0	1,000	25%	33.3%	167	167
Total	16,500	9,500	7,000	100%	100%	500	10,000

The releasing shipper in the offer needs to distinguish in the offer whether the releasing shipper or replacement shipper has priority over the overlapping quantity. It was discussed that what is outside the scope of the request is the pipeline default tariff provision detailing how nominations from releasing and replacement shippers will be handled in the event that they exceed the contract demand.

It was also discussed that there will need to be a default in cases where the parties don't specify which has priority. Sungard has agreed to change the default provision to allowing the releasing shipper to have priority. Upon further investigation of the order, it was determined that the default is specified in the tariff and that no default would be specified in the dataset. The partial answer to this request is that the default should be specified in the tariff. The service requester should be able to rely on this.

This request will be continued at the 12/03/2003 meeting.

5. Next Meeting(s) and Agenda

12/03/2003 9:00 a.m.-11:00 a.m. CT

R03021	National Fuel Gas Distribution	Discussion and possible vote
R03026	SunGard Energy Systems	Discussion and possible vote
R03027	SunGard Energy Systems	Discussion only
R03029	Northern Border Pipeline Company	Discussion only
R03032	National Fuel Gas Distribution	Discussion only

6. Adjourn

The meeting was adjourned.

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Meeting Attendees and Voting Record

Attendee	Organization	11/19/03	NAESB WGQ Member?
Pipelines:			
Kim Van Pelt	Panhandle Eastern Pipe Line	√	√
Donna Scott	Transwestern	√	√
Dale Davis	Williams Gas Pipeline	√	√
Christopher Burden	Williams Gas Pipeline	Phone-nv	√
Mark Gracey	Tennessee Gas Pipeline	√	√
Bill Griffith	Colorado Interstate Gas	√	√
Ken Schubert	Transcanada Pipeline	√	√
Kathryn Burch	Texas Eastern Transmission	√	√
Janie Nielsen	Kern River Gas Transmission	Phone	√
Jeff Bittel	Texas Gas	Phone	√
Services:			
Keith Sappenfield	Encana Corporaton	Phone	√
Jennifer Chen	Sungard Energy Systems	√	√
Producers:			
End Users:			
LDCs:			
Jennifer Deegan	Washington Gas	Phone	√
Marjorie Perlman	Energy East	Phone	√
Pete Connor	NiSource	Phone	√
Associations:			
NAESB Office			

Bold signifies a BPS Chair

nv – not voting