

January 14, 1999

TO: Cross Contract Ranking Subcommittee (CCRC) chairs, Posting on the GISB home page for interested industry participants
FROM: Jo Ann Garcia
RE: **Final Minutes - Cross Contract Ranking Subcommittee -- January 13, 1999**

I. Administrative

Ms. Scott welcomed the participants and each participant introduced themselves. The antitrust advice was given. The agenda was adopted as posted. The adoption of the minutes of December 14 were postponed until the next meeting, but the suggestion that these minutes be used as a work paper for purposes of discussion at this meeting was accepted by the group. The December 14 Draft Minutes and a workpaper presented at this meeting by Mr. Hansen will be posted as workpapers of the January 13 meeting. (This "work paper" has not been posted yet)

II. Continued Discussion & Resolution of Philosophical Tasks Identified in Nov 1998

Mr. Hansen reviewed his workpaper. Discussion continued as to the merits and intent of various options and whether there was a need for a Transportation Service Provider (TSP) to perform confirmation before or after capacity allocations. A question was raised: "How does a TSP know what to confirm if it has not first done the capacity allocation?" It was noted that some felt it was important to deal with the confirmation process and capacity allocation process and make rules for each. At this point the group decided the following statement was appropriate, and the vote was unanimous:

"It is outside the scope of this subcommittee to determine whether a TSP should allocate capacity prior to performing the confirmation process or should perform the confirmation process prior to the allocation of capacity."

The group then turned to the framing of concepts and the following was offered:

- Allocation of limited capacity should be based on the TSP's tariff, so therefore the use of contract ranks should not apply.
- When there is a capacity constraint on the TSP's system, a Service Requester's ranks should be followed across all nominations which fall within the same scheduling priority level of the TSP.
- When there is not a capacity constraint, the Service Requester's ranks should be followed across all contracts regardless of the service priority level.

Discussion:

A suggestion was made for modification of the first statement: "Any ranking methodology developed by this committee shall not override scheduling priorities used in allocating capacity pursuant to a TSP's tariff." It was stated that the suggestion was not necessary because pipelines would comply with their own tariff language, and the tariff language specifying scheduling priorities used in allocating capacity is required by the FERC. A concern was raised that the third statement proposed did not specify a particular point or contract. A suggestion to replace the third statement with: "a Service Requester's nomination ranks should be applied across all the Service Requester's nominations at a location when applying a confirmation reduction." was not accepted. Continued suggestions for this third statement resulted in amendment and a motion as follows:

Motion:

As a concept:

- C1** When there is not a capacity constraint, the Service Requester's ranks should be followed regardless of the service priority level. This does not preclude exploring other concepts.

Discussion:

A concern was voiced that this concept was not clear. The question was asked if the concept applied at a physical or logical location. The motion maker stated he preferred that the concept was left without a location indicated. It was then suggested that the best approach may be to define a matrix of possibilities, through which draft standards, concepts or definitions could be derived. Discussion continued and two further statements were proposed with regard to confirmation at a legal entity level.

- When applying confirmation reduction for an up/downstream party to a Service Requester (SR) at a receipt/ delivery location, the TSP should use the ranks provided by the SR on all of the nominations for that location and up/downstream party to determine the appropriate nomination(s) to be reduced.
- When applying a reduction due to a capacity constraint at a receipt/ delivery location, the TSP shall use its tariff priorities to award capacity to each service level for each Service Requester (SR). If a SR has multiple nominations within a service level, the ranks provided by the SR on nominations within that service level at the location should be used by the TSP to determine the appropriate nominations(s) to be reduced.

At this point the motion maker called the question on the concept (C1) and asked for a balanced vote. The question arose as to whether this would be a procedural vote or balanced voting. It was determined that the vote should be balanced voting because balanced voting should be utilized when the outcome of the vote can affect standards. The vote taken was balanced:

Vote:

<u>Segment</u>	<u>For</u>	<u>Balanced For</u>	<u>Against</u>	<u>Balanced Against</u>	
End User	0	0	0	0	0
Services	2	2	0	0	0
Producers	1	1	0	0	0
Pipelines	4	0.89	5	5	1.11
TOTAL	7	3.89	5		1.11

III. Development of Matrix Criteria

Motion:

Start work on developing a matrix that will include the concepts passed so far by the group before additional concepts, standards, principles or definitions are proposed.

Vote:

Motion passed unanimously.

The following are criteria identified by the group for the matrix:

1. Confirmation level
 - up (down) entity/serv req
 - up (down) entity/up (down) contract
 - up (down) entity/up (down) contract/serv req

- up (down) entity/up (down) contract/serv req contract
- up (down) entity/up (down) contract/serv req/serv req contract
- up (down) entity/up (down) contract/serv req/serv req contract/package id
- up (down) package id combination?
- operator conflicts,
- 2. Capacity constraint
- 3. Location type (interconnect, offshore, LDC)
- 4. Nomination model type
- 5. Business result
- 6. Does confirmation occur prior to or after capacity allocation
- 7. Level of rank provided by the service requester (contract level, line item level?)
- 8. Service level (FT, IT, No Notice, FT primary, FT secondary)
- 9. Tariff priorities
- 10. Intraday effect

It was decided by the group that issue No. 1 of the 15 items listed as issues and captured during the presentations at the November meeting would be addressed outside the matrix. It was also decided by the group that GISB existing definitions would be used for all rank data elements until such time as the definitions are changed by the subcommittee.

III. Upcoming Agenda & Adjournment

The agenda for the next meeting to be held from 9:00 a.m. to 4:30p.m. on February 2 & 3, 1999 at Enron, Conference Room 568, is as follows:

1. Administrative: Welcome, Antitrust Advice, Participant Introductions, Adoption of Agenda, Adoption of Draft Minutes from December 14 and January 13.
2. Continued work on the Matrix Criteria started by the group at the January 13 meeting along with any workpapers for this Matrix
3. Continued work on the concepts being identified by the group
4. Next meeting and agenda
5. Adjourn

Meeting adjourned at 4:45p.m.