

**Cross Contract Ranking Subcommittee
February 2 and 3, 1999
Final Minutes**

February 2, 1999

I. Administrative

Donna Scott welcomed the participants. Sylvia Munson gave the antitrust advice. The agenda was adopted as posted. The adoption of the minutes from December 14 and January 13 were postponed.

II. Continued Discussion and defining parameters to build a matrix.

Discussion: Reviewing concepts from the January 13 minutes the subcommittee used the following assumptions to work towards defining a matrix.

- 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 rankings provided by the SR on nominations within that service level at the location should be used by the TSP to determine that appropriate nomination(s) to be reduced.

The group discussed the criteria identified for the matrix in the January 13 minutes in order to reach consensus on what criteria would be included in preparing the matrix cases.

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

It was noted that some of the participants held a meeting to discuss what level of confirmation should be employed to provide for cross contract ranking. It was suggested that in order to implement cross contract ranking the confirmation should be at a party to party level. Others wanted to demonstrate through the matrix why this conclusion was reached.

2. Capacity Constraint - Tariff rules determine resolution of capacity constraints, not needed.
3. Location type - Covered by confirmation level, not used.
4. Nomination model type - Use all three types. (pathed, nonpathed and pathed-nonthreaded)
5. Business result - Expected outcome.
6. Does confirmation occur prior to or after capacity allocation? Will not address.
7. Level of rank provided by the service requester (contract level, line item level?)
Will use line item level only.
8. Service level (FT, IT, No Notice, FT primary, FT secondary) - Yes
9. Tariff priorities - Yes
10. Intraday effect - Examine later, but not part of base case.

Matrixes were passed out for each participant to fill in using the following assumptions. (See work papers attached to minutes.)

1. Use Receipt Rank/ Upstream Rank for Receipt Location Reductions
and Use Delivery Rank/Downstream Rank for Delivery Location Reductions.
2. Receipt Nomination = 2,500 Confirmation=2,000 (upstream Red Service Requester = 1,000
upstream Blue Service Requester = 1,000)
3. We are only doing receipt side, assume delivery is confirmed as nominated.
4. 2 sheets/model set (1 for upstream/downstream entity-service requester and 1 for
upstream/downstream entity/contract/service requester, service requester contract)
5. No fuel today.

It was noted by the group that when filling in the up (down)entity/ up(down) contract/serv req/serv req contract matrix for the different model types that the level of confirmation supersedes the utilization of cross contract ranking .

The following observations were discussed after completing the matrix:

1. Pathed versus nonpathed at the party to party level - results are the same on cuts on receipts and delivery side.
2. Pathed Model at the Party to Party versus Contract to Contract - results were different on contract level, lowest ranked line items were not the ones that were cut.
3. Pathed versus Nonpathed at the Contract to Contract level - results were not the same.
4. At interconnect locations confirmations should occur utilizing up/downstream identifier code and Service Requester data elements.
5. When lower levels of confirmation are employed the Service Requesters intended results for cross contract rankings are superseded.
6. The level of confirmations at a location should be up/downstream entity.
7. In order to effectuate cross contract ranking, the level of confirmation at a location should occur at the party to party level resulting in the identification of the quantities that are confirmed between the upstream or downstream party and the service requester.

Motion C2:

In order to effectuate cross contract ranking, the level of confirmation at a location should occur at the entity to entity level.

Segment	In Favor	Balanced In Favor	Opposed	Balance Opposed
End User	0	0	0	0
LDC	0	0	0	0
Producer	0	0	0	0
Services	4	2	0	0
Pipeline	8	1.6	2	.4
Total	12	3.6	2	.4

Motion Passes

Motion C3:

By mutual agreement between the confirming parties, confirmations may be performed at levels lower than entity to entity.

Discussion:

If this concept passes it will introduce complexity for TSP's to enable multiple confirmation levels while trying to provide cross contract ranking.

By agreeing to C3 we are agreeing to status quo.

Segment	In Favor	Balanced In Favor	Opposed	Balance Opposed
End User	0	0	0	0
LDC	0	0	0	0
Producer	0	0	0	0
Services	0	0	4	2
Pipeline	4	1.334	2	.67
Total	4	1.334	6	2.67

Motion Fails

February 3, 1999

I. Administrative

Donna Scott welcomed the participants. Sylvia Munson gave the antitrust advice. The minutes from the December 14 and January 13 meetings were reviewed, revised and adopted as final minutes with the revisions.

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

Discussion:

As a starting point should the following two statements from the January meeting be adopted as concepts:

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

Discussion began with item two. The following motion was made:

C4:

When nominated quantities exceed available capacity, the Transportation Service Provider (TSP) should first utilize its tariff requirements to assign capacity to each service level for each Service Requester (SR). The TSP should then use the SRs' provided ranks to determine how the available quantities should be distributed within a single service level.

Segment	In Favor	Balanced In Favor	Opposed	Balance Opposed
End User	0	0	0	0
LDC	0	0	0	0
Producer	1	1	0	0
Services	4	2	0	0
Pipeline	9	1.64	2	.36
Total	14	4.64	2	.36

Motion Passes

The following to do's were assigned to groups within the subcommittee. Group 1: propose a definition for Service Level, Group 2: propose default rank language and Group 3: propose language for bullet one above.

D1: Definition for Service Level.

Service Level is the term used to describe the characteristics of service defined in a Transportation Service Provider's tariff or general terms and conditions that should be used in the confirmation and/or scheduling process to determine confirmed or scheduled quantities.

Segment	In Favor	Balanced In Favor	Opposed	Balance Opposed
End User	0	0	0	0
LDC	0	0	0	0
Producer	1	1	0	0
Services	4	2	0	0
Pipeline	10	2	0	0
Total	15	5	0	0

Motion Passes

C5: Item 1

- When applying a confirmation reduction to an entity at a location, the Transportation Service Provider (TSP) should use the ranks provided by the Service Requester on all nominations for that location and entity to determine the appropriate nomination(s) to be reduced, except where superseded by the TSP's tariff, general terms and conditions, or contractual obligations.

Segment	In Favor	Balanced In Favor	Opposed	Balance Opposed
End User	0	0	0	0
LDC	0	0	0	0
Producer	1	1	0	0
Services	4	2	0	0
Pipeline	12	2	0	0
Total	17	5	0	0

Motion Passes

C6: Default rank language.

For any scheduling rank (priority) not provided by a Service Requester on a nominated transaction, the TSP will attribute a lower scheduling rank (priority) to non-ranked nomination transactions than to those on which ranks are provided.

Discussion:

Business practices vary among Transportation Service Providers on how they handle non-ranked nominations. The existing conditions for "Receipt Rank" and "Delivery Rank" in the nomination data dictionary states that a TSP should provide a rank if not provided. **The motion was withdrawn.**

It was noted that the subcommittee should review the current definitions and standards that apply to ranks once definitions, principles, and standards are determined.

Review of items 1 through 15 to determine what items are still issues.

1. Which rank is used in scheduling, receipt versus delivery versus upstream versus downstream at a point (depends on source of reduction)? Make consistent across models. (Question 11, Detail) **Parties interested in this issue should submit comments for the next conference call.**
2. When does the transaction get balanced (if done)? **DONE.**
3. Tariff based rules apply on capacity constraints - how and when does ranking come into play? (Philosophical) **Concepts 4 and 5.**
4. What happens when shippers cross rank some contracts and not others (what are defaults if no rank supplied)? (Question 7, Detail) **If ranks are not provided, a default specified by the TSP should be utilized.**
5. Across type of service? Firm only? Primary versus Secondary? (Philosophical) **Concept 5.**
6. Do we need a new element ? Reconciliation, the how to. This is a detail IR will provide. **Not yet, send to IR when and if appropriate.**
7. Do we need to identify groups of contracts for ranking and how long is a group effective? (Question 4, Detail) **Done.**
8. What happens to capacity rights on intraday cycles when/if ranks cross types of service? (Questions 9 and 10, Philosophical) **Concept 4 and 5.**
9. To which cycles should ranking apply? (Questions 8 and 9, Philosophical) **Applies to timely cycle but still reviewing for intraday.**

10. Once gas is scheduled and flowing it stands on its own. What are the effects on bumping? (Questions 8 and 9, Philosophical) **Ranking has no effect on bumping.**
11. Should cross contract ranking be used for market and supply cuts only. (Question 1, Philosophical) **Concepts 4 and 5.**
12. Do the models come into play on how we establish cross contract ranking? **Yes, agreeing to a common confirmation level between operators (entity to entity) should minimize the differences that occur between different model types.(Detail)**
13. Are (and if so, how are) shipper ranks used when confirmation is at a level of detail lower than shipper level? (Questions 14 and 15, Philosophical) **Concept 2.**
14. What happens when the operator confirmation conflicts with cross contract ranking when confirmation is at a "detail" level? (Questions 13 and 15, Philosophical) **Concept 2.**
15. Write instructions defining shipper expectations in cross contract ranking dependent on confirmation level being performed. (Questions 13 and 14, Philosophical) **Concept 2.**

Number 1 and 9 are open issues, work papers should be submitted prior to March 1 conference call from 12:00 to 3:00 p.m. central time. Additional concepts should be presented for voting on the conference call. The subcommittee should be prepared to craft standard language at the March 10 face to face meeting.

It was recommended by this subcommittee to revise the work plan to delay ratification of standards until after the standards have been fully staffed. A recommendation will be submitted to the Executive Committee to that effect. The subcommittee wanted to be clear that we intend the standards to be published at the same time as the implementation instructions.

**Concepts and Definitions Passed by the Subcommittee
as of
February 3, 1999**

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.

C2:

In order to effectuate cross contract ranking, the level of confirmation at a location should occur at the entity to entity level.

C4:

When nominated quantities exceed available capacity, the Transportation Service Provider (TSP) should first utilize its tariff requirements to assign capacity to each service level for each Service Requester (SR). The TSP should then use the SRs' provided ranks to determine how the available quantities should be distributed within a single service level.

D1: Definition for Service Level.

Service Level is the term used to describe the characteristics of service defined in a Transportation Service Provider's tariff or general terms and conditions that should be used in the confirmation and/or scheduling process to determine confirmed or scheduled quantities.

C5:

When applying a confirmation reduction to an entity at a location, the Transportation Service Provider (TSP) should use the ranks provided by the Service Requester on all nominations for that location and entity to determine the appropriate nomination(s) to be reduced, except where superseded by the TSP's tariff, general terms and conditions, or contractual obligations.