

Explanation of Work Paper:

R97022B, as filed, creates a mandatory presence of each side's party (i.e., service requester) in the confirmation process. This has been objected to, for different reasons, by several producers, marketers and LDC's.

Producers:

The producers objections seem to stem from the requirement that they will have to acquire, from their working interest owners, the identity of the last party in the chain of transactions extending from the working interest owner to the party who is holding the transport agreement taking the gas away from the location. This is seen by some as a burden, essentially requiring either the working interest owner (or the operator, or both) to "track the title chains at the production location until the point where the title gets into the hands of the service requester with the contract transporting the gas away from the location.

Marketers:

The marketers see the distinct possibility that information which is not (and arguably should not) be available to the operator (and even the working interest owner) would be required to be acquired by either or both of these parties (the operator and/or the working interest owner) in order to perform confirmations. The marketers see the same problem at the LDC-end of the pipe where service requesters bring gas to an LDC city-gate and trade the gas to others who in turn aggregate or disaggregate the gas at the city-gate and then transfer it to the service requester on the LDC side of the location. This disclosure again could require competing marketers to track the title, or worse to divulge to an LDC (another competitor) the identity of the party or parties in the chain, in order to facilitate confirmations.

LDCs:

The LDC's see that party to party may eliminate the identity of the contract(s) coming to the gate, and with such elimination, the loss of certainty as to the priority of the service, (e.g. firm) serving the location. It also may place them in the position (similar to the operators on the production side) of having to track title in order to get good confirmations.

In addition, there is a general concern, identified by TransCapacity, that requiring such confirmations at all locations could cause a reduction in liquidity (i.e., the number of parties willing to take title in hopes of turning it over to another party -- whether or not such party is a service requester, or they themselves are a service requester -- would be reduced) because of the possibility such transactions would fail -- due to information not being present at confirmations time, or that they would have to divulge to their suppliers the identity of their markets, divulge to their markets the identity of their supplier(s) and lose their place in the transaction to one or another of their counter-party(ies) in the next nominations cycle -- possibly even before any gas has flowed.

On the other hand, there is 1) a growing preference for having a default (absent agreement to the contrary) level of confirmation between TSPs which preference appears to be confirmation at the party to party level; and 2) a recognition that cross-contract ranking, to work, requires party-to-party level confirmations.

The standards proposed below are intended to meet and answer both the objections to party to party, and the preferences for same.

In addition, to clarify what we are talking about when we refer to confirmation levels there are two tables provided in hopes of getting everyone familiar with the same terminology.

The first table represents the levels of confirmation permitted by the datasets and present in the industry.

The second table represents levels not currently supported by the datasets, but present in the industry.

Lastly, there are definitions (in GISB-speak) for the items in the table appended at the end of this work paper as definition 1.2.B.1 through 1.2.N

This table presents a list of descriptions for the different confirmation levels **permitted by the current datasets** and present in the industry based upon TransCapacity’s experiences to date. (Please Note that in the table the word “sender” also means presenter of information as in a TSP is the presenter of information on their EBB; and, “receiver” also means viewer of information presented to them on an EBB)

Table 1 - levels supported by the datasets and present in the industry

Row	Sender’s Data in RFC	Receiver’s Data in RFC	Term used to describe level
1	Party (i.e., sender’s Service Requester or owner of gas on sender’s side of location)	Party (i.e., Receiver’s Service Requester or owner of gas on receiver’s side of location)	Party to Party
2	Party (i.e., sender’s Service Requester) and Contract (i.e., sender’s Service Requester’s Contract)	Party (i.e., Receiver’s Service Requester) and Contract (i.e., Receiver’s Service Requester’s Contract)	Party-Contract to Party-Contract
3	Contract (i.e., sender’s Service Requester’s Contract)	Party (i.e., Receiver’s Service Requester or owner of gas on receiver’s side of location)	Contract to Party
4	Party (i.e., sender’s Service Requester or owner of gas on sender’s side of location)	Contract (i.e., Receiver’s Service Requester’s Contract)	Party to Contract
5	Party (i.e., sender’s Service Requester or owner of gas on sender’s side of location)	Party (i.e., Receiver’s Service Requester) and Contract (i.e., Receiver’s Service Requester’s Contract)	Party to Party-Contract
6	Party (i.e., sender’s Service Requester) and Contract (i.e., sender’s Service Requester’s Contract)	Party (i.e., Receiver’s Service Requester or owner of gas on receiver’s side of location)	Party-Contract to Party
7	Contract (i.e., sender’s Service Requester’s Contract)	Party (i.e., Receiver’s Service Requester) and Contract (i.e., Receiver’s Service Requester’s Contract)	Contract to Party-Contract
8	Party (i.e., sender’s Service Requester) and Contract (i.e., sender’s Service Requester’s Contract)	Contract (i.e., Receiver’s Service Requester’s Contract)	Party-Contract to Contract
9	Party (i.e., sender’s Service Requester) and Contract (i.e., sender’s Service Requester’s Contract)	Party (i.e., Receiver’s Service Requester), Contract (i.e., Receiver’s Service Requester’s Contract), and Package ID (i.e., Receiver’s Service Requester’s applicable Package ID)	Party-Contract to Party-Contract-Package ID

10	Party (i.e., sender's Service Requester), Contract (i.e., sender's Service Requester's Contract), and Package ID (i.e., sender's Service Requester's applicable Package ID)	Party (i.e., Receiver's Service Requester) and Contract (i.e., Receiver's Service Requester's Contract)	Party-Contract-Package ID to Party-Contract
11	Party (i.e., sender's Service Requester), Contract (i.e., sender's Service Requester's Contract), and Package ID (i.e., sender's Service Requester's applicable Package ID)	Party (i.e., Receiver's Service Requester), Contract (i.e., Receiver's Service Requester's Contract), and Package ID (i.e., Receiver's Service Requester's applicable Package ID)	Party-Contract-Package ID to Party-Contract-Package ID

Table 2 - levels not supported by the datasets yet present in the industry

Row	Sender's Data in RFC	Receiver's Data in RFC	Term used to describe level
1	Operator (i.e., the identity of the operator of the facility on sender's side of location)	Confirming Party (i.e., the party owning gas on sender's side of the location, which party becomes a Confirming Party with the TSP -- in other words the working interest owner, where working interest owners confirm with the TSP)	Operator to Interest Owner (Party) could also be called: "Operator to Confirming Party"
2	Confirming Party (i.e., the party owning gas on sender's side of the location, which party becomes a Confirming Party with the TSP -- in other words the working interest owner, where working interest owners confirm with the TSP)	Operator (i.e., the identity of the operator of the facility on sender's side of location)	Interest Owner (Party) to Operator could also be called: Confirming Party to Operator

Proposed Definition

1.2.A

For the purposes of the confirmations process, a location, which:

- a) is an interconnection between any two operators and
- b) at which there is at least one transportation service transaction on each side of the location;

the location is defined to be an interconnection between two Transportation Service Providers.

Proposed Standards:

1.3.A

At a location where two Transportation Service Providers interconnect, these parties should determine the level of confirmation to be utilized and, absent mutual agreement to the contrary, the default confirmation level is Party to Party.

1.3.B

At locations where a point operator, other than a Transportation Service Provider (TSP), interconnects with a TSP, the parties should determine the level of confirmation to be utilized and, absent mutual agreement to the contrary; a) when the TSP initiates the Request for Confirmation, the default level of confirmation, is Contract to Party, and b) when the point operator initiates the Request for Confirmation, the default level of confirmation is Party to Contract.

1.3.C

At a location where a Transportation Service Provider, as a Confirming Party, conducts the confirmation process with other Confirming Party(ies) which other Confirming Party(ies) are not acting in the role of a point operator, with respect to such location, the Confirming Parties should determine the level of confirmation to be utilized, and, absent mutual agreement to the contrary, the default level of confirmation should be Party to Party.

1.3.D

Where the sending and receiving parties have agreed to utilize the Confirmation Response Quick Response, the sender of the Confirmation Response Quick Response should utilize the same level of confirmation as that used for the Request for Confirmation.

1.3.E

The Scheduled Quantity for Operator information should be communicated at the same level as the level utilized in the confirmation process.

1.3.F

For the purposes of the confirmation process, the terms Service Requester, Upstream Identifier and Downstream Identifier can mean either a Service Requester (i.e., a party with a Transportation Service Agreement with the Confirming Party) or the owner of the gas on a Confirming Party's side of the location as warranted by the circumstances and/or relationship(s) between the Confirming Party and the party(ies)' transaction(s) for which confirmation is being sought.

1.3.G

For the purposes of the confirmation process, the term Operator means a point operator, other than a Transportation Service Provider (TSP), which is conducting the confirmations process at a location in the role of a point operator (and not in a role as an owner of gas) with a TSP to which the facilities of the point operator are interconnected. The Operator conducts the confirmations process on behalf of owners of gas (which gas is associated with the facility(ies) operated by the point operator) with the TSP for the purpose of identifying quantities owned by such owners of gas in order that each such owner of gas may be considered a Confirming Party by the TSP for the purpose of such Confirming Party conducting the confirmation process with such TSP. The TSP should determine whether, for the confirmations process purposes, it considers a point operator to be an Operator (and therefore utilize the applicable level of confirmation) or whether it considers the point operator the single, other,

Confirming Party at the location (with the TSP being a Confirming Party, as well, at the location for the purposes of GISB standards).

Additional Proposed Definitions:

Note: the following 11 definitions are intended to put words to the descriptions in the table at the top.

1.2.B

Where used in 1.2.B.1 through 1.2.L the term sender includes the meaning of presenter as in presenting information to another; and the term receiver includes the meaning of viewer as in viewing information presented by another to the viewer.

1.2.B.1

The Party to Party level of confirmation is defined as follows: a) the sender's Service Requester is present, b) the receiver's Party (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is present, and c) there is no contract or lower level information present.

1.2.C

The Party to Contract level of confirmation is defined as follows: a) the sender's Service Requester is present, b) the receiver's Service Requester's Contract (i.e., the Upstream Contract Identifier (or Downstream Contract Identifier) as determined by the Contractual Flow Indicator) is present, c) the receiver's Service Requester information is not present, and d) there is no lower level information present.

1.2.D

The Contract to Party level of confirmation is defined as follows: a) the sender's Service Requester's Contract is present, b) the receiver's Service Requester (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is present, c) the sender's Service Requester information is not present, and d) there is no lower level information present.

1.2.E

The Party to Party-Contract level of confirmation is defined as follows: a) the sender's Service Requester is present, b) the receiver's Party (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is present, c) the receiver's Service Requester's Contract (i.e., the Upstream Contract Identifier (or Downstream Contract Identifier) as determined by the Contractual Flow Indicator) is present; d) the sender's Service Requester's Contract information is not present, and e) there is no lower level information present.

1.2.F

The Party-Contract to Party level of confirmation is defined as follows: a) the sender's Service Requester is present, b) the sender's Service Requester's Contract is present, c) the receiver's Party (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is present, d) the receiver's Service Requester's Contract (i.e., the Upstream Contract Identifier (or Downstream Contract Identifier) as determined by the Contractual Flow Indicator) is not present, and e) there is no lower level information present.

1.2.G

The Party-Contract to Party-Contract level of confirmation is defined as follows: a) the sender's Service Requester is present, b) the sender's Service Requester's Contract is present, c) the receiver's Party (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is present, d) the receiver's Service Requester's Contract (i.e., the Upstream Contract Identifier (or Downstream Contract Identifier) as determined by the Contractual Flow Indicator) is present, and e) there is no lower level information present.

1.2.H

The Contract to Party-Contract level of confirmation is defined as follows: a) the sender's Service Requester's Contract is present, b) the receiver's Party (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is present, c) the receiver's Service Requester's Contract (i.e., the Upstream Contract Identifier (or Downstream Contract Identifier) as determined by the Contractual Flow Indicator) is present, d) the sender's Service Requester information is not present, and e) there is no lower level information present.

1.2.I

The Party-Contract to Contract level of confirmation is defined as follows: a) the sender's Service Requester is present, b) the sender's Service Requester's Contract is present, c) the receiver's Service Requester's Contract (i.e., the Upstream Contract Identifier (or Downstream Contract Identifier) as determined by the Contractual Flow Indicator) is present, d) the receiver's Party (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is not present, and e) there is no lower level information present.

1.2.J

The Party-Contract to Party-Contract-Package ID level of confirmation is defined as follows: a) the sender's Service Requester is present, b) the sender's Service Requester's Contract is present, c) the receiver's Party (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is present, d) the receiver's Service Requester's Contract (i.e., the Upstream Contract Identifier (or Downstream Contract Identifier) as determined by the Contractual Flow Indicator) is present, e) the receiver's Service Requester's Package ID (i.e., the Upstream Package ID (or Downstream Package ID) as determined by the Contractual Flow Indicator) is present and f) there is no lower level information present.

1.2.K

The Party-Contract-Package ID to Party-Contract level of confirmation is defined as follows: a) the sender's Service Requester is present, b) the sender's Service Requester's Contract is present, c) the sender's Service Requester's Package ID (i.e., the Upstream Package ID (or Downstream Package ID) as determined by the Contractual Flow Indicator) is present, d) the receiver's Party (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is present, e) the receiver's Service Requester's Contract (i.e., the Upstream Contract Identifier (or Downstream Contract Identifier) as determined by the Contractual Flow Indicator) is present, and f) there is no lower level information present.

1.2.L

The Party-Contract-Package ID to Party-Contract-Package ID level of confirmation is defined as follows: a) the sender's Service Requester is present, b) the sender's Service Requester's Contract is present, c) the sender's Service Requester's Package ID (i.e., the Upstream Package ID (or Downstream Package ID) as determined by the Contractual Flow Indicator) is present, d) the receiver's Party (i.e., the Upstream Identifier (or Downstream Identifier) as determined by the Contractual Flow Indicator) is present, e) the receiver's Service Requester's Contract (i.e., the Upstream Contract Identifier (or Downstream Contract Identifier) as determined by the Contractual Flow Indicator) is present, and f) the receiver's Service Requester's Package ID (i.e., the Upstream Package ID (or Downstream Package ID) as determined by the Contractual Flow Indicator) is present.

1.2.M

The Operator to Interest Owner (Party) level of confirmation is defined as follows: a) the identity of the Operator (i.e., the identity of the operator of the facility on sender's side of location) is present and provided by the sender, and b) the identity of the interest owner on the sender's side of the location is present and provided by the sender.

1.2.N

The Interest Owner (Party) to Operator level of confirmation is defined as follows: a) the identity of the interest owner on the receiver's side of the location is present and provided by the sender, and b) the identity of the Operator (i.e., the identity of the operator of the facility on receiver's side of location) is present and provided by the sender.