March 10, 1999

TO: Cross Contract Ranking Subcommittee chairs, Posting on the GISB home page for interested industry participants
FROM: Donna Scott
RE: Draft Minutes from the Cross Contract Ranking Subcommittee Meeting—March 10, 1999

I. Administrative

The meeting opened with Ms. Munson welcoming the participants to the meeting. Ms. Scott gave the antitrust advice. The roll was called and the agenda was adopted. The minutes of March 1, 1999 were adopted with changes.

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

The subcommittee reviewed the effects of cross contract ranking on the non-pathed, pathed and pathed non-threaded models. (See diagrams.)

Randy Young (Koch) presented the non-pathed model with multiple transportation contracts at a single receipt and delivering to multiple deliveries.

- When there is a reduction on the receipt side (confirmation at an entity level)
  ⇒ if there are multiple line items affected by that reduction, the receipt rank is used to determine the line item to be reduced

  else

  ⇒ a single line item is reduced (as in when a low level confirmation is done)

  then . . .

  ⇒ delivery ranks across all delivery points for the affected contract from the receipt side are evaluated for the lowest rank, all line items with the lowest rank are reduced pro-rata.

- When there is a reduction on the delivery side
  ⇒ if there are multiple line items affected by that reduction, the delivery rank is used to determine the line item to be reduced

  else

  ⇒ a single line item is reduced

  then . . .

  ⇒ receipt ranks across all receipt points for the affected contract from the delivery side are evaluated for the lowest rank, all line items with the lowest rank are reduced pro rata.

Cross contract ranking on the non-pathed model cannot work effectively on both the receipt and the delivery side for a single cut. Therefore, cross contract ranking should be used on the side where the cut occurs to determine the affected contract and then use the ranks on that contract on the opposite side to determine the affected line items and their reductions.

Jerry Clark (Tennessee Pipeline) presented the pathed model with multiple transportation contracts at a single receipt and delivering to multiple deliveries. The issue Jerry would like to resolve is whether we use the receipt rank for supply reductions or the delivery rank for supply reductions.

- When there is a reduction on the receipt side (confirmation at an entity level)
  ⇒ if there are multiple line items affected by that reduction, the receipt rank is used to determine the line item to be reduced

else
⇒ a single line item is reduced (as in when a low level confirmation is done)
~~else~~

- When there is a reduction on the delivery side
  ⇒ if there are multiple line items a~~e~~ffected by that reduction, the delivery rank is used to determine the line item to be reduced.

The subcommittee still needs to finalize whether the receipt or delivery rank should be used for supply reductions.

Mike Schisler (NGPL) presented the pathed non threaded model with multiple transportation contracts at a single receipt and delivering to multiple deliveries.

- When there is a reduction on the receipt side (confirmation at an entity level)
  ⇒ if there are multiple line items a~~e~~ffected by that reduction, the upstream rank is used to determine the line item to be reduced on the upstream unthreaded segment

then. . .
⇒ receipt ranks at that receipt location are used to determine which path of gas is a~~e~~ffected

then. . .
⇒ once the delivery point is designated, by traveling the path, the downstream ranks across all downstream unthreaded segments for the a~~e~~ffected reductions are evaluated for the lowest rank
⇒ all line items with the lowest rank are cut pro-rata.

- When there is a reduction on the delivery side
  ⇒ if there are multiple line items a~~e~~ffected by that reduction, the downstream delivery rank is used to determine the line item to be reduced on the downstream unthreaded segment

then. . .
⇒ delivery ranks at that delivery location are used to determine which path of gas is a~~e~~ffected

then. . .
⇒ once the receipt point is designated, by traveling the path, the upstream ranks across all upstream unthreaded segments for the a~~e~~ffected reductions are evaluated for the lowest rank
⇒ all line items with the lowest rank are cut pro-rata.

By evaluating the models, it was determined that the nomination should be evaluated from the side on which the reduction occurred and the associated reductions should be made accordingly. The following concept was moved and seconded:

Concept 8 - The scheduling ranks (as applicable) should be used as follows:

- For receipt side reductions, the order for application of ranks is Upstream Rank (Priority), Receipt Rank (Priority), Delivery Rank (Priority), Downstream Rank (Priority).
- For delivery side reductions, the order for application of ranks is Downstream Rank (Priority), Delivery Rank (Priority), Receipt Rank (Priority), Upstream Rank (Priority).

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	2		1~~.~~.33		1		.67	
Pipeline		10		2		0		0
Total		13		4..33		1		.67

Motion Passes

After discussion, it was noted that for capacity constraints that occur within a segment on a Transportation Service Provider's pipeline Concept 8 does not apply. The receipt side reductions would start with Receipt Rank (Priority), Upstream Rank (Priority) etc. Concept 8 should be added to Concept 4~~5~~.

Language changes to Concept 4 and 5 were recommended as follows:

Concept 4:
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 S~~ervice R~~equester's~~'~~ provided ranks to determine how the available quantities should be distributed within a single service level.

The scheduling ranks (as applicable) should be used as follows:

- For reductions identified at or upstream of the constraint location the order for application of ranks is Receipt Rank (Priority), Upstream Rank (Priority), Delivery Rank (Priority), Downstream Rank (Priority), (as applicable).
- For reductions identified at or downstream of the constraint location, the order for application of ranks is Delivery Rank (Priority), Downstream Rank (Priority), Receipt Rank (Priority), Upstream Rank (Priority), (as applicable).

Concept 5:
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 were superseded by the TSP tariff, general terms and conditions, or contractual obligations.

The scheduling ranks (as applicable) should be used as follows:

- For receipt side reductions, the order for application of ranks is Upstream Rank (Priority), Receipt Rank (Priority), Delivery Rank (Priority), Downstream Rank (Priority).
- For delivery side reductions, the order for application of ranks is Downstream Rank (Priority), Delivery Rank (Priority), Receipt Rank (Priority), Upstream Rank (Priority).

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	3	2		0		0	
Pipeline		8	2		0		0
Total		11	4		0		0

III. Upcoming Meeting and Adjournment

Transco will host the meetings on March 23 and 24, 1999. The meetings will be scheduled from 9:00 a.m. to 4:30 p.m.