

## **Cross Contract Ranking/Level of Confirmations Work Paper by NGPL 3/22/99**

In Order 587G, the FERC mandated that regulated entities (TSPs) support the practice of “ranking across contracts” as specified by the TSP’s service requesters. GISB subsequently formed the Cross Contract Ranking (XKR) Subcommittee to address the Order. The subcommittee quickly determined that the level at which confirmations occur and the ability to rank across contracts are necessarily linked. This was determined from the fact that the business outcome of a confirmation which occurs “not as requested” (i.e. cut) is vastly different for the ranked contractual transactions (nominations), depending on the level of confirmation. In recognition that the service requesters’ nominations ranks must be considered as a part of the confirmation process in order to effectuate XKR, the subcommittee determined that confirmations must occur at the entity level.

NGPL has employed both XKR and entity level confirmations since it’s Order 636 implementation in 1993 and has found that supporting both practices has greatly benefited both NGPL, it’s customers and business associates. The primary reasons for this are:

- 1) that the service requesters rights of ownership, and subsequent instructions concerning ownership, are fully respected by the TSP, and
- 2) that the confirmation process occurs at the level ownership (i.e. entity), and
- 3) that when “package id” is not used in the nomination (statistically used on NGPL less than .1%), the nomination, confirmation, allocation and all associated reporting occur at the same level of detail, greatly streamlining information flow and certainty.

Having extended experience supporting both practices, NGPL has received vast feedback from the various segments of our industry as represented at GISB. The following bullets, summarized by industry segment, reflect this feedback:

**Producers:** when functioning as an operator, have found that simply confirming the interest owner entities greatly streamlines their administration of the location.

**Services:** marketers/service requesters greatly favor practices where their rights of ownership, and subsequent instructions thereof, are fully respected and supported. Most have expressed that providing levels of detail lower than entity (i.e. contract, package id) is cumbersome and not needed.

**LDCs:** have expressed satisfaction in general, in some cases they prefer that NGPL’s service requesters populate the downstream id with the enduser entity and confirm accordingly.

Given the experiences of ourselves and our various customer and business associate segments, NGPL recommends that any GISB solution, and subsequent standards thereof, to the XKR and level of confirmations questions achieve the following two goals:

- 1) the rights of ownership, and subsequent instructions thereof, of the service requester are fully respected and supported as contemplated by the Order.
- 2) GISB should develop standards which facilitate nominations, confirmations, allocations, and subsequent reporting thereof, occurring at like levels of detail.

NGPL also recognizes that certain TSP to TSP (or LDC) relationships may exist whereby a level of confirmation at a greater level of detail than “entity” may exist today, and where both parties wish to mutually agree to communicate at this greater level of detail in the future. In such cases, NGPL believes such mutual agreement should be allowed by the standards.

The following proposed standards are put forth to achieve the stated goals while also supporting the aforementioned case for mutual agreement:

#### NGPL.1.3.a

At a location, the confirming parties should determine the level of confirmation to be utilized and, absent mutual agreement to the contrary, the default confirmation level is Entity to Entity.

#### NGPL.1.3.b (also TCAP.1.3.D)

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

#### NGPL.1.3.c (also TCAP.1.3.E)

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

#### NGPL.1.3.d

The data element Package ID should have usage of “MA” in the nominations dataset and usage of “C” (based on presence in the nomination) in related nomination / confirmation datasets.