

TO: Confirmation and Cross Contract Ranking Subcommittee Chairs, Posting on the GISB home page for interested industry participants
FROM: Donna Scott and Sylvia Munson
RE: Final Minutes from the Confirmation and Cross Contract Ranking Subcommittee Meeting—May 24 and 25, 1999

May 24, 1999

I. Administrative

The meeting opened with Sylvia Munson thanking Duke Energy for hosting the meeting and welcoming the participants to the meeting. The antitrust guidelines were read. The roll was called and the agenda was adopted. The minutes of April 19 and 20, 1999 were adopted with changes.

II. Continued Discussion of Different Confirming Party Relationships

The operator/working interest owner and LDC confirming party relationships were reviewed and revised accordingly (for previous discussions, see 4.I and II from the April 19 and 20 meeting minutes).

4. What are the different confirming party relationships?

I. Confirming party roles at wellhead from operator/working interest owner perspective.

1. Operator with TSP for owner or its agent.
 - Operator confirms with TSP by providing quantities for each owner or its agent.
2. Operator with TSP for owner or its agent and Service Requester.
 - Operator confirms with TSP by providing quantities for each owner or its agent to Service Requester (Contract).
3. Owner or its agent with TSP for owner and its agent and Service Requester.
 - Owner or its agent (not as operator) confirms with TSP by providing quantities for each of that owner's or its agents Service Requester's at a location.

(This item was modified from the April 19 and 20 version during this meeting. See discussion below.

II. Confirming party roles at LDC interconnects (city gates included), interstate and intrastate, from LDC perspective.

1. LDC with TSP for LDC Service Requester
 - LDC confirms with TSP by providing quantities for each Service Requester of the LDC (package id, contract, and entity)
2. LDC confirms with TSP for End User.

- LDC confirms with TSP by providing quantities for each End User.
3. Enduser for TSP for Service Requester
 - Enduser confirms with TSP by providing quantities for each of those Endusers Service Requesters at the location.
 4. LDC with TSP for its Service Requesters and TSPs Service Requesters (Entity, Contract, Package).
 - LDC confirms with TSP by providing quantities for each of that LDC's Service Requesters and TSP Service Requesters at the location.

III. Confirming party roles at TSP to TSP interconnects (Interstate to Interstate)

1. TSP1 to TSP2 for TSP1's Service Requester (SR)
 - TSP1 sends TSP1's SR to TSP2; TSP2 equates TSP1's SR to TSP2's Upstream Party.
2. TSP1 to TSP2 for TSP1's SR and Up/Downstream Party
 - TSP1 sends TSP1's SR & Downstream Party to TSP2; TSP2 equates TSP1's SR to TSP2's Upstream Party and TSP2 equates TSP1's Downstream Party to TSP2's SR.
 - At this level, additional elements can be added to the confirmation process such as Service Requester Contract, Up/Down Contract and Package ID.
3. TSP1's SR to TSP2 for TSP2's SR (partnered with bullet 1)
 - TSP1's SR sends TSP1's SR's Downstream Party to TSP2; TSP2 equates TSP1's SR's Downstream Party to TSP2's SR and TSP2 equates TSP1's SR to TSP2's Upstream Party.
4. TSP1 to TSP2 for TSP2's SR
 - TSP1 sends TSP1's Downstream Party to TSP2; TSP2 equates TSP1's Downstream Party to TSP2's SR.
 - Supports the current mandatory data elements in the confirmation data set.

Information communicated between two TSPs in the Confirmation Process.

Nom Usage	Data Elements TSP1 (Sender)	Nom Usage	Data Elements TSP2 (Receiver)
M	Service Requester DUNS	M	Up/Down DUNS
M	Service Requester Contract	BC	Up/Down Contract
M	Up/Down DUNS	M	Service Requester DUNS
BC	Up/Down Contract	M	Service Requester Contract
SO	Service Requester Package ID	MA	Up/Down Package ID
MA	Up/Down Package ID	SO	Service Requester Package ID

IV. Confirming party roles at TSP to TSP interconnects (Interstate to Intrastate) - No intrastate representatives were present so the group assumed the same as III.

V. Confirming party roles at TSP to TSP interconnects (Intrastate to Intrastate) - No intrastate representatives were present so the group assumed the same as III.

VI. Confirming party roles at TSP to Enduser (Interstate)

1. TSP1 to Enduser for TSP1's Service Requester (SR)
 - TSP1 sends TSP1's SR to Enduser; Enduser equates TSP1's SR to Enduser's Upstream Party.
2. TSP1 to Enduser for TSP1's SR and Downstream Party
 - TSP1 sends TSP1's SR & Downstream Party to Enduser; Enduser equates TSP1's SR to Enduser's Upstream Party and Enduser equates TSP1's Downstream Party to Enduser's SR.
 - TSP1 sends TSP1's Downstream Party to Enduser; Enduser has no information on who gas was received from. It was noted that number 3 is the current standard (same as III. 4 above). This method is deficient because the enduser has no opportunity to identify who its suppliers are.

VII. Confirming party roles at TSP to Enduser (Intrastate) - No enduser was present so the group assumed the same as VI.

VIII. Confirming party roles at TSP to Operator from TSP perspective. - Same as I.

A discussion of the term operator/working interest owner and the relationships they have in the confirmation process ensued. A key point was made to be consistent with terminology and the group should use nomination data element names. The following statements were offered as a summary of the discussion:

- 1) At a production location the TSP's Upstream Identifier Code may be equivalent to the owner or its agent on the operator's system.
- 2) At a receipt point operator location, the Upstream Identifier Code refers to the supplier of gas at the operator's facility.
- 3) At a production location the operator (i.e. wellhead operator, plant operator, etc.) is equivalent to the upstream TSP at a pipeline interconnect.

The group agreed those statements 1 and 3 clarified the term "operator." It was determined that the group could eliminate VIII. by moving 1 and 3 to I. as follows:

- I. Confirming party roles at wellhead from operator/owner or its agent perspective.
 - At a production location the TSP's Upstream Identifier Code may be equivalent to the owner or its agent on the operator's system.
 - At a production location the operator (i.e. wellhead operator, plant operator, etc.) is equivalent to the upstream TSP at a pipeline interconnect.
 - 1. Operator with TSP for owner or its agent.
 - Operator confirms with TSP by providing quantities for each owner or its agent.
 - 2. Operator with TSP for owner or its agent and Service Requester.
 - Operator confirms with TSP by providing quantities for each owner or its agent to Service Requester (Contract).
 - 3. Owner or its agent with TSP for owner and its agent and Service Requester.
 - Owner or its agent (not as operator) confirms with TSP by providing quantities for each of that owner's or its agents Service Requester's at a location.

The group will answer questions 11, 12, 13 and 14 next.

11. Should the operator be able to confirm at the working interest level (not including contracts)?

The working interest owner relationship with the operator and TSP was discussed thoroughly.

The meeting recessed.

May 25, 1999

I. Administrative

The meeting opened with Sylvia Munson welcoming the participants to the meeting. The antitrust guidelines were read and the roll was called.

I. Continued Discussion of Different Confirming Party Relationships

Continuation of discussion of question 11.

A diagram of the producer level and operator level (multi-level) confirmation process was presented.

<u>Operator (Shell)</u>	<u>Producer</u>	<u>TSP Shipper Noms</u>				
	← <u>Mobil</u>	<u>Rank</u>	<u>Contract</u>	<u>UpParty</u>	<u>QTY</u>	<u>Rank</u>
→ Mobil 40	→ Dynegy 10	1	Dynegy Cr. 1 Cr. 2 ECT	Mobil 2 Mobil 8	1 2	
	→ ECT 30	2	Cr. 3	Mobil 30	1	
	← <u>Exxon</u>					
→ Exxon 20	→ ABCD 10	2	ABCD Cr. 4 Cr. 5	Exxon 6 Exxon 4	2 1	
	→ EFGH 10	1	EFGH Cr. 6	Exxon 10	1	
	← <u>XYZ</u>					
→ XYZ 30	→ IJK 30	1	IJK Cr. 7 Cr. 8	XYZ 15 XYZ 15	1 2	

- The operator of a location confirms to the TSP quantities available for each producer at that location.
- Each producer at a location confirms to the TSP quantities available for each shipper at that location.
- If the producer sells more than the operator has stated available for its share of the well, the shipper quantities for that producer are reduced using the ranks provided by the producer.
- If no ranks are provided by a producer, the shipper quantities for that producer are reduced on a prorata basis.

- If the producer does not sell the entire quantity that the operator has stated is available for its share of the well, the operator's quantity for that producer and the total quantity is reduced and the flow should be reduced from the well.
- The tariff is the mechanism that provides incentives for the flow to match.
- On this TSP, changes to producers at a location are made through the producers and verified with the operator. Other TSPs do not keep track of the producers at a location, but allow producers and operators this flexibility in the confirmation and nomination process.

Question 11, Should the operator be able to confirm at the working interest level (not including contracts)?, was broken into the following questions:

1. Should the TSP be required to support the fact that the operator will only confirm to the upstream party level?
2. When required by the TSP, should the operator be able to confirm at the entity level and not the contract (upstream contract/service requester contract) level?
3. When required by the TSP, should the operator be required to confirm to the TSP's upstream party level?

The following motion, which answers all questions relating to question 11, 12, 13, and 14 was made and seconded:

Concept 4:

Absent mutual agreement to the contrary between the TSP and the Operator for confirmations at a production location, the TSP should be required to support the fact that the operator will confirm with the TSP to only the upstream entity level. These upstream entities should either confirm or nominate (at the TSP's determination) at an entity level with the TSP.

Discussion:

The default should be the two step confirmation process. It is implied that Concept 4 is concerning the level at which confirmations exist not the mode of confirmation employed. Several noted that a vote in favor of this motion would force some TSPs to confirm with parties that the TSPs have no contractual relationship with. Others noted that the currently existing confirmation processes would be slowed significantly if TSPs must perform this kind of confirmation.

Balanced vote for Concept 4

Segment	In Favor	Balanced In Favor	Opposed	Balance Opposed
End User	0	0	0	0
LDC	3	2	0	0
Producer	1	1	0	0
Services	4	1.6	1	.4
Pipeline	2	.27	13	1.73
Total	10	4.87	14	2.13

Returning to item III. Confirming party roles at TSP to TSP interconnects (Interstate to Interstate), the following motion was made and seconded:

Concept 5:

Absent mutual agreement to the contrary between TSPs, confirmations will be performed at an upstream/downstream entity to Service Requester entity level at an interconnect.

Balanced vote for Concept 5

Segment	In Favor	Balanced In Favor	Opposed	Balance Opposed
End User	0	0	0	0
LDC	0		3	2
Producer	1	1	0	0
Services	5	1.6	1	.4
Pipeline	5	.91	6	1.09
Total	10	3.51	10	3.49

The group discussed who qualified as a Service Requester. The GISB definition is, “Identifies the party requesting the service, or their agent.” The group determined that a Service Requester could be identified in any of the following roles:

- a party to a transportation contract on a TSP
- a producer that receives information from an operator, or
- a party who has interest in a plant.

It was noted that the confirmation data sets today do not support the two step process for production confirmations when the operator is initiating the confirmations. It does support the confirmation process when the TSP initiates the request to confirm or the TSP sends an unsolicited response.

III. Revised Work Plan

The work plan for Cross Contract Ranking Subcommittee was revised to accommodate the addition of confirmations. The Confirmations and Cross Contract Ranking Subcommittee timeline is as follows:

The target for completion of the standards developed by this task force that relate to Confirmation and Cross Contract Ranking, with a meeting schedule of 16 hours per month, is October, 1999 for consideration at the November, 1999 Executive Committee meeting. The Executive Committee will be asked to consider and vote on the standards prior to being sent to Information Requirements and Technical. In addition, the Executive Committee will be asked to recommend a completion date and to prioritize the work with Information Requirements and Technical. The task force could state no recommended completion date. The task force will continue to be available to Information Requirements and Technical until their work is complete. At such time, the Executive Committee will be asked to consider their work and vote on their recommendations for implementation.

IV. Next Meeting

The subcommittee participants were encouraged to submit work papers that will aid in the completion of identifying party roles for the next meeting. The June 28 and 29 meetings will be hosted by Koch in Houston and the July 20 and 21 meetings will be hosted in Los Angeles by Southern California Gas Company.

The meeting was adjourned.