

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—August 9 and 10, 1999

**GAS INDUSTRY STANDARDS BOARD
 GISB CONFIRMATION AND CROSS CONTRACT RANKING MEETING
 Delta Bow Valley Inn, Calgary, Alberta, Canada
 FINAL MINUTES**

August 9, 1999

I. Administrative

Ms. Munson and Ms. Scott chaired the meeting. Ms. Munson thanked TransCanada for hosting the meeting and Ken Schubert performed the housekeeping duties. Ms. Munson gave the anti-trust advice. Attendees introduced themselves. The agenda and minutes of July 20 and 21, 1999 were adopted with modifications.

II. Review of Outstanding Work Papers

The group reviewed the outstanding work papers to determine whether further work was needed to resolve or close out the work papers.

- Work Paper 2 prepared by TransCapacity for Confirmations and Cross Contract Ranking dated March 14, 1999. (Posted for the March 23/24 and the May 24/25 meetings.)

Proposed Standards	Resolution
1.3.A	Concept 5
1.3.B	Concept 4 and 7
1.3.C	Concept 4
1.3.D	Version 1.3, standard 1.3.45
1.3.E	Version 1.3, standard 1.4.6, element usage reflects this standard already
1.3F	Review for potential consideration as a definition
1.3.G	Concept 4
1.2.B ...1.2.N	Review for potential consideration as definitions

- Work paper submitted by NGPL for Confirmations and Cross Contract Ranking. (Posted for the March 23/24 meeting.)

Proposed Standards	Resolution
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1.3.A	Concept 4, 7, 10, 13
1.3.B	Version 1.3, standard 1.3.45
1.3.C	See element usage's in 1.4.6
1.3.D	Standard 1.3.24, MA data element

- Work paper submitted by National Fuel Gas Distribution for Confirmation and Cross Contract Ranking. (Posted for the April 19/20 meeting.) This work paper was resolved by Concept 7.
- Work Paper 1 prepared by TransCapacity for Confirmations and Cross Contract Ranking. (Posted for the May 24/25 meeting.) This work paper, proposed standard 1.3.X, was considered out of scope for this committee.
- Work paper entitled LDC proposals. (Posted for the June 28/29 meeting.) This work paper was resolved by Concept 7.
- Theresa Hess presented the pipeline segment work paper as a replacement for the current confirmation concepts. (Posted for the August 8/9 meeting.) The following motion was made:

Concept A:

Absent mutual agreement to the contrary, the standard level of confirmation should be entity to entity.

After discussion of the need for this standard and how it relates to the current concepts, the motion makers revised the motion to include Concept A, B and C as a package for discussion.

Concept A:

Absent mutual agreement to the contrary, the standard level of confirmation should be entity to entity.

Concept B:

As part of the confirmation and scheduling process between a Transportation Service Provider (TSP) and a Local Distribution Company (LDC) at a city gate, upon request by the LDC, the TSP should provide supplemental information obtained during or derived from the nomination process necessary for the LDC to meet its statutory and/or regulatory obligations. Such supplemental information, if available, should include the TSP's Service Requester Contract and, based upon the TSP's business practice, may also include a derivable indicator characterizing the type of contract and service being provided at the city gate, Downstream Contract Identifier and/or Service Requester's Package ID. In any event, the TSP may opt to continue entity/contract level confirmations at the city gate.

Concept C:

For confirmations at a location, absent mutual agreement to the contrary between

the Transportation Service Provider (TSP) and the Operator, the TSP's business practices will determine whether Single-Tier Confirmation or Multi-Tier Confirmation is used.

- a) For a Single-Tier Confirmation, the TSP and the Operator should confirm to only the upstream entity to Service Requester level.
- b) For a Multi-tier Confirmation, The TSP and the Operator should confirm to only the upstream entity level. These upstream entities should either nominate or confirm with the TSP (based upon TSP's business practice) at the Service Requester level.

The group discussed the motion. It was stated that for a multi-tier confirmation, the TSP and the Operator should confirm to only the upstream entity level. These upstream entities should either nominate or confirm with the TSP (based upon TSP's business practice) at the Service Requester level. The motion makers were requested to remove the last sentence from Concept B, "In any event, the TSP may opt to continue entity/contract level confirmations at the city gate." The motion makers agreed to remove the last sentence.

Revised Concept B:

As part of the confirmation and scheduling process between a Transportation Service Provider (TSP) and a Local Distribution Company (LDC) at a city gate, upon request by the LDC, the TSP should provide supplemental information obtained during or derived from the nomination process necessary for the LDC to meet its statutory and/or regulatory obligations. Such supplemental information, if available, should include the TSP's Service Requester Contract and, based upon the TSP's business practice, may also include a derivable indicator characterizing the type of contract and service being provided at the city gate, Downstream Contract Identifier and/or Service Requester's Package ID.

The motion makers were requested to explain where the current standards fall into the three replacement concepts.

- Concept 1 is a general statement and would not become a standard.
- Concept 3 is covered by Concept A. No change between concepts.
- Concept 4 is covered by Concept A and Concept C with the noted changes. Concept 4 has multi-tiered producer level confirmations as the standard with the ability to mutual agree to other confirmation levels. Concept C states that multi-tiered confirmations are at the TSP's discretion. Concept 4 is a production location and Concept C does not limit its use to a specific location type.
- Concept 5 is covered by Concept A. No change between concepts.
- Concept 7 is covered by Concept A and Concept B. The last sentence of Concept B was removed.
- Concept 10 is covered by Concept A.
- CD1 would not be necessary.
- Concept 13 is not covered in the new replacement concepts.

The motion makers agreed to add Concept D to their proposal in order to capture Concept 13.

Concept D:

As part of the confirmation and scheduling process between a Local Distribution Company (LDC) and an enduser at an enduser location, the LDC should provide supplemental information obtained during or derived from through the nomination process. Such supplemental information, if available, should include the LDC's Service Requester Contract and based upon the LDC's business practices may include a derivable indicator characterizing the type of contract and service being provided at an enduser location, Downstream Contract Identifier and/or Package ID.

A comment was made by an enduser that the information provided at the entity level is less information than what they receive today to monitor their day to day needs. The enduser stated that in order to pass these standards it might be necessary to revisit the title transfer tracking standards and confirmation standards once they are implemented. It was suggested that title transfer tracking did not change the confirmation process. The enduser stated that the concern was losing the ability to distinguish among various packages of gas. It was suggested that in order for entity level confirmations to work, the buyers and sellers would need to agree on how the packages of gas are ranked and communicate that information to one another at the time of sale.

Another participant stated that they liked the idea of consolidating the concepts into fewer concepts. However, there are two issues with the current proposal. The proposal changes the intent of Concept 4 and seems to be moving away from different business relationship at specific locations to one way of doing confirmations at locations.

The following motion was called for a balanced vote:

Concept A:

Absent mutual agreement to the contrary, the standard level of confirmation should be entity to entity.

Concept B:

As part of the confirmation and scheduling process between a Transportation Service Provider (TSP) and a Local Distribution Company (LDC) at a city gate, upon request by the LDC, the TSP should provide supplemental information obtained during or derived from the nomination process necessary for the LDC to meet its statutory and/or regulatory obligations. Such supplemental information, if available, should include the TSP's Service Requester Contract and, based upon the TSP's business practice, may also include a derivable indicator characterizing the type of contract and service being provided at the city gate, Downstream Contract Identifier and/or Service Requester's Package ID.

Concept C:

For confirmations at a location, absent mutual agreement to the contrary between the Transportation Service Provider (TSP) and the Operator, the TSP's business

practices will determine whether Single-Tier Confirmation or Multi-Tier Confirmation is used.

- a) For a Single-Tier Confirmation, the TSP and the Operator should confirm to only the upstream entity to Service Requester level.
- b) For a Multi-tier Confirmation, the TSP and the Operator should confirm to only the upstream entity level. These upstream entities should either nominate or confirm with the TSP (based upon TSP's business practice) at the Service Requester level.

Concept D:

As part of the confirmation and scheduling process between a Local Distribution Company (LDC) and an Enduser at an enduser location, the LDC should provide supplemental information obtained during or derived from through the nomination process. Such supplemental information, if available, should include the LDC's Service Requester Contract and based upon the LDC's business practices may include a derivable indicator characterizing the type of contract and service being provided at an enduser location, Downstream Contract Identifier and/or Package ID.

Motion:	Pipeline Replacement Proposal			Balancing	Balanced	Balanced	Balanced
	For	Against	Total	Determinant	For	Against	Total
End Users	0	1	1	1	00.0	1.00	1
LDCs	0	1	1	1	0.00	1.00	1
Services	1	2	3	2	.67	1.33	2
Producers	0	2	2	2	0.00	2.00	2
Pipelines	10	1	11	2	1.82	.18	2
	11	7	18	8	2.48	5.52	8

Motion failed.

III. Review of the Concepts of Cross Contract Ranking

The concepts of cross contract ranking were reviewed to determine if they were consistent with the confirmation concepts. There were no major inconsistencies between the two sets of concepts.

At this point in the meeting, the group moved on to discuss recommended action to requests. During discussion of those items, Mike Novak joined the group via telephone to discuss the LDC Supplemental Information agenda item. The following minutes have been grouped by the specific topics for continuity purposes.

IV. Discussion of LDC Supplemental Information

Mike Novak explained regulatory to mean any restructuring filing, order or approved tariff. It is also reasonable to allow transition time for system implementation of entity to entity confirmations. In response to a question as to who the parties should be that mutually agree on the level of confirmation at a location, Mike stated that he thought the Transportation Service Provider (TSP) and Local Distribution Company, as operators at a location, should be the parties that decide the level of confirmation. Mike stated that

the intent was to move to an entity to entity confirmation level and the TSP would only deviate from that level when there was a requirement (demonstrated via a restructuring filing , order or approved tariff) for additional information.

V. Recommended Actions to Requests

- A motion was made to decline R97043. It was clarified that the usage of the upstream identifier code satisfies the requirement for an interest owner element. The motion passed unanimously.
- A motion was made to decline R97116. There is no need for a separate data element to achieve ranking across contracts versus within contracts. The same result can be achieved by using the existing ranks without adding an additional element. The motion passed unanimously.
- R99037 requests a new data element “Confirmation Level” be added to the Request for Confirmation, Confirmation Response, and Scheduled Quantity for Operators.
A motion was made to:
Instruct Information Requirement (IR) Subcommittee to accommodate the sending of information necessary when a multi-level confirmation is sent to differentiate between the roles of the Confirming Parties. In the Request for Confirmation, the usage of this data is Senders Option when the TSP is the sender of the Request for Confirmation and Business Conditional when the TSP is the receiver of the Request for Confirmation or an unsolicited Confirmation Response. In a solicited Confirmation Response, the usage is Conditional, and the condition is: Mandatory when present in the Request for Confirmation. In a Scheduled Quantity for Operator, the usage is Conditional, and the condition is: Mandatory when present in the Confirmation process. IR should also determine whether this data should be included in the Confirmation Response Quick Response.
The motion passes unanimously.
- A motion was made to send R97089B back to BPS to be dealt with in conjunction with R97089A. The data element being requested “Source Location” would need to be added to the Nomination prior to being discussed in the confirmation. It was therefore concluded that the request should not be split into two parts but should be handled by BPS as originally requested in R97089. The motion passed unanimously.
- R97022B will be reviewed in conjunction with the outstanding items contained in the work paper.

VI. Recommended Principles, Definitions, and Standards

The group was asked review the concepts and recommend standards. The following motion was made and seconded:

Proposed Standard 1 (Confirmation 3 and Pipeline Proposed Concept A):

Absent mutual agreement to the contrary, the standard level of confirmation should be entity to entity.

Motion:	Standard 1			Balancing	Balanced	Balanced	Balanced
	For	Against	Total	Determinant	For	Against	Total
End Users	0	1	1	1	00.0	1.00	1
LDCs	1	0	1	1	1.00	0.00	1
Services	3	0	3	2	2.00	0.00	2
Producers	1	0	1	1	1.00	0.00	1
Pipelines	12	0	12	2	2.00	0.00	2
	17	1	18	7	6	1	7

Motion passes.

The following motion was made and seconded:

Proposed Standard 2 (based on Confirmation Concept 7 and Pipeline Proposed Concept B)

As part of the confirmation and scheduling process between a Transportation Service Provider (TSP) and a Local Distribution Company (LDC) at a city gate, upon request by the LDC, the TSP should provide supplemental information obtained during or derived from the nomination process necessary for the LDC to meet its statutory and/or regulatory obligations. Such supplemental information, if available, should include the TSP's Service Requester Contract and, based upon the TSP's business practice, may also include a derivable indicator characterizing the type of contract and service being provided at the city gate, Downstream Contract Identifier and/or Service Requester's Package ID.

A request was made to take out the words "at a city gate" in both sentences where it appears. Some TSPs allow LDCs to aggregate locations and confirm at a LDC level and city gate would exclude that level. The motion makers agreed to revise the motion.

After discussion, the motion makers were requested to wait to vote on Standard 2 until the next morning, in order to allow time to caucus with others. The motion makers agreed and a motion was made to recess.

August 10, 1999

Sylvia Munson reminded the group of the antitrust guidelines. Discussion began with the motion on the floor. Through a consensus of some of the parties in the group, the motion was modified several times.

The motion was modified to add the last sentence from Concept 7 that reads: "In any event, the TSP may opt to continue entity/contract level confirmations." Some parties in the group stated they could not support the motion with this sentence being added back in. It was noted that the last sentence was added back in for the LDC or enduser to cover

its specific business needs, and over time, both segments will be able to rethink the level of confirmation that best fits their needs. Several parties in the group voiced concerns with leaving the last sentence in because it negated the entire language above it. The motion makers agreed to remove the last sentence from the motion.

Language was offered to add between the first and second sentence the following language: If the TSP’s existing entity/contract level confirmations meet the statutory obligations of that LDC, the TSP may continue offering entity/contract level confirmation without providing any additional changes. The motion makers declined to modify their motion to include this language. The motion was then voted:

Revised Proposed Standard 2 (based on Confirmation Concept 7 and Pipeline Proposed Concept B)

As part of the confirmation and scheduling process between a Transportation Service Provider (TSP) and a Local Distribution Company (LDC), upon request by the LDC, the TSP should make available, via EBB/EDM, supplemental information obtained during or derived from the nomination process necessary for the LDC to meet its statutory and/or regulatory obligations. Such supplemental information, if available, should include the TSP’s Service Requester Contract and, based upon the TSP’s business practice may also, on a mutually agreeable basis, include 1) a derivable indicator characterizing the type of contract and service being provided, 2) Downstream Contract Identifier and/or 3) Service Requester’s Package ID.

Motion:	Standard 2			Balancing Determinant	Balanced For	Balanced Against	Balanced Total
	For	Against	Total				
End Users	1	0	1	1	1.00	0.00	1
LDCs	1	0	1	1	1.00	0.00	1
Services	4	0	4	2	2.00	0.00	2
Producers	2	0	2	2	2.00	0.00	2
Pipelines	12	0	12	2	2.00	0.00	2
	20	0	20	8	8	0	8

Motion passes unanimously.

The following motion was made and seconded for Standard 3 and Definition 1 as a package:

Proposed Standard 3 (based on Confirmation Concept 4)

Absent mutual agreement to the contrary between the TSP and the Operator for confirmations at a production location, the TSP should 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.

Proposed Definition 1 (based on Confirmation Concept CD1)

Production locations includes wellheads, platforms, plant tailgates (excluding straddle plants) and physical wellhead aggregation points.

Motion:	Standard 3 and Definition 1			Balancing Determinant	Balanced	Balanced	Balanced Total
	For	Against	Total		For	Against	
End Users	1	0	1	1	1.00	0.00	1
LDCs	1	0	1	1	1.00	0.00	1
Services	2	1	3	2	1.33	.67	2
Producers	2	0	2	2	2.00	0.00	2
Pipelines	0	12	12	2	0.00	2.00	2
	6	13	19	8	5.33	2.67	8

Motion passes.

As the pipeline segment was unanimously opposed to this standard, the chairs suggested that there may be alternatives to performing multi-tiered confirmations. If a Transportation Service Provider (TSP) offers pooling available to a production location for a producer to deliver quantities without incurring transportation, then the TSP may achieve multi-tiered confirmations (Standard 3) at the pool thereby offering single tiered confirmations at the production location. The producers agreed that this was another method to achieve multi-tiered confirmations. Some parties stated concern about discussing pooling at production locations as that is an issue related to title transfer tracking and not confirmations and is therefore felt to be out of scope of this subcommittee to discuss.

A motion was made and seconded to adopt Concept 4 of Cross Contract Ranking as Standard 4.

Proposed Standard 4 (based on Cross Contract Ranking 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 SR's provided scheduling ranks to determine how the available quantities should be distributed within a single service level.

The SR's provided 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).
- 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).

Motion:	Standard 4			Balancing Determinant	Balanced	Balanced	Balanced Total
	For	Against	Total		For	Against	
End Users	1	0	1	1	1.00	0.00	1
LDCs	1	0	1	1	1.00	0.00	1

Services	3	0	3	2	2.00	0.00	2
Producers	2	0	2	2	2.00	0.00	2
Pipelines	11	0	11	2	2.00	0.00	2
	18	0	18	8	8	0	8

Motion passes unanimously.

A motion was made and seconded to adopt Concept 5 of Cross Contract Ranking as Standard 5.

Proposed Standard 5 (Cross Contract Ranking Concept 5)

When applying a confirmation reduction to an entity at a location, the Transportation Service Provider (TSP) should use the Service Requester's (SR's) scheduling ranks provided 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. The SR's provided 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), and Downstream Rank (Priority).
- For delivery side reductions, the order for application of ranks is Downstream Rank (Priority), Delivery Rank (Priority), Receipt Rank (Priority), and Upstream Rank (Priority).

Motion:	Standard 5			Balancing Determinant	Balanced	Balanced	Balanced Total
	For	Against	Total		For	Against	
End Users	1	0	1	1	1.00	0.00	1
LDCs	1	0	1	1	1.00	0.00	1
Services	3	0	3	2	2.00	0.00	2
Producers	2	0	2	2	2.00	0.00	2
Pipelines	12	0	12	2	2.00	0.00	2
	19	0	19	8	8	0	8

Motion passes unanimously.

A motion was made and seconded to adopt Concept 13 of the Confirmations Subcommittee as a standard.

Proposed Standard (based on Confirmations Concept 13)

As part of the confirmation and scheduling process between a Transportation Service Provider (TSP) and an enduser at an enduser location, upon request by the enduser, the TSP should make available, via EBB/EDM, supplemental information obtained during or derived from the nomination process. Such supplemental information, if available, based upon the TSP's existing business practice may also, on a mutually agreeable basis, include Downstream Contract Identifier and/or Service Requester's Package ID.

Some parties felt that this concept was in conflict with Standard 1. In other standards, the only deviation from confirmations at an entity to entity level was for

statutory or regulatory requirements. It was noted that the information the enduser needs would still be available in the scheduled quantity reports. The motion was **withdrawn** as not needed as long as the information (i.e., Package ID) remains available to the enduser in the Scheduled Quantity Report.

The group reviewed the remaining Cross Contract Ranking Concepts to determine their status as it pertains to standards.

D1. 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.

It was determined that this definition is no longer necessary.

A motion was made and seconded to make P1 a principle.

Proposed Principle 1 (based on Cross Contract Ranking Concept P1)

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

Motion:	Principle 1			Balancing Determinant	Balanced For	Balanced Against	Balanced Total
	For	Against	Total				
End Users	1	0	1	1	1.00	0.00	1
LDCs	1	0	1	1	1.00	0.00	1
Services	3	0	3	2	2.00	0.00	2
Producers	2	0	2	2	2.00	0.00	2
Pipelines	12	0	12	2	2.00	0.00	2
	19	0	19	8	8	0	8

Motion passes unanimously.

A motion was made and seconded to make Concept 7 a principle.

Proposed Principle (based on Cross Contract Ranking Concept 7)

For a nomination to be considered a new line item, a data element, which is part of the key, should be different than one already present. If a line item is received by the Transportation Service Provider and key data elements are not different than ones already present, the line should overlay the data elements which are not part of the key and which have changed.

The motion makers revised their motion to make Concept 7 a standard by making changes to the language.

Proposed Standard 6 (based on Cross Contract Ranking Concept7)

When a nomination is submitted for a previously submitted or existing nomination key prior to the nomination deadline, the ranks submitted should be evaluated against the previously submitted or existing nomination and if changed, the submitted ranks should replace the existing ranks.

Several parties in the room did not feel that a standard should be created. It was felt that 1.3.7 clearly states that upon receipt by a Transportation Service Provider (TSP) from a Service Requester (SR) of a transaction whose key elements match those previously received by the TSP from the SR, the TSP shall process the rest of the transaction's data elements consistent with the applicable standards to determine the business results. In other words, a SR would only need to change a rank and resubmit the nomination and the TSP would consider the nomination as a replacement nomination to the previous nomination, and it is possible that a different scheduling outcome could occur during the scheduling process. There would be no need for the SR to submit two nominations (one to zero out the original nomination and a second to submit a new line item with only a change in the line item rank).

The motion was modified.

Revised Proposed Standard 6 (based on Cross Contract Ranking Concept 7)

Transportation Service Providers should utilize Standard 1.3.7 for ranks submitted in a nomination.

Motion:	Standard 6			Balancing Determinant	Balanced	Balanced	Balanced Total
	For	Against	Total		For	Against	
End Users	1	0	1	1	1.00	0.00	1
LDCs	1	0	1	1	1.00	0.00	1
Services	3	1	4	2	1.50	0.50	2
Producers	2	0	2	2	2.00	0.00	2
Pipelines	1	8	9	2	0.22	1.78	2
	8	8	17	8	5.72	2.28	8

Motion passes.

The group was asked to review the work paper associated with R97022B that were left open from yesterday. It was determined that no action was necessary to incorporate any additional principles, definitions or standards.

The following motion was made and seconded:

Motion:

R97022B was resolved by the proposed standards of this subcommittee.

The motion passed unanimously.

VII. Confirmation and Cross Contract Ranking Subcommittee Status

The minutes from this meeting will be posted for comments. The group decided that no further meetings were necessary and all correspondence could be handled through e-mail. The final recommendations from this subcommittee will be posted for comment and ready for submission to the Executive Committee by the November meeting. The chairs of the committee would like to extend their appreciation to all of the industry participants who helped with this Subcommittee.