



Gas Industry Standards Board

1100 Louisiana, Suite 4925
Houston, Texas, 77002

Phone - (713) 757-4175, Fax - (713) 757-2491, email gisb@aol.com

September 5, 1997

TO: Executive Committee, Posting on the GISB Home Page

FROM: Rae McQuade, Executive Director

RE: Materials for the Upcoming September 12 Executive Committee Meeting

Attached please find the following materials for the upcoming Executive Committee (EC) Meeting:

1. Comments Received on Recommended Standards and Interpretations
Comments were received from Coastal Oil & Gas and Williston Basin regarding the upcoming consideration and vote by the EC on proposed standards and interpretations. Comments were also received by Sabre Decision Technologies, however, the GISB office was unable to read the file and is currently working with Sabre to receive the comments. These comments should be forwarded to the EC and posted on Monday, September 8.
2. Triage Actions
 - Triage Recommendations for requests R97111, R97112 and R97113. The requests themselves were provided in the EC book, and can be downloaded from the GISB home page.



September 2, 1997

SENT VIA FAX NO. (713) 757-2491
Mailed via U.S. Postal Service

Gas Industry Standards Board
1100 Louisiana, Suite 4925
Houston, Texas 77002

Attention: Rae McQuade
Executive Director

Re: GISB Letter Dated August 4, 1997
Requests for Industry Comment on Proposed Standards and Interpretations

Gentlemen:

You have requested comments relative to certain proposed standards and interpretations subject to your letter dated August 4, 1997.

Coastal Oil & Gas Corporation (Coastal) has the following comments relative to the following proposed standards/interpretations:

C97010: We support Amoco Production Company's (Amoco) interpretation particularly with respect to the following: *"Though there was a clear intent in the standards to get accurate and timely final statements prevalent in the industry in order to stop the practice of corrected estimates that appear for seemingly years, we need an affirmative statement herein that protects audit rights for their intended purpose."* Further, Coastal agrees with Amoco that compliance with GISB standards should not replace or override audit rights in existing contracts or mutually agreed to in subsequent contracts.

C97011: We concur with the following interpretation related to GISB measurement reporting standards: *"GISB invoicing standards, as well as measurement reporting standards, are not applicable for pre-GISB compliance months. Adjustments for such months would be governed by the pipeline's then applicable tariff provisions."*

Coastal Oil & Gas Corporation

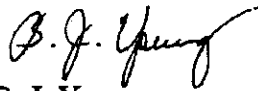
A SUBSIDIARY OF THE COASTAL CORPORATION
COASTAL TOWER - NINE GREENWAY PLAZA - HOUSTON TX 77046-0995 - 713.077-1100 - (LX 166005)

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September 2, 1997
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Please call me at (713) 877-6028 if you have any questions regarding our response.

Very truly yours,

COASTAL OIL & GAS CORPORATION



B. J. Young
Sr. Manager - Division Order/Contract Services
E & P Land & Contract Administration

BJY
Enclosure

cc: Don C. Nelson
John B. Talley
Ken Esterak
Art Slagle
Trudy Mitchell
Chuck Ludwig
Roger Sparks

Subj: FW: Williston Basin Comments on Proposed Standards and Interpretations
Date: 97-09-03 07:49:50 EDT
From: LAWRDR@BISMARCK.WBI.mdures.com (Lawrence, Dale R.)
To: gisb1@aol.com ('McQuade,Rae')
CC: TIGGKA@BISMARCK.WBI.mdures.com (Tiggelaar, Keith A.)

Williston Basin has the following comments in regard to Request Nos. RP97006 and RP97050 contained in the August 4th memo:

Request No. R97006:

Williston Basin does not agree with the recommendation of submitting only the swing line item. The PDA for any delivery/receipt point needs to be all inclusive of those shippers nominating gas at a particular point. By submitting only the "swing" line item, a piece of the transaction is missing from the PDA. Standard 1.3.20 states the "receiver of nomination initiates confirmation with the caveat that the receiver of the confirmation may relieve the obligation of sender to send." If no confirmation is being sent to a particular point and a new shipper uses that point, there is no way to confirm such shipper is on the PDA for that point for that gas day. Williston Basin therefore requests clarification of this request or recommends sending two line items, one for the shipper(s) whole to nominations and one for the shipper(s) taking the swing.

Request No. R97050:

Williston Basin does not agree that all data elements in the nominations transaction key be included in the data dictionary for the invoice data set. Williston Basin does not believe the flow of the nomination data elements into the invoicing data elements needs to be consistent with the level of detail provided in the nomination process. Certain data elements are needed to nominate and confirm on a daily basis. However, Williston Basin does not believe that what is required through the nomination and confirmation process has to be incorporated into the invoicing process. In addition, Williston Basin believes that incorporating all of the nomination data element/codes increases the administrative burden in the programming and processing of these codes and does not add any value to its invoicing process. To the extent these data elements are necessary for other parties, Williston Basin believes they should be mutually agreeable (MA) between those parties.

If you have questions concerning these comments please call me.



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September 4, 1997

TO: Triage Group, Posting on the Home Page

FROM: Rae McQuade, Executive Director

RE: Triage Conference Call -- September 4, 1997 - REVISED

I. Administrative

Kirt Kleinman opened the meeting, welcomed the attendees to the call, gave the antitrust advice, and reviewed the requests to be covered on this call : R97111, R97112 and R97113. The roll was called. The minutes from August 6 were adopted with no changes. The agenda was adopted with an ordering change to discuss request R97113 first. The results of the Triage Group determinations are as follows:

II. New Requests

R97111 Modify the Capacity Release UPPD and Bidder Confirmation datasets to enable Releasing Shippers (without pre-arranged bidders) and bidders (in addition to pre-arranged bidders) to employ the EDI datasets to effectuate capacity release transactions other than through on-line EBBs

From: TransCapacity Limited Partnership

Summary: The request addresses the need for minor modifications and/or enhancements to the Capacity Release UPPD and Bidder Confirmation datasets to enable Releasing Shippers (without pre-arranged bidders) and bidders (in addition to pre-arranged bidders) to employ the EDI datasets to effectuate capacity release transactions other than through on-line EBBs.

This request is also intended to generate a request number and initiate the process needed to respond to the Commission in Order 587-C with respect to addressing the final remaining Commission requirement for Electronic Bulletin Boards (i.e., to handle the requirement established by the Commission in Order 636 to create interactive EBBs for the purpose of making Capacity release offers and facilitating capacity release bidding).

This request proposes a business practice review and (potentially) standards; which, if adopted by GISB and the Commission, would enable EDI submission of Offers and Bids to fulfill the requirements for "interactive bidding". It is not intended to eliminate, or require the elimination of, on-line processes but is intended to establish a recognized alternative; which, if adopted by a Transportation Service Provider, would meet the requirements of providing all Capacity Release activity via a standardized method (i.e., EDI documents).

Specific proposals:

1. Enhance the UPPD to enable releasing shippers to employ the UPPD (or modification thereof) to submit a UPPD without there being a pre-arranged bidder.



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2. Enhance the Bidder Confirmation dataset to enable bidders which have already passed a creditworthiness review to employ the Bidder Confirmation dataset (or modification thereof) to submit same in response to any posted offer.

3. Propose a new GISB standard which provides that a modified UPPD from a releasing shipper (or its authorized (per TPA) third party service provider), which UPPD is received by the Transportation Service Provider at their designated site by 12:45 P.M. CCT on a Business Day, would be posted as an Offer and would be available for bidding by 1:00 PM CCT (the normal posted-by deadline and start of bidding time) on the applicable Business Day.

4. Propose a new GISB standard which provides that a modified Bidder Confirmation dataset from a bidder (or its authorized (per TPA) third party service provider), which Bidder Confirmation dataset, if time-stamped as leaving control of the bidder no later than 2:00 P.M. of the applicable deadline day and if received by the Transportation Service Provider at their designated site by 2:15 P.M.; would be deemed a valid bid (assuming of course no errors and general correctness and completeness of bid) and would be evaluated by the Transportation Service Provider for the purpose of identifying the winning bidder associated with the Offer upon which the bid was made.

This request, once fully staffed, would provide a mechanism meeting the minimum requirements for Capacity Release posting and bidding; would, for the purpose of GISB, complete the process of standardizing all those EBB functions which are required by the FERC; and, would enable participants in the natural gas industry to use one communications mechanism (the internet) to effectuate all FERC required electronic communications of information and transactions.

As stated above, this would allow the Transportation Service Provider, the Releasing Shipper, and all interested bidding shippers to employ one communications pathway, the internet, to achieve all of the Commission required electronic information and transaction activities.

Any costs associated with this proposed enhancement are minimal. The Transportation Service Provider would use the modified UPPD dataset to create the Offer posting (including the EDI download), the Releasing Shipper (or their third party information services provider) would also employ the modified UPPD (or the on-line entry of an Offer, if on-line is available), the Bidder (or again their third party information services provider) would employ the modified Bidder Confirmation document (or the on-line entry of a Bid, if on-line is available); the Transportation Service Provider would also employ the modified Bidder Confirmation Document (plus on-line bids, if any) to evaluate and determine the winning bidder (if any). And, then the remainder of the process (posting awards et. al. would remain unchanged.

Once adopted by GISB, the Commission would need to determine whether this group of datasets and standards met the criteria of interactive bidding contained in their Order 636 series. Given the paucity of live bids in the Capacity release market (most releases are pre-arranged non-biddable deals); and given the fact that even when there are biddable deals on the EBBs, the overwhelming majority of bids



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are received "at the last second" and therefore very little "open and progressive" bidding actually takes place; it is the view of TransCapacity that the Commission will accept this alternative as meeting their requirements with respect to Offers and Bids being open and publicly available.

The change is minor and most of the testing required to effectively implement the UPPD process is the same as would be needed here. TransCapacity would certainly be willing to undertake testing with any other party.

Triage: Send to the Executive Committee (EC) for scope determination at the September meeting. If the EC determines that it is in scope, then Triage recommends it be sent to Business Practices Subcommittee (BPS).

Priority: To be addressed with the Capacity Release requests.

Discussion: No discussion.

R97112

Create a new business practice standard for storage, make-up and pooling nominations to be regarded as stand-alone nominations

From: TransCapacity Limited Partnership

Summary: TransCapacity requests a new standard which would read as follows:

"Storage, makeup and pooling nominations should be stand-alone nominations and should be accepted or rejected on their own merit. The nomination model for storage, makeup and pooling should be the non-pathed model.

Used for "stand-alone" nominations of storage, makeup (payback), and pooling nominations. The non-pathed nomination model would be utilized, consistent with the above proposed standard language.

It can be confusing to nominate storage, makeup and pooling on transportation service providers (TSP's) which do not utilize (or accept) the non-pathed nomination model. In many cases, each of these TSP's has its own rules on how to create the "path" for these types of nominations. Some require that the receipt and delivery locations be the same, while requiring the nominating party to specify the shipper as the upstream party and the TSP as the downstream party. Other TSP's do not require the nominator to specify a specific receipt locations and/or parties, but rather rely upon the delivery location and transaction type. Still other TSP's require other specific business rules to accomplish these type of non-pathed nomination in the TSP's pathed nomination model system.

These types of nominations should be consistently treated for what they are, non-pathed nominations. In addition, these are they way that they should be sent and received via EDI.

There is a slight (one-time) cost for mapping of the non-pathed nomination model for those parties who do not currently utilize this model. This cost however, must be balanced against the costs to develop and maintain a system to handle these types of nominations in the pathed and pathed non-threaded world, which is certainly more complex and less standardized than the existing non-pathed nomination model.



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TransCapacity is certainly willing and able to undertake testing with any party regarding this proposal.

- Triage: Send to the EC for scope determination at the September meeting. If the EC determines that it is in scope, then Triage recommends it be sent to BPS.
- Priority: To be addressed in the second round of nominations related requests.
- Discussion: Attendees noted that this request could change contractual agreements of transportation service providers and could affect the design of storage and pooling service. In further discussion, some attendees observed that because of the possible changes to the design of services offered, the EC should consider the scope of the request.

R97113 Reclassify the standards 2.3.14, 2.3.26 and 3.3.15 which are categorized as business practice standards to standards which are categorized as principles.

From : Exxon Company USA

Summary: This proposal is to reclassify Standards 2.3.14, 2.3.26 and 3.3.15 to the category of "Principles".

These three standards prescribe deadlines for processing prior period adjustments. All three were passed by the Executive Committee at the March 7-8, 1996 meeting. The transcript shows that there was an initial discussion, without dissent, that they should be considered "principles", but when language additions were made, the word "standard" appeared in the text of the standards themselves. There was no explicit categorization by the EC of these as standards, nor was there recognition that the conversation regarding "principles" should be superseded.

The first one considered by the EC was 3.3.15, dealing with the invoicing of prior period adjustments (referred to as 3.25 in the transcript). The discussion of this item appears on pages 127 through 140 of the March 8, 1996 transcript. Discussions on page 129, 130 and 132 center on this item being treated as a principle. It is only on page 135, when the caveat language regarding deliberate omissions, mutual mistake of fact and contractual or statutory rights was added, that the term "standard" found its way into the text. It appears the presence of that word became determinative with respect to categorization, but the EC deliberations seem to have been heading a different direction.

Standard 2.3.14 was discussed on pages 424 through 425 and Standard 2.3.26 was discussed on pages 351 through 357 in the transcript for the same day. The discussion of these items was essentially limited to referring to 3.3.15 and incorporating the same caveat language and consistent time frames.

The EC discussion recognized that the industry should improve its performance with regard to finalizing numbers and these standards were crafted to establish targets towards which we should progress. Their categorization as standards rather than principles, arguably an oversight, makes them particularly difficult to implement on an absolute basis, recognizing the historical reality of industry contracts and complexities and the potential ambiguity of the caveat language. This is evidenced by



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the fact that these three standards were frequently discussed in Order 587 tariff filings and have been the topic of two GISB interpretations.

Triage: Send to the EC for scope determination at the September meeting. If the EC determines that it is in scope, then Triage recommends it be addressed and resolved by the EC.

Priority: To be addressed in October EC meeting.

Discussion: Mr. Wallenhorst described the request and noted that it is difficult to be in compliance with standards 2.3.14, 2.3.26, and 3.3.15 as there are so many caveats. It was also discussed that this request could be addressed directly by the EC. If the EC does address the request then a recommendation would be sent out after the EC September meeting for comment, after which it would be taken up for vote by the EC as changes to standards.

III Attendees

Triage Members:

<u>Name</u>	<u>Company</u>	<u>GISB Member</u>
Kirt Kleinman	Southwest Gas	✓
Kristine Mespelli	New England Power	✓
Bob Wallenhorst	Exxon	✓

Participants:

Pipelines:

<u>Name</u>	<u>Company</u>	<u>GISB Member</u>
Kim Van Pelt	Algonquin	✗
Sandra Barnett	Koch Gateway	✓
Julie Dennis	Koch Gateway	✓
Randy Young	Koch Gateway	✓
Betty Barnum	Panhandle Eastern	✓
Joyce Phillips	Texas Eastern	✓
Dale Davis	Transco	✓
Mike Wells	Trunkline	✓