



# Gas Industry Standards Board

1100 LOUISIANA, SUITE 4925

HOUSTON, TEXAS, 77002

PHONE - (713) 757-4175, FAX - (713) 757-2491, email gisb@aol.com

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January 2, 1998

**TO:** Executive Committee  
**FROM:** Rae McQuade, Executive Director  
**RE:** Supplemental Materials for the Executive Committee Meeting on January 8

Attached please find supplemental materials for the upcoming Executive Committee meeting:

1. Meeting Notes from the planning task force regarding the EBB-Internet transition
2. Triage minutes for R97124 and R97125
3. Comments received by end of business January 2:
  - Amoco
  - Exxon
  - End User Coalition of Salt River Project, Arizona Public Service Company, Midland Cogeneration Limited Partnership and New England Power
  - Koch Gateway & Mobile Bay Pipelines



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December 30, 1997

**TO:** Ad Hoc Task Force of Executive Committee for EBB-Internet Transition Planning: Rae McQuade, Mike Bray, Jerry Hahn, Tom Ehinger, Tommy Hartmann, Jim Buccigross, Sylvia Munson, Dona Gussow, Laurie Valasek, Shelley Corman, Norm Walker, Kirt Kleinman, Mike Novak

**FROM:** Rae McQuade, Executive Director

**RE:** EBB-Internet Transition Planning Organizational Meeting -- December 30, 1997

## MEETING NOTES

The guiding principle of the team in defining the plan is:

"What are the transactions required by a trading partner to do business on a TSP (June 1, 1999)."

The group will define plans for EC adoption governing the transition of all pertinent EBB functions and information available to the Internet, guided primarily by GISB standard 4.3.6, Version 1.2 and the FERC RM96-1-007:

By August 1, 1997 Transportation Service Providers should establish a HTML page(s) accessible via the Internet's World Wide Web. The information that is currently provided should be posted is as follows:

- 1) Notices (critical notices, operation notices, system wide notices, etc.)
- 2) FERC Order No 566 affiliated marketer information. (affiliate allocation log, 24 hr. discount postings, etc.)
- 3) Operationally available and unsubscribed capacity
- 4) Index of customers
- 5) Transportation Service Provider's tariff (Terms, conditions and rates), or general terms and conditions.

and

Transportation Service Providers should make all pertinent EBB functions and information available via the Internet or via the technology recommended by GISB within a reasonable amount of time after each such function or information has become standardized as appropriate by GISB.

and

Within a reasonable amount of time, all EBB information, functions and transactions should be achieved via one mode of communications. Information and functions should remain available through existing systems until one mode of communication is available. Implementation timelines for this activity would be determined during the 1997 annual planning activities held in 1996.



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The group will undertake to review and provide plans for:

1. Two categories defined by 4.3.6
2. Any variance between what GISB has planned to move to the Internet and what may be indicated by RM96-1-007 to be moved to the Internet, such as modifications to capacity release transactions (Upload of Bids and Offers), Electronic Contracting, etc.
3. Provide guidance to the appropriate subcommittees not only on areas that should receive subcommittees' attention, but also on areas that should not be addressed

These plans will be submitted for EC approval and then be provided to the Internet "Look and Feel" Task Force to guide their work, and to other appropriate subcommittees depending on the items defined in the plan. For example, the team may identify needed data set development for functions currently not standardized by GISB but may be required such as the Upload of Capacity Release Offers. Development of these standards would not be forwarded to the Internet "Look and Feel" team, but would be forwarded to the subcommittees responsible for developing transactional-based standards. The plan may be developed in a phased mode. It may be that the phases may all be required to be completed for implementation by interstate pipelines, depending on the final order from RM96-1-007, by June 1, 1999.

In the development of the plan, a fundamental question was raised which will be put forward to the EC at its meeting on January 8:

Does the team address planning efforts for only standardization of transactions for EDI, or does it address standardization of the transactions for EDI and in addition, some non-EDI Internet alternative?

If the response is that the planning efforts should include standardization of transactions for a non-EDI Internet alternative, then two plans will be developed with the assumption that the plans would be carried out concurrently. The plan(s) would include specific deadlines for each of the tasks identified and the subcommittee to which the task is assigned. Narrative will accompany the plan(s) identifying areas that should not be addressed by subcommittees.

## **ADJOURNMENT & NEXT STEPS**

The meeting adjourned at 2:50 p.m. The task force members were asked to review these draft minutes and forward any necessary changes to the GISB office by 4:00 p.m. central on January 2. The draft minutes will be posted on the GISB home page in the Executive Committee area. On January 2, the revised minutes will be forwarded to the Executive Committee under separate cover for its consideration at its meeting on January 8. The Executive Committee will be asked to address and provide guidance regarding the fundamental question:

Does the team address planning efforts for only standardization of transactions for EDI, or does it address standardization of the transactions for EDI and in addition, a non-EDI Internet alternative?



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## ATTENDANCE

<u>Attendees</u>	<u>Name</u>	<u>Company</u>	<u>Present</u>	<u>GISB Member</u>
Members:	Kirt Kleinman	Southwest Gas	✓	✓
	Mike Novak	National Fuel Gas Distribution	✗	✓
	Shelley Corman	Enron Gas Pipeline Group	✓	✓
	Norm Walker	El Paso Natural Gas	✗	✓
	Jim Buccigross	National Registry	✓	✓
	Sylvia Munson	Streamline	✓	✓
	Tommy Hartmann	Exxon	✗	✓
	Tom Ehinger	Amoco	✗	✓
	Dona Gussow	Florida Power and Light	✓	✓
	Laurie Valasek	Midland Cogeneration Venture	✓	✓
	Mike Bray	Duke Energy	✗	✓
	Jerry Hahn	Texaco Natural Gas	✗	✓
	Rae McQuade	GISB	✓	✓
Observers:	None			



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December 30, 1997

**TO:** Triage Group -- Greg Lander, Kirt Kleinman, Norm Walker, Bob Wallenhorst, Kristine Mespelli, Posting on the Home Page

**FROM:** Rae McQuade, Executive Director

**RE:** Triage Conference Call -- December 30, 1997

## I. Administrative

Greg Lander opened the meeting, welcomed the attendees to the call, gave the antitrust advice, and reviewed the requests to be covered on this call : R97124 to R97125. The results of the Triage Group determinations are as follows:

## II. New Requests

R97124 Specify the use of a current ANSI mandatory data element (assigned Identification, P01 01) and add it as a business data element to the 855 Nomination Quick Response document.

From: TransCapacity

Summary: Problem Statement: There currently exists no agreed upon manner to identify PO1 (detail) level errors from a nomination in the Nomination Quick Response document.

This request is to specify the use of a current ANSI mandatory data element (Assigned Identification, PO1 01) and add it as a business data element to the 855 Nomination Quick Response document. This data element, "Nomination Level Error/Warning ID" would be used in the Quick Response document to identify which PO1 (detail) loop in the original nomination contained any relevant errors or warnings returned in the quick response.

Nomination documents can contain multiple PO1 (detail) and SLN (sub-detail) loops of data. This change would allow specific identification of detail errors and warnings in the quick response document by returning the PO1 assigned identification number(s), from the Nomination, of the PO1 loop(s) containing errors or warnings. This data element is currently ANSI mandatory, this change would only mandate what information would be contained in the data element and assign a business name and definition.

Where errors or warnings exist at the detail level which may impact multiple line-items in the sub-detail, this enhancement would allow the identification in the quick response of precisely which detail loop contained the error. This is particularly important where multiple detail loops are present in the nomination, (each with multiple sub-detail line items contained within them), but an error is returned which is specific to only one of the detail loops (e.g., invalid contract).



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This enhancement allows identification of the specific detail loop to which error and/or warning messages apply.

The nomination quick response (QR) currently allows for error reporting at three different levels of detail, Header, Detail, and Sub-Detail. The Header, in the QR, contains the Transaction Status Code, the Nomination Number echoed back from the nomination, the Issue Date, and Service Requester, and Service Provider. The types of errors that can occur at this level are and Invalid Time Stamp, Invalid Service Requester, Invalid Service Provider, etc..

The Detail, in the QR, contains the Contract Number, DTM Qualifier, and Start/End DTM. The types of errors that can occur at this level are Invalid Model Type, Invalid Date/Time qualifier, Invalid Service Requester Contract, Nomination Beginning/Ending Date/Time outside contract terms, etc.. These types of errors refer to the PO1 and DTM lines in the PO1 loop of the nomination and can be associated to multiple line items, SLN loops in the nomination.

The Sub-Detail, in the QR, contains the Nominator's Tracking ID echoed back from the nomination, and the Service Provider Activity Code. The types of errors that can occur at this level are Missing Nominator Tracking ID, Invalid Quantity, Quantity exceeds contract, Invalid Transaction Type, Invalid Upstream ID, Invalid Receipt Location, etc.. These types of errors refer to the SLN, SI, and N1 lines in the SLN loop of the nomination and correspond to single line item nominations. The Header and Sub-Detail levels currently have an Id that allows for tracking but the Detail level does not have any such ID. There is currently no method in place to track errors reported at the PO1 level of detail back to the original PO1 level in the 850 nomination. This makes it extremely difficult to match PO1 loops in the QR to those in the 850 Nom. Acceptance of this request would mean that the ID, at the PO1 level, would be assigned by the service requester in the 850 Nomination and would be echoed back in the 855QR. The addition of the "Nomination level Error/Warning ID would allow QRs that contain detail level, without sub-detail, errors to be tied back to the original nomination sent. Thus enabling the service requester to associate the QR with each level of nomination sent.

We have selected the same manner of implementation that was chosen by Enron in Request No. R96099. (Request R96099 dealt with a similar issue in the UPPD Validation document.)

Any costs associated with this proposed enhancement are small. The request does not propose to increase the volume of data sent or require any significant additional processing. It involves only the addition of a business data element name and description to an existing ANSI mandatory data element.

TransCapacity is willing to undertake testing with any other party.

The requested change itself is not in practice at this time as far as is known to TransCapacity.

Triage: Send to Information Requirements Subcommittee

Priority: As the schedule of the subcommittee permits.



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Discussion: Mr. Lander described the request. The request serves the purpose of providing for an identification of an error. There are no business practice changes expected as a result of this request. As such Mr. Lander and Mr. Kleinman recommend that it be forwarded to the Information Requirements Subcommittee.

R97125 Add a data element to the Confirmation transactions pursuant to GISB standard 1.4.4 which will provide the "available capacity" at the interconnect point level. This would be a "mutually agreeable" data element.

From: Southern California Gas Company & El Paso Natural Gas

Summary: Add a data element to Confirmation transactions pursuant to GISB Standard 1.4.4 which will provide the "available capacity" at the interconnect point level. This would be a "mutually agreeable" data element.

Frequently, certain receipt points into an LDC's pipeline system may become constrained due to shippers' nominations exceeding "available capacity" at such receipt points. Further, since state regulatory prohibitions may prevent the LDCs from cutting the shippers' nominations on the interconnecting TSPs to fit within the LDC's "available capacity," the LDC must communicate its take away capacity to the interconnecting TSPs so that these TSPs may then make the determinations as to which gas supplies flow from their systems to the LDC's system. This "available capacity" is provided daily with original confirmations and with each intraday process.

The "Available Capacity" data set element will be used to provide more specific information to the TSPs in order for them to allocate capacity at constrained delivery points, if restrained by the ability of the interconnecting LDC to receive all of the gas quantities nominated at those points. The data set element will also maintain the level of information being received currently.

The information provided by this data set element will allow the TSPs to allocate capacity in a timely manner, as necessary, at constrained delivery points into an LDC's system.

El Paso Natural Gas Company, Pacific Gas & Electric Company, Mojave Pipeline Operating Company, and Transwestern Pipeline Company are the trading partners for this request.

Triage: Send to the Business Practices Subcommittee.

Priority: To be addressed in round two of the nominations requests.

Discussion: Mr. Kleinman described the request. A related SoCal order from the California Public Utilities Commission was discussed, which is the reason for the need for this request. Both Mr. Lander and Mr. Kleinman determined that this request did impact business practices.

Several questions were posed to the requesters to support the BPS process:

Is this similar to the upstream/downstream package ID situation, where it is on a mutually agreed basis between all parties, or is it on a mutually agreed basis between interconnected operators only? In other other



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words is the agreement of other parties besides the interconnected parties necessary?

What would be the implication to reduction reasons in the Scheduled Quantity document?

Is this quantity sent in the Request to Confirm document or is this quantity sent in the Confirmation Response document? Does it matter to the parties when the Business Practices Subcommittee is looking to the most efficient way to implement?

Would this data element be most appropriate in the header or the detail of the document?

Does this practice extend to all LDCs in California? Does this practice extend to LDCs in other states?

<b>III</b>	<b><u>Attendees</u></b>	<b><u>Name</u></b>	<b><u>Company</u></b>	<b><u>Present</u></b>
	Triage Members:	Kirt Kleinman	Southwest Gas	✓
		Kristine Mespelli	New England Power	✗
		Bob Wallenhorst	Exxon	✗
		Greg Lander	TransCapacity	✓
		Norm Walker	El Paso Natural Gas	✗
	Administrative:	Rae McQuade	GISB	
		JoAnn Garcia	GISB	

Subj: Amoco Comments to proposed Intraday Standards due Jan 2  
Date: 97-12-29 15:24:38 EST  
From: thomas\_g\_ehinger@amoco.com  
To: gisb@AOL.com

December 29, 1997

Re: Amoco's Comments to proposed Intraday Standards

In addition to the specific comments that I am submitting herein, I wish to draw your attention to the Natural Gas Supply Association response dated December 18, 1997 in Ferc Docket RM96-1-007 (Business Standards NOPR) pages 8-20 on intraday issues. Amoco supports those comments as well and attaches them to this reply. (It had to be scanned separately from a fax.)

#### Proposed Principles

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1.1.a - (delete) This has more to do with the definition of confirmation process than an expectation of a practice.

1.1.b - Change the word 'outlined' to 'stated'.

1.1.c - (delete) This action taken randomly by various parties would be disruptive. Point operators and confirming parties are more likely to want a cumulative report anyway. Parties may mutually agree to some short cut documents but this principle allows for a unilateral decision.

1.1.d - (delete) True-up is not a standard practice and as such cannot be added to the cycle confirmation deadline times in this way.

1.1.e - (delete) The proposed standard for 5pm intraday already disallows bumping. If this is trying to talk to other continuous cycle times then that issue is something different.

#### Proposed Standards

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1.3.2 - Add the words 'receipt of' before 'Quick Response' in all cycles. A 'Notice to Bumped Parties' document does not exist except for reference in 1.3.f.

1.3.2ii - Change the effective bump time to 5pm on flow day for the reasons expounded in the attached NGSA NOPR response.

1.3.3 - The EC approved language seems to be missing words at the end. Should read 'may waive the obligation of sender to send.'

1.3.22ii&iii - Change this to read that for the intraday nomination/confirmation process there should be explicit confirmation such that in the case of disagreement among confirming parties the previously scheduled quantity prevails. This means that affected parties must communicate for assurance of a change in noms. In other words the 'lesser of rule ' does not apply.

1.3,22iv - This should be in the form of a definition.

1.3.32 - Delete the last sentence 'TSPs may(for an interim period) limit service..' as this is not practice when working against deadlines or when expecting a quick response to allow time to resubmit corections.

#### New Proposed Standards

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1.3.b - The Explicit Confirmation should have a definition as well as being a default.

1.3.e - (rewrite) I believe we should have a common single practice for the industry to distinguish which cycle the nom is made for. I should be able to submit an intraday for that gas day for any cycle as long as it precedes the deadline time.

#### Suggested Change to Existing Standards

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1.3.20 - (rewrite) The Confirmation Requester may waive the Confirming Party's obligation for a Confirmation Response to be sent.

1.3.21 - (rewrite) The Service Requester, Service Provider and Confirming Parties should adhere to nomination, confirmation and scheduling deadlines. It is the party receiving the request who has the right to waive the deadline if done non-discriminately.

Sincerely,

Thomas G. Ehinger  
Amoco's GISB Coordinator

at (281) 366-4559 or [Thomas\\_G\\_Ehinger@Amoco.com](mailto:Thomas_G_Ehinger@Amoco.com)

December 29, 1997

Submitted as part of Amoco's comments on GISB  
Proposed Intra-day Standards.

Sincerely,

Tom Ehinger

Amoco's GISB Coordinator

\* Excerpt from Natural Gas Supply Association's  
response dated December 18, 1997 to FERC's  
Docket RM 96-1-007 (Business Standards NOPR)  
pages 8-20 on Intra-day issues.

\*

B. NGSA Generally Supports The Commission's Proposal Regarding Intra-Day  
Nominations, But With Some Reservations.

NGSA supports the general objective of the Commission to standardize pipeline business practices regarding intra-day nominations (Notice at 19-27). In particular, NGSA strongly supports those aspects of the Commission's proposal which would require that intra-day nominations be "made available to all open access services, apply to each contract between the shipper and the pipeline, and permit the shipper to request changes at all receipt and delivery points" (Notice at 26). While NGSA agrees with the

Commission's general intent in this matter, there are a several areas where NGSA offers specific recommendations for the Commission's further consideration. These suggestions are embodied in NGSA's recommended intra-day nomination schedule as illustrated in Exhibit I and are further discussed below.<sup>2</sup>

NGSA asks the Commission to consider the following NGSA recommendations to be a compromise or an interim step toward full implementation of the Commission proposal. NGSA believes that it would be unwise for the Commission to implement its current intra-day nomination proposal without any practical experience as to how it might affect natural gas market operations. Under the NGSA proposal, advocates for multiple intra-day nominations with bumping would still obtain much of what they desire while minimizing the economic impact on bumped parties.

NGSA members participated in the GISB Intra-day Task Force effort and consequently understand the reasons leading to the three intra-day nomination cycles. NGSA believes the Commission's proposal, inclusion of bumping, is an ambitious undertaking for the industry to implement such a comprehensive set of cycles. Consequently, NGSA believes the Commission should be watchful of potential adverse impacts on administrative costs, the natural gas marketplace and operational integrity.

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<sup>2</sup> For purposes of nomenclature, any nomination submitted after the Timely Nomination is due at 11:30 a.m. on scheduling day is generally referred to as an "intra-day" nomination.

**EXHIBIT I**

**NGSA RECOMMENDED NOMINATION SCHEDULE**

(Note that the NGSA proposal is totally consistent with the nomination schedule which the GISB intra-day nomination task force filed at the Commission on September 1, 1997.)

**ALL ITEMS LISTED BELOW ARE STATED IN CENTRAL CLOCK TIME (CCT)**

	Timely Nomination Cycle	Evening Nomination Cycle	Intra-day Nomination No. 1 Cycle	Intra-day Nomination No. 2 Cycle
	Scheduling Day		Gas Flow Day	
<b>Nomination Deadline</b>	11:30 a.m.	6:00 p.m.	10:00 a.m..	5:00 p.m.
<b>Confirmation Deadline</b>	3:30 p.m.	9:00 p.m.	1:00 p.m.	8:00 p.m.
<b>Scheduled Quantities Report</b>	4:30 p.m.	10:00 p.m. (Notice to bumped parties)	2:00 p.m. (Notice to bumped parties)	9:00 p.m.
<b>Effective Flow Time</b>	9:00 a.m. (Next gas day)	5:00 p.m.* (Next gas day)	5:00 p.m. (Same day)	9:00 p.m. (Same day)
<b>Bumping of Interruptible Shippers</b>	Not Applicable	Yes	Yes	No*

\* Elements of the NGSA proposal which differ from the Commission's proposal.

Furthermore, NGSA views the Commission's proposed intra-day nomination model, particularly the bumping aspects, as a clear enhancement to existing firm transportation service and a degradation to existing interruptible transportation, storage and no notice services.

1. NGSA Has Reservations Regarding The Operational Practicality Of The Last Intra-Day Nomination Cycle.

The gas producer community cautions the Commission about implementing a 9 p.m. gas flow change associated with the last intra-day nomination cycle. Such a confirmation process and the attendant changes in gas flows may be impractical for gas producers, processors, and gatherers during the night time due to difficulties in coordinating personnel, the lack of access to remote locations, and safety considerations. Aside from the gas supply community, NGSA believes that many other non-jurisdictional entities in the gas industry will also find a 24-hour business process to be untenable at this time.

2. Bumping Should Not Be Permitted During The Last Intra-Day Nomination Cycle.

The Commission raised a question in its Notice (at 21) as to whether the 5:00 p.m. intra-day nomination #2 cycle should involve bumping. NGSA supports the position that bumping should not be permitted in the 5:00 p.m. intra-day nomination #2 cycle. Because firm shippers will have had at that point three opportunities to nominate their capacity for a single gas day, it is reasonable that this last nomination to be one where a shipper's gas that is flowing will continue to do so for the remainder of the gas day. If bumping were allowed in this cycle, there would be no opportunity for a bumped party to restore its gas flow for that gas day.

Because the Scheduled Quantities Report and the Effective Flow Time occur simultaneously for the last intra-day nomination (at 9:00 p.m. on flow day), pipeline customers with previously scheduled gas would not be capable of instantaneously changing their gas flows, especially given the lack of any prior knowledge.<sup>3</sup> As a result, it is likely that bumping during the last intra-day nomination cycle will automatically cause imbalances. Not only is the requirement for an instantaneous response by bumped parties administratively infeasible, given the impracticality of altering gas field flows during the night, it might ultimately be detrimental to the perceived and tangible reliability of natural gas.

Furthermore, NGSA believes that a "no bump" policy for the 5:00 p.m. intra-day nomination #2 cycle should be uniform across all pipelines so as to ensure consistency in the grid-wide implementation of intra-day nominations. NGSA, therefore, recommends a grid-wide standard which precludes bumping in the last intra-day nomination cycle or in any subsequent nomination on a so-called "continuous" pipeline, rather than allowing pipelines to individually determine whether or not this nomination can bump.

3. The Effective Time Of The Evening Nomination Cycle Should Be 5 p.m. The Next Day.

The Notice discusses (at 22) another issue of critical importance to the industry; that is, the effective time of the 6:00 p.m. evening intra-day nomination (on scheduling day). The Notice proposes an effective time of 9:00 a.m. at the start of the gas flow day under

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<sup>3</sup> In contrast, the party submitting the last intra-day nomination would at least know of the possibility for a scheduled quantity change at 9:00 p.m. on flow day.

the rationale that firm shippers should have the right to use their capacity when they need it. NGSA believes, however, that the effective time for the 6:00 p.m. evening nomination should be 5:00 p.m. on flow day rather than 9:00 a.m., especially if that intra-day nomination cycle can bump scheduled interruptible transportation. NGSA's concerns regarding the effective time of the 6 p.m. evening intra-day nomination cycle are mitigated under the NGSA proposal.

Under the Commission's proposal, a party who is bumped by an evening nomination at 9:00 a.m. on flow day would not be able to restore flow until 5:00 p.m., resulting in eight hours without gas flow. If the effective times for the 6:00 p.m. evening nomination cycle and the 10:00 a.m. intra-day nomination #1 cycle coincided, then parties who submitted a timely nomination, and had gas scheduled to flow, would at least receive gas flow for a portion of that flow day. In addition, pipelines and their customers could more easily coordinate these bumping schedule changes with the other intra-day nomination changes, all of which are likely to have a complementary effect on each other. Consequently, under the NGSA proposal, the schedule changes caused by bumping would be kept to a minimum (refer to Exhibit I).

Another concern with the Commission's proposal regarding the effective time of the evening nomination cycle, is its potential effect on natural gas reliability. A party who had gas scheduled in the timely nomination cycle would be informed of their scheduled quantity at 4:30 p.m. on scheduling day. Under the Commission's proposal, bumped by an evening nomination parties would be informed at 10:00 p.m. on scheduling day that they were being bumped effective at 9:00 a.m. on flow day. It is likely that trading partners would have

already planned and communicated their next day's operations based on the information received at 4:30 p.m. on scheduling day. Receiving such potentially significant changes<sup>4</sup> in scheduled quantities at 10:00 p.m. on scheduling day will be difficult for the affected parties to reconcile on a timely basis. It would be more realistic from an operating perspective and provide a higher degree of reliability if the gas flows at 9:00 a.m. were to proceed as communicated at 4:30 p.m. on scheduling day. This approach would provide bumped parties and other operating parties sufficient time during the business day to adjust their operations to reflect the revised scheduled quantities that would become effective at 5:00 p.m. on flow day.

Another consequence of the Commission's evening nomination proposal is the added risk that wellhead owners and operators could be subject to an unplanned shut-in of gas which could dramatically impact gas producer economics. In a similar manner, gas consumers' end-use economics could be significantly impacted by unanticipated gas production shut-ins.

NGSA also is concerned that the Commission's proposal reduces the incentive for firm shippers to meet the timely nomination deadline. This could result in a significant number of transactions being postponed to the evening nomination cycle. Comments made by pipelines in the GISB Intra-Day Task Force effort indicate that there has, in fact, been a significant increase in evening nomination activity in situations where shippers can currently expect to be scheduled effective at the start of the gas flow day. Consequently,

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<sup>4</sup> For example, the bumping nomination may affect different receipt and/or delivery points than the bumped transactions.

under the Commission's proposal, more than just a few intra-day nominations will have to be confirmed by pipelines and interconnected parties causing a company's business hours to significantly expand. The time and effort spent confirming and allocating pipeline capacity for timely nominations would have been wasted. In this context, the Commission's proposal to initiate bumping at 9:00 a.m. (for the evening nomination) would result in a significant increase in the expenditure of gas producer, operator, and pipeline resources to achieve essentially the same flow day outcome. An outcome that is currently being accommodated by no notice pipeline service and storage service.

Parties other than shippers, specifically pipelines and interconnected operators, spend a considerable amount of time and effort to confirm and schedule nominations received in the timely cycle. The proper confirmation of a nomination involves the communication and alignment of information such as quantity, location, contract numbers and involved entities. Successfully doing so requires the involvement of personnel in the scheduling, operating, contracting, administrative, coordination and management functions of pipelines, point and plant operators, working interest owners, gatherers and agents. If a significant number of transactions move from the timely cycle to the evening cycle, the communication and parties necessary to achieve confirmation during the timely confirmation cycle (11:30 am to 3:30 p.m.) will also have the burden of doing so during the 6:00 p.m. to 9:00 p.m. evening confirmation cycle.

In addition to the potential increase in effort associated with confirming the same gas flow in two cycles, there are potential impacts on the gas commodity market as well. If a significant number of shippers fail to submit timely nominations, and bumping occurs

in the evening cycle, then gas marketers might have to sell the same gas in both the timely cycle and the evening cycle. A daily after-market could develop similar to the monthly after-market that existed when nomination deadlines for first of month flow were a number of days in advance of the start of the month. Not only would that waste effort in the timely cycle, but this would also increase the volatility of gas commodity prices. It seems inappropriate to allow the nuances of transportation scheduling to have undue influence on natural gas commodity markets.

In the Notice (at 24), the Commission states that firm shippers should have "the right to renominate their supplies to take into account changes in weather or other circumstances." NGSA believes the transportation marketplace offers a number of options to shippers to meet changing weather or circumstances, such as "swing on storage" and "no notice" services. In Order 636 (Mimeo at 85-86), the Commission describes no notice service as allowing "pipeline customers to be able to continue to receive unnominated volumes to meet unexpected requirements caused, for example, by unexpected changes in temperature. Thus, pipeline customers will be able to receive varying volumes of gas to meet their fluctuating needs during a twenty-four hour period." At the same time, and correctly so, the pipelines were provided the operational tools (e.g., storage) and revenues from no notice service to equip them with the resources to meet the fluctuating needs of shippers. Expecting all operators, wellhead working interest owners, gatherers and agents to provide the same service ignores the operational realities those parties face, ignores the fact that pipelines have been provided the means to meet those needs, and ignores the suite of services already available to shippers. Furthermore, the GISB intra-day nomination model as submitted on September 1, 1997, which differs from the Commission

proposal, does provide adequate opportunities for shippers to adjust their gas flows for the gas day with a 5:00 p.m. effective time.

From NGSA's perspective, the issue here is not with the relative priority of firm transportation (Notice at 23), but rather the practical effects of changing scheduled quantities on those parties burdened with confirming and implementing changes after the conclusion of the timely nomination process.

4. The "Lesser-Of" Rule Should Not Apply To Nominations Submitted After The 11:30 a.m. Deadline For The Timely Nomination Process.

Although not specifically mentioned in the Notice, NGSA believes that the "lesser-of" rule (GISB standard 1.3.22) should not apply to those nominations submitted after the 11:30 a.m. deadline for timely nominations. NGSA believes that the pipelines' scheduling of such intra-day nominations should be based solely on an explicit confirmation process.<sup>5</sup>

GISB standards for timely nominations and those under consideration by GISB's Intra-Day Task Force rely on a "lesser-of" rule in the confirmation process to arrive at a scheduled quantity in the event the interconnected parties cannot agree on the quantity of gas to flow at a point. Under the "lesser-of" rule, if confirming parties cannot agree on the quantities, then the lesser quantity would be scheduled. Given that the many parties involved in the timely confirmation cycle will be available during normal business hours to coordinate and agree upon the nominated quantities, NGSA does not anticipate that this

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<sup>5</sup> In an "explicit" confirmation process, all confirming parties must agree to an intra-day flow change in order for it to be scheduled; there would be no default mechanism that would cause a change to scheduled volumes, absent any agreement among the confirming parties.

rule will normally be invoked during the timely nomination cycle. Even if it does, there is less potential for adverse impacts since the gas flow day has not yet started.

The circumstances change considerably during the intra-day nomination cycles and, therefore, warrant a different set of rules. As discussed earlier, the confirmation of nominations involves parties from a wide range of entities and functions who will likely have decreased capabilities during off-hours to achieve agreement as to a change in scheduled quantities. The "lesser-of" rule provides for a default scheduling result that would bring about a deemed change in flow rates that may not be agreed to and/or may not be operationally implementable at that time. Off-hours flow changes in the producing community simply cannot be made at every one of the tens of thousands of production receipt points. Not all points are remotely controlled, and thus, flow changes must be made on-site. Some points are unsafe to access in darkness (e.g., those reachable only by water) or may not be staffed (e.g., remote offshore platforms) continuously. It is inequitable to impose a scheduling change at a point where the flow change cannot be implemented and where all involved parties have not agreed to the change. NGSA recommends an explicit intra-day confirmation process, such that unless all parties agree to a change in the currently scheduled quantity, there should be no change scheduled for that intra-day nomination cycle. Such an implementation policy would encourage the communication necessary between shipping and operating parties to accommodate intra-day changes. A rule designed solely to bring about a scheduling result on paper, which changes the imbalance obligations among trading partners, should not take precedence over the operational realities of our industry.

5. NGSA Supports The Waiver Of All Daily Imbalance Penalties For All Scheduled Gas Volumes Bumped By An Intra-Day Nomination.

NGSA also believes that the Commission should universally apply its current policy in which bumped shippers not be subject to penalties directly related to the bump on the day which the bump takes place.<sup>6</sup> Bumped shippers should not be held financially responsible for imbalances caused by another party's actions; in this case, a firm shipper's decision to request different scheduled volumes through an intra-day nomination. Bumped shippers are already "penalized" by the irrecoverable economic losses caused by resource expenditures used: 1) in submitting a timely nomination, and 2) in managing their business operations to comply with the originally scheduled volumes. These economic losses increase dramatically if a bumped shipper either is unable to reschedule its bumped volumes or loses its customer.

6. NGSA Is Concerned About Potentially Discriminatory Intra-Day Pipeline Bumping Procedures.

Given the potentially significant impact on gas producers, shippers, and operators of an intra-day nomination bumping rule, NGSA believes it is necessary for the Commission to require pipelines to implement tariff language regarding intra-day nomination bumping which precludes unduly discriminatory or preferential practices for de-scheduling (i.e., bumping) previously scheduled quantities. Currently, interruptible shippers are bumped by firm shippers on a "black box" basis, which gives the pipeline considerable discretion in determining whose volumes are bumped. This situation would be exacerbated with the implementation of intra-day nomination bumping, because it could

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<sup>6</sup> See Tennessee Gas Pipeline Company, 73 FERC ¶61,158, at 61,456 (1995).

result in the preferential bumping among similarly situated shippers, due to the tight time constraints associated with confirming and scheduling a multitude of intra-day nominations and the administrative burden of pro-rating a multitude of shippers with minor volume adjustments.

**EXXON COMPANY, U.S.A.**  
**COMMENTS REGARDING THE PROPOSED INTRADAY NOMINATION STANDARDS**

**Proposed Principle 1.1.d**

This principle addresses a confirmation procedure that is outside of existing GISB Standards and should not be adopted. The inference here is there are multiple iterations in the confirmation process. The GISB Standards only refer to the "completion" of confirmations. No deadlines exist for interim steps in the confirmation process. The purpose and benefit of developing and maintaining principles that apply only when a process (otherwise unsupported by GISB Standards) is "utilized" is unclear. Doing so may lead to individual parties seeking to have their other proprietary business practices "endorsed" by GISB as principles, which will serve only to inhibit true industry-wide standardization efforts in the future.

**Proposed Principle 1.1.e**

Exxon supports the idea behind this principle. In the interest of operational stability and the reliability of natural gas, bumping should not occur during the final intraday nomination cycle because there is no opportunity for bumped parties to restore their gas flow.

The language may need to be cleaned-up to exclude the last sentence and to clarify that the "final grid-wide" opportunity is the last of the three opportunities referenced. The language as is would suggest that a TSP who had the last grid-wide opportunity as their first of three opportunities would not be able to bump on their first intraday. Our suggested red-lined language for the opening phrase is "TSP's that **support the three grid-wide** ~~permit at least 3~~ intraday nomination opportunities ...".

**Proposed Standards 1.3.2.i, ii, iii, & iv**

The following change is needed for each of the 1.3.2 timelines: "receipt of" should be inserted between "for" and "quick" in the phrase regarding quick responses.

**Proposed Standard 1.3.2.ii**

A "Notice to Bumped Parties" document is mentioned, but no such document exists. Later, proposed standard 1.3.f lists certain documents that should be used to communicate alterations to scheduled quantities but does not specifically mention "Notice to Bumped Parties". Proposed standard 1.3.2.ii should refer to 1.3.f rather than introduce the suggestion of another document.

**Proposed Standard 1.3.2.ii**

The effective time for Evening Nominations that create a bump should be 5:00 p.m.

Establishing a 9:00 a.m. effective time leaves the bumped shipper, who submitted a timely nomination, without gas flow from 9:00 a.m. until 5:00 p.m., at the least. The earliest flow could be restored is via the Intraday 1 cycle. The effective time of the bumping nomination and the restoration of the bumped nomination should coincide.

Another area of concern on this issue centers on the possibility of a significant number of nominations being submitted during the Evening Intraday cycle that otherwise would have been submitted during the timely cycle. In the course of the Intraday Nomination Task Force effort, pipelines have commented that they have seen increased intraday activity when shippers can reasonably expect that their desired flow will be scheduled.

Increased intraday nomination activity resulting from the reduced incentive to submit timely nominations (with a 9:00 a.m. effective time) means that significant confirmation and scheduling resources would be required for the evening intraday cycle. It is important to remember that a nomination is but one step in an

**EXXON COMPANY, U.S.A.**  
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extensive process. The nomination is preceded by negotiation and contracting activity and it is followed by confirmations, problem resolution and operational implementation. If a significant number of bumping transactions occur during the evening cycle, the resources dedicated to scheduling and confirming the timely nominations would be wasted.

Incentives should be in place for shippers to conduct business within regular business hours such that TSP's and confirming parties are not attempting to resolve differences without their regular complement of commercial, legal and management personnel and do not waste the effort of those parties in the timely cycle.

**Proposed Standard 1.3.22.ii and iii**

In the absence of agreement to an intraday nomination change, the "default" should be the current scheduled quantity rather than the "lesser of" rule proposed here. One party (requesting a reduction) should not be allowed to prevail in a disagreement based on a rule designed solely to bring about a scheduling result on paper. During the intraday processes, the rule should be that all parties have to agree to a change in order for it to be scheduled. Relying on an explicit confirmation process will support the communication between shippers and operating parties that is necessary to ensure alignment of intentions.

Intraday nomination activity will likely involve changes in flow rates, and some of those flow changes may be requested at times when production facilities cannot make a change. The confirmation rules should recognize the operational realities of our industry. The explicit confirmation process allows operators to communicate what they are capable of doing with regard to an intraday nomination.

Our suggested language to replace 1.3.22.ii and iii is:

With respect to processing requests for confirmations during the intraday nomination/confirmation process, where there is disagreement regarding the proposed intraday change, the current scheduled quantity should be the new confirmed quantity.

**Proposed Standard 1.3.22.iv**

The second paragraph should be excluded from the standard.

**Proposed Standard 1.3.32**

The last sentence (beginning with "TSP's may ...") should be excluded from the standard. It is too loosely worded to be implemented effectively. Regarding the concept involved, there may be undesirable results from allowing only one transmittal per cycle, as well.

The terms "transmittal" and "interim" are undefined. The restriction in the last sentence does not appear to be limited to intraday nominations. It is unclear how the restriction would be applied on a continuous scheduling pipeline. It is unclear whether the restriction is intended to apply to EDI nominations only or to nominations submitted in any form. If the restriction applies to EDI only, it would disadvantage that form of communication.

Furthermore, forcing all shippers to submit all their nominations at the same time means every shipper would have to develop a holding mechanism for its transactions such that nothing would be submitted prior to any deadline. A shipper who submitted nominations by EBB would likely not have adequate staffing to hold all EBB nominations until the last moment.

**JOINT COMMENTS OF SALT RIVER PROJECT AGRICULTURAL  
IMPROVEMENT AND POWER DISTRICT, ARIZONA PUBLIC SERVICE  
COMPANY, MIDLAND COGENERATION LIMITED PARTNERSHIP, AND  
NEW ENGLAND POWER COMPANY**

To: GISB Executive Committee

Salt River Project (“SRP”), Arizona Public Service Company (“APS”), Midland Cogeneration Limited Partnership, and New England Power Company, active end-user participants in the Report prepared by the Intraday Nominations Task Force, and representatives of the End User Segment to the GISB Executive Committee (hereinafter “Indicated End Users”) submit the following comments with regard to certain of the Intraday Committee Contentious Issues, dated December 5, 1997, and appended as Attachment 4 to the Report.

**Issue 1: Where a firm nomination precipitates a bump during the nomination cycle starting at 6:00 PM, whether flow will be effective at 9:00 AM or 5:00 PM the next gas day.**

Indicated End Users fully support Standards Proposal 1.3.2.ii which establishes that scheduled quantities resulting from an Evening Nomination be effective at 9AM on gas day. Those who argue that bumps should only be effective at 5:00 PM the next gas day are concerned that a 9 AM effective time would require them to expand operations to accommodate possible late evening purchases and rescheduling by bumped parties. These concerns were debated in both the Standards Language Committee and the Task Force, and ultimately resulted in the adoption by the Task Force of Standards Proposal 1.3.2.ii. On a revote of the 5 PM issue at the final Task Force meeting on December 5, 1997, the Standards Proposal was reconfirmed with three of the segments failing to register any votes for the proposed change. Key arguments supporting a 9 AM effective time include the following:

1. GISB Standard 1.3.4 provides that “[a]ll parties should support a seven-days-a-week, twenty-four-hours-a-day nominations process,” and reflects industry recognition that the nomination process “is dependent on the availability of affected parties’ scheduling personnel.” The minority position is inconsistent with existing GISB standards and contrary to the multi-cycle direction that the pipeline industry is moving towards.
2. The Commission’s policy is clear that in return for their payment of fixed demand charges “firm shippers should have the right to submit an intra-day nomination on the day prior to gas flow and have that nomination become effective at the start of the gas day, rather than eight hours later.” NOPR at 22-23.
3. Contrary to the arguments of the minority, allowing a firm intra-day nomination which bumps to take effect at 9 AM will not create a disincentive for firm shippers to submit Timely noms at 11:30 AM. First, the Commission has recognized that “firm shippers do not appear to have an obvious incentive to purposefully delay their initial

nominations or to submit nominations not based on their best assessment of their needs, at the time, for the next day.” NOPR at 24-25. Second, there are many reasons why customers require the flexibility to schedule after the first timely nom. As electric utilities, for example, SRP and APS daily nominations are driven by the need to meet the changing weather demands on their systems (which can vary by as much as 40 degrees), not by whether an evening bump will allow them to “put off” a reasonable nomination. There is no basis to penalize such companies by preventing them from obtaining their requisite supplies at the start of the gas day.

4. Bumping is necessary only on pipeline systems that are constrained, and is designed to provide firm shippers with a second opportunity to schedule the capacity for which they have paid. Delaying the effectiveness of their flow for an entire gas day will only devalue firm capacity, thereby fueling the unsubscribed capacity problems already facing the gas industry. Shippers who are concerned with being bumped have other options including purchasing firm capacity (and nominating at the Timely cycle), or purchasing released firm capacity and obtaining the scheduling benefits associated therewith. See NOPR at 23.

**Issue 4: Whether in the absence of communication between TSPs during the confirmation process, the requested quantity should be the new confirmed quantity.**

Indicated End Users oppose any effort by GISB to adopt standards which condone inaction by TSPs (jurisdictional or nonjurisdictional) in response to a request for confirmation during the intraday nomination/confirmation process, thereby denying a firm shipper **who has properly arranged for the purchase and transportation of its supplies** the ability to meet its increased demands. As currently written, GISB Standard 1.3.22 requires that “[a]t a receipt or delivery point, the lesser of rule (confirmed or nominated flow) applies when confirming. If no communication is received, the lesser of the new nomination or previously scheduled quantity applies.”

Proposed Standard 1.3.22.i-iv would completely replace the existing language, but maintain the lesser of rule in situations where there is no communication. Proposed Standard 1.3.22.i would restate the rule, while Proposed Standards 1.3.22.ii and iii would apply the lesser of rule to intraday requests for increases and decreases, respectively. Specifically, 1.3.22.ii would require that where a shipper requests an increase during the intraday nom process and there is no response to a request for confirmation or an unsolicited confirmation response anywhere along the chain, the previously scheduled quantity should be the new confirmed quantity.

Communication among all participants in the transportation chain is essential to a successful intraday nomination process. To insure that these lines of communication are constantly open, GISB Standard 1.3.4, discussed above, recognizes that the reality of the pipeline industry is that the natural gas nominations and scheduling process is not a nine to five job. Someone needs to be available at all times to respond to nomination and scheduling requests, inquiries and problems. Communications between scheduling parties

always has been important; now, with an industrywide bumping policy, communication is essential.

But contrary to GISB Standard 1.3.4, Proposed Standard 1.3.22 recognizes “no communication” as an anticipated event and condones “no communication” as appropriate conduct. In so doing, Proposed Standard 1.3.22 undermines the principle that communications between interconnecting pipelines is essential to the scheduling and confirmation process. Since parties involved in this process are supposed to be available on a twenty-four hour basis, there is no reason for the absence of communication from an upstream TSP and therefore no need to provide for the “no communication” scenario; not to mention any basis for rewarding a non-communicating pipeline via a “lesser of rule.”

The inclusion of the “no communication” scenario is problematic for shippers. The failure of an upstream TSP to communicate with the downstream TSP in situations involving a nomination increase automatically triggers the “lesser of the confirmation quantity or the previously scheduled quantity” rule, preventing a shipper from receiving his increased nomination. The application of this rule is particularly offensive when applied to an intraday nomination (affecting more than one pipeline) made on the evening of scheduling day. For example, in the new bumping world, if a firm shipper submits an intraday nom to its TSP to increase its previously scheduled nom on the evening of scheduling day and lines up and confirms the necessary supply with its producer or marketer, the firm shipper should be able to rest assured that its new nom will in fact flow at 9 AM on flow day. In theory, a shipper’s confidence level in the flow of its new nom should even be heightened if the shipper knows that its producer or marketer is a firm capacity holder on any affected upstream TSPs. Despite the fact that the firm shipper has taken all the necessary steps (i.e., communicated with its supplier and immediate TSP) to insure the confirmation and reliability of its increased nom, if for some unexpected reason an upstream TSP or another party in the chain of custody (probably unknown to the shipper) fails to communicate with the downstream TSP, the “lesser of rule” dictates that the firm customer will not receive its requested increase.

Indicated End Users recognize that legitimate reasons could result in the rejection or modification of an intraday nom, but in those instances communication dictates the outcome, not the absence of communication. Our concerns are not related to situations where the TSP for operational or supply reasons cannot confirm the requested nom or needs to modify it. Rather we are concerned solely with GISB endorsement of a “no communications” scenario. With today’s technology, there is no excuse for “no communication” and thus no reason for GISB standards and/or TSP tariff provisions to condone such inaction.

**The proposed replacement to Proposed Standard 1.3.22.ii and iii, which is supported by Indicated End Users, among others, would correct this inconsistency and inequity. It would provide that if there is no response to a request for confirmation or to an unsolicited confirmation response, the requested quantity should be the new confirmed quantity, but, in any event, no less than the elapsed**

**prorated scheduled quantity (defined in Proposed Standard 1.3.22.iv). Moreover, the replacement language makes clear that TSPs may unilaterally change scheduled quantities when necessary for safety or to maintain the operational integrity of their systems.**

For the above reasons, Indicated End Users seek your support for this measure. Its adoption by GISB will send an important message to the gas industry that communication among service providers is critical to the success of an integrated and seamless North American grid, and that no less is expected.

Respectfully submitted,

By Joel L. Greene

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Dated: January 1, 1998

To: GISB Executive Committee Members

From: Koch Gateway Pipeline Company  
Mobile Bay Pipeline Company

Re: Proposed Standards and Interpretations for January meeting

Date: January 2, 1998

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Koch and Mobile Bay would like to thank the Intraday Task Force for the many hours of hard work and determination it put in to complete the Intraday Model in a timely fashion. There are a few points, however, that Koch would like to make regarding the model.

First, as we expressed in the November Task Force Meeting in Washington and in the December Task Force Meeting in Houston, Koch and Mobile Bay are opposed to the inclusion of Proposed Standard S.19 in the Intraday Task Force packet of materials (Proposed Standard 1.3.f in the materials in the EC book). The basis of our objection is the process by which this proposed standard was introduced, not necessarily its content. This item did not complete the usual course through the BPS Subcommittee, including discussion and voting. We oppose the introduction of this “incomplete” item in another, unrelated subcommittee meeting, and we fear that allowing standards to be introduced in this manner could create a precedent whereby any party favoring a proposed standard can introduce it in an unrelated forum in order to have it approved. Further, although the proposed standard passed in a simple majority vote, there were more abstentions than favorable votes, indicating, at the very least, a sense of uncertainty among a large number of individuals. We urge the EC to strike this proposed standard from the Intraday packet and send it back to the BPS, with a priority status, for completion.

We also have serious concerns about the confirmation process related to the Intraday model. This concern is based both upon experience we have related to the existing 3:30 p.m. confirmation deadline, and problems we foresee with Proposed Principle 1.1.d, which addresses “true-up” confirmations and when they should be performed. Our experience with the existing standards is that, if a package of gas moves through several pipelines, and one of the upstream pipelines waits until 3:20 p.m. to confirm with its downstream counterpart for a 3:30 p.m. deadline (as often happens), if a cut is implemented, there is insufficient time to notify all affected parties of the cut in time for the 3:30 p.m. confirmation deadline. Because there are currently no standards to address this type of problem, it is often impossible to compel a party to perform a final “true up” confirmation. The Proposed Principle 1.1.d raises the same issues. Koch and Mobile Bay suggest that the EC craft additional standards to address these issues so that all confirmation periods are encompassed and “true up” confirmations may be performed in a timely manner.

Koch and Mobile Bay are strongly opposed to the proposed penalty relief language in the “contentious issues” document. If a pipeline is unable to impose penalties upon interruptible transportation shippers who are being bumped, those shippers will have no

incentive to conform to what the pipeline requires. Obviously, this has the potential to create operational problems on the pipeline. A pipeline should have the option to waive any such penalties if it chooses. Therefore, the EC should not support or craft any proposed standard that waives all penalties associated with a bump.

Regarding the other items out for comment, Koch and Mobile Bay would like to draw the EC's attention to R97045. In another similar request (R97058A), Koch filed comments with the EC in October; at that time, we expressed reservations about the recommendation that was proposed for that request. We renew our objections here for the same reasons. Specifically, R97045 proposes to allow proprietary location codes to be employed in the absence of a verified DRN number for up to six months. Koch and Mobile Bay oppose yet another "sunset provision" being introduced to allow those parties who are obviously not complying with GISB standards to further delay compliance by up to six months. We know and appreciate the fact that when new meters are installed, DRN numbers must be created; however, these numbers can generally be obtained within a matter of days. Parties should not be allowed six months to obtain them. It must also be remembered that there are mandatory standards in place for interstate pipelines that require DRN numbers to be always be used in GISB data sets. The EC should not compound compliance problems by allowing a few parties to continue to complicate the movement of gas across the national grid for an additional six months.

Koch and Mobile Bay appreciate the EC's consideration of these comments.