



GAS INDUSTRY STANDARDS BOARD
Executive Committee Meeting
January 8, 1998 -- 9:00 a.m. to - 9:30 p.m.

The Broadmoor Hotel, Colorado Springs, CO

REVISED FINAL MINUTES

I. Introductory Items

Mr. Bray welcomed the attendees and the Executive Committee (EC) members to Colorado. Roll was called and new members were welcomed. Mr. Holbrook reviewed the antitrust guidelines. The agenda was adopted unanimously. Draft Executive Committee minutes from December 11, 1997 were reviewed and adopted with changes.

II. Proposed Standards and Interpretations

Below are the actions taken on the proposed standards and interpretations. The resulting votes are attached. A notational ballot will be sent out to EC members absent from the meeting, although the outcome of each vote taken was determined during the meeting. The proposed standards language as a result of the votes can be found on the GISB home page, in the Executive Committee area.

C97008

Mr. Greg Lander explained the language. No changes were offered to the recommended language. The interpretation was adopted unanimously with 24 votes, and at least two positive votes from each segment.

R96019

For request R96019, Mr. Buccigross and Ms. Van Pelt reviewed the recommendation. No changes were offered to the recommended language. The standard was adopted unanimously with 24 votes and at least two positive votes from each segment.

R97002

For request R97002, Mr. Lander and Ms. Hess reviewed the recommendation. The recommendation is a modification to the definition of a data element. No structural changes are recommended. No changes were offered to the recommended language. The standard was adopted unanimously with 24 votes and at least two positive votes from each segment.

R97008B

For request R97008B, Mr. Buccigross reviewed the recommendation. No changes were offered to the recommended language. The standard was adopted unanimously with 24 votes and at least two positive votes from each segment.

R97045

For request R97045, Mr. Lander, Mr. Buccigross and Ms. Van Pelt reviewed the request. Mr. Hahn raised concerns on the six month period being too long to accept deviations from the use of the common code, as recommended in the proposed standards changes. Mr. Lander suggested several situations where service providers and PI/Dwights, the assignor of the DRN code, may require extensive discussions in order to correctly assign the DRN code. Mr. Novak suggested the six month period be shortened to one month, with the requirement that the parties immediately request a code, which would not be enacted until the beginning of the month. Ms. Gussow voiced concerns that acceptance of exceptions to the standards for any period of time weakens the standards and adds complexities, which may serve as barriers to widespread implementation of the standards. Mr. Hahn suggested that the time period be shortened to two or three months. Others voiced similar concerns. Ms. Hess offered language to the effect that DRNs should be used the first full month that the location is active. Mr. Hahn suggested the following language to replace the last sentence of the footnote (on page 4 of the recommendation):

"If a proprietary point code is employed it should be used for the remainder of the nomination period, but no longer than up to two calendar months from the start of the flow period. Thereafter, the GISB common code should be employed."

Ms Gussow asked that additional language be added with an obligation on the pipelines to provide a notice to notify the shippers when the proprietary code is changed to the common code. Mr. Lander offered the following language to replace the third sentence of the footnote and drop the fourth sentence of the footnote, which was supported by Mr. Hahn:

"Within two months following the availability of the location the parties should employ the common code and no longer employ the proprietary code for identifying such location in the datasets related to the identified standards."

Mr. Hahn suggested with the agreement of several EC members that any problems with the quick turnaround assignment of a common code should be forwarded to the Common Codes Subcommittee, who will address those problems with PI/Dwights, the code assignor.

No other changes were offered to the recommended language. The standard was adopted with the revisions by 20 votes and at least two positive votes from each segment. A procedural motion was made for the Common Codes Subcommittee to address any known problems with assigning the common codes and to report their findings to the Executive Committee as soon as possible. The procedural motion passed unanimously.

R97080

The Information Requirements Subcommittee requested removal of the recommendation from the January agenda of the Executive Committee. The Information Requirements Subcommittee asked for further time to review and possibly change the recommendation. It is its expectation that the recommendation or a revised recommendation will be forwarded at a subsequent EC meeting. The recommendation may be revised to address unsolicited confirmation responses.

There was a motion to table the discussion on request R97080. The motion did not pass. The motion was made and passed to return the request to the Information Requirements Subcommittee for further action.

R97063

Ms. McQuade, Mr. Bray and Mr. Ehinger reviewed the status to date on the request and recommended language. Mr. Ehinger reviewed the substantive changes that were not agreed to in discussions held with some of the members of the Contracts Subcommittee. Mr. Bray offered that the Executive Committee could vote on the contract notationally, after review of the changes offered by Amoco that were not accepted. Mr. Ehinger added that he could not support the document as standard as he noted that it was more appropriate as a model agreement.

Mr. Ehinger of Amoco offered several changes which were accepted. The co-chairs of the FTAA task force of the Contracts Subcommittee were not present to answer questions. He further noted that

even though some of his changes were accepted, he could not support the contract as a standard. As such he proposed adoption of the contract as a model. The procedural vote passed with no opposing votes.

III. Triage Recommendations

Requests R97124 and R97125 were determined to be within scope through a unanimous affirmative vote. Mr. Lander described both requests. R97124 was recommended to be sent to the Information Requirements Subcommittee, to be addressed in their normal business. It passed unanimously. R97125 was recommended to be sent to the Business Practices Subcommittee to be addressed in the next round of nominations requests, with responses from the requesters on the questions posed:

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 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?

and Mr. Oppenheim asked that additional information be requested of the requesters:

Please provide an example of this business process.

The motion passed unanimously.

IV. Intraday Nominations Proposed Standards and Related Issues

Mr. Bray reconvened the meeting after a break for lunch. He asked that a vote be taken on the package of proposed intraday nomination standards in front of the committee, attached. If the package of thirty-one proposed standards, principles and definitions does not pass the "17/2" rule, those members that oppose the body of standards will be asked to identify their major concerns, that if addressed, may change their votes to affirmative votes. Mr. Sappenfield noted that in addition to major issues, there are some minor changes more in the nature of cleanup and clarification that should be made.

Mr. Walker made the motion to accept the package of standards as written, which was seconded. The vote was taken and did not pass (IDN1 in the voting record, Attachment 2). No end users or producers voted in favor, and three of the five service segment members did not vote in favor of the package as written.

Each of the segments were asked what features of the body of standards they opposed:

- | | | |
|------------|----|---|
| End Users: | 1. | The package was supported with the exception of the "lesser of" rule present in standards 1.3.22i, ii, and iii. |
| | 2. | Operational or commercial difficulties may be encountered if the interruptible services are bumped and there is not enough time to make needed adjustments. Adequate notice should be given, exemption from penalties when changes are required as a result of bumping. |
| Producers: | 1. | Effective time of the evening nomination should be 5 p.m. instead of 9:00 a.m. |
| | 2. | Lesser of rule |
| | 3. | No penalties on the day the bumps occur for the parties affected by the bump. |
| | 4. | Delete all principles other than 1.1b |
| Services: | | (Donna Scott, Carl Caldwell and Mark Scheel) |
| | 1. | Clean-up issues - 1.3.32 define transmittal |
| | 2. | Minor wording changes. |
| | 3. | Review principles to see if they add value. |

4. For the 6 p.m. evening nomination cycle, when does bumping become effective? It is important to balance the rights of a firm shipper with the rights of an interruptible shipper.
- LDCs
1. No concerns with the body of standards.
 2. Concerns with modifications to the body of standards as written. Many concessions have already be written into the body of standards and the body should be viewed as a compromise model.
- Pipelines:
1. No concerns with the body of standards
 2. Concerns with modifications to the body of standards as written. Many concessions have already be written into the body of standards and the body should be viewed as a compromise model.

Commenters were thanked for providing written text to the Executive Committee. Mr. Keeler noted that the Commission through the NOPR has offered direction.

The Executive Committee then reviewed the model and associated standards for language changes and identification of issues to be addressed. A number of minor wording changes were made by unanimous consent prior to addressing the major issues. A red-lined version was produced and distributed. The Executive Committee then reviewed the document and discussed the next steps. The two primary issues were the 9:00 a.m. effective time for bumping, and the "lesser of" rule.

DISCUSSION OF THE 9:00 a.m. EFFECTIVE TIME FOR BUMPING:

Mr. Keeler offered that the EC should take a vote on the support for and against the 9:00 a.m. and 5:00 p.m. effective flow time for the intraday nominations. Members discussed the possibility of the Commission changing its position cited in the NOPR on the 9:00 a.m. effective flow time, with varying opinions. The model and associated standards support the positions cited in the NOPR. Discussion ensued, as some members do not support the 9:00 a.m. effective flow time as cited in the NOPR, while other members did support the 9:00 a.m. effective flow time for intraday nominations -- the threshold issue on the proposed standards for Intraday Nominations.

Mr. Hahn asked if some members could convince him that the timely nomination cycle would not be eroded by a second opportunity for 9:00 a.m. scheduling. If he were convinced that the timely nomination cycle would not be eroded, then he would support the 9:00 a.m. time. Ms. Daly noted that the end user segment has always supported a 9:00 a.m. effective flow time and has always opposed arguments in favor of the 5:00 p.m. effective flow time. She noted that this is a quality of service (firm versus interruptible) issue and that the argument that a 9:00 a.m. flow time would eliminate shippers' incentives to nominate in a timely fashion is not a legitimate one. In Ms. Daly's opinion, firm shippers have an incentive to nominate timely because if they wait to nominate until the intraday cycle, they are in jeopardy of losing their capacity to firm secondary point holders. Mr. Walker, Ms. Corman and Mr. Lander opposed reconsideration of the original 5:00 p.m. model with no bumping -- they reminded the group that the original 5:00 p.m. model employed no bumping and was therefore outdated in light of the NOPR. Mr. Lander echoed Ms. Daly's opinions regarding market realities, and that the timely nomination cycle would not be eroded though use of the intraday nomination cycle effective at 9:00 a.m.

Mr. Bray asked if GISB could consider 9:00 a.m. for the period of one year. If it does not work, the standards could be changed to more accurately reflect the marketplace requirements. He also offered that if the debate is between 9:00 a.m. and 5:00 p.m., possibly the difference could be split to 1:00 p.m. Mr. Novak and the LDC segment did not support the 1:00 p.m. proposed cycle for consideration. Mr. Novak noted that the LDC segment firmly supports the 9:00 a.m. cycle.

Mr. Wallenhorst stated that the only reasons that he has heard of today for intraday nominations with bumping is to react to weather conditions. He added that there are other ways to accommodate weather conditions. The 1:00 p.m. cycle for consideration is a possibility, but the request by Mr. Bray to consider support of the enacting of the 9:00 a.m. cycle for one year is not feasible because he expects that the decision in front of the Commission is either 9:00 a.m. or 5:00 p.m. Mr. Scheel explained the difficulties operationally with the 9:00 a.m. cycle for interruptible service which is bumped. He added that the 5:00 p.m. alternative is a compromise. Mr. Scheel noted that Mr. Caldwell's suggestion of another cycle time with a reaction time built in for interruptible service that is bumped bears merit. Only the

bumped shippers would be allowed to use this cycle. He asserted that 10 p.m. notification of bumped interruptible service for 9:00 a.m. flow is not adequate time to support his customers.

Mr. Betonte noted that firm rights are separate from interruptible rights, and firm shippers should have the rights to bump interruptible transportation. Mr. Walker supported Mr. Betonte's statements. He added that to avoid being bumped, possibly firm transportation service should be used instead of interruptible service.

Mr. Sappenfield observed that the 9:00 a.m. or 5:00 p.m. cycle does not seem to be an issue unless there is bumping. In order to serve the electric market, he added that the 5:00 p.m. cycle may have the same effect on the IT shippers as the 9:00 a.m. cycle. He further added that more cycles may be needed as we support the electric industry. Mr. Keeler reiterated Mr. Sappenfield's point that we are discussing bumped gas, a narrow issue. He added that the arguments cited in the NOPR RM96-1-007 are difficult to counter, that the firm shippers have paid for the rights to the capacity, and can use them. If the IT shippers want to assure capacity, they should purchase firm transportation. Mr. Wallenhorst noted a problem that when the firm transportation rates were set they did not reflect intraday nominations cycles or bumping.

Mr. Lander noted that the 9:00 a.m. effective time for bumping is a reality. He added that a possible discussion to alleviate concerns on the 9:00 a.m. effective flow time is the waiver of penalties for bumped shippers that have not been able to make the necessary adjustments because of the intraday nomination cycle. He offered that until the earlier of an interim period of time or until appropriate services were available and parties have had time to put mechanisms in place to support the 9:00 a.m. effective time for bumping, that the penalties would be waived.

Mr. Smith noted that there are other reasons for bumping other than the weather. Changes in prices across the pipeline grid may be another reason why firm shippers would bump interruptible shippers. He added that firm shippers have paid for that right. He asked that if compromises are reached on the "lesser of" rule, the vote on the model may have only the producing segment in opposition. Mr. Ehinger explained that the situation that the producers find themselves in is unfair. They have filed comments with the Commission suggesting changes to the NOPR RM96-1-007 regarding the 9:00 a.m. cycle. They cannot be expected to support proposed standards that undermine positions that they have taken with the Commission. He added that the producing community will bear the financial burden if the 9:00 a.m. cycle is supported. Mr. Walker countered that other segments will also bear the costs of implementing these standards, should they be passed. Mr. Lander summarized that this is an educational and transitional issue for the market.

As a straw vote on the 9:00 a.m. effective time for bumping, (IDN2 on the voting record, Attachment 2) there were eighteen votes in favor, five in opposition and one vote recorded as an abstention. As a straw vote on the 5:00 p.m. effective time for bumping, there were five votes in favor, eighteen votes in opposition and one vote in abstention, (IDN3 on the voting record, Attachment 2).

"LESSER OF" RULE

The end user segment through Mr. Greene and Ms. Mespelli explained their concerns with the "lesser of" rule. Their proposed revision to 1.3.22iii is:

If there is no response to a Request For Confirmation or to an Unsolicited Confirmation Response (no communication), and if intraday nomination fails to be scheduled, the nomination should revert back to the previously scheduled quantity with an explicit notification of where the intraday nomination failed. Critical to this position is the support of title transfer tracking and its use in the industry to identify where the non-communication occurred. This is meant to apply to all intraday nominations -- both increases and decreases in quantities.

Several alternatives to 1.3.22.ii and 1.3.22.iii were considered by the end user segment to address concerns stated in the comments. A break was taken to reach consensus.

At the end of the break, Mr. Lander explained that five types of information could be given in the notification of why an intraday nomination failed:

- (1) the Service Requester's Transportation Service Provider did not conduct the confirmation,

- (2) the Service Requester is told by its Transportation Service Provider that the upstream TSP did not conduct the confirmation,
- (3) the Service Requester is told by its Transportation Service Provider that upstream Service Requester did not have the gas or submit the nomination,
- (4) the Service Requester is told by its Transportation Service Provider that that the downstream Transportation Service Provider did not conduct the confirmation, or
- (5) the Service Requester is told by its Transportation Service Provider that downstream Service Requester did not have the market or submit the nomination

The information is given to the Service Requester from its Transportation Service Provider. It could be imparted on the Scheduled Quantity document through the reduction reason data element.

Ms. McVicker stated that in the spirit of compromise, some of the end users would support the following:

In exchange for support of the 9:00 a.m. cycle, there are three situations to address failure of the intraday nomination:

- (1) in the case of no communication, the previously scheduled quantity would apply.
- (2) in the case of disagreement and the intraday nomination was an increase in quantity, the lesser of rule would apply, and
- (3) in the case of disagreement and the intraday nomination was a decrease, the greater of rule would apply.

In all situations, explicit notification of the reason why the intraday nomination failed is required as described above.

Mr. Hahn responded to Ms. McVicker that he considered her proposal a reasonable approach, which he wanted producers to consider since that would address some producer concerns as well. Further discussion occurred after which the end user proposal was withdrawn.

Mr. Keeler offered the following standards language to reflect the intent of the compromise:

1.3.22 With respect to the process of intraday nominations:

- (ii) If there is no response to a Request For Confirmation or to an Unsolicited Confirmation Response (no communication), the previously scheduled quantity would remain the confirmed quantity, and the Transportation Service Provider should provide the Service Requester with notice of where the nomination confirmation failed initially.
- (iii) If nomination differs on the direction of the change in quantity from the previously scheduled quantity, the previously scheduled quantity would remain the confirmed quantity, and the Transportation Service Provider should provide the Service Requester with notice of where the nomination confirmation failed initially.
- (iv) If the nominations agree on the direction of the change in quantity from the previously scheduled quantity, but differ on the quantity, the nomination closest to the previously scheduled quantity should be the new confirmed quantity, and the Transportation Service Provider should provide the Service Requester with notice of where the nomination confirmation failed initially.

Further discussion was needed before a compromise could be reached. In the lack of communication, the current compromise language would preclude bumping, which was not intended. The topic will be addressed further tomorrow.

PLANS FOR DISCUSSION ON JANUARY 9

For planning for Friday morning, Mr. Bray suggested a return to the topic of the 9:00 a.m. cycle debate. He suggested a solution to the concern that the question is still open at the Commission through the NOPR. A predicate could be added that agreement with the standards does not obviate the right of

individuals to argue other positions in front of the FERC. Mr. Hahn offered other alternatives for discussion.

For planning for discussions on the "lesser of" rule, an example was demonstrated by Mr. Novak. After much discussion, Mr. Smith noted that the end users would consider the original language proposed in 1.3.22 ii, iii, and iv, with additions for explicit notification. Mr. Love and Mr. Lander noted that bumping of gas moving across multiple pipelines only works when the "lesser of" rule is applied. Mr. Beaver added that in the case of no communication, bumping may not occur. Ms. Corman noted that two different sets of standards may be required when an intraday nomination is not confirmed -- one in the case where bumping occurs, and one in the case where no bumping occurs. The end users were asked by Mr. Bray to work with Shelley Corman and Paul Keeler to arrive at language to address the "lesser of" rule concerns and present their findings when the meeting reconvened tomorrow. Mr. Bray also asked the EC members to consider a solution that did not specify the effective flow time for 6:00 p.m. intraday nomination that precipitates a bump.

The meeting adjourned at 9:30 p.m., and is set to reconvene at 8:00 a.m. on January 9.



GAS INDUSTRY STANDARDS BOARD
Executive Committee Meeting
January 9, 1998 -- 8:00 a.m. to - 1:30 p.m.

The Broadmoor Hotel, Colorado Springs, CO

REVISED FINAL MINUTES

Mr. Bray reconvened the meeting at 8:35 a.m. He welcomed the members and reminded them that the EC members are here to represent the industry as a whole and that we are a continuous improvement organization. He urged the members to come to a resolution on the issue of intraday nominations. Mr. Holbrook gave the antitrust guidelines.

"LESSER OF" RULE

Mr. Smith and Mr. Greene presented the end user proposal. Mr. Smith offered an additional standard:

With respect to 1.3.22 i, ii, and iii, if there is no response to a request for confirmation or an unsolicited confirmation response, the TSP should provide the Service Requester with the following information to explain why the nomination failed, as applicable:

- (1) the Service Requester's Transportation Service Provider did not conduct the confirmation;
- (2) the Service Requester is told by its Transportation Service Provider that the upstream confirming party did not conduct the confirmation;
- (3) the Service Requester is told by its Transportation Service Provider that upstream Service Requester did not have the gas or submit the nomination;
- (4) the Service Requester is told by its Transportation Service Provider that the downstream confirming party did not conduct the confirmation;
- (5) the Service Requester is told by its Transportation Service Provider that downstream Service Requester did not have the market or submit the nomination.

This information should be imparted to the SR on the Scheduled Quantity document.

There would be no suggested changes to the 1.3.22i, ii, and iii as presented in the original proposal.

The five items are listed as alternatives, and possibly more than one of the items (1 through 5 above) should be sent to the Service Requester. As such the language was amended (as represented above) to allow for multiple types of information sent.

Ms. Davis noted that the reduction reason data element is currently Sender's Option and to obtain the result desired by the end users, the conditionality would have to change to mandatory for all nominations and that there would be difficulty in making such a change. The end users explained that the above information (five items) was only needed in the case of intraday nominations where there is no

communication. It was determined that this limited use could be obtained in the implementation developed by the Information Requirements Subcommittee. Mr. Buccigross offered amending the language to be specific to the Scheduled Quantity document only. The amendment was accepted and is reflected in the language above.

Mr. Wallenhorst noted that the language did not address operators, and a similar construction was needed. Mr. Lander offered the following language to address Mr. Wallenhorst's earlier concerns. No vote was taken on the language, and it is not included in any of the votes considered.

With respect to 1.3.22 i, ii, and iii, if there is no response to a request for confirmation or an unsolicited confirmation response, the TSP should provide the confirming party with the following information to explain why the nomination failed, as applicable:

- (1) the Sending Transportation Service Provider did not conduct the confirmation;
- (2) the downstream operator is told by the sending Transportation Service Provider that the upstream confirming party did not conduct the confirmation;
- (3) the downstream operator is told by the sending Transportation Service Provider that the upstream Service Requester did not have the gas or submit the nomination;
- (4) the upstream operator is told by the sending Transportation Service Provider that that the downstream confirming party did not conduct the confirmation;
- (5) the upstream operator is told by the sending Transportation Service Provider that the downstream Service Requester did not have the market or submit the nomination.

This information should be provided imparted to the confirming party on the Scheduled Quantity for Operators document.

Mr. Buccigross made a motion, seconded by Mr. Walker that a vote be taken to adopt the package of standards and model as modified yesterday, with the additional standard. The vote failed with four producers and one service segment member voting in opposition, (IDN4 on the voting record, Attachment 2).

9:00 A.M. CYCLE

Mr. Bray offered that the model and the standard 1.3.2.ii be modified to replace a blank with the references to 9:00 a.m. Mr. Hahn offered alternative language in 1.3.2.ii. Mr. Hahn and Mr. Keeler joined by Mr. Lander drafted and offered the following language:

1.3.2.ii The *Evening Nomination cycle*: 6:00 pm for nominations leaving control of the nominating party; 6:15 pm for receipt of nominations by the transporter; 6:30 pm to send Quick Response; 9:00 pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; 10:00 pm for TSP to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the day prior to flow).

Scheduled quantities resulting from an Evening Nomination should be effective at 9 a.m. on gas day where there is available capacity; and where a nomination causes a bump the effective time would be [].

Explanatory Comments: The blank effective time would be specified once the final order on RM96-1-007 is issued.

The transmittal letter to the Commission in March should be specific as to the reason for the blank. A group of five EC members will work with Mr. Holbrook to draft the transmittal letter. It was offered that the transmittal letter include the previous vote failure as the reason for a compromise through the insertion of the language into 1.3.2.ii. The previous vote results should also be included in the transmittal letter, identifying those members that opposed the previous vote on the model and standards. The drafting team was identified as Mr. Love, Ms. Daly, Mr. Novak, Mr. Scheel, and Mr. Hahn.

After Ms. Davis expressed concern over part of the language, Mr. Hahn and Ms. Corman suggested the following language which was accepted:

Scheduled quantities resulting from an Evening Nomination that does not cause another Service Requester on the subject TSP to receive notice that it is being bumped should be effective at 9 a.m. on gas day; and when an evening nomination causes another Service Requester on the subject TSP to receive notice that it is being bumped, the scheduled quantities should be effective at [] on gas day.

Explanatory Comments: The blank effective time would be specified by GISB once the final order on RM96-1-007 is issued.

A motion was made to accept the language proposed by Mr. Hahn and Ms. Corman. A second vote on the model with the package of 31 proposed standards with the following modifications for the lesser of rule, the blank for the 9:00 a.m., and the minor changes agreed to yesterday, and the letter of transmittal. The vote failed, with four producers and one service company member voting in opposition, (IDN5 in the voting record, Attachment 2). Mr. Hahn left the meeting at 10:20 a.m.

OTHER ISSUES ON INTRADAY STANDARDS

The producers voting in opposition to the body of standards explained that they did not support the previous vote on the model and standards because there were other outstanding issues they had earlier identified that had not been discussed. The Executive Committee determined to review each of the major concerns cited by the segments, beginning with the producer concerns.

The decision was made to discuss for 20 minutes the topic of waiving penalties. Mr. Holbrook noted that specific pipeline practices on waivers should not be discussed. Ms. Gussow and the producers discussed the needs to waive penalties, and notification to avoid unexpected penalties. Ms. Corman explained that there is a difference between not receiving notification of the bump and non-compliance with such notice. Mr. Scheel voiced concerns on the need for adequate notice to interruptible shippers when bumping affects their nomination such that they can take action, (i.e. re-nominate), to avoid penalty. He suggested adequate notice should be given or the penalties should be waived. Further discussion occurred on penalties. There was no consensus to add standards on waiving penalties.

A decision was made to discuss deletion of proposed principles other than 1.1a and 1.1b for 15 minutes. Mr. Ehinger described the reasons for the deletion of the principle 1.1c:

1.1c Communication of scheduled quantities documents during the intraday time cycles should move towards change only processing.

He noted further that the industry does not have experience with "change only" types of transactions. Ms. Scott said that to support Mr. Ehinger's concerns as an operator, this principle could be effective only for the Scheduled Quantity document, not the Scheduled Quantity for Operators document. Mr. Ehinger did not support Ms. Scott's suggested change. Ms. Gussow supported the deletion of principle 1.1.c. Mr. Walker noted his support for the principle and added that as a principle it is a guide to the industry. It was deleted through a procedural vote.

Mr. Wallenhorst explained why he proposed deleting the following principle 1.1d:

1.1d To extent that true-ups are utilized by a TSP, true-up of the upstream and downstream operator's initial confirmation by the TSP should be done after the initial confirmations are received.

Initial Confirmations should be completed sufficiently in advance so that true-up confirmations can be completed by the end of the confirmation period for each cycle as stated in the standards. Final confirmation true-ups should be used by TSPs for scheduling and communication in Scheduled Quantity documents.

(Confirmation true-up is the process of resolving confirmation differences at an interconnect prior to pending confirmation deadline).

Mr. Scheel added that several new processes are reflected, such as initial confirmation, but they do not appear in the current model. A motion was made to delete principle 1.1d which passed with one vote in opposition.

Mr. Ehinger voiced confusion over proposed principle 1.1e :

- 1.1e TSPs that permit at least 3 grid-wide intraday nomination opportunities should provide that no grid wide bumping should occur at the final grid wide intraday nomination opportunity of the gas day. In the GISB Intraday Nomination Model, the final grid wide intraday nomination opportunity is the 5 p.m. nomination (Intraday 2 Nomination).

Its purpose was explained by Mr. Greene. Ms. Corman noted that some of the issues addressed in the principle are reflected in the model. Mr. Greene supported retaining the principle. The principle was retained with the agreement to add "Nomination" to the parenthetical (as shown above).

Mr. Ehinger noted his concern with standard 1.3.32

1.3.32 (replaces existing standard)

For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per GISB Standards 1.2.1) which a service requester may submit at any one standard nomination cycle or in total across all standard nomination cycles. TSPs may (for an interim period expiring on April 1, 1999) limit service requesters to one transmittal of nominations per standard intraday nomination cycle, (excluding corrections of errors identified in the Quick Response).

and noted that interim period is not defined and that the last sentence should be removed. Ms. Corman countered that if the industry is not yet willing to go to change only processing, the last sentence is needed. She offered that an interim period could be defined as a specific period of time. Mr. Novak offered and she supported a date of April 1, 1999, which is reflected in the above second parenthetical statement. Mr. Ehinger did not support the changes offered by Ms. Corman and Mr. Novak. Language was added such that the limitation does not apply to the correction of errors which is reflected in the above third parenthetical statement. Ms. Gussow suggested that the last sentence be dropped and addressed on a pipeline by pipeline basis. A motion was made to support the above language, with twenty-one votes in favor and one vote in opposition. The change was accepted.

The producers' major issues were addressed as they had been specified on January 8, and the services segment was asked to review their major issues. Ms. Scott noted that her major concerns on standard 1.3.2 and its use of "provide." Ms. Corman offered the following to address Ms. Scott's concerns:

- 1.3.2v For purposes of 1.3.2 ii, iii, and iv, "provide" shall mean for transmittal pursuant to standards 1.4x, receipt at the designated site and for purposes of other forms of transmittal, it shall mean send or post.

The language was adopted. Mr. Sappenfield supported changing 1.3.2.ii, iii and iv phrasing to "to noon to send Quick Response", and conforming changes to the phrasing for other cites of "for Quick Response" to "to send Quick Response". There was no opposition and the changes 1.3.2 ii, iii, and iv were made.

Mr. Ehinger and Ms. McQuade reviewed the language changes for standard 1.3.20:

- 1.3.20 The receiver of a nomination initiates the confirmation process. The party that would receive a Request For Confirmation or an unsolicited Confirmation Response may waive the obligation of the sender to send.

There was no voiced opposition to the change and it was accepted.

Mr. Scheel noted the "Notice to Bumped Parties" document should be addressed because the transaction does not exist today. He added though that it was not critical that it be resolved in this round of consideration of Intraday Nominations standards. The standards that originally reflected this transaction, 1.3.2.ii and 1.3.2.iii were changed to remove reference to a specific transaction and replaced with "receive notice that it is being bumped". All major issues cited by the services segment were addressed. There were no major issues to be addressed by the pipeline or LDC segments.

FINAL MOTION ON INTRADAY STANDARDS

A motion was made and seconded to support all of the changes made to the proposed standards, including the standard 1.3.2.ii which contains a blank time for the effective flow time of the evening cycle intraday nomination, subject to final sign-off by each Executive Committee member for

errors and omissions which were supported by the transcript, and a transmittal letter to the Commission explaining why the blank time in standard 1.3.2.ii was supported.

Mr. Ehinger asked that the vote on the standards be postponed to February in order to allow for distribution and review by his segment. Others did not support Mr. Ehinger's request and the motion was not changed. A vote was called and the body of standards were adopted by the Executive Committee with twenty-one in favor and two opposed, (IDN6 in the Voting Record, Attachment 2). Each segment had a minimum of two affirmative votes.

X. Other Business

No other business was discussed. Other items on the agenda which were not addressed will be placed on the February 12 meeting agenda.

XI. Adjourn

The next meeting will be held on February 12 from 8:00 a.m. to 4:30 p.m. in Jacksonville at the Amelia Island hotel. Materials were distributed regarding discounted rates for the hotel rates and air travel, (please call the GISB office for information, (713)757-4175). There was a motion to adjourn which was seconded and passed. The meeting was adjourned at 1:30 p.m.

- Attachments:
1. Attendance
 2. Voting Record
 3. Standards & Interpretation Language Adopted by the Executive Committee
 4. Executive Committee Adopted Intraday Nominations Standards
 5. Original Intraday Nominations Standards