

North American Energy Standards Board

Executive Committee Meeting

Wholesale Electric Quadrant
Retail Gas Quadrant
Retail Electric Quadrant
Wholesale Gas Quadrant

June 3-5, 2003

Washington, D.C.

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

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NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
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1. Welcome and Opening Remarks

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- ***Antitrust Guidelines***
- ***EC Members and Terms***
- ***Schedule of 2003 Meetings***

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

1. Welcome and Opening Remarks

- The NAESB Office thanks Ms. Arnaout and the American Gas Association for hosting the June 3-5 Executive Committee meeting. The meeting arrangements are posted and were contained in the meeting announcement.
- For further assistance please reach:

Veronica Thomason at (713) 356 - 0060
- The officers presiding over the Executive Committee meeting are:

Jim Buccigross	- Chairman, presenting the WGQ
Steve Corneli	- WEQ Vice Chairman
Mike Novak	- RGQ Vice Chairman
Jim Minneman	- REQ Vice Chairman
Rae McQuade	- Executive Director and COO
Todd Oncken	- Antitrust Counsel
- Transcripts will be available and can be ordered either during the meeting, or by contacting the NAESB office after the meeting for further information, 713-356-0060.
- To participate by phone, please call the NAESB Office (713-356-0060, naesb@aol.com) for conference calling information.

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1. Antitrust Guidelines

- The antitrust guidelines will be covered by Mr. Todd Oncken. The points are:

Antitrust guidelines direct meeting participants to avoid discussion of topics or behavior that would result in anticompetitive behavior including: restraint of trade and conspiracies to monopolize, unfair or deceptive business acts or practices, price discriminations, division of markets, allocation of production, imposition of boycotts, and exclusive dealing arrangements.

Any views, opinions or positions presented or discussed by meeting participants are the views of the individual meeting participants and their organizations. Any such views, opinions or positions are not the views, positions or opinions of NAESB, the NAESB Board of Directors, or any NAESB Committee or Subcommittee, unless specifically noted otherwise.

As it is not the purpose of the meeting to discuss any antitrust topics, if anyone believes we are straying into improper areas, please let us know and we will redirect the conversation.



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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**NORTH AMERICAN ENERGY STANDARDS BOARD
2003 EXECUTIVE COMMITTEE TERMS – Wholesale Gas Quadrant
As of May 18, 2003**

End User Segment		Term Ending
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	Dec 31, 2005
Gary Hinners	Director of Natural Gas Regulatory Issues, Reliant Energy Services, Inc.	Dec 31, 2005
Kelly Daly	Partner, Stinson, Morrison & Hecker, rep. Arizona Public Service Co.	Dec 31, 2004
Dona Gussow	Contracts Coordinator, Florida Power and Light	Dec 31, 2003
Tina Burnett	Natural Gas Operations Administrator, The Boeing Company	Dec 31, 2003
Distribution Segment		
Rodger Schwecke	Pipeline Products Projects Manager, Southern California Gas	Dec 31, 2005
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	Dec 31, 2005
Chris Maturo	Director, Operations Integration, NiSource, Inc.	Dec 31, 2004
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	Dec 31, 2003
Steve Sullivan	Regulatory Manager of Gas Supply, Consolidated Edison of NY	Dec 31, 2003
Pipeline Segment		
Mark Gracey	Consultant – Transportation Services, Tennessee Gas Pipeline Co.	Dec 31, 2005
Bill Griffith	Director, Transmission & Storage, Colorado Interstate Gas Co.	Dec 31, 2005
Dale Davis	Consultant, Williams Gas Pipeline	Dec 31, 2004
Randy Young	Director Regulatory Compliance, Gulf South Pipeline	Dec 31, 2003
Kim Van Pelt	GISB Coordinator, CMS Panhandle Eastern Pipe Line	Dec 31, 2003
Producer Segment		
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company	Dec 31, 2005
Paul Keeler	Managing Attorney, Marketing, Burlington Resources	Dec 31, 2005
Sheri Heslington	Dominion Exploration	Dec 31, 2004
Richard Smith	Director, Regulatory Affairs, ExxonMobil	Dec 31, 2003
Mike Shepard	General Counsel, Mewbourne Oil Company	Dec 31, 2003
Services Segment		
Suzanne Calcagno	Associate Director – Regulatory Compliance, UBS Warburg Energy	Dec 31, 2005
V A C A N C Y	V A C A N C Y	Dec 31, 2005
Leigh Spangler	CEO, Latitude Technologies	Dec 31, 2004
Jim Buccigross	Vice President, 8760 Inc.	Dec 31, 2003
Keith Sappenfield	Regional Director – US Regulatory Affairs, EnCana Marketing (USA) Inc.	Dec 31, 2003

OFFICERS: Jim Buccigross is 2003 chairman of the Executive Committee, Mike Novak is 2003 RGQ vice chairman; Jim Minneman is the 2003 REQ vice chairman, and Steve Corneli is the 2003 WEQ vice chairman.



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2003 EXECUTIVE COMMITTEE TERMS – Retail Electric Quadrant
As of May 18, 2003**

Distribution Segment		Term Ending:
Ruth Kiselewich	Director Special Projects and Supplier Services, Baltimore Gas & Electric Company (MAAC NERC Region)	Dec 31, 2005
Terry Moran	Regulatory Issues Manager, PSEG (MAAC NERC Region)	Dec 31, 2005
William Newbold	Strategy Manager of Electric Choice Implementation Team, Detroit Edison (ECAR NERC Region)	Dec 31, 2004
Jonathan Kubler	Manager of Pricing and Rates, Georgia Power Company	Dec 31, 2004
End User Segment		Term Ending:
V A C A N C Y		Dec 31, 2005
Steve LaFond	Corporate Electricity Resources, The Boeing Company	Dec 31, 2005
Barbara Alexander	Consumer Affairs Consultant, State of Maine Public Advocate	Dec 31, 2004
V A C A N C Y		Dec 31, 2004
Services Segment		Term Ending:
Jim Minneman	Director of Business Services, PPL Solutions LLC	Dec 31, 2005
Dick Brooks	Independent Consultant	Dec 31, 2005
Rob Connell	Manager of Commercial Systems Applications, Electric Reliability Council of Texas	Dec 31, 2004
Mark S. Jarrett	Team Leader – Market Information and Analysis, Market Intelligence, Southern Company	Dec 31, 2004
Supplier Segment		Term Ending:
Bill Barkas	Manager of Retail State Government Relations, Dominion Retail, Inc.	Dec 31, 2005
Margarida Williamson	Senior Counsel, Calpine PowerAmerica, LP	Dec 31, 2005
V A C A N C Y		Dec 31, 2004
V A C A N C Y		Dec 31, 2004



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As of May 18, 2003**

End User Segment		Term	Sub-Segment
John Hughes	Director Technical Affairs, Electricity Consumers Resource Council (ELCON)	12-31-2005	Large Industrial
David Meade	Manager Structured Power, Praxair, Inc.	12-31-2004	Large Industrial
Steve Sayuk	Manager Americas Supply, Power & Gas Services Group, ExxonMobil Power & Gas Services, Inc.	12-31-2004	End Use (Self Generation)
Randy Corbin	Assistant Director Analytical Services, Ohio Consumers' Counsel	12-31-2005	Commercial/Residential
Paul Jett	Manager of Electric System Operation Customer Choice Transition, Cinergy Services Inc.	12-31-2005	End Use (In other segments as well)
Lou Ann Westerfield	Policy Strategist, Idaho Public Utilities Commission, rep. National Association of Regulatory Utility Commissioners	12-31-2004	Regulators
Distribution/LSE Segment		Term	Sub-Segment
Thomas Ringenbach	Manager Business Standards, American Electric Power Service Corporation	12-31-2004	IOU
Jack Leonard	Director, Transmission Management, Exelon PECO Energy	12-31-2005	IOU
Patrick W. Frazier	Vice President of Energy Operations, American Municipal Power Ohio Inc.	12-31-2004	Muni/Coop
Daniel E. Cooper	Engineering Manager, Michigan Public Power Agency	12-31-2005	Muni/Coop
Syd Berwager	Senior Manager Policy Coordination and Project Management, Bonneville Power Administration/Power Business Line	12-31-2005	Other
V A C A N C Y	V A C A N C Y	12-31-2004	Competitive Retailer
Generation Segment		Term	Sub-Segment:
Bob Goss	Deputy Assistant Administrator of Power Resources, Southeastern Power Administration	12-31-2004	Fed/State/Prov.
Louis Oberski	Transmission Manager, Dominion Energy Marketing Inc.	12-31-2004	IOU
Tony Reed	Project Manager, Southern Company Generation and Energy Marketing	12-31-2005	IOU
Barry Green	Manager US Regulatory Affairs, Ontario Power Generation	12-31-2004	Merchant
Steven B. Corneli	Director of Regulatory Affairs, NRG Power Marketing Inc.	12-31-2005	Merchant
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	12-31-2005	Muni/Coop
Marketer/Broker Segment		Term	Sub-Segment:
Gary L. Jackson	Senior Manager External Markets and Policy, Tennessee Valley Authority Bulk Power Trading	12-31-2005	Fed/State/Prov
Joel Dison	Project Manager, Southern Company Generation	12-31-2005	IOU Affiliated



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	and Energy Marketing		
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	12-31-2004	Muni/Coop
Charles Yeung	Director of Business Standards, Reliant Resources	12-31-2004	Not IOU Affiliated
Alan Johnson	Senior Policy Analyst, Mirant	12-31-2005	Not IOU Affiliated
Michael F. Gildea	Director of Regulatory Policy, Duke Energy North America	12-31-2004	IOU Affiliated

Transmission Segment		Term	Sub-Segment:
Steven C. Cobb	Manager Grid Access and Scheduling Services, Salt River Project	12-31-2004	Fed/State/Prov.
Darrell Gerrard	Vice President Transmission Systems, PacifiCorp	12-31-2004	IOU
John E. Lucas	Manager, Transmission Services, Southern Company	12-31-2005	IOU
Mary Ellen Paravalos	Manager ITC Development, National Grid USA	12-31-2005	ITC
Dan Klempel	Director Transmission Regulatory Compliance, Basin Electric Power Cooperative	12-31-2005	Muni/Coop
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	12-31-2004	ITC



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As of May 18, 2003**

DISTRIBUTORS SEGMENT		TERM END:
Nancy Cianflone	Director, Marketing Services Area, KeySpan Energy	Dec 31, 2003
Joseph M. Jansen	Manager Supplier Regulations, Public Service Electric and Gas Company	Dec 31, 2003
Leslie H. Nishida	Gas Federal Regulatory Supervisor, Wisconsin Public Service Corporation	Dec 31, 2003
Michael Novak	Assistant General Manager, National Fuel Gas Distribution Corporation	Dec 31, 2004
William Oppenheim	Manager, Asset Optimization, PECO Energy	Dec 31, 2004
Steven M. Zavodnick	Senior Engineer Gas Operations, Baltimore Gas and Electric Company	Dec 31, 2003
END USERS SEGMENT		TERM END:
Bruce M. Hayes	Senior Regulatory Analyst, Ohio Consumers' Counsel	Dec 31, 2004
Tina Burnett	Chair, Northwest Industrial Gas Users Association	Dec 31, 2004
V A C A N C Y		Dec 31, 2004
V A C A N C Y		Dec 31, 2003
V A C A N C Y		Dec 31, 2003
V A C A N C Y		Dec 31, 2003
SERVICE PROVIDERS SEGMENT		TERM END:
Rod Sipe	President, New Science Partners	Dec 31, 2004
Donald L. Sytsma	Vice President, R.J. Rudden Associates, Inc.	Dec 31, 2004
George M. Behr	Director, Energy Services Group, Inc.	Dec 31, 2004
V A C A N C Y		Dec 31, 2003
V A C A N C Y		Dec 31, 2003
V A C A N C Y		Dec 31, 2003
SUPPLIER SEGMENT		
Suzanne Calcagno	Associate Director, Regulatory Compliance, UBS Warburg Energy, LLC	Dec 31, 2003
Barbara A. Fatina	Vice President, Exelon Energy	Dec 31, 2004
Marcy McCain	Project Manager – Regulatory Affairs, Duke Energy Gas Transmission, LLP	Dec 31, 2003
Richard Zollars	Director, Data and Information, Dominion Retail, Inc.	Dec 31, 2004
V A C A N C Y		Dec 31, 2004
V A C A N C Y		Dec 31, 2003



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NORTH AMERICAN ENERGY STANDARDS BOARD 2003 EXECUTIVE COMMITTEE ALTERNATES – Wholesale Gas Quadrant

As of May 27, 2003

End User Segment

Gary Duede	Arizona Public Services Company
Joel Greene	Partner, Energy Advocates, LLP
Mike Robison	Florida Power & Light Company

Distribution Segment

Craig Colombo	Dominion Resources
Jennifer Deegan	Federal Regulatory Affairs, Washington Gas
Rick Ishikawa	Transportation Contract Administrator, Southern California Gas Company
Bill Oppenheim	Manager Asset Optimization, PECO Energy
Marjorie Perlman	Director, Federal Regulatory Proceedings, Energy East Management Corporation (Rochester Gas & Electric)

Pipeline Segment

Bill Grygar	Vice President, CMS Panhandle Eastern Pipe Line
Scott Hansen	Questar Pipeline Company
Iris King	Director, Technical and Marketing Support, Dominion Transmission, Inc.
Paul Love	Director, Electronic Customer Services, Natural Gas Pipe Line Company of America

Producer Segment

Carla Johnson	Conoco, Inc.
David Ogden	Manager, Marketing Administration, Dominion E&P

Services Segment

Jim Macredie	TXU Energy Trading Company



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Distribution Segment

Gwen Beadles	Project Manager for Customer Choice, Dominion Virginia Power
John Russom	General Manager of Power Contacts, Alabama Power Company
Keith P. Hock	Director ARES Business Center, Ameren Services
Richard Muzikar	Section Manager Retail Choice, Consolidated Edison of New York
Jean M. Mason	Supervisor, Retail Access, Ameren Services Company
William Hetherington	Director, Electric Utility Operations, Lee County Electricity Coop.
Charles Tenorio	Manager, Electric Supplier Services, Exelon Energy Delivery

End User Segment

Bruce Hayes	Senior Regulatory Analyst, Ohio Consumers' Counsel

Services Segment

Lewis Evans	Vice President, PMOLink, Inc.

Supplier Segment

Theresa Hess	Manager NAESB Relations, Reliant Energy Retail Services
Gwen Mizell	Director of National Accounts, Calpine Corporation



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End User Segment		Sub-Segment
		Large Industrial
		Large Industrial
		End Use (Self Generation)
		Commercial/Residential
		End Use (In other segments as well)
Bill Heinrich	New York State Dept. of Public Service	Regulators
Distribution/LSE Segment		Sub-Segment
Sherri Monteith	Sr. Policy Analyst, American Electric Power	IOU
		IOU
		Muni/Coop
		Muni/Coop
		Other
		Competitive Retailer
Generation Segment		Sub-Segment:
Francis Halpin	Bonneville Power Administration	Fed/State/Prov.
William F. Irish	Project Manager, Tennessee Valley Authority	Fed/State/Prov
Brian Evans-Mongeon	Manager, Power Supply and Marketing Services, Vermont Public Power Supply Authority	Muni/Coop
		IOU
		IOU
		Merchant
		Merchant
Marketer/Broker Segment		Sub-Segment:
Jeff Ackerman	Manager, CRSP-Energy Mgmt., Western Area Power Administration	Fed/State/Prov
Brenda Anderson	Bonneville Power Administration	Fed/State/Prov
		IOU Affiliated
Greg Locke	Manager, Strategic Analysis, North Carolina Municipal Power Agency #1	Muni/Coop
		Not IOU Affiliated
		Not IOU Affiliated
		IOU Affiliated
Transmission Segment		Sub-Segment:
Barbara Rehman	Policy Manager, Bonneville Power Administration	Fed/State/Prov.
Mark Fidrych	Western Area Power Administration	Fed/State/Prov.
Jim Hicks	PacifiCorp	IOU
Edward Davis	Policy Consultant, Entergy Services, Inc.	IOU
William O. Ball	Vice President, Transmission Planning, Policy and Support Services, Southern Company Services, Inc.	IOU



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Dean Ulch

Principal Engineer, Southern Company Services, Inc.

IOU

ITC

Muni/Coop



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As of May 27, 2003

DISTRIBUTORS SEGMENT

Joe Stengel	Federal Regulatory Affairs Manager, Philadelphia Gas Works
Kenneth W. Yagelski	Department Head of Regulatory Affairs, Washington Gas
Paul J. Szykman	Manager, Rates & Strategic Planning, UGI Utilities, Inc.

END USERS SEGMENT

Barbara Alexander	Consumer Affairs Consultant, rep. Indiana Office of Utility Consumer Counselor

SERVICE PROVIDERS SEGMENT

SUPPLIER SEGMENT



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North American Energy Standards Board 2003 Calendar of Board and Executive Committee Meetings

Month	Day	Date	Time (Local Time)	Meeting/Event	Location/Sponsor
February	Tue	18	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	Entergy/New Orleans
	Wed	19	8:00 am – 5:00 pm	Executive Committee Meeting – RGQ, REQ	
	Thu	20	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	
March	Thu	20	9:00 am – 12:30pm	Board Meeting	AGA/Washington, D.C.
April	Tue	8	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	FPL/Ft. Lauderdale, FL
	Wed	9	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	
	Thu	10	9:00 am – 5:30 pm	Executive Committee Meeting – RGQ, REQ	
June	Tue	3	9:00 am – 2:00 pm	Executive Committee Meeting – WEQ	AGA/Washington, D.C.
	Wed	4	9:00 am – 4:00 pm	Executive Committee Meeting – REQ, RGQ	
	Thu	5	9:00 am – 2:00 pm	Executive Committee Meeting – WGQ	
June	Thu	26	9:00 am – 12:30pm	Board Meeting	Houston, Texas
August	Tue	5	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	PECO/Philadelphia, PA
	Wed	6	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	
	Thu	7	8:00 am – 5:00 pm	Executive Committee Meeting – REQ, RGQ	
September	Tue	16	1:00 pm – 5:30 pm	Annual Meeting	Austin, Texas
	Wed	17	8:30 am – 5:00 pm	Annual Meeting	
	Thu	18	8:00 am - Noon	Board Meeting	
October	Tue	7	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	Systrends/Tempe, AZ
	Wed	8	8:00 am – 5:00 pm	Executive Committee Meeting – REQ, RGQ	
	Thu	9	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	
December	Thu	4	8:00 am - Noon	Board Meeting	Houston, Texas



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North American Energy Standards Board 2003 Calendar of Board and Executive Committee Meetings

Month	Day	Date	Time (Local Time)	Meeting/Event	Location/Sponsor
	Tue	9	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	Houston, Texas
	Wed	10	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	
	Thu	11	8:00 am – 5:00 pm	Executive Committee Meeting – REQ, RGQ	



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North American Energy Standards Board Document Availability and Due Dates Supporting Board and Executive Committee Meetings

Month	Date	Day	Deliverable Date	Meeting/Supporting Materials
February	18	Tue		Executive Committee Meeting – WEQ
	19	Wed		Executive Committee Meeting – RGQ, REQ
	20	Thu		Executive Committee Meeting – WGQ
			December 19	Recommendations on Proposed Standards Due from Subcommittees
			December 20	Recommendations on Proposed Standards Distributed for Comment from Office
			January 27	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			January 30	Triage Call to address new requests
			January 31	Joint EC Call to address new requests
			January 31	Industry Comments Due in Recommendations on Proposed Standards
March			January 31	Deadline for any work papers to be included in EC Book
			February 3	EC Book Prepared and Electronically Distributed
	20	Thu		Board Meeting
			February 20	Board Agenda Prepared with Chairman and Distributed by Office
			March 3	Board Book Prepared and Electronically Distributed by Office
April	8	Tue		Executive Committee Meeting – WEQ
	9	Wed		Executive Committee Meeting – WGQ
	10	Thu		Executive Committee Meeting – RGQ, REQ
			February 21	Recommendations on Proposed Standards Due from Subcommittees
			February 24	Recommendations on Proposed Standards Distributed for Comment from Office



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Month	Date	Day	Deliverable Date	Meeting/Supporting Materials
			March 17	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			March 20	Triage Call to address new requests
			March 21	Joint EC Call to address new requests
			March 21	Industry Comments Due in Recommendations on Proposed Standards
			March 21	Deadline for any work papers to be included in EC Book
			March 24	EC Book Prepared and Electronically Distributed
June	3	Tue		Executive Committee Meeting – WEQ
	4	Wed		Executive Committee Meeting – RGQ, REQ
	5	Thu		Executive Committee Meeting – WGQ
			April 16	Recommendations on Proposed Standards Due from Subcommittees
			April 17	Recommendations on Proposed Standards Distributed for Comment from Office
			May 9	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			May 15	Triage Call to address new requests
			May 16	Joint EC Call to address new requests
			May 16	Industry Comments Due in Recommendations on Proposed Standards
			May 16	Deadline for any work papers to be included in EC Book
			May 19	EC Book Prepared and Electronically Distributed
June	26	Thu		Board Meeting
			May 22	Board Agenda Prepared with Chairman and Distributed by Office
			June 9	Board Book Prepared and Electronically Distributed by Office



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Month	Date	Day	Deliverable Date	Meeting/ Supporting Materials
August	5	Tue		Executive Committee Meeting – WEQ
	6	Wed		Executive Committee Meeting – WGQ
	7	Thu		Executive Committee Meeting – REQ, RGQ
			June 18	Recommendations on Proposed Standards Due from Subcommittees
			June 19	Recommendations on Proposed Standards Distributed for Comment from Office
			July 7	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			July 17	Triage Call to address new requests
			July 18	Joint EC Call to address new requests
			July 18	Industry Comments Due in Recommendations on Proposed Standards
September			July 18	Deadline for any work papers to be included in EC Book
			July 21	EC Book Prepared and Electronically Distributed
September	16	Tue		Annual Meeting
	17	Wed		Annual Meeting
September	18	Thu		Board Meeting
			August 15	Board Agenda Prepared with Chairman and Distributed by Office
			September 2	Board Book Prepared and Electronically Distributed by Office
October	7	Tue		Executive Committee Meeting – WEQ
	8	Wed		Executive Committee Meeting – REQ, RGQ



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Month	Date	Day	Deliverable Date	Meeting/ Supporting Materials
	9	Thu		Executive Committee Meeting – WGQ
			August 19	Recommendations on Proposed Standards Due from Subcommittees
			August 20	Recommendations on Proposed Standards Distributed for Comment from Office
			September 8	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			September 18	Triage Call to address new requests
			September 19	Joint EC Call to address new requests
			September 19	Industry Comments Due in Recommendations on Proposed Standards
			September 19	Deadline for any work papers to be included in EC Book
			September 22	EC Book Prepared and Electronically Distributed
December	4	Thu		Board Meeting
			November 4	Board Agenda Prepared with Chairman and Distributed by Office
			November 19	Board Book Prepared and Electronically Distributed by Office
December	9	Tue		Executive Committee Meeting – WEQ
	10	Wed		Executive Committee Meeting – WGQ
	11	Thu		Executive Committee Meeting – REQ, RGQ
			October 21	Recommendations on Proposed Standards Due from Subcommittees
			October 22	Recommendations on Proposed Standards Distributed for Comment from Office
			November 10	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			November 20	Triage Call to address new requests
			November 21	Joint EC Call to address new requests



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North American Energy Standards Board Document Availability and Due Dates Supporting Board and Executive Committee Meetings

Month	Date	Day	Deliverable Date	Meeting/ Supporting Materials
			November 21	Industry Comments Due in Recommendations on Proposed Standards
			November 21	Deadline for any work papers to be included in EC Book
			November 24	EC Book Prepared and Electronically Distributed

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

2. Agendas – June 3-5, 2003



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May 27, 2003

TO: NAESB Executive Committee and Interested Industry Participants
FROM: Jim Buccigross, NAESB Executive Committee Chairman
Rae McQuade, NAESB Executive Director
RE: Executive Committee Meeting Agendas, **Revised for WEQ** – June 3-5, 2003

NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING
Hosted by American Gas Association – Washington, D.C.
June 3-5, 2003

As announced at prior Executive Committee meetings, meeting announcements and in other communications, the Executive Committee (EC) will meet in Washington D.C., hosted by the American Gas Association on June 2 to 4. Below are the meeting arrangements:

Where: American Gas Association
400 North Capitol Street, NW
Washington D.C. 20001
Fourth Floor
AGA Main Phone Number: 202-824-7000

WHEN: Tuesday, June 3, 2003 -- 9:00 a.m. to **4:00 p.m. E** – Wholesale Electric Quadrant
Wednesday, June 4, 2003 -- 9:00 a.m. to 1:00 p.m. E – RGQ/REQ EC Joint Session
Wednesday, June 4, 2003 – 2:00 p.m. to 3:00 p.m. E – Retail Electric Quadrant
Wednesday, June 4, 2003 -- 3:00 p.m. to 4:00 p.m. E – Retail Gas Quadrant
Thursday, June 5, 2003 -- 9:00 a.m. to 5:00 p.m. E – Wholesale Gas Quadrant

The materials for the meeting will be emailed to the participants and posted on the web site shortly. Conference calling will be available for those unable to attend in person – please call the office for the dial-in number, pass code and conference leader. The meeting is open to any interested party. As always, the chair reserves the right to extend the time of the meeting to ensure that agenda items are addressed. The times indicated on the agenda will be followed to ensure that agenda items are allotted appropriate time slots. Should an agenda item conclude earlier than its stated time slot, the remaining time can be allotted to other agenda items at the discretion of the chair.

Please feel free to call the NAESB office should you have any questions or comments.

Best Regards,
Rae McQuade



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NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING Hosted by American Gas Association – Washington D.C.

Tuesday, June 3, 2003 -- 9:00 a.m. to 4:00 p.m. Eastern – Wholesale Electric Quadrant (WEQ)

DRAFT AGENDA

- 9:00 a.m.
1. Welcome
 - Antitrust Guidelines
 - Welcome to members and attendees
 - Introduction and Roll Call
 2. Wholesale Electric Quadrant Draft Agenda & Draft Minutes
 - Adoption of WEQ Agenda
 - Adoption of Draft Minutes
 3. FERC White Paper Review and Implications to NAESB Annual Plan
 4. Subcommittee Restructuring Discussions
 - Seams Efforts – Task Force or Subcommittee?
 - Market Standards Subcommittee
 - Creation of Credit Worthiness Subcommittee
 5. Review of Comments and Discussion and Vote on WEQ Contracts Subcommittee Recommendation of the Funds Transfer Agent Agreement as a NAESB Standard
 6. Subcommittee Updates and 2003 Annual Plan
 - Contracts Subcommittee
 - Market Operations Subcommittee
 - ETTF Recent Recommendations
 - Market Standards Subcommittee
 - Standards Review Subcommittee
 - Update of the 2003 Annual Plan
 7. New Business
 - Update on 6-2-03 Joint Interface Committee Meeting
 - Distribution Retail Competitor Membership
- 4:00 p.m.
8. Adjourn

Working lunch provided

Attire – Business Casual



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NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING Hosted by American Gas Association – Washington D.C.

Wednesday June 4, 2003 -- 9:00 a.m. to 1:00 p.m. Eastern – Joint REQ/RGQ Session

DRAFT AGENDA

9:00 a.m.	1.	Welcome • Antitrust Guidelines • Welcome to members and attendees • Introduction and Roll Call
	2.	Joint Session Draft Agenda & Draft Minutes • Adoption of Agenda • Adoption of Draft Minutes
	3.	Subcommittee Updates and Samples of Expected Standards • Customer Processes Subcommittee • Glossary Subcommittee • Supplier Utility Interface Subcommittee • Technical Electronic Implementation Subcommittee
	5.	2003 Annual Plan Updates
	6.	Model Business Practices Format
	7.	Development Venue for Data Dictionaries and Implementation Guides
	8.	Other Business
1:00 p.m.	9.	Adjourn

Wednesday June 4, 2003 -- 2:00 p.m. to 3:00 p.m. Eastern – Retail Electric Quadrant (REQ)

DRAFT AGENDA

2:00 p.m.	1.	Welcome • Antitrust Guidelines • Welcome to members and attendees • Introduction and Roll Call
	2.	REQ Draft Agenda & Draft Minutes • Adoption of Agenda • Adoption of Draft Minutes
	3.	Plans for Next Meetings
	4.	Other Business
3:00 p.m.	5.	Adjourn

Working lunch provided

Attire – Business Casual



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NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING Hosted by American Gas Association – Washington D.C.

Wednesday June 4, 2003 -- 3:00 p.m. to 4:00 p.m. Eastern – Retail Gas Quadrant (RGQ)

DRAFT AGENDA

3:00 p.m.	1.	Welcome • Antitrust Guidelines • Welcome to members and attendees • Introduction and Roll Call
	2.	RGQ Draft Agenda & Draft Minutes • Adoption of Agenda • Adoption of Draft Minutes
	3.	Membership Drive Report
	4.	Retail Gas Business Practices Inventory Task Force Update and Survey Responses
	5.	Plans for Next Meetings
	6.	Other Business
4:00 p.m.	7.	Adjourn



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NORTH AMERICAN ENERGY STANDARDS BOARD EXECUTIVE COMMITTEE MEETING

Hosted by American Gas Association – Washington D.C.

Thursday June 5, 2003 -- 9:00 a.m. to 5:00 p.m. Eastern – Wholesale Gas Quadrant (WGQ)

DRAFT AGENDA

- 9:00 a.m.
1. Welcome
 - Antitrust Guidelines
 - Welcome to members and attendees
 - Introduction and Roll Call
 2. Adoption of Agenda & Minutes
 - Adoption of WGQ Agenda
 - Adoption of Draft Minutes
 3. Discussion and Vote on Recommended Standards - R00015, R96009, R97070, R99016, R99020/R99032/R01001/R02005, R99021B, R99024, R99028, R99029, R99043, Minimum Technical Characteristics, C03001
 4. Discussion and Vote on the 24 Creditworthiness Standards: 0.3.zA, 0.3.zB, 0.3.zC, 0.3.zD, 0.3.zE, 0.3.zF, 0.3.zG, 0.3.zH, 0.3.zI, 0.3.zJ, 0.3.zK, 0.3.zL, 0.3.zM, 0.3.zN, 0.3.zO, 0.3.zP, 5.3.zA, 5.3.zB, 5.3.zC, 5.3.zD, 5.3.zE, 5.3.zF, 5.3.zG, 5.3.zH
 5. Date for Publication of Version 1.7
 6. WGQ Quadrant Procedures
 7. Update on 2003 WGQ Annual Plan & Subcommittee Reports
 - Business Practices Subcommittee
 - Normal Business
 - Credit Worthiness
 - Contracts Subcommittee
 - Credit Annex
 - EDM Subcommittee
 - Normal Business
 - Future Technology Task Force Activities
 - XML Activities
 - Information Requirements Subcommittee
 - Normal Business
 - Order 637 Open Issues
 - Technical and ANSI X12 Subcommittees
 - Normal Business
 - Order 637 Open Issues
 - Changes to the 2003 WGQ Annual Plan
 8. 2004 WGQ Annual Plan Development
 9. New Business
- 5:00 p.m.
10. Adjourn

*Working lunch provided
Attire – Business Casual*

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

3. *WEQ Draft Minutes 4-8-03*



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TO: NAESB Wholesale Electric Quadrant Executive Committee, Posting for Interested Industry Participants

FROM: Rae McQuade, NAESB Executive Director

RE: NAESB Wholesale Electric Quadrant Executive Committee Meeting Draft Minutes – April 8, 2003

DATE: May 7, 2003

**Wholesale Electric Quadrant Executive Committee
Tuesday, April 8, 2003
9:00 a.m. to 4:00 p.m. Eastern**

1. Welcome

Mr. Corneli called the meeting to order and thanked Florida Power & Light for hosting the meeting. Mr. Oncken gave the antitrust advice. Participants introduced themselves.

2. Wholesale Electric Quadrant Draft Agenda & Draft Minutes

Mr. Corneli reviewed the draft agenda. Absent objection the agenda was approved by general consent.

Mr. Hughes moved, seconded by Mr. Gildea, to adopt the draft WEQ Executive Committee minutes from February 18, 2003 as final, with minor modifications. The motion passed unanimously.

3. Election of Second Vice Chair

Mr. Corneli explained the Second Vice Chair of the WEQ Executive Committee would assist with the leadership responsibilities of the WEQ EC. Mr. Oberski and Mr. Cobb were nominated for the position. The election was held through private ballot. Mr. Cobb was named as the Second Vice Chair of the WEQ Executive Committee.

4. Report on Subcommittee Restructuring Discussions

Mr. Corneli noted WEQ subcommittee structure and annual plan assignments were open issues from the February Executive Committee meeting. He explained the WEQ subcommittees are structured differently than the other quadrants' subcommittees. He stated it was suggested at the February meeting to restructure the subcommittees to be more inline with the functional design of the other quadrants. Mr. Corneli stated the subcommittee leadership has met and discussed options for reorganizing the WEQ subcommittees. However, it was decided to maintain the current structure but continue to monitor the situation. Ms. Paravalos noted the annual plan development process might provide a good vehicle for monitoring the subcommittee structure.

5. Report on Inter-organizational Issues

Mr. Corneli noted several 2003 WEQ Annual Plan items are being worked on by organizations outside of NAESB as well. Mr. Corneli stated the WEQ has attempted to coordinate its activities on the items with the activities being undertaken by the other organizations.

NERC-NAESB-ISO Council MOU: Mr. Desselle presented on the restated NERC-NAESB Memorandum of Understanding (MOU), which now includes the ISO Council. Mr. Desselle stated the NAESB Board of Directors approved the MOU during its March 20, 2003 meeting, and it is anticipated the counterparties will approve the MOU shortly. Mr. Desselle explained the restated MOU 1) brings NERC, NAESB and the ISO Council together to coordinate annual planning efforts



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for each of the organizations; and 2) provides the organizations implementing standards with a voice in the decision of whether NERC or NAESB will develop a particular standard. He noted the logistics of annual plan coordination have not been finalized, but added a team has been established to brainstorm ideas for the next Joint Interface Committee (JIC) meeting.

Participants discussed various aspects of the MOU. The role of the ISO Council was discussed. It was noted the ISO Council is an independent organization that could presumably undertake action beyond the coordination aspect of the MOU. It was suggested that a member of the ISO Council be invited to participate in the next WEQ Executive Committee meeting, so that EC members can get a feeling for the organization, including its mission, membership, and focus. Mr. Desselle noted the ISO Council's charter is posted and details the membership requirements. Additionally, Ms. Hain read portions of the ISO Council charter, as posted on the NAESB web site, to provide general information and address some of the stated concerns.

ESC transition plan: Mr. Corneli stated the MOU contemplates the work of the Electronic Scheduling Collaborative (ESC) being carried out through either NERC, NAESB, or the ISO Council. He reasoned the proposed organization would aid in minimizing duplicated efforts. He noted the ESC has been encouraged to develop a method to summarize its current work and distribute that work to the MOU parties.

Mr. Simonelli, chairman of the ESC, reported on the ESC and OSC's efforts to complete their work and create transition mechanism. Mr. Simonelli explained the work being done by the ESC is background information to determine where standards are needed. Mr. Simonelli projected the work would be completed in the third quarter of 2003. For the transition plan, Mr. Simonelli stated the ESC envisions a report sent to the JIC containing a set of options for moving forward, not a recommendation on which body should continue the work of the ESC. Mr. Desselle stated the inclusion of the ESC and OSC as a NAESB subcommittee has been discussed. He stated this transition would provide value to the ESC and OSC members because they have an interest in seeing their work come to completion. Mr. Desselle stressed the value NAESB puts on the work completed by the ESC. Mr. Simonelli stated the transition plan would lay out the options for the future of the ESC, and hopefully the JIC would be able to determine the best solution.

Participants discussed whether the JIC was the correct body to review and rule on the transition plan. Mr. Johnson suggested asking the JIC to complete the review would exceed the scope of the organization. Mr. Desselle stated that since the MOU specifically recognizes the functions of the ESC and OSC need to be incorporated into the functionally appropriate organization, it might be proper for the JIC to consider the transition plan. Mr. Corneli noted a procedural problem with submitting the transition plan to the JIC, because the only way an issue gets to the JIC is through one of the member organizations via a standards request or annual plan. Ms. Hain suggested the transition plan be submitted to NERC, NAESB and the ISO Council, and then those organizations could develop their annual plans based on the ESC/OSC transition plan. Ms. McQuade commented Ms. Hain's suggestion is consistent with the procedures outlined in the MOU. As such, it was suggested the transition plan be forwarded to Mr. Desselle, Mr. Museler, and Mr. Cook.

Seams efforts in West and Northeast: Mr. King presented an overview of the seams issues in the Northeast. [Mr. King's presentation is posted on the NAESB web site as a work paper for this meeting.] It was noted similar seams issues are present in the West, but a presentation on Western Issues was not presented at the meeting.

Mr. King defined seams issues as barriers and inefficiencies resulting from equipment limitations and differences in market rules and designs, operating and scheduling protocols, and other control area practices which inhibit or preclude the ability to transact capacity and energy across control



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area boundaries. He went on to provide examples of spatial, temporal, and administrative seams. He explained addressing seams issues was important because seams can have an adverse impact on market liquidity and market optimization. However, he noted seams are a necessary feature in the transition to an open market, because they reflect the historical development of the grid and recognize political and international boundaries.

He stated to eradicate seams totally would require a merger of all existing systems into one system. While that is unlikely, he said a unified system could be used as a model that seams reducing initiatives could be measured against, with the measure being whether the proposal brings the grid closer to the benchmark. Additionally, he stated in the Northeast organizations are seeking the largest impact for the least capital expenditure when working on seams solutions. Mr. King reviewed the major initiatives for seams reduction currently underway in the Northeast.

Ms. Paravalos inquired about the impact of sequencing time schedules on the standardization efforts of the Electric Trading Task Force (ETTF) regarding the electric trading day. Mr. Johnson stated the benefits of sequencing have not been presented to the ETTF. Mr. King stated the ISOs studied the issue early on, and decided not to standardize the day. Mr. King said this was an example of where the simple solution might be to standardize, but efficiencies might be lost. Regarding sequencing, Mr. Meade asked if there was a consensus among the ISOs as to what the sequence should be and the reasons for that consensus. Mr. King responded the sequencing arose as a consequence of individual market design, not a determination of an optimal solution. However, he stated the question should be whether the markets can be better synchronized moving forward.

Critical Infrastructure Protection Action Group: Mr. Buccigross reported on the progress of NERC's Critical Infrastructure Protection Action Group (CIPAG). He explained CIPAG is working on two efforts: 1) a cyber-security standards request (SAR) for electric reliability, tab 5 of the meeting materials; and 2) the Public Key Infrastructure (PKI) Initiative, tab 2 of the meeting materials.

Participants discussed the cyber-security urgent action SAR. Mr. Corneli noted that FERC has clearly identified NERC as the point organization for the development of cyber-security standards. Mr. Desselle noted the urgent action SAR will last for one year, with the option to renew for an additional year. Mr. Desselle stated CIPAG will likely develop a permanent SAR during that timeframe.

Mr. Buccigross explained the PKI Initiative involves the development of an electronic communications infrastructure for tagging purposes. However, it was noted that once complete, the infrastructure could be used for transactions outside of tagging, much like NAESB EDM is used for wholesale gas transactions. Mr. Buccigross stated once the original system was implemented, adding the ability to use PKI for other transactions would result in an incremental cost that would be less than the implementation cost for an entire system. Given that, Mr. Buccigross stated NAESB could see a standards request for the development of a PKI specification for a business purpose.

Mr. Buccigross explained NAESB EDM and PKI are distinct methods to encrypt, send and receive data, but they are not necessarily mutually exclusive. Mr. Buccigross noted GISB reviewed the use of PKI during development of EDM in 1995 and 1996. However, he said the technology was not sufficiently developed at that time.

Mr. Green stated the PKI Initiative will follow the NERC process for SAR development. As such, it was noted the Standards Review Subcommittee and NAESB JIC members would likely monitor the SAR development. Additionally, Mr. Corneli stated the MOS has developed a task force to look at CIPAG issues. Mr. Oberski stated the task force, while established, has not begun work.



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PKI Initiative: Please see discussion of CIPAG.

6. Subcommittee Updates and 2003 Annual Plan

Contracts Subcommittee: Mr. Johnson provided an update on the Contracts Subcommittee. He stated the Contracts Subcommittee has met twice since the last Executive Committee meeting to take action on the work of the FTAA Task Force and Master Service Agreements (MSA) Task Force. He noted there were no currently scheduled task force meetings.

Mr. Johnson stated the Contracts Subcommittee approved submission of the standards request for the power FTAA to the JIC during its March 5, 2003 meeting. Subsequently, the Contracts Subcommittee held a conference call on March 24, 2003 to act on the JIC's March 21, 2003 assignment of the standards request to NAESB for further development. Mr. Johnson stated that during the conference call it was determined the standards request was ready for posting and the mandatory public comment period. Mr. Johnson stated the public comment period for the FTAA will end on April 30, 2003 and the FTAA will be submitted for consideration as the first WEQ standard at the June Executive Committee meeting.

Mr. Johnson stated the MSA reported its efforts to catalogue and highlight the differences between the EEI and WSPP master agreements at the March 5 Contracts Subcommittee meeting. During the meeting, the Department of Energy's (DOE) desire for a standard contract developed through an ANSI standards development process was discussed. Mr. Johnson stated the Contracts Subcommittee decided to 1) not create a third contract which combined aspects of both the EEI and WSPP agreements; and 2) ask the task force to consider other ways to address the concerns of the DOE without developing a NAESB contract.

Participants discussed the need for a NAESB standard contract. Views on both sides of the issue were expressed. Mr. Desselle stated the idea of modifying an existing contract has been discussed, such that the NAESB contract would replace an existing contract, not be a competing contract. If development were to take that path, he said the EEI contract would likely be modified since EEI has stated their contract is ripe for revision. Mr. Desselle stated direction to the Contracts Subcommittee on a NAESB standard contract would come in the form of a standards request, probably from the DOE or GSA. Mr. Norris suggested the possibility of not creating a standard contract was very disturbing.

Mr. Johnson stated ISDA representatives are involved in the Contracts Subcommittee, but it was discovered at the March meeting that planned work on the ISDA Power Annex will not occur. Mr. Johnson noted ISDA and EEI have developed a power annex which is near completion.

Market Operations Subcommittee: Mr. Oberski reported on the progress of the Market Operations Subcommittee (MOS). Mr. Oberski stated the MOS met on March 6, 2003 to review the work of its task forces, the Electric Trading Task Force (ETTF) and Inadvertent Interchange Payback Task Force (IIPTF).

Mr. Oberski stated for the IIPTF, the MOS reviewed a standards request and approved its submission to the JIC for consideration at its March 21, 2003 meeting. He stated the JIC reviewed the standards request and assigned the request to NAESB for additional development. Mr. Oberski noted the substantive standards development work would begin on April 9, 2003 and proceed on a fairly aggressive schedule.

Participants discussed development of the IIPTF standards. Mr. Corneli stated the task force should have input from an RTO and market reliability organization to produce a balanced standard. He noted the IIPTF standard has the potential to create a commodity-like product that is currently without charge. Ms. Paravalos agreed with Mr. Corneli's statements and suggested the task force



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take additional steps to assure the balance of the group, such as reviewing the composition of the task force and soliciting participation from market participants not present. She stated the parties with a financial stake really need to participate.

Mr. Oberski stated the ETTF is having significant discussions on operating day and trading day. Through Mr. Oberski, the ETTF sought guidance on its assignment. Mr. Corneli stated there is agreement on the meaning of 2003 WEQ Annual Plan Item 4a, *Establish a standardized electric trading day*. Further, he said the expectation is that the ETTF will go beyond establishing definitions to the creation of a proposal for a standardized day.

Mr. Yeung highlighted the need for a standard day. He said a standard electric trading day was important because of the interplay with the gas market closing issue. Mr. Gildea expounded on Mr. Yeung's thoughts and challenged a company that has gas and electric resources in different markets to state reasons why a standardized day is not necessary.

Mr. Thompson suggested Annual Plan Item 4a could be viewed as a seams issue. He stated Mr. King gave the Executive Committee a presentation on seams issues during which he stated a goal should be to have a single, efficient, inter-regional market. He noted Mr. King also highlighted potential benefits of sequential markets. Mr. Thompson favored a standard day, but noted the answer may be sequential. Mr. Corneli concurred that a problem that seems simple might require a complex answer. Mr. Thompson suggested that since approximately 95% of the energy currently traded in the large scale markets is forward energy that is scheduled day ahead, the solution this task force develops is potentially a big ticket item.

Mr. Oberski thanked the Executive Committee for being clear in stating its expectation that a standard be developed. Mr. Johnson agreed, but stated he is still not sure of the task for the ETTF.

Ms. Paravalos stated the MOS started with the issues assigned to the ETTF and IIPTF because those items appeared ripe for standards development. She noted the annual plan items assigned to the MOS where work has not begun will be discussed at the next MOS meeting. Mr. Oberski added the response of the MOS might be that due to the current work load, the work on the outstanding items might not happen this year.

Market Standards Subcommittee: Mr. Gildea reported the Market Standards Subcommittee (MSS) is currently inactive, since the work of the subcommittee is geared toward directives for standards development from FERC initiatives. Mr. Lawson commented the pending FERC whitepaper on Standard Market Design (SMD) could result in an assignment to the MSS.

Standards Review Subcommittee: Mr. Yeung reviewed the Standards Review Subcommittee (SRS) process and progress since the last Executive Committee meeting. Mr. Yeung welcomed Mr. Rana as the new SRS co-chair. Mr. Yeung explained that at the March 7 meeting, the SRS reviewed two NERC SARs posted for comments. He stated the SRS determined a report should be produced on SRS findings to promote discussion on further NAESB action and provide readily accessible information to NAESB JIC members. Mr. Yeung reviewed the report for the Coordinate Operations SAR and the Coordinate Interchange SAR.

Mr. Yeung asked the Executive Committee the following questions regarding his presentation:

- Should the Executive Committee approve the report of the SRS?
- Should NAESB make a formal communication with NERC on the points of concern outlined in either report presented?
- Should NAESB assign to the appropriate subcommittee the task of developing a whitepaper detailing a companion standard?
- Should the SRS continue to track and monitor the SARs after the initial SRS review?



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- Should the SRS take no further action?

Mr. Yeung suggested it might be appropriate to develop a companion standard for the Coordinate Operations SAR.

Participants discussed the value of the report documents produced by the SRS and the questions Mr. Yeung posed the Executive Committee. Mr. Green stated the report created by the SRS was very useful. Mr. Jackson suggested, as a possible enhancement to the report, the inclusion of potential complementary business standards.

Mr. Corneli suggested the scope of the whitepaper could be broader than strictly a companion standard. He stated the whitepaper could convey to NAESB and the industry the type of business concerns that should be monitored in connection with a particular SAR. It was noted this approach could address NAESB's communication with outside entities. Mr. Yeung noted his vision was the creation of a standard request for a companion to the subject SAR.

Mr. Ulch cautioned the SRS on getting bogged down in the issues identified in its reports. Mr. Ulch said the central focus of the SRS should be to review the SARs. Mr. Yeung agreed, but stated the level of understanding of the impacts of the standard are revealed in the language of the actual standard proposed. He noted the task of the SRS was difficult in that no standards language is contained in a SAR, it is just the proposal of a standard, much like the NAESB Standards Request Form.

Mr. Dotterweich expressed concern with the SRS's continued monitoring of the SARs. He stated it could result in less participation in the standards development process. Mr. Corneli commented that it would be difficult for the SRS to not monitor the SARs because the NERC process is open. However, he noted there is a balance between keeping informed on a SAR's progress and expending excessive resources on duplicative efforts.

7. Standards Development Process

Since the WEQ Executive Committee will likely be voting on its first standards request at the June meeting, Ms. McQuade reviewed the standards development process. Ms. McQuade stated the FTAA recommendation was reported out of the Contracts Subcommittee at the end of March and posted for industry comments, with comments being due by April 30, 2003. She noted the Contracts Subcommittee will meet May 6, 2003 to review the submitted comments and determine if response comments are required for consideration at the June Executive Committee meeting. The FTAA recommendation is scheduled to be presented at the June meeting for a vote. At the June meeting, the Executive Committee could modify the recommendation or remand the recommendation back to the subcommittee in light of the comments submitted. For the recommendation to pass and become a standard, it will require a 67% affirmative vote of the entire WEQ Executive Committee, and a 40% affirmative vote from each segment's Executive Committee members. If the recommendation passes the Executive Committee, it will be forwarded to all WEQ members for the ratification process.

Mr. Corneli encouraged the Executive Committee members to become familiar with the FTAA recommendation prior to the June Executive Committee meeting.

8. Annual Planning Process

Mr. Corneli identified two potential items for future WEQ Annual Plan development. First, he noted the issue of coordinating the annual plan process under the MOU. Mr. Corneli stated a draft proposal will be created by the joint task group, which will be submitted to each organization for explanation and approval. Second, Mr. Corneli stated the Executive Committee should incorporate



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its experiences from the 2003 Annual Plan and develop a 2004 Annual Plan that is more sophisticated in scope and context. It was suggested each subcommittee chair begin the annual plan process by reviewing the items currently assigned to the subcommittee.

Mr. Zavodnick presented a report of the Annual Plan Subcommittee (APS), located under tab 2 of the meeting materials. Mr. Zavodnick stated the APS reviewed the 2003 Annual Plan of each quadrant to identify issues that were potentially multi-quadrant in scope. He noted the APS did not make a recommendation on the disposition of those items, but instead reported to each Executive Committee the list of potential items for the further consideration. Moving forward, Mr. Zavodnick stated the APS would evaluate annual plan coordination on a pro-active basis to identify the potential multi-quadrant activities during the annual plan development process.

Mr. Corneli stated the quadrants should be communicating on the issues they are working on. Mr. Zavodnick suggested hosting a discussion of the issues identified to affect all four quadrants. Mr. Buccigross noted a joint discussion meeting had been successful in the Retail Quadrants and resulted in joint meetings and joint standards development efforts. Mr. Corneli suggested the first step of that process would be for the chairs of the affected subcommittees to contact their counterparties to discuss the potential overlap of development efforts.

9. New Business

NAESB Website Enhancement Proposal: Mr. Reed reported on the work of the NAESB Website Enhancement group, an ad hoc group of representatives from each NAEBS quadrant. It was noted the group created a proposal to make the NAESB Website more user friendly and consistent across the quadrants.

Ms. McQuade stated the NAESB Email Distribution System will be completed soon and will replace the Yahoo Groups! lists currently being used by the Retail Electric Quadrant. Additionally, she stated some website modifications are currently underway through donated services. Ms. McQuade noted budgetary constraints are always a concern, as well as the maintenance requirements and website modifications might require.

WEQ Procedures: Ms. McQuade clarified changes to the NAESB Certificate of Incorporation are being ratified by the NAESB membership, including a provision on the approval of quadrant procedures that would require only a simple majority of the entire Board for approval. She stated for the WEQ Procedures to move forward, the consensus document would be posted for a comment period, voted on by the WEQ Board members and ratified by the WEQ members as noted in the WEQ procedures, and then submitted to the entire Board for adoption at the June Board meeting.

10. Adjourn

Mr. Corneli adjourned the meeting at 4:45 p.m. Eastern.



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
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11. Executive Committee Attendance

Title, Organization		Attendance
End User Segment		
John Hughes	Director Technical Affairs, Electricity Consumers Resource Council (ELCON)	In Person
David Meade	Manager Structured Power, Praxair, Inc.	In Person
Steve Sayuk	Manager Americas Supply, Power & Gas Services Group, ExxonMobil Power & Gas Services, Inc.	In Person
Randy Corbin	Assistant Director Analytical Services, Ohio Consumers' Counsel	Phone
Paul Jett	Manager of Electric System Operation Customer Choice Transition, Cinergy Services Inc.	Absent
Bill Heinrich, alt. for L. Westerfield	Supervisor-Utility, Accounting & Finance, New York State Department of Public Service	Phone
Distribution/LSE Segment		
Sherri Monteith, alt. for T. Ringenbach	Sr. Policy Analyst, American Electric Power	In Person
Jack Leonard	Director, Transmission Management, Exelon PECO Energy	Absent
Patrick W. Frazier	Vice President of Energy Operations, American Municipal Power Ohio Inc.	Absent
Daniel E. Cooper	Engineering Manager, Michigan Public Power Agency	In Person
Syd Berwager	Senior Manager Policy Coordination and Project Management, Bonneville Power Administration/Power Business Line	Phone
V A C A N C Y	To be filled by the Competitive Retailer sub-segment	
Generation Segment		
Bob Goss	Deputy Assistant Administrator of Power Resources, Southeastern Power Administration	In Person
Louis Oberski	Transmission Manager, Dominion Energy Marketing Inc.	In Person
Tony Reed	Project Manager, Southern Company Generation and Energy Marketing	In Person
Barry Green	Manager US Regulatory Affairs, Ontario Power Generation	Phone
Steven B. Corneli	Director of Regulatory Affairs, NRG Power Marketing Inc.	In Person
William J. Gallagher	General Manager of Vermont Public Power Supply Authority	Phone
Marketers/Brokers Segment		
Gary L. Jackson	Senior Manager External Markets and Policy, Tennessee Valley Authority Bulk Power Trading	In Person
Joel Dison	Project Manager, Southern Company Generation and Energy Marketing	Absent
Clay A. Norris	Division Director, Planning, North Carolina Municipal Power Agency #1	In Person
Greg Locke	Manager, Strategic Analysis, North Carolina Municipals (alt. for Mr. Norris)	In Person
Charles Yeung	Director of Business Standards, Reliant Resources	In Person
Alan Johnson	Senior Policy Analyst, Mirant	In Person
Michael F. Gildea	Director of Regulatory Policy, Duke Energy North America	In Person
Transmission Segment		
Steven C. Cobb	Manager Grid Access and Scheduling Services, Salt River Project	In Person



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Jim Hicks, alt. for D. Gerrard	Financial Consultant, PacifiCorp	In Person
Dean Ulch, alt. for J. Lucas	Principal Engineer, Southern Company Services, Inc.	In Person
Mary Ellen Paravalos	Manager ITC Development, National Grid USA	In Person
Dan Klempel	Director Transmission Regulatory Compliance, Basin Electric Power Cooperative	Phone
Julie Voeck	Manager Strategic Policy and Planning, American Transmission Company	In Person

11. Other Participation

Administrative:

Rae McQuade	-Executive Director
Veronica Thomason	-NAESB Staff
Todd Oncken	-NAESB Staff

Observers to the Meeting:

Name	Company	In person/Phone
Sharla Barklind	NARUC	Phone
Jim Buccigross	Group 8760	In Person
Randy Corbin	Ohio Consumers' Council	Phone
Phil Cox	American Electric Power	In Person
Michael Desselle	American Electric Power	In Person
Andy Dotterweich	Consumers Energy	In Person
Bill Griffith	El Paso Western Pipelines	In Person
Jim Hartwell	NPCC	In Person
Charles King	NYISO	In Person
Barry Lawson	NRECA	Phone
Cecilia Liang-Nichol	Allegheny Energy Supply	Phone
John Rainey	TXU	Phone
Barbara Rehman	Bonneville Power Administration	Phone
Lisa Robert	Defense Energy Support Center	In Person
John Simonelli	ISO New England	In Person
Lisa Szot	CAISO	In Person
Karl Tammer	NYISO	In Person
Steve Terelmes	Ameren Energy	In Person
Ed Thompson	Con Edison	In Person
Steve Zavodnick	Baltimore Gas & Electric	In Person

4. FERC White Paper

FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426



NEWS RELEASE

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FOR IMMEDIATE RELEASE

April 28, 2003
Docket No. RM01-12-000

COMMISSION ISSUES WHITE PAPER ON BULK POWER MARKET DESIGN, FOCUSES ON RTOS WHILE CITING DEFERENCE TO REGIONAL NEEDS

In a White Paper issued today, the Federal Energy Regulatory Commission emphasized its strong commitment to customer-based, competitive wholesale power markets, while underscoring an increasingly flexible approach to regional needs and outlining step-by-step elaborations of its key market design proposal.

In its final rule, the White Paper said, the Commission will focus on the formation of regional transmission organizations (RTOs) and on ensuring that all independent transmission organizations have sound wholesale market rules. The final rule, the White Paper indicates, will allow implementation schedules to vary depending on local needs and will allow for regional differences.

The White Paper notes that the Commission's proposal has taken into consideration the experiences in this country and abroad in electric market design, including the effects of supply shortages, demand that does not respond to high prices, lack of price transparency in the marketplace, and the importance of market monitoring and market power mitigation.

After ten months of unprecedented outreach and dialogue with state commissions, the public, industry, and consumer groups, the Commission issued a market design proposal in July 2002. Since that time, the Commission has continued its extensive outreach efforts with interested parties and has reconsidered several aspects of its proposal in addressing concerns raised by various stakeholders.

Chairman Pat Wood, III commented: "I hope the White Paper will prove helpful

(2)

in the debate on regulation of the bulk power markets. We will continue to consider carefully the comments of all interested parties as we maintain our comprehensive outreach to the states and other stakeholders. We will also closely monitor any pending legislation in Congress. In the end, when we have the rules right, customers benefit. The core elements of our proposal will combat the type of market flaws that led to the California crisis three years ago."

The White Paper responds to the numerous comments on FERC's proposal and provides direction for the final rule expected later this year. It notes that a well-designed market will enhance wholesale competition and remove economic inefficiencies.

The proposal advances the competitive markets envisioned by two earlier Commission orders--Order Nos. 888 and 2000. Order No. 888, issued in 1996, opened up the nation's transmission grid through open access transmission tariffs. In 1999, the Commission issued Order No. 2000 which called for the voluntary creation of regional transmission organizations (RTOs). RTOs bring about increased efficiency through improved grid management and increased customer access to competitive power supplies.

The proposal is designed to establish a customer-based wholesale power market platform. Among its customer-focused objectives are:

- *reliable service--sufficient power to meet demand;
- *fairness--transmission and power at just and reasonable rates;
- *stability--service in a marketplace marked by certainty and fairness;
- *predictability--good price signals to encourage investment in needed generation and transmission infrastructure; and
- *innovative technology--future technological advances will be accommodated.

In addition, the proposal envisions a significant role being played by regional authorities in setting up regional power markets.

The White Paper stresses that the Commission will rely on regional state committees to address significant market design features for their regions while ensuring that "seams" issues between regions are minimized. State commissions and market participants in each region will have sufficient flexibility to work out the details of how certain core elements will be implemented in their respective regions.

In the White Paper, the Commission, taking particular note of comments received

(3)

on its proposal so far, says, among other things, that:

- *recognizing that practically all public utilities have voluntarily joined RTOs or independent system operators (ISOs), the Commission will direct the remaining utilities to join an RTO or ISO;
- *FERC jurisdiction over the transmission rate component of bundled retail sales is not needed to implement the plan;
- *provisions in the proposal regarding transmission planning and resource adequacy will be changed to make clear that state and local governments are decision makers in these areas and that FERC's role is a supporting one;
- *the Commission will emphasize the need for a transparent, well-monitored spot power market for last-minute imbalances between supply and demand (as well as other voluntary trades) and adopt a fair method of allocating costs of transmission grid congestion;
- *the final rule will permit regional state committees to oversee the allocation of firm transmission rights to current customers based on existing uses of the grid; the Commission will not require that such rights be auctioned;
- *the Commission will look closely at mitigation proposals for their compatibility with RTOs within the same interconnection;
- *the RTO or ISO will develop detailed market rules to be included in its Commission-filed tariff;
- *the rule will give substantial weight to the committees on the determination of the method that will be used to allocate costs of existing and new transmission facilities;
- *certain core features (independent operation of the grid, establishment of regional state committees and development of a regional transmission plan) will be required at the onset of the proposal but RTOs, ISOs and their regional state committees may work out a timetable and budget for implementation of remaining elements (energy markets, congestion cost allocation and market monitoring);

(4)

- *the Commission will allow flexibility on scope and configuration for ISOs; and

- *network access service could serve as a baseline service offered by all RTOs and ISOs that use locational prices. RTOs and ISOs would be free to propose improvements or modifications to meet regional needs.

Overarching principles of independent governance for RTOs will be included in the final rule but the Commission will decide governance issues on a case-by-case basis. The final rule will not override governance already approved. Nor will the Commission override decisions made without reservation in prior RTO orders in which the Commission noted an overlap with the proposed role.

A standard tariff provision limiting liability for transmission providers will be included in the final rule.

For the purposes of the final rule, all of the characteristics and functions for RTOs would apply to ISOs except for scope and regional configuration.

Interested parties are invited to comment on issues related to flexibility of the rule's implementation, regulatory jurisdiction, market monitoring, market power mitigation, native load, the role of independent transmission providers and the time line for implementing the final rule. Details on the Commission's revisions to its proposal may be found in Appendix A of the White Paper.

The complete White Paper is available on FERC's website– www.ferc.gov.

FEDERAL ENERGY REGULATORY COMMISSION

White Paper Wholesale Power Market Platform

(Issued April 28, 2003)

The Federal Energy Regulatory Commission's core mission under the Federal Power Act is to achieve wholesale electricity markets that produce just and reasonable prices and work for customers. The Commission's July 2002 proposal to harmonize wholesale power markets sought to advance this core mission in the context of the new realities of regional electricity markets.¹

The industry has been evolving toward a market-based approach for well over a decade and active long-term wholesale bilateral markets exist in all regions of the country. However, short-term wholesale markets with transparent prices and market structures that will reliably produce just and reasonable prices are not likely to develop without strong Commission action. Wholesale electricity markets do not automatically structure themselves with fair behavioral rules, provide a level playing field for market participants, effectively monitor themselves, check the influence of market power, mitigate prices that are unlawful, or fix themselves when broken. These are the responsibilities of the Commission under current law, and our proposal was made with these responsibilities in mind.

Our proposal was informed by the experiences of this country and other countries in electric market design, including the effects of supply shortages, demand that does not respond to high prices, lack of price transparency in the marketplace, and the importance of market monitoring and market power mitigation. Based on the extensive comments we have received during the past nine months, we are issuing this White Paper to set forth our assessment of how best to move forward in the electric industry for the long-term benefit of electricity customers, and how we intend to change our proposed rule to meet the concerns that have been raised.

Our goals continue to be reliable, reasonably priced electric service for all customers; sufficient electric infrastructure; transparent markets with fair rules for all market participants; stability and regulatory certainty for customers, the electric power industry, and investors; technological innovation; and efficient use of the nation's resources. Further, providing regulatory certainty for the industry and investors in order to build needed infrastructure is a critical need facing the energy industry and requires Commission action.

¹Notice of Proposed Rulemaking, Docket No. RM01-12-000, issued July 31, 2002.

Under the Final Rule, we intend to focus on the formation of regional transmission organizations (RTOs) and on ensuring that all RTOs and independent system operators (ISOs) have good wholesale market rules in place.² We will eliminate the proposed requirement that public utilities create or join an Independent Transmission Provider. Instead, in light of the fact that almost all public utilities already have joined, or committed to join, an RTO or ISO, the Final Rule will require public utilities to join an RTO or ISO.³ Further, we intend to adopt a Final Rule that allows for phased-in implementation and sequencing tailored to each region and that allows modifications to benefit customers within each region. In addition, if for a specific RTO or ISO it can be demonstrated to the Commission that the costs of implementing any feature of the market platform outweigh its benefits, the Commission will not require implementation of the feature for that particular RTO or ISO.⁴

For the basic wholesale market platform, we intend to build upon the existing rules adopted in Order No. 2000 for RTOs by adding features that we have learned are necessary for effective wholesale power markets.⁵ For example, Order No. 2000 did not include market power mitigation measures and does not prevent flawed market designs. Wholesale electric markets will not be able to deliver full customer benefits in the future without the oversight and transparency that regional independent transmission organizations can provide. Healthy and well-functioning wholesale power markets are central to the national economy, and we believe that regional, independent operation of the transmission system, with proven market rules in place, is the critical platform for the future success of electric markets. Divestiture is not required to achieve independent operation of the transmission system. Companies may remain vertically integrated under an RTO or ISO.

In the years since Congress enacted the Energy Policy Act of 1992, competition among power plants for wholesale customers' business has largely replaced traditional cost-of-service regulation of wholesale power sales. The Department of Energy found that

² For the purposes of the Final Rule, all of the characteristics and functions for RTOs would apply to Independent System Operators (ISOs), except for scope and regional configuration.

³The requirements of the Final Rule will not apply to Commission-jurisdictional electric power cooperatives that serve only retail load.

⁴We intend to commence technical conferences in each region and to work with states and market participants to develop reasonable timetables for moving forward.

⁵Details of the wholesale power market platform and a comparison of them to the requirements of Order No. 2000 are included in Appendix A.

relying more on markets has saved customers \$13 billion per year over traditional regulation. It has stimulated innovation in generation and transmission technologies. It has freed customers from being forced to pay for the "stranded costs" of unwise investments. This competitive market framework came about as a result of national legislation and a series of Commission initiatives in both the wholesale gas and electric industries. In particular, these actions were intended to provide all wholesale power sellers with equal access to the transmission grid. Equal, nondiscriminatory access is a necessary prerequisite for fair competition among sellers, and, together with regional operation of the grid, gives wholesale buyers access to a much wider range of supply choices.

The transition to restructured markets has not been smooth or uniform. In regions with an effective wholesale market platform, an ISO or RTO provides effective market monitoring and has clear market rules designed to protect customers. Some markets, however, clearly have not been immune from market design flaws. Experiences in California have shown the consequences of poorly designed markets and inadequate generation, transmission and demand response. Moreover, they demonstrate the need for before-the-fact market power mitigation and ongoing market monitoring. Some areas also have experienced "seams" problems where differences in design between regions create artificial barriers to trade which raise costs, limit customer supply choices, and create opportunities for exploitation.

In other areas of the country, where markets do not have independent or regional grid operation, the lack of price transparency in the marketplace can mask problems and transmission operators can use their ability to control the transmission system to favor their own power sales. New competitors may be blocked or delayed because the transmission operator can favor its affiliated suppliers both in interconnecting to the grid and in allocating the costs of interconnection. The result of these problems is higher customer costs, making independence a critical element for protecting native load. Dealing with these issues and concerns on a case-by-case basis takes significant time and effort for both the Commission and market participants to resolve.

In the proposed rule, the Commission identified the building blocks for a healthy wholesale market to address the problems we have experienced in both competitive and non-competitive markets. In moving forward on a Final Rule, we believe it is critical to retain certain fundamental building blocks for healthy electric markets, and we agree with commenters that regional economic differences and regional timing constraints must be recognized. Below we identify market issues that lend themselves to regional solutions without compromising the integrity of a solid market platform.

The Commission is aware that the success of our RTO-based initiative is more likely in a region where the bulk of the transmission grid is in the hands of jurisdictional

public utilities. But in the Pacific Northwest, roughly 80 percent of the grid assets are controlled by the Bonneville Power Administration, which is not a public utility under the Federal Power Act. Bonneville's participation in RTO West is essential for RTO West to succeed. Thus, we encourage Bonneville's continued voluntary participation in RTO West. We are also aware that Bonneville will continue to participate only if RTO West has the flexibility to meet the unique needs of the Pacific Northwest. We clarify what may be obvious. Any decision of Bonneville to meet its obligations and operational responsibilities with respect to such matters as irrigation, flood control, treaties, environmental rules and the like is solely Bonneville's to make and is not jurisdictional to the Commission. While the Commission has limited jurisdiction over Bonneville's rates under the Pacific Northwest Electric Power Planning and Conservation Act, the contracts between Bonneville and its customers do not require Commission review or approval. We have heard the concerns expressed about the merits of locational pricing and a day ahead market in a region dominated by interdependent hydroelectric resources. With respect to these concerns, our commitment is to work with interested parties, including state commissions, to find solutions that are appropriate to the unique needs of the Pacific Northwest.

The Commission will consider all comments received on this White Paper, as well as any pending electricity legislation being considered in the U.S. Congress, prior to issuing a Final Rule.

Comments on the Proposed Rule

A number of concerns have been raised about various aspects of the proposed rule. We have received approximately 1,000 sets of formal comments on our proposed rule. The most extensive concerns involved the following issues. We state these concerns and our responses below:

- The Commission proposed to assert jurisdiction over transmission used to provide retail service to native load customers.

Pursuant to Order No. 888, the Commission currently asserts jurisdiction over wholesale transmission service and unbundled retail transmission service by public utilities. In the Final Rule, with respect to bundled retail service, we will continue our existing practice for RTOs and ISOs of distinguishing between the non-price terms and conditions of transmission service and the rates for transmission service. As discussed in Appendix A, the non-price terms and conditions of the RTO or ISO tariff will apply equally to all users, including those taking service to meet their obligation to serve bundled retail customers. However, the Commission will not assert jurisdiction over the transmission

rate component of bundled retail service, thereby avoiding unintended issues raised by a new assertion of jurisdiction.

- Specific features of the proposed rule, particularly the resource adequacy requirement and the regional transmission planning requirement, infringe on state jurisdiction.

The Commission clarifies that nothing in the Final Rule will change state authority over these matters. We will not include a minimum level of resource adequacy. The RTO or ISO may implement a resource adequacy program only where a state (or states) asks it to do so, or where a state does not act. The Final Rule will direct RTOs and ISOs to develop a periodic regional transmission plan for submission to relevant state and local siting authorities and to assist the states in whatever manner they desire, including evaluating the impact of new generation, transmission, energy efficiency, and demand response on regional reliability and resource adequacy.

- The transition process to the new proposed transmission service would not provide sufficient protection for existing customers.

As with our earlier restructuring efforts in the natural gas and electric power industries, we want to ensure that existing customers retain their existing transmission rights and retain rights for future load growth. While all customers that pay a basic access charge can schedule transmission service, it is important that customers be able to protect themselves from congestion costs through Firm Transmission Rights (FTRs). The Final Rule will eliminate any requirement that FTRs be auctioned. We will, instead, look to regional state committees to determine how such rights should be allocated to current customers based on current uses of the grid. Varying approaches to FTR allocation need not create "seams" with neighboring regions.

- The proposed rule was too prescriptive in substance and in implementation timetable, and did not sufficiently accommodate regional differences.

As discussed above, we intend to adopt a Final Rule that allows for phased-in implementation and sequencing tailored to each region and that allows modifications to benefit customers within each region. To the extent that it can be demonstrated to the Commission that the costs of implementing any feature of the Final Rule outweigh its benefits, the Commission will not require the RTO or ISO to implement that feature. Before issuing a Final Rule, we intend to convene technical conferences with state commissioners and market participants in each region to discuss which aspects of the platform (if any) have not already been addressed and the timeline, sequence and budget for

moving forward.⁶ Also, as discussed in Appendix A, each RTO or ISO would provide a forum for state representatives to participate in the RTO's or ISO's decisionmaking process. That forum is referred to as the regional state committee.

- The proposed rule did not provide sufficient clarity on cost recovery for investment in new transmission facilities.

Each RTO or ISO will be required to have a clear transmission cost recovery policy outlined in its tariff. We will look to the RTO or ISO and the regional state committee to determine the appropriate regional approach for allocating the costs of new transmission. Regions may differ on the extent to which they want to rely on participant funded expansions; this difference need not create "seams" with neighboring regions. Because this issue is such an important one in stimulating appropriate investment by both existing and new transmission companies, we will allow an RTO or ISO to implement such policies once there is a regional planning process through which an independent entity performs all necessary facilities studies and determines cost responsibility for the required transmission upgrades.⁷

Wholesale Market Platform

The Commission believes that certain elements need to be in place for well-functioning wholesale markets.

Regional Independent Grid Operation

Order No. 2000 required that all RTOs meet four minimum characteristics: independence, scope and regional configuration, operational authority, and short-term reliability. The Final Rule will reaffirm the need for these characteristics. In particular, the lack of independence continues to plague electricity markets because it provides an incentive for those who own generation and operate transmission facilities to operate the transmission system in ways that exclude competing generation suppliers and can allow the

⁶To avoid the reliability and operational problems that result when some parts of the grid do not participate in RTO or ISO functions, we strongly encourage regional decision-making on RTO or ISO implementation through regional state committees, stakeholder committees, and other authorities in the region.

⁷In Appendix A, we explain that allowing participant funding on the basis of having an independent entity perform transmission planning and related cost allocation is a transitional approach that could be used in anticipation of the RTO or ISO assuming operational control of the regional transmission grid within one year.

exercise of market power. This conflict of interest cannot be remedied through oversight and enforcement. Rather, structural separation of transmission operation from other wholesale market activities is required to eliminate the ability for such manipulation.

Regional operation is critical for both reliability and efficiency because power flows freely throughout regional grids. Order No. 2000 said "the scope and configuration of the regions in which the RTOs are to operate will significantly affect how well they will be able to achieve the necessary regulatory, reliability, operational and competitive benefits." However, in the Final Rule we will allow flexibility on scope and configuration for ISOs. RTOs and ISOs are developing methods of interregional coordination that allow separate control, but a single market from the customer's perspective. Therefore, in the Final Rule we will not require ISOs to meet the scope and regional configuration requirement. However, all must actively pursue interregional coordination between RTOs and ISOs, including the elimination of the payment of multiple access fees for transactions that cross ISO and RTO borders.

Order No. 2000 required that the RTO be the sole provider of transmission service and sole administrator of its own open access tariff. Included in this is the requirement that the RTO have the sole authority for the evaluation and approval of all requests for transmission service including requests for new interconnections. The Final Rule will reaffirm these requirements.

Regional Transmission Planning Process

Regional planning of the transmission grid is essential to ensure the most effective use of the interconnected grid facilities. The RTO or ISO is in a unique position to discern regional needs and address factors inhibiting investment in transmission and generation through conducting a region-wide planning process. As required in Order No. 2000, the Final Rule will require the RTO or ISO to produce technical assessments of the regional grid and support the state siting authorities or multi-state entities by performing necessary studies. The purpose is to assist the states and market participants by giving an independent assessment of the transmission facilities needed by the region to reliably and economically serve load located within the region. How the RTO or ISO, state commissions, transmission owners, and other market participants participate in the process will be decided regionally. By administering the regional tariff, RTOs and ISOs also provide the critical link to a cost recovery mechanism for regional transmission expansions. The Final Rule would require RTOs and ISOs to have a regional planning process in place as soon as practicable.

Fair Cost Allocation for Existing and New Transmission

The costs associated with the existing grid, other than those directly assigned, will continue to be recovered through rates paid by customers. To avoid having customers pay multiple, cumulative charges for transmission service across multiple utility grids in a region, the rate paid by a customer should permit that customer to have access to the entire region at a single rate. As discussed in Appendix A, regional state committees may agree on the form of access charge that will be filed by the RTO or ISO under section 205 of the Federal Power Act. That means the committee will decide whether to propose to move to a uniform rate for transmission service throughout the region (known as postage stamp rates), or whether to propose to maintain single, but different access charges depending on where power is taken off the grid (known as license plate rates).⁸

To gain access to a wider range of supply choices, RTOs and ISOs should eliminate the payment of multiple access fees across RTO and ISO borders. Rate mechanisms to minimize cost shifts should be used. If there is a notable imbalance between imports to and exports from an RTO or ISO, the net exporting RTO or ISO may seek to recover some of its transmission costs through an export rate.

As discussed above, costs of new transmission expansions will be recovered in accordance with the regional pricing policy, which may be informed by the appropriate regional state committee. As discussed in Appendix A, the regional pricing policy will be filed with the Commission by the RTO or ISO.

Market Monitoring and Market Power Mitigation

These are relatively undeveloped features of Order No. 2000, which did not have a market power mitigation component. For customers to benefit from wholesale power markets, it is critical that market prices fairly reflect the conditions of supply and demand rather than the exercise of market power. Each RTO or ISO would have an independent market monitor either for the individual RTO or ISO or for a larger region.

The market power mitigation measures must protect against the exercise of market power without suppressing prices below the level necessary to attract needed investment in new infrastructure in the region. At a minimum, the RTO's or ISO's tariff should include rules limiting bidding flexibility where there is localized market power. The RTO's or ISO's tariff must also include clear market rules designed to prevent market manipulation strategies, including the types of anti-gaming tariff provisions in the proposed rule.

⁸Under license plate rates, the single access charge is usually based on each transmission owners' service area.

The types of mitigation tools and the triggers and consequences of mitigation should be tailored to the needs of each region. For example, energy-limited resources, such as hydroelectric generators, may need to have bidding mitigation protocols and thresholds that are different from thermal generators. However, mitigation tools which vary by region across market seams have the potential to create enforcement problems and undesirable behavioral incentives. For this reason, the Commission will look closely at mitigation proposals, not only for their suitability for the RTO's or ISO's regional markets, but for their compatibility with neighboring RTOs and ISOs.

Spot Markets to Meet Customers' Real-Time Energy Needs

While we expect that the vast majority of energy bought and sold will continue to be under negotiated long-term contracts between customers and suppliers, the nature of electricity requires the availability of a spot market for the last-minute sales or purchases needed to ensure system reliability. This balancing function is currently performed by the transmission provider. Under the Final Rule, the RTO or ISO must use a real-time market for energy to resolve imbalances. A transparent spot market not only helps keep the system reliable and lowers costs but also provides important price and other information to all market participants on an equal and open basis. It also gives the public a timely way to assess the functioning of the market. These markets will also facilitate customer response to prices as well as ease the introduction of some renewable and other innovative supply technologies.⁹ The RTO or ISO in each region will develop the detailed market rules that will be included in its Commission-filed tariff. An RTO or ISO must also introduce a day-ahead market and a market for various ancillary services when the market is ready for those steps. Unlike Order No. 2000, which allowed power exchanges without a check for security constraints, any RTO or ISO day-ahead market must be designed to work reliably with the congestion management system.¹⁰

Transparency and Efficiency in Congestion Management

Regions should develop an approach to manage congestion that protects against manipulation, uses the grid efficiently, and promotes use of the lowest cost generation.

⁹State action is required for retail customers to have demand response options. Where states permit end users to participate directly in wholesale markets, demand response programs could be administered through the RTO or ISO tariff. The Commission strongly advocates demand response to limit supplier market power, enhance reliability and resource adequacy, and limit price volatility.

¹⁰The failure to check for security constraints created perverse incentives for participants in California to create congestion.

Efficient market behavior depends heavily on assigning cost responsibility to those who cause the costs and the benefits to those who reduce costs. Today, transmission providers resolve congestion through a system that causes unnecessarily expensive generation redispatch. These added costs are hidden but are real and are paid by customers today. Order No. 2000 required RTOs to have transparent market mechanisms with efficient price signals in place to manage transmission congestion within one year of initial operation. We would continue that general approach for both RTOs and ISOs. We clarify that this rule will not override decisions we have already made in individual RTO or ISO cases regarding congestion management.¹¹

Firm Transmission Rights

RTOs and ISOs that use locational pricing to manage congestion would be required to make Firm Transmission Rights (FTRs) available to customers.¹² FTRs protect customers from the costs of congestion. Under the Wholesale Power Market Platform, customers in RTOs that use locational pricing along with network transmission service would have firm physical transmission service, and customers with FTRs would be protected from congestion costs.

We will not require auctions of these rights. FTRs allow customers to schedule service according to the paths specified in their rights, with no risk of congestion charges. There also would be no risk of curtailment, absent a force majeure event such as the loss of a transmission line. By providing protection from congestion costs, FTRs also allow market participants to enter into contracts with a locked-in price if desired. Thus, FTRs allow for maximum utilization of valuable scarce grid capacity and therefore lower costs to customers.

In the Final Rule, for RTOs or ISOs that have not already addressed this issue, these rights would be allocated according to existing contracts and existing service arrangements in order to hold customers harmless. To the extent transmission rights have already been approved by the Commission in RTO or ISO orders we would not override these decisions in the Final Rule.

¹¹As discussed in Appendix A, we are also including options that will minimize cost shifts.

¹²The discussion applies to RTOs and ISOs that have embraced locational pricing. As noted in Appendix A, there are ongoing discussions in the Western Interconnection regarding common elements of market design. We will not prejudge the results of those ongoing discussions.

Resource Adequacy Approaches

Order No. 2000 did not include a regional view of resource adequacy. We have learned that if one state has inadequate resources, it can create severe problems for the larger region. It is difficult for the Commission to assure just and reasonable wholesale market prices if there are insufficient resources to meet demand. Each region with an RTO or ISO will determine how it will ensure that the region has sufficient resources to meet customers' needs. The approach to and level of resource adequacy will be decided by the states in the region drawing from a mix of generation, transmission, energy efficiency, and demand response. It is important to have a consistent approach throughout the region, which should be developed by the regional state committee. States may decide to ensure resource adequacy through state imposed requirements on utilities serving load within the region. Other states may choose to have RTOs or ISOs operate capacity markets. In any case, the choice on the approach is made by the states within the region.

Other Issues on Which Commenters Seek Clarification

- **RTO and ISO Governance** – We will include overarching principles of independent governance in the Final Rule, but will decide governance issues on a case-by-case basis. The Final Rule will not override governance already approved in earlier RTO orders.
- **RTO Decisions** – We confirm that the decisions made in prior RTO orders in which we noted an overlap with the Standard Market Design rulemaking will not be overturned in the Final Rule.
- **Liability** – A standard tariff provision limiting liability for transmission providers will be included in the Final Rule.
- **Cyber Security** – We will adopt the North American Electric Reliability Council (NERC) standards for cyber security.
- **Reciprocity** – We propose no change to the Order No. 888 reciprocity requirements and Order No. 2000 provisions affecting non-jurisdictional entities in the U.S., Canada, and Mexico. We believe non-jurisdictional entities will benefit from RTO formation and the development of standardized wholesale market rules. We encourage such non-jurisdictional entities to voluntarily participate in RTOs and ISOs as full and equal members.
- **Independent Transmission Company** – We propose no change in our prior decisions on the functions that should be performed by an RTO and those that may

be performed by an independent transmission company that operates within the RTO's territory.¹³

- **Standards** – We are encouraged that NERC, the North American Energy Standards Board, and RTOs and ISOs have reached agreements on a process through which they will work together in the development of reliability and market standards. Market standards developed through this process could be included in RTO and ISO tariffs to facilitate compatible and seamless rules across the interconnected power grid.

¹³See TRANSLink Transmission Company, LLC, et al., 99 FERC ¶ 61,106 (2002).

Appendix A

Comparison of the Proposed Wholesale Market Platform with the RTO Requirements of Order No. 2000

This appendix compares the current requirements for RTOs of Order No. 2000 with the requirements of the Wholesale Market Platform that would apply to both RTOs and ISOs. The Wholesale Market Platform is designed to build on these existing requirements. ISOs would have to satisfy all of the same requirements as RTOs except with respect to Scope and Regional Configuration.

This appendix identifies the changes and additions to the Characteristics and Functions specified in Order No. 2000 that would result from the Wholesale Market Platform. All other Characteristics and Functions requirements would remain the same. The Final Rule for the Wholesale Market Platform would also clarify when incremental pricing of new transmission facilities (participant funding) could be used. Finally, the Final Rule would impose several new market-related requirements on RTOs and ISOs.

Order No. 2000 was a voluntary program. Since that time, almost every public utility has joined or has committed to join an RTO or ISO. Therefore, the Final Rule will require that all public utilities join an RTO or ISO.¹

As discussed in the White Paper, if for a specific RTO or ISO it can be demonstrated to the Commission that the costs of implementing any feature of the market platform outweigh its benefits, the Commission will not require implementation of the feature for that particular RTO or ISO.

Throughout this appendix we discuss the role of the states in RTO and ISO decisions. The Wholesale Market Platform would require each RTO and ISO to provide a forum for state representatives in the decision-making process, i.e., a regional state committee. This requirement is discussed in more detail below.

¹The requirements of the Final Rule will not apply to Commission-jurisdictional electric power cooperatives that serve only retail load.

Finally, as discussed in the White Paper, the Commission does not intend to overturn decisions that have already been made in individual RTO cases. Decisions made in prior RTO orders in which we noted an overlap with Standard Market Design will not be overturned in the Final Rule. The Commission also does not intend to change our prior decisions regarding the functions that should be performed by an RTO and those that may be performed by an Independent Transmission Company that operates within the RTO's territory.

Characteristics and Functions

The four Characteristics required of an RTO are: Independence; Scope and Regional Configuration; Operational Authority; and Short-term Reliability.

The eight required Functions are: Tariff Administration and Design; Congestion Management; Parallel Path Flows; Ancillary Services²; OASIS; Market Monitoring; Planning and Expansion; and Interregional Coordination.

Characteristics

1. Independence

Order No. 2000. RTOs must be independent of market participants. As set out in Order No. 2000, by market participant, the Commission means any entity that, either directly or through an affiliate, sells or brokers electric energy, or provides transmission or ancillary services to the RTO unless the Commission finds that the entity does not have economic or commercial interests that would be affected by the RTO's actions or decisions.

Wholesale Market Platform. RTOs and ISOs would be required to meet all of the Order No. 2000 principles for Independence. In addition, the Final Rule will add to the Order No. 2000 requirements overarching principles on how to structure independent governance. The Commission will decide RTO governance matters on a case-by-case basis. Further, these overarching principles will not change governance decisions that have been approved in earlier RTO orders.

²This includes operation of a real-time spot market for energy imbalances.

2. Scope and Regional Configuration

Order No. 2000. The RTO must serve an appropriate region. The region must be of sufficient scope and configuration to permit the RTO to maintain reliability, effectively perform its required functions, and support efficient and non-discriminatory power markets.

Wholesale Market Platform. RTOs would be required to satisfy this Characteristic. However, new and existing ISOs would not be required to satisfy this Characteristic. But, ISOs must actively pursue interregional coordination to minimize the creation of seams that act as barriers to trade among regions.

3. Operational Authority

Order No. 2000. The RTO must have operational authority for all transmission facilities under its control. The RTO must also be the security coordinator for the facilities that it controls.

Wholesale Market Platform. RTOs and ISOs would be required to meet this Characteristic.

4. Short-Term Reliability

Order No. 2000. The RTO must have exclusive authority for maintaining the short-term reliability of the grid that it operates. It must have exclusive authority for receiving, confirming and implementing all interchange schedules. The RTO must have the right to order redispatch of any generator connected to transmission facilities it operates if necessary for the reliable operation of these facilities. When the RTO operates transmission facilities owned by other entities, it must have authority to approve or disapprove all requests for scheduled outages of transmission facilities to ensure that the outages can be accommodated within established reliability standards.

Wholesale Market Platform. RTOs and ISOs would be required to satisfy this Characteristic.

Functions

Under Order No. 2000, the RTO must perform the following Functions when it commences operations, unless otherwise noted.

1. Tariff Administration and Design

Order No. 2000. The RTO must administer its own transmission tariff and employ a transmission pricing system that will promote efficient use and expansion of transmission and generation facilities. The RTO must be the only provider of transmission service over the facilities under its control, and must be the sole administrator of its own Commission-approved open access transmission tariff. It must have the sole authority to receive, evaluate, and approve or deny all requests for transmission service. The RTO must have the authority to review and approve requests for new interconnections. Customers under the RTO tariff must not be charged multiple access fees for the recovery of capital costs for transmission service over facilities that the RTO controls.

Wholesale Market Platform. The Final Rule would retain these features and also would clarify the jurisdictional consequences that result when a public utility that owns, controls, or operates transmission facilities in interstate commerce joins an RTO or ISO. In the context of RTOs and ISOs, the RTO or ISO becomes the sole provider of transmission services for the facilities it controls, and transmission owning members of the RTO or ISO become wholesale customers of the RTO or ISO.

To accommodate both the realities of a regionally operated transmission system and the jurisdiction concerns raised by the states, the Commission will distinguish non-price terms and conditions of transmission service from rates for transmission service. As discussed below, we will assert jurisdiction over the non-price terms and conditions of transmission used by wholesale transmission customers to serve bundled retail customers, but we will not assert jurisdiction over the transmission rate component of bundled retail sales of electric energy.³ Moreover, in setting the wholesale rate for transmission, the Commission will rely upon the transmission rate set by the states for bundled retail service.

³Bundled retail sales of electric energy are sales of electric energy to retail customers where generation, transmission, distribution, and other services necessary to supply electric energy to such customers are sold as a single delivered service by a single seller and retail supplier choice is not permitted by state authorities.

Non-price terms and conditions of transmission service include matters such as reserving capacity and scheduling service, and it is critical in the context of RTOs and ISOs that such non-price terms and conditions apply to all customers on a not unduly discriminatory basis, with appropriate protection of native load customers. Consistent with our existing policy for transmission service used to serve unbundled retail customers (i.e., those in retail choice states), the Final Rule would allow state regulatory authorities to request waivers of any non-price terms and conditions of the RTO or ISO tariff that are not compatible with bundled retail service needs. We note that Commission-filed open access tariffs have successfully accommodated service to unbundled retail customers since Order No. 888 went into effect in 1996 and that ISO and RTO tariffs have successfully accommodated service to unbundled as well as bundled retail customers.

We clarify that Commission jurisdiction over non-price terms and conditions of transmission used by wholesale transmission customers to serve bundled retail customers does not affect state authority over retail choice decisions, transmission siting, or local issues associated with transmission or distribution (e.g., maintenance, tree trimming, downed lines, etc.).

The price that a transmission owner pays to the RTO or ISO becomes its cost for the transmission used to deliver the energy sold at retail. Consistent with existing Commission policy, transmission owners would be free to seek a rate from the RTO or ISO for the transmission purchased to deliver energy to bundled retail customers that is equal to the transmission component of the bundled retail rates set by the state commission. Under this approach, the rate set for transmission in interstate commerce to be re-sold as part of bundled retail service would be the same rate set by the state for the transmission component of bundled retail sales. This arrangement would be accomplished under a wholesale contract between the RTO or ISO and the transmission owner. Service agreements reflecting such proposed rates would be filed with the Commission and must be consistent with the Federal Power Act (FPA).

The Final Rule would also clarify that the RTO or ISO may use license plate or postage stamp rates for designing the access charges for the region. Each regional state committee may determine which approach the RTO or ISO should file with the Commission under section 205 of the FPA. If the regional state committee is unable to reach a decision on the methodology that should be used, the RTO or ISO would file its own proposal pursuant to section 205 of the FPA.

RTOs and ISOs should eliminate export and import fees where there is not a notable imbalance between imports to and exports from a region. Other rate measures could be used to prevent cost shifts among the regions.⁴ This could include adjusting the revenue requirement for the importing region to include a portion of the revenue requirement of the exporting region. However, where there is a notable imbalance between imports to and exports from a region, the RTO or ISO may seek to recover some of its transmission costs through an export fee.

2. Congestion Management

Order No. 2000. The RTO must ensure the development and operation of market mechanisms to manage transmission congestion. The market mechanisms must accommodate broad participation by all market participants, and must provide all transmission customers with efficient price signals that show the consequences of their transmission usage decisions. The RTO must either operate such markets itself or ensure that the task is performed by another entity that is not affiliated with any market participant. The RTO must satisfy the market mechanism requirement no later than one year after it commences initial operation. However, it must have in place at the time of initial operation an effective protocol for managing congestion.

Wholesale Market Platform. The Final Rule would retain the requirements that the RTO or ISO have an effective protocol for managing congestion at the time of initial operation and a market mechanism for congestion management after one year of operation.

The Final Rule would modify the requirement for market mechanisms to manage congestion. The RTO or ISO would be required to operate such markets itself. However, two or more RTOs or ISOs may apply to the Commission to do coordinated congestion management over a multi-RTO or ISO area as long as this function is carried out by an independent entity approved by the Commission.

Additionally, the Final Rule would add general principles that a good market congestion management system must satisfy. The congestion management system must:

⁴For example, a portion of the transmission cost of service of the exporting region could be recovered through the access charge of the importing region. Such a measure would reduce the transmission costs that would be collected from customers in the exporting region.

1) protect against market manipulation, such as experienced in the California markets; 2) promote the efficient use of the transmission grid; 3) promote the use of the lowest cost generation as intended under traditional economic generation dispatch; 4) assign cost responsibility to those that cause congestion costs and assign the benefits to those that reduce congestion costs; 5) reduce involuntary transmission service curtailments, e.g., Transmission Line Loading Relief; and 6) be compatible with congestion management systems used by other RTOs and ISOs in the electrical interconnection, to avoid creating barriers to trade among RTOs and ISOs.⁵

The Commission has already tasked the Seams Steering Group-Western Interconnection (SSG-WI) with developing consistent and compatible market elements for the Western Interconnection by the fourth quarter of 2003. The congestion management system being developed by SSG-WI should satisfy these general principles.

The Commission's preferred approach to congestion management is through locational pricing. However, other methods may be proposed. The RTO or ISO would need to demonstrate to the Commission how the proposed congestion management system satisfies these general principles.

If an RTO or ISO uses locational pricing, it must ensure that each existing firm customer (including transmission owners with a service obligation for native load) has the opportunity to obtain FTRs⁶ equivalent to that customer's existing firm rights.⁷ We will ensure not only that existing customers retain their existing rights, but also that they have

⁵For purposes of this discussion, the electrical interconnections are the Eastern Interconnection and the Western Interconnection.

⁶In the proposed rule, we coined the term "Congestion Revenue Rights," or "CRRs," as a standard term to describe the tradable, financial rights that would take the place of the current "physical" rights to firm transmission service. We chose this term to accurately describe what the holder had a right to receive – congestion revenues associated with the held CRRs' specified receipt and delivery points and MW quantity. These rights mirror those of FTRs used in most power markets. Reaction to our replacing "FTR" with "CRR" was less than enthusiastic; many saw no need for a new term unless a CRR differs from an FTR. As there is no real difference, we will now use the term "FTR," or "Firm Transmission Right,".

⁷A similar transition requirement would apply to a congestion management system not based on locational pricing.

the ability to obtain rights for future load growth. Customers who paid for transmission for load growth can retain the FTRs for that capacity. The FTRs that are offered by the RTO or ISO must, in the aggregate, be consistent with the physical limitations of the transmission system.⁸ If transmission rights or their allocation have already been approved by the Commission in RTO or ISO orders, we would not override these decisions in the Final Rule.

There would be no requirement to auction these FTRs either initially or after a transition period. The RTO or ISO tariff must also offer customers the ability to obtain additional FTRs for load growth. Customers paying the access charge would have the right to receive the additional FTRs associated with transmission upgrades that are included in the regional transmission plan. Entities that pay for the construction of transmission upgrades through participant funding will receive the FTRs that result from the transmission upgrades. Once the initial allocation of FTRs is completed, the RTO or ISO must operate a secondary market for holders of FTRs to voluntarily sell their FTRs to others.

The market mechanism for congestion management must be in place within one year after initial operation, unless the Commission approves a different timetable. As noted previously, the Commission will be flexible both as to timing and implementation based on regional differences and needs.

3. Parallel Path Flow

Order No. 2000. The RTO must develop and implement procedures to address parallel path flow issues within its region and with other regions. It will have three years to implement measures to address parallel path flows between regions.

Wholesale Market Platform. RTOs and ISOs will be required to perform this Function.

⁸Existing rights to service will be preserved. If necessary to meet these requirements, the RTO or ISO will create counterflow FTRs to make the aggregate set of FTRs physically feasible. If this results in a revenue shortfall, it could be recovered through an uplift charge.

4. Ancillary Services

Order No. 2000. The RTO must serve as a provider of last resort of all ancillary services (including energy imbalance service) required by Order No. 888 and subsequent orders. The services must be included in the RTO administered tariff so that transmission customers will have access to one-stop shopping for transmission service. All market participants must have the option of self-supplying or acquiring ancillary services from third parties. The RTO must have the authority to decide the minimum required amounts of each ancillary service and, if necessary, the locations at which these services must be provided. All ancillary service providers must be subject to direct or indirect operational control by the RTO. The RTO must promote the development of competitive markets for ancillary services whenever feasible. To provide energy imbalance service, the RTO must ensure that its transmission customers have access to a real-time balancing market. The RTO must either develop and operate this market itself or ensure that this task is performed by another entity that is not affiliated with any market participant.

Wholesale Market Platform. The Final Rule would require RTOs and ISOs to perform this Function. In addition, the Final Rule would require the RTO or ISO itself to operate a security constrained real-time market for balancing.⁹ The RTO or ISO would not be permitted to use a separate power exchange to perform this function. The RTO or ISO must also operate a day-ahead market for energy and a market for various ancillary services unless it is demonstrated that the costs exceed the benefits of such markets.

The spot market(s) operated by the RTO or ISO should facilitate price transparency (*i.e.*, for these spot markets the RTO or ISO should be required to provide on a timely basis, information about the availability and market price of sales of electric energy at wholesale in interstate commerce and transmission of electric energy in interstate commerce to the Commission, state commissions, buyers and sellers of wholesale electric energy, users of transmission services, and the public.)

Load-serving entities must also be able to schedule transmission for generation owned by or contracted for by that load-serving entity to meet a service obligation to customers or an existing wholesale obligation. Buyers, including intermittent resources, may procure power through these spot market(s) to meet their short-term energy needs.

⁹The spot market(s) operated by the RTO or ISO are intended only to supplement long-term supply arrangements.

Sellers, including intermittent resources, may offer power for sale through the spot market(s).

The spot market(s) operated by the RTO or ISO must facilitate the ability of demand to respond to prices. The RTO or ISO must work with state authorities to facilitate any demand response programs operated under state retail tariffs. The RTO or ISO must also work with states that permit end users to directly access the wholesale market to facilitate state required demand response programs or to include appropriate demand response programs in the RTO's or ISO's tariff.

Where a locational pricing system is used for congestion management, the prices in these spot market(s) must be location specific for sellers (nodal). The RTO or ISO may use zonal or nodal prices for buyers. Under a zonal system, the prices paid by load would be aggregated for the zone (e.g., a utility service territory).¹⁰ A locational pricing system can use either cost-based bids or market-based bids to determine the locational prices.¹¹

The RTO may charge for transmission losses within the region based on average or marginal losses.

5. OASIS and Total Transmission Capability (TTC) and Available Transmission Capability (ATC)

Order No. 2000. The RTO must be the single OASIS site administrator for all transmission facilities under its control and independently calculate TTC and ATC.

Wholesale Market Platform. RTOs and ISOs would be required to perform this Function.

¹⁰This approach is in operation in the New York Independent System Operator, Inc. Under that system, generators see location specific prices. Load sees an aggregate price for each zone. Each zone is based on the service territory of an individual transmission owner.

¹¹When PJM Interconnection, L.L.C. first started using locational pricing it did so using cost-based bids. As a transitional measure, regions may wish to take a similar initial approach to start locational pricing.

6. Market Monitoring

Order No. 2000. The RTO must provide for objective monitoring of the markets it operates to identify design flaws, market power abuses, and opportunities for efficiency improvements, and must propose appropriate actions. Reports on these issues must be filed with the Commission and affected regulatory authorities. The Commission believes the information collected will be data that the RTO will collect or have access to in the normal course of business.

Wholesale Market Platform. The Final Rule would retain these features but would change the name and scope of this Function to **Market Monitoring and Market Power Mitigation**. The Final Rule would both expand and further define the role of market monitoring in the RTO or ISO. It would also expand this function to require the RTO or ISO and its market monitor to file market power mitigation measures that are needed for the market(s) operated by the RTO or ISO. Finally, the Final Rule would require that the RTO or ISO tariff include clear and enforceable rules to define and police market manipulation and gaming strategies.

The Final Rule would require that each RTO or ISO have an independent market monitor either for the individual RTO or ISO or for a larger region. The RTO or ISO tariff must contain appropriate market power mitigation measures to address market power problems in the spot markets. These mitigation measures must work together with measures on resource adequacy to ensure that the measures do not suppress prices below the level necessary to attract needed investment in infrastructure in the region.

The RTO or ISO tariff must also include a clear set of rules governing market participant conduct with the consequences for violations clearly spelled out. At a minimum these would include rules on: (1) physical withholding of supplies; (2) economic withholding of supplies; (3) reporting on availability of units; (4) factual accuracy of information submitted to the RTO or ISO; (5) the obligation of market participants to provide information to the market monitor; (6) cooperation of market participants in investigations or audits conducted by the market monitor; and (7) the requirement that all bids that designate specific resources must be physically feasible.

The Final Rule would identify the reporting process that would be used if the market monitor thinks the markets are not resulting in just and reasonable prices or providing appropriate incentives for investment in needed infrastructure. This would include notification of the Commission, the regional state committee, and other appropriate state regulatory authorities of the nature of the problem and recommended solutions.

The Final Rule would also specify the periodic reports that the market monitor must prepare. The market monitor will provide annual reports on the state of its markets to the Commission, the regional state committee, and other appropriate state regulatory authorities. These reports will incorporate market metrics to provide a basis for measuring the performance of these markets across RTOs and ISOs, and to compare the performance of the market in each RTO or ISO over time. Metrics will also be developed to provide standard performance information on a monthly basis.

7. Planning and Expansion

Order No. 2000. The RTO must be responsible for planning, and for directing or arranging, necessary transmission expansions, additions, and upgrades that will enable it to provide efficient, reliable and non-discriminatory transmission service and coordinate such efforts with the appropriate state authorities. As part of this function, an RTO must encourage market-motivated operating and investment actions for preventing and relieving congestion. The RTO's planning and expansion process must accommodate efforts by state regulatory commissions to create multi-state agreements to review and approve new transmission facilities. The RTO planning and expansion process must be coordinated with programs of existing Regional Transmission Groups where appropriate. If the RTO is unable to satisfy this requirement when it commences operation, it must file with the Commission a plan with specified milestones that will ensure that it meets this requirement no later than three years after initial operation.

Wholesale Market Platform. The Final Rule would retain these features and also would modify this Function to provide that the RTO or ISO must satisfy this requirement as soon as practicable but no later than when it begins operation, rather than after three years of initial operation. The Final Rule would not change the decisions in prior RTO orders regarding the role that an Independent Transmission Company (ITC) could have in the regional planning process.¹²

¹²See TRANSLink Transmission Company, LLC, *et al.*, 99 FERC ¶ 61,106 (2002).

The regional transmission plan must include all transmission facility expansions in the region. Thus, the RTO or ISO can assess the combined effect on loop flows and reliability of all existing and planned facilities, including transmission facility expansions for which the costs are not necessarily to be borne by all customers. However, we clarify that transmission owners and others may propose to build transmission enhancements. The RTO or ISO will assess the impact of these proposals in the regional transmission plan. In addition, the RTO or ISO may assess the need for transmission enhancements in view of opportunities for energy efficiency, demand response, and new generation technologies, consistent with the policy direction of the regional state committee on these issues.

The RTO or ISO must also be responsible for transmission planning, and for directing or arranging, necessary transmission expansions, additions, and upgrades that will enable it to reliably and economically serve the needs of all customers in the region, including historical and native load customers and their projected load growth. The RTO or ISO would include transmission upgrades in the regional plan that are necessary to maintain or improve reliability or to reduce congestion and improve access to lower cost supplies (economic enhancements).

Economic enhancements would be included in the regional transmission plan with the costs recovered through the license plate or postage stamp access charges, if it is prudent to do so from the perspective of native load in the region. For example, these projects could include transmission upgrades that: 1) would resolve significant and persistent congestion within the region; 2) due to their size and scope, are unlikely to be undertaken as participant funded transmission upgrades; or 3) show positive benefits to the region using a cost benefit analysis that compares the cost to load within the region and the benefits to load within the region.

We will permit regional flexibility in determining the types of economic enhancements that would be recovered through the access charges.¹³ Some RTO or ISO regions may choose an expansive definition of the types of economic enhancements that benefit customers within the region. Other RTO or ISO regions may choose to rely more on participant funding.

¹³As discussed below, the choice made by the region will affect the cost recovery for transmission upgrades. If a transmission upgrade is determined to be needed to reliably and economically serve load in the region, the costs will be recovered through the license plate or postage stamp access charges used by the region.

The RTO or ISO tariff would have a clear plan that states the non-discriminatory criteria that would be used for determining the reliability and economic enhancements that are needed for customers within the region. Each regional state committee may determine the criteria for these economic enhancements. If the regional state committee reaches a decision on the criteria that would be used, the RTO or ISO would file these criteria in a filing pursuant to section 205 of the FPA. If the regional state committee is unable to reach a decision, the RTO or ISO would file its own proposal pursuant to section 205 of the FPA.

The Final Rule would not require that the RTO or ISO use a Request for Proposal (RFP) process for transmission upgrades.

8. Interregional Coordination

Order No. 2000. The RTO must ensure the integration of reliability practices within an interconnection and market interface practices among regions.

Wholesale Market Platform. RTOs and ISOs would perform this Function. In addition, the Final Rule would require that RTOs and ISOs within an electrical interconnection coordinate to resolve seams issues. Additionally, as discussed above, RTOs and ISOs should coordinate to eliminate export fees where there is no significant trade imbalance between the regions.

Transmission Pricing

In addition to the above Characteristics and Functions of an RTO, Order No. 2000 also addressed transmission pricing reforms by RTOs.

Order No. 2000. RTOs may file for a variety of innovative rate reforms, including performance-based, returns on equity, non-traditional methods of determining depreciation schedules for new transmission investments, and incremental pricing for new transmission investments (which has since become known as participant funding). Some of these pricing reforms will be available only through January 1, 2005.

Wholesale Market Platform. The Final Rule would provide that both RTOs and ISOs would be eligible for the rate reforms identified in Order No. 2000.

The Final Rule would provide further clarification on when incremental pricing for new transmission facilities (participant funding) could be used. The cost of transmission projects that are determined through the regional planning process to be necessary to reliably and economically serve load in the region will be recovered through the access charge that is assessed to load in the region. As stated above, regions would have flexibility in determining the types of economic enhancements that would be recovered through the access charge. Some RTO or ISO regions may choose an expansive definition of the types of economic enhancements that benefit customers within the region. Other RTO or ISO regions may choose to rely more on participant funding.

These rate provisions would be revised to permit an optional transitional process that could be used for participant funding. For a transitional period, not to exceed a year, participant funding may be used for transmission upgrades for generator interconnection as soon as an independent entity has been approved by the Commission and the affected states. Using the regional criteria, the independent entity would make decisions on which transmission upgrades should be participant funded and which ones should not. These decisions would be made through a regional planning process conducted by an independent entity in which the independent entity is also responsible for conducting all necessary facility studies.¹⁴ However, this transitional process is explicitly predicated on the assumption that this will be the first step towards the RTO or ISO satisfying the requirements of § 35.34 of the Commission's regulations.

Additional Requirements of the Wholesale Market Platform

In addition to the above changes to the existing requirements for RTOs, the Wholesale Market Platform would require the following:

1. Role of the States

Order No. 2000. Order No. 2000 recognizes that states have an important role in RTO formation and governance, and regional interests forming an RTO are required to consult with the states about the appropriate role for states and about the organizational form of the RTO. Although there were calls for the Commission to establish some form of

¹⁴E.g., if ESBI were selected by the SeTrans Sponsors to be their proposed ISA and it received the necessary regulatory approvals, ESBI could serve this function for SeTrans RTO on an interim basis.

regional regulation in Order No. 2000, the Commission decided, given the diversity of regional state interests and state laws, as well as differences in the organizational forms that RTOs may adopt, to decline to reach generic conclusions about states' roles. The Commission invited states to participate collaboratively with the FERC in fostering RTO formation.

Wholesale Market Platform. The Final Rule would retain the requirement for an important role for states in RTO or ISO formation. In addition, each RTO or ISO would be required to provide a forum for the participation of state representatives in its decision making process. The structure and functions of these groups will be determined by the states within the region. Each regional state committee will also decide how it will reach decisions, e.g., unanimous support or simple majority. State commissions working with existing RTOs and ISOs have developed procedures that provide examples that could be used in other regions. In the Midwest, state commissions have proposed the establishment of a flexible regional organization, a "Midwest Multi-State Committee," that would provide coordinated action on matters that are subject to state jurisdiction as well as issues that relate to wholesale power markets and interstate transmission. In the mid-Atlantic region, state commissions have a memorandum of understanding with the RTO. Other procedures could also be used.

An RTO or ISO may propose to recover as part of its annual budget, the cost of reimbursing state officials' reasonable expenses incurred by serving on the regional state committee.

Each regional state committee would have the primary responsibility for determining the regional proposals for cost responsibility and the transition process listed below. The RTO or ISO will provide the regional state committee with technical assistance. If the regional state committee reaches a decision on the methodology that would be used, the RTO or ISO would file this methodology pursuant to section 205 of the FPA. If the regional state committee is unable to reach a decision, the RTO or ISO would file its own proposal pursuant to section 205 of the FPA.

- Whether, and to what extent, participant funding would be used within the region for transmission enhancements. This would include whether participant funding would be used on a transitional basis before the RTO or ISO assumes operational control of the transmission facilities.
- Whether license plate or postage stamp rates will be used for the access charge paid by load in the region.

- Where an RTO or ISO uses locational pricing, whether the region will allocate FTRs directly to customers or whether FTRs will be auctioned and the revenues from those auctions (Auction Revenue Rights or ARRs) allocated directly to customers.
- The transition process that will be used in the region to ensure that each existing firm customer receives FTRs or ARRs, based on the regional choice, equivalent to the customer's existing firm rights. This includes whether any revenue shortfalls would be recovered through an uplift charge that applies to all customers in the region or over a narrower class of customers, e.g., only to customers in certain zones within the region.

Each regional state committee would determine the extent to which states within the region need to coordinate or have a consistent approach for certain planning issues that can affect cost responsibility among transmission owners and other load serving entities within the region. The RTO or ISO will provide the regional state committee with technical assistance. These include:

- Whether transmission upgrades for remote resources will be included in the regional transmission planning process.
- The role of transmission owners in proposing transmission upgrades.
- The role of generation, transmission, energy efficiency, and demand response in resource adequacy.

Each regional state committee will also be responsible for determining the resource adequacy approach that will be used across the entire region.

2. Resource Adequacy

Order No. 2000. Order No. 2000 has no provision for generation or demand response resource adequacy.

Wholesale Market Platform. Having sufficient available resources (generation, transmission, energy efficiency, demand response) is central to ensuring that wholesale power prices are just and reasonable and that service is reliable. The Final Rule will not require a uniform approach to resource adequacy. Rather, each regional state committee will be asked to determine the approach for resource adequacy across the entire region. The region may choose to use resource adequacy measures that are enforced by state

regulation of utilities, enforced through the RTO or ISO tariff, e.g., a capacity market, or other measures. The Final Rule will not set a minimum reserve margin.

The resource adequacy measures adopted by the region must work together with the region's market power mitigation measures to ensure that there are appropriate incentives to invest in sufficient infrastructure to maintain reliable and reasonably priced service to customers in the region.

3. Liability

The Final Rule would include standardized tariff provisions that limit the liability of RTOs and ISOs and transmission owners that belong to RTOs and ISOs. The tariff would provide that they would not be liable for any damages arising out of ordinary negligence. In instances of gross negligence, the RTO or ISO or the transmission owners that belong to RTOs or ISOs would only be liable for direct damages, and not for consequential or indirect damages. The same protections would also apply to generators when they are implementing the directives of the RTO or ISO. Courts will determine whether an action is negligent or grossly negligent.

4. Cyber Security

The Commission will adopt the North American Electric Reliability Council (NERC) standards on cyber security.

5. *Funds Transfer Agent Agreement*

- ***Agreement***
- ***Comments***
- ***Ballot***



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com

Home Page: www.naesb.org

via email and posting

TO: NAESB WEQ Members and Interested Industry Participants
FROM: Rae McQuade, Executive Director
RE: Wholesale Electric Quadrant Request For Comments
DATE: March 29, 2003

An industry comment period begins March 31, 2003 and ends on April 30 for the recommendation attached. The Executive Committee will meet in Washington on June 3 to review this recommendation and consider it for vote as a NAESB Wholesale Electric Quadrant (WEQ) standard. The recommendation can be accessed from the NAESB Web site, but is also attached to this request for comment. All comments received by the NAESB office by end of business on April 30 will be posted on the Home Page and forwarded to the WGQ EC members for their consideration. If you have difficulty retrieving this document, please call the NAESB office at (713) 356-0060.

Best Regards,

Rae McQuade



RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE

Requester: AmPro Energy Inc.

Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

1. RECOMMENDED ACTION:

- ☒ Accept as requested
☐ Accept as modified below
☐ Decline

Effect of EC Vote to Accept Recommended Action:

- ☒ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- ☒ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☒ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

- ☒ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☒ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

Adopt a Funds Transfer Agent Agreement (FTAA) For use with Power as the traded commodity.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Annual Plan Item #5-f – Develop the Funds Transfer Agent Agreement.
and

Request Submitted by AmPro Energy, Inc. – Expand the FTA Agreement to be able to perform power transactions to support Retail Energy provider supply requirements and Wholesale Power transactions. The changes are as follows:

1. Change FTA to reflect Power as the traded commodity.
2. It was come to our attention that Suppliers would prefer if we add a sentence under Article 1.3 to have the Buyer be responsible for the FTA (Bank)'s transaction fee. (Proposed language on page 1 Article 1.3)



RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE

Requester: AmPro Energy Inc.

Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

3. Add Article 1.4 to include Governing Law (proposed language on page 1 Article 2.5)
4. Add Article 2.5 to include Confidentiality Clause (proposed language on page 1 Article 2.5)
5. It was come to our attention that the FTA should notify Seller if the Buyer has not made timely payments. (Proposed language on page 2 Article 3.1)

b. Description of Recommendation:

WEQ Contracts Subcommittee

On 1/28/03, the WEQ Contracts Subcommittee established the FTAA Task Force, which is charged with reviewing the red-lined NAESB WGQ FTAA and reporting back to the next WEQ Contracts Subcommittee meeting with a recommendation for adoption as a standard, if appropriate.

FTAA Task Force

On 2/14/03 the FTAA Task Force drafted the request and accompanying FTAA and they were posted on February 12 (www.naesb.org/weq_contracts.htm) and no adverse comments were forwarded. Several meetings were held to revise the FTAA. All work papers are posted at the above web page address.

FTAA Task Force

On 2/26/03 the FTAA Task Force made a motion to adopt the redline FTAA, as modified at the meeting, and standards request and forward such to the WEQ Contracts Subcommittee for consideration at its March 5, 2003 meeting. The motion passed unanimously.

NERC-NAESB Joint Interface Committee

On 3/21/03 the Joint Interface Committee determined through a unanimous motion to forward the FTAA request to NAESB for development.

WEQ Contracts Subcommittee

On 3/24/03 the WEQ Contracts Subcommittee moved to post the draft NAESB FTAA for Electric Power for 30 day comment as it was presented at the March 5, 2003 WEQ Contracts Subcommittee meeting.

c. Business Purpose:

The Power FTA Agreement will allow WMBE companies more access and level plain field into the Power Industry.

Conceived initially as a mechanism to increase participation by small businesses in the natural gas industry, the Funds Transfer Agency Agreement (FTAA) provides value to all segments of the energy marketplace. The FTAA not only benefits Women and Minority owned Businesses (WMBEs) and other small businesses, but also assists natural gas producers and power generators, energy re-purchasers, regulators, and financial institutions. On a basic



RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE

Requester: AmPro Energy Inc.

Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

level, the FTAA increases market competition, thus helping to provide the traditional benefits of increased competition.

For the small business owner or WMBE, the FTAA provides a mechanism to acquire, and perform under, buy/sell agreements that were not always attainable in the past due to credit constraints. This is of particular importance when a small business is in its “start-up” stage. Further, through the use of the FTAA, a small business can build credit with its corporate counterpart and financial institutions. Increased use of the FTAA allows WMBE companies more access to the energy marketplace.

For the energy supplier, the FTAA is a way of managing credit exposure. Through use of the FTAA, a supplier is more willing and able to enter into marketing and sales contracts with small businesses, since it will be assured of payment for its products. The FTAA makes the process of contracting with a WMBE much simpler. As a result, the supplier’s marketplace is expanded.

For a financial institution, the FTAA is a means of providing community service at minimal additional cost. Additionally, use of the FTAA does not significantly expand a financial institution’s risk exposure, since it is merely acting as an escrow account (similar to a lockbox function.) An additional benefit to financial institutions is the ability of developing relationships with small business that may be tomorrow’s multinational conglomerates.

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

The WEQ Contracts Subcommittee found the draft FTAA to be an appropriate commercial vehicle to facilitate transactions for Women and Minority Owned Business Enterprises (WMBEs). The FTAA task force and Contracts Subcommittee met on the following days and to prepare the document and recommendation and all work papers may be found on the following web page (http://www.naesb.org/weq_contracts.htm):

• February 14, 2003	Conference Call	FTAA Task Force
• February 21, 2003	Conference Call	FTAA Task Force
• February 26, 2003	Conference Call	FTAA Task Force
• March 5, 2003	Meeting, Phoenix	Contracts Subcommittee
• March 24, 2003	Conference Call	Contracts Subcommittee



RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE

Requester: AmPro Energy Inc.

Request No.: 2003 WEQ Annual Item 5-f

Date: March 25, 2003

The following language is the NAESB Funds Transfer Agent Agreement for Electric Power as discussed in the above recommendation:

NAESB FUNDS TRANSFER AGENT AGREEMENT Electric Power

This NAESB Funds Transfer Agent Agreement ("FTA Agreement") is made and entered into as of [_____] by [Marketer/WMBE (Woman Minority Business Enterprises)] ("Buyer"), [Bank] ("Funds Transfer Agent" or "FTA"), and [Supplier] ("Seller").

- a) The Buyer, Seller, and Funds Transfer Agent agree that Buyer's purchases from Seller under this Funds Transfer Agreement shall only be resold to _____ (Buyer's Repurchaser).
- b) There is a separate and distinct FTA Agreement between the Seller, Buyer, and Funds Transfer Agent for each of the Buyer's repurchasers, which reflects the underlying terms and conditions of the "Base Contract" between the Buyer and such repurchaser.
- c) This FTA Agreement contemplates an instantaneous transfer of title to the Power from Seller to Buyer to Buyer's Repurchaser, so that all parties agree the Power is only to be scheduled at the same delivery point to the Buyer's Repurchaser.

ARTICLE 1 SCOPE OF AGREEMENT

1.1. Special Provision: This FTA Agreement constitutes a Special Provision to that affecting all transactions related to product and services under the EEI Master Power Purchase and Sale Agreement, the Western Systems Power Pool Agreement or other applicable bi-lateral power agreement dated _____, between Buyer and Seller ("Base Contract"), and is intended to supplement the General Terms and Conditions ("GT&C") affecting all transactions thereunder wherein Buyer and Seller assume the respective roles as indicated in the first paragraph of this FTA Agreement. Capitalized terms used in this FTA Agreement, which are not herein defined, will have the meanings ascribed to them in the GT&C.

1.2. Term: This FTA Agreement shall commence on _____, and continue on a Month-to-Month basis until terminated by any party upon 30 Days written notice to the other parties; provided, however, that this FTA Agreement may not be terminated prior to the expiration of the latest Delivery Period of any Transaction Confirmation(s) previously agreed to by the parties subject to this FTA Agreement. The obligation to make payment hereunder, including any related adjustments, shall survive the termination or cancellation of this FTA Agreement.

1.3. Appointment of Funds Transfer Agent ("FTA"): Seller and Buyer hereby appoint FTA as their agent under this FTA Agreement and all related documents, instruments, and agreements ("Related Agreement(s)"), and authorize the FTA, in such capacity, to exercise such powers and perform such duties as are expressly delegated to the FTA by the terms of this FTA Agreement and the Related Agreements, together with such other powers as are reasonably incidental thereto. The FTA shall not have any duties or responsibilities to, or any fiduciary relationship with, Buyer or Seller, and no implied covenants, functions, responsibilities, duties, obligations, or liabilities shall be read into this FTA Agreement or any Related Agreement or otherwise exist with respect to the FTA, except those expressly set forth herein including those identified in Section 3.1. Buyer shall have full obligation to compensate the FTA for its service (transaction) fees.

ARTICLE 2 TRANSACTION PROCEDURE

2.1. Modification to Transaction Procedure and Transaction Confirmation to Base Contract: The parties will use the following Transaction Confirmation procedure in lieu of the procedure set out in the Base Contract. The Transaction Confirmation is attached as Exhibit A-1

2.2. Execution of Transaction Confirmation By Buyer And Seller: Should Buyer and Seller come to an Agreement regarding a Power purchase and sale transaction for a particular Delivery Period subject to this FTA Agreement, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, to the other party and to the FTA by the close of the Business Day following the date of agreement. If a sending party's Transaction Confirmation is agreeable to the receiving party, the receiving party will execute the Transaction Confirmation and communicate copies thereof to the sending party and to the FTA by facsimile transmission by the close of the Business Day following receipt. Buyer and Seller will assign to each Transaction Confirmation the same identification number as Buyer's Repurchaser assigns to the corresponding Transaction Confirmation between Buyer and Buyer's Repurchaser.

2.3. Confirmation of Transaction by FTA: Upon the FTA's receipt of a Transaction Confirmation executed by both Buyer and Seller, FTA will verify (i) that Buyer has contracted with Buyer's Repurchaser to take delivery of a like quantity of Power at the Delivery Point(s) and under the same performance obligation as identified on the Transaction Confirmation; (ii) that Buyer's Repurchaser has agreed to make payment through the FTA of the funds due for its purchase of the Power delivered and accepted at such Delivery Point(s); and (iii) that the price to be paid by the Buyer's Repurchaser for such Power is not less than the price set out on the Transaction Confirmation between Buyer and Seller. The FTA will confirm its verification within 24 hours of its receipt of the executed Transaction Confirmation(s) by executing the FTA Confirmation Statement, as provided below, as a Special Condition at the bottom of the Transaction Confirmation and returning copies of such executed FTA Confirmation Statement to Buyer and Seller by facsimile transmission.

Special Condition - FTA Confirmation Statement

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the Power – delivered subject to this Transaction Confirmation pursuant to the terms and conditions of its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer's Repurchaser has contracted for the repurchase of a corresponding quantity of Power at the Delivery Point(s) identified above, under the same performance obligation at a price greater than the price set out above, and that Buyer's Repurchaser has agreed to make payments for such Power directly to FTA.

[Bank]: _____

2.4. Confirmation Execution Required: If Seller or Buyer has not received the FTA's Confirmation Statement within 24 hours after communication of the executed Transaction Confirmation to FTA, such party shall contact FTA and the other party by telephone regarding such non-receipt. The parties acknowledge that their agreement will not be binding until FTA executes its FTA Confirmation Statement and communicates a copy of such to Buyer and to Seller.

2.5. Confidentiality: Neither Party, Buyer, Seller and FTA shall disclose the terms or conditions of a Transaction under this FTA Agreement to a third party (other than the Party's employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential) except in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding; provided, however, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

2.6. No Modification: A fully executed and confirmed Transaction Confirmation may not be modified without the written consent of Buyer, Seller, and FTA. In the event of a conflict among the terms of (i) a Transaction Confirmation; (ii) the Base Contract, including any Special Provisions; and (iii) the GT&C, the terms of the documents shall govern in the priority listed in this sentence.

ARTICLE 3 PAYMENTS

3.1. Payment From FTA: FTA shall pay Seller by wire transfer for the benefit of Buyer on the next Business Day following receipt of funds paid by Buyer's Repurchaser, and in accordance with FTA wire instructions contained in Section 3.2 below. Additionally, Buyer will furnish to FTA a copy of Seller's invoice, which will determine the amount of the wire transfer. Buyer shall not be required to enter into any other contractual or other arrangements in order to effectuate payments to Seller. FTA's obligation to make payment to Seller hereunder is specifically conditioned upon FTA's receipt of funds from Buyer's Repurchaser. Funds received from Buyer's Repurchaser shall be held in trust by the FTA for the benefit of the Seller to the extent of the purchase price owing from the Buyer to the Seller.

3.2. Payment Address: All payments from Buyer to Seller shall be sent through FTA via Fed Funds to Seller at the address set out herein. Only Seller may request revisions to the address specified for payment herein, which requests shall not be made more than two times per year, unless due to merger or mandated by State or Federal regulations.

[Supplier'] - Wire Transfer Account
Bank: [Supplier's Bank], [City, State]
Account No. [000-00-000000] ABA # [000000000]

Invoice Reference No. _____

Please include invoice reference number _____ in the text field of your wire transfer.

ARTICLE 4 NOTICES

4.1. Notice Requirements : Any notice provided for in this FTA Agreement, or any notice which any party may desire to give to the others, shall be sent by facsimile or other mutually acceptable electronic means, and confirmed by a telephone call as soon as possible during common business hours, to the contacts set out below.

4.2. Notices to FTA

Primary Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

Emergency Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

4.3. Notices to Buyer:

Primary Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

Emergency Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

4.4. Notices to Seller:

Primary Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

Emergency Contact:

[name]
Telephone No:
Facsimile No:
Email Address:

4.5. Change of Contacts : Any party may change the designated contact and/or telephone and/or facsimile numbers and/or Email Address for notices upon seven Days written notice.

RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE
Requester: AmPro Energy Inc., Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

As evidence of their agreement hereto, the parties have caused this FTA Agreement to be duly executed in triplicate originals by their authorized representatives as of the date first written above.

BUYER:

By: _____
Name: _____
Title: _____

SELLER:

By: _____
Name: _____
Title: _____

FUNDS TRANSFER AGENT:

By: _____
Name: _____
Title: _____

SPECIAL PROVISION TO THE BASE CONTRACT FOR SALE AND PURCHASE OF ELECTRIC POWER

This Special Provision is made and entered into as of _____, and amends that certain Base Contract for Sale and Purchase of Electric Power dated _____, between [Repurchaser] and [Marketer] ("Base Contract"), and is intended to supplement the General Terms and Conditions ("GT&C") affecting all Transactions where [Repurchaser] is buyer, hereinafter referred to as Repurchaser, and ["WMBE" Woman Minority Business Enterprises] is seller, hereinafter referred to as Marketer. Capitalized terms used in this Agreement, which are not herein defined, will have the meanings ascribed to them in the GT&C.

1. DEFINITION OF "FTA": The term "FTA" or "Funds Transfer Agent" will refer to:

[Bank]

[Bank's address]

2. CONFIRMATION OF TRANSACTION BY FTA: Repurchaser and Marketer will send copies of their respective periodic Transaction Confirmations to FTA. Repurchaser will obtain confirmation by the FTA that Marketer has contracted with a supplier to deliver a like quantity of Power at the Delivery Point(s) identified on the Transaction Confirmation, under the same performance obligation at a price no greater than the price set out on the Transaction Confirmation between Repurchaser and Marketer. Such confirmation will be documented by the FTA's execution of the FTA Confirmation Statement, as provided below, as a Special Condition at the bottom of the Transaction Confirmation sent by FTA to Marketer and to Repurchaser. (An example of this form of Transaction Confirmation is attached as Exhibit A-2.)

Special Condition - FTA Confirmation Statement

_____, as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Marketer has contracted for delivery of a corresponding quantity of Power at the Delivery Point(s) identified above, under the same performance obligation and at a price no greater than the price set out above. FTA will accept payment from Repurchaser on behalf of Marketer under the terms and conditions of the Base Contract.

[FTA]: _____

3. NO MODIFICATION: The payment instructions may not be modified during the operative period of a binding Transaction Confirmation. Any modification to a binding Transaction Confirmation must be in the form of a revised Transaction Confirmation and subject to the same confirmation process set out in paragraph 2 above.

4. NOTIFICATION: Repurchaser and Marketer agree to furnish to the FTA a copy of this Special Provision and each operative Transaction Confirmation, substantially in the form of Exhibit A-2. Repurchaser and Marketer hereby advise FTA that any information furnished hereunder is confidential.

5. OPTION OF REPURCHASER: The Repurchaser has the option to specify the names of suppliers authorized to supply the Power to Marketer. Therefore, Repurchaser and Marketer agree that Power sold to Repurchaser under this Special Provision shall be purchased only from the companies listed below. If no suppliers are listed below, any supplier shall be deemed acceptable to Repurchaser. Repurchaser may amend the authorized suppliers list for future transactions by written notice to the Marketer and to the FTA, so long as the change(s) are made prior to the fifteenth Day of the Month preceding the Month of delivery.

Authorized Suppliers List

_____	_____	_____
_____	_____	_____
_____	_____	_____

REPURCHASER:

By: _____

Name: _____

Title: _____

Date: _____

MARKETER:

By: _____

Name: _____

Title: _____

Date: _____

RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE
Requester: AmPro Energy Inc., Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

TRANSACTION CONFIRMATION EXHIBIT A-1
FOR IMMEDIATE DELIVERY

Date:
Transaction Confirmation #: (1) A-1

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of Receipt unless otherwise specified in the Base Contract.

SELLER: [Supplier] Attn: _____ Phone: _____ Fax: _____ Base Contract No.: _____	BUYER: [Marketer] Attn: _____ Phone: _____ Fax: _____ Base Contract No.: _____

Performance Obligation: Firm-LD (2) A-1

(3) A-1 Daily Quantity	(4) A-1 Delivery Point(s)	(5) A-1 Price \$/MWh	(6) A-1 Delivery Period

Special Condition: FTA Confirmation Statement

Seller: _____ By: _____ (7) A-1 Title: _____ Date: _____	Buyer: _____ By: _____ (8) A-1 Title: _____ Date: _____

BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.

FTA Confirmation Statement:

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the Power delivered subject to this Transaction Confirmation pursuant to the terms and conditions to its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer's Repurchaser has contracted for the repurchase of a corresponding quantity of Power at the Delivery Point(s) identified above, under the same performance obligation and at a price greater than the price set out above, and that Buyer's Repurchaser has agreed to make payments for such Power directly to FTA.

[Bank] _____
Name: _____
Title: _____
Date: _____

RECOMMENDATION TO NAESB WEQ EXECUTIVE COMMITTEE
Requester: AmPro Energy Inc., Request No.: 2003 WEQ Annual Item 5-f
Date: March 25, 2003

TRANSACTION CONFIRMATION EXHIBIT A-2
FOR IMMEDIATE DELIVERY

Date:

Transaction Confirmation #:

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of Receipt unless otherwise specified in the Base Contract.

SELLER: [Marketer]

BUYER: [Repurchaser]

 Attn: _____
 Phone: _____
 Fax: _____
 Base Contract No.: _____

 Attn: _____
 Phone: _____
 Fax: _____
 Base Contract No.: _____

Performance Obligation: Firm-LD

Daily Quantity	Delivery Point(s)	Price \$/MWh	Delivery Period

Special Condition: FTA Confirmation Statement

Seller: _____ **Buyer:** _____
By: _____ **By:** _____
Title: _____ **Title:** _____
Date: _____ **Date:** _____

**BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE
 OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.**

FTA Confirmation Statement:

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Marketer has contracted for delivery of a corresponding quantity of Power at the Delivery Point(s) identified above, under the same performance obligation and at a price no greater than the price set out above. FTA will accept payment from Repurchaser on behalf of Marketer under the terms and conditions of the Base Contract.

[Bank] _____
 Name: _____
 Title: _____
 Date: _____

FTA Agreement Instructions

The FTA Agreement is composed of two basic documents, which are Agreement #1 between the Generator/Supplier, the WMBE and the Bank, and Agreement #2 between the Repurchaser and the WMBE. The Bank's administration of these documents occurs at two different phases of each transaction, which are the Transaction Confirmation Phase of Exhibit A-1 and Exhibit A-2, and the Funds Transfer Phase.

Transaction Confirmation (see EXHIBIT A-1 and EXHIBIT A-2)

The Transaction Confirmation process should be completed by the end of the month preceding the month of Delivery. Therefore, the Generator /Supplier will have received from the FTA Bank a fully executed Exhibit A-1 prior to the flow of Power on the first day of the Delivery month.

The Bank will verify eight (8) items on the Exhibit A-1 and eight (8) items on the Exhibit A-2, which are as follows:

1. (1) A-1 & (1) A-2 – the Transaction Confirmation number is the same on both Exhibits.
2. (2) A-1 & (2) A-2 – the Performance Obligation is the same, both "Firm-LD" on both Exhibits.
3. (3) A-1 & (3) A-2 – the Daily Quantity is the same on both Exhibits.
4. (4) A-1 & (4) A-2 – the Delivery Point is at the same place on both Exhibits.
5. (5) A-1 & (5) A-2 – the (5) A-2 price is greater than the (5) A-1 price, so that the deal is on at a positive profit margin.
6. (6) A-1 & (6) A-2 – the Delivery Period is for the same time period on both Exhibits.
7. (7) A-1 & (7) A-2 – both Exhibits have been signed by the Sellers, as provided for.
8. (8) A-1 & (8) A-2 – both Exhibits have been signed by the Buyers, as provided for.

After the above verification process has been completed and if applicable, the FTA confirms that the Supplier is on the Buyer's Authorized Suppliers List, the Bank signs the bottom of the Exhibit A-2 and faxes it back to the Repurchaser and the WMBE, and then the Bank signs the bottom of the Exhibit A-1 and faxes it back to the Generator/Supplier and the WMBE. This completes the Transaction Confirmation phase. This repeats once a year for one-year deals and once a month for one-month deals.

Flow of Funds of FTAA (see Flow of Funds of FTAA diagram)

Prior to the 25th Day of the Month following the Month of Delivery, the Bank will receive Payment Instructions and a copy of the Generator /Supplier's Invoice from the WMBE. On or about the 25th Day of the Month following the Month of Delivery, the Repurchaser will transfer funds into the "WMBE Account Controlled by Bank." The FTA will transfer to the Generator/Supplier the indicated amount of funds on the next Business Day after receipt of payment. The remainder of the funds in the "WMBE Account Controlled by Bank" (i.e., the Profit Margin) will be transferred to the WMBE. This transfer of funds will occur each month following a month in which the Power was delivered in accordance with the operative Exhibit A-1 and Exhibit A-2.



RE: Comments Response in regards to the FTAA Power:

Below are comments prepared by Amy Gasca in regards to the written and oral comments received by NAESB in reference to the FTAA Power:

Goal of the FTAA: The FTAA for Power has been mirror to the FTAA for Gas as approved by NAESB. The goal is to allow a diversity of market participants that have a financial strength limitation to enter into transactions within the Energy markets. The FTAA is a mechanism to manage the financial precedes via a third party manager, in this case a reputable bank called the FTAA. This transaction is supported and complemented with either an EEI or a WPSS agreement between the parties.

The FTAA was initiated by an effort collaboration between NARUC and the Department of Energy with the goal to promote experienced Woman Minority Business Entrepreneurs to enter into the Energy industry and to provide a vehicle to entities that wish to diversify their energy supply portfolios/purchases from a WMBE.

It is agreed and understood that the FTAA does NOT take place of a Guaranteed or a Letter of Credit. The assumption is that each supplier (Generator/Producer/Supplier) has accepted the creditworthy base of the Repurchaser. Thus, a letter of credit will not be required from the WMBE.

The FTAA allows the participants to designate parties that they have accepted within their own credit requirements.

Mr. Will Johnson has addressed Key attributes and benefits of the FTAA in his comments filed on 4/27/03. Below is a summary of such for your reference:

1. **Producer credit risk protection**
2. **Repurchaser delivery reliability risk protection**

The FTAA transaction is similar to any other market industry standard practice. The transaction is binding at the time of acceptance between – Generator-WMBE-Repurchaser. The FTAA mechanism is in place of the traditional “**CONFIRMATION**”, However, this FTAA provides additional protection to all parties by assuring that the funds will be transmitted to the appropriate entity and that there is a FULL HEDGE transaction by the WMBE.

Summary:

The acceptance and use of the FTAA among market participants within the energy industry is:

1. **Voluntary Participation:** NAESB, NARUC or the Department of Energy does not promote this document or mechanism to anyone within the market place. Each company has the option to use this standard document. This is a tool that is created to bring protection and diversity promotion.
2. **Cost:** The cost associated with the FTAA management is usually paid by the WMBE or negotiated as part of the transaction.
3. **Usage:** The use of the FTAA is not exclusive to WMBE companies. This document is and can be used by any market participant that wishes to enter into a transaction with such tool.

4. **Operational Risk:** Each entity has the responsibility to agree, verify each transaction that meets the operational and physical requirements. The bank's role is to act as the Check-out party. Their understanding of the physical and operational is not required or necessary to performed their role. All the operational and financial performance requirements are underlined in the agreed EEI or WPSS confirmations as a normal course of business.

Thank you for the opportunity to respond . Please call me if you have any questions or comments.

Sincerely,

Amy Gasca
President & CEO
281-446-2520 Office
713-545-0084 Cell Phone
281-446-4786 Fax
Email: agasca@amproenergy.com

www.amproenergy.com

Subj: **RE: Request for Comments - NAESB WEQ Funds Transfer Agent Agreement**
Date: 4/18/2003 11:43:51 AM Central Daylight Time
From: Gloria.Ogenyi
To: naesb2@aol.com
Sent from the Internet

Conectiv Energy Comments:

It appears that the purpose of the agreement is for a non-credit worthy buyer to attempt to assure payment by entering into an agreement where it promises that its identified purchaser will make payments to a transfer agent which will hold the funds in trust and then send them on to the seller. We have the following concerns with the Agreement as proposed

- * It does not provide adequate performance assurance.
- * It does not take the place of a Guarantee or LOC, which the seller will still require.
- * Credit worthiness of the ultimate purchaser is still an issue.
- * Will require seller to ensure that the retail agreement between buyer and ultimate purchaser did not permit the ultimate purchaser to terminate if the buyer was about to go belly up. What are the alternative ways of doing this, given the fact that seller is most likely not a party to the agreement ?
- * It may require the seller to negotiate to have a security interest in the accounts receivable and the retail agreement to ensure that it would continue the relationship even if the buyer went out of business.
- * Bottom line - may not be worth the effort for companies that do not have a large number of these type of deals.

Gloria Ogenyi
Director, Energy & Market Policy
Conectiv Energy

SRP'S COMMENTS TO THE FUNDS TRANSFER AGENCY AGREEMENT

Salt River Project Agricultural Improvement and Power District ("SRP") is committed to providing competitive business opportunities to Woman/Minority owned businesses ("WMB") based on cost, quality and service. Our commitment is founded on the principles of fair and equitable business practices and social responsibility. We recognize that increasing opportunities for WMBs increases competitiveness among suppliers and strengthens the economy. SRP's commitment to doing business with WMB's is a component of SRP's overall business goal: providing low cost, reliable power and water to its customers.

For the reasons stated below, SRP believes that the Funds Transfer Agency Agreement ("FTAA"), proposed by the NAESB, will not be consistent with SRP's above- mentioned business goal. In fact, SRP feels that this agreement may increase the cost of doing business and decrease reliability to the detriment of our customers.

Reliability. The FTAA provides, in Section 2.4, that once a seller and a WMB enter into a confirmation agreement, such an agreement: "...will not be binding until the FTA [Funds Transfer Agent, usually a bank] executes its FTA Confirmation Statement and communicates a copy of such to Buyer and to Seller." This provision is diametrically opposite to the standard practice in energy trading, i.e., a confirmation properly signed by the buyer and seller should be binding. Otherwise, a seller may enter into a confirmation with a WMB and, in reliance on such a confirmation, subsequently may enter into a related transaction to firm-up or to hedge such a transaction. However, if the following day the FTA rescinds or fails to confirm the transaction, the seller may be exposed to risk of any such a related transaction. This uncertainty and reliance on a third party confirmation does not provide sufficient reliability to a native load serving utility, such as SRP. In fact, SRP feels that this agreement may increase the cost of doing business and decrease reliability to the detriment of our customers.

Cost. The costs associated with the FTAA could be classified in the following two categories: internal cost and external (transaction) cost. Internally, SRP would have to dedicate its already limited resources to execute a number of FTAA's without even knowing if any of those FTAA's will result in an actual transaction. This would require a shift in resources from day-to-day duties and it could create an undue risk and burden to SRP. Externally, any transaction effectuated under the FTAA would have to include an embedded cost for the FTA (the bank). Thus, it is unlikely that any transactions under the FTAA would allow SRP to maximize the value for its customers.

Credit Risk. SRP follows a clearly defined and mandated credit policy. Our diligent adherence to this credit policy has allowed SRP to maintain one of the highest credit ratings in the industry. Given a recent decimation of creditworthy counterparties industry

wide, SRP is even more committed to limiting its exposure by strictly enforcing its credit policy. If a counterparty does not meet SRP's credit criteria for an unsecured line of credit, SRP's credit policy requires collateral prior to entering into any transactions. The FTAA would require SRP to change its credit policy. Furthermore, the FTAA would require SRP to lower its credit approval thresholds and potentially increase its credit exposure. This approach is inconsistent with SRP's overall business goal. Also, this approach, as noble as it may be, should not be advanced as an industry standard because it is contrary to the industry's efforts to emphasize a solid credit rating among its participants.

Legal Risk. The FTAA is a three party agreement (between a WMB, a Seller and a bank). It provides that the FTA (a bank) is an agent of the WMB and the Seller. It appears to be more appropriate for a brokerage agreement rather than a trading agreement. It is unclear which events of default and remedies are applicable to the signatories. The FTAA seems to assume that no one would ever fail to perform under this agreement. Having a three party agreement for a simple purchase/sale of power is not something that should be advanced as an industry standard because it is not supported by the structure and the facts of the market. The FTAA only increases legal uncertainty and potential litigation costs.

Operational Risk. SRP is concerned with two aspects of operational risk in the FTAA. First, the FTAA provides that a bank (FTA agent) will issue final confirmations and it will: "...verify that Buyer has contracted with Buyer's Repurchaser to take delivery of a like quantity of Power at the Delivery Point(s) and under the same performance obligations as identified on the Transaction Confirmation..."(Section 2.3). Since banks generally do not trade physical power, SRP is uncomfortable about a bank's operational ability to adequately facilitate physical power trading. Furthermore, the FTAA does not provide any remedy against the bank, in case either party suffers any financial damage due to the bank's failure to adequately perform its obligations under the FTAA. Second, there are various requirements imposed by regional reliability organizations governing, for example, reserve requirements associated with firm power sales. If a WMB does not have any generation resources and it lacks sufficient financial assets to secure sufficient reserve, it could be violating those regional reliability requirements.

Commodity Trading. During the last several years, many market participants have worked hard to standardize the commodities trading markets and to provide as much legal and operational certainty as possible. The recent changes in commodity trading regulation, mainly the enactment of the Commodity Futures Modernization Act, as well as some amendments in the U.S. Bankruptcy Code, were intended to provide as much stability and certainty to the markets as possible. On the other hand, the FTAA appears to introduce a new segment of participants to the markets, even though, these participants do not meet the minimum established financial and operational standards for commodity trading participants. Furthermore, the rest of the market participants would have to bear the risks associated with the FTAA. Considering recent developments in the energy-trading arena, it seems counterproductive to introduce additional aspects of risk to the

market that has already been severely damaged by the lack of financially sound participants.

In conclusion, while SRP supports doing business with WMB's, whenever it is mutually beneficial, SRP does not believe that the FTAA should be adopted as an industry standard. The evolution and current trends in the energy-trading arena do not support the characterization of the FTAA as an industry standard. Individual market participants should have a choice to decide whether to use the FTAA and when. However, to declare the FTAA as an industry standard would be counterproductive and costly to the market as a whole.

If you have any questions or comments please contact Miki Kolobara at (602) 236-2242 or e-mail to mmkoloba@srpnet.com.

Subj: **FW: Request for Comments - NAESB WEQ Funds Transfer Agent Agreement**
Date: 4/27/2003 12:42:10 AM Central Daylight Time
From: Will Johnson, Visage Energy
To: NAESB
Sent from the Internet

Rae,

I read the Conectiv Energy comments and deduced that there could be some confusion because of a lack of a basic understanding of the underlying feature of the FTAA. Therefore, in an effort to describe the underlying structure of the FTAA concept, it might prove helpful to review the attached FTAA Summary. Although this summary describes a natural gas transaction, it is essentially the same structure which we hope to utilize in the power sector and therefore, the same underlying principals would apply to a power transaction.

In response to the Conectiv Energy comments, I agree that the FTAA, "...does not take the place of a Guarantee or LOC, which the seller will still require..." The FTAA concept is based upon the assumption that the ultimate purchaser is creditworthy and that the Producer would have been willing to sell directly to that specific end user without requiring a letter of credit.

It was my understanding that this FTAA Summary provides the basic underlying tenets for structuring the new FTAA Power Agreement. If that is true, then I am somewhat confused about some of the questions. Perhaps we can focus upon areas of similarities and differences between the FTAA Natural Gas provisions and the proposed FTAA Power document as a starting point then attempt to resolve the perceived problems.

Best regards,
Will

The Funds Transfer Agent Agreement (FTAA) is a unique financing agreement that will allow Women/Minority-Owned Business Enterprises (WMBEs) to finance natural gas purchases for resale to Local Distribution Companies (LDCs) (of natural gas) without being required to post Letters of Credit. In the past, many Women and Minority-Owned Business Enterprises (WMBEs) have been unable to finance their natural gas purchases because of their inability to assure the Producer that he would be paid for gas sold to the WMBE. Conversely, some LDC Repurchasers were concerned about the level of reliability of delivery of the gas contracted for with WMBEs. Southern California Gas Co. (SoCalGas), Visage Energy Corp., Union Bank of California, and the Department of Energy (DOE) have all assisted in the formulation and development of the Funds Transfer Agent Agreement (FTAA). The FTAA has been used to finance hundreds of millions of dollars of natural gas purchases by WMBEs.

Many LDC Repurchasers are of the opinion that diversity of suppliers is an essential and profitable business practice. This practice allows LDC Repurchasers to avoid the potential of being exposed to undue "Market Powers" being excreted by a few large Producer/Suppliers. Consequently, many of these LDC

Repurchasers will limit the amount of natural gas that it will purchase from any one of the large Producers, thereby providing opportunities for medium and small companies to market natural gas supplies to the LDC Repurchaser. Additionally, some LDCs have deducted that they have been able to lower the average cost of their gas purchases because of the increased number of suppliers from whom they purchased their natural gas.

The underlying provisions of the FTAA are designed to facilitate transactions between Producers, WMBEs, and LDC Repurchasers using a Funds Transfer Agent (FTA) Bank. This design assures the Producer that by selling gas to a WMBE for resale to a Repurchaser, that the Producer's risk is essentially the same as if the Producer had sold the gas directly to the Repurchaser. Similarly, the design also assures the Repurchaser that by purchasing gas from a WMBE who acquired the gas from an Authorized Producer, the Repurchaser's delivery reliability risk is essentially the same as if the Repurchaser had purchased the gas directly from that particular Producer. Therefore, the Producer's credit loss protection and the Repurchaser's reliability of delivery protection are reasonably assured by utilizing the specific rules and provisions of the FTAA.

Key Attributes of the FTAA

It is reasonable to deduce that the two main goals of the FTAA (i.e., Producer credit risk protection and Repurchaser delivery reliability risk protection) are accomplished through utilizing the FTAA, which provides the following:

1. Producer agrees to delivery of the gas into the control of the LDC Repurchaser.
2. The LDC Repurchaser agrees to pay for the gas received by transferring the funds into a blocked account that only the FTA Bank controls. Additionally, the LDC Repurchaser also agrees that it will not change the payment instructions of an operative Exhibit A-2 (i.e. deal summary sheet).
3. On the next business day following the receipt of funds, the FTA Bank transfers a portion of the funds received to the Producer in accordance with the Producer's invoice.
4. FTA Bank transfers the remainder of the funds to the WMBE gas marketer.

Summary of Benefits to be Derived by the Participants of the FTAA Process

1. **Producer:** Receives a contract with the FTA Bank that requires the bank to pay the Producer with the funds received from the LDC Repurchaser.
2. **LDC Repurchaser:** Receives gas from a reliable source under a mirror back-to-back supply contract and simply agrees to pay the funds into the Bank Control Account for all gas received in accordance with the terms and conditions of the FTAA.
3. **WMBE:** Obtains the ability to sell gas to the LDC and purchase gas from the Producer without being required to post a letter of credit by being able to utilize the FTAA process.
4. **FTA Bank:** The bank's fiduciary responsibility is to represent to both Producer and the LDC Repurchaser that there are matching deals with a positive spread (i.e., on the Exhibit A-1 and Exhibit A-2 the deal summary sheets). The FTA Bank signs contracts agreeing to receive the money from the LDC Repurchaser and pay the Producer on the next business day. The bank does not have any obligation to pay the Producer if the funds are not received; however, there is minimal risk because the LDC Repurchaser always pays

for gas it has received. The FTA bank has use of multi-million dollars of FTAA funds for one business day and over the weekend if the funds are received on Friday. Additionally, the bank receives Community Reinvestment Act (CRA) credit for participating in the FTAA program (for CRA details see below).

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

NORTH AMERICAN ENERGY STANDARDS BOARD
Wholesale Electric Quadrant Executive Committee Notational Ballot

To Be Returned to the NAESB Office by end of business June 2, 2003

713-356-0067, naesb@aol.com

Vote (Yes or No)	Recommendation
☐	Funds Transfer Agent Agreement

Name:	
Date:	

6. WEQ 2003 Annual Plan



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com

Home Page: www.naesb.org

NORTH AMERICAN ENERGY STANDARDS BOARD

2003 WEQ Annual Plan Modified by the Executive Committee – ~~February 18~~ April 8, 2003

Item Description		Completion ¹	Assignment
1 Develop business practices standards as needed to complement reliability standards.			
a) Apply NERC/NAESB MOU provisions in reviewing proposed reliability standards for their business practice implications.		2 nd Qtr 2003	Standards Review Subcommittee (SRS)
Status: Underway			
b) Review existing NERC reliability policies and standards for their business practice implications.		2 nd Qtr 2003 Low priority	SRS
c) Review each of the SARs in light of the NERC/NAESB MOU.		Ongoing High priority	SRS
Status: Underway			
2 Develop business practices standards for OASIS and Electronic Scheduling			
a) Develop business practice standards as needed for OASIS and electronic scheduling including determining which, if any, ESC/OSC and other related industry groups' business practices and standards should be developed into NAESB standards.		4 th Qtr 2003 Medium/High priority ²	Market Standard Subcommittee (MSS)
b) Develop standard communication protocols and cybersecurity requirements as needed for OASIS and electronic scheduling including determining which, if any, ESC/OSC and other related industry standard communication protocols and cybersecurity requirements should be developed into NAESB standards.		4 th Qtr 2003 Ongoing High priority	MSS
3 Develop business practices standards in Support of a Standard Market			
a) Develop standards and model business practices in accordance with FERC orders and rules issued in the SMD docket (RM01-12-000), or pursuant to Order Nos. 888 or 2000, or otherwise directed by the FERC.		Per FERC Order High priority	MSS
b) Respond to FERC inquiries pertaining to business practice standard development and keep FERC informed on the nature and effectiveness of coordination activities with other standards setting organizations.		Ongoing High priority	MSS
4 Develop business practices standards to Improve the Current Operation of the Wholesale Electric Market			

¹ Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.

² The EC determined that this item should carry a medium priority in terms of substance and a high priority in terms of organizational relations.



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NORTH AMERICAN ENERGY STANDARDS BOARD

2003 WEQ Annual Plan Modified by the Executive Committee – ~~February 18~~ April 8, 2003

Item Description	Completion ¹	Assignment
a) Establish a standardized electric trading day. Status: Underway	See Note 1.	Market Operations Subcommittee (MOS)
b) Identify and develop business practices on the public dissemination of market information.	See Note 1.	MOS
c) Establish standard business practices relating to:		
i) Definition and treatment of firm / nonfirm power;	See Note 1.	MOS
ii) Definition and treatment of firm / nonfirm transmission;	See Note 1.	MOS
iii) Provision of reserves for transactions across multiple control areas.	See Note 1.	MOS
d) Develop business standards as necessary to resolve seams issues between ISOs and RTOs.	See Note 1.	MOS
<u>Status: Initial task force members identified.</u>		
e) Develop standards for data requirements, data exchange and scheduling of day-ahead and real-time bilateral markets.	See Note 1.	MOS
f) Examine business practices and definitions currently in use to determine applicability on a North American basis. Status: Underway	See Note 1.	MOS
g) Catalogue, assess and prioritize existing “standards” that have significant business practice implications. Status: Underway	See Note 1.	MOS
h) Review activities of NERC CIPAG in light of NERC-NAESB MOU regarding cyber security requirements for their business practice and system communication standards implications.	See Note 1.	MOS
<u>Status: Initial task force members identified, including NERC representation.</u>		

5 Develop standardized contracts

a) A review of both the Western Systems Power Pool and the Edison Electric Institute (EEI) Master Service agreements and other related agreements would be in order with the objective of developing standard short term and long term master-service agreements. Status: Underway	2 nd Qtr 2003 High priority for outreach	Contracts Subcommittee
b) A review of the EEI Master netting agreement with the objective of developing standard terms and conditions for netting settlements (perhaps this is a subset discussion of the master service	2 nd Qtr 2003 High priority	Contracts Subcommittee



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NORTH AMERICAN ENERGY STANDARDS BOARD

2003 WEQ Annual Plan Modified by the Executive Committee – ~~February 18~~ April 8, 2003

	Item Description	Completion ¹	Assignment
	agreements above)	for outreach	
c)	A review of the terms and conditions of the standard liquidated damages contracts ("into Entergy, Into Cinergy, etc.) with the objective of developing standard LD contract terms	4 th Qtr 2003 High priority for outreach	Contracts Subcommittee
d)	A review of the International Swaps and Derivatives Association (ISDA) cross commodity netting agreement <u>Status: Complete. It was determined that this item was addressed by EEI and no further action was needed.</u>	2 nd Qtr 2003 High priority for outreach	Contracts Subcommittee
e)	Identify and develop business practices that would facilitate transactions between 2 parties when creditworthiness is an issue.	3 rd Qtr 2003 High priority for outreach	Contracts Subcommittee
f)	Develop the Funds Transfer Agency Agreement.	2 nd Qtr 2003 High priority for outreach	Contracts Subcommittee
	Status: Underway		
6	Develop business practices standards for Inadvertent Interchange Payback Practice. Status: Underway	2 nd Qtr 2003 High/Medium priority	MOS
7	Develop business practices standards related to FERC's forthcoming generation interconnection orders (large and small generators), in Docket Nos. RM02-01-000 and RM02-12-000.	4 th Qtr 2003 ³ High priority	MSS

Notes:

1. The WEQ EC Subcommittee will prioritize these items as appropriate and update the Board.

³ The completion date is dependent upon the issuance date of the generation interconnection orders.

7. WEQ Subcommittee Updates

- *ETTF Report*
- *IIPTF Report*

North American Energy Standards Board

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To: Lou Oberski, Mary Ellen Paravalos,
From: Alan Johnson
RE: Recommendation Regarding Annual Plan Item 4a
Date: May 22, 2003

At the MOS meeting on January 24th, the Electric Trading Task Force (ETTF) was established to begin work on WEQ Annual Plan items 4a and 4c. The task force kicked off its efforts on February 14th and has met eight additional times, the last meeting taking place on Wednesday, May 21, 2003 via teleconference. Average meeting attendance was approximately 14 individuals. ISO/RTO participation was limited. The task force has taken steps towards the completion of Annual Plan item 4a with the drafting of definitions for "Day Ahead Trading Period", "Operating Period", and three draft standard requests.

The May 21st meeting was held primarily to discuss and vote on the following motion:

"The WEQ Market Operations Subcommittee (MOS) established the Electric Trading Task Force (ETTF) to work on WEQ Annual Plan item 4a, "Establish a standardized electric trading day". After meeting several times since February 2003, the task force has come to the conclusion that there is not enough support from industry participants to establish a standardized electric trading day at this time. As such, it is moved that the task force recommend to the MOS that it discontinue its efforts regarding the establishment of a standardized electric trading day."

After brief discussion reviewing the task force's prior efforts, a balanced vote was taken. The motion passed 7-0, with three abstentions. The voting record is attached for your review. All segments were represented with the exception of the End User Segment. With the passing of the motion, the ETTF respectfully makes the following recommendation to the MOS:

The ETTF shall discontinue its efforts regarding completion of WEQ Annual Plan item 4a, *Establishment of a standardized trading day*. The ETTF further recommends that the MOS recommend to the WEQ EC that WEQ Annual Plan item 4a be stricken or revised to address the following concerns/issues that contributed to the ETTF's action:

- Confusion regarding what the EC meant by "electric trading day". Specific direction/guidance is needed to eliminate speculation among the participants.
- Lack of consensus among the participants regarding the benefits of establishing a standard electric trading day. The task force seemed to coalesce around two issues presently facing the industry that could possibly benefit from a standard electric trading day; 1) disconnect between gas and electric markets (timing); and 2) seams issues between neighboring RTOs/ISOs. However, there was far from consensus regarding the benefits.
- The lack of strong industry support for this effort – there was no FERC "hammer" to get folks to agree on items such as standard time zone, akin to the development of the gas day.

- The April 28th FERC white paper, which supported regional solutions, represented a move away from standardization and served to create less incentive to reach a middle ground.
- Concern about waste of time and effort of limited resources without full ISO/RTO support of this effort. Assuming the group could develop a consensus standard, without full support from the entities that will need to implement the standard (i.e., the ISOs and RTOs) it's quite conceivable the effort could run into a brick wall real fast.

No meetings of the ETTF have been scheduled, pending direction from the MOS. Please let me know should you require additional information.

Alan Johnson
Chair ETTF

Segment	Votes Cast			Balanced Vote		
	YES	NO	TOTAL	YES	NO	TOTAL
Transmission	2	0	2	2	0	2
Generation	6	0	6	2	0	2
Marketers/Brokers	4	0	4	2	0	2
Distribution/LSE	1	0	1	1	0	1
End Users	0	0	0	0	0	0
Total	13	0	13	7	0	7

IIPTF Report – June 3, 2003

Washington, DC

HISTORY

January 24, 2003 – The Inadvertent Interchange Payback Task Force (IIPTF) was created by the Market Operations Subcommittee (MOS). The IIPTF was charged with scoping the inadvertent interchange issues and, if needed, developed a standards proposal based on the scoping document.

February 13, 2003 – Following much discussion of the MOS charge, the IIPTF determined to make a final decision of need for a standard at the next meeting.

February 19, 2003 – Bob Goss was elected as Chairman of the IIPTF. It was agreed that inadvertent interchange is a commercial issue and should be addressed with the goal of eventually developing a standards request. The task force set the goals of having a request posted by March 3, 2003, reviewed by the MOS at their March 6, 2003 meeting, and put on the agenda for the JIC's March 21, 2003 meeting.

February 27, 2003 – After some discussion the posted standards request form was unanimously approved.

March 6, 2003 – The draft document was presented to the MOS and then forwarded to the NAESB Office. The NAESB Office then forward the IIPTF request to the JIC for consideration at the March 21, 2003 JIC meeting.

March 21, 2003 – The NERC/NAESB Joint Interface Committee reviewed the NAESB Standards Request prepared by the IIPTF and unanimously referred it to NAESB for standards development. The IIPTF identified agenda items to be discussed at the April 9, 2003 IIPTF meeting.

April 9, 2003 – The IIPTF created a list of issues relevant for discussion. The task force then separated these issues into three categories: areas the IIPTF will discuss, areas other task forces or subcommittees may need to discuss, and areas NERC might address. It was also noted there may be issues that need to be addressed by both NERC and NAESB.

RECENT MEETINGS

April 29, 2003 – The IIPTF clarified that they would develop a standard to be submitted to the MOS, not a white paper or report. It was also noted that the minutes were the official record of the IIPTF.

Howard Illion volunteered to develop a base model for calculating inadvertent to be discussed at the next meeting. Furthermore, the IIPTF continued to develop the issues listed during the April 9 meeting. The following is the current state of that development:

- Pricing: After discussions the IIPTF did not agree to use the ECAR Tariff as a base, but agreed to the following statement “Our (IIPTF) purpose is to develop a monetary method to compensate for all dependency or benevolence to the system for economic reasons.” It was also agreed that the party causing the inadvertent interchange should not have control over the settlement price. The counter party should always control the settlement price. (The previous statement has since been brought into question).

- Data Integrity: NERC has a process for determining the inadvertent interchange numbers. The IIPTF should accept those numbers and apply the price matrix developed. If this is the case, Data Integrity is not within scope. All did not agree to this and a decision on this issue was deferred.
- Consistency of Standards: It was agreed that the monitoring of consistency of standards between NERC and NAESB was shared between the IIPTF and the NAESB Standards Review Subcommittee.
- Agency: The task force found agency, defined as who manages the infrastructure, is outside the scope of the IIPTF or at least a low priority. The task of the IIPTF is to develop a standard. Implementation of the standard would be developed separately.
- Frequency: The IIPTF found frequency to be within scope. It was agreed to first review whether pricing the energy was sufficient prior to examining the frequency component.
- RTO/ISO internal inadvertent: The IIPTF generally agreed that inadvertent was not an issue within a RTO or ISO.
- An additional issue of Settlements was later added. This was to include issues where energy sales might be restricted due to laws, credit issues, etc.

May 8, 2003 – In the most recent IIPTF meeting the group moved into discussions of modeling and pricing. The Illion base model was discussed as a method to identify fair inadvertent compensation distribution. Various pricing methodologies were considered. The Illion model will be updated to include these methodologies for the next meeting.

The term Balancing Authority was considered insufficient for the scope of the IIPTF. The current replacement term under consideration is “Inadvertent Interchange Settlement Party.” This term and its full definition are still under consideration.

One crucial element of the Illion model is price. Currently, the IIPTF is considering the best method to determine the market price for each participant. Several suggestions evolved from group discussion that will be explored in subsequent meetings. However, the group was unanimous in agreement that the price must be unbiased and reflect the market local to the participants.

Greater detail on these subjects can be found in the Misc. section of the May 8th and June 4th IIPTF meetings, under the NAESB MOS link.

LOOKING FORWARD

In the future, the IIPTF will continue to refine the Illion model and explore pricing options. Standard drafting will begin shortly thereafter.

The next IIPTF meeting will be held on June 4 from 9 a.m. – 3 p.m. at the EEI offices in Washington DC. Participation is welcome and needed. To date, the IIPTF meetings have had fairly good industry participation. However, more substantial and consistent RTO/ISO attendance would be helpful.

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

8. REQ and RGQ Draft Minutes 4-10-03



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
Home Page: www.naesb.org

TO: NAESB Retail Electric Quadrant Executive Committee, Posting for Interested Industry Participants

FROM: Todd Oncken, NAESB Staff

RE: NAESB Retail Electric Quadrant Executive Committee Meeting Draft Minutes– April 10, 2003

DATE: April 24, 2003

Retail Electric Quadrant Executive Committee
Thursday, April 10, 2003, 2:00 p.m. to 5:30 p.m. EST
Draft Minutes

1. Welcome

Mr. Minneman called the meeting to order and thanked Florida Power & Light for hosting the Retail Electric Quadrant (REQ) Executive Committee meeting. Mr. Oncken gave the antitrust advice. Meeting participants introduced themselves.

2. Adoption of Draft Agenda & Draft Minutes of previous meeting

Mr. Minneman proposed to add the following items under Other Business: 1) update on ballot to change NAESB Certificate of Incorporation; 2) update on NARUC monthly calls; and 3) update on the development of a NAESB list serv. Ms. Kiselewich moved, seconded by Ms. Hess, to adopt the agenda as modified. The motion passed unanimously.

Participants discussed minor changes to the February 19, 2003 REQ Executive Committee minutes. Ms. Hess moved, seconded by Ms. Kiselewich, to adopt the February 19, 2003 REQ Executive Committee minutes as modified. The motion passed unanimously.

3. Subcommittee Status

Mr. Minneman noted that substantive updates on the REQ subcommittees were given during the REQ/Retail Gas Quadrant (RGQ) Joint Executive Committee meeting. Mr. Minneman entertained additional discussion on each of the REQ subcommittees.

Customer Processes Subcommittee: Please refer to the joint minutes of the REQ and RGQ Executive Committee dated April 10, 2003. There was no additional discussion.

Supplier-Utility Interface Subcommittee: Please refer to the joint minutes of the REQ and RGQ Executive Committee dated April 10, 2003. There was no additional discussion.

Technical Electronic Implementation Subcommittee (TEIS): Mr. Minneman solicited individuals with technical expertise to participate in the TEIS. Ms. McQuade stated she would contact the Managing Committee regarding the need for technical expertise in the TEIS.

Additionally, Mr. Jarrett noted the standards being written will need to be tested prior to implementation. He suggested the subcommittee would also need volunteers to implement and test the standards. Ms. Kiselewich stated the charge of the TEIS was to document best practices, so theoretically the standards have already been tested in the market place and additional testing would be minimal. Ms. Hess concurred with Ms. Kiselewich's assessment, particularly since much of the TEIS work is based on NAESB WGQ EDM (Electronic Delivery Mechanisms) standards. Mr. Buccigross noted the NAESB WGQ EDM standards were extensively evaluated, and that evaluation is still available. However, it was noted the level of adoption and revision undertaken by the TEIS would dictate the level of testing needed. Mr. Jarrett noted there was already an issue with some



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error messages and with the implementation of XML, which was not reflected or addressed in the NAESB WGQ EDM.

Definitions and Glossary Subcommittee: Mr. Minneman briefly discussed the results of the REQ/RGQ Joint Executive Committee meeting where it was determined the Glossary Subcommittee of each Quadrant would remain separate but work together.

4. Procedures for election of EC Alternates

Mr. Minneman introduced discussion of the selection of Executive Committee Alternates. He noted the extensive discussion during the February REQ Executive Committee meeting regarding the wording of segment procedures as they relate to selection of Executive Committee Alternates. In short, he explained the words do not necessarily reflect the intent of the segments, since the results of the most recent elections appear to overrule the annual election results. During the February meeting, it was agreed the segments would work on the issue separately, and the Distributor Segment has begun those discussions.

Ms. Kiselewich, the proponent of the February draft language¹, stated there are two apparent issues: 1) What should the procedures be going forward; and 2) Who should be the current alternates of the Distributor Segment. As a result of recent discussions within the Distributor Segment, Ms. Kiselewich proposed a clarification to the existing language, rather than a modification. Ms. Kiselewich suggested the Distributor Segment make it clear to NAESB staff the intention of the current language was that the Designated Alternates would be determined by the annual election, not interim elections to fill vacant Executive Committee seats. Regarding the issue of current alternates, Ms. Kiselewich proposed the list of REQ Distributor Segment Designated Alternates contain both those determined through the annual election and interim election. Additionally, it was agreed to order the list such that those alternates selected during the annual election would be listed first.

As a change to segment procedures does not require a vote of the Executive Committee, it was proposed the Distributor Segment draft the clarification regarding the interpretation of the current Designated Alternate selection language. This clarification would be voted on by the Distributor Segment members and presented to the REQ Executive Committee at the June EC meeting. Accordingly, the current list of alternates would be effective until the next scheduled annual election, pending adoption of the clarification.

5. 2003 REQ Annual Plan Update

Mr. Minneman reviewed the date changes developed during the REQ/RGQ Joint Executive Committee meeting: Billing & Payments - 3Q2003; Creditworthiness Standards - 3Q2003; Customer Enrollment & Switching - 4Q2003; Supplier Licensing - 4Q2003, Retail Meter Data Validation, Editing & Estimating - 2004; Customer Information - 2004; Load Profiling - 2004; Customer Inquiries - 2004; Market Participant Interactions - 2004; Utility-Supplier Disputes - 2004; Settlement Process - 2004; Electronic Delivery Mechanisms - 3Q2003 and note WGQ participating in status; TEIS Billing & Payments - 4Q2003; TEIS Customer Enrollment and Switching - 2004; TEIS Metering - 2004; TEIS Load Profiling - 2004; and, TEIS Customer Information - 2004. Ms. Kiselewich moved, seconded by Ms. Hess, to modify the 2002-2003 REQ Annual Plan in accordance with the changes developed during the REQ/RGQ Joint Executive

¹ During the February REQ EC meeting, Ms. Kiselewich proposed an election process for the selection of Designated Alternates for the REQ Distributor Segment. Further, she proposed all segments adopt the election process to maintain parity within the procedures among the segments of the REQ.



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Committee meeting. It should be noted that the dates chosen reflect the agreement for the RGQ and REQ efforts to proceed jointly as much as possible. Absent objection, the motion passed unanimously.

6. Other Business

Update on ballot to change NAESB Certificate of Incorporation

Ms. McQuade reported on the ballot to modify the NAESB Certificate of Incorporation, as distributed to all NAESB members on April 2, 2003. The changes to the certificate were primarily of a clean-up nature. Ms. McQuade cited several of them in her explanation. Ms. McQuade stated the subject changes were approved unanimously at the November 2002 Board of Directors meeting, and those meeting minutes were approved on March 20 at the last Board meeting. Member ratification is the next procedural step, and the ratification ballot is due to be returned May 5. Ms. McQuade noted similar changes were made to the NAESB Bylaws, but changes to the Bylaws do not require member ratification. The ratification ballot requires a 90% affirmative vote to pass, with those members not returning ballots considered voting in favor of the Board's action.

Update on NARUC monthly calls

Ms. McQuade stated the Monthly Update calls have been scheduled and the schedule for the year is available on the NAESB web site. She said the agenda for the initial call includes a discussion of the NERC/NAESB/ISO-RTO Council Memorandum of Understanding, and a review of each Quadrant's 2003 Annual Plan. It was noted the discussion of Quadrant Annual Plans would be at a conceptual level so call participants could generally understand the work being done by NAESB for the year.

Update on NAESB list serv

Mr. Oncken provided an update on the internally developed NAESB list serv. Mr. Oncken stated development and creation of the list serv has been a very extensive process, which is shortly coming to a conclusion. Mr. Oncken noted the NAESB list serv will function differently than the Yahoo Groups implementation, and a white paper is currently being developed on that functionality which will be distributed to all NAESB members and posted to the NAESB web site.

7. Adjourn

The meeting adjourned at 3:55 p.m. EST.



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8. Attendance

	Title, Organization	Present
Distribution Segment		
Ruth Kiselewich	Director Special Projects and Supplier Services, Baltimore Gas & Electric Company	In Person
Terry Moran	Regulatory Issues Manager, PSEG (MAAC NERC Region)	Phone
William Newbold	Strategy Manager of Electric Choice Implementation Team, Detroit Edison (ECAR NERC Region)	Phone
Jonathan Kubler	Manager of Pricing and Rates, Georgia Power Company	Phone
End User Segment		
V A C A N C Y		
Steve LaFond	Corporate Electricity Resources, Boeing Corporation	Absent
Barbara Alexander	Maine Office of Public Advocate	Phone
V A C A N C Y		
Services Segment		
Jim Minneman	Director of Business Services, PPL Solutions LLC	In Person
Dick Brooks	Vice President Secure Systems and Products Strategy, Systrends, Inc.	Absent
Rob Connell	Manager of Commercial Systems Applications, Electric Reliability Council of Texas	Absent
Mark Jarrett	Team Leader – Market Information and Analysis, Market Intelligence, Southern Company	Phone
Supplier Segment		
Bill Barkas	Manager of Retail State Government Relations, Dominion Retail, Inc.	Phone
Felecia Lokey	Director Retail Regulatory Affairs North American TXU Energy	Absent
Heidi Schrab	Market Development Operations Manager, Green Mountain Energy Company	Absent
Theresa Hess, alt. for Vacancy	Manager NAESB Relations, Reliant Energy Retail Services	In Person
Administrative:		
	Rae McQuade	-Executive Director
	Veronica Thomason	-NAESB Staff
	Todd Oncken	-NAESB Staff

Observers to the Meeting:

Name	Company	In Person/Phone
Rick Alston	Old Dominion Electric Coop	In Person
Jim Buccigross	Group 8760	In Person
Christopher Burden	Williams Gas Pipeline	In Person
Yvette Camp	Southern Co.	Phone
Dale Davis	Williams Gas Pipeline	In Person
Dona Gussow	Florida Power & Light	In Person
Judy Ray	Alabama Power	Phone
Lisa Robert	DESC	In Person
John Russom	Alabama Power	Phone
Steve Zavodnick	BGE	In Person



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DATE: April 24, 2003

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Thursday, April 10, 2003, 2:00 p.m. to 5:30 p.m. EST
Draft Minutes

[Red-lined by Theresa Hess / Reliant Energy Retail Services](#)

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3. Subcommittee Status

Mr. Minneman noted that substantive updates on the REQ subcommittees were given during the REQ/Retail Gas Quadrant (RGQ) Joint Executive Committee meeting [held earlier today](#). Mr. Minneman entertained additional discussion on each of the REQ subcommittees.

Customer Processes Subcommittee: Please refer to the ~~joint~~ minutes of the [joint](#) REQ and RGQ Executive Committee [meeting](#) dated April 10, 2003. There was no additional discussion.

Supplier-Utility Interface Subcommittee: Please refer to the ~~joint~~ minutes of the [joint](#) REQ and RGQ Executive Committee [meeting](#) dated April 10, 2003. There was no additional discussion.

Technical Electronic Implementation Subcommittee (TEIS): [Please refer to the minutes of the joint REQ and RGQ Executive Committee meeting dated April 10, 2003.](#) Mr. Minneman solicited individuals with technical expertise to participate in the TEIS. Ms. McQuade stated she would contact the Managing Committee regarding the need for technical expertise in the TEIS.

Additionally, Mr. Jarrett noted the standards being written will need to be tested prior to implementation. He suggested the subcommittee would also need volunteers to implement and test the standards. Ms. Kiselewich stated the charge of the TEIS was to document best practices, so theoretically the standards have already been tested in the market place and additional testing would be minimal. Ms. Hess concurred with Ms. Kiselewich's assessment, particularly since much of the TEIS work is based on NAESB WGQ EDM (Electronic Delivery Mechanisms) standards. Mr. Buccigross noted the NAESB WGQ EDM standards were extensively evaluated, and that evaluation is still available. However, it was noted the level of adoption and revision undertaken by the TEIS



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would dictate the level of testing needed. Mr. Jarrett noted there was already an issue with some error messages and with the implementation of XML, which was not reflected or addressed in the NAESB WGQ EDM.

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Mr. Minneman introduced discussion of the selection of Executive Committee [Designated](#) Alternates. He noted the extensive discussion during the February REQ Executive Committee meeting regarding the wording of segment procedures as they relate to selection of Executive Committee [Designated](#) Alternates. In short, he explained the words do not necessarily reflect the intent of the segments, since the results of the most recent elections appear to overrule the annual election results. During the February meeting, it was agreed the segments would work on the issue separately, and the Distributor Segment has begun those discussions.

Ms. Kiselewich, the proponent of the February draft language¹, stated there are two apparent issues: 1) What should the procedures be going forward; and 2) Who should be the current alternates of the Distributor Segment. As a result of recent discussions within the Distributor Segment, Ms. Kiselewich proposed a clarification to the existing language, rather than a modification. Ms. Kiselewich suggested the Distributor Segment make it clear to NAESB staff the intention of the current language was that the Designated Alternates would be determined by the annual election, not interim elections to fill vacant Executive Committee seats. Regarding the issue of current alternates, Ms. Kiselewich proposed the list of REQ Distributor Segment Designated Alternates contain both those determined through the annual election and interim election. **Additionally, it was agreed to order the list such that those alternates selected during the annual election would be listed first.** [\[Since this is a segment issue and is not within the purview of the EC, I don't believe any decisions or agreements could be made.\]](#)

As a change to segment procedures does not require a vote of the Executive Committee, it was proposed the Distributor Segment draft the clarification regarding the interpretation of the current Designated Alternate selection language. This clarification would be voted on by the Distributor Segment members and ~~presented to~~ the REQ Executive Committee [would be informed of the results](#) at the June EC meeting. Accordingly, the current list of alternates would be effective until the next scheduled annual election, pending adoption of the clarification.

5. 2003 REQ Annual Plan Update

Mr. Minneman reviewed the date changes developed during the REQ/RGQ Joint Executive Committee meeting: Billing & Payments - 3Q2003; Creditworthiness Standards - 3Q2003; Customer Enrollment & Switching - 4Q2003; Supplier Licensing - 4Q2003, Retail Meter Data Validation, Editing & Estimating - 2004; Customer Information - 2004; Load Profiling - 2004; Customer Inquiries - 2004; Market Participant Interactions - 2004; Utility-Supplier Disputes - 2004; Settlement Process - 2004; Electronic Delivery Mechanisms - 3Q2003 and note WGQ participating in status; TEIS Billing & Payments - 4Q2003; TEIS Customer Enrollment and Switching - 2004; TEIS Metering - 2004; TEIS Load Profiling - 2004; and, TEIS Customer

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Information - 2004. Ms. Kiselewich moved, seconded by Ms. Hess, to modify the 2002-2003 REQ Annual Plan in accordance with the changes developed during the REQ/RGQ Joint Executive Committee meeting. It should be noted that the dates chosen reflect the agreement for the RGQ and REQ efforts to proceed jointly as much as possible. Absent objection, the motion passed unanimously.

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Update on NARUC monthly calls

Ms. McQuade stated the Monthly Update calls have been scheduled and the schedule for the year is available on the NAESB web site. She said the agenda for the initial call includes a discussion of the NERC/NAESB/ISO-RTO Council Memorandum of Understanding, and a review of each Quadrant's 2003 Annual Plan. It was noted the discussion of Quadrant Annual Plans would be at a conceptual level so call participants could generally understand the work being done by NAESB for the year.

Update on NAESB list serv

Mr. Oncken provided an update on the internally developed NAESB list serv. Mr. Oncken stated development and creation of the list serv has been a very extensive process, which is shortly coming to a conclusion. Mr. Oncken noted the NAESB list serv will function differently than the Yahoo Groups implementation, and a white paper is currently being developed on that functionality which will be distributed to all NAESB members and posted to the NAESB web site.

7. Adjourn

The meeting adjourned at 3:55 p.m. EST.



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8. Attendance

Title, Organization		Present
Distribution Segment		
Ruth Kiselewich	Director Special Projects and Supplier Services, Baltimore Gas & Electric Company	In Person
Terry Moran	Regulatory Issues Manager, PSEG (MAAC NERC Region)	Phone
William Newbold	Strategy Manager of Electric Choice Implementation Team, Detroit Edison (ECAR NERC Region)	Phone
Jonathan Kubler	Manager of Pricing and Rates, Georgia Power Company	Phone
End User Segment		
V A C A N C Y		
Steve LaFond	Corporate Electricity Resources, Boeing Corporation	Absent
Barbara Alexander	Maine Office of Public Advocate	Phone
V A C A N C Y		
Services Segment		
Jim Minneman	Director of Business Services, PPL Solutions LLC	In Person
Dick Brooks	Vice President Secure Systems and Products Strategy, Systrends, Inc.	Absent
Rob Connell	Manager of Commercial Systems Applications, Electric Reliability Council of Texas	Absent
Mark Jarrett	Team Leader – Market Information and Analysis, Market Intelligence, Southern Company	Phone
Supplier Segment		
Bill Barkas	Manager of Retail State Government Relations, Dominion Retail, Inc.	Phone
Felecia Lokey	Director Retail Regulatory Affairs North American TXU Energy	Absent
Heidi Schrab	Market Development Operations Manager, Green Mountain Energy Company	Absent
Theresa Hess, alt. for Vacancy	Manager NAESB Relations, Reliant Energy Retail Services	In Person
Administrative:		
	Rae McQuade	-Executive Director
	Veronica Thomason	-NAESB Staff
	Todd Oncken	-NAESB Staff

Observers to the Meeting:

Name	Company	In Person/Phone
Rick Alston	Old Dominion Electric Coop	In Person
Jim Buccigross	Group 8760	In Person
Christopher Burden	Williams Gas Pipeline	In Person
Yvette Camp	Southern Co.	Phone
Dale Davis	Williams Gas Pipeline	In Person
Dona Gussow	Florida Power & Light	In Person
Judy Ray	Alabama Power	Phone
Lisa Robert	DESC	In Person
John Russom	Alabama Power	Phone
Steve Zavodnick	BGE	In Person



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TO: NAESB Retail Gas Quadrant Executive Committee, Posting for Interested Industry Participants

FROM: Rae McQuade, NAESB Executive Director

RE: NAESB Retail Gas Quadrant Executive Committee Meeting Draft Minutes – April 10, 2003

DATE: April 17, 2003

**Retail Gas Quadrant Executive Committee
Thursday, April 10, 2003
9:00 a.m. to 11:30 a.m. EST**

1. Welcome

Mr. Novak called the meeting to order and welcomed participants. Mr. Oncken gave the antitrust advice. Participants introduced themselves.

2. Retail Gas Quadrant Draft Agenda & Draft Minutes

Mr. Novak proposed several modifications to the agenda. Changes included the addition of an update on the NAESB list serv, addition of discussion of the Retail Electric Quadrant Glossary Subcommittee, and deletion of the 2003 RGQ Annual Plan and PKI Initiative. Mr. Novak proposed to discuss the 2003 RGQ Annual Plan and PKI Initiative at the Joint REQ/RGQ Executive Committee Meeting. Mr. Zavodnick moved, seconded by Mr. Jansen, to adopt the agenda as modified. The motion passed unanimously.

Mr. Oppenheim moved, seconded by Mr. Zavodnick, to adopt the draft minutes of the February 19, 2003 RGQ Executive Committee meeting, with several minor modifications. The motion passed unanimously.

3. Membership Drive Update

Mr. Novak provided an update of RGQ membership enhancement efforts. Mr. Novak noted the RGQ has established a recruiting task force which is currently being staffed. Mr. Novak said ideally the task force would consist of at least one Board and Executive Committee member from each segment. Mr. Novak stated discussions have begun with RGQ Board members on the staffing effort.

Ms. McQuade stated the pending monthly NAESB conference call with state regulators might provide a good vehicle for RGQ recruitment efforts. She stated broad attendance is expected. The first conference call will be held on April 16 from 2:00 p.m. to 3:00 p.m. EST, with subsequent calls being held on the third Wednesday of each month.

Mr. Novak welcomed Mr. Sytsma and Mr. Behr as new RGQ Executive Committee members.

4. List Serv Update

Mr. Novak introduced discussion of the NAESB list serv. He noted that while the REQ currently uses publicly available Yahoo Groups list servs, the RGQ has not implemented similar list servs in anticipation of the NAESB list serv.

Mr. Oncken provided an update on the internally developed NAESB list serv. Mr. Oncken stated development and creation of the list serv has been a very extensive process, which is shortly coming to a conclusion. Mr. Oncken noted the NAESB list serv will function differently than the Yahoo



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Groups implementation, and a white paper is currently being developed on that functionality which will be distributed to all NAESB members and posted to the NAESB web site.

5. Subcommittee Updates

Gas Practice Inventory Task Force: Mr. Yagelski provided an update on the Gas Practices Inventory Task Force (GPITF). He stated initial efforts of the GPITF involved developing a survey relating to current assignment of the Customer Processes Subcommittee (CPS), Supplier-Utility Interface Subcommittee (SUIS), and Technical Electronic Implementation Subcommittee (TEIS). Mr. Yagelski noted the extensive participation of the subcommittee chairs in development of the survey, and that draft survey questions were posted for comment on the NAESB web site.

Mr. Yagelski stated the survey has been completed and distributed to all RGQ members, as well as several groups within the American Gas Association. Responses are due into the NAESB office by April 14, although responses submitted after the due date will be considered and incorporated. As a next step, Mr. Yagelski stated responses will be compiled for standards development purposes during May.

Customer Processes Subcommittee: Mr. Oppenheim reported on the CPS. He stated the CPS has met several times since the February Executive Committee meeting and formulated comments on the REQ Billing and Payment document. Mr. Oppenheim noted the RGQ met jointly with the REQ in April and had the opportunity to comment on the REQ document. The next CPS meeting is scheduled for May 13-14 in Orlando, FL. Mr. Oppenheim stated work would continue on the document, with customer enrollment and switching pending on the agenda.

Supplier Utility Interface Subcommittee: Mr. Newbold gave the update, noting during the April 3 meeting the SUIS reviewed draft 6 of the REQ SUIS document with the goal of increasing knowledge within the RGQ of REQ progress. Additionally, Mr. Newbold stated changes were begun to make the document applicable to both electric and gas. Mr. Newbold said the SUIS is approximately 2/3 through the document, with the remaining scheduled to be addressed at the May meeting being held in Orlando, FL.

Mr. Novak stated the SUIS has primarily been working on Creditworthiness. Given the current debate within the Wholesale Gas Quadrant (WGQ) Business Practices Subcommittee regarding consistency and common use of terminology while developing creditworthiness standards, Mr. Novak suggested the RGQ and REQ review the creditworthiness work product for terminology use and consistency.

Technical Electronic Implementation Subcommittee: Mr. Novak reported on the progress of the TEIS. Mr. Novak noted the RGQ TEIS has recently met jointly with the REQ TEIS and WGQ EDM Subcommittee. Mr. Novak stated the WGQ EDM Subcommittee announced at the April WGQ Executive Committee meeting its intentions to evaluate the propriety of separating Tab 6 of the EDM Manual out of the Manual and creating a stand alone document, which could form the basis for a multi-quadrant EDM specification. [Tab 6 relates to internet communications.]

Mr. Minneman reflected on the REQ TEIS process. Mr. Minneman stated the REQ TEIS has reviewed the existing WGQ EDM. He noted significant sections of the WGQ EDM specification are already in use in the retail electric marketplace across the United States. Further, he stated in doing its review, the REQ TEIS identified some very specific instances of differences in the specifications needed for Retail Gas and Retail Electric.



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6. Update from REQ on REQ Glossary Subcommittee

Mr. Minneman informed participants the REQ created a glossary subcommittee at the February Executive Committee meeting. Mr. Minneman stated the task of the REQ Glossary Subcommittee was to prepare a central glossary for any defined terms. Any defined terms would be noted in a sub-glossary of the individual manuals.

Mr. Novak opened discussion on the need to establish a glossary within the RGQ. Mr. Novak stated that the WGQ discussed establishment of a glossary, but decided against it since there were several available industry documents that offered definitions of common industry terms and there were general concerns that GISB could not reach agreement on definitions as those definitions might impact terms defined in individual pipeline tariffs. However, Mr. Novak noted there is a series of definitions which have been adopted as part of the standards in each of the major wholesale gas topic areas (general, nominations, flowing gas, invoicing, electronic delivery mechanisms, capacity release and contracts). In instances where a WGQ definition exists, Mr. Novak favored consistency for the RGQ. Mr. Oppenheim supported the concept of a glossary, and noted a draft glossary has been helpful to the REQ CPS in its standards development efforts.

Mr. Zavodnick moved, seconded by Mr. Jansen, to create a RGQ Glossary Subcommittee. During discussion, Ms. Cianflone expressed minor concern that a NAESB produced glossary could be seen as a national standard glossary. Mr. Novak noted that was not the intention, but definitions could be adopted by outside organizations. Mr. Minneman said this could parallel the use of definitions in the WGQ. Mr. Zavodnick suggested tasking the RGQ Glossary Subcommittee with using the UBP document as a base, with other references provided from definitions contained in documents from AGA, INGAA, and pipeline tariffs. Mr. Zavodnick's motion passed unanimously.

7. Other Business

Mr. Novak noted the concept of having Quadrant updates at each of the Executive Committee meetings was discussed during the WGQ EC meeting.

Mr. Novak commented on the WGQ Credit Addendum currently under development in the WGQ Contracts Subcommittee. Mr. Novak stated that Mr. Sappenfield reported during the WGQ EC meeting and noted many of the concerns raised by the Distributors. Mr. Novak noted that while the WGQ Credit Addendum primarily affects wholesale transactions, it is reasonable to assume it could affect RGQ members as well.

8. Adjourn

Mr. Novak adjourned the meeting at 10:00 a.m. EST.



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9. Executive Committee Attendance

Title, Organization		Attendance
DISTRIBUTORS SEGMENT		
Nancy Cianflone	Director, Marketing Services Area, KeySpan Energy	In Person
Joseph M. Jansen	Manager Supplier Regulations, Public Service Electric and Gas Company	In Person
Leslie H. Nishida	Gas Federal Regulatory Supervisor, Wisconsin Public Service Corporation	Phone
Michael Novak	Assistant General Manager, National Fuel Gas Distribution Corporation	In Person
William Oppenheim	Manager, Asset Optimization, PECO Energy	In Person
Steven M. Zavodnick	Senior Engineer Gas Operations, Baltimore Gas and Electric Company	In Person
END USERS SEGMENT		
Barbara Alexander, alt. for Bruce Hayes	Consumer Affairs Consultant, State of Maine Public Advocate	Phone
V A C A N C Y		
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V A C A N C Y		
V A C A N C Y		
V A C A N C Y		
SERVICE PROVIDERS SEGMENT		
Rod Sipe	President, New Science Partners	Absent
Donald L. Sytsma	Vice President, R.J. Rudden Associates, Inc.	In Person
George M. Behr	Director, Energy Services Group, Inc.	Absent
V A C A N C Y		
V A C A N C Y		
V A C A N C Y		
SUPPLIER SEGMENT		
Suzanne Calcagno	Associate Director, Regulatory Compliance, UBS Warburg Energy, LLC	Absent
Barbara A. Fatina	Vice President, Exelon Energy	Absent
Marcy McCain	Project Manager – Regulatory Affairs, Duke Energy Gas Transmission, LLP	In Person
Richard Zollars	Director, Data and Information, Dominion Retail, Inc.	Absent
V A C A N C Y		
V A C A N C Y		

10. Other Participation

Administrative:

Rae McQuade	-Executive Director
Veronica Thomason	-NAESB Staff
Todd Oncken	-NAESB Staff



North American Energy Standards Board

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Home Page: www.naesb.org

Observers to the Meeting:

Name	Company	In person/Phone
Rick Alston	Old Dominion Electric Cooperative	In Person
Mariam Arnaout	American Gas Association	In Person
Mike Bray	Shell Gas Transmission	In Person
Kathryn Burch	Duke Energy Gas Transmission	In Person
Christopher Burden	Williams Gas Pipeline	In Person
Tina Burnett	NW Industrial Gas Users	In Person
Dale Davis	Williams Gas Pipeline	In Person



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TO: NAESB Retail Electric Quadrant and Retail Gas Quadrant Executive Committee,
Posting for Interested Industry Participants

FROM: Todd Oncken, NAESB Staff

RE: NAESB Retail Electric Quadrant and Retail Gas Quadrant Joint Executive Committee
Meeting Draft Minutes– April 10, 2003

DATE: April 26, 2003

Retail Electric Quadrant/Retail Gas Quadrant Joint Executive Committee
Thursday, April 10, 2003
Draft Minutes

1. Welcome

Mr. Buccigross presided over the meeting. Participants introduced themselves. Mr. Oncken gave the antitrust advice. Mr. Minneman proposed specific topics to be addressed under Item 3, including: PKI Initiative, Website Development, and Annual Plan Subcommittee report. Absent objection, the modified agenda was adopted by acclamation.

2. Review of Common Activities of Each Subcommittee

Mr. Buccigross noted the Customer Processes Subcommittee (CPS), Supplier Utility Interface Subcommittee (SUIS), and Technical Electronic Implementation Subcommittee (TEIS) are common to both the Retail Gas Quadrant (RGQ) and Retail Electric Quadrant (REQ).

Customer Processes Subcommittee: Mr. Alston provided an update on the CPS. Mr. Alston stated the first joint REQ/RGQ CPS meeting went very well. Mr. Alston stated the subcommittees are reviewing the Billing & Payment document. Mr. Alston noted the following items as outstanding: 1) review of the single-retailer model; 2) review of billing services; and 3) possible development of a data dictionary. Mr. Alston projected a completion date of July 2003 for the Billing & Payment document. He stated the delay was due to additional modifications needed to the base UBP document to reflect current business practices. Once complete with Billing & Payment, Mr. Alston said the CPS will work on Enrollment & Switching. It was clarified the REQ CPS and RGQ CPS will meet jointly until further notice.

Participants agreed the timing of common topics in the REQ and RGQ Annual Plans should be reviewed and modified. On Mr. Buccigross' suggestion, the timing issues will be discussed in a consolidated manner by tracking the changes and then taking a vote.

Supplier Utility Interface Subcommittee: Mr. Newbold provided an update on the SUIS. He stated that in the first joint REQ/RGQ SUIS meeting participants reviewed the draft creditworthiness document, completing approximately two-thirds of the task. Mr. Newbold stated that a redline of the creditworthiness document will be circulated in advance of the May SUIS meeting. It was suggested restating the completion date for creditworthiness as 3rd Quarter 2003. It was noted completion date relates to the date subcommittee work is completed. It was clarified the REQ SUIS and RGQ SUIS will meet jointly until further notice.

It was noted the format for retail standards publication has not been decided. Mr. Novak suggested it be discussed at the next REQ/RGQ Joint EC meeting. Executive Committee members were encouraged to begin developing proposals for discussion at the next meeting. Ms. Kiselewich suggested it might be prudent for the subcommittee chairs to meet and develop a proposal.

Ms. Hess expressed concern about the scope of activities to be undertaken by the EC members, specifically whether they would be restricted to the format of retail standards as they come out of



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the subcommittees. Ms. Hess cautioned that a broader scope could encroach on a NAESB-wide issue that requires Board Managing Committee approval. Mr. Buccigross agreed that extending the discussion beyond strictly the format of retail standards from the retail subcommittees would be inappropriate and noted the retail quadrants should develop a format for standards before those proposed standards can be forwarded to the individual retail quadrant ECs for consideration.

Technical Electronic Implementation Subcommittee: Mr. Jarrett gave the report on the TEIS. He stated the REQ TEIS is making great progress. Mr. Jarrett noted the REQ TEIS will meet the second week of April with the RGQ TEIS and Wholesale Gas Quadrant EDM Subcommittee. Mr. Burden stated the feasibility of breaking out Tab 6 of the EDM Manual and creating a stand alone document to be used as the basis for a multi-quadrant EDM specification will be discussed at the upcoming meeting. [Tab 6 relates to internet communications.] Mr. Jarrett clarified the TEIS subcommittees are currently working separately, but will probably meet jointly to address common issues in the future. It was agreed to assign the date of 3rd Quarter 2003 for Electronic Delivery Mechanisms (EDM) and TEIS – Billing & Payments. Additionally, it was agreed to modify the status of the EDM item, to note coordination with both the WGQ and RGQ.

3. Identification of Issues that May Require Joint Efforts and Coordination for Such Efforts

Public Key Infrastructure (PKI) Initiative: Mr. Buccigross presented the material on NERC's Critical Infrastructure Protection Action Group (CIPAG). He stated one effort the CIPAG has undertaken is the Public Key Infrastructure (PKI) Initiative located under Tab 2 of the meeting materials. Mr. Buccigross stated NERC has been developing an electronic delivery mechanism for tagging of reliability related transactions. However, Mr. Buccigross said the PKI standards designed have the potential to apply to the whole energy infrastructure and are inconsistent with the NAESB WGQ EDM Standards in use. Mr. Buccigross noted NAESB EDM standards are used by the WGQ and have been adopted by many states for use in the retail arena. Applicable documents are available on the NERC web site.

Mr. Buccigross stated CIPAG is also working on cyber-security for reliability organizations within the electric grid. Mr. Buccigross noted this work is not as far reaching as the PKI work and is not inconsistent with NAESB's existing standards.

Website Enhancement: Mr. Novak introduced the report on NAESB web site enhancement. He encouraged the group to view the presentation as a working paper, not a concrete proposal. He noted ideas from the presentation could be implemented as budget allocations, or individual donations from member companies, allow. Ms. Camp presented the proposal.

Ms. Camp noted an informal group of volunteers representing each of the Quadrants met with the goal of enhancing the current NAESB web site. Ms. Camp stated the group would like to see a consistent look and feel for each Quadrant's portion of the website, but provide quadrant specific information as well. Ms. Camp reviewed the sections of the presentation and web site mock-up. Mr. Novak stated that the work of the group is complete, but additional comments can be forwarded to the listed members or the NAESB Office.

Participants discussed the details of the proposal and how certain links would function or be perceived by the public, NAESB members and NAESB participants. Ms. Kiselewich stated the overall focus of the proposal seemed good, but noted certain of the changes should be reviewed for the maintenance burden they might require. Ms. Hess stated she thinks the concept of the change is great and would prefer to see the group formalized and expand its review to items such as the subcommittee tables. Ms. Kiselewich concurred.



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It was noted the website is not under the authority of the Executive Committee, but instead is the purview of the office of the Executive Director. The point people identified function as advisors to the NAESB office. Ms. McQuade stated that while the significant changes proposed are not within the current budget, they could be considered for the 2004 budget year. She also highlighted the need to review the ongoing maintenance costs of the proposal.

Annual Plan Subcommittee (APS): Mr. Zavodnick presented the report of the APS, located under Tab 2 of the meeting materials. Mr. Buccigross commented the RGQ and REQ have the most tightly integrated annual plans. Mr. Buccigross noted the process for developing the 2004 Annual Plans will begin approximately the third week in June. As the presentation was given to all of the quadrants, Mr. Zavodnick reflected on the reactions of the other quadrants to the presentation. Regarding the Wholesale Electric Quadrant, Mr. Zavodnick stated the likelihood of multi-quadrant issues with the WEQ in the near future was small, partly due to the Joint Interface Committee (JIC) procedures.

On the WGQ, with the exception of the four quadrant issues, Mr. Zavodnick stated there were not that many joint issues. Mr. Zavodnick noted the feasibility study of separating out a portion of the WGQ EDM Standards (see above discussion). [A common EDM specification was identified by the APS as a potential four quadrant issue.]

Mr. Novak moved, seconded by Mr. Zavodnick, to change the completion dates of the 2003 RGQ Annual Plan as follows: Examine Wholesale Gas Quadrant EDM Standards – 3rd Quarter 2003; Creditworthiness – 3rd Quarter 2003; Supplier Licensing – 4th Quarter 2003; Customer Enrollment, Switching & Dropping – 4th Quarter 2003; Billing & Payment – 3rd Quarter 2003; Customer Information - 2004; Customer Inquiries - 2004; Examine Wholesale Gas Quadrant Non-EDM Standards – 4th Quarter 2003; Market Participant Interactions - 2004; and, Retail Utility-Supplier Disputes - 2004. During discussion it was noted the proposed dates were coordinated with the proposed date changes of the REQ for common items. On a procedural vote, the motion passed unanimously [V1].

4. Plans for Next Meetings

Given the extensive commonality between the REQ and RGQ, it was suggested meeting times reflect that commonality. Ms. McQuade noted the REQ Chair, RGQ Chair and NAESB Office would determine time allocation for each of the groups to meet during the Executive Committee meeting schedule.

The Executive Committee Meeting schedule follows:

June 3-5, 2003, Washington, DC

August 5-7, 2003, Philadelphia, PA

October 7-9, 2003, Tempe, AZ

December 9-11, 2003, Houston, TX

5. Other Business

Ms. Hess suggested the Retail Quadrants need to decide where the data dictionaries and complementary documents would best be developed. She stated currently the data dictionaries are scheduled to be developed by the TEIS in the REQ. However, she noted the WGQ has a specific subcommittee, Information Requirements, staffed by business analysts, to develop the subject documents. Ms. Hess asserted that the data dictionaries and complementary documents should be developed by the business analysts, not the technical staff. Ms. Hess suggested the subcommittees generally agree the subject work should be completed within the CPS and SUIs, rather than through a separate subcommittee. Mr. Buccigross agreed with Ms. Hess, noting that the CPS and SUIs were more closely linked to the business functions and more appropriate for the development



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of data dictionaries, if a separate subcommittee was not established by the two retail quadrants. Participants agreed this topic should be discussed at more length during the next Joint REQ/RGQ Executive Committee meeting. It was suggested Ms. Hess draft a work paper on the topic to be included in the meeting materials for the next meeting explaining her proposal.

Glossary Subcommittee: Mr. Novak noted the RGQ formed a Glossary Subcommittee during the April Executive Committee meeting. Mr. Novak said, as charged, the RGQ Glossary Subcommittee could work with the REQ Glossary Subcommittee, but would remain separate. However, he said there has been some sentiment that the Glossary Subcommittee be truly a joint subcommittee. Mr. Novak noted the Board of Directors would have to approve a joint quadrant subcommittee. Mr. Novak suggested the ECs revisit the issue during the next RGQ REQ Joint meeting.

Mr. Minneman moved, seconded by Mr. Novak, that the REQ Executive Committee and RGQ Executive Committee, meeting jointly, direct their Quadrant's Glossary Subcommittee to approach the development of definitions jointly, as practicable. Absent objection and abstention, the motion passed unanimously.

6. Adjourn

The meeting adjourned at 2:07 p.m. EST.

7. Attendance

Retail Electric Quadrant Executive Committee		
	Title, Organization	Present
Distribution Segment		
Ruth Kiselewich	Director Special Projects and Supplier Services, Baltimore Gas & Electric Company	In Person
Terry Moran	Regulatory Issues Manager, PSEG (MAAC NERC Region)	Phone
William Newbold	Strategy Manager of Electric Choice Implementation Team, Detroit Edison (ECAR NERC Region)	Phone
Jonathan Kubler	Manager of Pricing and Rates, Georgia Power Company	Absent
End User Segment		
V A C A N C Y		
Steve LaFond	Corporate Electricity Resources, Boeing Corporation	Absent
Barbara Alexander	Maine Office of Public Advocate	Phone
V A C A N C Y		
Services Segment		
Jim Minneman	Director of Business Services, PPL Solutions LLC	In Person
Dick Brooks	Vice President Secure Systems and Products Strategy, Systrends, Inc.	Absent
Rob Connell	Manager of Commercial Systems Applications, Electric Reliability Council of Texas	Absent
Mark Jarrett	Team Leader – Market Information and Analysis, Market Intelligence, Southern Company	Phone
Supplier Segment		
Bill Barkas	Manager of Retail State Government Relations, Dominion Retail, Inc.	Phone
Felecia Lokey	Director Retail Regulatory Affairs North American TXU Energy	Absent
Heidi Schrab	Market Development Operations Manager, Green Mountain Energy Company	Absent
Theresa Hess, alt. for VACANCY	Manager NAESB Relations, Reliant Energy Retail Services	In Person



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Retail Gas Quadrant Executive Committee

Title, Organization		Present	V1
Distributors Segment			
Nancy Cianflone	Director, Marketing Services Area, KeySpan Energy	In Person	
Joe Stengel, alt. for Nancy Cianflone	Federal Regulatory Affairs Manager, Philadelphia Gas Works	Phone	Y
Joseph M. Jansen	Manager Supplier Regulations, Public Service Electric and Gas Company	In Person	Y
Leslie H. Nishida	Gas Federal Regulatory Supervisor, Wisconsin Public Service Corporation	Phone	Y
Michael Novak	Assistant General Manager, National Fuel Gas Distribution Corporation	In Person	Y
William Oppenheim	Manager, Asset Optimization, PECO Energy	In Person	Y
Steven M. Zavodnick	Senior Engineer Gas Operations, Baltimore Gas and Electric Company	In Person	Y
End Users Segment			
Bruce M. Hayes	Senior Regulatory Analyst, Ohio Consumers' Counsel	Phone	Y
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
Service Providers Segment			
Rod Sipe	President, New Science Partners	Absent	
Donald L. Sytsma	Vice President, R.J. Rudden Associates, Inc.	In Person	Y
George Behr	Director, Energy Services Group, Inc.	Absent	
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
Supplier Segment			
Suzanne Calcagno	Associate Director, Regulatory Compliance, UBS Warburg Energy, LLC	Absent	
Barbara A. Fatina	Vice President, Exelon Energy	Absent	
Marcy McCain	Project Manager – Regulatory Affairs, Duke Energy Gas Transmission, LLP	In Person	Y
Richard Zollars	Director, Data and Information, Dominion Retail, Inc.	Absent	
V A C A N C Y			
V A C A N C Y			

Administrative:

Rae McQuade
 Veronica Thomason
 Todd Oncken

-Executive Director
 -NAESB Staff
 -NAESB Staff



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Observers to the Meeting:

Name	Company	In Person / Phone
Rick Alston	Old Dominion Electric Coop.	In Person
Mike Bray	Shell Gas Transmission	In Person
Christopher Burden	Williams Gas Pipeline	In Person
Tina Burnett	Northwest Industrial Gas Users	In Person
Yvette Camp	Southern Company	Phone
Dale Davis	Williams Gas Pipeline	In Person
Bill Griffith	El Paso Western Pipelines	In Person
Dona Gussow	Florida Power & Light	In Person
Judy Ray	Alabama Power	Phone
Lisa Robert	DESC	In Person
Joe Stengel	Philadelphia Gas Works	In Person
Ken Yagelski	Washington Gas	Phone



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TO: NAESB Retail Electric Quadrant and Retail Gas Quadrant Executive Committee,
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FROM: Todd Oncken, NAESB Staff

RE: NAESB Retail Electric Quadrant and Retail Gas Quadrant Joint Executive Committee
Meeting Draft Minutes– April 10, 2003

DATE: April 26, 2003

Retail Electric Quadrant/Retail Gas Quadrant Joint Executive Committee
Thursday, April 10, 2003
Draft Minutes

[Red-lined by Theresa Hess / Reliant Energy Retail Services](#)

1. Welcome

Mr. Buccigross presided over the meeting. Participants introduced themselves. Mr. Oncken gave the antitrust advice. Mr. Minneman proposed specific topics to be addressed under Item 3, including: PKI Initiative, Website Development, and Annual Plan Subcommittee report. [Ms. Hess requested an item be added under Other Business to discuss the development of data dictionaries. Discussion of a possible joint Glossary Subcommittee was also added under Other Business.](#) Absent objection, the modified agenda was adopted by acclamation.

2. Review of Common Activities of Each Subcommittee

Mr. Buccigross noted the Customer Processes Subcommittee (CPS), Supplier--Utility Interface Subcommittee (SUIS), and Technical Electronic Implementation Subcommittee (TEIS) are common to both the Retail Gas Quadrant (RGQ) and Retail Electric Quadrant (REQ).

[Customer Processes Subcommittee:](#) Mr. Alston provided an update on the CPS. Mr. Alston stated the first joint REQ/RGQ CPS meeting went very well. Mr. Alston stated the subcommittees are reviewing the Billing & Payment document. Mr. Alston noted the following items as outstanding: 1) review of the single-retailer model; 2) review of billing services; and 3) possible development of a data dictionary. Mr. Alston projected a completion date of July 2003 for the Billing & Payment document. He stated the delay was due to additional modifications needed to the base UBP document to reflect current business practices. Once complete with Billing & Payment, Mr. Alston said the CPS will work on Enrollment & Switching. It was clarified the REQ CPS and RGQ CPS will meet jointly until further notice.

Participants agreed the timing of common topics in the REQ and RGQ Annual Plans should be reviewed and modified. On Mr. Buccigross' suggestion, the timing issues will be discussed in a consolidated manner by tracking the changes and then taking a vote. [\[What is the intended meaning of the second sentence?\]](#)

[Supplier--Utility Interface Subcommittee:](#) Mr. Newbold provided an update on the SUIS. He stated that in the first joint REQ/RGQ SUIS meeting participants reviewed the draft creditworthiness document, completing approximately two-thirds of the task. Mr. Newbold stated that a redline of the creditworthiness document will be circulated in advance of the May SUIS meeting. It was suggested restating the completion date for creditworthiness as 3^d Quarter 2003. It was noted completion date relates to the date subcommittee work is completed. It was clarified the REQ SUIS and RGQ SUIS will meet jointly until further notice.

It was noted the format for retail standards publication has not been decided. Mr. Novak suggested it be discussed at the next REQ/RGQ Joint EC meeting. Executive Committee members were



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Ms. Hess expressed concern about the scope of activities to be undertaken by the EC members, specifically whether they would be restricted to the format of retail standards as they come out of the subcommittees. Ms. Hess cautioned that a broader scope could encroach on a NAESB-wide issue that requires Board Managing Committee approval. Mr. Buccigross agreed that extending the discussion beyond strictly the format of retail standards from the retail subcommittees would be inappropriate and noted the retail quadrants should develop a format for standards before those proposed standards can be forwarded to the individual retail quadrant ECs for consideration.

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4. Plans for Next Meetings

Given the extensive commonality between the REQ and RGQ, it was suggested meeting times reflect that commonality. Ms. McQuade noted the REQ Chair, RGQ Chair and NAESB Office would determine time allocation for each of the groups to meet during the Executive Committee meeting schedule.

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October 7-9, 2003, Tempe, AZ

December 9-11, 2003, Houston, TX

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Ms. Hess suggested the Retail Quadrants ~~need to decide~~ revisit where the data dictionaries and complementary documents would best be developed. She stated that currently the data dictionaries are scheduled to be developed by the TEIS in the REQ. ~~However, s~~ She noted the WGQ has a specific subcommittee, Information Requirements, staffed by business analysts, to develop



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the subject documents. Ms. Hess asserted that development of the data dictionaries and complementary documents involves business issues and, therefore, should be developed by the business analysts, not the technical staff. Ms. Hess ~~suggested~~stated her proposal has been discussed by the CPS and SUIS subcommittees. They generally agree the subject work should be completed within the business subcommittees and CPS and SUIS, prefer the work be handled by the existing subcommittees rather than through a new separate subcommittee. The creation of a new subcommittee would mean additional meetings for the same group of people (i.e., members of CPS and SUIS). Mr. Buccigross agreed with Ms. Hess, noting that the CPS and SUIS ~~were~~are more closely linked to the business functions and more appropriate for the development of data dictionaries, if a separate subcommittee was not established by the two retail quadrants. Participants agreed this topic should be discussed at more length during the next Joint REQ/RGQ Executive Committee meeting. ~~It was suggested~~ Ms. Hess agreed to draft a work paper on the topic to be included in the meeting materials for the next meeting explaining her proposal.

Glossary Subcommittee: Mr. Novak noted the RGQ formed a Glossary Subcommittee during the April Executive Committee meeting. Mr. Novak said, as charged, the RGQ Glossary Subcommittee could work with the REQ Glossary Subcommittee, but would remain separate. However, he said there has been some sentiment that the Glossary Subcommittee be truly a joint subcommittee. Mr. Novak noted the Board of Directors would have to approve a joint quadrant subcommittee. Mr. Novak suggested the ECs revisit the issue during the next RGQ REQ Joint meeting.

Mr. Minneman moved, seconded by Mr. Novak, that the REQ Executive Committee and RGQ Executive Committee, meeting jointly, direct their Quadrant's Glossary Subcommittee to approach the development of definitions jointly, as practicable. Absent objection and abstention, the motion passed unanimously.

6. Adjourn

The meeting adjourned at 2:07 p.m. EST.

7. Attendance

Retail Electric Quadrant Executive Committee		
	Title, Organization	Present
Distribution Segment		
Ruth Kiselewich	Director Special Projects and Supplier Services, Baltimore Gas & Electric Company	In Person
Terry Moran	Regulatory Issues Manager, PSEG (MAAC NERC Region)	Phone
William Newbold	Strategy Manager of Electric Choice Implementation Team, Detroit Edison (ECAR NERC Region)	Phone
Jonathan Kubler	Manager of Pricing and Rates, Georgia Power Company	Absent
End User Segment		
V A C A N C Y		
Steve LaFond	Corporate Electricity Resources, Boeing Corporation	Absent
Barbara Alexander	Maine Office of Public Advocate	Phone
V A C A N C Y		
Services Segment		
Jim Minneman	Director of Business Services, PPL Solutions LLC	In Person
Dick Brooks	Vice President Secure Systems and Products Strategy, Systrends, Inc.	Absent
Rob Connell	Manager of Commercial Systems Applications, Electric Reliability Council of Texas	Absent
Mark Jarrett	Team Leader – Market Information and Analysis, Market Intelligence, Southern Company	Phone



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Supplier Segment

Bill Barkas	Manager of Retail State Government Relations, Dominion Retail, Inc.	Phone
Felecia Lokey	Director Retail Regulatory Affairs North American TXU Energy	Absent
Heidi Schrab	Market Development Operations Manager, Green Mountain Energy Company	Absent
Theresa Hess, alt. for VACANCY	Manager NAESB Relations, Reliant Energy Retail Services	In Person



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
 Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
 Home Page: www.naesb.org

Retail Gas Quadrant Executive Committee

Title, Organization		Present	V1
Distributors Segment			
Nancy Cianflone	Director, Marketing Services Area, KeySpan Energy	In Person	
Joe Stengel, alt. for Nancy Cianflone	Federal Regulatory Affairs Manager, Philadelphia Gas Works	Phone	Y
Joseph M. Jansen	Manager Supplier Regulations, Public Service Electric and Gas Company	In Person	Y
Leslie H. Nishida	Gas Federal Regulatory Supervisor, Wisconsin Public Service Corporation	Phone	Y
Michael Novak	Assistant General Manager, National Fuel Gas Distribution Corporation	In Person	Y
William Oppenheim	Manager, Asset Optimization, PECO Energy	In Person	Y
Steven M. Zavodnick	Senior Engineer Gas Operations, Baltimore Gas and Electric Company	In Person	Y
End Users Segment			
Bruce M. Hayes	Senior Regulatory Analyst, Ohio Consumers' Counsel	Phone	Y
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
Service Providers Segment			
Rod Sipe	President, New Science Partners	Absent	
Donald L. Sytsma	Vice President, R.J. Rudden Associates, Inc.	In Person	Y
George Behr	Director, Energy Services Group, Inc.	Absent	
V A C A N C Y			
V A C A N C Y			
V A C A N C Y			
Supplier Segment			
Suzanne Calcagno	Associate Director, Regulatory Compliance, UBS Warburg Energy, LLC	Absent	
Barbara A. Fatina	Vice President, Exelon Energy	Absent	
Marcy McCain	Project Manager – Regulatory Affairs, Duke Energy Gas Transmission, LLP	In Person	Y
Richard Zollars	Director, Data and Information, Dominion Retail, Inc.	Absent	
V A C A N C Y			
V A C A N C Y			

Administrative:

Rae McQuade
 Veronica Thomason
 Todd Oncken

-Executive Director
 -NAESB Staff
 -NAESB Staff



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Observers to the Meeting:

Name	Company	In Person / Phone
Rick Alston	Old Dominion Electric Coop.	In Person
Mike Bray	Shell Gas Transmission	In Person
Christopher Burden	Williams Gas Pipeline	In Person
Tina Burnett	Northwest Industrial Gas Users	In Person
Yvette Camp	Southern Company	Phone
Dale Davis	Williams Gas Pipeline	In Person
Bill Griffith	El Paso Western Pipelines	In Person
Dona Gussow	Florida Power & Light	In Person
Judy Ray	Alabama Power	Phone
Lisa Robert	DESC	In Person
Joe Stengel	Philadelphia Gas Works	In Person
Ken Yagelski	Washington Gas	Phone

9. Subcommittee Updates & Work Papers

Creditworthiness Business Practices

(Title Page)

Version Notes

(To be completed)

Introduction

(To be completed)

Executive Summary

(To be completed)

Business Process and Practices

A. Overview

Scope:

The procedures/processes described in these Model Business Practices apply to credit risks existing between a Supplier and a Distribution Company in the course of serving Retail Access Customers, including one or more of the following:

- Risks associated with one party voluntarily (i.e., not when required by Applicable Regulatory Authority) doing the billing and receiving payments for the other party when Consolidated Billing is utilized;
- Risks associated with the Supplier's purchase of distribution services for resale to its customers under Single Retail Supplier Billing;
- Risks associated with the Distribution Company being the party that provides replacement energy when a Supplier defaults; and
- Risks associated with receiving payment for other services one party provides another.

Risks relating to wholesale transactions between a Supplier and a Distribution Company are excluded, such as:

- Provision of transmission or upstream transportation and related ancillary services by a Distribution Company;
- Imbalance/settlement risk between a Supplier and a Distribution Company, where the Distribution Company is the effective provider of imbalance service; and
- Purchase and sale of energy/capacity for resale.

Risks to customers resulting from a Supplier's failure or withdrawal from the market are also excluded (e.g., contract prices, prepayments, deposits).

B. General Model Business Practices

C. Creditworthiness Model Business Practices

Principles

- 1.1.1 Creditworthiness procedures should be efficient to minimize the time and effort required by the parties to start/maintain a working relationship.
- 1.1.2 The evaluation process and methodology for determining credit limits and risk exposure should be reflected in the applicable Governing Documents.
- 1.1.3 The procedures and criteria used to perform a re-evaluation of creditworthiness should be the same as used for the initial determination.

Definitions

- 1.2.1 **Applicable Regulatory Authority:** The state regulatory agency or other local governing body that provides oversight, policy guidance, and direction to any parties involved in the process of providing energy to Retail Access Customers through regulations and orders.
- 1.2.2 **Applicant:** The party seeking credit from another party.
- 1.2.3 **Billing Party:** The party performing billing services for one or more parties.
- 1.2.4 **Cash Deposit:** Money provided by one party to the other to secure performance of an agreement or compensate for possible loss or damage.
- 1.2.5 **Certificate of Incumbency (Secretary Certificate):** A document attesting to the name and signature of the officers authorized to sign the Guaranty.
- 1.2.6 **Challenge:** The Applicant's request for a review of the Creditor's creditworthiness determination made shortly after that determination.
- 1.2.7 **Confidential Information:** Nonpublic information concerning the financial condition of the Applicant, or any of the Applicant's affiliates, that is disclosed to the Creditor by the Applicant or Applicant's affiliates.
- 1.2.8 **Consolidated Billing:** The Billing Party produces a Customer bill consolidating the energy, transmission and distribution related charges of the Distribution Company and the Supplier, for which a single payment from the Customer is expected.
- 1.2.9 **Credit Application Form:** The Creditor's form for obtaining identification and financial data about an Applicant.
- 1.2.10 **Creditor:** The party granting credit to another party.
- 1.2.11 **Cure Period:** Insert new definition here
- 1.2.12 **Distribution Company:** A regulated entity that constructs and maintains the distribution facilities which deliver energy to the Customer.
- 1.2.13 **Event-driven Reconsideration:** A re-evaluation of an Applicant's creditworthiness performed in response to a Material Change in its credit rating or financial condition.
- 1.2.14 **Governing Documents:** Documents that determine the interactions among parties, such as: regulatory documents (e.g., tariffs,

rules, regulations), contractual agreements, and Distribution Company operational manuals.

- 1.2.15 **Guarantor:** The entity that agrees to guarantee the Applicant's financial obligations, recognizing that such entity will be ultimately obligated to meet the Creditor's creditworthiness requirements.
- 1.2.16 **Guaranty:** A formal assurance of the Guarantor's obligation to pay up to a fixed amount to the beneficiary, upon certain conditions contained in that guaranty being met.
- 1.2.17 **Letter of Credit:** A letter issued by a bank authorizing the bearer to draw a stated amount of money from the issuing bank, its branches, or other associated banks or agencies, provided that the terms of the letter are met.
- 1.2.18 **Material Change:** Any change in the Applicant's (or Guarantor's) financial or other condition that might reasonably affect the amount of unsecured credit extended to that Applicant or may impact the Applicant's ability to perform on its obligations.
- 1.2.19 **Non-Billing Party:** The party whose charges are being combined into a statement (or invoice) prepared and rendered by another party.
- 1.2.20 **Prepayment:** Money provided by one party to the other to pay for goods or services not yet rendered, to secure performance of an agreement or compensate for possible loss or damage.
- 1.2.21 **Security interest in collateral:** A right, title, claim, or share in assets that exists by contract as security for payment or performance of an obligation that is acceptable to the creditor.
- 1.2.22 **Single Retail Supplier Billing:** In this market model, a Supplier purchases energy, transmission and distribution related services and, therefore, all charges on the bill are Supplier charges. A single payment from the Customer is expected.
- 1.2.23 **Supplier:** Persons engaged in the competitive sale of energy to end-users.
- 1.2.24 **Surety Bonds:** An insurance policy that covers payments to the principle in the event that the other party does not perform under the contract.
- 1.2.25 **Switch Request:** A request from a Supplier to switch a Customer to begin receiving service from that Supplier. (UBP Glossary Definition)

Model Business Practices

1.3.1 Overall

- 1.3.1.1 Either the Supplier or the Distribution Company may take on the role of Applicant or Creditor.
- 1.3.1.2 The Applicant should provide the Creditor with the telephone number, e-mail address, facsimile number and mailing address of up to two authorized representatives who are designated to receive creditworthiness communications. The Creditor should provide comparable information to the Applicant. Both the Applicant and the Creditor should promptly notify the other party of any changes in this information. Both parties should manage internal distribution of communications that are received.
- 1.3.1.3 General information concerning the evaluation process and methodology for calculating credit exposure for various risks should be publicly available so that Applicants have access to the requirements prior to making their application.

1.3.2 Determination of Risk Exposure

- 1.3.2.1 The credit exposure should be based on the dollar amount determined to be at risk and the period of time during which it remains at risk.
- 1.3.2.2 The same criteria and methodology for calculating credit exposure should be used for Applicants presenting a given risk, such as the risk associated with Consolidated Billing or the risks associated with providing replacement power when a Supplier Defaults.
- 1.3.2.3 Specific methodologies should be developed, where applicable, for each of the major types of risks that incorporate the dollar amount at risk and the period of time it remains at risk.

For Consolidated Billing, issues include:

- Total dollar amount billed;
- Whether the Billing Party assumes the Non-Billing Party's receivables or the Pay As You Get Paid method is employed; and
- When assuming receivables, typical Customer payment behavior (\$ past due, % late, % uncollectable, etc.).

For risks associated with the Distribution Company providing replacement energy when a Supplier defaults, issues include:

- Responsibilities if a Supplier defaults;
- Amount of load served by the defaulting Supplier; and
- Cost of replacement energy.

For services one party provides to another, issues include:

- Total dollar amount for services provided; and

- Payment terms.

1.3.3 Determination of Initial Unsecured Credit Limit

- 1.3.3.1 Unsecured credit limits should be determined using the same criteria and methodology for all Applicants presenting a given risk, such as the risk associated with Consolidated Billing or the Distribution Company providing replacement energy when a Supplier defaults.
- 1.3.3.2 Determination of the amount of credit to extend to a particular Applicant may be based on Applicant-Creditor agreement, regulatory policy, or both.
- 1.3.3.3 The Creditor should make available to all Applicants a Credit Application Form that includes a checklist of required supporting financial documents.
- 1.3.3.4 The Applicant should submit to the Creditor the original and two copies of the completed Credit Application Form and three sets of the required supporting financial documents.
- 1.3.3.5 The Applicant should submit the Credit Application Form and supporting documents using a method that verifies that delivery took place, such as requiring a signature or requesting a return receipt.
- 1.3.3.6 Timelines for processing a creditworthiness evaluation should begin when the Credit Application Form, complete with all required supporting documents, is received by the Creditor.
- 1.3.3.7 The Creditor should evaluate the Applicant's Credit Application Form and all supporting financial documents for completeness and notify the Applicant of any missing elements within five (5) business days of receipt. Such notification should be in writing and specify the elements needed to complete the application. The notice should be delivered by overnight delivery, facsimile, or e-mail. The creditworthiness evaluation process timelines will be re-started when the Creditor receives the missing elements.
- 1.3.3.8 The supporting financial documents submitted with the Credit Application Form should cover at least a two-year period and include the most recent quarter for which financial data is available. For private companies the year-end financials should be audited and include notes and debt schedules, if available.
- 1.3.3.9 The Applicant may present evidence of its rating level from a recognized rating agency(ies).
- 1.3.3.10 Supporting financial documents may include:
 - Two most recent annual reports;
 - Most recent SEC Form 10-K and 10-Q and any independent auditor's letter to management or, if SEC Form 10-K is unavailable,

substitute audited annual financial information (including a balance sheet, income statement, cash flow statement with notes, and any independent auditor's letter to management); and

- Most recent quarterly or monthly financial information (including a balance sheet, income statement, and cash flow statement with notes) accompanied by all attestations required by the SEC that the information submitted is true, correct and a fair representation of Applicant's financial condition.

1.3.3.11 When the creditworthiness requirement is being met through a Guaranty, the creditworthiness requirements that apply to the Applicant also apply to the Guarantor.. In addition to submitting supporting financial documents, the Guarantor should provide documentation of the Guaranty, as applicable.

For a Parental Guaranty:

- Certificate of Incumbency of the individual signing the contract and/or ancillary documents
- Board resolution or bylaws demonstrating that the Guarantor can guarantee this type of transaction for the Applicant

For a Third-Party Guaranty:

- Certificate of Incumbency of the individual signing the contract and/or ancillary documents
- Board resolution or bylaws demonstrating that the Guarantor can guarantee this type of transaction for the Applicant
- Agency agreement that ties the Guarantor to the Applicant

For a Foreign Guarantor:

- Certificate of Incumbency of the individual signing the contract and/or ancillary documents
- Board resolution, or equivalent (e.g., Articles of Association/Organization), with a copy of the bylaws demonstrating that the Guarantor has the authority to enter into such a Guaranty
- Legal opinion that states a judgment for the Creditor would be enforceable in the country of the Guarantor

1.3.3.12 The Creditor should complete the creditworthiness evaluation within thirty 5 business days of receipt of all required documents.

1.3.3.13 The Creditor should provide the results of the creditworthiness evaluation to the Applicant in writing within five (5) business days of completing the

evaluation. The results should be delivered by overnight delivery, facsimile, or e-mail. The notice should include the rationale for the determination of the risk exposure and unsecured credit limits.

1.3.4 Reconsideration of Unsecured Credit Limit

- 1.3.4.1 An Applicant should be granted an opportunity to challenge an initial unsecured credit limit determination. The Challenge should be submitted within thirty (30) days of receiving the written notification of the initial unsecured credit limit determination.
- 1.3.4.2 The Creditor should respond to a timely Challenge within five (5) business days of receipt by providing the rationale for its determinations and any calculations supporting the resulting credit limit. The Creditor should also review with the Applicant the data used as input to ensure there were no errors or missing data that impacted the result. If there were material errors or omissions, the Creditor should re-evaluate the Applicant's creditworthiness within ten (10) business days of receipt of corrected information.
- 1.3.4.3 If the Applicant remains dissatisfied with the outcome of the creditworthiness evaluation by a Creditor who is regulated, it may elevate its Challenge to the Appropriate Regulatory Authority.
- 1.3.4.4 An Applicant should notify the Creditor of any adverse Material Change in its financial condition within three (3) business days of such change.
- 1.3.4.5 A Creditor may re-evaluate the creditworthiness of an Applicant whenever it becomes aware of an adverse Material Change in the Applicant's financial condition.
- 1.3.4.6 An Applicant may request an Event-Driven Reconsideration when there has been a favorable Material Change in its financial status, such as an upgrading by a major bond rating agency.
- 1.3.4.7 In addition to Event-Driven Reconsiderations, an Applicant may request a re-evaluation of its creditworthiness no more than once every twelve months.

1.3.5 Disqualification/Remedies

- 1.3.5.1 Whenever the Creditor's risk exposure exceeds the amount covered by the Applicant's security arrangements, the Creditor may immediately require additional security appropriate to the amount of additional risk exposure.
- 1.3.5.2 Whenever the Creditor's risk exposure becomes less than the amount covered by the Applicant's security arrangements, the Creditor should comply with the Applicant's request for an immediate reduction in the security held appropriate to the amount of risk exposure.

- 1.3.5.3 Requests for security, additional security or reduction of security should be in writing and delivered by overnight delivery, facsimile, or e-mail.
- 1.3.5.4 When a Creditor requests security or a deposit and the required security or deposit is not tendered within the period specified in the appropriate Governing Documents (e.g., Billing Services Agreement), the Creditor may begin taking actions to reduce its exposure, including:
- (If the Applicant is a Supplier) Cease processing any Switch Requests that add to the Customers served by the Applicant;
 - Moving any of the Applicant's Customers currently on Applicant Consolidated Billing to Dual Billing, effective on the Customer's next normally scheduled bill;
 - Reducing the sales of any other products or services the Creditor may have been selling to the Applicant until the credit exposure no longer exceeds the Applicant's credit limit; and/or
 - Taking remedial action, including disqualification of the Applicant, as allowed by the Applicable Regulatory Authority.
- 1.3.5.5 When the Applicant is a Supplier and it can partially, but not fully, meet a request for security or deposit in the time period specified in the appropriate Governing Documents, it can avoid disqualification by reducing the risk exposure it presents to the Distribution Company to an amount commensurate with the amount of security or deposit tendered.

1.3.6 Security Instruments

- 1.3.6.1 Creditors should offer the option of one or more of the following forms of secured credit to those Applicants who do not qualify for sufficient unsecured credit for the risks that they present.

- Prepayment
- Cash Deposit
- Letter of Credit
- Guaranty
- Surety Bonds
- Security Interest in Collateral

Such credit option(s) should be acceptable to the Creditor, provided that the Creditor's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. The Creditor and Applicant may mutually agree that the Applicant will provide other forms of credit options.

1.3.7 Calling on Security

- 1.3.7.1 Creditor may call upon the security posted by the Applicant as specified in applicable agreements or tariffs, or after all of the following events occur:
- The Creditor provides notice to the Applicant of its intent to call upon the security posted by the Applicant unless the Applicant makes payment within the Cure Period.;
 - Written notice of default is provided to the Applicant; and
 - Payment is not made within the Cure Period,
- 1.3.7.2 The same criteria and methodology for establishing the length of the Cure Period should be used for all Applicants presenting a given risk, such as the risk associated with Consolidated Billing or an entity acting as the Default Provider.
- 1.3.7.3 The length of the Cure Period for various risks should be publicly available so that Applicants have access to the requirements prior to making their application.
- 1.3.7.4 The Creditor may call upon the security posted by the Applicant without prior notice if the Applicant files a petition for bankruptcy (or equivalent, including the filing of an involuntary petition in bankruptcy against the Applicant, if the petition is not dismissed within 20 days).
- 1.3.7.5 A Distribution Company acting as the Creditor may immediately call upon the security posted by the Applicant (that is a Supplier) without prior notice if the Applicant for any reason ceases to provide service to all of its customers within the Distribution Company's service territory.

1.3.8 Confidentiality

- 1.3.8.1 The fact that an Applicant has applied for credit and the informational content of the creditworthiness evaluation process should be used only for the purpose of establishing the Applicant's financial status in order to enable the parties to enter into contracts for the products/services to be provided. This information should be deemed confidential, and should not be subject to public disclosure. However, the Creditor may report its historical credit experience with the Applicant to credit agencies.
- 1.3.8.2 When entering into the creditworthiness evaluation process the Applicant and the Creditor should execute a non-disclosure agreement, unless non-disclosure is provided for within the Governing Documents.
- 1.3.8.3 If the Creditor is required to disclose Confidential Information to the Applicable Regulatory Authority, it will:
- Notify the Applicant in writing prior to doing so, and
 - Cooperate with the Applicant in seeking a protective order or other appropriate remedy from the Applicable Regulatory Authority.

D. Electronic Delivery Mechanism Related Model Business Practices

None

E. Models

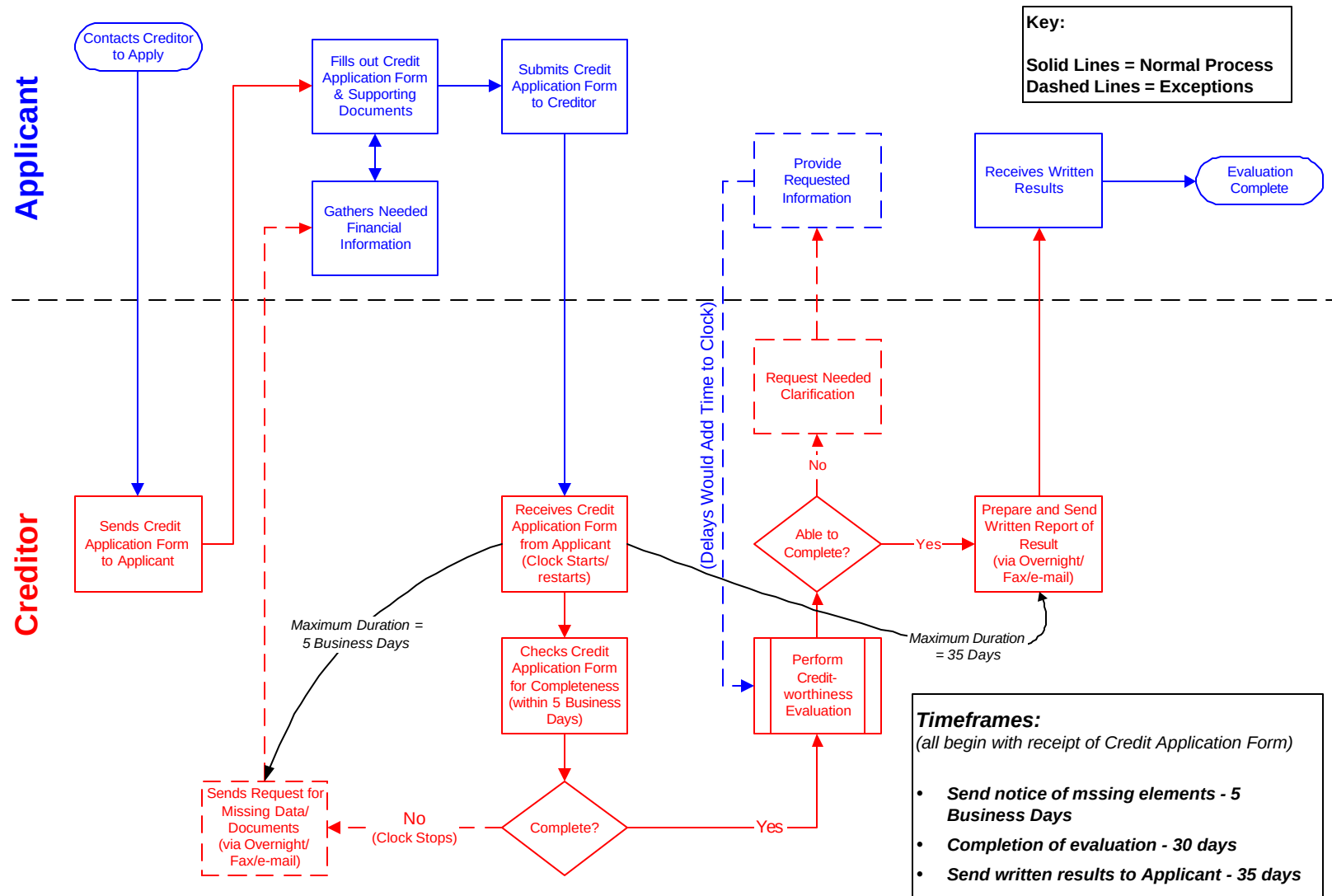
(Review stopped here on 5/15/03)

(Note: models have not been reviewed by the Subcommittee yet [through May 5, 2002 meeting] and are shown here for the purpose of demonstrating possible formatting only)

- 1.5.3.1 Determining Initial Unsecured Credit Limit – Flow Diagram
(Revised 4/23/03)
- 1.5.4.1 Challenging Initial Unsecured Credit Limit – Flow Diagram
(New 4/23/03)
- 1.5.4.2 Reconsideration of Unsecured Credit Limit – Flow Diagram
(New 4/23/03)
- 1.5.8.1 Model Non- Disclosure Agreement

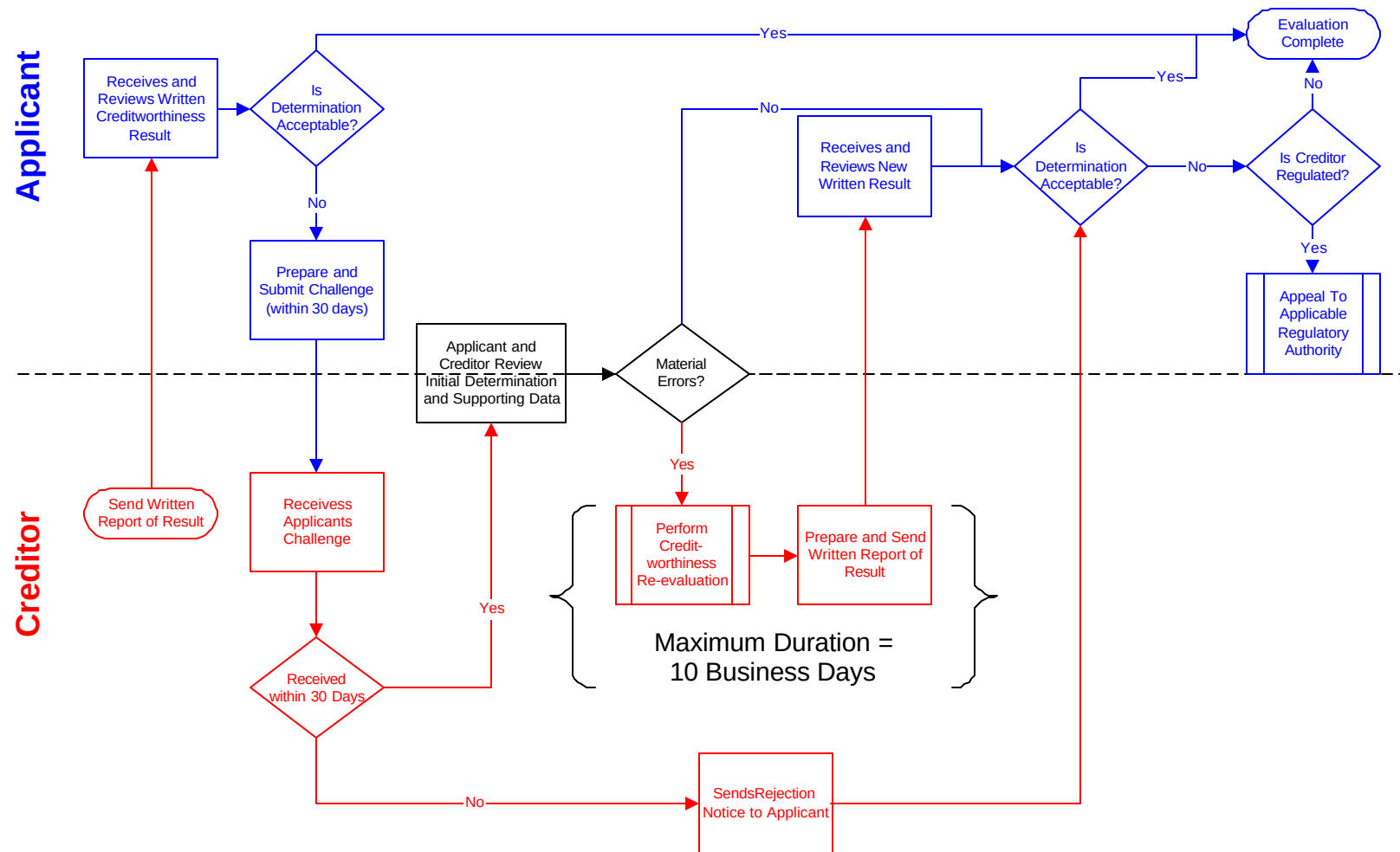
1.5.3.1 Determining Initial Unsecured Credit Limit - Model

Creditworthiness Evaluation Process (Section 1.3.3)



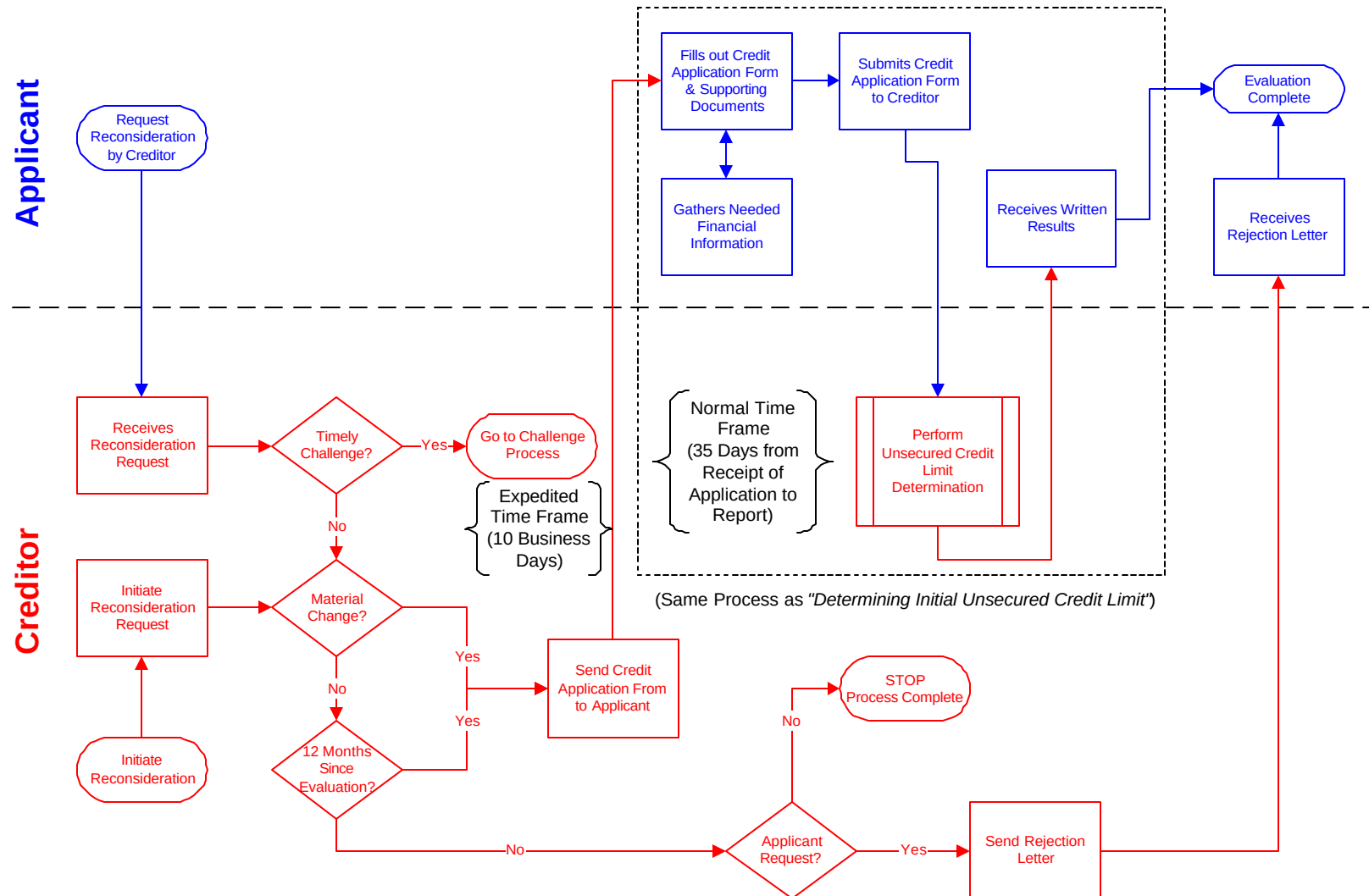
1.5.4.1 Challenging Initial Unsecured Credit Limit - Model

Creditworthiness Evaluation Process (Section 1.3.4)



1.5.4.2 Reconsideration of Unsecured Credit Limit - Model

Creditworthiness Evaluation Process (Section 1.3.4)



MODEL NON-DISCLOSURE AGREEMENT

Non-Disclosure Agreement between _____ (*Applicant*), having offices at _____ (*Address, City, State, Zip Code*) ("Company"), and _____ (*Creditor*), having offices at _____ (*Address, City, State, Zip Code*) ("Recipient"), is effective as of this the _____ day of _____, 200____ (*Agreement*). Company and Recipient may hereinafter be referred to individually as a "Party" and collectively as the "Parties".

1. "Confidential Information" means information that relates to the nonpublic financial information concerning the financial condition of Company or any of Company's Affiliates and that is disclosed to Recipient by Company or any of Company's Affiliates and shall include the name of the Company, the existence of this Agreement, and the fact that Company has asked Recipient to evaluate its financial status. Confidential Information may be disclosed in written or other tangible forms (including on magnetic media), or by oral, visual, or other means. The term "Affiliate" as used in this Agreement means any person or entity directly or indirectly controlling, controlled by, or under common control with a Party.
2. Recipient of Confidential Information may use the Confidential Information only for the purpose of evaluating the financial status of Company and/or any of Company's Affiliates as such status relates to a determination by Recipient as to whether or not the Parties may enter into a written contract for the supply or delivery of electricity and/or gas.
3. Recipient covenants that it will not, and will advise its officers, directors, employees, consultants and representatives and its affiliates and their officers, directors, employees, consultants and representatives to whom it discloses Confidential Information ("Representatives") not to purchase, sell, or otherwise trade in any securities of Company or its Affiliates (or facilitate or encourage the trading of any such securities by any other person) so long as the contents of the Confidential Information constitute material, nonpublic confidential information obtained pursuant to this Agreement, and have not been publicly disclosed by Company through any filing with the Securities and Exchange Commission.
4. Recipient shall protect such Confidential Information from disclosure to others, using the same degree of care used to protect its own confidential or proprietary information of like importance, but in any case using no less than a reasonable degree of care.
5. Recipient acknowledges that it and its Representatives owe a duty of confidence with respect to material nonpublic information of Company and/or Company's Affiliates, to the extent sufficient to preclude any duty of Company or Company's Affiliates to disclose (by reason of Regulation FD of the Securities and Exchange Commission) material nonpublic information communicated to Recipient or its Representatives in connection with the Confidential Information.
6. Recipient may disclose Confidential Information received hereunder to (i) its Affiliates who agree, in advance, in writing, to be bound by this Agreement, and (ii) to its employees and independent contractors, and its Affiliates' employees and independent contractors, who have a need to know, for the purpose of this Agreement, and who are bound to protect the received Confidential Information from unauthorized use and disclosure under the terms of a written agreement. Confidential Information shall not otherwise be disclosed to any third party without the prior written consent of Company.

7. The restrictions of this Agreement on use and disclosure of Confidential Information shall not apply to information that:

- (a) Was publicly known at the time of Company's communication thereof to Recipient;
- (b) Becomes publicly known, through no fault of Recipient, subsequent to the time of Company's communication thereof to Recipient;
- (c) Was rightfully in Recipient's possession free of any obligation of confidence at the time of Company's communication thereof to Recipient;
- (d) Is rightfully obtained by Recipient from third parties authorized to make such disclosure without restriction; or
- (e) Is identified by Company as no longer proprietary or confidential.

8. In the event Recipient is required by law, regulation or court order to disclose any of Company's Confidential Information, Recipient will promptly notify Company in writing prior to making any such disclosure in order to facilitate Company seeking a protective order or other appropriate remedy from the proper authority. Recipient agrees to cooperate with Company, at Company's expense, in seeking such order or other remedy. Recipient further agrees that if Company is not successful in precluding the requesting legal body from requiring the disclosure of the Confidential Information, Recipient will furnish only that portion of the Confidential Information, which, in the opinion of counsel for Recipient, is legally required to be furnished, and Recipient will exercise all reasonable efforts to obtain reliable assurances that confidential treatment will be accorded the Confidential Information.

9. Confidential Information shall remain the exclusive property of the Company. The Recipient agrees that Confidential Information disclosed hereunder is being received subject to the Company's ownership rights in such Confidential Information and, further, subject to all relevant intellectual and/or proprietary property rights of the Company. The Recipient agrees that, at the conclusion of its review of the Confidential Information, or within five business days after Company's request, all copies of the Confidential Information in any form whatsoever (including, but not limited to, any reports, memoranda, or other materials prepared by the Recipient or at its discretion) will be returned to Company or destroyed and Recipient will, upon request, cause one of its Representatives to verify such return or destruction.

10. Neither Party is obligated under this Agreement to purchase from or provide to the other Party any service or product.

11. This Agreement shall become effective as of the date first written above and shall expire one (1) year thereafter **unless extended or renewed by Parties in writing.**

12. Neither Party may assign any of its rights or obligations hereunder, except to an Affiliate or successor in interest, without the prior, written consent of the other Party, which consent shall not be unreasonably withheld.

13. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

14. This Agreement (a) is the complete agreement of the Parties concerning the subject matter hereof and supersedes any prior such agreements with respect to further disclosures concerning such subject matter; (b) may not be amended or in any manner modified except by a written instrument signed by authorized representatives of both Parties; and (c) SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF (Creditor's State) WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS.

15. If any provision of this Agreement is found to be unenforceable, the remainder shall be enforced as fully as possible and the unenforceable provision shall be deemed modified to the limited extent required to permit its enforcement in a manner most closely representing the intention of the Parties as expressed herein.

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be executed by its duly authorized representative.

(Applicant Name)
a (state and type of organization).

By: (if the above entity is a Limited Partnership
enter name of its General Partner)

By: _____

Name: _____

Title: _____

Date: _____

(Creditor Name)
a (state and type of organization).

By: (if the above entity is a Limited Partnership
enter name of its General Partner)

By: _____

Name: _____

Title: _____

Date: _____



NAESB Retail Electric Quadrant

Glossary Subcommittee Mission

The Glossary Subcommittee is a subcommittee of the NAESB Retail Electric Quadrant (REQ). The mission of the Glossary Subcommittee is to provide consistency among defined terms used in the REQ standards and model business practices, together with consistency between the NAESB RGQ and REQ when possible.

The Glossary Subcommittee will be responsible for:

- (i) Facilitating the creation of proposed standard definitions for defined terms provided by:
 - a. Other Subcommittees working on standards and model business practices contained in the approved NAESB REQ Annual Plan, and
 - b. Requests for Standard definitions or other requests for action forwarded to it by the NAESB Executive Committee (EC) including soliciting input as to the source and nature of the circumstances giving rise to the Request for Standard definitions or EC formulated request for action;
- (ii) Working in conjunction with other subcommittees within the REQ and the balance of NAESB, to develop standards, model business practices or other recommendations (with respect to the processing of such matter forwarded to it for processing) for review and determination by the NAESB Executive Committee.

The Glossary Subcommittee is primarily tasked with facilitating the development of standardized glossary(s) of defined terms relating to model business practices, standards and associated documents created by the Supplier-Utility Interface Subcommittee and the Customer Processes Subcommittee and other subcommittees formed in the future by the EC as necessary. Its initial focus will be on terms and definitions developed in connection with: (1) creditworthiness, (2) billing and payment (3) supplier licensing, and (4) customer enrollment and switching. The Glossary Subcommittee will utilize both Uniform Business Practices work product and other applicable documents as needed to facilitate recommended standards and model business practices.

Composition of the Glossary Subcommittee

The Glossary Subcommittee is comprised of members of the Retail Electric Quadrant and electric industry interested in participating in meetings to discuss the resolution and disposition of the matters referred to the subcommittee by the EC. There is no requirement that a member of the Glossary Subcommittee be a NAESB Member.

Subcommittee Operating Procedures

The Glossary Subcommittee will operate in conformance with the NAESB Certificate, Bylaws and established NAESBOPS (see references, below).

**Meetings and Voting:**

The Glossary Subcommittee will meet on a regularly scheduled basis initially, with a preference to conference call meetings scheduled approximately every 3 weeks. The schedule of meetings will be noticed on the NAESB home page and will be open to any participant. When votes are taken, the members of the Glossary Subcommittee are the voting members of the Subcommittee. Votes with respect to Standards and recommendations are to be recorded by polling each member of the Glossary Subcommittee then present during the meeting. Members who are not present at the time of a vote will not have their vote counted. All votes will be recorded in the minutes. All voting is on a one-company (as same is recorded on the sign-in sheet) one-vote basis. In the event of a vote, each company is entitled to have one person in attendance at the meeting cast one vote on any issue.

REFERENCES (partial)

1. NAESB Bylaws section 10.5
2. NAESBOP document "Procedures for NAESB Executive Committee Subcommittees"

COORDINATION WITH RGQ GLOSSARY SUBCOMMITTEE

It is the intent of the RGQ and REQ Executive Committees for their respective Glossary Subcommittees to work closely and jointly in formulating defined terms used in REQ and RGQ model business practices, standards and associated documents, to the extent possible so as to accomplish uniformity and consistence among the REQ and RGQ publications.



NAESB Retail Gas Quadrant

Glossary Subcommittee Mission

The Glossary Subcommittee is a subcommittee of the NAESB Retail Gas Quadrant (RGQ). The mission of the Glossary Subcommittee is to provide consistency among defined terms used in the RGQ standards and model business practices, together with consistency between the NAESB RGQ and REQ Quadrants when possible.

The Glossary Subcommittee will be responsible for:

- (i) Facilitating the creation of proposed standard definitions for defined terms provided by:
 - a. Other Subcommittees working on standards and model business practices contained in the approved NAESB RGQ Annual Plan, and
 - b. Requests for Standard definitions or other requests for action forwarded to it by the NAESB Executive Committee (EC) including soliciting input as to the source and nature of the circumstances giving rise to the Request for Standard definitions or EC formulated request for action;
- (ii) Working in conjunction with other subcommittees within the RGQ and the balance of NAESB, to develop standards, model business practices or other recommendations (with respect to the processing of such matter forwarded to it for processing) for review and determination by the NAESB Executive Committee.

The Glossary Subcommittee is primarily tasked with facilitating the development of standardized glossary(s) of defined terms relating to model business practices, standards and associated documents created by the Supplier-Utility Interface Subcommittee and the Customer Processes Subcommittee and other subcommittees formed in the future by the EC as necessary. Its initial focus will be on terms and definitions developed in connection with: (1) creditworthiness, (2) billing and payment (3) supplier licensing, and (4) customer enrollment and switching.

Composition of the Glossary Subcommittee

The Glossary Subcommittee is comprised of members of the retail gas and electric industries interested in participating in meetings to discuss the resolution and disposition of the matters referred to the subcommittee by the EC. There is no requirement that a member of the Glossary Subcommittee be a NAESB Member.

Subcommittee Operating Procedures

The Glossary Subcommittee will operate in conformance with the NAESB Certificate, Bylaws and established NAESBOPS (see references, below).

Meetings and Voting:

The Glossary Subcommittee will meet on a regularly scheduled basis initially, with a preference to



conference call meetings scheduled approximately every 3 weeks. The schedule of meetings will be noticed on the NAESB home page and will be open to any participant. When votes are taken, the members of the Glossary Subcommittee are the voting members of the Subcommittee. Votes with respect to Standards and recommendations are to be recorded by polling each member of the Glossary Subcommittee then present during the meeting. Members who are not present at the time of a vote will not have their vote counted. All votes will be recorded in the minutes. All voting is on a one-company (as same is recorded on the sign-in sheet) one-vote basis. In the event of a vote, each company is entitled to have one person in attendance at the meeting cast one vote on any issue.

REFERENCES (partial)

1. NAESB Bylaws section 10.5
2. NAESBOP document "Procedures for NAESB Executive Committee Subcommittees"

COORDINATION WITH REQ GLOSSARY SUBCOMMITTEE

It is the intent of the RGQ and REQ Executive Committees for their respective Glossary Subcommittees to work closely and jointly in formulating defined terms used in REQ and RGQ model business practices, standards and associated documents, to the extent possible so as to accomplish uniformity and consistence among the REQ and RGQ publications.

A Proposal for Numbering NAESB Standards:

Keeps benefits of GISB "x,y,z", but allows more detailed specification of subject matter and enables standardized numbering across Quadrants by inserting appropriate front-end codes..

		NAESB WGQ Numbering (Today)	
(x) Subject	(y) Type	Topic Areas (Flowing Gas) (Not used for Numbering)	(z) Seq #
<i>0 = General Standards</i> <i>1 = Nominations Related Standards</i> <i>2 = Flowing Gas Related Standards</i> <i>3 = Invoicing Related Standards</i> <i>4 = Electronic Delivery Mechanism Standards</i> <i>5 = Capacity Release Related Standards</i> <i>6 = Contracts</i> <i>7 = Interpretations</i>	1 = Principles 2 = Definitions 3 = Standards 4 = Datasets - Data Dictionary 5 = Models	<i>1 = Pre-determined Allocation</i> <i>2 = Allocation</i> <i>3 = Shipper Imbalance</i> <i>4 = Imbalance Netting and Trading</i> <i>5 = Measurement Information</i> <i>6 = Measured Volume Audit Statement</i>	z = A sequential #

Front-end ID		Proposed REQ Numbering			
(a) Market	(b) Fuel	(w) Subject	(x) Type	(y) Sub-Subject	(z) Seq #
W = Wholesale R = Retail	E = Electric G = Gas E/G = Both	0 = Overall/General 1 = Creditworthiness 2 = etc.	0 = Overview 1 = Principles 2 = Definitions 3 = Standards 4 = Datasets - Data Dictionary 5 = Models		z = A sequential #
			<i>(Only Standards, Datasets, and Models would have designated sub-subjects. Principles and Definitions would be grouped together)</i>	Specific to Subject <i>(Creditworthiness Sub-Subjects)</i> 0 = Overall 1 = Initial Creditworthiness Determination 2 = Reconsideration 3 = Disqualification/Remedies 4 = Appropriate Credit Limits 5 = Security Instruments 6 = Calling on Security 7 = Confidentiality	

How Established

Front-end ID		Proposed REQ Numbering			
(a) Market	(b) Fuel	(w) Subject	(x) Type	(x) Sub-Subject	(z) Seq #
Combined EC	Combined EC	Combined EC (Quad EC/Sub.can request additions)	Use NAESB WGQ	Set by first EC/Subcommittee to address subject (Subsequent can ask for more)	Simple Seq #

10. RGQ 2003 Annual Plan



North American Energy Standards Board

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2003 RGQ Annual Plan as of April 10, 2003

Action Item, Description and Priority Category		Completion Quarter	Subcommittee Assignment
1	Inventory Existing Natural Gas Practices within States¹ Conduct inventory of existing natural gas practices in various states.		Retail Gas Business Practice Inventory Task Force
2	Examine Wholesale Gas Quadrant EDM Standards Review NAESB Wholesale Gas Quadrant's (formerly known as GISB) "Electronic Delivery Mechanisms" manual to determine whether the standards within should be modified and/or adopted for use in the Retail Gas Quadrant.	3rd Qtr 2003	Technical Electronic Implementation
3	Creditworthiness Develop practices for Distributors extending commercial credit to Suppliers to cover financial risk. Such development should be restricted to implementation of existing regulatory policy, new regulatory policy after it has been ordered and non-policy oriented aspects of Creditworthiness.	3rd Qtr 2003	Supplier-Utility Interface
4	Supplier Licensing Develop practices for licensing Suppliers with state utility commissions and for registering Suppliers with Distributors (e.g. application process and requirements).	4th Qtr 2003	Supplier-Utility Interface
5	Customer Enrollment, Switching & Dropping Develop practices for submitting and receiving, processing and fulfilling a customer's request to enroll with or leave a Supplier (including Suppliers dropping customers).	4th Qtr 2003	Customer Processes
6	Billing & Payment Develop practices for billing customers; remittance to parties providing services to customers under different billing options (e.g. dual or consolidated bills; rate-ready or bill-ready); and payment between Distributor and Supplier under different payment options (e.g. assumption of receivables, pay-as-you-get-paid).	3rd Qtr 2003	Customer Processes

¹ This is an ongoing item designed to serve as a resource to other RGQ subcommittees.



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2003 RGQ Annual Plan as of April 10, 2003

Action Item, Description and Priority Category		Completion Quarter	Subcommittee Assignment
7	Customer Information Develop practices for the release, collection, exchange and maintenance of customer information between Distributors and Suppliers, such as customer authorization, pre-enrollment information, customer lists, enrollment information and post-enrollment information. Develop procedures and protocols for communicating the nature & level of a customer's service as human needs, firm, interruptible, critical needs, and/or building protection for emergency services.	2004	Customer Processes
8	Customer Inquiries Develop procedures for responding to customer inquiries directed to Distributors and/or Suppliers and for notifying the other party, such as inquiries involving switching and enrollment/disenrollment, billing, customer account changes, customer disputes and distribution emergencies.	2004	Customer Processes
9	Examine Wholesale Gas Quadrant Non-EDM Standards Review NAESB Wholesale Gas Quadrant's other manuals to determine whether the standards within should be modified and/or adopted for use in the Retail Gas Quadrant (i.e. review "Nominations," "Flowing Gas," "Invoicing," "Capacity Release," and "Contracts" manuals.).	4th Qtr 2003	Supplier-Utility Interface
10	Market Participant Interactions Develop model practices to support interactions between Distributors and Suppliers, such as governing documents that establish the legal relationship, roles and obligations, including performance standards, of both Distributor and Supplier (e.g. content and framework of governing documents or orders, Master Service Agreement, operational manuals, and so on).	2004	Supplier-Utility Interface
11	Retail Utility-Supplier Disputes Develop dispute resolution procedures to resolve differences between Distributors and Suppliers, which would be included in the governing documents.	2004	Supplier-Utility Interface

11. REQ 2003 Annual Plan

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NORTH AMERICAN ENERGY STANDARDS BOARD 2002–2003 ANNUAL PLAN – RETAIL ELECTRIC QUADRANT¹

Item Number & Description	Completion ²	Assignment
Retail Access Uniform Business Practices (UBP)³		
1 Billing & Payments <i>Develop practices for billing customers and remitting payments to parties providing services to the customer.</i> Status: Underway completion date being coordinated with RGQ.	3rd Qtr 2003	Customer Processes Subcommittee
2 Creditworthiness Standards <i>Develop practices for extending commercial credit by Distributors to Suppliers to cover financial risk.</i> Status: Underway completion date being coordinated with RGQ.	3rd Qtr 2003	Supplier-Utility Interface Subcommittee
3 Customer Enrollment & Switching <i>Develop practices for market participants to process customer switch requests, for maintaining current customer account information regarding a customer's Supplier, and for notifying affected parties.</i>	4th Qtr 2003	Customer Processes Subcommittee
4 Supplier Licensing <i>Develop practices for licensing Suppliers with state utility commissions.</i>	4th Qtr 2003	Supplier-Utility Interface Subcommittee

¹ As outlined in the NAESB Bylaws, the REQ will also address requests submitted by members and assigned to the REQ through the Triage Process.

² Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.

³ A "Glossary" exists from the November 2000 UBP document that should be maintained and updated as a common glossary for all items under this sub-heading as the sub-committees address the UBP items in this section of the Plan.

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NORTH AMERICAN ENERGY STANDARDS BOARD 2002–2003 ANNUAL PLAN – RETAIL ELECTRIC QUADRANT⁴

Item Number & Description	Completion	Assignment
Retail Access Uniform Business Practices (UBP) (continued)		
5 Retail Meter Data Validation, Editing & Estimating <i>Develop procedures for insuring the integrity and validity of retail customer metering data that is needed by utilities and suppliers for billing, load profiling, settlement, etc. Issues related to unbundled or competitive metering are not to be considered.</i>	2004	Supplier-Utility Interface Subcommittee
6 Customer Information <i>Develop practices for the release, collection, exchange & maintenance of customer information between Distributors and Suppliers.</i>	2004	Customer Processes Subcommittee
7 Load Profiling <i>Develop practices for using statistical methods to estimate interval consumption by customers who do not have interval meters.</i>	2004	Supplier-Utility Interface Subcommittee
8 Customer Inquiries <i>Develop procedures for responding to customer inquiries directed to Distributors and/or Suppliers and for notification of the other party.</i>	2004	Customer Processes Subcommittee
9 Market Participant Interactions <i>Develop supplier registration processes for Distributors and protocols for communications and interactions between Distributors and Suppliers.</i>	2004	Supplier-Utility Interface Subcommittee
10 Utility - Supplier Disputes <i>Develop dispute resolution procedures applicable to differences between Distributors and Suppliers.</i>	2004	Supplier-Utility Interface Subcommittee

⁴ As outlined in the NAESB Bylaws, the REQ will also address requests submitted by members and assigned to the REQ through the Triage Process.

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NORTH AMERICAN ENERGY STANDARDS BOARD 2002–2003 ANNUAL PLAN – RETAIL ELECTRIC QUADRANT⁵

Item Number & Description	Completion	Assignment
Retail Access Uniform Business Practices (UBP) (continued)		
11 Settlement Process <i>Reconcile energy schedules and energy delivered by suppliers within a given market. Note: will need to be coordinated with the WEQ.</i>	2004	Supplier-Utility Interface Subcommittee
Data Exchange Protocols⁶		
12 Electronic Delivery Mechanisms <i>Develop electronic delivery mechanism guidelines including but not limited to: transactional data interchange, web sites, and bulletin boards.</i> Status: Underway completion date being coordinated with RGQ and WGQ.	3rd Qtr 2003	Technical Electronic Implementation
13 Technical Electronic Implementation Standards – Billing & Payments Status: Dependent on completion of Item 1.	4th Qtr 2003	Technical Electronic Implementation
14 Technical Electronic Implementation Standards – Customer Enrollment and Switching Status: Dependent on completion of Item 3.	2004	Technical Electronic Implementation
15 Technical Electronic Implementation Standards – Metering Status: Dependent on completion of Item 5.	2004	Technical Electronic Implementation
16 Technical Electronic Implementation Standards – Load Profiling Status: Dependent on completion of Item 7.	2004	Technical Electronic Implementation
17 Technical Electronic Implementation Standards – Customer Information Status: Dependent on completion of Item 6.	2004	Technical Electronic Implementation

⁵ As outlined in the NAESB Bylaws, the REQ will also address requests submitted by members and assigned to the REQ through the Triage Process.

⁶ Data exchange standards for Uniform Business Practices should be completed by the end of the quarter following the quarter in which the Executive Committee adopts the model business practices for that area of focus.

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

12. WGQ Draft Minutes – 4-9-03, 5-20-03



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TO: NAESB Wholesale Gas Quadrant Executive Committee, Posting for Interested Industry Participants

FROM: Todd Oncken, NAESB Staff

RE: NAESB Wholesale Gas Quadrant Executive Committee Meeting Draft Minutes – April 9, 2003

DATE: May 1, 2003

**Wholesale Gas Quadrant Executive Committee Meeting
April 9, 2003, 9:00 a.m. – 4:00 p.m. EST
Draft Minutes**

1. Welcome

Mr. Buccigross welcomed meeting participants and thanked Ms. Gussow and Florida Power and Light for hosting the Executive Committee meetings. Mr. Oncken gave the antitrust advice. Meeting attendees introduced themselves.

2. Adoption of Agenda & Minutes

Mr. Novak proposed to add discussion of the NAESB web site enhancement document as an item of new business. Mr. Young moved, seconded by Mr. Spangler, to adopt the agenda as modified. The agenda was adopted unanimously.

Ms. Davis moved, seconded by Mr. Griffith to approve the redlined version of the February 20, 2003 WGQ Executive Committee minutes, with additional modifications to the attendance list. The motion passed unanimously.

Mr. Novak moved, seconded by Mr. Columbo, to approve the March 11, 2003 WGQ Executive Committee Conference Call minutes, with modifications to the attendance list and voting record. The motion passed unanimously.

Ms. Gussow moved, seconded by Ms. Chezar, to approve the March 17, 2003 WGQ Executive Committee Conference Call minutes as written. The motion passed unanimously.

3. Interpretations Subcommittee

Mr. Novak provided an update on the WGQ Interpretations Subcommittee. He stated the Interpretations Subcommittee has met three times by conference call and has an additional call scheduled for April 22, 2003. Mr. Novak said the Interpretations Subcommittee has been working on Request C03001 relating to the use of the HEAD command in NAESB EDM, and has three additional requests pending.

4. PKI Initiative

Mr. Buccigross initiated discussion of NERC's Public Key Infrastructure (PKI) Initiative. He explained NERC's Critical Infrastructure Protection Action Group (CIPAG) is working on two efforts: 1) a cyber-security standards request for electric reliability, tab 5 of the meeting materials; and 2) the PKI Initiative, tab 2 of the meeting materials. Mr. Buccigross stated the cyber-security standards request is most relevant to the Wholesale Electric Quadrant (WEQ) as a reliability measure, but does not have far-reaching impacts on the other quadrants of NAESB. In contrast, the PKI Initiative could impact all NAESB quadrants. A final draft of the PKI specification can be found on the NERC web site.



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Mr. Buccigross explained the PKI Initiative as an effort to define an electronic communications protocol, currently limited to tagging. However, he stated that once created the infrastructure could be imposed on other transactions. Mr. Buccigross noted the PKI Infrastructure is different than NAESB EDM specifications. He said it has been suggested PKI should be the infrastructure for all energy transactions. Mr. Spangler commented it could be problematic to have one specification (PKI) for all WEQ transactions, but still use NAESB EDM for WGQ, REQ, or RGQ transactions.

Participants discussed the role the WGQ should assume in the PKI Initiative. Mr. Novak asserted the WGQ should become active in PKI, although it is not currently affected. Ms. Van Pelt agreed and noted the importance of participating early in the process, especially with the suggestion that PKI could be adopted as the infrastructure for all energy industry transactions. Ms. Van Pelt noted the extensive debate during the development of NAESB EDM. She expressed concern about the potential of a replacement communications protocol being imposed without input in the development process.

Mr. Desselle commented that the PKI Initiative will be developed through the NERC standards process for application to reliability issues. Mr. Buccigross added that as the initiative develops NAESB members may choose to comment if they expect that the reliability standard may be applied to market-based efforts. Mr. Spangler expressed concern that the document presented under tab 2 reads as though the PKI Initiative is a joint effort between NAESB, NERC, and the Department of Energy, and our representative, Mr. Buccigross noted that we have been invited to participate and have attended several of the meetings, but would not describe our participation as a joint effort. Mr. Buccigross further noted that the document is still in a draft format.

Mr. Burden noted the PKI proposal is a fairly significant undertaking. At a broad level, he explained how the process was different from NAESB EDM. Currently, the market participants have public and private keys used to authenticate information in communication transactions. Under the PKI proposal, the market participants would go to an authority that holds the keys, to get the keys. He noted PKI does not entirely replace EDM, it just applies to a portion of EDM.

Mr. Griffith commented the potential ramifications of the PKI Initiative should concern all market participants. He noted implementing new technology is not inexpensive, and customers of pipelines might not adopt the new technology immediately. He stated it might mean running the two systems for a long time.

5. WGQ Quadrant Procedures

Ms. Van Pelt reported she and Ms. Chezar have discussed a work plan for revision to the WGQ Quadrant procedures and decided to begin work after the WGQ BPS Creditworthiness Work Plan is complete. Ms. Van Pelt stated the procedures needed a final review before they would be ready to be posted for action at an Executive Committee meeting, possibly as early as the June meeting.

6. Update on 2003 WGQ Annual Plan & Subcommittee Reports

Business Practices Subcommittee: For the normal course of business, Ms. Van Pelt stated the Business Practices Subcommittee (BPS) will work on triaged requests after the work on creditworthiness is complete.

Mr. Novak reported on the BPS Creditworthiness work. Mr. Novak reviewed the work plan and noted work was essentially complete. He noted the BPS will be meeting until April 21, and then the strawman standards will be voted out of the subcommittee, posted for comment, and discussed at the WGQ Executive Committee on May 20, 2003. He noted comments will be posted to the WGQ Executive Committee page of the web site, not the BPS page.



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Mr. Novak stated the standards will require slight, non-substantive changes to finalize the package. For the clean up process, Mr. Novak requested participants follow the model submitted by Duke Energy, as currently posted on the web site. Additionally, he stated some terminology used in the strawman might not be consistent with the terminology used by the credit or treasury groups. Mr. Novak encouraged participants to research those issues and be prepared to propose modifications, possibly at the May Executive Committee meeting. Ms. Davis suggested it would be better to resolve any language issues in the last BPS meeting, rather than the May EC meeting. Accordingly, Ms. Van Pelt requested proposed language changes be submitted for discussion at the April 16 BPS meeting.

Mr. Novak stated an outstanding issue is the location of the creditworthiness standards in the standards booklet. He stated currently the strawman is drafted in 'z' format, but that practice will leave them in the same case as the standards from R02002-2. Mr. Novak suggested including the creditworthiness standards in Book 5 and changing the name from Capacity Release to Capacity Utilization, Capacity Management or Capacity Administration.

Ms. Van Pelt proposed numbering the standards after member ratification, because that is when they become standards instead of recommendations. Additionally, she noted NAESB does have general standards [numbered in the 0 series] and suggested locating the creditworthiness standards in that series. Ms. Chezar preferred the creditworthiness standards relating to capacity release be located with the capacity release standards, even though that organization might require segmenting the standards package.

Ms. Davis expressed concern with changing the name of Book 5, noting that conforming changes might need to be made as well. On the subject of assigning numbers, she agreed with Ms. Van Pelt that standards numbers should not be assigned until the standards are ratified.

Ms. Davis raised the issue of fully staffing the creditworthiness standards. She noted the historical practice of sending only fully staffed standards out for ratification. Fully staffed means the IR Subcommittee and Technical Subcommittee processes have been completed and the standards are ready to be implemented. She stated concern about sending the standards out for ratification before the package was complete, suggesting that practice would lead to confusion and non-standardized implementation.

Ms. Davis moved, seconded by Mr. Griffith, to modify the BPS Creditworthiness Work Plan as follows: 1) remove the date from Items F and G and replace with TBD, defining TBD through a footnote indicating the date to be determined upon the recommendations being fully staffed and approved by the EC; and 2) take the note out as it does not seem to be applicable.

Participants discussed the motion. Mr. Novak expressed concern about meeting the FERC June 1 report deadline, and noted FERC action is historically tied to ratifications. Ms. Davis stated the June report has been mischaracterized. It does not mandate ratified standards, but instead is a report of the progress made towards standards. Regardless, Mr. Novak stated FERC is expecting ratified standards, and he would like confirmation on the point before a vote is taken on the motion.

Seeking a compromise, Ms. Chezar asked if there was an estimate on the amount of time required to fully staff the standards. Ms. Davis did not have a time estimate for the IR Subcommittee process. Ms. Van Pelt projected the work of the Technical Subcommittee could be completed by August. However, Ms. Van Pelt and Ms. Davis noted the amount of work depended on the package that was voted out of the May WGQ Executive Committee meeting. Mr. Buccigross stated the report, at a minimum, should note that the EC endorsed business practice standards are in the process of being fully staffed and should be expected to be ratified and available in a date certain.



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Ms. Daly opposed delaying ratification. She preferred to see the package ratified, and then inform the FERC in the report that NAESB does not want the standards implemented until they are fully staffed. Mr. Novak supported Ms. Daly's approach. He was unclear whether Ms. Davis's motion interferes with the regulatory process. He suggested not voting on the motion, but instead discussing with FERC informally regarding the issue prior to the May 20, 2003 meeting. Then, if warranted, Mr. Novak stated the EC could vote on a version of Ms. Davis's motion.

Ms. Davis withdrew the motion, noting that at the May 20 meeting the Executive Committee will be better informed as to the package that passes and an estimate of what time commitments are required for full staffing of the standards.

Mr. Buccigross asked for objection to shortening the comment period from 30 days to 28 days for the creditworthiness strawman, such that the package would be posted April 21 and comments due May 19. There was no opposition noted.

Contracts Subcommittee: Mr. Sappenfield reported on the work of the Contracts Subcommittee. He stated the Contracts Subcommittee met March 27 – 28, 2003 to work on the first round of comments submitted on the draft Credit Support Addendum and Coversheet. He noted an extensive discussion on the merits of adopting the standard. He highlighted comments by a group of LDC representatives who thought the standard was not prudent because, as drafted, the standard was not clearly optional. Other stated concerns were the lack of participation by all segments in development of the documents and how Executive Committee members would vote on the documents when presented at a meeting when they had not participated in the development of the documents. Mr. Sappenfield stated participants reached consensus on the conflicts with the workload created by BPS Creditworthiness standards development, and the potential conflict between terms used in the work product of each group.

The Contracts Subcommittee has scheduled another round of comments on the draft documents to commence after the BPS Creditworthiness work is complete. Additionally, the subcommittee voted to develop a User's Guide for the documents to clarify the completion process and the optionality of the agreement. Mr. Novak indicated the LDC representatives were open to discussion and would not automatically veto the agreement when it comes before the Executive Committee. Mr. Novak highlighted a primary point of concern on the Credit Addendum: the agreement focuses on the financial control of the gas, but it does not address the LDC taking control physically of the gas.

EDM Subcommittee: Mr. Spangler reported on the activities of the EDM Subcommittee. He stated the subcommittee hoped to have a recommendation for 2003 WGQ Annual Plan Item 5, *Technical update to the EDM manual*, but the recommendation would not be ready for Executive Committee action until the June meeting.

Mr. Spangler proposed the following addition to the 2003 WGQ Annual Plan:

Explore the feasibility and impacts of separating Tab 6 of the WGQ EDM Manual out of the Manual and creating a stand-alone document. Such a document could form the basis for a multi-quadrant EDM specification. The remaining Tabs/Sections of the WGQ EDM Manual would remain as WGQ standards. Final determination of such separation would be subject to WGQ EC approval.

Mr. Spangler explained this would be a feasibility study, since the big stumbling block to a common EDM is that the EDM manual contains a variety of standards. Separating Tab 6 would make the industry independent internet communications standards distinct.

Participants explored the proposal. Ms. Van Pelt asked if this proposal would impact version 1.7 standards. Mr. Spangler confirmed it would be an exploratory measure that would not impact



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version 1.7. Ms. McVicker favored the proposal. It was suggested a modification to the Annual Plan was not required, since the topic could be addressed under 2003 WGQ Annual Plan Item 2, *Preparation of documents and submission of EDM standards to ANSI for approval as ANSI standards*. Mr. Spangler concurred the annual plan item would generally cover the topic, but members of the EDM Subcommittee felt it important to highlight the proposal.

It was noted this proposal is consistent with the determination in the Annual Plan Subcommittee (APS) of a potential cross quadrant item. Ms. Van Pelt noted creating a stand alone manual is not an easy task. Mr. Novak favored the approach as it signifies the initiation of WGQ EC work on a common EDM specification.

Information Requirements Subcommittee: Ms. Davis reported the Information Requirements Subcommittee is working through its backlog and has been assigned no high priority items. She noted work on Request No. R98047 is still not complete.

It was noted the work of the Information Requirements Subcommittee can be frustrating since the work continues even when the sponsors of the request are not participating. Mr. Griffith suggested that when a party requests a standard, they should participate in its development. To assist in completion of the backlog and encourage participation, the chair's ability to schedule the agenda was discussed. It was suggested that work be suspended on an item if the proponent of the request is not available to participate in the meeting where it is discussed. Then the subcommittee could proceed on to the next request. Mr. Spangler suggested reporting at the Executive Committee meeting those requests on which work was suspended.

Technical and ANSI X12 Subcommittee: Ms. Van Pelt reported on the status of the Technical Subcommittee. She noted there are several recommendations slated to go out for comment and consideration at the June Executive Committee meeting. Additionally, she noted there were several requests pending because of a significant backlog. For the ANSI X12 Subcommittee, Ms. Van Pelt reported several items are pending before ANSI. She noted NAESB has quite a few requests for new data sets which will take some time to process due to the X12 process. She stated requests would be less onerous if they were consistent with an existing X12 standard.

Changes to the 2003 WGQ Annual Plan: Mr. Buccigross noted no changes to the 2003 WGQ Annual Plan were required, but the Annual Plan Subcommittee (APS) would be giving a report on identified cross-quadrant issues and potential 2004 Annual Plan items.

7. 2004 WGQ Annual Plan Development

Mr. Zavodnick reviewed the presentation of the Annual Plan Subcommittee (APS) activities, located under Tab 2 of the meeting materials. Mr. Zavodnick noted the APS was established to review all the NAESB Annual Plans and review Quadrant activities to identify potential issues and to bring those issues to attention of individual Executive Committees, not make recommendations as to their disposition. Additionally, the APS was charged with coordinating the development of future annual plans. Mr. Zavodnick encouraged the WGQ Executive Committee to consider the common items identified and make any Annual Plan modifications they deem necessary.

Participants discussed the need for an update for each of the quadrants to be presented at each Executive Committee meeting, especially if work is being done on the identified potential common items. Mr. Buccigross commented that was a good idea. Participants discussed how work would occur on an item that was identified as common. Specifically, Ms. Chezar asked why the WEQ was working independently on electric day when it had been identified as a common item. It was suggested that if there is general agreement these items involve all 4 quadrants, we need some procedures.



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Ms. McQuade noted the WEQ is subject to procedures, primarily due to the Joint Interface Committee (JIC), that the other quadrants do not go through. Specifically, the WEQ has the preliminary step of submitting a completed standards request form to the JIC for review and assignment to NAESB for further standards development. Ms. McQuade agreed NAESB should have an internal decision on whether there needs to be joint work on items identified as common to more than one quadrant.

Regarding the electric day, Mr. Novak noted the WEQ is not far into the standards development process, as they are still debating the need for a standard. However, he noted the WGQ should be engaged and monitoring the process, since with the prominence of gas-fired electric generation, this could easily be four quadrant issue. Mr. Novak suggested the WGQ make the first step on coordination, given the possibility NERC could devise a reliability standard that would de facto affect the energy industry as a whole.

Ms. Gussow noted all NAESB meetings are published to the NAESB web site, and if people are interested in participating, that is the natural starting point for obtaining information. She suggested the WGQ participants broaden the scope of the documents they review.

8. New Business

NAEBS Web site enhancement

Mr. Spangler reported on the efforts of the ad hoc group proposing modifications to the NAESB web site. Mr. Spangler reviewed the workpaper and stated the goal of the group was to provide a common look and feel across the Quadrant pages. Mr. Spangler suggested many of the changes would be a reorganization of the current information.

Mr. Spangler explained the report would be provided to the NAESB Office as a resource to be worked on as time and resources provide. Mr. Novak likened the document to talking points or a concept for people to consider. Ms. Davis commented that she liked the concept and noted the web site changes are needed.

Additionally, Ms. Chezar suggested a large improvement would be to make it easier to navigate into the subcommittee pages. Mr. Burden suggested implementing a search feature. Mr. Buccigross encouraged other suggestions to be sent to Mr. Spangler via email.

Location of May 20, 2003 WGQ Executive Committee Meeting: Mr. Buccigross stated the options for the location of the May meeting are Houston, TX or Washington, DC. Mr. Buccigross took a poll of Executive Committee members. Houston was selected by a margin of three to one. Ms. Chezar expressed concern on the method of selecting meeting location and said meetings should be located for the convenience of the most people. It was noted the June Executive Committee meetings are scheduled for Washington, DC, and also that selection of meeting locations is the prerogative of the Chair. Ms. Van Pelt noted the Executive Committee has not met in Houston since 2000.

9. Adjourn

The meeting adjourned at 12:47 p.m. EST.



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6. Executive Committee Attendees

	Title, Organization	Present
End User Segment		
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	In Person
Gary Hinnners	Director of Natural Gas Regulatory Issues, Reliant Energy Services, Inc.	Phone
Kelly Daly	Partner, Morrison & Hecker, rep. Arizona Public Service Co.	In Person
Dona Gussow	Contracts Coordinator, Florida Power and Light	In Person
Tina Burnett	Natural Gas Operations Administrator, Boeing	In Person
LDC Segment		
Rodger Schwecke	Pipeline Products Projects Manager, Southern California Gas	Phone
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	In Person
Chris Maturo	Director, Operations Integration, NiSource, Inc.	In Person
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	In Person
Craig Columbo, alt. for Steve Sullivan	Dominion Resources	In Person
Pipeline Segment		
Mark Gracey	Consultant – Business Processes, Tennessee Gas Pipeline Co.	In Person
Bill Griffith	Director, Transmission & Storage, Colorado Interstate Gas Co.	In Person
Dale Davis	Consultant, Williams Gas Pipeline	In Person
Randy Young	Director, Regulatory Compliance, Gulf South Pipeline Co., LP	In Person
Kim Van Pelt	GISB Coordinator, CMS Panhandle Eastern Pipe Line	In Person
Producer Segment		
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company	Phone
Paul Keeler	Managing Attorney, Marketing, Burlington Resources	Absent
Sheri Heslington	Dominion Exploration	Absent
Richard Smith	Director, Regulatory Affairs, ExxonMobil	In Person
V A C A N C Y		
Services Segment		
Suzanne Calcagno	Associate Director – Regulatory Compliance, UBS Warburg Energy	Phone
V A C A N C Y		
Leigh Spangler	CEO, Latitude Technologies	In Person
Jim Buccigross	Vice President, 8760 Inc.	In Person
Keith Sappenfield	Director, EnCana Energy Services	Phone

Administrative:

Rae McQuade	-Executive Director
Veronica Thomason	-NAESB Staff
Todd Oncken	-NAESB Staff

Other Participants

Name	Company	Comments
Mariam Arnaut	American Gas Association	In Person
Mike Bray	Shell Gas Transmission	In Person
Kathryn Burch	Duke Energy – Texas Eastern	In Person
Christopher Burden	Williams Gas Pipeline	In Person
Michael Desselle	American Electric Power	In Person
Andy Dotterweich	Consumers Energy	In Person
Theresa Hess	Reliant Energy Retail Services	In Person
Alan Johnson	Mirant	In Person
Marcy McCain	Duke Energy – Texas Eastern	In Person
Bill Oppenheim	PECO	In Person



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Dan Munson	WE Energy	Phone
Michael Robison	Florida Power & Light Co.	In Person
Joe Stengel	Philadelphia Gas Works	In Person
Don Sytsma	R. J. Rudden Associates	In Person
Steve Zavodnick	Baltimore Gas & Electric	In Person



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TO: NAESB Wholesale Gas Quadrant Executive Committee, Posting for Interested Industry Participants

FROM: Todd Oncken, NAESB Staff

RE: NAESB Wholesale Gas Quadrant Executive Committee Meeting Draft Minutes – May 20, 2003

DATE: May 22, 2003

**Wholesale Gas Quadrant Executive Committee Meeting
May 20, 2003, 9:00 a.m. – 4:00 p.m. Central
Draft Minutes**

1. Welcome

Mr. Buccigross called the meeting to order and thanked NAESB for hosting the meeting. Mr. Oncken gave the antitrust advice. Ms. McQuade called the roll of Executive Committee members.

Ms. Van Pelt moved, seconded by Mr. Young, to adopt the agenda as drafted. The motion passed unanimously.

2. Proposed Creditworthiness Standards

Mr. Novak moved, seconded by Ms. Gussow, to adopt the package of standards on creditworthiness reported by the Business Practices Subcommittee (BPS) to the Executive Committee (EC). There was no discussion on the motion. The motion failed with 10 votes in favor, 11 opposed. [vote1]

Ms. Van Pelt moved, seconded by Mr. Young, to adopt the package of standards on creditworthiness reported by the BPS to the EC excluding 5.3.z.e, 0.3.z.n, and 0.3.z.p. It was noted these proposed standards were excluded from the package for reasons reflected in the comments filed by the pipeline group.

Participants discussed the proposed standards excluded. Discussion revealed a general disagreement between segments regarding proposed standard 5.3.z.e. Mr. Novak stated proposed standard 5.3.z.e works toward the goal of a valid, workable permanent release option. Mr. Novak urged the pipeline should be indifferent if the shipper can provide a creditworthy replacement shipper. In contrast, Mr. Griffith stated the proposed standard encroaches on the capacity release process and is out of place in the creditworthiness environment.

Ms. Chezar stated voting out the package excluding particular proposed standards is not appropriate. Further, she said it was inappropriate for the EC to vote on the package given the number of comments received. She contended the number of comments submitted is evidence of lack of industry consensus. Mr. Sappenfield, Mr. Maturo and Mr. Hinnners agreed with Ms. Chezar's position. Additionally, Ms. Chezar stated the large number of comments reflected the fact that credit and risk allocation have very serious business implications.

Mr. Sappenfield and Mr. Hinnners expressed concern about the apparent lack of clear FERC policy regarding creditworthiness. Mr. Sappenfield noted much time was spent during the BPS meetings trying to determine the FERC's policy on creditworthiness. Ms. Van Pelt expressed concern that Mr. Sappenfield and Mr. Hinnners would raise policy concerns at this stage in the process. She stated the pipeline segment raised those same concerns early in the process, but work was done in the BPS according to the work plan. She noted the BPS expended a lot of resources in pursuit of the creditworthiness work product. In response, Mr. Sappenfield noted his statement on policy did not reflect his view, but rather the consensus view stated by others during the process.



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Mr. Young noted the first proposed standard, proposed standard 0.3.z.a, was passed by the BPS outside of the strawman but was later incorporated into the strawman. He said the FERC specifically requested standards on communications, but the work of the BPS went far beyond that request. He asserted the additional work done by the BPS in areas where the policy was not clearly defined was problematic. However, he encouraged the EC not to disregard all of the BPS work on creditworthiness because some proposed standards are premature.

Mr. Maturo stated the FERC request was to initiate a process to see if there was a consensus view on creditworthiness standards. He said the comments submitted make it clear that a consensus has not been reached. He proposed the EC submit the work of the BPS to the FERC as the required report, noting that substantial work was undertaken but no consensus was reached. Mr. Hinnens concurred and noted one value of the BPS work was that it provided a record of the debate. He noted the comments filed illustrate the essence of the division between the market segments. Mr. Novak asserted if the EC was just sending a record to the FERC, it should contain the entire package of proposed standards. Ms. Chezar suggested taking that approach could lead to a generic rulemaking.

On Mr. Keeler's suggestion, Ms. Van Pelt amended her motion to remove the exclusion for 0.3.z.n. The motion now reads, "to adopt the package of standards on creditworthiness reported by the BPS to the EC excluding 5.3.z.e and 0.3.z.p." Mr. Young, seconder, accepted the amendment. Participants voted on Ms. Van Pelt's amended motion. The motion failed with 10 votes in favor, 12 opposed. [vote 2]

Ms. Van Pelt moved, seconded by Mr. Young, to adopt as a package proposed standards 0.3.z.a through 0.3.z.j. She noted these standards specifically relate to the FERC's request for communications standards.

Participants discussed proposed standard 0.3.z.j. Ms. Gibbs reiterated the comments filed by the Process Gas Consumers Group. Ms. Van Pelt noted the proposed standard was widely supported in the BPS meetings, so she stated confusion on why the wording of the standard has become an issue. Ms. Gibbs responded issues have arisen with the potential application of the standard as worded. She stated the standard was supported because it was viewed as an additional tool for shippers to establish creditworthiness, but the practical implications of the proposed standard take away flexibility, instead of providing it. Ms. Chezar stated the fact that there is confusion on the meaning and implications of the proposed standard demonstrate the EC should not vote on the package. Mr. Downs stated the change in position and recognition of potential application difficulties reflects the real value of the industry comment period.

Mr. Nelson provided a perspective on proposed standard 0.3.z.j. He stated the proposed standard was developed to provide a means for shippers to provide the information requested under proposed standard 0.3.z.a through publicly available documents. Mr. Griffith stated he viewed proposed standard 0.3.z.j as explaining some options and providing clarity to the information requested under other proposed standards. Mr. Sappenfield noted Business Day should be capitalized in proposed standard 0.3.z.i.

Ms. Van Pelt amended her motion to reflect the discussion. The motion now reads, "to adopt as a package proposed standards 0.3.z.a through 0.3.z.i, capitalizing 'Business Day' in proposed standard 0.3.z.i. Mr. Young, seconder, accepted the amendment. Participants voted on Ms. Van Pelt's amended motion. The motion failed with 9 votes in favor, 12 opposed, and 1 abstention. [vote 3]

Mr. Maturo stated there is not a consensus on the proposed standards. However, he said the BPS did work hard to fulfill its duties and develop a package of proposed standards that represented a



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compromise between all segments. As such, Mr. Maturo moved, seconded by Ms. Chezar, that the Executive Committee take no further votes on the package of proposed creditworthiness standards, but instead report the proposed standards to FERC, with comments and meeting minutes included.

Participants discussed the nature of the package of standards. Mr. Nelson stated the creditworthiness strawman was not a compromise in the traditional sense, like a rate case settlement. Rather, he said it was just the approach the BPS used to develop the proposed standards. He noted each standard was proposed and voted on individually. Mr. Gwilliam agreed with Mr. Nelson and noted that a true compromise package would have passed the BPS by support from all segments. Mr. Novak disagreed. He stated the strawman was a compromise and the underlying assumption of the strawman process was that while an individual standard might be objectionable, those objections might be addressed by a subsequent standard.

Ms. Van Pelt opposed the motion. She stated it is unacceptable that there is not a small block of standards that can be passed on to the FERC. She noted each of the standards was voted on individually at the BPS and consensus was reached during the subcommittee meetings. Mr. Hinners noted his understanding during the BPS meetings was that while the proposed standards were being voted on individually, they were all part of one strawman. Ms. Chezar asserted the EC is an independent body that does not automatically accept the work of its subcommittees. Accordingly, she contended lack of objection during the BPS meetings was not determinative of EC action on the proposed standards. Ms. Van Pelt stated she did not intend to imply the EC was not an independent body.

Participants voted on Mr. Maturo's motion. The motion passed, as a procedural motion, with 16 votes in favor and 5 opposed. [vote 4]

Mr. Buccigross stated that since no standards were passed, discussion of numbering and categorization of standards, as well as the ratification and publication schedule, was moot.

3. Other Business

No other business was discussed.

4. Adjourn

Mr. Novak moved, seconded by Mr. Keeler to adjourn. Ms. Van Pelt objected to the motion. The motion passed the room with 11 votes in favor, 3 opposed, and no objection on the phone. The meeting ended at 11:45 a.m.



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5. Executive Committee Attendees

	Title, Organization	Present
End User Segment		
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	Absent
Gary Hinners	Director-Natural Gas Regulatory Issues, Reliant Energy Services, Inc.	In Person
Kelly Daly	Partner, Stinson, Morrison & Hecker, rep. Arizona Public Service Co.	Phone
Dona Gussow	Contracts Coordinator, Florida Power and Light	Phone
Tina Burnett	Natural Gas Operations Administrator, The Boeing Company	Phone
LDC Segment		
Rodger Schwecke	Pipeline Products Projects Manager, Southern California Gas	In Person
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	In Person
Chris Maturo	Director, Operations Integration, NiSource, Inc.	In Person
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	In Person
Steve Sullivan	Regulatory Manager of Gas Supply, Consolidated Edison Co. of NY	Phone
Pipeline Segment		
Mark Gracey	Consultant – Business Processes, Tennessee Gas Pipeline Co.	In Person
Bill Griffith	Director, Transmission & Storage, Colorado Interstate Gas Co.	In Person
Dale Davis	Consultant, Williams Gas Pipeline	In Person
Randy Young	Director, Regulatory Compliance, Gulf South Pipeline Co., LP	In Person
Kim Van Pelt	GISB Coordinator, CMS Panhandle Eastern Pipe Line	In Person
Producer Segment		
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company	In Person
Paul Keeler	Managing Attorney, Marketing, Burlington Resources	In Person
Sheri Heslington	Dominion Exploration	In Person
Richard Smith	Director, Regulatory Affairs, ExxonMobil	In Person
Mike Shepard	General Counsel, Mewbourne Oil Company	Phone
Services Segment		
Suzanne Calcagno	Associate Director – Regulatory Compliance, UBS Warburg Energy	Absent
V A C A N C Y	V A C A N C Y	
Leigh Spangler	CEO, Latitude Technologies	Phone
Jim Buccigross	Vice President, 8760 Inc.	In Person
Keith Sappenfield	Director, Regulatory Compliance, EnCana Marketing (USA) Inc.	In Person
Administrative:		
	Rae McQuade	-Executive Director
	Todd Oncken	-Deputy Director
	Jim Cargas	-Deputy Director

Other Participants

Name	Company	Comments
Forrest Alexander	Sequent Energy	In Person
Mike Bray	Shell Gas Transmission	In Person
Kathryn Burch	Duke Energy Gas Transmission	In Person
Christopher Burden	Williams Gas Pipeline	In Person
Jim Busch	BP	In Person
Paul Cherry	Florida Gas Transmission	In Person
Harry Collins	Sequent Energy	In Person
Craig Colombo	Dominion Resources	In Person
Andrew Dotterweich	Consumers Energy	Phone
Jim Downs	Calpine Corporation	In Person
Kirsten Gibbs	Process Gas Consumers Group/American Forest & Paper Association	In Person
Bill Grygar	Panhandle Eastern Pipe Line Co.	In Person
Tom Gwilliam	Iroquois	Phone
Theresa Hess	Reliant Energy Retail Services	In Person
Richard Ishikawa	SoCalGas	In Person



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Name	Company	Comments
Joe Kardas	National Fuel Gas Supply Corporation	In Person
Alan Johnson	Mirant	Phone
Frazier King	ETS Pipelines	In Person
Iris King	Dominion Transmission	Phone
Jane Lewis	American Gas Association	In Person
Paul Love	NGPL	In Person
Pat Metteaur	Sequent Energy	In Person
Howard Nelson	El Paso Corp.	In Person
Ken Nichols	PG&E Gas Transmission	In Person
Marjorie Perlman	Energy East Management Corp.	In Person
David Reitz	National Fuel Gas Supply Corporation	In Person
Debbie Schneider	Sempra Energy	Phone
George Strong	not provided	Phone
Clark Worthley	Arizona Public Service	Phone
Steve Zavodnick	Baltimore Gas & Electric Co.	Phone

6. Voting Record

	Vote 1	Vote 2	Vote 3	Vote 4
End User Segment				
Diane McVicker				
Gary Hinnars	no	no	no	yes
Kelly Daly	yes	no	no	yes
Dona Gussow	yes	no	no	yes
Tina Burnett	yes	no	no	yes
LDC Segment				
Rodger Schwecke	no	no	abstain	yes
Dolores Chezar	no	no	no	yes
Chris Maturo	no	no	no	yes
Mike Novak	yes	no	no	yes
Steve Sullivan	yes	no	no	yes
Pipeline Segment				
Mark Gracey	no	yes	yes	no
Bill Griffith	no	yes	yes	no
Dale Davis	no	yes	yes	no
Randy Young	no	yes	yes	no
Kim Van Pelt	no	yes	yes	no
Producer Segment				
Jim Busch	yes	yes	no	yes
Paul Keeler	yes	yes	yes	yes
Sheri Heslington	yes	yes	no	yes
Richard Smith		yes	no	yes
Mike Shepard	no	no	no	yes
Services Segment				
Suzanne Calcagno				
V A C A N C Y				
Leigh Spangler	yes	no	yes	yes
Jim Buccigross	yes	yes	yes	abstain
Keith Sappenfield	no	no	yes	yes
Results:	Failed	Failed	Failed	Passed
	10 yes/11 no	10 yes/12 no	9 yes/12 no	16 yes/5 no

13. Recommendations and Comments

- ***R00015***
- ***R96009***
- ***R97070***
- ***R99016***
- ***R99020/R99032/R01001/R02005***
- ***R99021B***
- ***R99024***
- ***R99028***
- ***R99029***
- ***R99043***
- ***Minimum Technical Characteristics***
- ***C03001***



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via email and posting

TO: NAESB WGQ Members and Interested Industry Participants
FROM: Rae McQuade, Executive Director
RE: Wholesale Gas Quadrant Request For Comments
DATE: April 25, 2003

An industry comment period begins today and ends on May 23, 2003 for the recommendations attached. The Executive Committee will meet in Washington D.C. on June 4 to review these recommendations and all submitted comments and consider them for vote as NAESB Wholesale Gas Quadrant (WGQ) standards. The recommendations can be accessed from the NAESB Web site, but are also attached to this request for comment. All comments received by the NAESB office by end of business on May 23 will be posted on the Home Page and forwarded to the WGQ EC members for their consideration. If you have difficulty retrieving this document, please call the NAESB office at (713) 356-0060.

The recommendations attached include:

- R00015
- R96009
- R97070
- R99016
- R99020/R99032/R01001/R02005
- R99021B
- R99024
- R99028
- R99029
- R99043
- Minimum Technical Update
- C03001

Best Regards,

Rae McQuade



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Gas Pipeline Group

Request No.:R00015

1. RECOMMENDED ACTION:

☐ Accept as requested
☒ Accept as modified below
☐ Decline

EFFECT OF EC VOTE TO ACCEPT

RECOMMENDED ACTION:

☒ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☒ X12 Implementation Guide
☐ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add a new data element 'Bidder's Contingency Terms' to the header level in the following datasets:
 - Bid Upload (NAESB WGQ Standard 5.4.18)
 - Bid Download (NAESB WGQ Standard 5.4.2)
- Add two code values to the Code Value Dictionary for the data element "Validation Code (Heading)" in the Bid Upload Quick Response (NAESB WGQ Standard 5.4.19):



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Gas Pipeline Group

Request No.:R00015

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.:

NAESB WGQ Standard 5.4.18 – Bid Upload

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Bidder's Contingency Terms</u> (Bidder Contng Terms)	<u>A description of the terms and conditions when the bid is subject to a contingency.</u>	<u>BC</u>	<u>BC</u>	<u>May be used only when the following conditions are met:</u> <u>Bidder's Contingency Indicator indicates the bid is contingent; and,</u> <u>the transportation service provider requires the bidder to specify terms and conditions.</u>

Document Name and No.:

NAESB WGQ Standard 5.4.2 – Bid Download

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Bidder's Contingency Terms</u> (Bidder Contng Terms)	<u>A description of the terms and conditions when the bid is subject to a contingency.</u>	<u>C</u>	<u>C</u>	<u>Mandatory when present and processed in the bid upload.</u>

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.:

NAESB WGQ Standard 5.4.19 – Bid Upload Quick Response

Data Element: Validation Code (Heading)

Code Value	Code Value Description	Code Value Definition
<u>EBDQR144</u>	<u>Missing Bidder's Contingency Terms</u>	<u>[no definition necessary]</u>
<u>WBDQR119</u>	<u>Bidder's Contingency Terms not processed</u>	<u>[no definition necessary]</u>



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Gas Pipeline Group

Request No.:R00015

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:

NAESB WGQ Standard 5.4.2 – Bid Download

NAESB WGQ Standard 5.4.17 – Note/Special Instruction

NAESB WGQ Standard 5.4.18 – Bid Upload

NAESB WGQ Standard 5.4.19 – Bid Upload Quick Response

Bid Download (5.4.2)
Data Element Xref to X12
Heading NTE: Add another row for the NTE segment (as the last row) as follows: NTE C Bidder's Contingency Terms
Heading REF: Add another row for the REF segment after the Bidder's Contingency Indicator data element as follows: REF C Bidder's Contingency Terms
X12 Mapping
Heading NTE segment (030): NTE02: Add 'Bidder's Contingency Terms' to the end of the list of data elements.
Heading REF segment (position 050): REF02: Add 'Bidder's Contingency Terms' to the end of the list of data elements.
Transaction Set Tables
NTE Segments (Heading) table: Insert new row into the table at the bottom as follows: Element Name = 'Bidder's Contingency Terms' Usage = 'C2' NTE01 = 'ZZZ' NTE02 Description = 'Bidder's Contingency Terms'
NTE Segments (Heading) table: Add a new note after the C1 note in the Usage section below the table as follows: C2 Mandatory when the REF segment Bidder's Contingency Terms data element indicates the terms are in the NTE segment (REF01 = 'TC' and REF02 = 'NTE').
REF Segments (Heading) table: Insert new row into the table at the bottom as follows: Element Name = 'Bidder's Contingency Terms' Usage = 'C' REF01 = 'TC' REF02 = '864' [and on next sub-row] 'NTE' Description = 'Bidder's Contingency Terms are in the corresponding 864 transaction.' [and on next sub-row] 'Bidder's Contingency Terms are in the NTE segment of this transaction.'
Note/Special Instruction (5.4.17)
X12 Mapping
Detail MIT segment (position 010): MIT01: Mark the 'TC' code value as used. Add the code value note 'Bidder's Contingency Terms'
Detail MSG segment (position 080): MSG01: Add 'Bidder's Contingency Terms' to the end of the list of data elements.
Bid Upload (5.4.18)
Data Element Xref to X12
Heading NTE: Add another row for the NTE segment (as the last row) as follows: NTE C Bidder's Contingency Terms



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Gas Pipeline Group

Request No.: R00015

Heading REF: Add another row for the REF segment after the Bidder's Contingency Indicator data element as follows:

REF	BC	Bidder's Contingency Terms

X12 Mapping

Heading NTE segment (030): NTE02: Add 'Bidder's Contingency Terms' to the end of the list of data elements.

Heading REF segment (position 050): REF02: Add 'Bidder's Contingency Terms' to the end of the list of data elements.

Transaction Set Tables

NTE Segments (Heading) table: Insert new row into the table at the bottom as follows:

Element Name = 'Bidder's Contingency Terms'

Usage = 'C2'

NTE01 = 'ZZZ'

NTE02 Description = 'Bidder's Contingency Terms'

NTE Segments (Heading) table: Add a new note after the C1 note as follows:

C2 Mandatory when the REF segment Bidder's Contingency Terms data element indicates the terms are in the NTE segment (REF01 = 'TC' and REF02 = 'NTE').

REF Segments (Heading) table: Insert new row into the table at the bottom as follows:

Element Name = 'Bidder's Contingency Terms'

Usage = 'BC'

REF01 = 'TC'

REF02 = '864' [and on next sub-row] 'NTE'

Description = 'Bidder's Contingency Terms are in the corresponding 864 transaction.' [and on next sub-row] 'Bidder's Contingency Terms are in the NTE segment of this transaction.'

Bid Upload Quick Response (5.4.19)

Transaction Set Tables

Errors and Warnings (Heading): Add the following Validation Codes and Descriptions in numerical order:

EBDQR144	Missing Bidder's Contingency Terms
WBDQR119	Bidder's Contingency Terms not processed

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Add a Bidder's Contingency Terms data element to the header level of the Bid Download (5.4.2) and Bid Upload (5.4.18). It is also requested that validation codes be added to the Bid Upload Quick Response (5.4.19).

b. Description of Recommendation:

Information Requirements Subcommittee

See minutes for the following NAESB WGQ Information Requirements Subcommittee meeting:

- November 13, 2002

MOTION:

- Modify the following data sets as indicated below:



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Gas Pipeline Group

Request No.:R00015

Bid Upload (NAESB WGQ Standard 5.4.18)

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Bidder's Contingency Terms</u> (Bidder Contng Terms)	<u>A description of the terms and conditions when the bid is subject to a contingency.</u>	<u>BC</u>	<u>BC</u>	<u>May be used only when the following conditions are met:</u> <u>Bidder's Contingency Indicator indicates the bid is contingent; and,</u> <u>the transportation service provider requires the bidder to specify terms and conditions.</u>

Bid Download (NAESB WGQ Standard 5.4.2)

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Bidder's Contingency Terms</u> (Bidder Contng Terms)	<u>A description of the terms and conditions when the bid is subject to a contingency.</u>	<u>C</u>	<u>C</u>	<u>Mandatory when present and processed in the bid upload.</u>

- Modify the code values for the data element 'Validation Code' in the Bid Upload Quick Response NAESB WGQ Standard 5.4.19

Data Element: Validation Code (Heading)

Code Value	Code Value Description	Code Value Definition
<u>E</u>	<u>Missing Bidder's Contingency Terms</u>	<u>[no definition necessary]</u>
<u>W</u>	<u>Bidder's Contingency Terms not processed</u>	<u>[no definition necessary]</u>

Balanced Vote: **November 13, 2002** 3.00 In Favor 0.00 Opposed

Vote	For	Against	Total	Balanced For	Balanced Against	Balanced Total
End						
Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	8	0	8	2.00	0.00	2



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Enron Gas Pipeline Group

Request No.: R00015

Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	9	0	9	3.00	0.00	3

Motion Passes

Technical Subcommittee

March 31, 2003

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	3	2	0	0
Producers	0	0	0	0
Totals	4	3	0	0

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

1. RECOMMENDED ACTION:

☐ Accept as requested
☒ Accept as modified below
☐ Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

☒ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☒ Business Practice Standard (x.3.z)
☒ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☒ X12 Implementation Guide
☒ Business Process Documentation

3. RECOMMENDATION

SUMMARY: (modifications dependent on R97058B)

- Delete NAESB WGQ Standards 2.3.36, 2.3.37, 2.3.38, and 2.3.39.
- Add proposed NAESB WGQ Standards 2.3.z1, 2.3.z2 and 2.3.z3.
- Modify definition for the data element "Information Requested Begin Date" in Request for Information (NAESB WGQ Standard 2.4.7).
- Modify definition and condition for the data element "Information Requested End Date" in Request for Information (NAESB WGQ Standard 2.4.7).
- Modify conditions for the following data elements in Request for Information (NAESB WGQ Standard 2.4.7):
 - Service Requester Data
 - Service Requester Contract
- Add the following code values for "Data Sets Requested" in the Code Values Dictionary for Request for Information (NAESB WGQ Standard 2.4.7):
 - Scheduled Quantities for a specified service requester's contract
 - Scheduled Quantities for all service requester's contracts
- Modify the Technical Implementation of Business Process for Request for Information (NAESB WGQ Standard 2.4.7)



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

STANDARDS LANGUAGE:

Delete the following NAESB WGQ Standards:

~~2.3.36~~ Transportation Service Providers (TSPs) which:

- ~~a) provide parties with the ability to request statement(s) of allocation via electronic bulletin board or web page; and,~~
- ~~b) provide parties with the ability to view such requested statements of allocation via electronic bulletin board or web page; and,~~
- ~~c) do not provide such parties with the ability to request a GISB Standard No. 2.4.3 Allocation via at least a fax, phone, or e-mail;~~

~~should support the ability of such party (or their agent) to request GISB Standard No. 2.4.3 Allocations via the Request for Information and to receive the Transportation Service Provider's response via a GISB Standard No. 2.4.3 document. Where the conditions in a) and b) above exist and the TSP does provide such parties with the ability to request a GISB Standard No. 2.4.3 Allocation via at least a fax, phone, or e-mail, then the Transportation Service Provider is not required to support Request for Information.~~

~~The period of time (how far back in time a request may specify) should be comparable as between the electronic request/view method and the upload request/receive response method, provided, however, the TSP would not be required to respond with information generated prior to its implementation of GISB Standard No. 2.4.3.~~

~~2.3.37~~ Transportation Service Providers which support the ability of a party (or its agent) to:

- ~~a) request GISB Standard No. 2.4.3 document(s) pursuant to GISB Standard No. 2.3.36 and~~
- ~~b) receive the GISB Standard No. 2.4.3 document in response to such request;~~

~~should provide the documents requested at the party's designated site by 9:00 a.m. CCT on a business day when the request is received prior to 3:00 p.m. CCT on the prior business day.~~

~~2.3.38~~ Transportation Service Providers (TSPs) which:

- ~~a) provide parties with the ability to request imbalance information via electronic bulletin board or web page; and,~~
- ~~b) provide parties with the ability to view such requested imbalance information via electronic bulletin board or web page; and,~~
- ~~c) do not provide such parties with the ability to request a GISB Standard No. 2.4.4 Shipper Imbalance via at least a fax, phone, or e-mail;~~

~~should support the ability of such party (or their agent) to request GISB Standard No. 2.4.4 Shipper Imbalances via the Request for Information and to receive the Transportation Service Provider's response via a GISB Standard No. 2.4.4 document. Where the conditions in a) and b) above exist and the TSP does provide such parties with the ability to request a GISB Standard No. 2.4.4 Shipper Imbalance via at least a fax, phone, or e-mail, then the Transportation Service Provider is not required to support Request for Information.~~



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

~~The period of time (how far back in time a request may specify) should be comparable as between the electronic request/view method and the upload request/receive response method, provided, however, the TSP would not be required to respond with information generated prior to its implementation of GISB Standard No. 2.4.4.~~

~~2.3.39 Transportation Service Providers which support the ability of a party (or its agent) to:~~

- ~~a) request GISB Standard No. 2.4.4 document(s) pursuant to GISB Standard No. 2.3.38 and~~
- ~~b) receive the GISB Standard No. 2.4.4 document in response to such request;~~

~~should provide the documents requested at the party's designated site by 9:00 a.m. CCT on a business day when the request is received prior to 3:00 p.m. CCT on the prior business day.~~

Add the following NAESB WGQ Standards:

2.3.z1 NAESB WGQ Standards [2.3.z2] and [2.3.z3] apply to the following Statements:

NAESB WGQ Standard No. 1.4.5 Scheduled Quantity
NAESB WGQ Standard No. 2.4.3 Allocation
NAESB WGQ Standard No. 2.4.4 Shipper Imbalance

2.3.z2 For the Statements listed in NAESB WGQ Standard [2.3.z1], Transportation Service Providers (TSPs) which:

- a) provide parties with the ability to request Statement(s) via electronic bulletin board or web page; and,
- b) provide parties with the ability to view such requested Statement(s) via electronic bulletin board or web page; and,
- c) do not provide such parties with the ability to request a Statement via at least a fax, phone, or e-mail;

should support the ability of such party (or their agent) to request a Statement via the Request for Information and to receive the TSP's response via the appropriate Statement. Where the conditions in a) and b) above exist and the TSP does provide such parties with the ability to request a Statement via at least a fax, phone, or e-mail, then the TSP is not required to support the Request for Information.

The period of time (how far back in time a request may specify) should be comparable as between the electronic request/view method and the upload request/receive response method, provided, however, the TSP would not be required to respond with information generated prior to its implementation of the Statement.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

2.3.z3 Transportation Service Providers which support the ability of a party (or its agent) to:

- a) request Statement(s) reflected in NAESB WGQ Standard [2.3.z1] pursuant to GISB Standard No. [2.3.z2] and
- b) receive the Statement(s) in response to such request;

should provide the documents requested at the party's designated site by 9:00 a.m. CCT on a business day when the request is received prior to 3:00 p.m. CCT on the prior business day.

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.:

NAESB WGQ Standard 2.4.7 – Request for Information

Business Name (Abbreviation)	Definition	EDI / FF Usage	Condition
Information Requested Begin Date (Info Req Beg)	The requested beginning <u>month and year</u> date of the information. <u>For the request for allocation or request for shipper imbalance, this date should reflect a month and year. For the request for scheduled quantity, this date could reflect a day, month and year or a month and year.</u>	M	
Information Requested End Date (Info Req End)	The requested ending <u>month and year</u> date of the information. <u>For the request for allocation or request for shipper imbalance, this date should reflect a month and year. For the request for scheduled quantity, this date could reflect a day, month and year or a month and year.</u>	SO	Used when: • <u>more than one month of allocation or shipper imbalance information is requested or</u> • <u>more than one day -of scheduled quantity information is requested.</u>
Service Requester Data	Identifies the party -requesting the service, or their agent.		



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

Business Name (Abbreviation)	Definition	EDI / FF Usage	Condition
Service Requester * 4 (Svc Req)		C	Mandatory when Data Sets Requested is <u>one of the following</u>: • <u>'Shipper Imbalance for a specified service requester's contract'</u> ~~or~~ • <u>'Shipper Imbalance for all of the service requester's contracts'</u>, • <u>'Scheduled Quantity for a specified service requester's contract'</u>, or • <u>'Scheduled Quantity for all of the service requester's contracts'</u> -otherwise not used.
Service Requester Proprietary Code (Svc Req Prop)		C	Mandatory when the following conditions are met: • <u>Data Sets Requested is one of the following</u>: • <u>'Shipper Imbalance for a specified service requester's contract'</u> • <u>'Shipper Imbalance for all of the service requester's contracts'</u> • <u>'Scheduled Quantity for a specified service requester's contract'</u>, or • <u>'Scheduled Quantity for all of the service requester's contracts'</u> • <u>Data Sets Requested is 'Shipper Imbalance for a specified service requester's contract' or 'Shipper Imbalance for all of the service requester's contracts'; and</u> • <u>and</u> Service Requester is not present; otherwise not used.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

Business Name (Abbreviation)	Definition	EDI / FF Usage	Condition
Service Requester Contract (Svc Req K)	This is the contract under which service is being requested.	C	Mandatory when Data Sets Requested is <u>one of the following</u> : • <u>'Shipper Imbalance for a specified service requester's contract' or</u> • <u>'Scheduled Quantity for a specified service requester's contract'.</u>

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.:

NAESB WGQ Standard 2.4.7 – Request for Information

Data Sets Requested

Code Value Description	Code Value Definition	Code Value
<u>Scheduled Quantities for a specified service requester's contract</u>	<u>[no definition necessary]</u>	<u>SQ1</u>
<u>Scheduled Quantities for all of the service requester's contracts</u>	<u>[no definition necessary]</u>	<u>SQA</u>



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

BUSINESS PROCESS DOCUMENTATION (for addition, modification or deletion of business process documentation language)

Standards Book:

NAESB WGQ Standard 2.4.7 – Request for Information

Language: Modify the Technical Implementation of Business Process as follows:

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Request for Information document (Request) is sent from the data requester to the transportation service provider and is used to request a specific document from the transportation service provider. The Response to Request for Information document (Response) is sent in response to the Request.

The data requester assigns a **request ID**, which is used to delineate the Request from others sent by the data requester.

When specified in the Request, **service requester** and **statement recipient id** reflect their value as stated in the document being requested.

In the Request, the data requester indicates what the one type of document that is being requested by providing the **data sets requested** as follows:

1. Allocation - - - > either all locations or a single location (one or more months)
2. Shipper Imbalance - - - > either all service requester contracts or a single service requester contract. (one or more months)
3. Scheduled Quantity - - - > either all service requester contracts or a single service requester contract. (one or more days)

It is intended that requesters shall submit requests for only one type of dataset per submission.

If the data requester is requesting a single month of information for Allocation or Shipper Imbalance, then only the **information requested begin date** is used. If the data requester is requesting more than one month of information for Allocation or Shipper Imbalance, then the information requested begin date and the **information requested end date** are used. These requested dates refer to the flow dates in the requested document.

If the data requester is requesting a single day or a single month of information for Scheduled Quantity, then only the information requested begin date is used. If the data requester enters a day, month and year, then the request is for a single day. If the data requester enters a month and year, then the request is for a single month. If the data requester is requesting more than one day or more than one month of information, then the information requested begin date and the information requested end date are used. These requested dates refer to the flow dates in the requested document.

Upon receiving and processing a Request, the transportation service provider sends a Response. Within the prescribed time period, the requested report, if available, is sent.

In the event that a common code is not available for a company, parties should mutually agree to use the Transportation Service Provider's proprietary entity code for that company.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.: Request for Information, 2.4.7

Description of Change:
Request for Information
X12 Mapping
Detail LIN segment (position 0100): LIN03: Insert the following code values and code value descriptions for the Data Sets Requested data element
SQ1 Scheduled Quantities for a specified service requester's contract
SQA Scheduled Quantities for all of the service requester's contracts

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Note: Originally this was a request from Duke (withdrawn) and TransCapacity adopted sponsorship of it.

Request to develop a "Request for Scheduled Quantity transaction" document request that a service requester ("SR") goes to Transportation Service Provider ("TSP") for a date range, could be for a contract Duke's request states this request is needed regardless of the outcome of the others Duke's request states that it is a TSP determined option as to whether to utilize this mechanism and there is not an affirmative obligation by the TSP to do this the reason for the request is to allow EDI customers the same access to scheduled volumes as EBB customers

b. Description of Recommendation:

Business Practices Subcommittee

See minutes for the following Business Practices Subcommittee:

- August 20, 1997
- October 23, 1997
- November 20, 1997
- December 4, 1997
- May 8, 2002
- June 6, 2002

Motion:

A motion was made that the above red-lined work papers are to be used as instructions to the Information Requirements Subcommittee in development of the two documents.

(Note: refer to meeting minutes of December 4, 1997 for the referened red-lined workpaper)

Sense of the Room: 12/4/97 13 In Favor 0 Opposed
Segment Check (if applicable):



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

In Favor: 1 End-Users LDCs 7 Pipelines Producers 5
Services
Opposed: End-Users LDCs Pipelines Producers
Services

Motion passes

Motion:

Adopt the changes specified below:

Proposed Standard Deletion

~~2.3.36 Transportation Service Providers (TSPs) which:~~

- ~~a) provide parties with the ability to request statement(s) of allocation via electronic bulletin board or web page; and,~~
- ~~b) provide parties with the ability to view such requested statements of allocation via electronic bulletin board or web page; and,~~
- ~~c) do not provide such parties with the ability to request a GISB Standard No. 2.4.3 Allocation via at least a fax, phone, or e mail;~~

~~should support the ability of such party (or their agent) to request GISB Standard No. 2.4.3 Allocations via the Request for Information and to receive the Transportation Service Provider's response via a GISB Standard No. 2.4.3 document. Where the conditions in a) and b) above exist and the TSP does provide such parties with the ability to request a GISB Standard No. 2.4.3 Allocation via at least a fax, phone, or e-mail, then the Transportation Service Provider is not required to support Request for Information.~~

~~The period of time (how far back in time a request may specify) should be comparable as between the electronic request/view method and the upload request/receive response method, provided, however, the TSP would not be required to respond with information generated prior to its implementation of GISB Standard No. 2.4.3.~~

Proposed Standard Deletion

~~2.3.37 Transportation Service Providers which support the ability of a party (or its agent) to:~~

- ~~a) request GISB Standard No. 2.4.3 document(s) pursuant to GISB Standard No. 2.3.36 and~~
- ~~b) receive the GISB Standard No. 2.4.3 document in response to such request;~~

~~should provide the documents requested at the party's designated site by 9:00 a.m. CCT on a business day when the request is received prior to 3:00 p.m. CCT on the prior business day.~~

Proposed Standard Deletion

~~2.3.38 Transportation Service Providers (TSPs) which:~~

- ~~a) provide parties with the ability to request imbalance information via electronic bulletin board or web page; and,~~
- ~~b) provide parties with the ability to view such requested imbalance information via electronic bulletin board or web page; and,~~



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

- ~~e) do not provide such parties with the ability to request a GISB Standard No. 2.4.4 Shipper Imbalance via at least a fax, phone, or e-mail;~~

~~should support the ability of such party (or their agent) to request GISB Standard No. 2.4.4 Shipper Imbalances via the Request for Information and to receive the Transportation Service Provider's response via a GISB Standard No. 2.4.4 document. Where the conditions in a) and b) above exist and the TSP does provide such parties with the ability to request a GISB Standard No. 2.4.4 Shipper Imbalance via at least a fax, phone, or e-mail, then the Transportation Service Provider is not required to support Request for Information.~~

~~The period of time (how far back in time a request may specify) should be comparable as between the electronic request/view method and the upload request/receive response method, provided, however, the TSP would not be required to respond with information generated prior to its implementation of GISB Standard No. 2.4.4.~~

Proposed Standard Deletion

~~2.3.39 Transportation Service Providers which support the ability of a party (or its agent) to:~~

- ~~a) request GISB Standard No. 2.4.4 document(s) pursuant to GISB Standard No. 2.3.38 and
b) receive the GISB Standard No. 2.4.4 document in response to such request;~~

~~should provide the documents requested at the party's designated site by 9:00 a.m. CCT on a business day when the request is received prior to 3:00 p.m. CCT on the prior business day.~~

Proposed Standard

2.3.z1 NAESB WGQ Standards [2.3.z2] and [2.3.z3] apply to the following Statements:
NAESB WGQ Standard No. 1.4.5 Scheduled Quantity
NAESB WGQ Standard No. 2.4.3 Allocation
NAESB WGQ Standard No. 2.4.4 Shipper Imbalance

Proposed Standard

2.3.z2 For the Statements listed in NAESB WGQ Standard [2.3.z1], Transportation Service Providers (TSPs) which:

- a) provide parties with the ability to request Statement(s) via electronic bulletin board or web page; and,
- b) provide parties with the ability to view such requested Statement(s) via electronic bulletin board or web page; and,
- c) do not provide such parties with the ability to request a Statement via at least a fax, phone, or e-mail;

should support the ability of such party (or their agent) to request a Statement via the Request for Information and to receive the TSP's response via the appropriate Statement. Where the conditions in a) and b) above exist and the TSP does provide such parties with the ability to request a Statement via at least a fax, phone, or e-mail, then the TSP is not required to support the Request for Information.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

The period of time (how far back in time a request may specify) should be comparable as between the electronic request/view method and the upload request/receive response method, provided, however, the TSP would not be required to respond with information generated prior to its implementation of the Statement.

Proposed Standard

2.3.z3 Transportation Service Providers which support the ability of a party (or its agent) to:

- a) request Statement(s) reflected in NAESB WGQ Standard [2.3.z1] pursuant to GISB Standard No. [2.3.z2] and
- b) receive the Statement(s) in response to such request;

should provide the documents requested at the party's designated site by 9:00 a.m. CCT on a business day when the request is received prior to 3:00 p.m. CCT on the prior business day.

Balanced Vote Results June 6, 2002:

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	1	1	0	0
LDCs	1	1	0	0
Pipelines	10	2	0	0
Producers	0	0	0	0
Services	0	0	0	0
Totals	12	4	0	0

Motion passes (balanced vote 4-0)

EBB Internet Implementation Task Force

See minutes for the following EBB Internet Implementation Task Force:

- October 1, 1998

During the discussion of R99033B (Scheduled Quantity for Poolers), it was noted that R96009 is related. The following is an excerpt from the minutes:

NOTE: Related to Request No. R96009B and should address both Request Nos. R98033A and R6009B jointly. BPS chairs will be informed to determine their support for such action.

MOTION: The request (*R99033B*) was split into two parts: A and B. Part A is to be forwarded to the Business Practices Subcommittee to be addressed with Request No. R96009B. Part B is to be forwarded to the Information Requirements Subcommittee for completion. Information Requirements Subcommittee is asked to address the request through either an existing or new data set. Is expected that the usage for receipt rank and delivery rank would be Mutually Agreeable.

VOTE: The motion passed through a unanimous vote.

Request R98033B was withdrawn before it got to the Information Requirements Subcommittee.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: TransCapacity Request No.: R96009

Information Requirements Subcommittee

See minutes for the following Information Requirements Subcommittee:

- July 15, 1997
- January 7, 1998
- March 19, 2002
- June 11, 2002

Motion:

Adopt modifications to the Request for Information (NAESB WGQ Standard 2.4.7) per the attached.

(Note: For specifics of proposed modifications see the attachment to IR Meeting Minutes for June 11, 2002)

Balanced Vote Results

June 11, 2002:

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	1	1	0	0
LDCs	0	0	0	0
Pipelines	6	2	0	0
Producers	0	0	0	0
Services	1	1	0	0
Totals	8	4	0	0

Motion passes (balanced vote 4-0)

Technical Subcommittee

March 31, 2003

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	3	2	0	0
Producers	0	0	0	0
Totals	4	3	0	0

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: El Paso Natural Gas

Request No.: R97070

1. RECOMMENDED ACTION:

- ☒ Accept as requested
- ☐ Accept as modified below
- ☐ Decline

EFFECT OF EC VOTE TO ACCEPT

RECOMMENDED ACTION:

- ☐ Change to Existing Practice
- ☒ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- ☒ Initiation
- ☐ Modification
- ☐ Interpretation
- ☐ Withdrawal

- ☐ Principle (x.1.z)
- ☐ Definition (x.2.z)
- ☐ Business Practice Standard (x.3.z)
- ☐ Document (x.4.z)
- ☐ Data Element (x.4.z)
- ☒ Code Value (x.4.z)
- ☐ X12 Implementation Guide
- ☐ Business Process Documentation

Per Recommendation:

- ☒ Initiation
- ☐ Modification
- ☐ Interpretation
- ☐ Withdrawal

- ☐ Principle (x.1.z)
- ☐ Definition (x.2.z)
- ☐ Business Practice Standard (x.3.z)
- ☐ Document (x.4.z)
- ☐ Data Element (x.4.z)
- ☒ Code Value (x.4.z)
- ☒ X12 Implementation Guide
- ☐ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add code values "Authorized Point Overrun Backhaul" and "Authorized Point Overrun Shorthaul" to the Transaction Type data element for the following documents:
 - Nominations (1.4.1)
 - Scheduled Quantity (1.4.5)
 - Pre-determined Allocation (2.4.1)
 - Allocation (2.4.3)
 - Shipper Imbalance (2.4.4)
 - Transportation/Sales Invoice (3.4.1)



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: El Paso Natural Gas

Request No.: R97070

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.:

NAESB WGQ Standard 1.4.1 – Nominations
NAESB WGQ Standard 1.4.5 – Scheduled Quantity
NAESB WGQ Standard 2.4.1 – Pre-determined Allocation
NAESB WGQ Standard 2.4.3 – Allocation
NAESB WGQ Standard 2.4.4 – Shipper Imbalance
NAESB WGQ Standard 3.4.1 – Transportation/Sales Invoice

Transaction Type

Code Value Description	Code Value Definition	Code Value
<u>Authorized Point Overrun Backhaul</u>	<u>Transportation from a point on the pipeline to a point that is upstream on the pipeline which exceeds location capacity rights for which authorization has been granted.</u>	<u>57</u>
<u>Authorized Point Overrun Shorthaul</u>	<u>Shorthaul transportation which exceeds location capacity rights for which authorization has been granted.</u>	<u>58</u>

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:

NAESB WGQ Standard 1.4.1 – Nominations
NAESB WGQ Standard 1.4.5 – Scheduled Quantity
NAESB WGQ Standard 2.4.1 – Pre-determined Allocation
NAESB WGQ Standard 2.4.3 – Allocation
NAESB WGQ Standard 2.4.4 – Shipper Imbalance
NAESB WGQ Standard 3.4.1 – Transportation/Sales Invoice

Nomination (1.4.1)
Transaction Set Tables
LQ Segments Subdetail table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 57 - Authorized Point Overrun Backhaul 58 - Authorized Point Overrun Shorthaul
Scheduled Quantity (1.4.5)
Transaction Set Tables
LQ Segments Subdetail table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 57 - Authorized Point Overrun Backhaul 58 - Authorized Point Overrun Shorthaul
Pre-determined Allocation (2.4.1)
Transaction Set Tables
1000/234 Pairs Sub-detail table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value: 57 - Authorized Point Overrun Backhaul 58 - Authorized Point Overrun Shorthaul



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: El Paso Natural Gas

Request No.: R97070

Allocation (2.4.3)

Transaction Set Tables

1000/234 Pairs Sub-detail table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value:

- 57 - Authorized Point Overrun Backhaul
- 58 - Authorized Point Overrun Shorthaul

Shipper Imbalance (2.4.4)

Transaction Set Tables

LQ Segments Subdetail (HL03 = 'IA') table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value:

- 57 - Authorized Point Overrun Backhaul
- 58 - Authorized Point Overrun Shorthaul

Transportation/Sales Invoice (3.4.1)

Transaction Set Tables

LQ Segments Subdetail (HL03 = '9') table: For data element Transaction Type, add the following code values and code value descriptions in numerical order by code value:

- 57 - Authorized Point Overrun Backhaul
- 58 - Authorized Point Overrun Shorthaul

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Add 3 new transaction type codes for Nominations, Quick Response, and Scheduled Volumes for Shippers.

b. Description of Recommendation:

Business Practices Subcommittee

See minutes for the following Business Practices Subcommittee meetings:

- June 1, 2000
- June 22, 2000

Modified Motion:

Add code values Authorized Point Overrun Backhaul and Authorized Point Overrun Shorthaul to the Transaction Type data element in the Scheduled Quantity (1.4.5). Add code values Authorized Point Overrun, Authorized Point Overrun Backhaul, and Authorized Point Overrun Shorthaul to the Transaction Type data element in the Transportation/Sales Invoice (3.4.1). Add code values Authorized Point Overrun Backhaul and Authorized Point Overrun Shorthaul to the Transaction Type data element in the Shipper Imbalance (2.4.4). Instruct IR to check the Pre-determined Allocation (2.4.1) and the Allocation (2.4.3) for consistency in the use of these new Transaction Types.

Sense of the Room: June 22, 2000 14 In Favor 0 Opposed



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: El Paso Natural Gas

Request No.: R97070

Information Requirements Subcommittee

See minutes for the following Information Requirements Subcommittee meetings:

- March 19, 2002
- April 16, 2002
- May 14, 2002

Motion: See March 19, 2002 Minutes for motion detail.

Sense of the Room: March 19, 2002 8 In Favor 0 Opposed

Motion: See May 14, 2002 Minutes for motion detail.

Sense of the Room: May 14, 2002 4 In Favor 0 Opposed

Segment Check (if applicable):

In Favor: End-Users LDCs 2 Pipelines 1 Producers 1 Services
Opposed: End-Users LDCs Pipelines Producers Services

Technical Subcommittee

June 10, 2002

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	1	1	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	4	2	0	0
Producers	0	0	0	0
Totals	6	4	0	0

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99016

1. RECOMMENDED ACTION:

- ☒ Accept as requested
☐ Accept as modified below
☐ Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

- ☐ Change to Existing Practice
☒ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- ☒ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal
- ☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

- ☒ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal
- ☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☒ X12 Implementation Guide
☐ Business Process Documentation

3. RECOMMENDATION

The processing of this recommendation is contingent on the successful processing of the recommendation for Requests R97058B and R99024.

SUMMARY:

- Add data element 'Capacity Type Location Indicator Data' to the following documents:
 - Offer Download (NAESB WGQ Std. 5.4.1)
 - Offer Upload (NAESB WGQ Std. 5.4.7)
 - Offer Upload Notification (NAESB WGQ Std. 5.4.9)
- Add code values 'Primary', 'Secondary' and 'Tertiary' for the data element 'Capacity Type Location Indicator' in the the following documents:
 - Offer Download (NAESB WGQ Std. 5.4.1)
 - Offer Upload (NAESB WGQ Std. 5.4.7)
 - Offer Upload Notification (NAESB WGQ Std. 5.4.9)
- Add the following validation codes for the data element 'Capacity Type Location Indicator Data' in the Offer Upload Quick Response (NAESB WGQ Std. 5.4.8):
 - Invalid Capacity Type Location Indicator
 - Capacity Type Location Indicator - capacity type not available
 - Missing Capacity Type Location Indicator
 - Capacity Type Location Indicator not used



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99016

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

- Document Name and No.:
NAESB WGQ Standard 5.4.1 – Offer Download
NAESB WGQ Standard 5.4.9 – Offer Upload Notification

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Capacity Type Location Indicator Data</u>	<u>Type of capacity being released at a location.</u>			
<u>Capacity Type Location Indicator (Cap Type Loc)</u>		<u>C</u>	<u>C</u>	<u>Mandatory when present and processed in the original Offer Upload.</u> <u>For EBB, at least one of Capacity Type Location Indicator or Capacity Type Location Indicator Description is required.</u>
<u>Capacity Type Location Indicator Description (Cap Type Loc Desc)</u>		<u>C</u>	<u>Nu</u>	<u>Mandatory when present and processed in the original Offer Upload.</u> <u>For EBB, at least one of Capacity Type Location Indicator or Capacity Type Location Indicator Description is required.</u>

- Document Name and No.:
NAESB WGQ Standard 5.4.7 – Offer Upload

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Capacity Type Location Indicator Data</u>	<u>Type of capacity being released at a location.</u>			
<u>Capacity Type Location Indicator (Cap Type Loc)</u>		<u>BC</u>	<u>BC</u>	<u>Mandatory when the Transportation Service Provider requires customers to specify the type of capacity being released at a location.</u> <u>For EBB, at least one of Capacity Type Location Indicator or Capacity Type Location Indicator Description is required.</u>



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99016

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Capacity Type Location Indicator Description (Cap Type Loc Desc)</u>		<u>BC</u>	<u>Nu</u>	<u>Mandatory when the Transportation Service Provider requires customers to specify the type of capacity being released at a location.</u> <u>For EBB, at least one of Capacity Type Location Indicator or Capacity Type Location Indicator Description is required.</u>

CODE VALUES LOG (for addition, modification or deletion of code values)

- Document Name and No.:
 NAESB WGQ Standard 5.4.1 - Offer Download
 NAESB WGQ Standard 5.4.7 - Offer Upload
 NAESB WGQ Standard 5.4.9 - Offer Upload Notification

Capacity Type Location Indicator

Code Value Description	Code Value Definition	Code Value
<u>Primary</u>	<u>[no definition necessary]</u>	<u>P</u>
<u>Secondary</u>	<u>[no definition necessary]</u>	<u>S</u>
<u>Tertiary</u>	<u>[no definition necessary]</u>	<u>I</u>

- Document Name and No.:
 NAESB WGQ Standard 5.4.8 - Offer Upload Quick Response

Validation Code (Sub-detail)

Code Value	Code Value Description	Code Value Definition
<u>E360</u>	<u>Invalid Capacity Type Location Indicator</u>	<u>[no definition necessary]</u>
<u>E362</u>	<u>Capacity Type Location Indicator – capacity type not available</u>	<u>Code being sent is valid for the TSP but the capacity being released is not currently available for release.</u>
<u>E361</u>	<u>Missing Capacity Type Location Indicator</u>	<u>[no definition necessary]</u>
<u>W674</u>	<u>Capacity Type Location Indicator not used</u>	<u>[no definition necessary]</u>



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99016

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:

NAESB WGQ Standard 5.4.1 - Offer Download

NAESB WGQ Standard 5.4.7 - Offer Upload

NAESB WGQ Standard 5.4.8 - Offer Upload Quick Response

NAESB WGQ Standard 5.4.9 - Offer Upload Notification

Offer Download (5.4.1)
Data Element Xref to X12
Sub-detail REF: Add another row for the REF segment as follows (before the occurrence of Location OBA Indicator row): REF C Capacity Type Location Indicator
X12 Mapping
Sub-detail REF segment (position 380): Notes: Replace the Notes with "For NAESB WGQ, this segment is conditional unless sending more than 25 SAC segments. For detailed implementation instructions, see the Technical Implementation of Business Process."
Sub-detail REF segment (position 380): REF01: Mark the "CT" code value as not used.
Sub-detail REF segment (position 380): REF01: Insert element note "Refer to "REF Segments (Sub-detail)" table for usage and values."
Sub-detail REF segment (position 380): REF02: Delete the element name "Location OBA Indicator".
Sub-detail REF segment (position 380): REF02: Mark the "N", "U", "Y" code values as not used.
Sub-detail REF segment (position 380): REF02: Insert element note Refer to "REF Segments (Sub-detail)" table for usage and values. [Skip a blank line] Capacity Type Location Indicator, Location OBA Indicator
Transaction Set Tables
REF Segments (Sub-detail) table: Insert a new REF Segments (Sub-detail) table after the SDQ 67/380 Pairs (Detail) table. The table should model the REF Segments (Detail) table. The column headings are Element Name, Usage, REF01, REF02, Description.
REF Segments (Sub-detail) table: Insert new row into the table as follows: Element Name = "Capacity Type Location Indicator" Usage = "C" REF01 = "LT" REF02 = "P" [and on next sub-row] "S" [and on next sub-row] "T" Description = "Primary" [and on next sub-row] "Secondary" [and on next sub-row] "Tertiary"
REF Segments (Sub-detail) table: Insert new row into the table as follows: Element Name = "Location OBA Indicator" Usage = "SO" REF01 = "CT" REF02 = "N" [and on next sub-row] "U" [and on next sub-row] "Y" Description = "No OBA is in effect" [and on next sub-row] "Unknown" [and on next sub-row] "An OBA is in effect"
Offer Upload (5.4.7)
Data Element Xref to X12
Sub-detail REF: Skip a blank row after the N4 row and insert a new REF row as follows: REF BC Capacity Type Location Indicator
X12 Mapping
Sub-detail REF segment (position 380): Mark segment as 'used'.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99016

Sub-detail REF segment (position 380): Add segment note 'For NAESB WGQ, this segment is business conditional unless sending more than 25 SAC segments. For detailed implementation instructions, see the Technical Implementation of Business Process.'

Sub-detail REF segment (position 380): REF01: Mark as 'must use'.

Sub-detail REF segment (position 380): REF01: Insert element note 'Refer to "REF segments (Sub-detail)" table for usage and values.'

Sub-detail REF segment (position 380): REF02: Mark as must use.

Sub-detail REF segment (position 380): REF02: Insert element note
Refer to "REF segments (Sub-detail)" table for usage and values.
[Skip a blank line.]
Capacity Type Location Indicator

Transaction Tables

REF Segments (Sub-detail) table: Insert a new REF Segments (Sub-detail) table after the SDQ 67/380 Pairs (Detail) table. The table should model the REF Segments (Detail) table. The column headings are Element Name, Usage, REF01, REF02, Description.

REF Segments (Sub-detail) table: Insert new row into the table as follows:

Element Name = 'Capacity Type Location Indicator'

Usage = 'BC'

REF01 = 'LT'

REF02 = 'P' [and on next sub-row] 'S' [and on next sub-row] 'T'

Description = 'Primary' [and on next sub-row] 'Secondary' [and on next sub-row] 'Tertiary'

Offer Upload Quick Response (5.4.8)

Transaction Set Tables

Errors and Warnings (Sub-detail) table: Add new error in numerical order: E360 – Invalid Capacity Type Location Indicator

Errors and Warnings (Sub-detail) table: Add new error in numerical order: E361 – Missing Capacity Type Location Indicator

Errors and Warnings (Sub-detail) table: Add new error in numerical order: E362 – Capacity Type Location Indicator – capacity type not available

Errors and Warnings (Sub-detail) table: Add new warning in numerical order: W674 – Capacity Type Location Indicator not used

Offer Upload Notification (5.4.9)

Data Element XREF to X12

Sub-detail REF: Skip a blank row after the N4 row and insert a new REF row as follows:

REF C Capacity Type Location Indicator

X12 Mapping

Sub-detail REF segment (position 380): Mark segment as 'used'.

Sub-detail REF segment (position 380): Add segment note 'For NAESB WGQ, this segment is conditional unless sending more than 25 SAC segments. For detailed implementation instructions, see the Technical Implementation of Business Process.'

Sub-detail REF segment (position 380): REF01: Mark as 'must use'.

Sub-detail REF segment (position 380): REF01: Insert element note 'Refer to "REF segments (Sub-detail)" table for usage and values.'

Sub-detail REF segment (position 380): REF02: Mark as must use.

Sub-detail REF segment (position 380): REF02: Insert element note
Refer to "REF segments (Sub-detail)" table for usage and values.
[Skip a blank line.]
Capacity Type Location Indicator

Transaction Tables



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99016

REF Segments (Sub-detail) table: Insert a new REF Segments (Sub-detail) table after the SDQ 67/380 Pairs (Detail) table. The table should model the REF Segments (Detail) table. The column headings are Element Name, Usage, REF01, REF02, Description.

REF Segments (Sub-detail) table: Insert new row into the table as follows:

Element Name = 'Capacity Type Location Indicator'

Usage = 'C'

REF01 = 'LT'

REF02 = 'P' [and on next sub-row] 'S' [and on next sub-row] 'T'

Description = 'Primary' [and on next sub-row] 'Secondary' [and on next sub-row] 'Tertiary'

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Add a data element 'Capacity Type Indicator – Meter' to the following Capacity Release Data Sets:

- 5.4.1 Offer Download
- 5.4.2 Bid Download
- 5.4.3 Award Download
- 5.4.7 Offer Upload
- 5.4.8 Offer Upload Quick Response
- 5.4.9 Offer Upload Notification

b. Description of Recommendation:

EBB Internet Implementation Task Force (EIITF):

See minutes for the following EIITF meeting:

- February 25, 1999

Motion:

Instruction 44 from EIITF:

Instruct IR to accommodate the sending of the information to identify the type of capacity being released/requested at a location in Capacity Release Data Sets 5.4.1(SO), 5.4.2(SO), 5.4.3(SO), 5.4.7(BC), 5.4.8(C), and 5.4.9(C); and Transportation/Sales Invoice (3.4.1). Add code values Authorized Point Overrun Backhaul and Authorized Point Overrun Shorthaul to the Transaction Type data element in the Shipper Imbalance (2.4.4). Instruct IR to check the Pre-determined Allocation (2.4.1) and the Allocation (2.4.3) for consistency in the use of these new Transaction Types.

Sense of the Room: February 25, 1999 29 In Favor 0 Opposed

Information Requirements Subcommittee

See minutes for the following Information Requirements Subcommittee meeting:

- September 10, 2002

Motion: See September 10, 2002 Minutes for motion detail.

Balanced Vote: September 10, 2002



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99016

Vote:

	For	Against	Total	Balanced For	Balanced Against	Balanced Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	6	0	6	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	7	0	7	3.00	0.00	3

Technical Subcommittee

February 17, 2003

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	0	0	0	0
Pipelines	5	2	0	0
Producers	0	0	0	0
Totals	5	2	0	0

March 31, 2003

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	3	2	0	0
Producers	0	0	0	0
Totals	4	3	0	0

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

1. RECOMMENDED ACTION:

☐ Accept as requested
☒ Accept as modified below
☐ Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

☒ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☒ X12 Implementation Guide
☐ Business Process Documentation

3. RECOMMENDATION

The processing of this recommendation is contingent on the successful processing of the recommendations for Requests R97058B, R99024, and R99016.

SUMMARY: (modifications dependent on R97058B)

- Add data element "Right to Amend Primary Points Indicator" to the sub-detail level in the following documents:
 - Offer Download (NAESB WGQ Standard 5.4.1)
 - Award Download (NAESB WGQ Standard 5.4.3)
 - Offer Upload (NAESB WGQ Standard 5.4.7)
 - Offer Upload Notification (NAESB WGQ Standard 5.4.9)
- Add code values for the new data element "Right to Amend Primary Points Indicator" to the following documents:
 - Offer Download (NAESB WGQ Standard 5.4.1)
 - Award Download (NAESB WGQ Standard 5.4.3)



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

- Offer Upload (NAESB WGQ Standard 5.4.7)
- Offer Upload Notification (NAESB WGQ Standard 5.4.9)
- Add code values for Validation Code (Sub-detail) in the Offer Upload Quick Response (NAESB WGQ Standard 5.4.8).

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.:

NAESB WGQ Standard 5.4.1 – Offer Download

NAESB WGQ Standard 5.4.9 – Offer Upload Notification

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Right to Amend Primary Points Indicator Data</u>	<u>An indicator used to identify whether the Replacement Shipper may amend the contract to change the primary point(s) after the capacity is awarded.</u>			
<u>Right to Amend Primary Points Indicator (RAPP)</u>		<u>C</u>	<u>C</u>	<u>Mandatory when present and processed in the original Offer Upload.</u> <u>For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.</u>
<u>Right to Amend Primary Points Indicator Description (RAPP Desc)</u>		<u>C</u>	<u>nu</u>	<u>Mandatory when present and processed in the original Offer Upload.</u> <u>For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.</u>



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Document Name and No.:
NAESB WGQ Standard 5.4.3 – Award Download

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Right to Amend Primary Points Indicator Data	An indicator used to identify whether the Replacement Shipper may amend the contract to change the primary point(s) after the capacity is awarded.			
Right to Amend Primary Points Indicator (RAPP)		SO	SO	
Right to Amend Primary Points Indicator Description (RAPP Desc)		SO	nu	

Document Name and No.:
NAESB WGQ Standard 5.4.7 – Offer Upload

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Right to Amend Primary Points Indicator Data	An indicator used to identify whether the Replacement Shipper may amend the contract to change the primary point(s) after the capacity is awarded.			

RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters: **and**

Enron Gas Pipeline Group

Williams Gas Pipeline

Enron Transportation Services Company

ANR Gas Pipeline

Request No.
R99020
R99032
R01001
R02005

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Right to Amend Primary Points Indicator (RAPP)</u>		<u>BC</u>	<u>BC</u>	<u>Used when the Transportation Service Provider supports the ability for the Releasing Shipper to indicate whether the Replacement Shipper(s) can amend the primary points after the capacity is awarded.</u> <u>For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.</u>
<u>Right to Amend Primary Points Indicator Description (RAPP Desc)</u>		<u>BC</u>	<u>nu</u>	<u>Used when the Transportation Service Provider supports the ability for the Releasing Shipper to indicate whether the Replacement Shipper(s) can amend the primary points after the capacity is awarded.</u> <u>For EBB, when this condition is met at least one of Right to Amend Primary Points Indicator or Right to Amend Primary Points Indicator Description is required.</u>



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.:

NAESB WGQ Standard 5.4.1 – Offer Download
 NAESB WGQ Standard 5.4.3 – Award Download
 NAESB WGQ Standard 5.4.7 – Offer Upload
 NAESB WGQ Standard 5.4.9 – Offer Upload Notification

Right to Amend Primary Point Indicator

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Yes, conditionally</u>	<u>The primary point can only be changed by the initial replacement shipper(s).</u>	<u>YC</u>
<u>Yes, unconditionally</u>	<u>The primary point can be changed by the initial replacement shipper(s) and by any and all re-release replacement shipper(s).</u>	<u>YU</u>
<u>No</u>	<u>The primary points cannot be changed by the replacement shipper(s).</u>	<u>NO</u>

Document Name and No.:

NAESB WGQ Standard 5.4.8 – Offer Upload Quick Response

Validation Code (Sub-detail)

<u>Code Value</u>	<u>Code Value Description</u>	<u>Code Value Definition</u>
<u>E363</u>	<u>Invalid Right to Amend Primary Point Indicator</u>	<u>[no definition necessary]</u>
<u>E364</u>	<u>Missing Right to Amend Primary Point Indicator</u>	<u>[no definition necessary]</u>
<u>W675</u>	<u>Right to Amend Primary Point Indicator not used</u>	<u>[no definition necessary]</u>

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:

NAESB WGQ Standard 5.4.1 – Offer Download
 NAESB WGQ Standard 5.4.3 – Award Download
 NAESB WGQ Standard 5.4.7 – Offer Upload
 NAESB WGQ Standard 5.4.8 – Offer Upload Quick Response
 NAESB WGQ Standard 5.4.9 – Offer Upload Notification



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Offer Download (5.4.1)

Data Element Xref to X12

Sub-detail REF: Add another row for the REF segment (after the occurrence of the Capacity Type Location Indicator) as follows:

REF C Right to Amend Primary Points Indicator

X12 Mapping

Sub-detail REF segment (position 380): REF02: Add 'Right to Amend Primary Points Indicator' to the list of data elements after the Capacity Type Indicator data element.

Transaction Set Tables

REF Segments (Sub-detail) table: Insert new row into the table (after the occurrence of the Capacity Type Indicator row) as follows:

Element Name = 'Right to Amend Primary Points Indicator'

Usage = 'C'

REF01 = 'RA'

REF02 = 'YC' [and on next sub-row] 'YU' [and on next sub-row] 'NO'

Description = 'Yes, conditionally' [and on next sub-row] 'Yes, unconditionally' [and on next sub-row] 'No'

Award Download (5.4.3)

Data Element Xref to X12

Sub-detail REF: Skip a blank row after the N4 row and insert a new REF row as follows:

REF SO Right to Amend Primary Points Indicator

X12 Mapping

Sub-detail REF segment (position 460): Mark segment as 'used'.

Sub-detail REF segment (position 460): Segment Notes: Insert segment note 'For NAESB WGQ, this segment is sender's option unless sending more than 25 SAC segments. For detailed implementation instructions, see the Technical Implementation of Business Process.'

Sub-detail REF segment (position 460): REF01: Mark element as 'must use'.

Sub-detail REF segment (position 460): REF01: Mark the 'RA' code value as 'used'.

Sub-detail REF segment (position 460): REF02: Mark element as 'must use'.

Sub-detail REF segment (position 460): REF02: Add element note 'Right to Amend Primary Points Indicator'.

Sub-detail REF segment (position 460): REF02: Insert code values and descriptions 'YC' 'Yes, conditionally', 'YU' 'Yes, unconditionally', 'NO' 'No'.

Offer Upload (5.4.7)

Data Element Xref to X12

Sub-detail REF: Add another row for the REF segment (after the occurrence of the Capacity Type Location Indicator) as follows:

REF BC Right to Amend Primary Points Indicator

X12 Mapping

Sub-detail REF segment (position 380): REF02: Add 'Right to Amend Primary Points Indicator' to the list of data elements after the Capacity Type Indicator data element.

Transaction Set Tables



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

REF Segments (Sub-detail) table: Insert new row into the table (after the occurrence of the Capacity Type Indicator row) as follows:

Element Name = 'Right to Amend Primary Points Indicator'

Usage = 'BC'

REF01 = 'RA'

REF02 = 'YC' [and on next sub-row] 'YU' [and on next sub-row] 'NO'

Description = 'Yes, conditionally' [and on next sub-row] 'Yes, unconditionally' [and on next sub-row] 'No'

Offer Upload Quick Response (5.4.8)

Transaction Set Tables

Errors and Warnings (Sub-detail): Add the following Validation Codes and Descriptions in numerical order:

E363	Invalid Right to Amend Primary Point Indicator
E364	Missing Right to Amend Primary Point Indicator
W675	Right to Amend Primary Point Indicator not used

Offer Upload Notification (5.4.9)

Data Element XREF to X12

Sub-detail REF: Add another row for the REF segment (after the occurrence of the Capacity Type Location Indicator) as follows:

REF C Right to Amend Primary Points Indicator

X12 Mapping

Sub-detail REF segment (position 380): REF02: Add 'Right to Amend Primary Points Indicator' to the list of data elements after the Capacity Type Indicator data element.

Transaction Set Tables

REF Segments (Sub-detail) table: Insert new row into the table (after the occurrence of the Capacity Type Indicator row) as follows:

Element Name = 'Right to Amend Primary Points Indicator'

Usage = 'C'

REF01 = 'RA'

REF02 = 'YC' [and on next sub-row] 'YU' [and on next sub-row] 'NO'

Description = 'Yes, conditionally' [and on next sub-row] 'Yes, unconditionally' [and on next sub-row] 'No'

4. SUPPORTING DOCUMENTATION

a. Description of Request:

- **R99020 - Enron Gas Pipeline Group**

Modify the capacity release data sets to accommodate the Releasing Shipper's ability to specify whether Gas Transaction Points can be changed after the capacity has been awarded. This modification will affect the Offer Upload, Offer Download, Award Download and Offer Upload Notification data sets.

- **R99032 - Williams Gas Pipeline**



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Add data element to the Capacity Release Offer Upload (5.4.7) to allow the Releaser to specify whether contractual point changes by the Replacement Shipper are permitted on this offer. The new indicator would also need to be added to the Offer Download (5.4.1) to communicate to parties the terms as proposed by the Releaser

- **R01001 – Enron Transportation Services Company**
Add data element 'Change Gas Transaction Points Terms' to the header level of the Offer Upload (5.4.7), Offer Upload Notification (5.4.9), Offer Download (5.4.1) and the Award Download (5.4.3). It is also requested that Validation Codes be added to the Offer Upload Quick Response (5.4.8).
- **R02005 - ANR Gas Pipeline**
Add data element 'Rights to Amend Primary Points' and associated code values to Capacity Release data sets. The element will be used to indicate if the Releasing Shipper will allow the replacement shipper to re-locate the primary point.

b. Description of Recommendation:

EBB to Internet Implementation Task Force (EITF)

See minutes for the following EITF meeting:

- February 25, 1999 R99020 & R99032
- April 6, 1999 R99020 & R99032

MOTION: IR 53

Instruct IR to modify the Capacity Release - Offer Upload to accommodate the releasing shipper's ability to specify whether contractual point changes by the Replacement Shipper are permitted on this offer. This new data element would be BC on the Offer Upload, C on the Offer Download, C on the Award Download, and C in the Offer Upload Notification. These instructions revise the instructions previously sent to IR for R99020 in IR 48.

	Balanced Vote: 4/6/99			Motion Passes		
	For	Against	Total	Balanced For	Balanced Against	Balanced Total
End						
Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	11	0	11	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	2	1	3	1.33	0.67	2
	13	1	14	3.33	0.67	4

Business Practices Subcommittee (BPS)

See minutes for the following BPS meeting:



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

- March 29, 2001 R01001
- May 8, 2002 R02005

Motion:

BPS instructs the Information Requirements Subcommittee to accommodate the business conditional business practice of sending change gas transactions point terms in the Offer Upload. If this information is provided, it also should be included in the Offer Download, Award Download, and Offer Upload Notification.

Balanced Vote:		3/29/01		Motion Passes			
Vote			Total	Balanced	Balanced	Balanced	
	For	Against		For	Against	Total	
End							
Users		1	0	1	1.00	0.00	1
LDCs		1	0	1	1.00	0.00	1
Pipelines		8	0	8	2.00	0.00	2
Producers		0	0	0	0.00	0.00	0
Services		1	1	2	1.00	1.00	2
		11	1	12	5.00	1.00	6

Motion

BPS instructs the Information Requirements Subcommittee to process R02005 along with R99020 and R99032 according to EIITF Instruction #48.

Balanced Vote:			5/8/02		Motion Passes			
Vote			Total	Balanced		Balanced		
	For	Against		For	Against	Total		
End								
Users		1	0	1	1.00	0.00	1	
LDCs		2	0	2	2.00	0.00	2	
Pipelines		5	0	5	2.00	0.00	2	
Producers		1	0	1	1.00	0.00	1	
Services		1	0	1	1.00	0.00	1	
		10	0	10	7.00	0.00	7	

Information Requirements Subcommittee (IR)

See minutes for the following IR meeting:

- September 10, 2002
- October 15, 2002
- November 13, 2002 – see meeting minutes for motion re adoption of draft minutes for 10/15/02 and administrative edits to workpaper.

Motion:



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requesters:	and	Request No.
Enron Gas Pipeline Group		R99020
Williams Gas Pipeline		R99032
Enron Transportation Services Company		R01001
ANR Gas Pipeline		R02005

Modify the following NAESB WGQ Standards Data Dictionaries and Code Values Dictionaries as indicated below: (see details of the modifications in the minutes as captured above in section 3)

No changes necessary to the following documentation for the data sets being modified:

- TIBPs
- Sample Papers
- Executive Summary
- Business Process and Practices

Balanced Vote:	10/15/02			Motion Passes		
Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	10	0	10	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	11	0	11	3.00	0.00	3

Technical Subcommittee

March 31, 2003

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	3	2	0	0
Producers	0	0	0	0
Totals	4	3	0	0

c. **Business Purpose:**

d. **Commentary/Rationale of Subcommittee(s)/Task Force(s):**



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: ANR

Request No.: R99021B

1. RECOMMENDED ACTION:

☒ Accept as requested
☐ Accept as modified below
☐ Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

☐ Change to Existing Practice
☒ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

☒ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☒ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☒ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☒ Code Value (x.4.z)
☒ X12 Implementation Guide
☐ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add code values "No Corresponding Nomination" to the Validation Code (Sub-detail) data element for the Confirmation Response Quick Response (1.4.7)

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.:

NAESB WGQ Standard 1.4.7 – Confirmation Response Quick Response

Validation Code (Sub-detail)

Code Value	Code Value Description	Code Value Definition
ECRQR539	No Corresponding Nomination	A nomination does not exist which matches up. This does not refer to nominations which contain mismatched quantities.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: ANR

Request No.: R99021B

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:

NAESB WGQ Standard 1.4.7 – Confirmation Response Quick Response

Description of Change:
Confirmation Response Quick Response (1.4.7)
Transaction Set Tables
"Errors and Warnings (Sub-detail)" table: Add the following code value and code value description in alphabetic order in the table: ECRQR539 – No Corresponding Nomination

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Add 3 new transaction type codes for Nominations, Quick Response, and Scheduled Volumes for Shippers.

b. Description of Recommendation:

Business Practices Subcommittee

See minutes for the following Business Practices Subcommittee meetings:

- September 7, 2000
- September 14, 2000

Information Requirements Subcommittee

See minutes for the following Information Requirements Subcommittee meetings:

- March 19, 2002

Motion: See March 19, 2002 Minutes for motion detail.

Sense of the Room: March 19, 2002 8 In Favor 0 Opposed

Technical Subcommittee

June 10, 2002

Sense of the Room: March 19, 2002 4 In Favor 0 Opposed

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99024

1. RECOMMENDED ACTION:

☐ Accept as requested
☒ Accept as modified below
☐ Decline

EFFECT OF EC VOTE TO ACCEPT

RECOMMENDED ACTION:

☒ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☒ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☒ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☒ X12 Implementation Guide
☒ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Modify the following data dictionaries to delete the data element "Bidder Company Code" and replace it with a new data element "Bidder".
 - 5.4.1 Offer Download
 - 5.4.3 Award Download
 - 5.4.7 Offer Upload
 - 5.4.9 Offer Upload Notification
 - 5.4.10 Offer Upload Bidder Confirmation
 - 5.4.11 Offer Upload Bidder Confirmation Quick Response
 - 5.4.12 Offer Upload Final Disposition
 - 5.4.17 Note/Special Instruction
 - 5.4.18 Bid Upload
- Modify the following data dictionaries to delete the data element "Releaser Company Code" and replace it with a new data element "Releaser".
 - 5.4.1 Offer Download
 - 5.4.2 Bid Download



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99024

- 5.4.3 Award Download
 - 5.4.7 Offer Upload
 - 5.4.9 Offer Upload Notification
 - 5.4.17 Note/Special Instruction
 - 5.4.18 Bid Upload
 - 5.4.20 Transactional Reporting – Capacity Release
- Modify the following data dictionaries to delete the data element “Return Addressee Company Code” and replace it with a new data element “Return Addressee”.
 - 5.4.7 Offer Upload
 - 5.4.9 Offer Upload Notification
 - 5.4.10 Offer Upload Bidder Confirmation
 - 5.4.18 Bid Upload
- Modify the following data dictionaries to delete the data elements “Gas Transaction Point 1” and “Gas Transaction Point 2” and replace them with the data element “Location”.
 - 5.4.1 Offer Download
 - 5.4.2 Bid Download
 - 5.4.3 Award Download
 - 5.4.4 Replacement Capacity
 - 5.4.7 Offer Upload
 - 5.4.8 Offer Upload Quick Response
 - 5.4.9 Offer Upload Notification
 - 5.4.13 Operationally Available & Unsubscribed Capacity
 - 5.4.17 Note/Special Instruction
 - 5.4.18 Bid Upload
 - 5.4.19 Bid Upload Quick Response
 - 5.4.20 Transactional Reporting – Capacity Release
 - 5.4.21 Transactional Reporting – Firm Transportation
 - 5.4.22 Transactional Reporting – Interruptible Transportation
- Delete the data elements “Gas Transaction Point 1 Description” and “Gas Transaction Point 2 Description” in the following data sets as these two data elements are effectively replaced under the Location Data field with the data element “Location Name”.
 - 5.4.1 Offer Download
 - 5.4.2 Bid Download
 - 5.4.3 Award Download
 - 5.4.4 Replacement Capacity
 - 5.4.7 Offer Upload
 - 5.4.9 Offer Upload Notification
 - 5.4.13 Operationally Available & Unsubscribed Capacity
 - 5.4.17 Note/Special Instruction
 - 5.4.18 Bid Upload
 - 5.4.20 Transactional Reporting – Capacity Release
 - 5.4.21 Transactional Reporting – Firm Transportation
 - 5.4.22 Transactional Reporting – Interruptible Transportation
- Modify the following data dictionaries and associated code values dictionaries to delete the data elements “Gas Transaction Point 1 OBA Indicator” and “Gas Transaction Point 2 OBA Indicator” and their associated code values and replace them with the data element “Location OBA Indicator” and its associated code values.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99024

- 5.4.1 Offer Download
 - 5.4.4 Replacement Capacity
- Modify the following data dictionary to delete the data elements “Gas Transaction Point 1 State” and “Gas Transaction Point 2 State” and replace them with the data element “Location State”.
 - 5.4.4 Replacement Capacity
- Modify the following data dictionaries to delete the data elements “Gas Transaction Point 1 Zone” and “Gas Transaction Point 2 Zone” and replace them with the data element “Location Zone”.
 - 5.4.1 Offer Download
 - 5.4.2 Bid Download
 - 5.4.3 Award Download
 - 5.4.4 Replacement Capacity
 - 5.4.7 Offer Upload (GTP2 Zone not in this data set)
 - 5.4.9 Offer Upload Notification (GTP2 Zone not in this data set)
 - 5.4.13 Operationally Available & Unsubscribed Capacity
 - 5.4.20 Transactional Reporting – Capacity Release
 - 5.4.21 Transactional Reporting – Firm Transportation
 - 5.4.22 Transactional Reporting – Interruptible Transportation
- Modify the following data dictionaries and associated code values dictionaries to delete the data element “Segment Indicator” and its associated code values and replace it with a new data element “Location Purpose” and its associated code values.
 - 5.4.1 Offer Download
 - 5.4.2 Bid Download
 - 5.4.3 Award Download
 - 5.4.4 Replacement Capacity
 - 5.4.7 Offer Upload
 - 5.4.8 Offer Upload Quick Response
 - 5.4.9 Offer Upload Notification
 - 5.4.13 Operationally Available & Unsubscribed Capacity
 - 5.4.17 Note/Special Instruction
 - 5.4.18 Bid Upload
 - 5.4.19 Bid Upload Quick Response
 - 5.4.20 Transactional Reporting – Capacity Release
 - 5.4.21 Transactional Reporting – Firm Transportation
 - 5.4.22 Transactional Reporting – Interruptible Transportation
- Modify the definition of the data element and the associated code values for the data element “Replacement Capacity Indicator” in the following data sets to reflect the change in the reference from ‘gas transaction point’ to ‘location’:
 - 5.4.1 Offer Download
 - 5.4.7 Offer Upload
 - 5.4.9 Offer Upload Notification
- Modify the definition of the data element and the associated code values for the data element “IT Indicator” in the following data set to reflect the change in the reference from ‘gas transaction point’ to ‘location’:
 - 5.4.13 Operationally Available & Unsubscribed Capacity



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99024

- Modify the code value descriptions for the data element “Discount Indicator” in the following data sets to reflect the change in the reference from ‘gas transaction point’ to ‘location’:
 - 5.4.1 Offer Download
 - 5.4.7 Offer Upload
 - 5.4.9 Offer Upload Notification
- Modify the code value descriptions for the data elements “Validation Code” (Heading) and “Validation Code” (Sub-Detail) in the following data sets:
 - 5.4.8 Offer Upload Quick Response
 - 5.4.19 Bid Upload Quick Responseto reflect the change in the references from:
 - ‘Releaser Company Code’ to ‘Releaser’
 - ‘Bidder Company Code’ to ‘Bidder’
 - ‘Return Addressee Company Code’ to ‘Return Addressee’
 - ‘Gas Transaction Point (1 or 2) Code’ to ‘Location’
 - ‘Gas Transaction Point (1 or 2) Description’ to ‘Location Name’
 - ‘Gas Transaction Point 1 Zone’ to ‘Location Zone’ [only in 5.4.8]
- Modify the code value descriptions for the data element “Validation Code – (Heading)” in the following data set:
 - 5.4.11 Offer Upload Bidder Confirmation Quick Responseto reflect the change in the references from:
 - ‘Bidder Company Code’ to ‘Company’
 - ‘Return Addressee Company Code’ to ‘Return Addressee’
- Modify the following Technical Implementation of Business Practices to incorporate the above described data element changes:
 - 5.4.1 Offer Download
 - 5.4.2 Bid Download
 - 5.4.3 Award Download
 - 5.4.4 Replacement Capacity
 - 5.4.7 Offer Upload
 - 5.4.13 Operationally Available & Unsubscribed Capacity
 - 5.4.17 Note/Special Instruction
 - 5.4.18 Bid Upload
 - 5.4.19 Bid Upload Quick Response
 - 5.4.20 Transactional Reporting – Capacity Release
- Modify the following Sample Paper to incorporate the above described data element changes:
 - 5.4.20 Transactional Reporting – Capacity Release

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.: **All Data Dictionaries as listed below:**

NAESB WGQ Standard 5.4.1 - Offer Download

NAESB WGQ Standard 5.4.2 - Bid Download

NAESB WGQ Standard 5.4.3 - Award Download

NAESB WGQ Standard 5.4.4 - Replacement Capacity

NAESB WGQ Standard 5.4.7 - Offer Upload

NAESB WGQ Standard 5.4.8 - Offer Upload Quick Response

NAESB WGQ Standard 5.4.9 - Offer Upload Notification



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99024

NAESB WGQ Standard 5.4.10 - Offer Upload Bidder Confirmation
NAESB WGQ Standard 5.4.11 - Offer Upload Bidder Confirmation Quick Response
NAESB WGQ Standard 5.4.12 - Offer Upload Final Disposition
NAESB WGQ Standard 5.4.13 - Operationally Available & Unsubscribed Capacity
NAESB WGQ Standard 5.4.17- Note/Special Instruction
NAESB WGQ Standard 5.4.18 - Bid Upload
NAESB WGQ Standard 5.4.19 - Bid Upload Quick Response
NAESB WGQ Standard 5.4.20 - Transactional Reporting – Capacity Release
NAESB WGQ Standard 5.4.21 - Transactional Reporting – Firm Capacity
NAESB WGQ Standard 5.4.22 - Transactional Reporting – Interruptible Reporting

- See Attached Data Dictionaries – reflecting changes only

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: All Code Values Dictionaries as listed below:

NAESB WGQ Standard 5.4.1 - Offer Download
NAESB WGQ Standard 5.4.2 - Bid Download
NAESB WGQ Standard 5.4.3 - Award Download
NAESB WGQ Standard 5.4.4 - Replacement Capacity
NAESB WGQ Standard 5.4.7 - Offer Upload
NAESB WGQ Standard 5.4.8 - Offer Upload Quick Response
NAESB WGQ Standard 5.4.9 - Offer Upload Notification
NAESB WGQ Standard 5.4.13 - Operationally Available & Unsubscribed Capacity
NAESB WGQ Standard 5.4.17- Note/Special Instruction
NAESB WGQ Standard 5.4.18 - Bid Upload
NAESB WGQ Standard 5.4.19 - Bid Upload Quick Response
NAESB WGQ Standard 5.4.20 - Transactional Reporting – Capacity Release
NAESB WGQ Standard 5.4.21 - Transactional Reporting – Firm Capacity
NAESB WGQ Standard 5.4.22 - Transactional Reporting – Interruptible Reporting

- See Attached Code Value Dictionaries – reflecting changes only

BUSINESS PROCESS DOCUMENTATION (for addition, modification or deletion of business process documentation language)

Standards Book: Capacity Release

Document Name and No.: Technical Implementation of Business Process as listed below:

NAESB WGQ Standard 5.4.1 - Offer Download
NAESB WGQ Standard 5.4.2 - Bid Download
NAESB WGQ Standard 5.4.3 - Award Download
NAESB WGQ Standard 5.4.4 - Replacement Capacity
NAESB WGQ Standard 5.4.7 - Offer Upload
NAESB WGQ Standard 5.4.13 - Operationally Available & Unsubscribed Capacity
NAESB WGQ Standard 5.4.17- Note/Special Instruction
NAESB WGQ Standard 5.4.18 - Bid Upload
NAESB WGQ Standard 5.4.19 - Bid Upload Quick Response
NAESB WGQ Standard 5.4.20 - Transactional Reporting – Capacity Release



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99024

Technical Implementation of Business Process

See Attached Technical Implementation of Business Process

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.:

NAESB WGQ Standard 5.4.1 - Offer Download
NAESB WGQ Standard 5.4.2 - Bid Download
NAESB WGQ Standard 5.4.3 - Award Download
NAESB WGQ Standard 5.4.4 - Replacement Capacity
NAESB WGQ Standard 5.4.7 - Offer Upload
NAESB WGQ Standard 5.4.8 - Offer Upload Quick Response
NAESB WGQ Standard 5.4.9 - Offer Upload Notification
NAESB WGQ Standard 5.4.10 - Offer Upload Bidder Confirmation
NAESB WGQ Standard 5.4.11 - Offer Upload Bidder Confirmation Quick Response
NAESB WGQ Standard 5.4.12 - Offer Upload Final Disposition
NAESB WGQ Standard 5.4.13 - Operationally Available & Unsubscribed Capacity
NAESB WGQ Standard 5.4.17- Note/Special Instruction
NAESB WGQ Standard 5.4.18 - Bid Upload
NAESB WGQ Standard 5.4.19 - Bid Upload Quick Response

- See attached Technical Change Log

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Modify data elements in Capacity Release to be more consistent with the names of data elements in other data sets. Also adjust the presentation of the Location information so that it more closely matches conventions used in other GISB data sets.

- Change the name of "Bidder Company Code" to "Bidder" and modify the definition accordingly.
- Change the name of "Releaser Company Code" to "Releaser."
- Change the name of "Return Addressee Company Code" to "Return Addressee" and modify the definition accordingly.
- Change the name of "Gas Transaction Point 1 xxx" to "Location xxx" and modify the definition accordingly.
- Delete "Gas Transaction Point 2 xxx".
- Change the name and definition of "Segment Indicator" so that it more correctly represents the use of the data element, and define the code values that are in the X12 mapping as GISB code values.

b. Description of Recommendation:

ElITF Subcommittee

Instruction IR51: Transfer request R99024 to Information Requirements Subcommittee.

Sense of the Room: 3/9/99 Passed Unanimously



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipeline

Request No.: R99024

Information Requirements Subcommittee

See minutes for the following Information Requirements Subcommittee meetings:

- April 16, 2002
- May 14, 2002
- July 25, 2002
- November 13, 2002 – see minutes for motion and vote re edits to workpaper
- December 10, 2002 – see minutes for motion and vote re edits to workpaper

MOTION: July 25, 2002

Adopt the modifications to the Capacity Release TIBPs, Sample Papers, Data Dictionaries, and Code Values Dictionaries necessary to implement R99024 per the attached workpaper.

Vote				Balancing Determinant			
	For	Against	Total		For	Against	Total
End Users	0	0	0	0	0.00	0.00	0
LDCs	0	0	0	0	0.00	0.00	0
Pipelines	7	0	7	2	2.00	0.00	2
Producers	0	0	0	0	0.00	0.00	0
Services	0	0	0	0	0.00	0.00	0
	7	0	7	2	2.00	0.00	2

Technical Subcommittee

January 13, 2003					
Segments	Vote For	Balanced For	Vote Against	Balanced Against	
End Users	0	0	0	0	0
LDCs	0	0	0	0	0
Services	1	1	0	0	0
Pipelines	6	2	0	0	0
Producers	0	0	0	0	0
Totals	7	3	0	0	0

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Offer Download is a report from a transportation service provider to a data requester. Each Offer Download contains a single offer of released firm capacity rights that a shipper has made against a contract on the transportation service provider's system. It also contains all of the terms and conditions pertaining to the offer so that the data requester can evaluate the offer as a potential bidder, or for informational purposes. The Offer Download contains information regarding released capacity on one or more contracts.

Each offer is uniquely identified by the transportation service provider's assigned **offer number**. If capacity on more than one offer with a transportation service provider is released by a shipper and the offers are released as a package, the **stand-alone offer indicator** tells the receiver about the existence of the associated release(s).

An offer can be a prearranged deal. A prearranged deal occurs when the releasing shipper and a replacement shipper (the prearranged bidder) have agreed to the terms of a release prior to posting. A prearranged deal may be biddable or non-biddable. The **biddable deal indicator** informs potential bidders that an offer is or is not biddable. Many indicators are included on an offer. A majority of these indicators are conditional on whether or not the deal is biddable.

The Offer Download contains the offer term, made up of the **release term start date** and **release term end date**, which is the date range for the period of the capacity being offered. This term could span more than one season. When rates and/or quantities in an offer change according to the season, the **seasonal start date** and **seasonal end date** are used to communicate the date ranges that the seasonal rates and quantities are effective.

The offer quantity for the specified ~~gas transaction point(s)~~**location(s)**, offer term, and rate communicate the total quantity being offered for that grouping. Each location within the grouping may also have a ~~gas transaction point~~ quantity associated with it. In other words, the offer quantity specified at the contract level applies to the whole described release, and the offer quantity specified at the ~~gas transaction point, or location,~~ level only applies to the specific ~~gas transaction point~~**location**. The specification of the ~~gas transaction point~~**location** quantities may or may not be supported by the transportation service provider. The sum of the ~~gas transaction point~~**location** quantities may exceed the offer quantity specified. This is because the offer quantity specifies the contractual level of release, while the ~~gas transaction point~~**location** quantities indicate the minimum and/or maximum quantity that must be bid at the locations specified in the offer.

Some transportation service providers' tariffs have all charge types summed into a single volumetric rate or reservation rate. Other tariffs require that rates be bid according to charge types which are identified by the **rate identification code** and **surcharge identification code**. In the situation where rates are summed, a single set of volumetric or reservation rates are included with each release. In the situation where rates are separately biddable, a set of rates is sent for each charge type included in the release. In all situations, all applicable rates are included in the offer. These rates may be stated in absolute dollars and cents per unit basis, or as a percentage of maximum tariff rates.

The **releaser designation of acceptable bidding basis** in the offer tells potential bidders whether to bid in absolute dollars and cents per unit basis, or to bid as a percentage of maximum tariff rates.

The **bid evaluation method** and **bid tie-breaking method** tell potential bidders how bids will be evaluated, and how the winning bid will be determined in the case of a tie, respectively. There are three standard bid evaluation methods: highest rate, net revenue and present value. An explanation of these methods can be found in NAESB WGQ Interpretation 7.3.14 in the Business Process and Practices section of this book.

The Offer Download contains information and entity common code numbers for the **transportation service provider** and the releasing shipper.

Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.

Offer Downloads contain information on all ~~gas transaction points locations~~ involved in the release which are expressed by the location common code or proprietary segment identifier. In addition, the ~~gas transaction point description location name~~ and/or ~~gas transaction point location zone~~ may be specified in the offer. If a segment is defined by two locations as indicated in the location purpose, then two location data elements may be sent. Alternatively, if a segment is defined by a single location, then a single location data element may be sent.

Based on all of the information contained in the offer, potential bidders should be able to submit a bid. They should know how the bid should be expressed, any minimum bid value that may be required (if disclosed), and how and when the winning bid will be determined.

Refer to Transportation Service Provider's tariff, which may require the use of Sender's Option data elements.

In the capacity release process, some business practices allow the use of more than 25 rates and/or surcharges within one line item*. The ANSI X12 limit for the segment containing these rates and/or surcharges (SAC segment) is 25. To accommodate more than 25 rates and/or surcharges within one line item, multiple PO1 loops must be created for the additional SAC segments. These PO1 loops are tied together by the value of the PO101 element, which must match in these multiple PO1 loops. The first occurrence of the PO1 loop of a line item must contain the applicable data elements per NAESB WGQ's specified usage. The subsequent corresponding PO1 loop(s) would only contain the PO101 and the additional SAC segments. No other segments (other than PO1 and SAC) would appear in the subsequent corresponding PO1 loop(s). Since multiple line items may occur, it is necessary to differentiate one line item from another. This is accomplished by assigning a unique PO101 value for each unique line item.

*For the purposes of this explanation, a line item consists of all NAESB WGQ data dictionary data elements that appear in the detail and sub-detail.

DATA DICTIONARY

Standard 5.4.1

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Bidder ~~Company~~ -Data	The unique ~~company-code-number~~ ~~for the~~ legal entity which is the bidder.			
Bidder ~~Company~~ ~~Code~~ * ⁴ (Bidder)		SO	SO	
Bidder ~~Company~~ Name *** (Bidder Name)		C	C	Mandatory, and may only be used, when the Bidder ~~Company Code~~ is present.
Bidder ~~Company~~ Proprietary Code (Bidder Prop)		C	C	May only be used when Bidder ~~Company~~ Data is sent and Bidder ~~Company Code~~ is not available.
~~Gas Transaction Point 1~~ ~~Data~~	~~The code which uniquely~~ ~~corresponds to Gas Transaction~~ ~~Point 1.~~			
~~Gas Transaction~~ ~~Point 1 Code~~ * ** (GTP 1)		M	M	
~~Gas Transaction~~ ~~Point 1 Proprietary~~ ~~Code~~ (GTP 1 Prop)		C	C	~~Mandatory when Gas~~ ~~Transaction Point 1 Code is~~ ~~not present. When this field~~ ~~uniquely identifies the~~ ~~segment, a proprietary~~ ~~segment identifier may be~~ ~~used.~~
~~Gas Transaction Point 1~~ ~~Description~~ (GTP 1 Desc)	~~The transportation service provider~~ ~~designated name, description or~~ ~~other identifier generally in use on~~ ~~the pipeline to identify this gas~~ ~~transaction point (not a standard).~~	M	SO	
~~Gas Transaction Point 1~~ ~~OBA Indicator Data~~	~~An indicator which tells bidders~~ ~~whether there is an Operational~~ ~~Balancing Agreement (OBA) in~~ ~~effect which will govern allocation~~ ~~of actual quantities of gas flowing~~ ~~at Gas Transaction Point 1.~~			
~~Gas Transaction~~ ~~Point 1 OBA~~ ~~Indicator~~ (GTP 1 OBA)		SO	SO	
~~Gas Transaction~~ ~~Point 1 OBA~~ ~~Indicator~~ ~~Description~~ (GTP 1 OBA Desc)		SO	NU	

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
~~Gas Transaction Point 1 Zone (GTP 1 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~SO~~	~~SO~~	
~~Gas Transaction Point 2 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 2.~~			
~~Gas Transaction Point 2 Code * ** (GTP 2)~~		~~G~~	~~G~~	~~Mandatory when the Segment Indicator indicates the segment is defined by two points.~~
~~Gas Transaction Point 2 Proprietary Code (GTP 2 Prop)~~		~~G~~	~~G~~	~~Mandatory when the Segment Indicator indicates the segment is defined by two points, and Gas Transaction Point 2 Code is not present.~~
~~Gas Transaction Point 2 Description (GTP 2 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~G~~	~~SO~~	~~For EBB, mandatory when the Segment Indicator indicates the segment is defined by two points.~~
~~Gas Transaction Point 2 OBA Indicator Data~~	~~An indicator which tells bidders whether there is an Operational Balancing Agreement (OBA) in effect which will govern allocation of actual quantities of gas flowing at Gas Transaction Point 2.~~		~~SO~~	
~~Gas Transaction Point 2 OBA Indicator (GTP 2 OBA)~~		~~SO~~	~~SO~~	
~~Gas Transaction Point 2 OBA Indicator Description (GTP 2 OBA Desc)~~		~~SO~~	~~NU~~	
~~Gas Transaction Point 2 Zone (GTP 2 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~SO~~	~~SO~~	
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>			
<u>Location * ** (Loc)</u>		<u>M</u>	<u>M</u>	
<u>Location Name *** (Loc Name)</u>		<u>M</u>	<u>SO</u>	

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Location Proprietary Code (Loc Prop)</u>		<u>C</u>	<u>C</u>	<u>Mandatory when Location is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.</u>
<u>Location OBA Indicator Data</u>	<u>Indicates whether an Operational Balancing Agreement (OBA) is in effect which will govern the allocation of actual quantities of gas flowing at the location.</u>			
<u>Location OBA Indicator (Loc OBA)</u>		<u>SO</u>	<u>SO</u>	
<u>Location OBA Indicator Description (Loc OBA Desc)</u>		<u>C</u>	<u>nu</u>	<u>For EBB, mandatory when Location OBA Indicator is present.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>			
<u>Location Purpose (Loc Purp)</u>		<u>M</u>	<u>M</u>	
<u>Location Purpose Description (Loc Purp Desc)</u>		<u>M</u>	<u>nu</u>	
<u>Location Zone (Loc Zn)</u>	<u>The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location</u>	<u>SO</u>	<u>SO</u>	
Releaser ~~Company~~ Data	The legal entity which signed the contract with the transportation service provider.			
Releaser ~~Company~~ Code * 4 (Releaser)		SO	SO	
Releaser ~~Company~~ Name *** (Releaser Name)		C	C	Mandatory, and may only be used, when the Releaser ~~Company Code~~ is present.
Releaser ~~Company~~ Proprietary Code (Releaser Prop)		C	C	May only be used when Releaser ~~Company~~ Data is sent and Releaser ~~Company Code~~ is not available
Replacement Capacity Indicator Data	An indicator which tells bidders whether a releasing shipper will accept bids submitted with replacement capacity ~~gas transaction points~~ <u>Locations</u> in lieu of the ~~gas transaction points~~ <u>Locations</u> originally identified in the offer-			

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Replacement Capacity Indicator (Repl Cap)		BC	BC	Applicable to transportation service providers who offer replacement capacity from full requirements delivery points. For EBB, when this condition is met, at least one of Replacement Capacity Indicator or Replacement Capacity Indicator Description is required.
Replacement Capacity Indicator Description (Repl Cap Desc)		BC	nu	Applicable to transportation service providers who offer replacement capacity from full requirements delivery points. For EBB, when this condition is met, at least one of Replacement Capacity Indicator or Replacement Capacity Indicator Description is required.
Segment Indicator (Segment)	A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.	nu	M	

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

CODE VALUES DICTIONARY

Discount Indicator

Code Value Description	Code Value Definition	Code Value
The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the releasing shipper if other than the <u>gas transaction points locations</u> used to describe this capacity are utilized by the replacement shipper.	[no definition necessary]	3
The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the replacement shipper if other than the <u>gas transaction points locations</u> used to describe this capacity are utilized by the replacement shipper.	[no definition necessary]	1
The rates associated with the capacity being released include rates discounted by the transportation service provider. However, the releasing shipper has not specified who would be responsible for any additional charges if other than the <u>gas transaction points locations</u> used to describe this capacity are utilized by the replacement shipper.	[no definition necessary]	4

Gas Transaction Point (1 or 2) OBA Indicator

Code Value Description	Code Value Definition	Code Value
An OBA is in effect		Y
No OBA is in effect		N
Unknown		U

Location OBA Indicator

Code Value Description	Code Value Definition	Code Value
An OBA is in effect	[no definition necessary]	Y
No OBA is in effect	[no definition necessary]	N
Unknown	[no definition necessary]	U

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>S8</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

Replacement Capacity Indicator

Code Value Description	Code Value Definition	Code Value
Bid must be based solely on those ~~gas transaction points~~ <u>locations</u> originally identified in this offer.	[no definition necessary]	2
Bidder may substitute replacement capacity ~~gas transaction points~~ <u>locations</u> for the ~~gas transaction points~~ <u>locations</u> originally identified in this offer.	[no definition necessary]	1

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Bid Download is a report from a transportation service provider to a data requester. Each Bid Download contains all of the information pertaining to a bid which has been received from potential replacement shippers in response to an offer to release capacity. There may be multiple bids (or no bids) received by the transportation service provider in response to an offer.

The **bid receipt date** and **bid receipt time** indicate the date and time that the bid was received by the transportation service provider.

Each Bid Download contains the **offer number** that the bid pertains to, as well as a **bid number** assigned by the transportation service provider. Each bid number is unique within a transportation service provider. By providing the bid number and offer number, both the bid and the offer to which the bid corresponds can be uniquely identified.

The **prearranged bid indicator** tells the data requester whether the bid is in response to an offer or is part of a prearranged deal.

Bids also contain a **stand-alone bid indicator** which tells the data requester whether the bid stands on its own or must be considered along with another bid or bids. In addition, the **contingency indicator** tells the data requester whether the bid is contingent or not.

The bid contains the bid quantity which specifies the quantity that the bidder wishes to acquire. In some cases, the bidder may be willing to accept an award for less than the full quantity bid on. This is indicated in the bid by the **lesser quantity indicator**. In these cases, the bidder also submits a bid minimum quantity which indicates the minimum quantity the bidder will accept. The bid quantity (and bid minimum quantity) may be expressed for the total quantity being offered (at the contract level), or may be expressed separately for each **gas-transaction-point**location contained in the offer (at the location level).

The bid contains information on the dollar value being bid. This value may be expressed in various forms or charge types, such as volumetric rate or reservation rate. Charge types are identified by the **rate identification code** and **surcharge identification code**. The charge type(s) in the bid are determined by those contained in the offer to which the bid is in response. In some cases, the value bid is expressed in absolute dollars and cents per unit basis. In other cases the bid is expressed as a percentage of maximum tariff rates. This is indicated by the **bidder designation of bidding basis**.

The Bid Download also contains the bidder's release term, made up of the **bidder's release term start date** and **bidder's release term end date**, which is the date range for the period of capacity the bidder wishes to acquire. Note that this may be the same as the date range in the offer, or the bidder may bid for a shorter term if the releasing shipper has indicated that a shorter term bid is acceptable.

The Bid Download contains the entity common code numbers for all parties involved in the transaction: the **transportation service provider**, the bidder, and the releasing shipper.

Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.

Bid Downloads contain information on **gas-transaction-points**locations involved in the release which are expressed by the location common code or proprietary segment identifier. In addition,

the **gas transaction point description****location name** and/or **gas transaction point****location zone** may be specified in the bid. If a segment is defined by two locations as indicated in the **location purpose**, then two location data elements may be sent. Alternatively, if a segment is defined by a single location, then a single location data element may be sent.

Based on all of the information contained in the bid, the transportation service provider, through a predetermined evaluation method specified by the releasing shipper in the offer, evaluates which bid or bids (in the case of multiple bids for less than the full offer) on the original offer are winners. This bid (or bids) is (are) then accepted and awarded. This information is communicated through the Award Download. There are three standard bid evaluation methods: highest rate, net revenue and present value. An explanation of these methods can be found in NAESB WGQ Interpretation 7.3.14 in the Business Process and Practices section of this book.

Refer to Transportation Service Provider's tariff, which may require the use of Sender's Option data elements.

In the capacity release process, some business practices allow the use of more than 25 rates and/or surcharges within one line item*. The ANSI X12 limit for the segment containing these rates and/or surcharges (SAC segment) is 25. To accommodate more than 25 rates and/or surcharges within one line item, multiple PO1 loops must be created for the additional SAC segments. These PO1 loops are tied together by the value of the PO101 element, which must match in these multiple PO1 loops. The first occurrence of the PO1 loop of a line item must contain the applicable data elements per NAESB WGQ's specified usage. The subsequent corresponding PO1 loop(s) would only contain the PO101 and the additional SAC segments. No other segments (other than PO1 and SAC) would appear in the subsequent corresponding PO1 loop(s). Since multiple line items may occur, it is necessary to differentiate one line item from another. This is accomplished by assigning a unique PO101 value for each unique line item.

*For the purposes of this explanation, a line item consists of all NAESB WGQ data dictionary data elements that appear in the detail and sub-detail.

DATA DICTIONARY

Standard 5.4.2

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Gas Transaction Point 1 Data	The code which uniquely corresponds to Gas Transaction Point 1.			
Gas Transaction Point 1 Code * ** (GTP 1)		M	M	
Gas Transaction Point 1 Proprietary Code (GTP 1 Prop)		C	C	Mandatory when Gas Transaction Point 1 Code is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.
Gas Transaction Point 1 Description (GTP 1 Desc)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).	M	SO	
Gas Transaction Point 1 Zone (GTP 1 Zn)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).	SO	SO	
Gas Transaction Point 2 Data	The code which uniquely corresponds to Gas Transaction Point 2.			
Gas Transaction Point 2 Code * ** (GTP 2)		C	C	Mandatory when the Segment Indicator indicates the segment is defined by two points.
Gas Transaction Point 2 Proprietary Code (GTP 2 Prop)		C	C	Mandatory when the Segment Indicator indicates the segment is defined by two points, and Gas Transaction Point 2 Code is not present.
Gas Transaction Point 2 Description (GTP 2 Desc)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).	C	SO	For EBB, mandatory when the Segment Indicator indicates the segment is defined by two points.

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
~~Gas Transaction Point 2 Zone (GTP 2 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~SO~~	~~SO~~	
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>			
<u>Location * ** (Loc)</u>		<u>M</u>	<u>M</u>	
<u>Location Name *** (Loc Name)</u>		<u>M</u>	<u>SO</u>	
<u>Location Proprietary Code Code (Loc Prop)</u>		<u>C</u>	<u>C</u>	<u>Mandatory when Location is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>			
<u>Location Purpose (Loc Purp)</u>		<u>M</u>	<u>M</u>	
<u>Location Purpose Description (Loc Purp Desc)</u>		<u>M</u>	<u>nu</u>	
<u>Location Zone (Loc Zn)</u>	<u>The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location</u>	<u>SO</u>	<u>SO</u>	
Releaser ~~Company~~ -Data	The legal entity which signed the contract with the transportation service provider.			
Releaser ~~Company~~ ~~Code~~ * 4 (Releaser)		SO	SO	
Releaser ~~Company~~ Name *** (Releaser Name)		C	C	Mandatory and may only be used when the Releaser ~~Company~~ ~~Code~~ or Releaser ~~Company~~ Proprietary Code is present.
Releaser ~~Company~~ Proprietary Code (Releaser Prop)		C	C	May only be used when Releaser ~~Company~~ Data is sent and Releaser ~~Company~~ ~~Code~~ is not available.
~~Segment Indicator (Segment)~~	~~A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.~~	~~nu~~	~~M~~	

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

CODE VALUES DICTIONARY

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	<u>[no definition necessary]</u>	<u>MQ</u>
<u>Injection Point</u>	<u>[no definition necessary]</u>	<u>IJ</u>
<u>Mainline</u>	<u>[no definition necessary]</u>	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	<u>[no definition necessary]</u>	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	<u>[no definition necessary]</u>	<u>S8</u>
<u>Receipt Location</u>	<u>[no definition necessary]</u>	<u>M2</u>
<u>Storage Area</u>	<u>[no definition necessary]</u>	<u>SB</u>
<u>Withdrawal Point</u>	<u>[no definition necessary]</u>	<u>WR</u>

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Award Download is a report from a transportation service provider to a data requester. The Award Download contains data from the original offer and the winning bid. It also contains data on firm transportation or storage capacity which was awarded to the replacement shipper who submitted the winning bid. The Award Download contains all information pertaining to the terms of the deal as it was ultimately consummated. Not every offer will result in an award, but every award will correspond to an offer.

The Award Download contains the **offer number** of the original offer and the **bid number** of the winning bid which resulted in the award. In the case of multiple partial bids, there will be multiple Award Downloads each of which will contain a different bid number. All awards may be traced back to the offer they correspond to and the bid which was the ultimate winner. The **prearranged deal indicator** tells the data requester whether the award was the result of a non-prearranged offer or a prearranged deal.

The Award Download contains the award quantity which specifies the final quantity that was awarded. The award quantity may be expressed for the total quantity awarded (at the contract level), or may be expressed separately for each **gas-transaction-pointlocation** contained in the award (at the location level).

The Award Download contains all rate information pertaining to the various charge types, such as volumetric rate, reservation rate, etc. The charge types themselves correspond to those in the original offer, but the values reflect the final outcome of the bidding and award process. As in the offer and bid, the value of the charge types may be expressed in absolute dollars and cents per unit basis or as a percentage of maximum tariff rates. As in the bid, this is indicated by the **bidder designation of bidding basis**. The charge types are expressed in the same form as they were expressed in the original offer. The Award Download also contains the maximum reservation rate in effect, or in the case of a volumetric release, the maximum volumetric rate in effect.

The term in the Award Download represents the actual award term, made up of the **release term start date**, **release term start time**, **release term end date** and **release term end time**, that is the start and end dates and times for the term of the release of capacity. This may be the same as offered, or it may be a shorter term if the offer was open to bidding on a shorter term.

As in the other datasets, all parties involved in the transaction are identified by their entity common code number. The **transportation service provider**, the releasing shipper, and the replacement shipper/winning bidder are identified.

Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.

Award Downloads contain information on **gas-transaction-pointslocations** involved in the release which are expressed by the location common code or proprietary segment identifier. In addition, the **gas-transaction-point-descriptionlocation name** and/or **gas-transaction-pointlocation zone** may be specified in the bid. If a segment is defined by two locations as indicated in the location purpose, then two location data elements may be sent. Alternatively, if a segment is defined by a single location, then a single location data element may be sent.

The Award Download represents the final document in the offer-bid-award process of capacity release. It contains the information pertaining to what capacity, at what points, and at what price for what period, was actually released and awarded to a replacement shipper.

Refer to Transportation Service Provider's tariff, which may require the use of Sender's Option data elements.

In the capacity release process, some business practices allow the use of more than 25 rates and/or surcharges within one line item*. The ANSI X12 limit for the segment containing these rates and/or surcharges (SAC segment) is 25. To accommodate more than 25 rates and/or surcharges within one line item, multiple PO1 loops must be created for the additional SAC segments. These PO1 loops are tied together by the value of the PO101 element, which must match in these multiple PO1 loops. The first occurrence of the PO1 loop of a line item must contain the applicable data elements per NAESB WGQ's specified usage. The subsequent corresponding PO1 loop(s) would only contain the PO101 and the additional SAC segments. No other segments (other than PO1 and SAC) would appear in the subsequent corresponding PO1 loop(s). Since multiple line items may occur, it is necessary to differentiate one line item from another. This is accomplished by assigning a unique PO101 value for each unique line item.

*For the purposes of this explanation, a line item consists of all NAESB WGQ data dictionary data elements that appear in the detail and sub-detail.

DATA DICTIONARY

Standard 5.4.3

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Bidder ~~Company~~ -Data	The unique ~~company-code number~~ ~~for the~~ legal entity which is the bidder.			
Bidder ~~Company~~ ~~Code~~ * ⁴ (Bidder)		M	M	
Bidder ~~Company~~ Name *** (Bidder Name)		M	M	
Bidder ~~Company~~ Proprietary Code (Bidder Prop)		C	C	Mandatory when Bidder ~~Company Code~~ is not present.
~~Gas Transaction Point 1~~ ~~Data~~	~~The code which uniquely~~ ~~corresponds to Gas Transaction~~ ~~Point 1.~~			
~~Gas Transaction~~ ~~Point 1 Code~~ * ** (GTP-1)		M	M	
~~Gas Transaction~~ ~~Point 1 Proprietary~~ ~~Code~~ (GTP-1 Prop)		C	C	Mandatory when Gas Transaction Point 1 Code is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.
~~Gas Transaction Point 1~~ ~~Description~~ (GTP-1 Desc)	~~The transportation service provider~~ ~~designated name, description or~~ ~~other identifier generally in use on~~ ~~the pipeline to identify this gas~~ ~~transaction point (not a standard).~~	M	SO	
~~Gas Transaction Point 1~~ ~~Zone~~ (GTP-1 Zn)	~~The transportation service provider~~ ~~designated name, description or~~ ~~other identifier generally in use on~~ ~~the pipeline to identify this gas~~ ~~transaction point zone (not a~~ ~~standard).~~	SO	SO	
~~Gas Transaction Point 2~~ ~~Data~~	~~The code which uniquely~~ ~~corresponds to Gas Transaction~~ ~~Point 2.~~			
~~Gas Transaction~~ ~~Point 2 Code~~ * ** (GTP-2)		C	C	Mandatory when the Segment Indicator indicates the segment is defined by two points.

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Gas Transaction Point 2 Proprietary Code (GTP 2 Prop)		<u>C</u>	<u>C</u>	Mandatory when the Segment Indicator indicates the segment is defined by two points, and Gas Transaction Point 2 Code is not present.
Gas Transaction Point 2 Description (GTP 2 Desc)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).	<u>C</u>	<u>SO</u>	For EBB, mandatory when the Segment Indicator indicates the segment is defined by two points.
Gas Transaction Point 2 Zone (GTP 2 Zn)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).	<u>SO</u>	<u>SO</u>	
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>			
<u>Location</u> * ** (Loc)		<u>M</u>	<u>M</u>	
<u>Location Name</u> *** (Loc Name)		<u>M</u>	<u>SO</u>	
<u>Location Proprietary Code Code (Loc Prop)</u>		<u>C</u>	<u>C</u>	Mandatory when Location is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>			
<u>Location Purpose (Loc Purp)</u>		<u>M</u>	<u>M</u>	
<u>Location Purpose Description (Loc Purp Desc)</u>		<u>M</u>	<u>nu</u>	
<u>Location Zone (Loc Zn)</u>	<u>The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location</u>	<u>SO</u>	<u>SO</u>	
Releaser ~~Company~~ Data	The legal entity which signed the contract with the transportation service provider.			
Releaser ~~Company~~ Code * 4 (Releaser)		M	M	
Releaser ~~Company~~ Name *** (Releaser Name)		M	M	

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Releaser ~~Company~~ Proprietary Code (Releaser Prop)		C	C	Mandatory when Releaser ~~Company~~ ~~Code~~ is not present.
~~Segment Indicator~~ (~~Segment~~)	~~A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.~~	~~nu~~	~~M~~	

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

CODE VALUES DICTIONARY

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>S8</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Replacement Capacity dataset is a report from a transportation service provider to a data requester. Replacement capacity currently applies to, and the dataset is available from, only one interstate pipeline.

Replacement capacity allows full requirements customers to release capacity at their location into a pool of available replacement capacity and enables a replacement shipper to substitute this replacement capacity from the available pool in the event the bidder desires to bid on a release but wants firm capacity at a point(s) different from that in the offer. When the award is made, the replacement shipper can replace firm capacity awarded at primary delivery points in the releasing shipper's offer with a point from the replacement capacity pool. This is in contrast to a typical release where the replacement shipper acquires firm capacity at the releasing shipper's point or points and would use secondary capacity to go to a different location.

As such the replacement capacity dataset is similar in some respects to both the offer and the operationally available and unsubscribed capacity datasets. The data contained in the replacement capacity represents a subset of data contained in these datasets as well as data specific to replacement capacity.

Replacement capacity contains the **replacement quantity** which specifies the replacement capacity quantity available at the specified **gas transaction point location(s) or points**.

The **replacement capacity term begin date** and the **replacement capacity term end date** specify the available term for the replacement capacity.

Unlike the offer, note that no rate information or bid terms and conditions are applicable to replacement capacity. These would be specified in the offer to which a potential replacement shipper would apply any replacement capacity.

Replacement capacity contains information on the **gas transaction points locations** where replacement capacity is available. These points are expressed by the location common code. In addition, the **gas transaction point description location name** and/or **gas transaction point location zone** may be specified. In some instances the **gas transaction point location state** is required. If a segment is defined by two locations as indicated in the location purpose, then two location data elements may be sent. Alternatively, if a segment is defined by a single location, then a single location data element may be sent. An addition to replacement capacity, which is not present in the offer is the **production area indicator**. This indicator specifies whether the replacement capacity is within, or outside, the production area.

Replacement capacity contains information on, and the entity common code number for, the transportation service provider only. Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.

Refer to Transportation Service Provider's tariff which may require the use of Sender's Option data elements.

DATA DICTIONARY

Standard 5.4.4

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
~~Gas Transaction Point 1-Data~~	~~The code which uniquely corresponds to Gas Transaction Point 1.~~			
~~Gas Transaction Point 1 Code * ** (GTP 1)~~		~~M~~	~~M~~	
~~Gas Transaction Point 1 Proprietary Code (GTP 1 Prop)~~		~~G~~	~~G~~	~~Mandatory when Gas Transaction Point 1 Code is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.~~
~~Gas Transaction Point 1-Description (GTP 1 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~M~~	~~SO~~	
~~Gas Transaction Point 1-OBA Indicator Data~~	~~An indicator which tells bidders whether there is an Operational Balancing Agreement (OBA) in effect which will govern allocation of actual quantities of gas flowing at Gas Transaction Point 1.~~			
~~Gas Transaction Point 1 OBA Indicator (GTP 1 OBA)~~		~~SO~~	~~SO~~	
~~Gas Transaction Point 1 OBA Indicator Description (GTP 1 OBA Desc)~~		~~SO~~	~~NU~~	
~~Gas Transaction Point 1-State (GTP 1 St)~~	~~The state in which Gas Transaction Point 1 exists.~~	~~SO~~	~~SO~~	
~~Gas Transaction Point 1-Zone (GTP 1 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~SO~~	~~SO~~	
~~Gas Transaction Point 2-Data~~	~~The code which uniquely corresponds to Gas Transaction Point 2.~~			

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
~~Gas Transaction Point 2 Code * ** (GTP 2)~~		~~C~~	~~C~~	~~Mandatory when the Segment Indicator indicates the segment is defined by two points.~~
~~Gas Transaction Point 2 Proprietary Code (GTP 2 Prop)~~		~~C~~	~~C~~	~~Mandatory when the Segment Indicator indicates the segment is defined by two points, and Gas Transaction Point 2 Code is not present.~~
~~Gas Transaction Point 2 Description (GTP 2 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~C~~	~~SO~~	~~For EBB, mandatory when the Segment Indicator indicates the segment is defined by two points.~~
~~Gas Transaction Point 2 OBA Indicator Data~~	~~An indicator which tells bidders whether there is an Operational Balancing Agreement (OBA) in effect which will govern allocation of actual quantities of gas flowing at Gas Transaction Point 2.~~			
~~Gas Transaction Point 2 OBA Indicator (GTP 2 OBA)~~		~~SO~~	~~SO~~	
~~Gas Transaction Point 2 OBA Indicator Description (GTP 2 OBA Desc)~~		~~SO~~	~~nu~~	
~~Gas Transaction Point 2 State (GTP 2 St)~~	~~The state in which Gas Transaction Point 2 exists.~~	~~SO~~	~~SO~~	
~~Gas Transaction Point 2 Zone (GTP 2 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~SO~~	~~SO~~	
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>			
<u>Location * ** (Loc)</u>		<u>M</u>	<u>M</u>	
<u>Location Name *** (Loc Name)</u>		<u>M</u>	<u>SO</u>	
<u>Location Proprietary Code (Loc Prop)</u>		<u>C</u>	<u>C</u>	<u>Mandatory when Location is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.</u>

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Location OBA Indicator Data</u>	<u>Indicates whether an Operational Balancing Agreement (OBA) is in effect which will govern the allocation of actual quantities of gas flowing at the location.</u>			
<u>Location OBA Indicator (Loc OBA)</u>		<u>SO</u>	<u>SO</u>	
<u>Location OBA Indicator Description (Loc OBA Desc)</u>		<u>C</u>	<u>nu</u>	<u>For EBB, mandatory when Location OBA Indicator is present.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>			
<u>Location Purpose (Loc Purp)</u>		<u>M</u>	<u>M</u>	
<u>Location Purpose Description (Loc Purp Desc)</u>		<u>M</u>	<u>nu</u>	
<u>Location State (Loc St)</u>	<u>The state in which the location exists.</u>	<u>SO</u>	<u>SO</u>	
<u>Location Zone (Loc Zn)</u>	<u>The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location</u>	<u>SO</u>	<u>SO</u>	
<u>Segment Indicator (Segment)</u>	<u>A code which indicates whether gas transaction point 1 uniquely identifies the segment.</u>	<u>nu</u>	<u>M</u>	

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. [S4 – from R97058B]

CODE VALUES DICTIONARY

Gas Transaction Point (1 or 2) OBA Indicator

Code Value Description	Code Value Definition	Code Value
An OBA is in effect		<u>Y</u>
No OBA is in effect		<u>N</u>
Unknown		<u>U</u>

Location OBA Indicator

Code Value Description	Code Value Definition	Code Value
An OBA is in effect	[no definition necessary]	<u>Y</u>
No OBA is in effect	[no definition necessary]	<u>N</u>
Unknown	[no definition necessary]	<u>U</u>

Location Purpose

Code Value Description	Code Value Definition	Code Value
Delivery Location	[no definition necessary]	<u>MQ</u>
Injection Point	[no definition necessary]	<u>IJ</u>
Mainline	[no definition necessary]	<u>MV</u>
Pipeline Segment defined by 1 location (or first of 2 locations)	[no definition necessary]	<u>S9</u>
Pipeline Segment defined by 2 locations (or second of 2 locations)	[no definition necessary]	<u>S8</u>
Receipt Location	[no definition necessary]	<u>M2</u>
Storage Area	[no definition necessary]	<u>SB</u>
Withdrawal Point	[no definition necessary]	<u>WR</u>

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Offer Upload document is sent from the releasing shipper (or its agent) to the transportation service provider. The Offer Upload enables a releasing shipper to communicate the terms of an offer that the shipper wishes to receive bids on, or an offer which already has a prearranged bid associated with it (i.e., a prearranged deal).

If the deal is not prearranged, the transaction contains all of the data necessary for the transportation service provider to post the offer information and allow potential replacement shippers to bid on the offered capacity. If the deal is prearranged, the transaction contains all of the data necessary to convey the terms of the offer and the terms of the prearranged bid to the transportation service provider. Prearranged deals may also be biddable or non-biddable.

An **offer tracking identifier** is assigned to each offer upload transaction. This identifier allows the Offer Upload to be identified in relevant response documents, including the Offer Upload Quick Response. This identifier is assigned by the releasing party.

If there is no prearranged bid information contained in the Offer Upload, the document contains all of the terms necessary to populate the offer transaction. In the case where there is prearranged bid information, the Offer Upload contains all of the information necessary to populate the offer, bid and award transactions. Many of the data elements in the Offer Upload are conditional upon whether or not the offer has a prearranged bid associated with it, which is indicated by the **prearranged deal indicator**. In the case of prearranged deals, the **biddable deal indicator** tells other shippers if the prearranged deal is biddable. Prearranged deals that are not biddable have fewer data elements associated with them than biddable prearranged deals.

There are three standard bid evaluation methods that a transportation service provider may offer for the releasing shipper to choose from: highest rate, net revenue and present value. An explanation of these methods can be found in NAESB WGQ Interpretation 7.3.14 in the Business Process and Practices section of this book.

One release may be for multiple segments within a contract, multiple seasons and/or multiple rate zones. Locations and associated quantities within a release may be grouped by season, a group of locations, and/or a group of rates. In other words, if the same set of rates and dates apply to many released receipt and/or delivery locations, then the locations and their associated quantities may be grouped into one set of rates and dates.

Some transportation service provider tariffs require that rates are bid according to **rate identification code** or **surcharge identification code**, while other tariffs allow all charge type rates to be summed into a single volumetric rate or reservation rate. Because of this variance, all rates are specified according to a rate charge type. In the situation where rates are summed, then a single set of volumetric or reservation rates will be included with each release. In the situation where rates are separately biddable, there must be a set of rates for each charge type included in the release. In all situations, all applicable rates must be included in the release.

The Offer Upload contains the entity common code numbers for the **transportation service provider**, the releasing shipper, and, if the Offer Upload contains prearranged bid information, the **bidder****bidder**.

In the capacity release process, some business practices allow the use of more than 25 rates and/or surcharges within one line item*. The ANSI X12 limit for the segment containing these rates and/or surcharges (SAC segment) is 25. To accommodate more than 25 rates and/or surcharges within one line item, multiple PO1 loops must be created for the additional SAC segments. These

PO1 loops are tied together by the value of the PO101 element, which must match in these multiple PO1 loops. The first occurrence of the PO1 loop of a line item must contain the applicable data elements per NAESB WGQ's specified usage. The subsequent corresponding PO1 loop(s) would only contain the PO101 and the additional SAC segments. No other segments (other than PO1 and SAC) would appear in the subsequent corresponding PO1 loop(s). Since multiple line items may occur, it is necessary to differentiate one line item from another. This is accomplished by assigning a unique PO101 value for each unique line item.

*For the purposes of this explanation, a line item consists of all NAESB WGQ data dictionary data elements that appear in the detail and sub-detail.

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DATA DICTIONARY

Standard 5.4.7

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Bidder ~~Company~~ -Data	The ~~unique company code number for the~~ legal entity which is the bidder.			
Bidder ~~Company Code~~ * 4 (Bidder)		C	C	Mandatory when the Prearranged Deal Indicator indicates prearranged.
Bidder ~~Company~~ -Name (Bidder Name)		C	nu	Mandatory when the Prearranged Deal Indicator indicates prearranged.
Bidder ~~Company~~ Proprietary Code (Bidder Prop)		C	C	Mandatory when the Prearranged Deal Indicator indicates prearranged and Bidder ~~Company~~ -Proprietary Code is not present.
~~Gas Transaction Point 1 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 1.~~			
~~Gas Transaction Point 1 Code * ** (GTP 1)~~		~~M~~	~~M~~	
~~Gas Transaction Point 1 Proprietary Code (GTP 1 Prop)~~		~~G~~	~~G~~	~~Mandatory when Gas Transaction Point 1 Code is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.~~
~~Gas Transaction Point 1 Description (GTP 1 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~M~~	~~MA~~	
~~Gas Transaction Point 1 Zone (GTP 1 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~BC~~	~~BC~~	~~Applicable to transportation service providers who offer replacement capacity from full requirements delivery points. Required only when releasing shipper's contract contains multiple rate zones.~~

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Gas Transaction Point 2 Data	The code which uniquely corresponds to Gas Transaction Point 2.			
Gas Transaction Point 2 Code * ** (GTP-2)		G	G	Mandatory when the Segment Indicator indicates the segment is defined by two points.
Gas Transaction Point 2 Proprietary Code (GTP-2 Prop)		G	G	Mandatory when the Segment Indicator indicates the segment is defined by two points, and Gas Transaction Point 2 Code is not present.
Gas Transaction Point 2 Description (GTP-2 Desc)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).	G	MA	For EBB, mandatory when the Segment Indicator indicates the segment is defined by two points.
Location Data	Unique identification of a point, segment, zone or facility.			
Location * ** (Loc)		M	M	
Location Name *** (Loc Name)		M	MA	
Location Proprietary Code Code (Loc Prop)		C	C	Mandatory when Location is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.
Location Purpose Data	Identifies the function of the location			
Location Purpose (Loc Purp)		nu	M	
Location Purpose Description (Loc Purp Desc)		M	nu	
Location Zone (Loc Zn)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location	BC	BC	Applicable to transportation service providers who offer replacement capacity from full requirements delivery points. Required only when releasing shipper's contract contains multiple rate zones.

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Releaser ~~Company~~ -Data	The legal entity which signed the contract with the transportation service provider.			
Releaser ~~Company Code~~ * 4 (Releaser)		M	M	
Releaser ~~Company~~ -Name (Releaser Name)		M	nu	
Releaser ~~Company~~ Proprietary Code (Releaser Prop)		C	C	Mandatory when Releaser ~~Company~~ ~~Code~~ is not present.
Replacement Capacity Indicator Data	An indicator which tells bidders whether a releasing shipper will accept bids submitted with replacement capacity ~~gas transaction points~~ locations in lieu of the ~~gas transaction points~~ locations originally identified in the offer.			
Replacement Capacity Indicator (Repl Cap)		BC	BC	Applicable to transportation service providers who offer replacement capacity from full requirements delivery points. For EBB, when this condition is met, at least one of Replacement Capacity Indicator or Replacement Capacity Indicator Description is required.
Replacement Capacity Indicator Description (Repl Cap Desc)		BC	nu	Applicable to transportation service providers who offer replacement capacity from full requirements delivery points. For EBB, when this condition is met, at least one of Replacement Capacity Indicator or Replacement Capacity Indicator Description is required.
Return Addressee ~~Company~~ Data	The ~~unique company code number for the~~ legal entity to which the response to a document is to be sent.			
Return Addressee ~~Company Code~~ * 4 (Rtn Addr)		M	M	
Return Addressee ~~Company~~ -Name (Rtn Addr Name)		M	nu	

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Return Addressee ~~Company~~ Proprietary Code (Rtn Addr Prop)		C	C	Mandatory when Return Addressee ~~Company Code~~ is not present.
~~Segment Indicator (Segment)~~	~~A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.~~	~~NU~~	~~M~~	

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. [S4 – from R97058B]

CODE VALUES DICTIONARY

Discount Indicator

Code Value Description	Code Value Definition	Code Value
The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the releasing shipper if other than the ~~gas transaction points~~ <u>locations</u> used to describe this capacity are utilized by the replacement shipper.	[no definition necessary]	3
The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the replacement shipper if other than the ~~gas transaction points~~ <u>locations</u> used to describe this capacity are utilized by the replacement shipper	[no definition necessary]	1

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>S8</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

Replacement Capacity Indicator

Code Value Description	Code Value Definition	Code Value
Bid must be based solely on those ~~gas transaction points~~ <u>locations</u> originally identified in this offer.	[no definition necessary]	2

Code Value Description	Code Value Definition	Code Value
Bidder may substitute replacement capacity ~~gas transaction points~~ locations for the ~~gas transaction points~~ locations originally identified in this offer.	[no definition necessary]	1

DATA DICTIONARY

Standard 5.4.8

Business Name (Abbreviation)	Definition	EDI/FF Usage	Condition
~~Gas Transaction Point 1 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 1.~~		
~~Gas Transaction Point 1 Code * ** (GTP 1)~~		~~C~~	~~Mandatory when errors/warnings occur at the location level.~~
~~Gas Transaction Point 1 Proprietary Code (GTP 1 Prop)~~		~~C~~	~~Mandatory when errors/warnings occur at the location level, and Gas Transaction Point 1 Code is not present.~~
~~Gas Transaction Point 2 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 2.~~		
~~Gas Transaction Point 2 Code * ** (GTP 2)~~		~~C~~	~~Mandatory when errors/warnings occur at the location level and Gas Transaction Point 2 Code was present in the Offer Upload.~~
~~Gas Transaction Point 2 Proprietary Code (GTP 2 Prop)~~		~~C~~	~~Mandatory when errors/warnings occur at the location level and Gas Transaction Point 2 Proprietary Code was present in the Offer Upload.~~
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>		
<u>Location * ** (Loc)</u>		<u>C</u>	<u>Mandatory when errors/warnings occur at the location level.</u>
<u>Location Proprietary Code Code (Loc Prop)</u>		<u>C</u>	<u>Mandatory when errors/warnings occur at the location level and location is not present.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>		
<u>Location Purpose (Loc Purp)</u>		<u>C</u>	<u>Mandatory when errors/warnings occur at the location level.</u>
<u>Segment Indicator (Segment)</u>	<u>A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.</u>	<u>C</u>	<u>Mandatory when errors/warnings occur at the location level.</u>

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

⁴ Refer to NAESB Standard No. [S4 – from R97058B]

CODE VALUES DICTIONARY

Location Purpose

Code Value Description	Code Value Definition	Code Value
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>S8</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

Validation Code (Heading)

Code Value	Code Value Description	Code Value Definition
E105	Missing Releaser <u>Company Code</u>	[no definition necessary]
E106	Invalid Releaser <u>Company Code</u>	[no definition necessary]
E190	Invalid Bidder <u>Company Code</u>	[no definition necessary]
E501	Missing Return Addressee <u>Company Code</u>	[no definition necessary]
E502	Invalid Return Addressee <u>Company Code</u>	[no definition necessary]
E508	Missing Bidder <u>Company Code</u>	[no definition necessary]

Validation Code (Sub-detail)

Code Value	Code Value Description	Code Value Definition
E326	Missing <u>Gas Transaction Point (1 or 2) Location Code</u>	[no definition necessary]
E327	Invalid <u>Gas Transaction Point (1 or 2) Location Code</u>	[no definition necessary]
E330	Missing <u>Gas Transaction Point (1 or 2) Location Description Name</u>	[no definition necessary]
E331	Invalid <u>Gas Transaction Point (1 or 2) Location Description Name</u>	[no definition necessary]
E354	Missing <u>Gas Transaction Point 1 Location</u> Zone	[no definition necessary]
E355	Invalid <u>Gas Transaction Point 1 Location</u> Zone	[no definition necessary]
W665	<u>Gas Transaction Point (1 or 2) Description Location Name</u> not used	[no definition necessary]
W670	<u>Gas Transaction Point 1 Location</u> Zone not processed	[no definition necessary]

DATA DICTIONARY

Standard 5.4.9

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Bidder ~~Company~~ -Data	The unique ~~company code number~~ for the legal entity which is the bidder.			
Bidder ~~Company Code~~ * ⁴ (Bidder)		M	M	
Bidder ~~Company Name~~ (Bidder Name)		M	nu	
Bidder ~~Company Proprietary Code~~ (Bidder Prop)		C	C	Mandatory when Bidder ~~Company Code~~ is not present.
~~Gas Transaction Point 1 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 1.~~			
~~Gas Transaction Point 1 Code~~ * ** (GTP 1)		M	M	
~~Gas Transaction Point 1 Proprietary Code~~ (GTP 1 Prop)		G	G	~~Mandatory when Gas Transaction Point 1 Code is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.~~
~~Gas Transaction Point 1 Description~~ (GTP 1 Desc)	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	M	MA	
~~Gas Transaction Point 1 Zone~~ (GTP 1 Zn)	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	G	G	~~Mandatory when present and processed in the original Offer Upload.~~
~~Gas Transaction Point 2 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 2.~~			
~~Gas Transaction Point 2 Code~~ * ** (GTP 2)		G	G	~~Mandatory when the Segment Indicator indicates the segment is defined by two points.~~

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Gas Transaction Point 2 Proprietary Code (GTP 2 Prop)		C	C	Mandatory when the Segment Indicator indicates the segment is defined by two points, and Gas Transaction Point 2 Code is not present.
Gas Transaction Point 2 Description (GTP 2 Desc)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).	C	MA	For EBB, mandatory when the Segment Indicator indicates the segment is defined by two points.
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>			
<u>Location * ** (Loc)</u>		<u>M</u>	<u>M</u>	
<u>Location Name *** (Loc Name)</u>		<u>M</u>	<u>SO</u>	
<u>Location Proprietary Code Code (Loc Prop)</u>		<u>C</u>	<u>C</u>	Mandatory when Location is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>			
<u>Location Purpose (Loc Purp)</u>		<u>nu</u>	<u>M</u>	
<u>Location Purpose Description (Loc Purp Desc)</u>		<u>M</u>	<u>nu</u>	
<u>Location Zone (Loc Zn)</u>	<u>The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location</u>	<u>SO</u>	<u>SO</u>	
Releaser ~~Company~~ -Data	The legal entity which signed the contract with the transportation service provider.			
Releaser ~~Company~~ Code* ⁴ (Releaser)		M	M	
Releaser ~~Company~~ Name (Releaser Name)		M	nu	
Releaser ~~Company~~ Proprietary Code (Releaser Prop)		C	C	Mandatory when Releaser ~~Company Code~~ is not present.

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Replacement Capacity Indicator Data	An indicator which tells bidders whether a releasing shipper will accept bids submitted with replacement capacity ~~gas transaction points~~ locations in lieu of the ~~gas transaction points~~ locations originally identified in the offer.			
Replacement Capacity Indicator (Repl Cap)		C	C	Mandatory when present and processed in the original Offer Upload. For EBB, when this condition is met, at least one of Replacement Capacity Indicator or Replacement Capacity Indicator Description is required.
Replacement Capacity Indicator Description (Repl Cap Desc)		C	nu	Mandatory when present and processed in the original Offer Upload. For EBB, when this condition is met, at least one of Replacement Capacity Indicator or Replacement Capacity Indicator Description is required.
Return Addressee ~~Company~~ Data	The unique ~~company code number~~ for the legal entity to which the response to a document is to be sent.			
Return Addressee ~~Company Code~~ * 4 (Rtn Addr)		M	M	
Return Addressee ~~Company~~ Name (Rtn Addr Name)		M	nu	
Return Addressee ~~Company~~ Proprietary Code (Rtn Addr Prop)		C	C	Mandatory when Return Addressee ~~Company~~ Code is not present.
~~Segment Indicator~~ (Segment)	~~A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.~~	~~nu~~	~~M~~	

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

CODE VALUES DICTIONARY

Discount Indicator

Code Value Description	Code Value Definition	Code Value
The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the releasing shipper if other than the ~~gas transaction points~~ locations used to describe this capacity are utilized by the replacement shipper.	[no definition necessary]	3
The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the replacement shipper if other than the ~~gas transaction points~~ locations used to describe this capacity are utilized by the replacement shipper	[no definition necessary]	1
The rates associated with the capacity being released include rates discounted by the transportation service provider. However, the releasing shipper has not specified who would be responsible for any additional charges if other than the ~~gas transaction points~~ locations used to describe this capacity are utilized by the replacement shipper.		4

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>S8</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

Replacement Capacity Indicator

Code Value Description	Code Value Definition	Code Value
Bid must be based solely on those ~~gas transaction points~~ locations originally identified in this offer.	[no definition necessary]	2
Bidder may substitute replacement capacity ~~gas transaction points~~ locations for the ~~gas transaction points~~ locations originally identified in this offer.	[no definition necessary]	1

DATA DICTIONARY

Standard 5.4.10

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Bidder ~~Company~~ -Data	The unique ~~company code number~~ for the legal entity which is the bidder.			
Bidder ~~Company~~ ~~Code~~ * ⁴ (Bidder)		M	M	
Bidder ~~Company~~ Name (Bidder Name)		M	nu	
Bidder ~~Company~~ Proprietary Code (Bidder Prop)		C	C	Mandatory when Bidder ~~Company Code~~ is not present.
Return Addressee ~~Company~~ -Data	The unique ~~company code number~~ for the legal entity to which the response to a document is to be sent.			
Return Addressee ~~Company Code~~ * ⁴ (Rtn Addr)		M	M	
Return Addressee ~~Company~~ -Name (Rtn Addr Name)		M	nu	
Return Addressee ~~Company~~ Proprietary Code (Rtn Addr Prop)		C	C	Mandatory when Return Addressee ~~Company Code~~ is not present.

RELEVANT FOOTNOTES:

* Indicates Common Code

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

DATA DICTIONARY

Standard 5.4.11

Business Name	Definition	Usage	Condition
Bidder ~~Company~~ Data	The unique ~~company code number for the~~ legal entity which is the bidder.		
Bidder ~~Company~~ Code * ⁴		M	
Bidder ~~Company~~ Proprietary Code		C	Mandatory when Bidder Company Code is not present.

RELEVANT FOOTNOTES:

* Indicates Common Code

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

CODE VALUES DICTIONARY

Validation Code (Heading)

Code Value	Code Value Description	Code Value Definition
E508	Invalid Bidder ~~Company Code~~	[no definition necessary]
E520	Missing Bidder ~~Company Code~~	[no definition necessary]
E521	Missing Return Addressee ~~Company Code~~	[no definition necessary]
E522	Invalid Return Addressee ~~Company Code~~	[no definition necessary]

DATA DICTIONARY

Standard 5.4.12

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Bidder ~~Company~~ Data	The unique ~~company code number~~ ~~for the~~ legal entity which is the bidder.			
Bidder ~~Company~~ ~~Code~~ * ⁴ (Bidder)		M	M	
Bidder ~~Company~~ Name (Bidder Name)		M	nu	
Bidder ~~Company~~ Proprietary Code (Bidder Prop)		C	C	Mandatory when Bidder ~~Company Code~~ is not present.

RELEVANT FOOTNOTES:

* Indicates Common Code

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Operationally Available and Unsubscribed Capacity datasets are reports from a transportation service provider to a data requester. Either both operationally available and unsubscribed capacity can be requested together, or either may be requested separately.

Operationally available capacity is *interruptible* capacity available from the transportation service provider for the time specified. Unsubscribed capacity is *firm* capacity, also available from the transportation service provider, for which no party has contracted.

The dataset is essentially identical for the two types of capacity with one exception which will be noted. The type of capacity being described, either operationally available or unsubscribed, is indicated by the **capacity type** field.

The **beginning date** and **beginning time** indicate the first gas day the capacity of either type is available. Unless the default of one day is used, the **ending date** must be sent to indicate the ending date of the available capacity. If the ending date is sent, the **ending time** may be sent to indicate the ending time of the available capacity. The date and time information may apply to all the gas transaction pointlocation sent, or may be specified separately for different gas transaction point(s)location(s).

The transportation service provider is identified by its entity common code number. Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available. The gas transaction pointlocation where capacity is available are identified by their location common code. In addition, the gas transaction point descriptionlocation name and/or gas transaction pointlocation zone may be specified. If a segment is defined by two locations as indicated in the location purpose, then two location data elements may be sent. Alternatively, if a segment is defined by a single location, then a single location data element may be sent.

The **quantity available** at the specified gas transaction pointlocation(s) is included for both types of capacity. In the case of operationally available capacity only, where the specified quantity at the gas transaction pointlocation is zero (i.e., no capacity is available), the **IT Indicator** is sent. This tells the receiver of the dataset whether some portion of the capacity being utilized at the specified gas transaction pointlocation is interruptible, or conversely, that no portion of the capacity being utilized at the specified gas transaction pointlocation is interruptible.

As previously noted, with the exception of the IT indicator, the type of information sent for both types of capacity is identical. Thus, this description applies to either operationally available capacity, unsubscribed capacity, or both.

Refer to Transportation Service Provider's tariff which may require the use of Sender's Option data elements.

DATA DICTIONARY

Standard 5.4.13

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Gas Transaction Point 1 Data	The code which uniquely corresponds to Gas Transaction Point 1.			
Gas Transaction Point 1 Code * ** (GTP 1)		M	M	
Gas Transaction Point 1 Proprietary Code (GTP 1 Prop)		G	G	Mandatory when Gas Transaction Point 1 Code is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.
Gas Transaction Point 1 Description (GTP 1 Desc)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).	M	SO	
Gas Transaction Point 1 Zone (GTP 1 Zn)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).	SO	SO	
Gas Transaction Point 2 Data	The code which uniquely corresponds to Gas Transaction Point 2.			
Gas Transaction Point 2 Code * ** (GTP 2)		G	G	Mandatory when the Segment Indicator indicates the segment is defined by two points.
Gas Transaction Point 2 Proprietary Code (GTP 2 Prop)		G	G	Mandatory when the Segment Indicator indicates the segment is defined by two points, and Gas Transaction Point 2 Code is not present.
Gas Transaction Point 2 Description (GTP 2 Desc)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).	G	SO	For EBB, mandatory when the Segment Indicator indicates the segment is defined by two points.
Gas Transaction Point 2 Zone (GTP 2 Zn)	The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).	SO	SO	

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
IT Indicator Data	An indicator which signifies whether or not interruptible transportation service is being utilized at this <u>gas transaction point</u> <u>location</u> .			
IT Indicator (IT)		C	C	Required if Capacity Type is 'Operationally Available' and Quantity Available = '0'. For EBB, when this condition is met, at least one of IT Indicator or IT Indicator Description is required.
IT Indicator Description (IT Desc)		C	nu	Required if Capacity Type is 'Operationally Available' and Quantity Available = '0'. For EBB, when this condition is met, at least one of IT Indicator or IT Indicator Description is required.
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>			
<u>Location * ** (Loc)</u>		<u>M</u>	<u>M</u>	
<u>Location Name *** (Loc Name)</u>		<u>M</u>	<u>SO</u>	
<u>Location Proprietary Code Code (Loc Prop)</u>		<u>C</u>	<u>C</u>	<u>Mandatory when Location is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>			
<u>Location Purpose (Loc Purp)</u>		<u>nu</u>	<u>M</u>	
<u>Location Purpose Description (Loc Purp Desc)</u>		<u>M</u>	<u>nu</u>	
<u>Location Zone (Loc Zn)</u>	<u>The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location</u>	<u>SO</u>	<u>SO</u>	
<u>Segment Indicator (Segment)</u>	<u>A code which indicates whether gas transaction point 1 uniquely identifies the segment.</u>	<u>nu</u>	<u>M</u>	

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. [S4 – from R97058B]

CODE VALUES DICTIONARY

IT Indicator

Code Value Description	Code Value Definition	Code Value
At least a portion of the capacity being utilized at this ~~Gas Transaction Point~~ location is interruptible.		1
There is no interruptible transportation service as a portion of the capacity being utilized at this ~~Gas Transaction Point~~ location.		2

Location Purpose

Code Value Description	Code Value Definition	Code Value
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>S8</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Note/Special Instruction document is a separate document used to communicate text messages associated with other capacity release transaction sets. The Note/Special Instruction document is not a discrete transaction; it is always associated with one of the other capacity release transactions. Thus, Note/Special Instruction documents cannot be separately requested.

Note/Special Instructions may be associated with the following transactions: Offer Download, Bid Download, Award Download, Operationally Available and Unsubscribed Capacity, Offer Upload, Offer Upload Notification, Bid Upload and Replacement Capacity. These transactions may have no notes, or may have multiple notes associated with them, but each note will be associated with one, and only one, other transaction.

The Note/Special Instruction document contains the **offer number** or the **offer tracking identifier** of the transaction with which it is associated in all cases except that of Operationally Available and Unsubscribed Capacity, and Replacement Capacity. Where the transaction is a Bid Upload, Bid Download, Offer Upload Notification or Award Download, the **bid number** or the **bid tracking identifier** is included.

The required **message type** field indicates what type of data is contained in that notes document. In the case where multiple Note/Special Instruction documents are associated with a transaction, this allows the receiver to know which of the multiple notes is transmitting what information.

Note/Special Instruction documents contain the entity common code number for the transportation service provider and may also contain the entity common code number for the releasing shipper or the bidder. Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available. If information pertaining to specific **gas transaction points locations** needs to be sent in the Note/Special Instruction document, these **points locations** are identified by their location common code. In addition, the **gas transaction point description location name** may be specified. If a segment is defined by two locations as indicated in the location purpose, then two location data elements may be sent. Alternatively, if a segment is defined by a single location, then a single location data element may be sent.

Notes are purely textual in nature and difficult to process automatically. Where practicable, it is preferable to utilize specific codes in the associated transaction set to convey required information as opposed to using a Note/Special Instruction document.

DATA DICTIONARY

Standard 5.4.17

Business Name (Abbreviation)	Definition	EDI/FF Usage	Condition
Bidder ~~Company~~ Data	The unique ~~company code number for the~~ legal entity which is the bidder.		
Bidder ~~Company Code~~ * 4 (Bidder)		C	Mandatory when this document is associated with a Bid Upload document.
Bidder ~~Company~~ Proprietary Code (Bidder)		C	Mandatory when this document is associated with a Bid Upload document and Bidder ~~Company Code~~ is not present.
~~Gas Transaction Point 1 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 1.~~		
~~Gas Transaction Point 1 Code~~ * ** (GTP 1)		SO	~~When used to uniquely identify a segment, a proprietary segment identifier may be used. Otherwise, the common code must be used.~~
~~Gas Transaction Point 1 Proprietary Code~~ (GTP 1 Prop)		SO	~~When used to uniquely identify a segment, a proprietary segment identifier may be used. Otherwise, the common code must be used.~~
~~Gas Transaction Point 1 Description~~ (GTP 1 Dese)	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	SO	
~~Gas Transaction Point 2 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 2.~~		
~~Gas Transaction Point 2 Code~~ * ** (GTP 2)		C	~~Mandatory when a message relates to a specific location utilizing two identifiers.~~
~~Gas Transaction Point 2 Proprietary Code~~ (GTP 2 Prop)		C	~~Mandatory when a message relates to a specific location utilizing two identifiers, and Gas Transaction Point 2 Code is not present.~~
~~Gas Transaction Point 2 Description~~ (GTP 2 Dese)	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	SO	
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>		
<u>Location</u> * ** (Loc)		SO	

Business Name (Abbreviation)	Definition	EDI/FF Usage	Condition
<u>Location Name ***</u> (Loc Name)		<u>SO</u>	
<u>Location</u> <u>Proprietary Code</u> (Loc Prop)		<u>C</u>	<u>May only be used when Location is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>		
<u>Location Purpose</u> (Loc Purp)		<u>C</u>	<u>Mandatory when Location is present.</u>
Releaser ~~Company~~ Data	The legal entity which signed the contract with the transportation service provider.		
Releaser ~~Company Code~~ * 4 (Releaser)		C	Mandatory when this document is associated with an Offer Upload document.
Releaser ~~Company~~ Proprietary Code (Releaser Prop)		C	Mandatory when this document is associated with an Offer Upload document and Releaser ~~Company Code~~ is not present.
~~Segment Indicator~~ (Segment)	~~A code which indicates whether gas transaction point 1 uniquely identifies the segment.~~	~~G~~	~~Mandatory when sent in the related transaction set.~~

RELEVANT FOOTNOTES

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

CODE VALUES DICTIONARY

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>SB</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Bid Upload document is sent from potential replacement shippers (or their agents) to the transportation service provider. The Bid Upload enables a shipper wishing to bid on offered capacity the ability to communicate the terms of the bid. Bids may be submitted on all -biddable offers, including those which are prearranged deals.

A **bid tracking identifier** is assigned to each bid upload transaction. This identifier allows the Bid Upload to be identified in relevant response documents, including the Bid Upload Quick Response. This identifier is assigned by the bidding party.

Each Bid Upload contains the **offer number** to which the bid pertains. The combination of the offer number, bid tracking identifier and **bidder-company-codebidder** allows the unique identification of each Bid Upload and the offer to which the bid corresponds.

Bid Uploads also contain a **stand-alone bid indicator** which tells the releasing shipper whether the bid stands on its own or must be considered along with another bid or bids. In addition, the **bidder's contingency indicator** tells the releasing shipper whether the bid is contingent.

The Bid Upload contains the bid quantity which specifies the quantity that the bidder wishes to acquire. In some cases, the bidder may be willing to accept an award for less than the full quantity bid on. This is indicated by the **lesser quantity indicator**. In these cases, the bidder also submits a bid minimum quantity which indicates the minimum quantity the bidder will accept. The bid quantity (and bid minimum quantity) may be expressed for the total quantity being offered (at the contract level), or may be expressed separately for each **gas-transaction-pointlocation** contained in the offer (at the location level).

The Bid Upload contains information on the value being bid. This value may be expressed in various forms or charge types, such as volumetric rate or reservation rate. Charge types are identified by the **rate identification code** and **surcharge identification code**. The charge type(s) in the bid are determined by those contained in the offer to which the Bid Upload is in response. In some cases, the value bid is expressed in absolute dollars and cents per unit basis. In other cases the bid is expressed as a percentage of maximum tariff rates. This is indicated by the **bidder designation of bidding basis**.

The Bid Upload also contains the release term made up of the **bidder's release term start date** and **bidder's release term end date**, which is the date range for the period of capacity the bidder wishes to acquire. Note that this may be the same as the date range in the offer, or the bidder may bid for a shorter term if the releasing shipper has indicated that a shorter term bid is acceptable.

The Bid Upload contains the entity common code numbers for all parties involved in the transaction: the transportation service provider, the bidder, and the releasing shipper.

Bid Uploads contain information on **gas-transaction-pointslocations** involved in the release, which are expressed by the location common code or proprietary segment identifier. In addition, the **gas-transaction-pointdescriptionlocation name** and/or **gas-transaction-pointlocation zone** may be specified in the bid. If a segment is defined by two locations as indicated in the location purpose, then two location data elements may be sent. Alternatively, if a segment is defined by a single location, then a single location data element may be sent.

Based on all of the information contained in the Bid Upload, the transportation service provider, through a predetermined evaluation method specified by the releasing shipper in the offer,

evaluates which bid or bids (in the case of multiple bids for less than the full offer) on the original offer are winners. This bid (or bids) is (are) then accepted and awarded. This information is communicated through the Award Download. There are three standard bid evaluation methods: highest rate, net revenue and present value. An explanation of these methods can be found in NAESB WGQ Interpretation 7.3.14 in the Business Process and Practices section of this book.

In the capacity release process, some business practices allow the use of more than 25 rates and/or surcharges within one line item*. The ANSI X12 limit for the segment containing these rates and/or surcharges (SAC segment) is 25. To accommodate more than 25 rates and/or surcharges within one line item, multiple PO1 loops must be created for the additional SAC segments. These PO1 loops are tied together by the value of the PO101 element, which must match in these multiple PO1 loops. The first occurrence of the PO1 loop of a line item must contain the applicable data elements per NAESB WGQ's specified usage. The subsequent corresponding PO1 loop(s) would only contain the PO101 and the additional SAC segments. No other segments (other than PO1 and SAC) would appear in the subsequent corresponding PO1 loop(s). Since multiple line items may occur, it is necessary to differentiate one line item from another. This is accomplished by assigning a unique PO101 value for each unique line item.

*For the purposes of this explanation, a line item consists of all NAESB WGQ data dictionary data elements that appear in the detail and sub-detail.

Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.

DATA DICTIONARY

Standard 5.4.18

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Bidder ~~Company~~ -Data	The ~~unique company code~~ ~~number for the~~ -legal entity which is the bidder.			
~~Bidder Company~~ ~~Code~~ Bidder * ⁴ (Bidder)		M	M	
Bidder ~~Company~~ Name (Bidder Name)		M	nu	
Bidder ~~Company~~ Proprietary Code (Bidder Prop)		C	C	Mandatory when Bidder ~~Company Code~~ is not present.
~~Gas Transaction Point 1 Data~~	The ~~code which uniquely~~ ~~corresponds to Gas~~ ~~Transaction Point 1.~~			
~~Gas Transaction Point 1~~ ~~Code~~ * ** (GTP 1)		M	M	
~~Gas Transaction Point 1~~ ~~Proprietary Code~~ (GTP 1 Prop)		C	C	Mandatory when ~~Gas~~ ~~Transaction Point 1~~ ~~Code~~ is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.
~~Gas Transaction Point 1~~ Description (GTP 1 Desc)	The ~~transportation service~~ ~~provider designated name,~~ ~~description or other identifier~~ ~~generally in use on the~~ ~~pipeline to identify this gas~~ ~~transaction point (not a~~ ~~standard).~~	M	MA	
~~Gas Transaction Point 2 Data~~	The ~~code which uniquely~~ ~~corresponds to Gas~~ ~~Transaction Point 2.~~			
~~Gas Transaction Point 2~~ ~~Code~~ * ** (GTP 2)		C	C	Mandatory when the Segment Indicator indicates the segment is defined by two points.
~~Gas Transaction Point 2~~ ~~Proprietary Code~~ (GTP 2 Prop)		C	C	Mandatory when the Segment Indicator indicates the segment is defined by two points, and Gas Transaction Point 2 Code is not present.

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
~~Gas Transaction Point 2 Description (GTP 2 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~G~~	~~MA~~	~~For EBB, mandatory when the Segment Indicator indicates the segment is defined by two points.~~
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>			
<u>Location * ** (Loc)</u>		<u>M</u>	<u>M</u>	
<u>Location Name *** (Loc Name)</u>		<u>M</u>	<u>MA</u>	
<u>Location Proprietary Code (Loc Prop)</u>		<u>C</u>	<u>C</u>	<u>Mandatory when Location is not present. When this field uniquely identifies the segment, a proprietary segment identifier may be used.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>			
<u>Location Purpose (Loc Purp)</u>		<u>nu</u>	<u>M</u>	
<u>Location Purpose Description (Loc Purp Desc)</u>		<u>M</u>	<u>nu</u>	
~~Releaser Company Data~~	~~The legal entity which signed the contract with the transportation service provider.~~			
~~Releaser Company Code Releaser * 4 (Releaser)~~		~~M~~	~~M~~	
~~Releaser Company Name (Releaser Name)~~		~~M~~	~~nu~~	
~~Releaser Company Proprietary Code (Releaser Prop)~~		~~C~~	~~C~~	~~Mandatory when Releaser Company Code is not present.~~
~~Return Addressee Company Data~~	~~The unique company code number for the legal entity to which the response to a document is to be sent.~~			
~~Return Addressee Company Code Return Addressee * 4 (Rtn Addr)~~		~~M~~	~~M~~	
~~Return Addressee Company Name (Rtn Addr Name)~~		~~M~~	~~nu~~	

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
Return Addressee ~~Company~~ Proprietary Code (Rtn Addr Prop)		C	C	Mandatory when Return Addressee ~~Company~~ ~~Code~~ is not present.
~~Segment Indicator~~ (~~Segment~~)	~~A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.~~	~~NU~~	~~M~~	

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

CODE VALUES DICTIONARY

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	<u>[no definition necessary]</u>	<u>MQ</u>
<u>Injection Point</u>	<u>[no definition necessary]</u>	<u>IJ</u>
<u>Mainline</u>	<u>[no definition necessary]</u>	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	<u>[no definition necessary]</u>	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	<u>[no definition necessary]</u>	<u>S8</u>
<u>Receipt Location</u>	<u>[no definition necessary]</u>	<u>M2</u>
<u>Storage Area</u>	<u>[no definition necessary]</u>	<u>SB</u>
<u>Withdrawal Point</u>	<u>[no definition necessary]</u>	<u>WR</u>

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Bid Upload Quick Response is sent from the ~~transportation service provider~~ transportation service provider to the return addressee (which is usually the bidder bidding on the offered capacity), as a direct response to the Bid Upload. One quick response transaction is sent in response to each Bid Upload.

The **bid tracking identifier** that was sent in the Bid Upload is returned in the quick response transaction. The **transaction status code** specifies whether the Bid Upload was accepted, accepted with warnings, or rejected.

The transaction status code also indicates whether **validation codes** will accompany the quick response document. **Validation message(s)** may also be sent to further explain any validation codes present in the quick response. If the document was processed with no warnings or errors, then there will be no validation codes returned. The validation code may be sent for the entire document, or sent at the contract/rate and/or location level. In those cases where the validation code indicates an error for specific data contained in the Bid Upload, the data which was in error will be identified in the quick response.

When the Bid Upload included business conditional data elements that the transportation service provider did not process, a validation code will be sent back identifying each data element received that was not processed.

Based on the information contained in the Bid Upload Quick Response, the entity submitting the Bid Upload can determine whether the Bid Upload was valid and processed or whether errors must be corrected.

DATA DICTIONARY

Standard 5.4.19

Business Name (Abbreviation)	Definition	EDI/FF Usage	Condition
Gas Transaction Point 1 Data	The code which uniquely corresponds to Gas Transaction Point 1.		
Gas Transaction Point 1 Code * ** (GTP 1)		C	Mandatory when errors/warnings occur at the location level.
Gas Transaction Point 1 Proprietary Code (GTP 1 Prop)		C	Mandatory when errors/warnings occur at the location level, and Gas Transaction Point 1 Code is not present.
Gas Transaction Point 2 Data	The code which uniquely corresponds to Gas Transaction Point 2.		
Gas Transaction Point 2 Code * ** (GTP 2)		C	Mandatory when errors/warnings occur at the location level and Gas Transaction Point 2 Code was present in the Bid Upload.
Gas Transaction Point 2 Proprietary Code (GTP 2 Prop)		C	Mandatory when errors/warnings occur at the location level and Gas Transaction Point 2 Proprietary Code was present in the Bid Upload.
Location Data	Unique identification of a point, segment, zone or facility.		
Location * ** (Loc)		C	Mandatory when errors/warnings occur at the location level.
Location Proprietary Code (Loc Prop)		C	Mandatory when errors/warnings occur at the location level, and Location is not present.
Location Purpose (Loc Purp)	Identifies the function of the location	C	Mandatory when errors/warnings occur at the location level.
Segment Indicator (Segment)	A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.	C	Mandatory when errors/warnings occur at the location level.

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

⁴ Refer to NAESB Standard No. [S4 – from R97058B]

CODE VALUES DICTIONARY

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>S8</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

Validation Code (Heading)

Code Value	Code Value Description	Code Value Definition
EBDQR107	Missing Releaser <u>Company Code</u>	[no definition necessary]
EBDQR108	Invalid Releaser <u>Company Code</u>	[no definition necessary]
EBDQR122	Invalid Bidder <u>Company Code</u>	[no definition necessary]
EBDQR130	Missing Return Addressee <u>Company Code</u>	[no definition necessary]
EBDQR131	Invalid Return Addressee <u>Company Code</u>	[no definition necessary]
EBDQR134	Missing Bidder <u>Company Code</u>	[no definition necessary]

Validation Code (Sub-detail)

Code Value	Code Value Description	Code Value Definition
EBDQR500	Missing <u>Gas Transaction Point (1 or 2) CodeLocation</u>	[no definition necessary]
EBDQR501	Invalid <u>Gas Transaction Point (1 or 2) CodeLocation</u>	[no definition necessary]
EBDQR502	Missing <u>Gas Transaction Point (1 or 2)Location DescriptionName</u>	[no definition necessary]
EBDQR503	Invalid <u>Gas Transaction Point (1 or 2) DescriptionLocation Name</u>	[no definition necessary]
WBDQR500	<u>Gas Transaction Point (1 or 2) DescriptionLocation Name</u> not used	[no definition necessary]

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

Transactional Reporting - Capacity Release is a report from a **transportation service provider** detailing contract information for new or amended capacity release transactions. The report identifies two entities with a contractual relationship with the transportation service provider: the **contract holder** and the releasing entity (~~releaser company code~~**releaser**). The agreement between the contract holder and the transportation service provider is known as the **service requester contract**; it is the result of the capacity being released. The agreement between the releasing entity and the transportation service provider is known as the **releaser contract number**; it is the contract that the releasing entity had with the transportation service provider prior to the capacity being released.

Contract status indicates whether the reported service requester contract is new or amended. **Amendment reporting** specifies whether data reported for an amendment to a contract contains all applicable contract data or only changes to the previous contract data. For amended contracts reporting changes only via EDI/EDM or FF/EDM, in addition to the mandatory data elements, only those data elements that have changed from the previous contract data should be sent. It is, however, permissible for a transportation service provider to display on their Web site, at their discretion, additional data elements within this dataset, provided they are differentiated from the mandatory or changed data elements.

When reporting changes only and the information that is being reported is specific to a location(s), the corresponding location data should be sent.

Contract begin date and **contract end date** pertain to the dates on which the service requester contract is effective. Contract end date is reported without respect to rollover or evergreen provisions, which are contained in the Index of Customers, should they exist. **Contract entitlement begin date** and **contract entitlement begin time** refer to the date and time when service can first be provided under a service requester contract. The default for contract entitlement begin date is the contract begin date. The default for contract entitlement begin time is the beginning of the gas day on the contract entitlement begin date. **Contract entitlement end date** and **contract entitlement end time** refer to the date and time when service can last be provided under a service requester contract without respect to rollover or evergreen provision(s). The default for contract entitlement end date is the contract end date. The default for contract entitlement end time is the end of the gas day on the contract entitlement end date.

The data set accommodates the reporting of multiple occurrences of entitlement date/time periods for a service requester contract. This can be accomplished by pairing the contract entitlement begin time and contract entitlement end time to describe discrete period(s) of entitlement during the gas day. Furthermore, the contract entitlement begin date and contract entitlement end date can be used together to describe discrete period(s) of entitlement within the contract duration.

The **rate reporting level** specifies the level at which the rate data is presented. Rate and surcharge information is reported using various data elements such as **rate charged**, **surcharge indicator**, **rate identification code**, and **reservation rate basis**. When the rate and surcharge information cannot be described/reported at reporting time using the data elements in the dataset, it should be communicated in **special terms and miscellaneous notes**.

There may be multiple values for the **posting date** and **posting time** in a given transmission.

Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.

SAMPLE PAPER TRANSACTION

Transportation Service Provider: Enormous Pipeline (246810121)
Amendment Reporting: All Data

Contract Holder: My Gas Shipper (987654321)
Service Requester Contract: K1234
Contract Begin Date: April 1, 2002
Contract End Date: April 6, 2006
Releaser ~~Company~~: Was My Gas Shipper (123456789)
Releaser Contract Number: K4321
Affiliate Indicator: None
Rate Reporting Level: Contract
Rate Form/Type: Reservation Only
Reservation Rate Basis: Per Day
Bidder Designation of Bidding Basis: Dollar

Posting Date: March 15, 2002
Posting Time: 9:00 a.m.
Contract Status: New
Contract Entitlement Begin Date: April 1, 2002
Contract Entitlement Begin Time: 9:00 a.m.
Contract Entitlement End Date: April 1, 2006
Contract Entitlement End Time: 9:00 a.m.
Location/Quantity Type: Receipt to Delivery
Maximum Tariff Rate: \$2.75
Rate ID: Reservation
Surcharge Indicator: Rate(s) stated include(s) only rates; no surcharges applicable
Rate Charged: \$2.75

<u>Receipt Location</u>	<u>Contractual Quantity – Location</u>	<u>Delivery Location</u>	<u>Contractual Quantity – Location</u>
0000DRN01	1000	0000DRN02	1000
0000DRN03	1500	0000DRN04	1500
0000DRN05	2000	0000DRN06	2000

DATA DICTIONARY

Standard 5.4.20

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage ¹	Condition
~~Gas Transaction Point 1 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 1.~~	~~LDG~~			
~~Gas Transaction Point 1 Code * ** (GTP-1)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~
~~Gas Transaction Point 1 Proprietary Code (GTP-1 Prop)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when Gas Transaction Point 1 Code is not present and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~ ~~When this field uniquely identifies the segment, a proprietary segment identifier may be used.~~
~~Gas Transaction Point 1 Description (GTP-1 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~LDG~~	~~G~~	~~SO~~	~~For EBB, mandatory when one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~

¹ The EDI/FF usages do not appear in the data dictionary. The column is retained and the usages will be provided when the EDI and FF implementation instructions are published.

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage ¹	Condition
~~Gas Transaction Point 1 Zone (GTP 1 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~LDG~~	~~SO~~	~~SO~~	
~~Gas Transaction Point 2 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 2.~~	~~LDG~~			
~~Gas Transaction Point 2 Code *** (GTP 2)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when one of the following conditions is met:~~ ~~Segment Indicator indicates the segment is defined by two points, or~~ ~~Location/Quantity Type Indicator is:~~ ~~'Receipt point(s) to delivery point(s) quantity', or~~ ~~'Mainline quantity'~~ ~~and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage ¹	Condition
~~Gas Transaction Point 2 Proprietary Code (GTP 2 Prop)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when Gas Transaction Point 2 Code is not present and one of the following conditions is met:~~ ~~Segment Indicator indicates the segment is defined by two points, or~~ ~~Location/Quantity Type Indicator is:~~ ~~'Receipt point(s) to delivery point(s) quantity', or~~ ~~'Mainline quantity'~~ ~~and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~
~~Gas Transaction Point 2 Description (GTP 2 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~LDG~~	~~G~~	~~SO~~	~~For EBB, mandatory when one of the following conditions is met:~~ ~~the segment is defined by two points, or~~ ~~Location/Quantity Type Indicator is:~~ ~~'Receipt point(s) to delivery point(s) quantity', or~~ ~~'Mainline quantity'~~ ~~and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~
~~Gas Transaction Point 2 Zone (GTP 2 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~LDG~~	~~SO~~	~~SO~~	
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>				

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage ¹	Condition
<u>Location * **</u> (Loc)		<u>LDG</u>	<u>C</u>	<u>C</u>	<u>Mandatory when one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>
<u>Location Name ***</u> (Loc Name)		<u>LDG</u>	<u>C</u>	<u>C</u>	<u>For EBB, mandatory when one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>
<u>Location Proprietary Code</u> (Loc Prop)		<u>LDG</u>	<u>C</u>	<u>C</u>	<u>Mandatory when Location is not present and one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u> <u>When this field uniquely identifies the segment, a proprietary segment identifier may be used.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>				
<u>Location Purpose</u> (Loc Purp)		<u>LDG</u>	<u>nu</u>	<u>C</u>	<u>For EDI, mandatory when Location/Quantity Type Indicator is 'Segment(s) quantity' and one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage ¹	Condition
<u>Location Purpose Description</u> (Loc Purp Desc)		<u>LDG</u>	<u>C</u>	<u>nu</u>	For EBB, mandatory when the following two conditions are met: <u>Location/Quantity Type Indicator is 'Segment(s) quantity,' and</u> <u>Location is not present,</u> and additionally, one of the following conditions is met: <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>
<u>Location Zone</u> (Loc Zn)	<u>The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location</u>	<u>LDG</u>	<u>SO</u>	<u>SO</u>	
Releaser ~~Company~~ -Data	The legal entity which signed the contract with the transportation service provider.	BEDG			
Releaser ~~Company Code~~ * ⁴ (Releaser)		BEDG	C	C	Mandatory when one of the following conditions is met: - Contract Status is 'New', or - Contract Status is 'Amended' and Amendment Reporting is 'All Data'.
Releaser ~~Company~~ -Name *** (Releaser Name)		BEDG	C	C	Mandatory when one of the following conditions is met: - Contract Status is 'New', or - Contract Status is 'Amended' and Amendment Reporting is 'All Data'.
Releaser Proprietary Code (Releaser Prop)		BEDG	C	C	Mandatory when Releaser ~~Company Code~~ is not present and one of the following conditions is met: - Contract Status is 'New', or - Contract Status is 'Amended' and Amendment Reporting is 'All Data'.

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage ¹	Condition
Segment Indicator (Segment)	A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.	LDG	nu	G	Mandatory when Location/Quantity Type Indicator is 'Segment(s) quantity' and one of the following conditions is met: - Contract Status is 'New', or - Contract Status is 'Amended' and Amendment Reporting is 'All Data'.

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. (S4 – from R97058B)

DATA GROUPS:

BEDG	Business Entity Data Group
CDG	Contract Data Group
CEDG	Contract Entitlement Data Group
CSDG	Contract Status Data Group
DDG	Date Data Group
LDG	Location Data Group
RCDG	Rate Charged Data Group
RDG	Rate Data Group
TSPDG	Transportation Service Provider Data Group

CODE VALUES DICTIONARY

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>S8</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

Segment Indicator

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
No	The Gas Transaction Point 1 specified does not uniquely identify a segment.	N
Yes	The Gas Transaction Point 1 specified uniquely identifies a segment.	Y

DATA DICTIONARY

Standard 5.4.21

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
~~Gas Transaction Point 1 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 1.~~	~~LDG~~			
~~Gas Transaction Point 1 Code * ** (GTP 1)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~
~~Gas Transaction Point 1 Proprietary Code (GTP 1 Prop)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when Gas Transaction Point 1 Code is not present and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~ ~~When this field uniquely identifies the segment, a proprietary segment identifier may be used.~~
~~Gas Transaction Point 1 Description (GTP 1 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~LDG~~	~~G~~	~~SO~~	~~For EBB, mandatory when one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~

¹ The EDI/FF usages do not appear in the data dictionary. The column is retained and the usages will be provided when the EDI and FF implementation instructions are published.

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
~~Gas Transaction Point 1 Zone (GTP 1 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~LDG~~	~~SO~~	~~SO~~	
~~Gas Transaction Point 2 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 2.~~	~~LDG~~			
~~Gas Transaction Point 2 Code * ** (GTP 2)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when one of the following conditions is met:~~ ~~Segment Indicator indicates the segment is defined by two points, or~~ ~~Location/Quantity Type Indicator is:~~ ~~'Receipt point(s) to delivery point(s) quantity', or~~ ~~'Mainline quantity',~~ ~~and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
~~Gas Transaction Point 2 Proprietary Code (GTP-2 Prop)~~		~~LDG~~	~~C~~	~~C~~	~~Mandatory when Gas Transaction Point 2 Code is not present and one of the following conditions is met:~~ ~~Segment Indicator indicates the segment is defined by two points, or~~ ~~Location/Quantity Type Indicator is:~~ ~~'Receipt point(s) to delivery point(s) quantity', or~~ ~~'Mainline quantity',~~ ~~and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~
~~Gas Transaction Point 2 Description (GTP-2 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~LDG~~	~~C~~	~~SO~~	~~For EBB, mandatory when one of the following conditions is met:~~ ~~the segment is defined by two points, or~~ ~~Location/Quantity Type Indicator is:~~ ~~'Receipt point(s) to delivery point(s) quantity', or~~ ~~'Mainline quantity',~~ ~~and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~
~~Gas Transaction Point 2 Zone (GTP-2 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~LDG~~	~~SO~~	~~SO~~	
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>				

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
<u>Location * **</u> (Loc)		<u>LDG</u>	<u>C</u>	<u>C</u>	<u>Mandatory when one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>
<u>Location Name ***</u> (Loc Name)		<u>LDG</u>	<u>C</u>	<u>SO</u>	<u>For EBB, mandatory when one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>
<u>Location Proprietary Code</u> (Loc Prop)		<u>LDG</u>	<u>C</u>	<u>C</u>	<u>Mandatory when Location is not present and one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u> <u>When this field uniquely identifies the segment, a proprietary segment identifier may be used.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>				
<u>Location Purpose</u> (Loc Purp)		<u>LDG</u>	<u>nu</u>	<u>C</u>	<u>For EDI, mandatory when Location/Quantity Type Indicator is 'Segment(s) quantity' and one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
<u>Location Purpose Description</u> (Loc Purp Desc)		<u>LDG</u>	<u>C</u>	<u>nu</u>	For EBB, mandatory when the following two conditions are met: <u>Location/Quantity Type Indicator is 'Segment(s) quantity,' and</u> <u>Location is not present,</u> and additionally, one of the following conditions is met: <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>
<u>Location Zone</u> (Loc Zn)	<u>The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location</u>	<u>LDG</u>	<u>SO</u>	<u>SO</u>	
<u>Segment Indicator</u> (Segment)	<u>A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.</u>	<u>LDG</u>	<u>nu</u>	<u>G</u>	Mandatory when Location/Quantity Type Indicator is 'Segment(s) quantity' and one of the following conditions is met: <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. [S4 – from R97058B]

DATA GROUPS:

BEDG	Business Entity Data Group
CDG	Contract Data Group
CEDG	Contract Entitlement Data Group
CSDG	Contract Status Data Group
DDG	Date Data Group
LDG	Location Data Group
RCDG	Rate Charged Data Group
RDG	Rate Data Group
TSPDG	Transportation Service Provider Data Group

CODE VALUES DICTIONARY

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	<u>[no definition necessary]</u>	<u>MQ</u>
<u>Injection Point</u>	<u>[no definition necessary]</u>	<u>IJ</u>
<u>Mainline</u>	<u>[no definition necessary]</u>	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	<u>[no definition necessary]</u>	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	<u>[no definition necessary]</u>	<u>S8</u>
<u>Receipt Location</u>	<u>[no definition necessary]</u>	<u>M2</u>
<u>Storage Area</u>	<u>[no definition necessary]</u>	<u>SB</u>
<u>Withdrawal Point</u>	<u>[no definition necessary]</u>	<u>WR</u>

Segment Indicator

<u>Code-Value-Description</u>	<u>Code-Value-Definition</u>	<u>Code-Value</u>
<u>No</u>	<u>The Gas Transaction Point 1 specified does not uniquely identify a segment.</u>	<u>N</u>
<u>Yes</u>	<u>The Gas Transaction Point 1 specified uniquely identifies a segment.</u>	<u>Y</u>

DATA DICTIONARY

Standard 5.4.22

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
~~Gas Transaction Point 1 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 1.~~	~~LDG~~			
~~Gas Transaction Point 1 Code * ** (GTP 1)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~
~~Gas Transaction Point 1 Proprietary Code (GTP 1 Prop)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when Gas Transaction Point 1 Code is not present and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~ ~~When this field uniquely identifies the segment, a proprietary segment identifier may be used.~~
~~Gas Transaction Point 1 Description (GTP 1 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~LDG~~	~~G~~	~~SO~~	~~For EBB, mandatory when one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~

1 The EDI/FF usages do not appear in the data dictionary. The column is retained and the usages will be provided when the EDI and FF implementation instructions are published.

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
~~Gas Transaction Point 1 Zone (GTP 1 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~LDG~~	~~SO~~	~~SO~~	
~~Gas Transaction Point 2 Data~~	~~The code which uniquely corresponds to Gas Transaction Point 2.~~	~~LDG~~			
~~Gas Transaction Point 2 Code * ** (GTP 2)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when one of the following conditions is met:~~ ~~Segment Indicator indicates the segment is defined by two points, or~~ ~~Location/Quantity Type Indicator is:~~ ~~'Receipt point(s) to delivery point(s) quantity', or~~ ~~'Mainline quantity',~~ ~~and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
~~Gas Transaction Point 2 Proprietary Code (GTP-2 Prop)~~		~~LDG~~	~~G~~	~~G~~	~~Mandatory when Gas Transaction Point 2 Code is not present and one of the following conditions is met:~~ ~~Segment Indicator indicates the segment is defined by two points, or~~ ~~Location/Quantity Type Indicator is:~~ ~~'Receipt point(s) to delivery point(s) quantity', or~~ ~~'Mainline quantity',~~ ~~and one of the following conditions is met:~~ ~~Contract Status is 'New', or~~ ~~Contract Status is 'Amended' and Amendment Reporting is 'All Data'.~~
~~Gas Transaction Point 2 Description (GTP-2 Desc)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point (not a standard).~~	~~LDG~~	~~G~~	~~SO~~	~~For EBB, mandatory when one of the following conditions is met:~~ ~~the segment is defined by two points, or~~ ~~Location/Quantity Type Indicator is:~~ ~~'Receipt point(s) to delivery point(s) quantity', or~~ ~~'Mainline quantity'.~~
~~Gas Transaction Point 2 Zone (GTP-2 Zn)~~	~~The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify this gas transaction point zone (not a standard).~~	~~LDG~~	~~SO~~	~~SO~~	
<u>Location Data</u>	<u>Unique identification of a point, segment, zone or facility.</u>				

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
<u>Location * **</u> (Loc)		<u>LDG</u>	<u>C</u>	<u>C</u>	<u>Mandatory when one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>
<u>Location Name ***</u> (Loc Name)		<u>LDG</u>	<u>C</u>	<u>SO</u>	<u>For EBB, mandatory when one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>
<u>Location Proprietary Code</u> (Loc Prop)		<u>LDG</u>	<u>C</u>	<u>C</u>	<u>Mandatory when Location is not present and one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u> <u>When this field uniquely identifies the segment, a proprietary segment identifier may be used.</u>
<u>Location Purpose Data</u>	<u>Identifies the function of the location</u>				
<u>Location Purpose</u> (Loc Purp)		<u>LDG</u>	<u>nu</u>	<u>C</u>	<u>For EDI, mandatory when Location/Quantity Type Indicator is 'Segment(s) quantity' and one of the following conditions is met:</u> <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>

Business Name (Abbreviation)	Definition	Data Group	EBB Usage	EDI/FF Usage 1	Condition
<u>Location Purpose Description</u> (Loc Purp Desc)		<u>LDG</u>	<u>C</u>	<u>nu</u>	For EBB, mandatory when the following two conditions are met: <u>Location/Quantity Type Indicator is 'Segment(s) quantity,' and</u> <u>Location is not present,</u> and additionally, one of the following conditions is met: <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>
<u>Location Zone</u> (Loc Zn)	<u>The transportation service provider designated name, description or other identifier generally in use on the pipeline to identify the geographical zone of the location</u>	<u>LDG</u>	<u>SO</u>	<u>SO</u>	
<u>Segment Indicator</u> (Segment)	<u>A code which indicates whether Gas Transaction Point 1 uniquely identifies the segment.</u>	<u>LDG</u>	<u>nu</u>	<u>G</u>	Mandatory when Location/Quantity Type Indicator is 'Segment(s) quantity' and one of the following conditions is met: <u>Contract Status is 'New', or</u> <u>Contract Status is 'Amended' and Amendment Reporting is 'All Data'.</u>

RELEVANT FOOTNOTES:

* Indicates Common Code

** When a Transportation Service Provider's proprietary location code is employed pursuant to this standard, the parties agree that nominations, confirmations, scheduled quantities, and capacity release documents employing such code should be for one gas day at a time, and used only until there is a verified common code for the point associated with the proprietary location code. This would include daily nominations over a weekend. 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 data sets related to the identified standards.

*** The Transportation Service Provider's version of the name.

⁴ Refer to NAESB Standard No. [S4 – from R97058B]

DATA GROUPS:

BEDG	Business Entity Data Group
CDG	Contracts Data Group
DDG	Date Data Group
LDG	Location Data Group
LSDG	Line Status Data Group
RCDG	Rate Charged Data Group
RDG	Rate Data Group
TSPDG	Transportation Service Provider Data Group

CODE VALUES DICTIONARY

Location Purpose

<u>Code Value Description</u>	<u>Code Value Definition</u>	<u>Code Value</u>
<u>Delivery Location</u>	[no definition necessary]	<u>MQ</u>
<u>Injection Point</u>	[no definition necessary]	<u>IJ</u>
<u>Mainline</u>	[no definition necessary]	<u>MV</u>
<u>Pipeline Segment defined by 1 location (or first of 2 locations)</u>	[no definition necessary]	<u>S9</u>
<u>Pipeline Segment defined by 2 locations (or second of 2 locations)</u>	[no definition necessary]	<u>S8</u>
<u>Receipt Location</u>	[no definition necessary]	<u>M2</u>
<u>Storage Area</u>	[no definition necessary]	<u>SB</u>
<u>Withdrawal Point</u>	[no definition necessary]	<u>WR</u>

Segment Indicator

<u>Code-Value-Description</u>	<u>Code-Value-Definition</u>	<u>Code-Value</u>
No	The Gas Transaction Point 1 specified does not uniquely identify a segment.	N
Yes	The Gas Transaction Point 1 specified uniquely identifies a segment.	Y

**Recommendation Attachment – R99024
Technical Change Log**

Offer Download (5.4.1)
Data Element Xref to X12
Heading N1: For the data element Releaser Company Code/Releaser Company Proprietary Code, modify the data element name to “Releaser/Releaser Proprietary Code”.
Heading N1: For the data element Releaser Company Name, modify the data element name to “Releaser Name”.
Heading N1: For the data element Bidder Company Code/Bidder Company Proprietary Code, modify the data element name to “Bidder/Bidder Proprietary Code”.
Heading N1: For the data element Bidder Company Name, modify the data element name to “Bidder Name”.
Sub-detail N1: Delete all entries for the N1 segment: M Segment Indicator M/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code SO Gas Transaction Point (1 or 2) Description
Sub-detail N4: Delete entry for the N4 segment: SO Gas Transaction Point (1 or 2) Zone
Sub-detail REF: Delete entry for the REF segment: SO Gas Transaction Point (1 or 2) OBA Indicator
Sub-detail N1: For the N1 label, add the following entries: M Location Purpose SO Location Name M Location/Location Proprietary Code
Sub-detail N4: For the N4 label, add the following entry: SO Location Zone
Sub-detail REF: For the REF label, add the following entry: SO Location OBA Indicator
X12 Mapping
Heading N1 segment (position 310): N102: Replace data element list in the element note with “Bidder Name, Releaser Name”.
Heading N1 segment (position 310): N104: Replace data element list in the element note with “Transportation Service Provider/Transportation Service Provider Proprietary Code, Releaser/Releaser Proprietary Code, Bidder/Bidder Proprietary Code”.
Sub-detail N1 segment (position 340): N101: Add data element note “Location Purpose”.
Sub-detail N1 segment (position 340): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 340): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 340): N101: Code Value M2: Replace code value note with “Receipt Location”.
Sub-detail N1 segment (position 340): N101: Code Value MQ: Replace code value note with “Delivery Location”.
Sub-detail N1 segment (position 340): N101: Code Value S8: Rename code value to “Pipeline segment defined by 2 locations (or second of 2 locations)”.
Sub-detail N1 segment (position 340): N101: Code Value S9: Rename code value to “Pipeline segment defined by 1 location (or first of 2 locations)”.
Sub-detail N1 segment (position 340): N101: Code Value S8: Delete code value note “Segment Indicator”.
Sub-detail N1 segment (position 340): N101: Code Value S9: Delete code value note “Segment Indicator”.
Sub-detail N1 segment (position 340): N102: Replace data element list in the element note with “Location Name”.

Sub-detail N1 segment (position 340): N103: Code Value 29: Replace code value note with “For NAESB WGQ, this code value may only be used when sending the Location in N104.”
Sub-detail N1 segment (position 340): N103: Code Value ZY: Replace code value note with “For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104.”
Sub-detail N1 segment (position 340): N104: Replace data element list in the element note with “Location/Location Proprietary Code”.
Sub-detail N4 segment (position 370): N406: Replace data element list in the element note with “Location Zone”.
Sub-detail REF segment (position 380): REF02: Replace data element list in the element note with “Location OBA Indicator”.
Transaction Set Tables
N1 Segments (Heading) table: For the “Releaser Company Code/Releaser Company Proprietary Code” row, modify the Element Name column to “Releaser/Releaser Proprietary Code”
N1 Segments (Heading) table: For the “Bidder Company Code/Bidder Company Proprietary Code” row, modify the Element Name column to “Bidder/Bidder Proprietary Code”
LIN 235/234 Pairs (Heading) table: For the “Replacement Capacity Indicator” row, modify the Description for Elem 234 = “1” code value to “Bidder may substitute replacement capacity locations for the locations originally identified in this offer.”
LIN 235/234 Pairs (Heading) table: For the “Replacement Capacity Indicator” row, modify the Description for Elem 234 = “2” code value to “Bid must be based solely on those locations originally identified in this offer.”
PO1 235/234 Pairs (Detail) table: For the “Discount Indicator” row, modify the Description for Elem 234 = “1” code value to “The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the replacement shipper if other than the locations used to describe this capacity are utilized by the replacement shipper.”
PO1 235/234 Pairs (Detail) table: For the “Discount Indicator” row, modify the Description for Elem 234 = “3” code value to “The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the releasing shipper if other than the location used to describe this capacity are utilized by the replacement shipper.”
PO1 235/234 Pairs (Detail) table: For the “Discount Indicator” row, modify the Description for Elem 234 = “4” code value to “The rates associated with the capacity being released include rates discounted by the transportation service provider. However, the releasing shipper has not specified who would be responsible for any additional charges if other than the locations used to describe this capacity are utilized by the replacement shipper.
Bid Download (5.4.2)
Data Element Xref to X12
Heading N1: For the data element Releaser Company Code/Releaser Company Proprietary Code, modify the data element name to “Releaser/Releaser Proprietary Code”.
Heading N1: For the data element Releaser Company Name, modify the data element name to “Releaser Name”.
Sub-detail N1: Delete all entries for the N1 segment: SO Gas Transaction Point (1 or 2) Description M/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code M Segment Indicator
Sub-detail N4: Delete entry for the N4 segment: SO Gas Transaction Point (1 or 2) Zone
Sub-detail N1: For the N1 label, add the following entries: M Location Purpose SO Location Name M Location/Location Proprietary Code
Sub-detail N4: For the N4 label, add the following entry: SO Location Zone
X12 Mapping

Heading N1 segment (position 310): N102: Replace data element list in the element note with “Releaser Name”.
Heading N1 segment (position 310): N104: Replace data element list in the element note with “Transportation Service Provider/Transportation Service Provider Proprietary Code, Releaser/Releaser Proprietary Code”.
Sub-detail N1 segment (position 420): N101: Add data element note “Location Purpose”.
Sub-detail N1 segment (position 420): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value M2: Replace code value note with “Receipt Location”.
Sub-detail N1 segment (position 420): N101: Code Value MQ: Replace code value note with “Delivery Location”.
Sub-detail N1 segment (position 420): N101: Code Value S8: Rename code value to “Pipeline segment defined by 2 locations (or second of 2 locations)”.
Sub-detail N1 segment (position 420): N101: Code Value S9: Rename code value to “Pipeline segment defined by 1 location (or first of 2 locations)”.
Sub-detail N1 segment (position 420): N101: Code Value S8: Delete code value note “Segment Indicator”.
Sub-detail N1 segment (position 420): N101: Code Value S9: Delete code value note “Segment Indicator”.
Sub-detail N1 segment (position 420): N102: Replace data element list in the element note with “Location Name”.
Sub-detail N1 segment (position 420): N103: Code Value 29: Replace code value note with “For NAESB WGQ, this code value may only be used when sending the Location in N104.”
Sub-detail N1 segment (position 420): N103: Code Value ZY: Replace code value note with “For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104.”
Sub-detail N1 segment (position 420): N104: Replace data element list in the element note with “Location/Location Proprietary Code”.
Sub-detail N4 segment (position 450): N406: Replace data element list in the element note with “Location Zone”.
Transaction Set Tables
N1 Segments (Heading) table: For the “Releaser Company Code/Releaser Company Proprietary Code” row, modify the Element Name column to “Releaser/Releaser Proprietary Code”
Award Download (5.4.3)
Data Element Xref to X12
Heading N1: For the data element Bidder Company Code/Bidder Company Proprietary Code, modify the data element name to “Bidder/Bidder Proprietary Code”.
Heading N1: For the data element Bidder Company Name, modify the data element name to “Bidder Name”.
Heading N1: For the data element Releaser Company Code/Releaser Company Proprietary Code, modify the data element name to “Releaser/Releaser Proprietary Code”.
Heading N1: For the data element Releaser Company Name, modify the data element name to “Releaser Name”.
Sub-detail N1: Delete all entries for the N1 segment: M Segment Indicator M/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code SO Gas Transaction Point (1 or 2) Description
Sub-detail N4: Delete entry for the N4 segment: SO Gas Transaction Point (1 or 2) Zone
Sub-detail N1: For the N1 label, add the following entries: M Location Purpose SO Location Name M Location/Location Proprietary Code

Sub-detail N4: For the N4 label, add the following entry: SO Location Zone
X12 Mapping
Heading N1 segment (position 310): N102: Replace data element list in the element note with "Bidder Name, Releaser Name".
Heading N1 segment (position 310): N104: Replace data element list in the element note with "Transportation Service Provider/Transportation Service Provider Proprietary Code, Releaser/Releaser Proprietary Code, Bidder/Bidder Proprietary Code".
Sub-detail N1 segment (position 420): N101: Add data element note "Location Purpose".
Sub-detail N1 segment (position 420): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value M2: Replace code value note with "Receipt Location".
Sub-detail N1 segment (position 420): N101: Code Value MQ: Replace code value note with "Delivery Location".
Sub-detail N1 segment (position 420): N101: Code Value S8: Rename code value to "Pipeline segment defined by 2 locations (or second of 2 locations)".
Sub-detail N1 segment (position 420): N101: Code Value S9: Rename code value to "Pipeline segment defined by 1 location (or first of 2 locations)".
Sub-detail N1 segment (position 420): N101: Code Value S8: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 420): N101: Code Value S9: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 420): N102: Replace data element list in the element note with "Location Name".
Sub-detail N1 segment (position 420): N103: Code Value 29: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location in N104."
Sub-detail N1 segment (position 420): N103: Code Value ZY: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104."
Sub-detail N1 segment (position 420): N104: Replace data element list in the element note with "Location/Location Proprietary Code".
Sub-detail N4 segment (position 450): N406: Replace data element list in the element note with "Location Zone".
Transaction Set Tables
N1 Segments (Heading) table: For the "Releaser Company Code/Releaser Company Proprietary Code" row, modify the Element Name column to "Releaser/Releaser Proprietary Code"
N1 Segments (Heading) table: For the "Bidder Company Code/Bidder Company Proprietary Code" row, modify the Element Name column to "Bidder/Bidder Proprietary Code"
Replacement Capacity (5.4.4)
Data Element Xref to X12
Sub-detail N1: Delete all entries for the N1 segment: M Segment Indicator M/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code SO Gas Transaction Point (1 or 2) Description
Sub-detail N4: Delete all entries for the N4 segment: SO Gas Transaction Point (1 or 2) State SO Gas Transaction Point (1 or 2) Zone
Sub-detail REF: Delete entry for the REF segment: SO Gas Transaction Point (1 or 2) OBA Indicator
Sub-detail N1: For the N1 label, add the following entries: M Location Purpose SO Location Name M Location/Location Proprietary Code

Sub-detail N4: For the N4 label, add the following entries: SO Location State SO Location Zone
Sub-detail REF: For the REF label, add the following entry: SO Location OBA Indicator
X12 Mapping
Sub-detail N1 segment (position 230): N101: Add data element note "Location Purpose".
Sub-detail N1 segment (position 230): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 230): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 230): N101: Code Value M2: Replace code value note with "Receipt Location".
Sub-detail N1 segment (position 230): N101: Code Value MQ: Replace code value note with "Delivery Location".
Sub-detail N1 segment (position 230): N101: Code Value S8: Rename code value to "Pipeline segment defined by 2 locations (or second of 2 locations)".
Sub-detail N1 segment (position 230): N101: Code Value S9: Rename code value to "Pipeline segment defined by 1 location (or first of 2 locations)".
Sub-detail N1 segment (position 230): N101: Code Value S8: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 230): N101: Code Value S9: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 230): N102: Replace data element list in the element note with "Location Name".
Sub-detail N1 segment (position 230): N103: Code Value 29: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location in N104."
Sub-detail N1 segment (position 230): N103: Code Value ZY: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104."
Sub-detail N1 segment (position 230): N104: Replace data element list in the element note with "Location/Location Proprietary Code".
Sub-detail N4 segment (position 260): N402: Replace data element list in the element note with "Location State".
Sub-detail N4 segment (position 260): N406: Replace data element list in the element note with "Location Zone".
Sub-detail REF segment (position 270): REF02: Replace data element list in the element note with "Location OBA Indicator".
Offer Upload (5.4.7)
Data Element Xref to X12
Heading N1: For the data element Releaser Company Code/Releaser Company Proprietary Code, modify the data element name to "Releaser/Releaser Proprietary Code".
Heading N1: For the data element Bidder Company Code/Bidder Company Proprietary Code, modify the data element name to "Bidder/Bidder Proprietary Code".
Heading N1: For the data element Return Addressee Company Code/Return Addressee Company Proprietary Code, modify the data element name to "Return Addressee/Return Addressee Proprietary Code".
Sub-detail N1: Delete all entries for the N1 segment: M Segment Indicator M/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code MA Gas Transaction Point (1 or 2) Description
Sub-detail N4: Delete the entry for the N4 segment: BC Gas Transaction Point 1 Zone

Sub-detail N1: For the N1 label, add the following entries: M Location Purpose MA Location Name M Location/Location Proprietary Code
Sub-detail N4: For the N4 label, add the following entries: BC Location Zone
X12 Mapping
Heading N1 segment (position 310): N101: Code Value SE: Replace code value note with “Releaser”.
Heading N1 segment (position 310): N104: Replace data element list in the element note with “Transportation Service Provider/Transportation Service Provider Proprietary Code, Releaser/Releaser Proprietary Code, Bidder/Bidder Proprietary Code, Return Addressee/Return Addressee Proprietary Code”.
Sub-detail N1 segment (position 340): N101: Add data element note “Location Purpose”.
Sub-detail N1 segment (position 340): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 340): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 340): N101: Code Value M2: Replace code value note with “Receipt Location”.
Sub-detail N1 segment (position 340): N101: Code Value MQ: Replace code value note with “Delivery Location”.
Sub-detail N1 segment (position 340): N101: Code Value S8: Rename code value to “Pipeline segment defined by 2 locations (or second of 2 locations)”.
Sub-detail N1 segment (position 340): N101: Code Value S9: Rename code value to “Pipeline segment defined by 1 location (or first of 2 locations)”.
Sub-detail N1 segment (position 340): N101: Code Value S8: Delete code value note “Segment Indicator”.
Sub-detail N1 segment (position 340): N101: Code Value S9: Delete code value note “Segment Indicator”.
Sub-detail N1 segment (position 340): N102: Replace data element list in the element note with “Location Name”.
Sub-detail N1 segment (position 340): N103: Code Value 29: Replace code value note with “For NAESB WGQ, this code value may only be used when sending the Location in N104.”
Sub-detail N1 segment (position 340): N103: Code Value ZY: Replace code value note with “For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104.”
Sub-detail N1 segment (position 340): N104: Replace data element list in the element note with “Location/Location Proprietary Code”.
Sub-detail N4 segment (position 370): N406: Replace data element list in the element note with “Location Zone”.
Transaction Set Tables
LIN 235/234 Pairs (Heading) table: For the “Replacement Capacity Indicator” row, modify the Description for Elem 234 = “1” code value to “Bidder may substitute replacement capacity locations for the locations originally identified in this offer.”
LIN 235/234 Pairs (Heading) table: For the “Replacement Capacity Indicator” row, modify the Description for Elem 234 = “2” code value to “Bid must be based solely on those locations originally identified in this offer.”
PO1 235/234 Pairs (Detail) table: For the “Discount Indicator” row, modify the Description for Elem 234 = “1” code value to “The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the replacement shipper if other than the locations used to describe this capacity are utilized by the replacement shipper.”
PO1 235/234 Pairs (Detail) table: For the “Discount Indicator” row, modify the Description for Elem 234 = “3” code value to “The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the releasing shipper if other than the location used to describe this capacity are utilized by the replacement shipper.”
Offer Upload Quick Response (5.4.8)
Data Element Xref to X12

Sub-detail N1: Delete all entries for the N1 segment: C Segment Indicator C/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code
Sub-detail N1: For the N1 label, add the following entries: C Location Purpose C/C Location/Location Proprietary Code
X12 Mapping
Sub-detail N1 segment (position 420): N101: Add data element note "Location Purpose".
Sub-detail N1 segment (position 420): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value M2: Replace code value note with "Receipt Location".
Sub-detail N1 segment (position 420): N101: Code Value MQ: Replace code value note with "Delivery Location".
Sub-detail N1 segment (position 420): N101: Code Value S8: Rename code value to "Pipeline segment defined by 2 locations (or second of 2 locations)".
Sub-detail N1 segment (position 420): N101: Code Value S9: Rename code value to "Pipeline segment defined by 1 location (or first of 2 locations)".
Sub-detail N1 segment (position 420): N101: Code Value S8: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 420): N101: Code Value S9: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 420): N103: Code Value 29: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location in N104."
Sub-detail N1 segment (position 420): N103: Code Value ZY: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104."
Sub-detail N1 segment (position 420): N104: Replace data element list in the element note with "Location/Location Proprietary Code".
Transaction Set Tables
Errors and Warnings (Heading) table: For the Validation Code = "E105" row, modify the Description to "Missing Releaser"
Errors and Warnings (Heading) table: For the Validation Code = "E106" row, modify the Description to "Invalid Releaser"
Errors and Warnings (Heading) table: For the Validation Code = "E190" row, modify the Description to "Invalid Bidder"
Errors and Warnings (Heading) table: For the Validation Code = "E501" row, modify the Description to "Missing Return Addressee"
Errors and Warnings (Heading) table: For the Validation Code = "E502" row, modify the Description to "Invalid Return Addressee"
Errors and Warnings (Heading) table: For the Validation Code = "E508" row, modify the Description to "Missing Bidder"
Errors and Warnings (Sub-detail) table: For the Validation Code = "E326" row, modify the Description to "Missing Location"
Errors and Warnings (Sub-detail) table: For the Validation Code = "E327" row, modify the Description to "Invalid Location"
Errors and Warnings (Sub-detail) table: For the Validation Code = "E330" row, modify the Description to "Missing Location Name"
Errors and Warnings (Sub-detail) table: For the Validation Code = "E331" row, modify the Description to "Invalid Location Name"
Errors and Warnings (Sub-detail) table: For the Validation Code = "E354" row, modify the Description to "Missing Location Zone"
Errors and Warnings (Sub-detail) table: For the Validation Code = "E355" row, modify the Description to "Invalid Location Zone"

Errors and Warnings (Sub-detail) table: For the Validation Code = "W665" row, modify the Description to "Location Name not used"
Errors and Warnings (Sub-detail) table: For the Validation Code = "W670" row, modify the Description to "Location Zone not processed"
Offer Upload Notification (5.4.9)
Data Element Xref to X12
Heading N1: For the data element Releaser Company Code/Releaser Company Proprietary Code, modify the data element name to "Releaser/Releaser Proprietary Code".
Heading N1: For the data element Bidder Company Code/Bidder Company Proprietary Code, modify the data element name to "Bidder/Bidder Proprietary Code".
Heading N1: For the data element Return Addressee Company Code/Return Addressee Company Proprietary Code, modify the data element name to "Return Addressee/Return Addressee Proprietary Code".
Sub-detail N1: Delete all entries for the N1 segment: M Segment Indicator M/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code MA Gas Transaction Point (1 or 2) Description
Sub-detail N4: Delete the entry for the N4 segment: C Gas Transaction Point 1 Zone
Sub-detail N1: For the N1 label, add the following entries: M Location Purpose SO Location Name M Location/Location Proprietary Code
Sub-detail N4: For the N4 label, add the following entries: SO Location Zone
X12 Mapping
Heading N1 segment (position 310): N104: Replace data element list in the element note with "Transportation Service Provider/Transportation Service Provider Proprietary Code, Releaser/Releaser Proprietary Code, Bidder/Bidder Proprietary Code, Return Addressee/Return Addressee Proprietary Code".
Sub-detail N1 segment (position 340): N101: Add data element note "Location Purpose".
Sub-detail N1 segment (position 340): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 340): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 340): N101: Code Value M2: Replace code value note with "Receipt Location".
Sub-detail N1 segment (position 340): N101: Code Value MQ: Replace code value note with "Delivery Location".
Sub-detail N1 segment (position 340): N101: Code Value S8: Rename code value to "Pipeline segment defined by 2 locations (or second of 2 locations)".
Sub-detail N1 segment (position 340): N101: Code Value S9: Rename code value to "Pipeline segment defined by 1 location (or first of 2 locations)".
Sub-detail N1 segment (position 340): N101: Code Value S8: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 340): N101: Code Value S9: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 340): N102: Replace data element list in the element note with "Location Name". Skip a blank line and add the text "For NAESB WGQ, this data element is sender's option."
Sub-detail N1 segment (position 340): N103: Code Value 29: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location in N104."
Sub-detail N1 segment (position 340): N103: Code Value ZY: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104."

Sub-detail N1 segment (position 340): N104: Replace data element list in the element note with "Location/Location Proprietary Code".
Sub-detail N4 segment (position 370): N406: Replace data element list in the element note with "Location Zone".
Transaction Set Tables
LIN 235/234 Pairs (Heading) table: For the "Replacement Capacity Indicator" row, modify the Description for Elem 234 = "1" code value to "Bidder may substitute replacement capacity locations for the locations originally identified in this offer."
LIN 235/234 Pairs (Heading) table: For the "Replacement Capacity Indicator" row, modify the Description for Elem 234 = "2" code value to "Bid must be based solely on those locations originally identified in this offer."
PO1 235/234 Pairs (Detail) table: For the "Discount Indicator" row, modify the Description for Elem 234 = "1" code value to "The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the replacement shipper if other than the locations used to describe this capacity are utilized by the replacement shipper."
PO1 235/234 Pairs (Detail) table: For the "Discount Indicator" row, modify the Description for Elem 234 = "3" code value to "The rates associated with the capacity being released include rates discounted by the transportation service provider which could result in additional charges to the releasing shipper if other than the location used to describe this capacity are utilized by the replacement shipper."
PO1 235/234 Pairs (Detail) table: For the "Discount Indicator" row, modify the Description for Elem 234 = "4" code value to "The rates associated with the capacity being released include rates discounted by the transportation service provider. However, the releasing shipper has not specified who would be responsible for any additional charges if other than the locations used to describe this capacity are utilized by the replacement shipper."
Offer Upload Bidder Confirmation (5.4.10)
Data Element Xref to X12
Heading N1: For the data element Return Addressee Company Code/Return Addressee Company Proprietary Code, modify the data element name to "Return Addressee/Return Addressee Proprietary Code".
Heading N1: For the data element Bidder Company Code/Bidder Company Proprietary Code, modify the data element name to "Bidder/Bidder Proprietary Code".
X12 Mapping
Heading N1 segment (position 310): N104: Replace data element list in the element note with "Transportation Service Provider/Transportation Service Provider Proprietary Code, Return Addressee/Return Addressee Proprietary Code, Bidder/Bidder Proprietary Code".
Offer Upload Bidder Confirmation Quick Response (5.4.11)
Data Element Xref to X12
Heading N1: For the data element Bidder Company Code/Bidder Company Proprietary Code, modify the data element name to "Bidder/Bidder Proprietary Code".
X12 Mapping
Heading N1 segment (position 030): N104: Replace data element list in the element note with "Transportation Service Provider/Transportation Service Provider Proprietary Code, Bidder/Bidder Proprietary Code".
Transaction Set Tables
REF Segments (Detail) table: For the "Validation Code" row, modify the REF02 Description column for REF02 = "E508" code value to "Invalid Bidder"
REF Segments (Detail) table: For the "Validation Code" row, modify the REF02 Description column for REF02 = "E520" code value to "Missing Bidder"
REF Segments (Detail) table: For the "Validation Code" row, modify the REF02 Description column for REF02 = "E521" code value to "Missing Return Addressee"
REF Segments (Detail) table: For the "Validation Code" row, modify the REF02 Description column for REF02 = "E522" code value to "Invalid Return Addressee"
Offer Upload Final Disposition (5.4.12)
Data Element Xref to X12

Detail N1: For the data element Bidder Company Code/Bidder Company Proprietary Code, modify the data element name to “Bidder/Bidder Proprietary Code”.
X12 Mapping
Detail N1 segment (position 120): N104: Replace data element list in the element note with “Bidder/Bidder Proprietary Code”.
Operationally Available and Unsubscribed Capacity (5.4.13)
Data Element Xref to X12
Sub-detail N1: Delete all entries for the N1 segment: M/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code SO Gas Transaction Point (1 or 2) Description M Segment Indicator
Sub-detail N4: Delete entry for the N4 segment: SO Gas Transaction Point (1 or 2) Zone
Sub-detail N1: For the N1 label, add the following entries: M Location Purpose SO Location Name M Location/Location Proprietary Code
Sub-detail N4: For the N4 label, add the following entry: SO Location Zone
X12 Mapping
Sub-detail N1 segment (position 340): N101: Add data element note “Location Purpose”.
Sub-detail N1 segment (position 340): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 340): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 340): N101: Code Value M2: Replace code value note with “Receipt Location”.
Sub-detail N1 segment (position 340): N101: Code Value MQ: Replace code value note with “Delivery Location”.
Sub-detail N1 segment (position 340): N101: Code Value S8: Rename code value to “Pipeline segment defined by 2 locations (or second of 2 locations)”.
Sub-detail N1 segment (position 340): N101: Code Value S9: Rename code value to “Pipeline segment defined by 1 location (or first of 2 locations)”.
Sub-detail N1 segment (position 340): N101: Code Value S8: Delete code value note “Segment Indicator”.
Sub-detail N1 segment (position 340): N101: Code Value S9: Delete code value note “Segment Indicator”.
Sub-detail N1 segment (position 340): N102: Replace data element list in the element note with “Location Name”.
Sub-detail N1 segment (position 340): N103: Code Value 29: Replace code value note with “For NAESB WGQ, this code value may only be used when sending the Location in N104.”
Sub-detail N1 segment (position 340): N103: Code Value ZY: Replace code value note with “For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104.”
Sub-detail N1 segment (position 340): N104: Replace data element list in the element note with “Location/Location Proprietary Code”.
Sub-detail N4 segment (position 370): N406: Replace data element list in the element note with “Location Zone”.
Transaction Set Tables
PO1 235/234 Pairs (Detail) table: For the “IT Indicator” row, modify the Description for Elem 234 = “1” code value to “At least a portion of the capacity being utilized at this location is interruptible.”
PO1 235/234 Pairs (Detail) table: For the “IT Indicator” row, modify the Description for Elem 234 = “2” code value to “There is no interruptible transportation service as a portion of the capacity being utilized at this location.”
Note/Special Instruction (5.4.17)
Data Element Xref to X12

Heading N1: For the data element Releaser Company Code/Releaser Company Proprietary Code, modify the data element name to "Releaser/Releaser Proprietary Code".
Heading N1: For the data element Bidder Company Code/Bidder Company Proprietary Code, modify the data element name to "Bidder/Bidder Proprietary Code".
Sub-detail N1: Delete all entries for the N1 segment: SO/C Gas Transaction Point (1 or 2) Code SO/C Gas Transaction Point (1 or 2) Proprietary Code SO Gas Transaction Point (1 or 2) Description C Segment Indicator
Sub-detail N1: For the N1 label, add the following entries: C Location Purpose SO Location Name SO Location/Location Proprietary Code
X12 Mapping
Heading N1 segment (position 040): N104: Replace data element list in the element note with "Transportation Service Provider/Transportation Service Provider Proprietary Code, Releaser/Releaser Proprietary Code, Bidder/Bidder Proprietary Code".
Detail N1 segment (position 020): N101: Add data element note "Location Purpose".
Sub-detail N1 segment (position 020): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 020): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 020): N101: Code Value M2: Replace code value note with "Receipt Location".
Sub-detail N1 segment (position 020): N101: Code Value MQ: Replace code value note with "Delivery Location".
Sub-detail N1 segment (position 020): N101: Code Value S8: Rename code value to "Pipeline segment defined by 2 locations (or second of 2 locations)".
Sub-detail N1 segment (position 020): N101: Code Value S9: Rename code value to "Pipeline segment defined by 1 location (or first of 2 locations)".
Detail N1 segment (position 020): N101: Code Value S8: Delete code value note "Segment Indicator".
Detail N1 segment (position 020): N101: Code Value S9: Delete code value note "Segment Indicator".
Detail N1 segment (position 020): N102: Replace data element list in the element note with "Location Name".
Detail N1 segment (position 020): N103: Code Value 29: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location in N104."
Detail N1 segment (position 020): N103: Code Value ZY: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104."
Detail N1 segment (position 020): N104: Replace data element list in the element note with "Location/Location Proprietary Code".
Transaction Set Tables
N1 Segments (Heading) table: For the "Releaser Company Code/Releaser Company Proprietary Code" row, modify the Element Name column to "Releaser/Releaser Proprietary Code"
N1 Segments (Heading) table: For the "Releaser Company Code/Releaser Company Proprietary Code" row, modify the N104 column to "Releaser/Releaser Proprietary Code"
N1 Segments (Heading) table: For the "Bidder Company Code/Bidder Company Proprietary Code" row, modify the Element Name column to "Bidder/Bidder Proprietary Code"
N1 Segments (Heading) table: For the "Bidder Company Code/Bidder Company Proprietary Code" row, modify the N104 column to "Bidder/Bidder Proprietary Code"
Bid Upload (5.4.18)
Data Element Xref to X12
Heading N1: For the data element Releaser Company Code/Releaser Company Proprietary Code, modify the data element name to "Releaser/Releaser Proprietary Code".
Heading N1: For the data element Bidder Company Code/Bidder Company Proprietary Code, modify the data element name to "Bidder/Bidder Proprietary Code".

Heading N1: For the data element Return Addressee Company Code/Return Addressee Company Proprietary Code, modify the data element name to "Return Addressee/Return Addressee Proprietary Code".
Sub-detail N1: Delete all entries for the N1 segment: M/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code MA Gas Transaction Point (1 or 2) Description M Segment Indicator
Sub-detail N1: For the N1 label, add the following entries: M Location Purpose MA Location Name M Location/Location Proprietary Code
X12 Mapping
Heading N1 segment (position 310): N101: Code Value 40: Replace code value note with "Return Addressee"
Heading N1 segment (position 310): N101: Code Value KD: Replace code value note with "Bidder"
Heading N1 segment (position 310): N101: Code Value SE: Replace code value note with "Releaser"
Heading N1 segment (position 310): N104: Replace data element list in the element note with "Transportation Service Provider/Transportation Service Provider Proprietary Code, Releaser/Releaser Proprietary Code, Bidder/Bidder Proprietary Code, Return Addressee/Return Addressee Proprietary Code".
Sub-detail N1 segment (position 420): N101: Add data element note "Location Purpose".
Sub-detail N1 segment (position 420): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value M2: Replace code value note with "Receipt Location".
Sub-detail N1 segment (position 420): N101: Code Value MQ: Replace code value note with "Delivery Location".
Sub-detail N1 segment (position 420): N101: Code Value S8: Rename code value to "Pipeline segment defined by 2 locations (or second of 2 locations)".
Sub-detail N1 segment (position 420): N101: Code Value S9: Rename code value to "Pipeline segment defined by 1 location (or first of 2 locations)".
Sub-detail N1 segment (position 420): N101: Code Value S8: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 420): N101: Code Value S9: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 420): N102: Replace data element list in the element note with "Location Name".
Sub-detail N1 segment (position 420): N103: Code Value 29: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location in N104."
Sub-detail N1 segment (position 420): N103: Code Value ZY: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104."
Sub-detail N1 segment (position 420): N104: Replace data element list in the element note with "Location/Location Proprietary Code".
Bid Upload Quick Response (5.4.19)
Data Element Xref to X12
Sub-detail N1: Delete all entries for the N1 segment: C/C Gas Transaction Point (1 or 2) Code C/C Gas Transaction Point (1 or 2) Proprietary Code C Segment Indicator
Sub-detail N1: For the N1 label, add the following entries: C Location Purpose C Location/Location Proprietary Code
X12 Mapping

Sub-detail N1 segment (position 420): N101: Add data element note "Location Purpose".
Sub-detail N1 segment (position 420): N101: Code Value G1: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value G2: Delete code value.
Sub-detail N1 segment (position 420): N101: Code Value M2: Replace code value note with "Receipt Location".
Sub-detail N1 segment (position 420): N101: Code Value MQ: Replace code value note with "Delivery Location".
Sub-detail N1 segment (position 420): N101: Code Value S8: Rename code value to "Pipeline segment defined by 2 locations (or second of 2 locations)".
Sub-detail N1 segment (position 420): N101: Code Value S9: Rename code value to "Pipeline segment defined by 1 location (or first of 2 locations)".
Sub-detail N1 segment (position 420): N101: Code Value S8: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 420): N101: Code Value S9: Delete code value note "Segment Indicator".
Sub-detail N1 segment (position 420): N103: Code Value 29: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location in N104."
Sub-detail N1 segment (position 420): N103: Code Value ZY: Replace code value note with "For NAESB WGQ, this code value may only be used when sending the Location Proprietary Code in N104."
Sub-detail N1 segment (position 420): N104: Replace data element list in the element note with "Location/Location Proprietary Code".
Transaction Set Tables
Errors and Warnings (Heading) table: For the Validation Code = "EBDQR107", modify the Description to "Missing Releaser"
Errors and Warnings (Heading) table: For the Validation Code = "EBDQR108", modify the Description to "Invalid Releaser"
Errors and Warnings (Heading) table: For the Validation Code = "EBDQR122", modify the Description to "Invalid Bidder"
Errors and Warnings (Heading) table: For the Validation Code = "EBDQR130", modify the Description to "Missing Return Addressee"
Errors and Warnings (Heading) table: For the Validation Code = "EBDQR131", modify the Description to "Invalid Return Addressee"
Errors and Warnings (Heading) table: For the Validation Code = "EBDQR134", modify the Description to "Missing Bidder"
Errors and Warnings (Sub-detail) table: For the Validation Code = "EBDQR500", modify the Description to "Missing Location"
Errors and Warnings (Sub-detail) table: For the Validation Code = "EBDQR501", modify the Description to "Invalid Location"
Errors and Warnings (Sub-detail) table: For the Validation Code = "EBDQR502", modify the Description to "Missing Location Name"
Errors and Warnings (Sub-detail) table: For the Validation Code = "EBDQR503", modify the Description to "Invalid Location Name"
Errors and Warnings (Sub-detail) table: For the Validation Code = "WBDQR500", modify the Description to "Location Name not used"



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipelines Request No.: R99028

1. RECOMMENDED ACTION:

- ☐ Accept as requested
- ☐ Accept as modified below
- ☒ Decline

EFFECT OF EC VOTE TO ACCEPT

RECOMMENDED ACTION:

- ☐ Change to Existing Practice
- ☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- ☐ Initiation
- ☒ Modification
- ☐ Interpretation
- ☐ Withdrawal

- ☐ Principle (x.1.z)
- ☐ Definition (x.2.z)
- ☐ Business Practice Standard (x.3.z)
- ☐ Document (x.4.z)
- ☐ Data Element (x.4.z)
- ☐ Code Value (x.4.z)
- ☐ X12 Implementation Guide
- ☐ Business Process Documentation

Per Recommendation:

- ☐ Initiation
- ☐ Modification
- ☐ Interpretation
- ☐ Withdrawal

- ☐ Principle (x.1.z)
- ☐ Definition (x.2.z)
- ☐ Business Practice Standard (x.3.z)
- ☐ Document (x.4.z)
- ☐ Data Element (x.4.z)
- ☐ Code Value (x.4.z)
- ☐ X12 Implementation Guide
- ☐ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Decline the request as no changes need to be made to accommodate the request.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Request for GISB to determine if an EDI dataset is needed for the following information that is to be displayed on an Entities Web site:

Plants meter list



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipelines Request No.: R99028

b. Description of Recommendation:

EBB Internet Implementation Subcommittee

Motion:

IR52: EII declines to develop an EDI data set for the Plants Meter List and EII instructs IR to accommodate the mutually agreeable business practice of providing a plants meter list through a flat file download.

Balanced Vote: **March 9, 1999** 3.91 In Favor 1.09 Opposed

Vote				Balanced		
	For	Against	Total	For	Against	Total
End						
Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	5	6	11	.91	1.09	2
Producers	1	0	1	1.00	0.00	1
Services	4	0	4	2.00	0.00	2
	10	6	16	3.91	1.09	5

Information Requirements Subcommittee

The requester does not support flat files and has no plans to begin doing so. Additionally, at the time the EIITF instructions were developed, there were no NAESB standardized formats for flat files. Subsequently, NAESB developed NAESB WGQ Standards 4.3.80 – 4.3.84, 4.1.33 – 35, 4.1.38, 4.2.12, 4.2.18, and 4.2.19. As a result, it was determined that no additional changes need to be made because the data can be accommodated utilizing the existing flat file format standards and existing data element names (including abbreviations).

MOTION:

No additional changes are necessary to accommodate IR Instruction 52.

Balanced Vote: **November 13, 2002** 3.00 In Favor 0.00 Opposed

Vote				Balanced		
	For	Against	Total	For	Against	Total
End						
Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	7	0	7	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	8	0	8	3.00	0.00	3



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipelines Request No.: R99029

1. RECOMMENDED ACTION:

☐ Accept as requested
☐ Accept as modified below
☒ Decline

EFFECT OF EC VOTE TO ACCEPT

RECOMMENDED ACTION:

☐ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☐ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Decline the request as no changes need to be made to accommodate the request.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Request for GISB to determine if an EDI dataset is needed for the following information that is to be displayed on an Entities Web site:

Plants meter list



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Tennessee Gas Pipelines Request No.: R99029

b. Description of Recommendation:

EBB Internet Implementation Subcommittee

Motion:

IR53: EII declines to develop an EDI data set for the Locations List and EII instructs IR to accommodate the mutually agreeable business practice of providing a locations list through a flat file download.

Balanced Vote: **March 9, 1999** 3.91 In Favor 1.09 Opposed

Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End						
Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	6	6	12	1.00	1.00	2
Producers	1	0	1	1.00	0.00	1
Services	4	0	4	2.00	0.00	2
	11	6	17	4.00	1.00	5

Information Requirements Subcommittee

The requester does not support flat files and has no plans to begin doing so. Additionally, at the time the EIITF instructions were developed, there were no NAESB standardized formats for flat files. Subsequently, NAESB developed NAESB WGQ Standards 4.3.80 – 4.3.84, 4.1.33 – 35, 4.1.38, 4.2.12, 4.2.18, and 4.2.19. As a result, it was determined that no additional changes need to be made because the data can be accommodated utilizing the existing flat file format standards and existing data element names (including abbreviations).

MOTION:

No additional changes are necessary to accommodate IR Instruction 52.

Balanced Vote: **November 13, 2002** 3.00 In Favor 0.00 Opposed

Vote				Balanced	Balanced	Balanced
	For	Against	Total	For	Against	Total
End						
Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	7	0	7	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	8	0	8	3.00	0.00	3



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Williams Gas Pipeline

Request No.: R99043

1. RECOMMENDED ACTION:

☐ Accept as requested
☒ Accept as modified below
☐ Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

☒ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☒ Data Element (x.4.z)
☒ Code Value (x.4.z)
☒ X12 Implementation Guide
☐ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add data element "Minimum Volumetric Commitment Percentage Evaluation Indicator" to the detail level in the following documents:
 - Offer Download (NAESB WGQ Standard 5.4.1)
 - Offer Upload (NAESB WGQ Standard 5.4.7)
 - Offer Upload Notification (NAESB WGQ Standard 5.4.9)
- Add code values 'Yes' and 'No' for the new data element "Minimum Volumetric Commitment Percentage Evaluation Indicator" to the following documents:
 - Offer Download (NAESB WGQ Standard 5.4.1)
 - Offer Upload (NAESB WGQ Standard 5.4.7)
 - Offer Upload Notification (NAESB WGQ Standard 5.4.9)
- Add code values for Validation Code (Sub-detail) in the Offer Upload Quick Response (NAESB WGQ Standard 5.4.8).



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Williams Gas Pipeline

Request No.: R99043

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.:

NAESB WGQ Standard 5.4.1 – Offer Download

NAESB WGQ Standard 5.4.9 – Offer Upload Notification

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Minimum Volumetric Commitment Percentage Evaluation Indicator (Min Vol Pct Eval)</u>	<u>Indicates whether the Minimum Volumetric Commitment Percentage will be used in the evaluation of bids</u>	<u>C</u>	<u>C</u>	<u>Mandatory when present and processed in the original Offer Upload.</u>

Document Name and No.:

NAESB WGQ Standard 5.4.7 – Offer Upload

Business Name (Abbreviation)	Definition	EBB Usage	EDI/FF Usage	Condition
<u>Minimum Volumetric Commitment Percentage Evaluation Indicator (Min Vol Pct Eval)</u>	<u>Indicates whether the Minimum Volumetric Commitment Percentage will be used in the evaluation of bids.</u>	<u>BC</u>	<u>BC</u>	<u>Used when the Transportation Service Provider allows the Minimum Volumetric Commitment Percentage to be used in the bid evaluation process and when the following conditions are met:</u> <u>the Rate Form/Type Code indicates volumetric and</u> <u>the Bid Evaluation Method Indicator is 'Net Revenue' or 'Present Value'.</u>



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Williams Gas Pipeline

Request No.: R99043

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.:

NAESB WGQ Standard 5.4.1 – Offer Download

NAESB WGQ Standard 5.4.7 – Offer Upload

NAESB WGQ Standard 5.4.9 – Offer Upload Notification

Minimum Volumetric Commitment Percentage Evaluation Indicator

Code Value Description	Code Value Definition	Code Value
<u>Yes</u>	<u>[no definition necessary]</u>	<u>Y</u>
<u>No</u>	<u>[no definition necessary]</u>	<u>N</u>

Document Name and No.:

NAESB WGQ Standard 5.4.8 – Offer Upload Quick Response

Validation Code (Detail)

Code Value	Code Value Description	Code Value Definition
<u>E627</u>	<u>Invalid Minimum Volumetric Commitment Percentage Evaluation Indicator.</u>	<u>[no definition necessary]</u>
<u>E628</u>	<u>Missing Minimum Volumetric Commitment Percentage Evaluation Indicator.</u>	<u>[no definition necessary]</u>
<u>W658</u>	<u>Minimum Volumetric Commitment Percentage Evaluation Indicator not used.</u>	<u>[no definition necessary]</u>

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Description of Changes
Offer Download, 5.4.1
Data Element Xref to X12
Detail REF: Add another row for the REF segment after the Surcharge Indicator data element as follows: REF C Minimum Volumetric Commitment Percentage Evaluation Indicator
X12 Mapping
Detail REF segment (position 100): REF02: Add 'Minimum Volumetric Commitment Percentage Evaluation Indicator' to the end of the list of data elements.
Transaction Set Tables



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Williams Gas Pipeline

Request No.: R99043

REF Segments (Detail) table: Insert new row into the table at the bottom as follows:
 Element Name = 'Minimum Volumetric Commitment Percentage Evaluation Indicator'
 Usage = 'C'
 REF01 = 'CP'
 REF02 = 'Y' [and on next sub-row] 'N'
 Description = 'Yes' [and on next sub-row] 'No'

Offer Upload, 5.4.7

Data Element Xref to X12

Detail REF: Add another row for the REF segment after the Bidder Designation of Bidding Basis data element as follows:

REF BC Minimum Volumetric Commitment Percentage Evaluation Indicator

X12 Mapping

Detail REF segment (position 100): REF02: Add 'Minimum Volumetric Commitment Percentage Evaluation Indicator' to the end of the list of data elements.

Transaction Set Tables

REF Segments (Detail) table: Insert new row into the table after the Surcharge Indicator row as follows:
 Element Name = 'Minimum Volumetric Commitment Percentage Evaluation Indicator'
 Usage = 'BC'
 REF01 = 'CP'
 REF02 = 'Y' [and on next sub-row] 'N'
 Description = 'Yes' [and on next sub-row] 'No'

Offer Upload Notification, 5.4.9

Data Element Xref to X12

Detail REF: Add another row for the REF segment after the Surcharge Indicator data element as follows:

REF C Minimum Volumetric Commitment Percentage Evaluation Indicator

X12 Mapping

Detail REF segment (position 100): REF02: Add 'Minimum Volumetric Commitment Percentage Evaluation Indicator' to the end of the list of data elements.

Transaction Set Tables

REF Segments (Detail) table: Insert new row into the table at the bottom as follows:
 Element Name = 'Minimum Volumetric Commitment Percentage Evaluation Indicator'
 Usage = 'C'
 REF01 = 'CP'
 REF02 = 'Y' [and on next sub-row] 'N'
 Description = 'Yes' [and on next sub-row] 'No'

Offer Upload Quick Response, 5.4.8

Transaction Set Tables

Errors and Warnings (Detail): Add the following Validation Codes and Descriptions in numerical order:
 E627 Invalid Minimum Volumetric Commitment Percentage Evaluation Indicator.
 E628 Missing Minimum Volumetric Commitment Percentage Evaluation Indicator.
 W658 Minimum Volumetric Commitment Percentage Evaluation Indicator not used.

4. SUPPORTING DOCUMENTATION

a. Description of Request:



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Williams Gas Pipeline

Request No.: R99043

Add data element 'Minimum Volumetric Commitment Percentage Evaluation Code' to the Offer Upload (5.4.7) and the Offer Download (5.4.1) datasets.

b. Description of Recommendation:

EBB to Internet Implementation Task Force (EIITF):

See minutes for the following EIITF meeting:

- July 14, 1999

Motion:

Instruct the Information Requirements Subcommittee to modify the Offer Upload, GISB Standard No. 5.4.7, and the Offer Download, GISB Standard No. 5.4.1, to accommodate the business practice of allowing the offering party to communicate to the TSP whether the minimum volumetric commitment percentage should be used in the evaluation of bids. This business practice would be business condition in the Offer Upload and condition in the Offer Download based on whether the information is present and processed in the Offer Upload.

Balanced Vote: Vote	July 14, 1999			7 In Favor			0 Opposed		
	For	Against	Total	Balanced For	Balanced Against	Balanced Total	Balanced For	Balanced Against	Balanced Total
End									
Users	0	0	0	0.00	0.00	0			
LDCs	1	0	1	1.00	0.00	1			
Pipelines	13	0	13	2.00	0.00	2			
Producers	2	0	2	2.00	0.00	2			
Services	8	0	8	2.00	0.00	2			
	24	0	24	7.00	0.00	7			

Information Requirements Subcommittee

See minutes for the following Information Requirements Subcommittee meetings:

- September 10, 2002
- October 15, 2002

Motion:

Modify the following NAESB WGQ Standards Data Dictionaries and Code Values Dictionaries as indicated below: (see details of the modifications in the minutes as captured above in section 3)

No changes necessary to the following documentation for the data sets being modified:

- TIBPs
- Sample Papers
- Executive Summary
- Business Process and Practices

Balanced Vote: 10/15/02 3 In Favor 0 Opposed



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE

Requester: Williams Gas Pipeline

Request No.: R99043

Vote	For	Against	Total	Balanced For	Balanced Against	Balanced Total
End Users	0	0	0	0.00	0.00	0
LDCs	0	0	0	0.00	0.00	0
Pipelines	9	0	9	2.00	0.00	2
Producers	0	0	0	0.00	0.00	0
Services	1	0	1	1.00	0.00	1
	10	0	10	3.00	0.00	3

Technical Subcommittee

March 31, 2003

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	0	0	0	0
LDCs	0	0	0	0
Services	1	1	0	0
Pipelines	3	2	0	0
Producers	0	0	0	0
Totals	4	3	0	0

c. Business Purpose:

The Minimum Volume Commitment Percentage Evaluation Indicator provides the Releasing Shipper the ability to indicate whether or not the Minimum Volumetric Commitment Percentage will be used in the determination of the winning bid.

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE**

Requester: WGQ EDM Subcommittee

Request No.: WGQ AP5

1. RECOMMENDED ACTION:

☒ Accept as requested
☐ Accept as modified below
☐ Decline

EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:

☒ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE**Per Request:**

☐ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☒ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☒ Business Process Documentation

3. RECOMMENDATION**SUMMARY:**

Make changes to the NAESB WGQ EDM version 1.6 manual to update the "Minimum Technical Characteristics" for NAESB Web Sites, and miscellaneous typographical errors.

STANDARDS LANGUAGE:

Please see attached document for redline changes to the NAESB WGQ EDM version 1.6 manual. (note the original date in the footer is in error for the original NAESB WGQ 1.6 EDM manual as it reads June 30, 2001 and should read July 31, 2002)

4. SUPPORTING DOCUMENTATION**a. Description of Request:**

WGQ 2003 Annual Plan Item 5:
 Review of minimum technical characteristics in Appendices C, D, and E of the EDM Manual.

**RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE****Requester: WGQ EDM Subcommittee****Request No.: WGQ AP5****b. Description of Recommendation:****Electronic Delivery Mechanism Subcommittee**

The NAESB WGQ Electronic Delivery Mechanism (EDM) Subcommittee is charged in WGQ Annual Plan Item 5 and Std 4.3.59 with an annual review of the specifications contained in the Appendices of the NAESB EDM Manual pertaining to NAESB Informational Postings and Customer Activities Web Sites. The specifications cover various aspects of the configuration of both "user" systems and web site servers. This recommendation is the result of a review done by the EDM Subcommittee in January 2003 and a subsequent review by the EDM Subcommittee in March 2003.

c. Business Purpose:

Update the NAESB WGQ EDM manual to provide approximate parity between NAESB's technical standards and industry developments in web site technology that otherwise left unchanged would render the NAESB WGQ EDM manual technically outdated.

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

After completing a review of changes to the redlined WGQ EDM workpaper from both the 01/29/2003 and 03/05/2003 meetings, a motion was made and seconded to accept the redlined workpaper as the approved changes to the WGQ EDM version 1.6 for publication in WGQ EDM version 1.7. The vote was unanimous to approve the changes.

[\(Page 17 of the NAESB WGQ EDM Version 1.6 documentation\)](#)

TAB 6 Technical Implementation - Internet EDI/EDM and BATCH FF/EDM

Provides an overview of the business process for Internet EDI/EDM and Batch FF/EDM.

Data Dictionary

Provides definition of the standard data elements and the usage requirements for each element.

Batch Flow Diagram

Sending Transactions

Provides instructions to develop mechanisms for sending of GISB standard format data files.

Receiving Transactions

Provides instructions to develop mechanisms for receiving of GISB standard format data files.

Security

Provides guidelines for data privacy, data integrity, authentication and non-repudiation of inbound and outbound transactions.

Other Considerations

Provides information regarding error notification and testing. Includes a reference guide and examples for repudiation and validation.

TAB 7 Technical Implementation - Informational Postings Web Site

Provides an overview of the business process for IP/EDM.

TAB 8 TECHNICAL IMPLEMENTATION - EBB/EDM

Provides an overview of the business process for EBB/EDM.

TAB 9 TECHNICAL IMPLEMENTATION - INTERACTIVE FF/EDM

Provides an overview of the business process for Interactive FF/EDM.

TAB 10 Appendix

Appendix A - Reference Guide

Appendix B - Repudiation and Validation Examples

Appendix C - Minimum Technical Characteristics and Guidelines for the Developer and User of the Customer Activities Web Site

Appendix D - Minimum and Suggested Technical Characteristics and Guidelines for the Developer and User of the Informational Postings Web Site

Appendix E - Minimum Technical Characteristics for ~~an~~ EDM Communications Server

APPENDIX C - Minimum Technical Characteristics and Guidelines for the Developer and User of the Customer Activities Web Site¹

Browser Characteristics (includes defined NAESB WGQ current versions):

Features as supported by the latest ~~g~~Generally ~~a~~Available (GA) versions of both Netscape®² and Internet Explorer®³ within 9 months of such GA version becoming available, including -

- Frames & Nested Frames
- Tables & Nested Tables
- HTML
- Cookies
- JavaScript
- SSL 128-bit RSA Encryption
- Style Sheets

Plug-ins (~~Generally Available~~ (GA) versions within 9 months of such GA versions becoming available)

- JAVA®
- ActiveX®⁴ (Plug-in for Netscape®)
- Adobe Acrobat ~~PDF~~ Reader®⁵
- Systems Incorporated
- Independent Computer Architecture (ICA®)⁶ - Protocol used for remote control access to an application

Operating Systems:

Operating systems on a client workstation should be multithreaded and pre-emptive.

Hardware:

CPU	>=500 MHz
Memory	>=256 MB Physical
Display Resolution	>=1024 x 768, 16K colors
Connection	>=56 KB (~~v.90~~)

¹ Configuration shown indicates a minimum except where a specific level is established. 'Minimum' implies a level where a reasonable experience for the user may be achieved. These levels also indicate the level that a user may expect that a client has been tested. Results may be less than satisfactory, or may preclude use of a site, if the user chooses to use anything less than those levels shown.

² Netscape® is a registered trademark of Netscape Communications Corp.

³ Internet® Explorer is a registered trademark of Microsoft Corporation.

⁴ ActiveX® is a registered trademark of Microsoft Corporation.

⁵ ~~Adobe®, Acrobat®, and Reader® are~~ a registered trademarks of Adobe.

⁵ ~~ICA® is a registered trademark of Citrix Systems Inc.~~

Example Configuration¹

Hardware:	CPU: P500 MHz or higher Memory: 256MB Physical Display Resolution: 1024 x 768, 16K colors Pointing Device with left and right click capability
Operating Systems:	Windows® ² 98 Windows® NT 4.0 Windows® 2000
Connection:	56KB (~~v.90~~) modem ISDN Direct Connect (T1, Fractional T1, etc.) DSL Cable-Modem
Browser:	Netscape® Communicator/Navigator Microsoft® Internet Explorer
Plug-ins:	JAVA® ActiveX® (Plug-in for Netscape®) Adobe Acrobat Reader® ICA®
Memory - Users who want to have multiple applications or EBBs open simultaneously should consider more memory.	
CPU Speed - Users should be aware that higher CPU speeds may result in better performance.	

¹ Specific products should be reviewed prior to implementation for Year 2000 compliance. Examples provided represent a non-comprehensive set of configurations that a client may use. This example list in no way should be construed as an endorsement by NAESB WGQ of any specific products. Other products meeting the minimum technical characteristics of the client workstation may be used.

² Windows® is a registered trademark of Microsoft Corporation.

APPENDIX D - Minimum and Suggested Technical Characteristics and Guidelines for the Developer and User of the Informational Postings Web Site

User technical characteristics provide specifications to the developer on the user environment for which the application will be designed and tested. Likewise, they will serve as guidelines to the user when purchasing the appropriate hardware and software to enable him/her to use the application.

Informational Postings Web Site User Technical Characteristics

	Minimum	Suggested
Connection Device:	~~28.8 Kbps~~ <u>33.3 Kbps</u>	Direct Connect
Operating System:	Multi-threaded & Preemptive	
RAM:	128 MB	>128 MB
Browser Capabilities:	Cookies & JavaScript Frames & Nested Frames Tables & Nested Tables HTML 3.2 <u>Adobe Acrobat Reader®</u>	
Display Resolution:	1024x768, 16k colors	>1024x768, 16k colors

Definitions:

Minimum user technical characteristics -

The environment and components for which the Web site application is designed and tested. This should include:

- a client environment comprised only of characteristics listed above, and,
- support for all mandated functions in accessing Informational Postings.

Suggested user technical characteristics -

Environment or components not required to perform all mandated functions in accessing Informational Postings, but could provide an enhanced user experience.

Examples of User Workstations Meeting Criteria of Informational Postings Web Site User Characteristics¹

	<u>Minimum</u>	<u>Suggested</u>
Hardware:	Pentium® ² 200MHz or equivalent	Pentium® 500MHz or greater
RAM:	128 MB	> 128 MB
Communication Device:	~~28.8~~ 33.3 Kbs	Direct Connect ISDN Satellite 56 KB modem DSL Cable-Modem
Monitor:	12" Laptop 15" Desktop	> 12" Laptop > 15" Desktop
Display Capabilities:	1024x768 16k colors	> 1024x768 > 16k colors
Operating System:	Windows® 95 System ~~78~~ ³ Solaris® ⁴ 2. ~~6~~ 5	Windows® XP Windows® 98 Windows® NT 4.0 Solaris® ~~2.6~~ 8 System ~~78~~ ³ Windows® 2000 Windows® ME Linux
Browser:	Microsoft Internet Explorer® Netscape® Communicator	Microsoft Internet Explorer® Netscape® Communicator

¹ Technical implementations above represent a non-comprehensive set of choices which an implementer may use. This list in no way should be construed as an endorsement by NAESB WGQ of any specific products. Other products supporting technical implementation may be used.

² Pentium® is a registered trademark of Intel Corporation.

³ System ~~78~~® and System ~~89~~® are registered trademarks of Apple Computers, Inc.

⁴ Solaris® is a registered trademark of Sun Microsystems, Inc.

Informational Postings Web Site Developer Technical Characteristics

User's environment supporting the above minimum characteristics should be able to access all NAESB WGQ standardized features of Informational Postings Web Sites.

Any other Web technologies may be considered for use by the developer as long as they can be used by the client without requiring special actions including firewall rule changes, use of a specific browser, logons and downloads of special helper applications such as plug-ins, viewers or readers, except as specifically identified in this Appendix.



APPENDIX E - MINIMUM TECHNICAL CHARACTERISTICS FOR ~~AN~~ EDM COMMUNICATIONS SERVER

The following ports may be used by EDM developers and should be made available in user environments.

Allowable TCP Ports (not UDP ports)

HTTP HTTPS 80, 443, 5713, 6112, 6304, 6874, 7403

ICA® 1494

RMI(Java®) 1099-1100

Java® Telnet 31415

TCP Optional 8001-8020**

SMTP 25

Allowable UDP Ports (not TCP ports)

Secure ICA® 1604

There are other technologies available that would require additional ports to be opened, such as FTP and Telnet. If and when NAESB WGQ approves such technologies, FTTF will modify this list of allowable ports accordingly. The client-side firewall implementation and client browser settings should permit the downloading and installation of NAESB WGQ approved plug-ins and modules. Please refer to the NAESB WGQ defined Minimum Technical Characteristics for Accessing Customer Activities Web Sites for the listing of NAESB WGQ approved plug-ins and modules.

**The reservation of 20 optional ports was to provide room for implementations such as DCE, IIOP, and load balancing implementations. TSPs should endeavor to minimize the usage of these ports.

ICA® is a registered trademark of Citrix Systems Inc.

JAVA® is a registered trademark of Sun Microsystems, Inc.



RECOMMENDATION TO NAESB WGQ EXECUTIVE COMMITTEE PROPOSED INTERPRETATION

Requester: 8760

Request No.: C03001

C03001 Request from 8760, Inc. Regarding the NAESB EDM Implementation Manual:

The question is whether individual implementations are free to use the http HEAD command, prior to using the POST command to deliver the NAESB payload. When implementing a NAESB EDM solution, the standard clearly relies on the http protocol spec for details of how to implement the protocol. It is also clear that the http POST command should be used, and not the GET command.

Proposed Draft Language:

The use of the HTTP HEAD command in NAESB EDM is an option, and as such its implementation between trading partners is solely on a “mutually agreed to” basis, i.e. the Requester is free to propose the use of the HEAD command to its trading partners, but the Requester cannot insist upon its use. Moreover, the Requester must still provide for transmission and receipt, via the standards, to those trading partners that do not consent to the use of the HEAD command. If the Requester seeks the use of the HEAD command as an explicit requirement of NAESB, EDM, they are directed to submit a Request for Standard to NAESB.

14. Creditworthiness Recommendations and Comments

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

Requester:

Request No.: 2003 Annual Plan Item 6

1. Recommended Action:

☐ Accept as requested
☐ Accept as modified below
☐ Decline

Effect of EC Vote to Accept Recommended Action:

☒ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

☐ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☐ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☐ Initiation
☒ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle (x.1.z)
☐ Definition (x.2.z)
☒ Business Practice Standard (x.3.z)
☐ Document (x.4.z)
☐ Data Element (x.4.z)
☐ Code Value (x.4.z)
☐ X12 Implementation Guide
☐ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

- Add proposed NAESB WGQ Standards 0.3.zA, 0.3.zB, 0.3.zC, 0.3.zD, 0.3.zE, 0.3.zF, 0.3.zG, 0.3.zH, 0.3.zI, 0.3.zJ, 0.3.zK, 0.3.zL, 0.3.zM, 0.3.zN, 0.3.zO, 0.3.zP, 5.3.zA, 5.3.zB, 5.3.zC, 5.3.zD, 5.3.zE, 5.3.zF, 5.3.zG, 5.3.zH

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

Requester:

Request No.: 2003 Annual Plan Item 6

STANDARDS LANGUAGE:

Proposed Standard 0.3.zA

For credit evaluation purposes, the Service Requester (SR) should supply any of the following information as specified by the Transportation Service Provider (TSP):

- Audited Financial Statements;

- Annual Report;

- Most recent filed statements with the Securities and Exchange Commission (or an equivalent authority) or such other publicly available information;

- For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (CFO) that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;

- For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent;

- For non-public entities, including those that are state-regulated utilities, an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the SR's current financial condition;

- For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism which fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent;

- List of Affiliates, Parent Companies, and Subsidiaries;

- Publicly Available Credit Reports from Credit and Bond Rating Agencies;

- Private Credit Ratings, if obtained by the SR;

- Bank References;

- Trade References;

- Statement of Legal Composition;

- Statement of Length of Time Business has been in Operation;

- Such other information as may be mutually agreed to by the parties; and

- Such other information as the TSP may receive approval to include in its tariff or general terms and conditions.

Non-public information supplied by the SR should be treated by the TSP as confidential.

Proposed Standard 0.3.zB

If the Transportation Service Provider (TSP) requests additional information to be used for credit evaluation after the initiation of service, the TSP should provide its reason(s) for requesting the additional information to the Service Requester (SR). The TSP and the SR may mutually agree to waive the requirements of this standard.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

Requester:

Request No.: 2003 Annual Plan Item 6

Proposed Standard 0.3.zC

Upon receipt of a request from the Transportation Service Provider (TSP) for information to be used for credit evaluation, the Service Requester's (SR) authorized representative(s) should acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zD

The Service Requester's (SR) authorized representative(s) should respond to the Transportation Service Provider's (TSP) request for credit information, as allowed by the TSP's tariff, on or before the due date specified in the request. The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.

Proposed Standard 0.3.zE

Upon receipt from the Service Requester (SR) of all credit information provided pursuant to NAESB WGQ Standard [0.3.zD], the Transportation Service Provider (TSP) should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zF

The Service Requester (SR) should designate up to two representatives who are authorized to receive notices regarding the SR's creditworthiness pursuant to NAESB WGQ Standard [0.3.zE] and should provide to the Transportation Service Provider (TSP) the Internet e-mail addresses of such representatives prior to the initiation of service. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. The SR should manage internal distribution of any creditworthiness notices that are received.

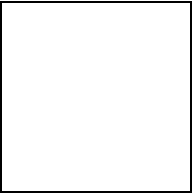
Proposed Standard 0.3.zG

Upon the Transportation Service Provider's (TSP) determination that a Service Requester (SR) is non-creditworthy, the TSP should provide the SR with written notification that clearly states the reason(s) for the TSP's decision.

Proposed Standard 0.3.zH

At the time of its request for service and upon the Transportation Service Provider's (TSP) request at any time thereafter, the Service Requester (SR) should confirm to the TSP whether any of the following conditions exist:

- (1) that the SR has filed for bankruptcy protection and/or is operating under any chapter of the bankruptcy laws;
- (2) that the SR is subject to liquidation or debt reduction procedures under governing laws, such as an assignment for the benefit of creditors or any creditors' committee agreement; and/or
- (3) that the SR's credit rating has been downgraded by a credit rating agency within the last six months.



RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

Requester:

Request No.: 2003 Annual Plan Item 6

Proposed Standard 0.3.zI

Upon request of the Transportation Service Provider (TSP), the Service Requester should furnish the applicable information requested in NAESB WGQ Standards [0.3.zA] and [0.3.zH], including an explanation for any unavailable information, within three (3) business days or such later date acceptable to the TSP.

Proposed Standard 0.3.zJ

In complying with information requirements specified by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standards [0.3.zA] and [0.3.zH], the Service Requester (SR) should provide to the TSP the public documents that contain the required information. The public documents may be either the SR's public documents or, if the SR does not have the required documents, the public documents of the SR's parent company, to the extent that such documents contain the required information pertaining to the SR. If the SR provides its parent company's public documents to confirm the existence of an event specified in Standard [0.3.zH], the SR should specify where, in said public document, such information appears.

Proposed Standard 0.3.zK

At any time after the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), the SR may initiate a credit status re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR should either update or confirm in writing the prior information provided to the TSP related to the SR's credit status. Such update should include any substantial event(s) that the SR believes could lead to a change in the SR's credit status.

Proposed Standard 0.3.zL

After a Transportation Service Provider's (TSP) receipt of a Service Requester's (SR) request for re-evaluation, including all required information pursuant to NAESB WGQ Standard [0.3.zK] ("SR's Request"), within [x] Business Days, the TSP should provide a written response to the SR's Request. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed [y] Business Days from the date of the receipt of the SR's Request unless the parties mutually agree to some later date. The values for [x] and [y] should be specified in the TSP's tariff.

Proposed Standard 0.3.zM

For the Service Requester (SR) to receive initial service or to continue to receive service from a Transportation Service Provider (TSP), the SR should be

- (1) creditworthy in accordance with the TSP's tariff or provide credit alternative(s) in accordance with NAESB WGQ Standard [0.3.zN],
- (2) current on all undisputed payments to the TSP for service, and
- (3) otherwise in compliance with the TSP's tariff or service agreement.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

Requester:

Request No.: 2003 Annual Plan Item 6

Proposed Standard 0.3.zN

In the event that the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), at the SR's option, the SR should provide one or more of the following forms of credit alternatives to receive initial service or continue to receive service:

- (1) guarantee;
- (2) an irrevocable letter of credit; or
- (3) prepayment of service.

Such credit alternative(s) should be acceptable to the TSP, provided that the TSP's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. The TSP and SR may mutually agree that the SR will provide other forms of credit alternatives. In order for a guarantee or an irrevocable letter of credit to be accepted by the TSP, the entity that provides such guarantee or letter of credit must be creditworthy in accordance with the TSP's tariff.

Proposed Standard 0.3.zO

Except as to a Service Requester (SR) that subscribes to service in connection with construction, expansion, acquisition or lease of new facilities, the Transportation Service Provider's tariff should specify the amount of alternative credit assurance that will be required of a SR that is not creditworthy.

Proposed Standard 0.3.zP

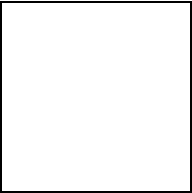
If the Service Requester (SR) provides cash as a credit alternative required by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standard [0.3.zN], the TSP should pay interest to the SR on the cash principal amount held by the TSP on the total amount of the cash received by the TSP. This cash principal amount should exclude the SR's one-month advance payment to the TSP to continue service after the TSP determines the SR to be non-creditworthy pursuant to the TSP's tariff. At the TSP's sole option and in lieu of the TSP paying interest, the TSP may allow the SR to choose to deposit a cash form of credit alternative in an escrow account where the SR will receive the interest on such cash and the TSP will have access to the cash principal for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

Proposed Standard 5.3.zA

A Transportation Service Provider (TSP) can terminate any release if the original Service Requester's (SR) underlying service agreement is terminated due to default or failure to maintain creditworthiness, provided, however, that the release shall not terminate if the replacement shipper agrees to pay, for the remaining term of the replacement shipper's contract, one of the following:

- (1) the original SR's contract rate,
- (2) the maximum tariff rate applicable to the original SR's capacity, or
- (3) some other rate that is acceptable to the TSP.

The TSP should give the replacement shipper notice before terminating service, as specified in the TSP's tariff. This standard does not address re-releases, which should be governed by the TSP's tariff.



RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

Requester:

Request No.: 2003 Annual Plan Item 6

Proposed Standard 5.3.zB

With respect to non-permanent releases, the Transportation Service Provider (TSP) should evaluate the creditworthiness status of the replacement shipper(s) as if that replacement shipper(s) was applying for comparable capacity with the TSP outside of the capacity release process.

Proposed Standard 5.3.zC

As a pre-condition to bid on posted capacity release offers, the Service Requester (SR) should seek to pre-qualify its status with the Transportation Service Provider (TSP) as a potential replacement shipper. Upon request by the SR, the TSP should determine whether a potential replacement shipper is pre-qualified up to a requested level taking into account all obligations from services that it receives and requests from the TSP, including any service represented by the capacity release. Pre-qualifications are subject to periodic re-evaluation by the TSP.

Proposed Standard 5.3.zD

The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

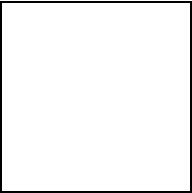
Proposed Standard 5.3.zE

The Transportation Service Provider (TSP) should allow an existing Service Requester (SR) to permanently release capacity to a replacement shipper, under the same terms and conditions of the releasing shipper's contract, or other mutually agreeable terms and conditions, provided the replacement shipper meets the TSP's creditworthiness and other tariff provisions applicable to the TSP's qualification of a SR to receive service. Such permanent release should be pursuant to the rules, regulations, and policies of the Federal Energy Regulatory Commission (or an equivalent authority) regarding capacity release transactions.

Proposed Standard 5.3.zF

The Transportation Service Provider (TSP) should provide the releasing shipper with Internet E-mail notification reasonably proximate in time with the formal notice given to its replacement shipper(s), of the following:

- (1) Past due, deficiency, or default notice pursuant to the TSP's tariff;
- (2) Suspension of service notice;
- (3) Contract termination notice due to default or credit-related issues;
- (4) Notice that a request for information has been initiated by the TSP for the purpose of credit evaluation, excluding routine communication related to credit maintenance or new service; and
- (5) Notice that a replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.



RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

Requester:

Request No.: 2003 Annual Plan Item 6

Proposed Standard 5.3.zG

The releasing shipper should provide the Transportation Service Provider (TSP) with the Internet E-mail address of up to two authorized representatives who are designated to receive notification pursuant to NAESB WGQ Standard [5.3.zF]. The obligation of the TSP to provide notifications related to Standard [5.3.zF] is waived until the above requirement has been met. The releasing shipper should manage internal distribution of such notices that are received.

Proposed Standard 5.3.zH

In complying with the notifications pursuant to NAESB WGQ Standard [5.3.zF], the releasing shipper and the Transportation Service Provider may mutually agree to other forms of communication in lieu of Internet E-mail notification.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

2003 Annual Plan Item 6 / 2002 Annual Plan Item 11 – Develop Creditworthiness Standards pursuant to a Annual Plan Item. Such development should be restricted to implementation of existing Commission policy, new Commission policy after it has been ordered and non-policy aspects of Creditworthiness.

b. Description of Recommendation:

Business Practices Subcommittee

See the Business Practices Subcommittee (BPS) meeting minutes, attachments, and transcripts for the supporting documentation, discussion, and voting records for the following dates:

November 6-7, 2002
December 3-4, 2002
December 17, 2002
January 20, 2003
January 22-23, 2003
January 30, 2003
February 5-6, 2003
February 11, 2003
February 14, 2003
February 27, 2003
March 6-7, 2003
March 11, 2003
March 13, 2003
March 18-19, 2003
March 28, 2003
April 4, 2003
April 11, 2003
April 15-16, 2003
April 21, 2003

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

Requester:

Request No.: 2003 Annual Plan Item 6

c. Business Purpose:

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com

Home Page: www.naesb.org

TO: WGQ Executive Committee Members
FROM: Rae McQuade, Executive Director
RE: Supplemental Materials for the Upcoming May 20, 2003 WGQ EC Meeting
DATE: May 19, 2003

Attached please find supplemental materials for the upcoming Executive Committee meeting on May 20. The materials are:

1. Comments from the American Gas Association
2. Comments from Baltimore Gas & Electric
3. Comments from Calpine Corporation
4. Comments from Constellation Energy Group, Inc.
5. Comments from Duke Energy Gas Transmission
6. Comments from EnCana Corporation
7. Comments from KeySpan Distribution Companies
8. Comments from Midland Cogeneration Venture
9. Comments from National Fuel Gas Distribution
10. Comments from NiSource Distribution Companies
11. Comments from Northern Natural
12. Comments from the Peoples Gas Light & Coke Company and North Shore Gas Company
13. Comments from the Pipeline Segment
14. Comments from Process Gas Consumers Group & American Forest and Paper Association
15. Comments from SCANA Corporation
16. Comments from Washington Gas Light Company



VIA E-MAIL

May 16, 2002

TO: North American Energy Standards Board (NAESB) Office (naesb@aol.com)

CC: Rae McQuade, NAESB Executive Director

FROM: The American Gas Association

RE: Comments of AGA Regarding Proposed Creditworthiness Standards

On April 19, the North American Energy Standards Board (NAESB) posted for comment its draft standards addressing creditworthiness. The Executive Committee (EC) of NAESB's Wholesale Gas Quadrant (WGQ) is considering the proposed standards at its meeting on May 20, 2003. Pursuant to the request for comments, the American Gas Association (AGA) submits the following comments and asks the Executive Committee to thoughtfully consider the following points during its deliberations regarding the proposed standards.

AGA appreciates the hours of diligent work and consensus discussions that were required to finalize the draft standards now pending before the EC. The industry owes the members of NAESB's WGQ Business Practices Subcommittee its gratitude in taking on this task that has been controversial from the start. From the beginning, many industry participants believed that general terms and conditions addressing interstate pipelines' creditworthiness requirements for shippers are not suitable for standardization. This belief is due to the financial management implications embodied in the need for business partners to evaluate their respective risk profiles and risk tolerance levels, which, out of necessity, are unique to each contractual relationship. Accordingly, the concept of standardization, although productive for many processes, is difficult to apply to an area filled with so many unique business decisions. Obviously, the process of establishing creditworthiness with an interstate pipeline must be fair and not unduly discriminatory, however, standardization by NAESB is not necessarily an effective means to achieve that statutory obligation.

Recognizing how difficult it was for NAESB to achieve this body of proposed standards, AGA seeks clarification on the meaning and intent of many of the draft standards. We have some concern that many of the proposed standards are confusing to all but those directly involved in the drafting (and even they have different interpretations as proven by discussions among segments). As with any good settlement – the principles may be solid and represent the will of the collective but the language memorializing the intended meaning can be subject to interpretation.

Therefore, AGA asks the EC in its deliberations to address whether the following restatements of the proposed standards are accurate and to answer any questions posed over language that is confusing. The language, in many of the proposed standards, should be modified or improved in order to prevent future disagreement and misinterpretation. Because of the difficulty of this issue in the first instance, we recognize that it will be equally difficult for NAESB to craft consensus proposals to address the

issues we raise below. Accordingly, our hopes are less ambitious – we ask that the EC discuss for the purposes of clarification the meaning and intent of some of the proposed standards so that the ultimate report to FERC is complete, regardless of whether the proposed standards are approved.

AGA recognizes that the proposed standards constitute a package that should be considered as a whole and not on an individual standard basis. The proposed standards, for the most part, are interrelated. Therefore it may be difficult to consider adopting these proposed standards on a one-by-one basis. If nothing else, the work product of the BPS provides the basis for a solid report to FERC on a process to establish creditworthiness with an interstate pipeline, the pros and cons of various provisions from the alternative perspective of various shippers and pipelines and the meaning and necessity of certain provisions. This work will provide FERC with substantial guidance as it continues its policy determinations on creditworthiness issues.

The NAESB report to FERC should also indicate that this body of proposed standards, which took an extreme number of hours of meeting time and personnel hours to complete, represents NAESB's best efforts to standardize creditworthiness provisions. Further NAESB efforts to standardize creditworthiness provisions would not be productive because there are too many important policy issues implicated by any further standards debates. AGA believes that because of these policy considerations, FERC should endeavor itself to address creditworthiness issues.

The Comments below are set out in the order the proposed standards are published and not in the order of importance or concern. Additionally, the comments and questions are not an exhaustive list but are representative of issues and concerns.

Proposed Standard 0.3zA

According to this proposed standard, a Transportation Service Provider¹ will specify in its tariff the information it will require from a service requestor. The information specified could be any one of the items on the list, need not be all the items on the list, and could be more than one item on the list. Additionally, the interstate pipeline is accorded some flexibility to include an item not listed, subject to approval by FERC. Finally, non-public information should be treated as if it were confidential, regardless of whether it is or not.

The EC should clarify that this proposed standard does not limit the TSP to using only the stated items when evaluating creditworthiness and it also does not limit a service requestor in what it may decide to provide to the TSP.

These proposed NAESB proposed standards here and elsewhere use the common phrase “Service Requestor,” when referencing entities that desire to contract with a TSP (or interstate pipeline) for capacity and when addressing existing shippers. The use of this term sometimes leads to confusion, especially in the context of proposed standards addressing credit status on an ongoing basis (after a contract has been initiated) and those addressing capacity release. It is confusing to use the same term to address all of those situations, especially when, in a capacity release context, it could refer to the releasing shipper or the replacement shipper. The EC should rewrite the proposed standards to clearly state whether they are referring to entities requesting service or existing shippers or both.

¹ NAESB Standards use the phrase “Transportation Service Provider” to encompass any transporter. For purposes of deliberations at FERC, a TSP is an interstate pipeline.

Proposed Standard 0.3zB

This proposed standard requires the TSP to provide reasons for seeking additional information from a Service Requester, if the TSP after initiation of service decides that it needs more information for credit evaluation. If both parties agree, the requirement of the proposed standard (for the TSP to provide reasons) can be waived.

Proposed Standard 0.3zC

This proposed standard requires the SR to acknowledge receipt of a request for information for credit evaluation from the TSP. If both parties agree, the requirement to acknowledge receipt of the request can be waived.

It should be clarified that this notification requirement, as well as the notification requirements in Proposed Standard 0.3zE and 0.3zL are email notification, similar to the email notification specified in Proposed Standard 5.3zF.

Proposed Standard 0.3zD

This proposed standard requires the SR to respond to the TSP 's request for credit information by the due date stated in the request. Either the number of days permitted to respond will be set by the pipeline's tariff or the fact that the TSP may request credit information will be set by the pipeline's tariff. All of the requested information must be presented at that time, or if not, reasons should be provided as to why information is missing.

The phrase "as allowed by the TSP's tariff" is confusing. What is "allowed" – the number of days for a response that results in the due date or the fact that the TSP may request credit information? The current draft implies that the phrase, "as allowed by the TSP's tariff," is modifying the ability to request credit information when it appears that the phrase was meant to modify the number of days. Does this proposed standard apply to a request for additional information pursuant to proposed standard 0.3.zB? Language should be clarified accordingly.

This proposed standard is inconsistent with the minimum three business day due date established by proposed standard 0.3.zI.

The inconsistency needs to be resolved. Without such resolution, the proposed standards could be confusing and lead to disputes.

Proposed Standard 0.3zE

This proposed standard requires the TSP to let the SR know it has received all of its credit information. If both parties agree, the requirement to acknowledge the receipt of the information can be waived. The comment with regard to Proposed Standard 0.3zC also applies here.

This proposed standard and proposed standard 0.3.zF, should also require the TSP to designate notice recipients or recipients for credit information, as it is possible, and perhaps likely, that the people responsible for credit matters at the TSP will not be the same people with whom the SR/shipper usually deal.

Proposed Standard 0.3zF

This proposed standard asks the SR to designate one or two representatives authorized to receive notices about its creditworthiness pursuant to Proposed Standard 0.3zE. If both parties agree, the requirements of this proposed standard can be waived.

Proposed Standard 0.3zE does not require general notices about creditworthiness, it only requires that the TSP provide notice to the SR that it received information about its credit. As noted above, this proposed standard should also require the TSP to designate notice recipients or recipients for credit information.

Is this proposed standard meant to create an obligation on the SR to provide the names and email addresses of one or two individuals to receive notices about creditworthiness issues beyond simply the notice of receipt discussed in Proposed 0.3zE?

Should this proposed standard reference Proposed Standard 0.3zD directly, rather than indirectly, by referencing Proposed Standard 0.3zE?

Proposed Standard 0.3zG

This proposed standard requires a TSP to provide, with clearly stated reasons, written notice to an SR that it has determined it is not creditworthy.

The comment with regard to Proposed Standard 0.3zC also applies here.

Proposed Standard 0.3zH

This proposed standard requires that, in addition to providing the required documents from Proposed Standard 0.3zA, a SR confirm at the time it requests service and any time the TSP asks, whether it has filed for bankruptcy and/or is operating under any bankruptcy laws; whether it is subject to liquidation or debt reduction procedures under governing laws, such as an assignment for the benefit of creditors or any creditors' committee agreement; and/or whether its credit rating has been downgraded by a credit rating agency within the last six months.

Proposed Standard 0.3zI

This proposed standard requires a SR to furnish information requested from Proposed Standard 0.3zA and 0.3zH, with an explanation for any unavailable information, within 3 business days or a later date acceptable to the TSP.

Other than establishing a response time to meet the requirements of Proposed Standard 0.3zH, how is this proposed standard different from 0.3zD? This proposed standard further highlights the confusion caused by the phrase "as allowed by the TSP's tariff" in proposed standard 0.3zD and clarification should be provided as to how the two proposed standards should be reconciled.

Does this proposed standard apply to a request for additional information pursuant to proposed standard 0.3zB?

Proposed Standard 0.3zJ

This proposed standard is meant to provide a SR that does not have its own publicly filed documents the ability to use the documents of its parent corporation in order to establish credit with the TSP. If the SR is using its parent company's public documents to provide the confirmations required in Proposed Standard 0.3zH, the SR should specify the location in the document where the information appears.

This is a critical proposed standard, impacting many LDCs. When not considered a public company in its own name, an LDC would be able to submit its parent company's financial forms instead of its own forms. It is important to stress, however, that in no way does this proposed standard imply a parental guarantee.

Proposed Standard 0.3zK

This proposed standard allows an SR to be deemed to be non-creditworthy by a TSP. If a TSP makes that determination, this proposed standard allows the SR to initiate a credit status re-evaluation by the TSP and the SR should update or confirm in writing the prior information provided to the TSP regarding its credit status. The update is also to include substantial events that the SR believes could lead to a change in its credit status.

In terms of substantial events that an SR should divulge, does this refer to future anticipated events, events that have already occurred? Both? What is the SR to do if it cannot divulge that information for business purposes?

Proposed Standard 0.3zL

This proposed standard requires the TSP to respond in writing to the SR's request for credit status re-evaluation with a specific time limit. The response should either state a determination as to the SR's credit status, with reasons for the decision, or explain why the determination will be made at a future date. A decision must be made within a specified period of time.

Is this written response to be transmitted by email?

Proposed Standard 0.3zM

This proposed standard sets the following criteria for an SR to receive initial service and for a shipper to **continue to receive service**:

The SR or shipper must be creditworthy or provide credit alternatives

The SR or shipper must be current on all undisputed payments to the TSP

The SR or shipper must be in compliance with all terms of the TSP's tariff or service agreement.

AGA has serious concerns with the way this proposed standard is drafted in that it is not sufficiently delineated to apply to creditworthiness issues only. We would like to confirm that this proposed standard is not an enforcement standard and does not mean that the TSP can terminate service to an existing shipper simply because it believes the shipper is not in compliance with all of the terms of its tariff or service agreement. If that is the case, there are many more standards that would have to be drafted to determine how termination is achieved, whether written notice is required, how much notice to a shipper is required, whether an order from the Federal Energy Regulatory Commission approving such termination is required, etc. Is NAESB then defining very broad and important policy matters that are addressed by FERC?

Is the proposed standard meant instead to apply to only non-creditworthy shippers as opposed to a shipper that may not meet one or more tariff provision or that may be one-day late on a payment, for example? Moreover, even as to non-creditworthy shippers, is the third criterion intended to address only terms and conditions in the tariff applicable to eligibility to receive and continue to receive service? Or is the third criterion limited to only those provisions in the tariff addressing creditworthiness? Is the third criterion necessary in this context?

Additionally, the use of two separate terms in this proposed standard, “SR” and “shipper” further confuses the use of the term “SR” elsewhere in the proposed standards.

Proposed Standard 0.3zN

This proposed standard is meant to provide an SR that is determined to be non-creditworthy by the TSP the ability to provide credit alternatives in the form of a guarantee from a creditworthy entity, an irrevocable letter of credit from a creditworthy entity or prepayment of service. The TSP is given the ability to accept or reject the credit alternative, but it may not reject the alternative unreasonably. The SR and the TSP may agree to other forms of credit alternatives not listed in the proposed standard.

Does this proposed standard also permit an existing shipper who loses its creditworthiness status to offer the same types of credit alternatives? This proposed standard is another example of how the common term “service requestor” is confusing. Without the reader knowing more, this proposed standard could be interpreted to allow credit alternatives to new shippers requesting service but not to existing shippers.

Proposed Standard 0.3zO

This proposed standard requires the TSP to specify in its tariff the amount of alternative credit assurance that will be required of a SR that is not creditworthy. This proposed standard does not apply to shippers who are subscribing to new service in connection with construction, expansion, acquisition or lease of new facilities.

Proposed Standard 0.3zP

This proposed standard requires interest to be paid by the TSP on any cash payments submitted as a credit alternative, but no interest will be paid on a one-month advance payment made in order to continue service on a TSP after a SR has been determined to be non-creditworthy. This proposed standard also gives the TSP the sole option to allow the SR to deposit cash as a credit alternative into an escrow account that will provide the SR the interest payments and the TSP the assurance of payments for service.

This is another proposed standard where the use of the common term “service requestor” is confusing.

The language of this proposed standard is confusing and may be interpreted differently depending on which party is interpreting it. While it is clear that the shipper will not receive interest on the one-month advance payment, it is not clear how interest is applied, for example, to a three-month credit assurance that follows a one-month prepayment (e.g., to the entire amount or just the last two months).

Proposed Standard 5.3zA

This proposed standard allows a TSP to terminate a release transaction if the “original Service Requestor’s” service is terminated due to default or failure to maintain creditworthiness. The replacement shipper can continue the service if it agrees for the remaining term of the contract to pay the original shipper’s contract rate, the maximum tariff rate applicable to the original shipper’s service or another rate acceptable to the TSP.

If the TSP is going to terminate service, it must give notice to the replacement shipper, according to its tariff. Re-releases are not addressed by this proposed standard.

This proposed standard highlights the problem with the term “service requestor” as it is very unclear in reading this proposed standard whether the service requestor in this proposed standard is the releasing shipper or the replacement shipper. Also, the use of the term “original” is confusing because the proposed standard states that it does not apply to re-releases.

Proposed Standard 5.3zB

This proposed standard requires the TSP to evaluate the creditworthiness of a shipper bidding on released capacity as if that shipper were seeking to buy capacity directly from the pipeline. This proposed standard does not apply to permanent releases.

While this proposed standard is critical to LDCs in order to ensure that they are releasing capacity to creditworthy shippers and therefore are less exposed for nonpayment, the exclusion of permanent releases is problematic. Is it justifiable to adopt a standard that does not treat all releases equally? Why are permanent releases excluded? Does the fact that the proposed standard does not apply to permanent releases mean the pipeline will not evaluate the creditworthiness of a permanent replacement shipper or will evaluate it using different criteria?

Proposed Standard 5.3zC

This proposed standard establishes a process for shippers bidding on released capacity to pre-qualify creditworthiness with the pipeline up to a certain level before actually bidding on released capacity. Pre-qualifications are subject to periodic reevaluation by the pipeline.

As written, it is not clear whether the purpose of this proposed standard is to create an optional process to pre-qualify those bidding on released capacity or whether it is to create a required pre-qualification process.

The proposed standard should be clarified or amended by deleting the words “seek to” and the words “upon request by the SR” so that it is clear it is creating a pre-qualification requirement for those bidding on released capacity. It is our view that this proposal is consistent with the approved bidder’s list language that exists in several interstate pipeline tariffs on file with FERC.

Proposed Standard 5.3zD

This proposed standard prohibits a TSP from awarding a capacity release to a SR unless and until the SR meets the TSP’s creditworthiness requirements with regard to all of the services it is receiving from the TSP.

If the proposed standards require a prequalification process with the TSP prior to bidding, concerns with this proposed standard are alleviated. If pre-qualification is not necessary, does this proposed standard create a time-lag between capacity being successfully bid upon and the time that the capacity can be used?

Is the releasing shipper at risk for losing the award, which would require a reposting of the release and the loss of the revenue from the capacity release in the interim?

Does this proposed standard violate FERC's comparability principles associated with capacity release transactions?

To alleviate these concerns, it should be clarified that this proposed standard operates in conjunction with Standard 5.3.2.

Furthermore, the language of the proposed standard is not clear as to how the creditworthiness calculation will be made with regard to "all services that it received from the TSP including the service represented by the capacity release." As an example, for simplification, is it the case that if someone is pre-qualified to do a million dollars worth of business with the TSP and they are contracted for \$950,000 worth of service, then they are awarded a package that gives them \$50,000 more exposure, they move forward and can nominate gas to flow using the capacity but that if the capacity release awarded has \$70,000 worth of exposure, they have to come up with the extra \$20,000 in some fashion within the requirements of standard 5.3.2? Even under this example, however, what services constitute those valued at \$950,000 – e.g., would the value of imbalances be included in this credit limit calculation?

Proposed Standard 5.3zE

This proposed standard requires a TSP to allow an existing service requestor to permanently release its capacity to a replacement shipper under the same terms and conditions of the releasing shipper's contract, or other mutually agreeable terms and conditions, so long as the replacement shipper meets the TSP's creditworthiness and other tariff provisions qualifying shippers to receive service.

The use of the term "existing Service Requestor" further confuses the identity of a shipper vs. a potential shipper. Is this term meant to be synonymous with an existing shipper who releases capacity?

A permanent release in this proposed standard refers to a release for the remaining term of the contract and the original capacity holder no longer has any liability to pay for the capacity.

Proposed Standard 5.3zF

This proposed standard provides that a TSP should provide the releasing shipper with email notification when it provides notice to its replacement shipper of the following:

1. past due, deficiency, or default notice pursuant to the TSP's tariff;
2. suspension of service notice;
3. contract termination notice due to default or credit-related issues;
4. notice that a request for information has been initiated by the TSP for the purpose of credit evaluations, excluding routine communication related to credit maintenance or new service; and
5. notice that a replacement shipper(s) is no longer creditworthy and has not provided credit alternatives(s) pursuant to the TSP's tariff.

This proposed standard is important for LDCs and gives them protections in the capacity release process. If a Replacement Shipper defaults on any obligation to the pipeline, the releasing shipper(s) should be notified in order to have the discretion to use any recall capacity provisions in the contract.

It should be clarified that the notice will go to the original releasing shipper, even if the capacity has been re-released.

Proposed Standard 5.3zG

This proposed standard provides that the releasing shipper should provide the TSP with email addresses for one or two representatives who should receive the notification specified in Proposed Standard 5.3zF.

Proposed Standard 5.3zH

This proposed standard allows the TSP and releasing shipper to agree to other forms of notification of the items specified in Proposed Standard 5.3zF.

Conclusion

AGA hopes that the EC will dedicate its efforts at the meeting on May 20 to ensuring that the proposed standards are clarified so as to avoid future disputes over their meaning. The EC's goal should be to create a comprehensive, clear report for FERC to consider in its deliberations over creditworthiness policies.

Respectfully submitted,

The American Gas Association



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Comments of the Baltimore Gas & Electric Company to the NAESB Wholesale Gas Quadrant's Proposed Creditworthiness Standards

General Overview

The NAESB Wholesale Gas Quadrant (WGQ) has admirably undertaken a very cumbersome task in proposing standards for creditworthiness in a market environment with many distinct viewpoints on the subject. In formulating the proposed creditworthiness standards, Baltimore Gas & Electric applauds the WGQ's efforts for attempting to maintain the balance between putting forth provisions to help promote fair and equitable treatment of all counterparties requesting credit and ensuring the right of each counterparty extending credit to decide for itself the amount of credit risk that is prudent to take on a requesting counterparty.

As a company, Baltimore Gas & Electric holds that the determination of creditworthiness and the decision on the amount of credit to extend are inherently proprietary. Given the same set of information on a Service Requester (SR) as provided under Proposed Standard 0.3zA, the credit lines extended by Transportation Service Providers (TSPs) will inevitably vary based on each entity's internal credit policies and how they determine the credit quality of the SR. It is noteworthy that given a great deal more information and access to senior management, the ratings agencies often times disagree as to the creditworthiness of a counterparty. Certainly, we cannot expect a consensus among all the different players in this industry as to how credit should be extended. And we should not set arbitrary policies, which will exact a higher overall cost of credit, shrink market liquidity, and/or lead to counterparties having to take on more credit risk than they would deem prudent. In reviewing the standards proposed by the WGQ, Constellation commends the group for not venturing too deeply into the actual determination of creditworthiness and not trying to invoke arbitrary standards, such as being investment grade in order to be creditworthy. It is our belief that the fact that an entity is rated below-investment grade should not necessarily equate to that counterparty being non-creditworthy.

Baltimore Gas & Electric is also a strong supporter of the view that credit is a bilateral relationship. We realize that for the purpose of simplification, NAESB has framed the recommendations in terms of the Service Requester asking for credit and the Transportation Service Provider, as the entity extending credit. Rarely, if ever, is credit solely being extended on a unilateral basis. Particularly in wholesale marketing and trading where under most contracts there is a liquidation value for the forward value of a contract, the credit risk could lie with either the buyer or the seller. Baltimore Gas & Electric wishes to make sure we are not oversimplifying the issues surrounding credit risk management by reflecting them in the staid, tariff-driven world of interstate gas pipelines and focusing on a static, unilateral credit relationship, when we all operate in a much more complex, bilateral credit environment.

Proposed Standard Comments

Proposed Standard 0.3.zP

If the Service Requester (SR) provides cash as a credit alternative required by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standard [0.3.zN], the TSP should pay interest to the SR on the cash principal amount held by the TSP on the total amount of the cash received by the TSP. This cash principal amount should exclude the SR's one-month advance payment to the TSP to continue service after the TSP determines the SR to be non-creditworthy pursuant to the TSP's tariff. At the TSP's sole option and in lieu of the TSP paying interest, the TSP may allow the SR to choose to deposit a cash form of credit alternative in an escrow account where the SR will receive the interest on such cash and the TSP will have access to the cash principal for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

One month advance payments or any prepayments should be included in the calculation of interest payments. After all, prepayment and the posting of cash collateral are essentially the same thing. A counterparty is providing cash up front in order to receive the commodity or service. If the cash is designated as collateral and the counterparty fails to make payment when due, the collateral will be used to pay the invoice. Therefore, the cash collateral is a held prepayment.

It is standard industry practice to discount prepayments to a negotiated present value of the future payment due. If this were not the case, then it would always be advantageous to post cash collateral and receive the interest and prepayment would no longer make economic sense. Through this practice, the industry already recognizes that interest should be paid on prepayments.

Proposed Standard 5.3.zA

A Transportation Service Provider (TSP) can terminate any release if the original Service Requester's (SR) underlying service agreement is terminated due to default or failure to maintain creditworthiness, provided, however, that the release shall not terminate if the replacement shipper agrees to pay, for the remaining term of the replacement shipper's contract, one of the following:

- (1) the original SR's contract rate,
- (2) the maximum tariff rate applicable to the original SR's capacity, or
- (3) some other rate that is acceptable to the TSP.

The TSP should give the replacement shipper notice before terminating service, as specified in the TSP's tariff. This standard does not address re-releases, which should be governed by the TSP's tariff.

The TSP should not have the unilateral right to terminate a capacity release if the original capacity holder is non-creditworthy. The existence of this termination right could lead to the capacity release secondary market effectively evaporating through the exit of many players who would be unwilling to buy capacity from counterparties who may be viewed as teetering on the edge of creditworthiness. These NAESB provisions should not be so far-reaching as to dictate to counterparties what types of business and transactions they can enter into.

Thank You for your consideration of these comments

Baltimore Gas & Electric –

INITIAL COMMENTS OF CALPINE CORPORATION.
CONCERNING THE NORTH AMERICAN ENERGY STANDARDS BOARD
PROPOSED CREDITWORTHINESS STANDARDS

Calpine Corporation, (“Calpine” or “the Company”) files these initial comments in response to the North American Energy Standards Board’s (“NAESB”) proposed creditworthy standards.

INITIAL COMMENTS

A. Transportation Service Providers’ Creditworthiness Provisions Should Be Transparent, Consistent and Reliable.

Although Calpine respects the work that the Wholesale Gas Quadrant’s (“WGQ”) Business Practices Subcommittee (“BPS”) has completed to date on the development of effective and reliable creditworthiness standards, much work still remains. From the outset of the NAESB creditworthiness standards development process, Calpine has advocated its desire to develop standards with that would promote the efficiency of and access to the natural gas transportation grid. FERC Order No. 636 would be best served if creditworthiness standards were transparent, consistent and reliable between all transportation service providers (“TSP”). The Federal Energy Regulatory Commission (“Commission”) apparently shares Calpine’s concern that unduly burdensome creditworthiness standards would be detrimental to open access, when it stated that unfettered and unjustified creditworthiness standards “could impede the movement of

gas”¹ and “Creditworthiness standards are designed to assure the availability of capacity on an open access basis to all service requesters.”²

Transparency All of a TSP’s creditworthiness standards should be disclosed in its tariff. There should be no “shroud” over any part of a TSP’s creditworthiness standards, including the criteria a TSP uses to determine whether a service requester is non-creditworthy. Transparency allows service requesters to assess the full cost of transporting on a TSP, and allows them to make the best economic decisions in a timely manner.

Consistency Formalized creditworthiness standards that are generally consistent from one TSP to another allow service requesters to better gauge the time and cost associated with obtaining capacity on the interstate transmission grid. They also aid in the efficiency of the market because the risk of “over-collateralization” i.e. the risk that a TSP will require excessive security amounts, is eliminated, thus allowing for more efficient and better use of capital in the markets. Instead of capital uselessly tied up in excessive security requirements imposed by the TSPs, service requesters are instead able to invest that capital in their businesses. This promotes a healthier industry.

Reliability In order for the gas transportation market to work efficiently, service requesters must be able to rely on a TSP’s tariff provisions as the necessary source that guides the terms and conditions (including creditworthiness provisions) for service. Without reliable creditworthiness standards, a service requester remains at risk to potentially unduly discriminatory behavior. This is the situation of the interstate

¹ *Natural Gas Pipeline Company of America*, 102 FERC ¶ 61,355 (2003) (hereinafter referred to as “*Natural*”).

² *Tennessee Gas Pipeline Company*, 102 FERC ¶ 61,075 (2003) (hereinafter referred to as “*Tennessee*”).

transportation industry, as we know it today. The potential for abuse is real and significant; without a set of clear, consistent and reliable generic creditworthiness standards, the potential for abuse will continue to exist. Reliable creditworthiness standards will help mitigate the risk of abusive behavior.

B. The NAESB WGQ Creditworthiness Standards Must Be Expanded Upon to Include Creditworthiness Criteria and Measurements.

On November 6-7, 2002 the WGQ BPS met to develop a work plan from which the BPS could work on creating standards. Calpine advocated a work plan that would include developing creditworthiness criteria and measurements. Calpine explained to the WGQ BPS participants that without clearly established creditworthiness criteria and measurements, a service requester remains at the mercy of the “black-box” method employed by many TSPs. Numerous parties argued at the time that there was not sufficient Commission policy in place to tackle creditworthiness criteria and measurement standardization. The BPS voting record indicates that in December of 2002, the opportunity to include creditworthiness criteria and measurements was narrowly defeated.

However, since that time, the Commission has provided new guidance associated with its policy of establishing a TSP’s creditworthiness criteria in its tariff. In *Tennessee*, the Commission agreed with commenting parties that Tennessee should “include objective criteria for determining whether a service requester is creditworthy in its tariff.”³ Similarly in *Natural*, the Commission concluded, “we will require Natural to include objective criteria for determining whether a service requester is creditworthy in

³ *Tennessee*, ¶ 41.

its tariff.”⁴ Most recently, the Commission ruled in *Gulf South Pipeline Company, L.P.* “the Commission will require Gulf South to include objective criteria for determining whether a shipper is creditworthy in its tariff.”⁵ Calpine agrees with the Commission’s findings in *Natural* that not including objective criteria in a TSP’s tariff is “unjust and unreasonable in that it allows Natural too much discretion in determining when a service requester becomes non-creditworthy and allows for possible undue discrimination.”⁶ This basic tenet is at the heart of Calpine’s desire to see objective criteria clearly stated in every TSP’s tariff. Calpine is not advocating a “bright-line test” because it does, similar to the Commission’s findings in *Natural*, recognize the need for TSPs to consider the individual circumstances of its service requesters. However, a service requester needs to have a clear understating of the criteria a TSP uses when determining a service requester’s creditworthiness from which it can rely upon. Creditworthiness criteria must be reasonably related to the risk of default actually borne by the pipeline, giving consideration to: (i) the pipeline’s duty to mitigate the harm associated with the default; (ii) the likelihood or probability of a default considering the critical and often non-substitutable service that a pipeline provides to the shipper; and (iii) the Commission’s policy to promote competition in the nation’s energy markets by limiting barriers to entry. Currently there exists nothing in a large number of TSP tariffs regarding the criteria and measurement used to assess a service requester’s credit status.⁷

⁴ *Natural*, ¶ 69.

⁵ *Gulf South Pipeline Company, L.P.*, 103 FERC ¶ 61,129 P. 24 (2003) (“Gulf South”).

⁶ *Natural*, ¶ 69.

⁷ For example, just a small sampling of TSP tariffs reveals that Algonquin Gas Transmission, ANR Pipeline Co., Colorado Interstate Gas Co., Columbia Gas Transmission Corp., Columbia Gulf Transmission Co., East Tennessee Natural Gas Co., El Paso Natural Gas Co., KN Interstate Gas Transmission Co.,

The NAESB record should also note that the services and end-user segments tried on two separate occasions to expand the WGQ creditworthiness standards development process work plan to include the development of objective criteria and measurements. In fact, there were two votes, one in late February, and one in early March. Both times, the Pipeline and LDC segments voted unanimously that the work plan should not be expanded to include the development of standards associated with objective criteria and measurements. The most vocal reason from the opposition was that there was insufficient time to work on creditworthiness criteria prior to the June 1, 2003 progress report date. Another argument set forth by the opposition was that the Commission Orders in *Tennessee* (and presumably, *Natural* and *Gulf South*) are subject to rehearing, and that the Commission may reverse its position on requiring objective criteria in a TSP's tariff. Primarily due to these arguments, by a narrow margin, the effort to include developing criteria standards failed, and the BPS did not include creditworthiness criteria in the WGQ creditworthiness standards development process work plan.

Because of the decisions made on the "criteria issue" at the BPS, the standards the WGQ Executive Committee has before it today makes no mention of, nor do they include, a single standard promoting the concept the Commission has advocated on three occasions now, that is, the adoption of a standard or set of standards requiring TSPs to include objective criteria for determining creditworthiness in their tariffs. The WGQ was assigned the responsibility of developing creditworthiness standards by the Board of Directors, standards development restricted to the implementation of existing

Northern Border TSP Co., Southern Natural Gas Co., Texas Gas Transmission Co., Transcontinental Gas Pipeline Corp., and Williams Gas Pipeline Central are devoid of objective criteria for determining whether a service requester is creditworthy in their tariffs.

Commission policy, new Commission policy after it has been ordered and non-policy oriented aspects of creditworthiness. Because the Commission ordered a new policy on creditworthiness criteria in *Tennessee* on January 29, 2003, there was adequate time to address criteria in the BPS. Thus, the BPS has failed to meet the Board's directives. Therefore, the WGQ Executive Committee should report to the Board, and to the Commission that the BPS failed to develop creditworthiness criteria and measurement standards, even though there was sufficient Commission policy to do so. The BPS should also be directed to develop creditworthiness criteria and measurements in order to address the risks the Commission expressed in *Tennessee*, *Natural*, and *Gulf South*.

C. The NAESB WGQ Executive Committee Should Adopt As A Formal Creditworthiness Standard That Service requesters Determined To Be Non-Creditworthy Have Thirty Days To Provide The Required Security.

The Commission, in *Tennessee*, *Northern*, and *Natural* encouraged parties to initiate the standard development process at the NAESB to see whether a consensus could be developed supporting a creditworthiness standard regarding the amount of time a non-creditworthy service requester has to post the requisite security.⁸ In each of these orders, the Commission also suggested that TSPs may adopt a timeline whereby TSPs would require a one-month advance payment within five business days of receipt of the notification. In addition, the TSP would allow the service requester to have at least thirty days to provide the next three months of security for service.⁹ While the Commission did not state its suggestion was adoption of a formal policy, the Commission clearly rejected the pipelines' proposals of five and ten-day cure periods. The Commission also

⁸ E.g., *Tennessee*, ¶ 20.

⁹ See *Tennessee*, ¶ 18; *Northern*, ¶ 49; and *Natural*, 52.

consistently allowed non-creditworthy shippers a thirty-day period to provide up to three months of estimated service charges, since the Commission wanted to (a) ensure the Commission had adequate time to respond to a complaint and (b) protect a shipper in the event multiple pipelines are requiring similar collateral requirements simultaneously.¹⁰

Calpine, along with others, believe the Commission's thirty day cure period to provide three months of estimated service charges is a fair and balanced approach regarding security timelines, Calpine strongly urges the WGQ Executive Committee to adopt it as a formal standard.

D. The NAESB Executive Committee Should Amend Certain NAESB Adopted Standards.

Calpine requests the WGQ Executive Committee amend the following NAESB creditworthiness standards based on the reasons provided below.

Standard 0.3zG – Currently written, this standard requires a TSP to provide a service requester determined to be non-creditworthy with written notification clearly stating the reason(s) for the TSP's decision. However, given the magnitude of cost and burden a “non-creditworthy” grade has on a service requester, Calpine, along with representatives of Process Gas Consumers Group, Encana Corporation, and Reliant Energy Services, Inc. advocated at NAESB that much stronger language should be included in the standards (either as a separate stand-alone standard or incorporated with this standard), which would require the TSPs to provide all financial ratios, analyses, as well as any subjective factors that led to the non-creditworthy determination. Although the Pipeline segment opposed such a position, and Calpine's proposal (supported by the end-user and services segments) ultimately failed at the BPS, it nevertheless is just and reasonable for a service

¹⁰ See *Tennessee*, ¶ 17; *Northern*, ¶ 48; *Natural*, ¶ 51.

requester to expect that upon a TSP's determination that it is no longer creditworthy, the TSP should be required to provide in writing, with as much specificity as possible, the reason(s) for the non-creditworthy determination. As currently written, Standard 0.3zG would allow a TSP to meet its notification obligations by merely providing general statements. Such statements may not give the service requester sufficient information necessary to challenge the non-creditworthy determination.

Posting collateral is a burdensome and costly issue for service requesters, and service requesters should be supplied with as much information as possible at the time of the notification in order to offer themselves the opportunity to alleviate themselves from such burdens. Service requesters can only do this by being provided as much information as possible, up front and in writing. TSPs have already performed the work; all Calpine is requesting is that they put the analysis down on paper and supply the information to the service requester so that the service requester has the basic information necessary to protect its own economic interests.

Therefore, Calpine urges the WGQ Executive Committee to amend Standard 0.3zG by requiring TSPs to provide specific information related to the non-creditworthy determination, including all financial analyses and ratios relied upon, as well as any subjective factors that went into the non-creditworthy determination.

Standard 0.3zO – Calpine urges the WGQ Executive Committee to reject this standard altogether because it is fraught with problems. The standard implies that a TSP can require collateral in excess of what is stated in its tariff in the event a service requester's service requires construction, expansion, acquisition or lease of new facilities. Essentially, what this standard would do is render a TSP's tariff meaningless, and allow

the TSP unfettered ability to require as much security as it wants when serving a non-creditworthy service requester in the event construction, expansion, acquisition or lease of facilities is involved. Worse, a TSP could hold on to the collateral indefinitely. Undoubtedly, this standard contravenes the Commission's long established policy of prohibiting provisions not specifically stated in the TSPs tariffs. In *Williston Basin Interstate Pipeline Co.*,¹¹ the Commission determined that pipelines may not enforce policies that are not specifically stated in their tariffs. Although a pipeline may impose reasonable operational conditions on any service, "[s]uch conditions must be filed by the pipeline as part of its transportation tariff."¹² As this language makes clear, a tariff filing is mandatory whenever a pipeline wishes to impose new conditions on its shippers. The Commission has also held that in order to impose new conditions on shippers, "these conditions must be spelled out in the pipeline's tariff."¹³ In its Order on Rehearing in *Williston Basin*, the Commission affirmed its position, that "notwithstanding what Williston may have thought its tariff provided for, that requirement was not reflected in the tariff itself."¹⁴ The Commission reasoned that "[u]nless pipelines reflect material terms of service in their tariffs, they could engage in practices that have a significant rate impact on shippers, and neither the Commission nor shippers would have prior knowledge of those terms and conditions."¹⁵ Because this standard would allow the TSP to require excessive collateral amounts not specified in its tariff, and thus not specifically

¹¹ 57 FERC ¶ 61,374 at 62,263 (1991).

¹² 18 C.F.R. § 284.7(c) (emphasis added).

¹³ *Gulf States Transmission Corporation*, 60 FERC ¶ 61,045, at 61,166 (1992).

¹⁴ *Williston Basin Interstate Pipeline Company*, 59 FERC ¶ 61,326 at 62,207 (1992)(emphasis added).

¹⁵ *Id*

authorized by the Commission, it runs counter to existing Commission policy, and therefore *cannot* be accepted as a standard. In addition, this open-ended standard increases the potential for undue discrimination and abuse, and could limit access to the natural gas transportation grid, running counter to the open-access goals of FERC Order No. 636.

Moreover, the standard is overly broad and unduly vague and makes no attempt to match the actual financial risk of the TSP with the size of the collateral requirement. Why should a TSP be allowed to hold excessive collateral requirements from a handful of service requesters, and have the ability to “roll-in” expansions into existing rate base structures, thereby significantly reducing the financial risks associated with the construction, not to mention reaping the benefit of higher revenues from existing service requesters, that rolled in rate treatment allows? Also, what happens to the “facility cost” collateral if a non-creditworthy customer indeed defaults, and the TSP receives the collateral, and then the TSP is able to turnaround and remarket that capacity? Why should the remaining service requesters receive no rate relief? Because it is readily apparent that there are too many problems associated with Standard 0.3zO, the NAESB Executive Committee should not adopt it as a formal standard.

Instead, the WGQ should adhere to the Commission’s existing policy of limiting security amounts to no more than three months of estimated service charges. Indeed, since it is plain that the three-month limit is the Commission’s existing policy, upheld in *Natural, Gulf South* and *PG&E Gas Transmission, Northwest Corporation*¹⁶, the WGQ Executive Committee should amend the BPS’s creditworthiness standards by adding a

¹⁶ *PG&E Gas Transmission, Northwest Corporation*, 103 FERC ¶ 61,137 (2003).

standard to state that collateral assurances in amounts up to three months of estimated service charges is the limit, unless the Commission specifically waives its policy.

It is important for NAESB to globally establish and implement the Commission's existing and long established policy of the three-month limit, and any TSP with a tariff requirement requiring credit assurances from non-creditworthy service requesters in amounts greater than three months of estimated service charges is operating under a tariff provision that is patently unjust and unreasonable. Clearly, the Commission has addressed this issue, since it has ruled on numerous occasions that collateral assurance amounts greater than three months of estimated service charges is unjust and unreasonable.¹⁷ For example, the Commission has stated in *North Baja Pipeline, LLC* and *Natural*:

The Commission has held that “the three-month prepayment has been the standard used through the natural gas industry in the past and in the new post-Order 636 industry. We agree that a prepayment requirement for any period longer than three months is excessive and should be rejected.”

North Baja Pipeline, LLC, 102 FERC ¶ 61,239 (2003); *Natural*, paragraph 30.

Therefore, based on established Commission precedent, Calpine strongly urges the NAESB Executive Committee to develop a standard limiting a TSP's collateral requirements from non-creditworthy service requesters to amounts no greater than three months of estimated service charges. If TSPs wish to obtain security amounts from non-creditworthy customers in excess of three-months, they should be required to request it from the Commission, and to be prepared to bear the burden of proving that their

¹⁷ The Commission, of course, has exercised its authority by granting exceptions to the three month standard, but it should remain the TSP's burden of proving that any request to require collateral from non-creditworthy service requesters in amounts greater than three months of estimated service charges is just and reasonable.

proposals are just and reasonable.¹⁸ The NAESB Board of Directors charged the WGQ with developing standards based on either existing or newly ordered Commission policy. Clearly, the “three-month limit” is the Commission’s policy on collateral amounts. Because the BPS did not set a standard based on long established Commission policy, it has failed to do what the Board directed. This failure can only be cured if language is included in a standard that establishes that a TSP can require security from a non-creditworthy service requester in amounts up to three months of estimated service charges.

Standard 5.3zC – This standard, as currently written, would require a service requester to “pre-qualify”, or in other words receive pre-approval from a TSP in order to bid into the capacity release market. This is a destructive standard since its intent is to discriminate against non-creditworthy service requesters from participating in the secondary market.

In order to “pre-qualify” a service requester would have to meet the TSPs terms and conditions, among which are its creditworthiness standards. If a service requester were deemed non-creditworthy by the TSP, that service requester would be barred from participating in the secondary market because it could not “pre-qualify”, unless that service requester is willing to provide a theoretical security amount up-front, even before that service requester knows if it had won the capacity it bid for, and how much of the capacity it actually contracted for. In essence, the non-creditworthy service requester would be required to post security simply to get on an approved bidders list. Such a standard is unduly discriminatory and will impede a significant number of service requesters’ ability to participate in the secondary market since the cost of participating will be high, and the terms and conditions unduly burdensome, since potential service

¹⁸ See, 15 U.S.C. § 717(c).

requesters will necessarily have to use up valuable capital reserves simply to participate in the secondary market.

This standard, as proposed, uses a TSP's creditworthiness standards to impede open access to the transportation grid, which is completely opposite to the reasons for having creditworthiness standards. The Commission, in *Tennessee*, explained that "Creditworthiness standards are designed to assure the availability of capacity on an open access basis to all service requesters."¹⁹ Yet, this standard, as written, would impose an unnecessary obstacle to service requesters in obtaining capacity in the secondary market. Numerous service requesters that use the interstate natural gas transportation grid have been deemed "non-creditworthy" by the TSPs, yet those service requesters have remained excellent customers with outstanding track records for paying their bills in full and on time. These service requesters have done nothing to be shut out of the secondary market, or to be unduly required to post expensive security amounts simply to be on an approved bidders list. For these reasons, Calpine strongly urges the WGQ Executive Committee to reject standard 5.3zC.

¹⁹ *Tennessee*, ¶ 62.

CONCLUSION

For the foregoing reasons, Calpine asks the NAESB WGQ Executive Committee to accept Calpine's proposals in these initial comments.

Respectfully Submitted,

Craig Chancellor
National Director – Gas Regulatory
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May 14, 2003

Comments to the NAESB Wholesale Gas Quadrant's Proposed Creditworthiness Standards

General Overview

The NAESB Wholesale Gas Quadrant (WGQ) has admirably undertaken a very cumbersome task in proposing standards for creditworthiness in a market environment with many distinct viewpoints on the subject. In formulating the proposed creditworthiness standards, Constellation applauds the WGQ's efforts for attempting to maintain the balance between putting forth provisions to help promote fair and equitable treatment of all counterparties requesting credit and ensuring the right of each counterparty extending credit to decide for itself the amount of credit risk that is prudent to take on a requesting counterparty.

As a company, Constellation holds that the determination of creditworthiness and the decision on the amount of credit to extend are inherently proprietary. Given the same set of information on a Service Requester (SR) as provided under Proposed Standard 0.3zA, the credit lines extended by Transportation Service Providers (TSPs) will inevitably vary based on each entity's internal credit policies and how they determine the credit quality of the SR. It is noteworthy that given a great deal more information and access to senior management, the ratings agencies often times disagree as to the creditworthiness of a counterparty. Certainly, we cannot expect a consensus among all the different players in this industry as to how credit should be extended. And we should not set arbitrary policies, which will exact a higher overall cost of credit, shrink market liquidity, and/or lead to counterparties having to take on more credit risk than they would deem prudent. In reviewing the standards proposed by the WGQ, Constellation commends the group for not venturing too deeply into the actual determination of creditworthiness and not trying to invoke arbitrary standards, such as being investment grade in order to be creditworthy. It is our belief that the fact that an entity is rated below-investment grade should not necessarily equate to that counterparty being non-creditworthy.

Constellation is also a strong supporter of the view that credit is a bilateral relationship. We realize that for the purpose of simplification, NAESB has framed the recommendations in terms of the Service Requester asking for credit and the Transportation Service Provider, as the entity extending credit. Rarely, if ever, is credit solely being extended on a unilateral basis. Particularly in wholesale marketing and trading where under most contracts there is a liquidation value for the forward value of a contract, the credit risk could lie with either the buyer or the seller. Constellation wishes to make sure we are not oversimplifying the issues surrounding credit risk management by reflecting them in the staid, tariff-driven world of interstate gas pipelines and focusing on a static, unilateral credit relationship, when we all operate in a much more complex, bilateral credit environment.

Proposed Standard Comments

Proposed Standard 5.3.zD

The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

Proposed Standard 5.3.zE

The Transportation Service Provider (TSP) should allow an existing Service Requester (SR) to permanently release capacity to a replacement shipper, under the same terms and conditions of

the releasing shipper's contract, or other mutually agreeable terms and conditions, provided the replacement shipper meets the TSP's creditworthiness and other tariff provisions applicable to the TSP's qualification of a SR to receive service. Such permanent release should be pursuant to the rules, regulations, and policies of the Federal Energy Regulatory Commission (or an equivalent authority) regarding capacity release transactions.

In our view, there are two distinct scenarios under which a capacity release occurs. In the event that a SR executes a bilateral agreement to release capacity to another specific counterparty, the SR bears the responsibility for understanding the credit risk profile of the new SR and ultimately the default risk. The TSP should be indifferent to the credit quality of the new Service Requester. Even though the new SR will be paying the TSP directly for the released capacity, if that counterparty were to default, the TSP has the right to bill the unpaid amount to the original SR. As the original SR, not the TSP, bears the default risk, it should have the right to sell this capacity to whoever it chooses.

In the event a SR releases capacity back to the TSP for competitive auction, the SR gives up the right to pick the buyer of this capacity. In these auctions, the capacity is awarded to the highest bidder, without necessarily taking into account credit quality of the winner. And the original SR cannot refuse the winner's bid. Therefore, we agree that in this instance, it is amenable to have potential bidders meet the TSP's creditworthiness requirements, so long as the requirements are reasonably founded. An original SR would then have some modicum of assurance that the buyer of the released capacity has met minimum credit requirements.

May 16, 2003

Executive Committee
Wholesale Gas Quadrant
North American Energy Standards Board
1301 Fannin, Suite 2350
Houston, Texas 77002

Re: Proposed NAESB Creditworthiness Standards

Dear NAESB Executive Committee Members:

Duke Energy Transmission Corporation ("DEGT"), appreciates its ability to participate through its four wholly-owned U.S. interstate pipeline subsidiaries, Texas Eastern Transmission, LP; Algonquin Gas Transmission Company; East Tennessee Natural Gas Company; and Egan Hub Partners L.P., in NAESB's efforts to create appropriate consensus creditworthiness standards. NAESB Business Practices Subcommittee ("BPS") members have worked hard to create the 20 standards that have been presented to the NAESB Wholesale Gas Quadrant Executive Committee for review and for possible presentation to the Federal Energy Regulatory Commission (the "Commission" or "FERC"). Some of the proposed standards presume that Commission policy has already been established and that NAESB is consequently free to develop standards based upon this new policy. However, in some cases the FERC orders upon which this presumption is based were issued on facts specific to a small handful of individual pipelines, whose rate cases were before the Commission. These cases are, moreover, currently subject to rehearing. Should the Commission grant rehearing on its policy, or rule that its individual rulings in this handful of cases will not affect generic policy, the proposed standards that are based on those orders will have to be revisited.

However, DEGT believes that, with one significant exception that crosses the line into the development of policy, the standards can be adopted as proposed, subject to certain other smaller changes. DEGT has described these additional changes in the attached memorandum. DEGT supports the comments filed by the NAESB Pipeline Segment, and DEGT offers this letter and the attached Memorandum to supplement the general comments filed by the pipelines.

A. Proposed Standard 5.3.zE Should Be Rejected.

Proposed Standard 5.3.zE requires the pipeline to allow a shipper at any time to substitute, by way of a permanent capacity release, any other shipper if that other shipper meets the pipeline's minimum creditworthiness provisions. Proposed Standard 5.3.zE intrudes directly into the business relationship of the pipeline and its shippers. This proposed rule for permanent capacity release is contrary to FERC policy and precedent, and has no legitimate place in NAESB's deliberations.

In addition, Proposed Standard 5.3.zE would have negative policy implications if adopted, and is likely contrary to the Natural Gas Act. Proposed Standard 5.3.zE would alter the balance of financial risks between pipelines and shippers, thereby harming pipelines' willingness and ability to finance

construction of needed infrastructure. Consequently, Proposed Standard 5.3.zE should be eliminated from the set of standards ultimately presented to the Commission.

1. Proposed Standard 5.3.zE is Outside NAESB's Scope.

NAESB is a part of and is accredited by the American National Standards Institute ("ANSI"). One of ANSI's basic guiding principles states that:

Provisions involving business relationships between buyer and seller such as guarantees, warranties and other commercial terms and conditions shall not be included in an American National Standard.

(ANSI Procedures For the Development and Coordination of American National Standards, January 2002, as modified March 2002, 1.2.11.). Given these restrictions under ANSI, it was appropriate that the NAESB Board narrowly scoped the charter to develop new standards such that the new standards would reflect only existing and new Commission policy. If placed into effect, however, Proposed Standard 5.3.zE would contradict existing FERC policy and precedent. It would intrude upon the contractual bargain made between pipelines and their shippers, and would alter the parties' original apportionment of risks. Adoption of this proposed standard will have negative policy implications and it is clearly outside NAESB's authority under ANSI and its own Board charter to approve such a provision.

2. Proposed Standard 5.3.zE is Contrary to Important Precedent.

The fact that Proposed Standard 5.3.zE establishes policy already gives the Executive Committee more than enough reason to reject Proposed Standard 5.3.zE outright. The Executive Committee should, however, also consider *why* the Commission permits pipelines to veto permanent releases when such a veto is reasonable. The Commission ruled in *Texas Eastern Gas Transmission Co.*, 83 FERC ¶ 61,092 (1998) ("*Texas Eastern Declaratory Order*") that pipelines were allowed to reject a permanent assignment where such assignment is not reasonable to the pipeline. The Commission ruled further that Texas Eastern's decision to reject the permanent release proffered by its customer, where the replacement customer met minimum creditworthiness requirements but where the replacement customer was inferior in its credit standing to the releasing shipper, was a "reasonable" decision by the pipeline.

A review of the facts of the *Texas Eastern Declaratory Order* proceeding reveals the importance of that decision to the industry, as well as the inherent dangers to the industry in weakening that precedent. The *Texas Eastern Declaratory Order* allows pipelines the ability, where possible, to preserve the integrity of their long-term contracts, and to maintain the proper balancing of risks and expectations between themselves and their shippers. In the *Texas Eastern Declaratory Order*, the pipeline sought a declaratory order that Texas Eastern was acting reasonably by deciding to reject an assignment by one of its large local distribution company ("LDC") customers of all of the LDC's transportation and storage contracts. At the time of the requested permanent release the LDC held approximately \$4.5 billion in capital assets and had an investment grade credit rating. The LDC's affiliate, to which these valuable contracts would be assigned, was a subsidiary that *had no assets* and *had no employees*.

One of the contracts which the LDC sought to release was for service over facilities that Texas Eastern had only recently constructed. The new facilities were constructed specifically to serve the LDC

and others, and that construction project cost Texas Eastern approximately \$200 million to construct. The LDC was the project's largest customer, and the LDC held a 20 year long agreement to take service on the facilities. The LDC agreement largely underwrote the new facilities and was a significant factor in Texas Eastern's decision to undertake the new construction project in the first place. After receiving only three years of service under the 20 year project contract, the LDC informed Texas Eastern that the LDC would be making permanent assignment of this and all its other agreements to its affiliate.

In the *Texas Eastern Declaratory Order*, the Commission found that it was reasonable for Texas Eastern to reject the assignment notwithstanding the affiliate's compliance with the pipeline's minimum creditworthiness provisions. The Commission found that the pipeline was acting reasonably since the pipeline's long-term contract with the LDC represented considerably greater value than just the minimum security deposit necessary to meet Texas Eastern's minimum creditworthiness requirements. *Texas Eastern Declaratory Order* 83 FERC at 61,448 (1998). See also *National Fuel Supply Corp.*, 85 FERC ¶ 61,439 (1998) Proposed Standard 5.3.zE, if adopted, would inappropriately shift additional contractual risks to pipelines and would erode the reliability of long-term contracts.

Proposed Standard 5.3.zE is also contrary to common law principles governing assignments. As the Commission properly recognized in the *Texas Eastern Declaratory Order*, unless an obligee (the pipeline) agrees otherwise, neither delegation of performance nor a contract to assume the duty made with the obligor (shipper) by the person delegated discharges any duty or liability of the delegating obligor. It is a key tenet of contract law that an assignment of contract which fundamentally changes the allocation of risk under the contract is invalid. The NGA and the Commission's regulations are founded on private contract, and pipelines are entitled to rely upon their bargains with their shippers. NAESB standards should not create opportunities for gaming by shippers wishing to shift additional risk of contract performance to the pipeline. Proposed Standard 5.3.zE would do precisely that, however.

3. Proposed Standard 5.3.zE Has Negative Policy Implications.

Adoption of Proposed Standard 5.3.zE would have negative consequences for pipelines, lenders, existing creditworthy shippers (which will be forced to share in the costs of defaulting shippers), future shippers that desire the addition of capacity, and for the Commission's contract-based regulatory regime. If adopted, Proposed Standard 5.3.zE would allow creditworthy shippers on interstate natural gas pipeline to avoid their long term agreements. This would have a cascading rate effect for remaining customers on the system who, in order to avoid cost shifts as assignees defaulted on their contract obligations, may be forced to make a similar assignment.

The existence and reliability of long-term contracts are vital to the interstate natural gas industry and fundamental under the Natural Gas Act. Long-term contracts have been traditionally required in order to obtain Commission authorization for the construction of new facilities and to secure necessary financing. Such long-term contracts are required to underpin and justify the Commission's grant of certificate authorizations under Section 7 of the NGA. Shippers should not be handed the ability to avoid their long-term contractual duties by the simple expedient of a permanent release.

The treatment of permanent releases required under Proposed Standard 5.3.zE violates several FERC precedents and if established as general policy would unfairly increase pipeline contract risk.

B. The Proposed Standards Need Additional Clean-up.

The need still exists to consider edits and revisions to the proposed standards. As they currently stand, the proposed creditworthiness provisions are ambiguous in several places and at times appear to unnecessarily complicate processes related to credit evaluation. DEGT urges the NAESB WGQ Executive Committee to review the proposed changes addressed in the attached memorandum, and to make the appropriate alterations to the final Executive Committee draft.

Again, DEGT appreciates this opportunity to comment upon the proposed creditworthiness standards. DEGT would be happy to discuss any of its proposals, and the undersigned is available to answer any questions related to the contents of this letter or the attached standard-by-standard commentary.

Sincerely,

Richard J. Kruse
Duke Energy Gas Transmission Corp.
5400 Westheimer Court
Houston, TX 77056
(713) 627-5368

MEMORANDUM

May 16, 2003

To: NAESB Wholesale Gas Quadrant Executive Committee

From: Duke Energy Gas Transmission Corp. ("DEGT")

Re: DEGT Revisions to Creditworthiness Standards Proposed as of 4/21/03

The following represents DEGT's standard-by-standard commentary upon each of the NAESB proposed creditworthiness standards. For the most part, these comments provide general edit and "clean-up" revisions that do not substantively alter the proposed standards. Where appropriate, however, DEGT has proposed changes that clarify specific obligations between the parties. Following the proposed revisions are comments explaining, on a standard-by-standard basis, why the proposed changes are appropriate.

Proposed Standard 0.3.zA

For credit evaluation purposes, the Service Requester (SR) should supply any of the following information as specified by the Transportation Service Provider (TSP):

- Audited Financial Statements;

- Annual Report;

- Most recent filed statements with the Securities and Exchange Commission (or an equivalent authority) or such other publicly available information;

- For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (CFO) that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;

- For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent;

- For non-public entities, including those that are state-regulated utilities, an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the SR's current financial condition;

- For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism which fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent;

- List of Affiliates, Parent Companies, and Subsidiaries;

Publicly Available Credit Reports from Credit and Bond Rating Agencies;
Private Credit Ratings, if obtained by the SR;
Bank References;
Trade References;
Statement of Legal Composition;
Statement of Length of Time Business has been in Operation;
Such other information as may be mutually agreed to by the parties; and
Such other information as the TSP may receive approval to include in its tariff ~~or general terms and conditions.~~

Non-public information ~~supplied~~**provided** by the SR to the TSP, and clearly identified by the SR to the TSP as confidential, should be treated by the TSP as confidential.

[The TSP will not necessarily know which documents are considered confidential by the SR and which documents are not considered confidential. It is more fair and efficient if the shipper initially identifies the documents that it considers to be confidential in nature. A pipeline tariff is a set of documents that includes the pipeline's rate schedules and general terms and conditions.]

Proposed Standard 0.3.zB

If the Transportation Service Provider (TSP) requests additional information to be used for credit evaluation after the initiation of service, the TSP should provide its reason(s) for requesting the additional information to the Service Requester (SR). The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zC

Upon receipt of ~~a~~**either an initial or follow-up** request from the Transportation Service Provider (TSP) for information to be used for credit evaluation, the Service Requester's (SR) authorized representative(s) should acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zD

The Service Requester's (SR) authorized representative(s) should respond to the Transportation Service Provider's (TSP) request for credit information, as allowed by the TSP's tariff, on or before the due date specified in the request. The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.

Proposed Standard 0.3.zE

Upon receipt from the Service Requester (SR) of all credit information provided pursuant to NAESB WGQ Standard [0.3.zD], the Transportation Service Provider (TSP) should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zF

The Service Requester (SR) should designate up to two representatives who are authorized to receive notices regarding the SR's creditworthiness pursuant to NAESB WGQ Standard [0.3.zE] and should provide to the Transportation Service Provider (TSP) the Internet e-mail addresses of

such representatives prior to the initiation of service. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. ~~The SR should manage internal distribution of any creditworthiness notices that are received.~~

Proposed Standard 0.3.zG

Upon the Transportation Service Provider's (TSP) determination that a Service Requester (SR) is non-creditworthy, the TSP should provide the SR with written notification that ~~clearly~~ states the reason(s) for the TSP's ~~decision~~ determination.

Proposed Standard 0.3.zH

At the time of its request for service and upon the Transportation Service Provider's (TSP) request at any time thereafter, the Service Requester (SR) should confirm to the TSP whether any of the following conditions exist:

- (1) that the SR has filed for bankruptcy protection and/or is operating under any chapter of the bankruptcy laws;
- (2) that the SR is subject to liquidation or debt reduction procedures under governing laws, such as an assignment for the benefit of creditors or any creditors' committee agreement; and/or
- (3) that the SR's credit rating has been downgraded by a credit rating agency within the last six months.

Proposed Standard 0.3.zI

Upon request of the Transportation Service Provider (TSP), the Service Requester should furnish the applicable information requested in NAESB WGQ Standards [0.3.zA] and [0.3.zH], including an explanation for any unavailable information, within three (3) business days or such later date acceptable to the TSP.

Proposed Standard 0.3.zJ

In complying with information requirements specified by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standards [0.3.zA] and [0.3.zH], the Service Requester (SR) should provide to the TSP the public documents that contain the required information. The public documents may be either the SR's public documents or, if the SR does not have the required documents, the public documents of the SR's parent company, to the extent that such documents contain the required information pertaining to the SR. If the SR provides its parent company's public documents to confirm the existence of an event specified in Standard [0.3.zH], the SR should specify where, in said public document, such information appears.

Proposed Standard 0.3.zK

At any time after the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), the SR may initiate credit status re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR should either update or confirm in writing the prior information provided to the TSP related to the SR's credit status. Such update should include any substantial event(s) that the SR believes could lead to a change in the SR's credit status.

Proposed Standard 0.3.zL

After a Transportation Service Provider's (TSP) receipt of a Service Requester's (SR) request for re-evaluation, including all required information pursuant to NAESB WGQ Standard [0.3.zK] ("SR's Request"), within [x] Business Days, the TSP should provide a written response to the

SR's Request. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed [y] Business Days from the date of the receipt of the SR's Request unless the parties mutually agree to some later date. The values for [x] and [y] should be specified in the TSP's tariff.

Proposed Standard 0.3.zM

For the Service Requester (SR) to receive initial service or to continue to receive service from a Transportation Service Provider (TSP), the SR should be

- (1) creditworthy in accordance with the TSP's tariff or provide credit alternative(s) in accordance with NAESB WGQ Standard [0.3.zN],
- (2) current on all undisputed payments to the TSP for service, and
- (3) otherwise in compliance with the TSP's tariff or service agreement.

Proposed Standard 0.3.zN

In the event that the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), at the SR's option, the SR should provide one or more of the following forms of credit alternatives to receive initial service or continue to receive service:

- (1) guarantee;
- (2) an irrevocable, standby letter of credit; or
- (3) prepayment of service.

Such credit alternative(s) should be acceptable to the TSP, provided that the TSP's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. The TSP and SR may mutually agree that the SR will provide other forms of credit alternatives. In order for a guarantee or an irrevocable letter of credit to be accepted by the TSP, the entity that provides such guarantee or letter of credit must be creditworthy in accordance with the TSP's tariff, and must maintain such creditworthiness throughout the time period that TSP continues to rely upon the credit alternative provided by SR to TSP pursuant to this standard [0.3zN]

[There are several different types of letters of credit, and the type that the pipeline will be wanting from the shipper is a *standby* letter of credit.]

Proposed Standard 0.3.zO

Except as to a Service Requester (SR) that subscribes to service in connection with construction, expansion, acquisition or lease of new facilities, the Transportation Service Provider's tariff should specify the amount of alternative credit assurance that will be required of a SR that is not creditworthy.

Proposed Standard 0.3.zP

If the Service Requester (SR) provides cash as a credit alternative required by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standard [0.3.zN], the TSP should pay interest to the SR on the cash principal amount held by the TSP on the total amount of the cash received by the TSP. This cash principal amount should exclude the SR's one-month advance payment to the TSP to continue service after the TSP determines the SR to be non-creditworthy pursuant to the TSP's tariff. At the TSP's sole option and in lieu of the TSP paying interest, the TSP may allow the SR to choose to deposit a cash form of credit alternative in an escrow account where the SR will receive the interest on such cash and the TSP will have access to the cash

principal for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

Proposed Standard 5.3.zA

A Transportation Service Provider (TSP) can terminate any capacity release transaction if the original Service Requester's (SR) underlying service agreement is terminated due to original SR's default and/or failure to maintain creditworthiness, provided, however, that service by the ~~release shall~~ TSP to the replacement shipper should not terminate if the replacement shipper, within [x] business days from TSP's notification to replacement shipper of the original SR's terminated notice agreement, enters into a new contract directly with the TSP under which the replacement shipper agrees to take service under the Rate Schedule applicable to service previously provided to the original SR, and to pay, for the remaining term of the replacement shipper's ~~contract~~ release agreement, ~~one~~ the lower of the following:

- (1) the original SR's contract rate, or
- (2) the maximum tariff rate applicable to the original SR's capacity, ~~or,~~
- (3) ~~some other rate that is acceptable to the TSP.~~

The TSP should give the replacement shipper notice before terminating service, to the original SR; as specified in the TSP's tariff. This standard does not address re-releases, which should be governed by the TSP's tariff.

[The revision makes this proposed standard consistent with the Commission's precedent on the replacement shipper's rights to continued service where the original agreement has been cancelled. See, e.g., *Tenaska Ventures v. Northern Border Pipeline Co.*, 99 FERC ¶ 61,182 at 61,709 (2002); *Northern Natural Gas Co.*, 102 FERC ¶ 61,075 at P 71 (2003).]

Proposed Standard 5.3.zB

With respect to non-permanent releases of capacity, the Transportation Service Provider (TSP) should evaluate the creditworthiness status of the replacement shipper(s) to determine qualification as ~~if that a~~ replacement shipper(s) ~~was applying for comparable capacity with~~ pursuant to the terms and conditions of the TSP ~~outside of the capacity release process's~~ tariff.

[Proposed Standard 5.3.zB states that with respect to non-permanent releases, the pipeline should evaluate the creditworthiness status of the replacement shipper as if that replacement shipper "was applying for comparable capacity with the TSP outside of the capacity release process." Proposed Standard 5.3.zB improperly requires a higher level of creditworthiness scrutiny for replacement shippers than the level of scrutiny that is actually required under FERC regulation.]

[Pursuant to Order No. 636, pipelines are not required to make an extensive analysis of the creditworthiness of a replacement shipper. In fact, tariffs generally have provisions allowing releasing shippers to make pre-arranged releases that entirely bypass any creditworthiness scrutiny by the pipeline. The releasing shipper is responsible for all defaults made by replacement shippers, except in the permanent release context. Moreover, the FERC intended that pipelines remain financially indifferent to releases of capacity.]

[It is important that the NAESB standards match up with regulation and precedent concerning the level of scrutiny that a pipeline owes its releasing shippers when the pipeline

makes creditworthiness determinations about replacement shippers. It is beyond NAESB's scope of authority to place new responsibilities on pipelines beyond the responsibilities pipelines are currently obligated to meet.]

Proposed Standard 5.3.zC

As a pre-condition to bid on posted capacity release offers, the Service Requester (SR) should seek to pre-qualify its status with the Transportation Service Provider (TSP) as a potential replacement shipper. Upon request by the SR, the TSP should determine whether a potential replacement shipper is pre-qualified up to a requested level taking into account all obligations from services that it receives and requests from the TSP, including any service represented by the capacity release. Pre-qualifications are subject to periodic re-evaluation by the TSP.

Proposed Standard 5.3.zD

The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

Proposed Standard 5.3.zE

~~The Transportation Service Provider (TSP) should allow an existing Service Requester (SR) permanently release capacity to a replacement shipper, under same terms and conditions of the releasing shipper's contract, or other mutually agreeable terms and conditions, provided the replacement shipper meets the TSP's creditworthiness and other tariff provisions applicable to the TSP's qualification of a SR to receive service. Such permanent release should be pursuant to the rules, regulations, and policies of the Federal Energy Regulatory Commission (or an equivalent authority) regarding capacity release transactions.~~

[DEGT proposes that this provision be removed in its entirety. The reasons for this proposal are described at length in DEGT's May 16, 2003 letter to the NAESB Executive Committee.]

Proposed Standard 5.3.zF

The Transportation Service Provider (TSP) should provide the releasing shipper with Internet E-mail notification reasonably proximate in time with any of the following formal ~~notice~~notices given by TSP to ~~its~~such releasing shipper's replacement shipper(s), of the following:

- (1) ~~Past~~Notice to the replacement shipper regarding replacement shipper's past due, deficiency, or default ~~notice~~status pursuant to the TSP's tariff;
- (2) ~~Suspension~~Notice to the replacement shipper regarding replacement shipper's suspension of service ~~notice~~;
- (3) ~~Contract~~Notice to the replacement shipper regarding the replacement shipper's contract termination ~~notice~~-due to default or credit-related issues;
- (4) Notice that a request for information has been initiated by the TSP for the purpose of ~~credit~~re-evaluation of the replacement shipper's credit, excluding routine communication related to credit maintenance or new service; and
- (5) Notice to the replacement shipper that ~~a~~the replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.

Proposed Standard 5.3.zG

The releasing shipper should provide the Transportation Service Provider (TSP) with the Internet E-mail address of up to two authorized representatives who are designated to receive notification pursuant to NAESB WGQ Standard [5.3.zF]. The obligation of the TSP to provide notifications related to Standard [5.3.zF] is waived until the above requirement has been met. ~~The releasing shipper should manage internal distribution of such notices that are received.~~

Proposed Modified Standard 5.3.zH

In complying with the notifications pursuant to NAESB WGQ Standard [5.3.zF], the releasing shipper and the Transportation Service Provider may mutually agree to other forms of communication in lieu of Internet E-mail notification.

**SUMMARY OF COMMENTS OF ENCANA CORPORATION
ON RECOMMENDED CREDITWORTHINESS STANDARDS
Dated May 13, 2003**

Pursuant to the April 21, 2003, memorandum of Ms. Rae McQuade, Executive Director of the North American Energy Standards Board Inc. (NAESB), EnCana Corporation (EnCana) hereby comments on the creditworthiness standards developed by the Business Practices Subcommittee (BPS) and recommended to the Executive Committee (EC) for adoption as Wholesale Gas Quadrant (WGQ) standards.

Summary of Comments

Although EnCana does not oppose most of the proposed creditworthiness standards, it nonetheless believes that certain standards must be eliminated, revised, and/or supplemented to address deficiencies in two areas. First, due to a lack of time, resources, and consensus, the BPS was unable to define certain key terms and procedures in the standards, or to ensure that those terms and procedures are consistent with standard credit terminology and business practices of other industries. Second, the proposed standards fail to standardize certain overarching creditworthiness elements, in particular, collateral levels and parameters for evaluating creditworthiness. EnCana is attaching two sets of revisions intended to address these issues. EnCana requests that the EC adopt the proposed revisions in their entirety. Alternatively, the EC should view the proposed standards as merely a starting point to build upon after receiving further guidance from the Federal Energy Regulatory Commission (Commission).

Comments

The creditworthiness standards developed by the BPS are relatively narrow in scope. They cover issues associated with (i) the exchange of information related to creditworthiness, (ii) the alternatives that can be used when a shipper is found to be non-creditworthy, and (iii) certain creditworthiness issues that arise in the context of capacity release. The proposed standards do not, however, sufficiently standardize terms or address fundamental issues

regarding collateral levels or the criteria that pipelines are to use when evaluating creditworthiness. These two major shortcomings are discussed below.

A. Greater Standardization of Terminology is Required.

The proposed standards use a variety of terms and procedures that are generally undefined. Likewise, the standards use terms that have a precise meaning in other industries without explaining whether and to what extent those same meanings are equally applicable when applied by pipelines evaluating the creditworthiness of shippers. The result is a general lack of clarity and precision in the proposed standards.

Much of the lack of clarity can be traced to the Commission's recent creditworthiness orders, which have used collateral-related terms inconsistently and, in some cases, incorrectly. To illustrate, a number of the Commission's recent orders have defined collateral in terms of both (i) prepayments for service, and (ii) as security for the cost of constructing new facilities.¹ Not only does the Commission's apparent recognition of both types of collateral result in implementation problems,² the Commission's use of the term "collateral" is itself incorrect. A prepayment is not collateral at all. A "prepayment" is just that, "the payment of all or part of a debt prior to its due date."³ By contrast, collateral consists of "assets pledged by a borrower to secure a loan or other credit and subject to seizure in the event of default."⁴ Because a prepayment is not collateral and the issues associated with each vary considerably,⁵ the Commission's treatment of the two terms as synonyms is both mistaken and confusing.⁶

¹ See, e.g., *PG&E Gas Transmission, Northwest Corporation*, 103 FERC ¶ 61,137 at PP 31-35, 39 (2003).

² For example, the Commission has recognized limits on the prepayments that pipelines may require, while at the same time suggesting that other limits apply when collateral is calculated based on new facility costs. In some cases, the Commission has suggested that a 12-month prepayment may be required when new facilities are constructed, while other times inconsistently advising that security up to the cost of new facilities may be demanded.

³ See definition of "prepayment" from www.investorwords.com.

⁴ See definition of "collateral" from www.investorwords.com.

⁵ Typical prepayment issues consist of what amount of service must be paid for in advance and what happens if the service provider is unable to provide the prepaid service.

This is just one example of the inconsistent terminology used in the Commission's orders. The BPS lacked the resources and/or expertise to resolve these inconsistencies in the time allotted, or to ensure that the proposed standards are otherwise consistent with the credit practices followed in other industries (e.g. electric, banking, etc.). Consequently, such inconsistencies and ambiguities were largely carried over into the proposed standards. Proposed standard 0.3.zN, for example, lists three "credit alternatives," one of which is a type of collateral (letter of credit), one of which is a third-party guarantee, and one of which is a prepayment option. Lumping these three vehicles into a single category without acknowledging their differences or examining how and when those differences might be important does little to achieve NAESB's goal of efficiency through standardization.

B. The Proposed Standards Fail to Standardize Critical Issues Associated with Collateral Levels and Credit Evaluation Criteria.

In addition to the lack of terminology refinement cited above, the proposed standards also suffer from more substantive omissions. Even if the proposed standards included definitions for terms such as "prepayment" and "collateral," such terms would be meaningless without also specifying the level of prepayment and collateral that non-creditworthy shippers would be required to post in various circumstances. These substantive omissions extend to the two most important, overarching issues related to creditworthiness: (i) the criteria used to evaluate whether a shipper or potential shipper is creditworthy, and (ii) determining the appropriate level of collateral that must be paid when an entity is found to be non-creditworthy. Determining how these "big two" issues are defined is critical, and EnCana and others sought to

Conversely, typical collateral issues include the amount of collateral that must be posted, how collateral is protected while under the care of the lender, and under what circumstances collateral is returned to the borrower.

⁶ The Commission's intent appears to be for pipelines to calculate collateral based on the level of service charges a shipper may accrue over a period of time (maximum of 3 months, except in the case of expansions); if so, then a non-creditworthy shipper's payment of such amounts should be considered the posting or transfer of "cash collateral" and not a "prepayment" for service.

have the BPS develop standards providing such definitions.⁷ This suggestion was not followed, however, and the standards developed by the BPS intentionally avoid these critical creditworthiness components.

Collateral/Prepayment Levels - EnCana believes that it was a mistake to purposefully avoid the adoption of standards related to collateral levels. While EnCana superficially agrees with those BPS members who suggested that this is a policy issue, EnCana also believes that the “issue” has been resolved by the Commission. Over a decade’s worth of Commission orders have established a number of clear guidelines with regard to the amount of collateral that pipelines may demand from their shippers.⁸ That some in the industry did not like those guidelines or held out hope that the Commission would change its policies was not sufficient reason for NAESB to avoid the issue altogether. Nevertheless, recent orders issued by the Commission have resolved most of the so-called lingering “policy issues,” so EnCana suspects that NAESB will be afforded another opportunity to consider collateral level standards in the future.

Credit Evaluation Criteria - EnCana can appreciate why BPS members did not want to develop standards related to determining shipper creditworthiness. For one thing, the Commission has never clearly articulated a policy for determining whether a shipper is creditworthy. More fundamentally, however, such determinations are not easily standardized. All shippers are different and pipelines have varying degrees of risk tolerance. Attempting to draw absolute “lines in the sand” is problematic, as any rigid formula no matter how well-conceived will almost certainly result in the mischaracterization of some shippers’ credit risk. For example, strict adherence to credit-ratings ignores the possibility that a shipper with a

⁷ For example, on March 4, 2003, EnCana filed a motion seeking to have the BPS Creditworthiness Work Plan amended to address these two issues. EnCana also proposed standards language during the BPS discussions.

⁸ For example, the Commission has recognized that the “three-month prepayment amount has been the standard used throughout the natural gas industry in the past and in the new post-Order No. 636 industry.” *PG&E Gas Transmission, Northwest Corporation*, 103 FERC ¶ 61,137 at P 32 (2003).

below-investment-grade rating may, under certain circumstances, pose very little credit risk to a pipeline. Conversely, a shipper with an above-investment-grade rating may still present an unacceptable level of risk in some circumstances.

Thus, EnCana understands why pipelines and others are against rigid formulas or thresholds for determining creditworthiness – EnCana fully agrees with this sentiment – but there are other ways to “standardize” credit evaluation without resorting to such “hard triggers.” EnCana supports an approach whereby pipelines would have a measure of discretion when evaluating a shipper’s creditworthiness, provided such discretion is governed by legitimate factors and analysis. At baseline, creditworthiness must be judged in the context of whether a shipper has the ability to pay for the charges it incurs. Once the pipeline makes such a determination, the shipper must have an opportunity to challenge a pipeline's reasoning. To do so, the shipper must be provided with a sufficient written explanation that identifies the specific agreements, services, imbalances, rates, financial criteria, rankings, credit rating and financial ratios, if any, that the pipeline employed in determining the shipper's creditworthiness.⁹ Relying on this explanation, the shipper can then pursue its own alternatives, e.g. accept the explanation and provide other credit assurances, supply additional information, file a complaint at the Commission, etc.

EnCana believes that credit evaluation standards can (and should) be adopted to standardize this process. In fact, the recommended standards appear to endorse this type of an approach, but they omit key details. For example, the first set of proposed standards (0.3.zA through 0.3.zL) establishes an information exchange process by listing the information that can be requested of shippers, requiring the pipeline to provide written explanations when a shipper is found non-creditworthy, and affording the shipper opportunities to seek credit reevaluations. However, the proposed standards (0.3.zN through 0.3.zP) then skip ahead to the procedures that are to be followed when an entity is found non-creditworthy. There is virtually nothing in the

⁹ At the NAESB BPS meetings in Richmond, VA on February 5 and 6, 2003, a standard was proposed and discussed on this specific issue but was not passed by the members in attendance.

proposed standards regarding the actual determination of creditworthiness, except for the largely meaningless statement in proposed standard 0.3.zM that creditworthiness will be determined in accordance with the transportation service provider's tariff. Likewise, the proposed standards do not include dates and deadlines for the creditworthiness evaluation to be completed. Without these types of details, the proposed standards are of little value to shippers.

Conclusion and Recommendation

For creditworthiness standards to be meaningful they must (i) define terms and procedures (ii) in a way that informs shippers of the criteria and protocol that will be followed when evaluating creditworthiness, (iii) while specifying the collateral that will be demanded when a shipper is found to be non-creditworthy. The proposed standards are a good start, but they do not go far enough toward achieving these objectives. Consequently, further revisions are required.

To this end, EnCana is attaching two revised versions of the proposed standards. The first set of revisions address specific issues in the as-proposed standards, while the second set includes additional standards related to collateral levels and the criteria that pipelines should consider when evaluating creditworthiness. The intent of these revisions is to add clarity and precision, make the standards more worthwhile and useful, and ensure greater consistency with the credit terminology and business practices of other industries.

EnCana requests that the EC adopt EnCana's proposed revisions outright. If the EC is unwilling to do so, however, EnCana alternatively requests that the EC notify the Commission of the omissions in the proposed standards, request that the Commission provide further guidance where necessary, and be prepared to task the BPS with developing additional standards.

Respectfully Submitted,
Keith Sappenfield
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832-204-1247

Proposed Standard 0.3.zA

For credit evaluation purposes, the Service Requester (SR) should supply any of the following information as specified by the Transportation Service Provider (TSP):

- Audited Financial Statements;
- Annual Report;
- Most recent filed statements with the Securities and Exchange Commission (or an equivalent authority) or such other publicly available information;
- For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (CFO) that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;
- For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent;
- For non-public entities, including those that are state-regulated utilities, an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the SR's current financial condition;
- For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism which fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent;
- List of Affiliates, Parent Companies, and Subsidiaries;
- Publicly Available Credit Reports from Credit and Bond Rating Agencies;
- Private Credit Ratings, if obtained by the SR;
- Bank References;
- Trade References;
- Statement of Legal Composition;
- Statement of Length of Time Business has been in Operation;
- Such other information as may be mutually agreed to by the parties; and
- Such other information as the TSP may receive approval to include in its tariff or general terms and conditions.

Non-public information supplied by the SR should be treated by the TSP as confidential.

Proposed Standard 0.3.zB

If the Transportation Service Provider (TSP) requests additional information to be used for credit evaluation after the initiation of service, the TSP should provide its reason(s) for requesting the additional information to the Service Requester (SR). The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zC

Upon receipt of a request from the Transportation Service Provider (TSP) for information to be used for credit [worthiness](#) evaluation, the Service Requester's (SR) authorized representative(s) should

acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive the requirements of this standard.

[EnCana believes this revision should be made to clarify that the evaluation is for a SR's "creditworthiness" and not general credit matters.]

Proposed Standard 0.3.zD

The Service Requester's (SR) authorized representative(s) should respond to the Transportation Service Provider's (TSP) request for credit information, as allowed by the TSP's tariff, on or before the due date specified in the request. The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.

Proposed Standard 0.3.zE

Upon receipt from the Service Requester (SR) of all credit information provided pursuant to NAESB WGQ Standard [0.3.zD], the Transportation Service Provider (TSP) should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zF

The Service Requester (SR) should designate up to two representatives who are authorized to receive notices regarding the SR's creditworthiness pursuant to NAESB WGQ Standard [0.3.zE] and should provide to the Transportation Service Provider (TSP) the Internet e-mail addresses of such representatives prior to the initiation of service. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. The SR should manage internal distribution of any creditworthiness notices that are received.

Proposed Standard 0.3.zG

Upon the Transportation Service Provider's (TSP) determination that a Service Requester (SR) is non-creditworthy, the TSP should provide the SR with written notification that clearly states the reason(s) for the TSP's decision.

Proposed Standard 0.3.zH

At the time of its request for service and upon the Transportation Service Provider's (TSP) request at any time thereafter, the Service Requester (SR) should confirm to the TSP whether any of the following conditions exist:

- (1) that the SR has filed for bankruptcy protection and/or is operating under any chapter of the bankruptcy laws;
- (2) that the SR is subject to liquidation or debt reduction procedures under governing laws, such as an assignment for the benefit of creditors or any creditors' committee agreement; and/or
- (3) that the SR's credit rating has been downgraded by a credit rating agency within the last six months.

Proposed Standard 0.3.zI

Upon request of the Transportation Service Provider (TSP), the Service Requester should furnish the applicable information requested in NAESB WGQ Standards [0.3.zA] and [0.3.zH], including an explanation for any unavailable information, within three (3) ~~b~~Business ~~d~~Days or such later date acceptable to the TSP.

[This revision conforms to the NAESB Standard “Business Day”. This was probably an oversight during the BPS review process.]

Proposed Standard 0.3.zJ

In complying with information requirements specified by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standards [0.3.zA] and [0.3.zH], the Service Requester (SR) should provide to the TSP the public documents that contain the required information. The public documents may be either the SR's public documents or, if the SR does not have the required documents, the public documents of the SR's parent company, to the extent that such documents contain the required information pertaining to the SR. If the SR provides its parent company's public documents to confirm the existence of an event specified in Standard [0.3.zH], the SR should specify where, in said public document, such information appears.

Proposed Standard 0.3.zK

At any time after the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), the SR may initiate a credit ~~worthiness~~-status re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR should either update or confirm in writing the prior information provided to the TSP related to the SR's credit ~~worthiness~~-status. Such update should include any substantial event(s) that the SR believes could lead to a change in the SR's credit ~~worthiness~~-status.

[EnCana believes these revisions should be made to clarify that the evaluation/re-evaluation is for a SR's “creditworthiness” and not general credit status.]

Proposed Standard 0.3.zL

After a Transportation Service Provider's (TSP) receipt of a Service Requester's (SR) request for ~~creditworthiness~~-status re-evaluation, including all required information pursuant to NAESB WGQ Standard [0.3.zK] (“SR's Request”), within ~~five (5)~~five (5) Business Days, the TSP should provide a written response to the SR's Request. Such written response should include either a determination of creditworthiness ~~-status~~, clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed ~~twenty (20)~~twenty (20) Business Days from the date of the receipt of the SR's Request unless the parties mutually agree to some later date. ~~The values for [x] and [y] should be specified in the TSP's tariff.~~

[EnCana believes the first revision should be made to clarify that the evaluation is for a SR's “creditworthiness” and not a general re-evaluation.]

[EnCana believes that NAESB should set dates in this standard. EnCana recommends 5 Business Days for the first date on which a TSP should RESPOND to an SR's request for re-evaluation. It does not mean the the TSP must complete the re-evaluation, just RESPOND to the SR. For the final re-evaluation 20 Business Days should be more than sufficient for a TSP to re-evaluate an SR's credit worthiness. Presumably the TSP has previously evaluated the SR's creditworthiness, has been re-evaluating the SR's creditworthiness under the TSP's own credit practices, and to re-evaluate the SR upon the SR's request with the SR furnishing the updated information should not be a significant task taking longer than 20 Business Days which is equivalent to almost 30 calendar days.]

Proposed Standard 0.3.zM

For the Service Requester (SR) to receive initial service or to continue to receive service from a Transportation Service Provider (TSP), the SR should be

- (1) creditworthy in accordance with the TSP's tariff or provide credit alternative(s) in accordance with NAESB WGQ Standard [0.3.zN],
- (2) current on all undisputed payments to the TSP for service, and
- (3) otherwise in compliance with the TSP's tariff or service agreement.

Proposed Standard 0.3.zN

In the event that the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), at the SR's option, the SR should provide one or more of the following forms of credit alternatives to receive initial service or continue to receive service:

- (1) guarantee;
- (2) an irrevocable letter of credit; or
- (3) prepayment of service.

Such credit alternative(s) should be acceptable to the TSP, provided that the TSP's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. The TSP and SR may mutually agree that the SR will provide other forms of credit alternatives. In order for a guarantee or an irrevocable letter of credit to be accepted by the TSP, the entity that provides such guarantee or letter of credit must be creditworthy in accordance with the TSP's tariff.

Proposed Standard 0.3.zO

Except as to a Service Requester (SR) that subscribes to service in connection with construction, expansion, acquisition or lease of new facilities, the Transportation Service Provider's tariff should specify the maximum amount of alternative credit assurance that will be required of a SR that is not creditworthy.

[EnCana believes that "the amount of alternative credit assurance" is meaningless. What is important to standardize and set out in the TSP's tariff is "the MAXIMUM amount of alternative credit assurance" under the various circumstances identified by the TSP. Further, EnCana will support a standard that limits a SR's credit exposure to no more than "three months" of transportation costs for TSP's service for the SR during the term of the SR's agreement; provided the three month limitation will not be applicable to agreements for construction, expansion, acquisition or lease of new facilities. See New Proposed Standard 0.3.zM2 in EnCana's Revision #2 document.]

Proposed Standard 0.3.zP

If the Service Requester (SR) provides cash as a credit alternative required by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standard [0.3.zN], the TSP should pay interest to the SR on the cash principal amount held by the TSP on the total amount of the cash received by the TSP. This cash principal amount should exclude the SR's one-month advance payment to the TSP to continue service after the TSP determines the SR to be non-creditworthy pursuant to the TSP's tariff. At the TSP's sole option and in lieu of the TSP paying interest, the TSP may allow the SR to choose to deposit a cash form of credit alternative in an escrow account where the SR will receive the interest on such cash and the TSP will have access to the cash principal for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

Proposed Standard 5.3.zA

A Transportation Service Provider (TSP) can terminate any release if the original Service Requester's (SR) underlying service agreement is terminated due to default or failure to maintain creditworthiness, provided, however, that the release shall not terminate if the replacement shipper agrees to pay, for the remaining term of the replacement shipper's contract, one of the following:

- (1) the original SR's contract rate,
- (2) the maximum tariff rate applicable to the original SR's capacity, or
- (3) some other rate that is acceptable to the TSP.

The TSP should give the replacement shipper notice before terminating service, as specified in the TSP's tariff. This standard does not address re-releases, which should be governed by the TSP's tariff.

Proposed Standard 5.3.zB

With respect to non-permanent releases, the Transportation Service Provider (TSP) should evaluate the creditworthiness ~~status~~ of the replacement shipper(s) as if that replacement shipper(s) was applying for comparable capacity with the TSP outside of the capacity release process.

[EnCana believes this revision should be made to clarify that the evaluation is for a SR's "creditworthiness" and not a general credit status.]

Proposed Standard 5.3.zC

~~As a pre-condition to bid on posted capacity release offers, the Service Requester (SR) should seek to pre-qualify its status with the Transportation Service Provider (TSP) as a potential replacement shipper. Upon request by the SR, the TSP should determine whether a potential replacement shipper is pre-qualified up to a requested level taking into account all obligations from services that it receives and requests from the TSP, including any service represented by the capacity release. Pre-qualifications are subject to periodic re-evaluation by the TSP.~~

[EnCana believes this standard should be deleted in its entirety and does not propose to vote in favor of this standard. There should be no standard that mandates prequalification for bidders. The TSP and releasing shipper are sufficiently protected by Proposed Standard 5.3.zD where TSP should not award capacity release offers to an SR unless the SR meets the TSP's creditworthiness by the time the capacity is awarded. Prequalification of bidders for release capacity is a policy matter that to best of EnCana's knowledge has not been addressed by the FERC in any proceeding. Further, if a SR knows that he will not be awarded capacity if he does not meet the TSP's creditworthiness standards, the SR is probably going to take action to prequalify with the TSP so that the SR's successful bid will be awarded to the SR.]

Proposed Standard 5.3.zD

The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

Proposed Standard 5.3.zE

The Transportation Service Provider (TSP) should allow an existing Service Requester (SR) to permanently release capacity to a replacement shipper, under the same terms and conditions of the releasing shipper's contract, or other mutually agreeable terms and conditions, provided the replacement shipper meets the TSP's creditworthiness and other tariff provisions applicable to the TSP's qualification of a SR to receive service. Such permanent release should be pursuant to the rules, regulations, and policies of the Federal Energy Regulatory Commission (or an equivalent authority) regarding capacity release transactions.

Proposed Standard 5.3.zF

The Transportation Service Provider (TSP) should provide the releasing shipper with Internet E-mail notification reasonably proximate in time with the formal notice given to its replacement shipper(s), of the following:

- (1) Past due, deficiency, or default notice pursuant to the TSP's tariff;
- (2) Suspension of service notice;
- (3) Contract termination notice due to default or credit-related issues;
- ~~(4) Notice that a request for information has been initiated by the TSP for the purpose of credit evaluation, excluding routine communication related to credit maintenance or new service; and~~
- ~~(5)~~(4) Notice that a replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.

[EnCana believes this standard needs to delete the fourth event from the notification provision. Creditworthiness inquiries or any event (such as information notices of any type) related to creditworthiness evaluation between a TSP and a SR should be held in strict confidence. Releasing shippers are third parties that should not be privy to creditworthiness interactions between a TSP and a SR except as specifically ordered by the Federal Energy Regulatory Commission (Commission). EnCana is not aware of any order related to creditworthiness provisions where the Commission has authorized the TSP to provided the releasing shipper with a concurrent notice of a TSP's credit information request to a SR. Unless this provision is either removed from the standard or modified, EnCana will not vote in favor of this standard.]

Proposed Standard 5.3.zG

The releasing shipper should provide the Transportation Service Provider (TSP) with the Internet E-mail address of up to two authorized representatives who are designated to receive notification pursuant to NAESB WGQ Standard [5.3.zF]. The obligation of the TSP to provide notifications related to Standard [5.3.zF] is waived until the above requirement has been met. The releasing shipper should manage internal distribution of such notices that are received.

Proposed Standard 5.3.zH

In complying with the notifications pursuant to NAESB WGQ Standard [5.3.zF], the releasing shipper and the Transportation Service Provider may mutually agree to other forms of communication in lieu of Internet E-mail notification.

STANDARDS LANGUAGE: [\[EnCana REVISIONS #2; FOR CREDIT TERMINOLOGY AND BUSINESS PRACTICES. Dated May 13, 2003.\]](#)

Proposed Standard 0.3.zA

For credit evaluation purposes, the Service Requester (SR) should supply any of the following information as specified by the Transportation Service Provider (TSP):

- Audited Financial Statements;
- Annual Report;
- Most recent filed statements with the Securities and Exchange Commission (or an equivalent authority) or such other publicly available information;
- For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (CFO) that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;
- For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent;
- For non-public entities, including those that are state-regulated utilities, an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the SR's current financial condition;
- For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism which fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent;
- List of Affiliates, Parent Companies, and Subsidiaries;
- Publicly Available Credit Reports from Credit and Bond Rating Agencies;
- Private Credit Ratings, if obtained by the SR;
- Bank References;
- Trade References;
- Statement of Legal Composition;
- Statement of Length of Time Business has been in Operation;
- Such other information as may be mutually agreed to by the parties; and
- Such other information as the TSP may receive approval to include in its tariff or general terms and conditions.

Non-public information supplied by the SR should be treated by the TSP as confidential.

NEW Proposed Standard 0.3.zA1

If the Service Requester (SR) furnishes a guarantee issued by another entity to support its credit, then the term "SR" and the obligations and responsibilities in the applicable NAESB WGQ creditworthiness standards should apply jointly to the SR and such entity. The guarantee issued by the entity should be in a form acceptable to the TSP, provided that the TSP's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. In order for a guarantee to be accepted by the TSP, the entity that provides such guarantee must be creditworthy in accordance with the creditworthiness provisions applicable to the SR under the TSP's tariff.

Proposed Standard 0.3.zB

If the Transportation Service Provider (TSP) requests additional information to be used for credit evaluation after the initiation of service, the TSP should provide its reason(s) for requesting the additional information to the Service Requester (SR). The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zC

Upon receipt of a request from the Transportation Service Provider (TSP) for information to be used for credit [worthiness](#) evaluation, the Service Requester's (SR) authorized representative(s) should acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zD

The Service Requester's (SR) authorized representative(s) should respond to the Transportation Service Provider's (TSP) request for credit information, as allowed by the TSP's tariff, on or before the due date specified in the request. The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.

Proposed Standard 0.3.zE

Upon receipt from the Service Requester (SR) of all credit information provided pursuant to NAESB WGQ Standard [0.3.zD], the Transportation Service Provider (TSP) should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zF

The Service Requester (SR) should designate up to two representatives who are authorized to receive notices regarding the SR's creditworthiness pursuant to NAESB WGQ Standard [0.3.zE] and should provide to the Transportation Service Provider (TSP) the Internet e-mail addresses of such representatives prior to the initiation of service. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. The SR should manage internal distribution of any creditworthiness notices that are received.

Proposed Standard 0.3.zG

Upon the Transportation Service Provider's (TSP) determination that a Service Requester (SR) is non-creditworthy, the TSP should provide the SR with written notification that clearly states the reason(s) for the TSP's decision.

Proposed Standard 0.3.zH

At the time of its request for service and upon the Transportation Service Provider's (TSP) request at any time thereafter, the Service Requester (SR) should confirm to the TSP whether any of the following conditions exist:

- (1) that the SR has filed for bankruptcy protection and/or is operating under any chapter of the bankruptcy laws;
- (2) that the SR is subject to liquidation or debt reduction procedures under governing laws, such as an assignment for the benefit of creditors or any creditors' committee agreement; and/or
- (3) that the SR's credit rating has been downgraded by a credit rating agency within the last six months.

Proposed Standard 0.3.zI

Upon request of the Transportation Service Provider (TSP), the Service Requester should furnish the applicable information requested in NAESB WGQ Standards [0.3.zA] and [0.3.zH], including an explanation for any unavailable information, within three (3) business days or such later date acceptable to the TSP.

Proposed Standard 0.3.zJ

In complying with information requirements specified by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standards [0.3.zA] and [0.3.zH], the Service Requester (SR) should provide to the TSP the public documents that contain the required information. The public documents may be either the SR's public documents or, if the SR does not have the required documents, the public documents of the SR's parent company, to the extent that such documents contain the required information pertaining to the SR. If the SR provides its parent company's public documents to confirm the existence of an event specified in Standard [0.3.zH], the SR should specify where, in said public document, such information appears.

Proposed Standard 0.3.zK

At any time after the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), the SR may initiate a credit [worthiness-status](#) re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR should either update or confirm in writing the prior information provided to the TSP related to the SR's credit [worthiness-status](#). Such update should include any substantial event(s) that the SR believes could lead to a change in the SR's credit [worthiness-status](#).

Proposed Standard 0.3.zL

After a Transportation Service Provider's (TSP) receipt of a Service Requester's (SR) request for [creditworthiness](#) re-evaluation, including all required information pursuant to NAESB WGQ Standard [0.3.zK] ("SR's Request"), within [x] Business Days, the TSP should provide a written response to the SR's Request. Such written response should include either a determination of creditworthiness [status](#), clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed [y] Business Days from the date of the receipt of the SR's Request unless the parties mutually agree to some later date. The values for [x] and [y] should be specified in the TSP's tariff.

Proposed Standard 0.3.zM

For the Service Requester (SR) to receive initial service or to continue to receive service from a Transportation Service Provider (TSP), the SR should be

- (1) creditworthy in accordance with the TSP's tariff or ~~transfer eligible collateral~~~~provide credit alternative(s)~~ in accordance with NAESB WGQ Standard [0.3.zN],
- (2) current on all undisputed payments to the TSP for service, and
- (3) otherwise in compliance with the TSP's tariff or service agreement.

NEW Proposed Standard 0.3.zM1

The Transportation Service Provider (TSP) should determine a credit threshold for a Service Requestor (SR) equal to (1) a credit level based on the information provided by the SR pursuant to NAESB WGQ Standard [0.3.zA] and (2) the value of the eligible collateral transferred to the TSP pursuant to NAESB WGQ Standard [0.3.zN] and held by the TSP.

NEW Proposed Standard 0.3.zM2

The Transportation Service Provider (TSP) should determine a credit exposure for a Service Requestor (SR) equal to the total estimated transportation costs under all the SR's service agreements with the TSP for the term of the service under the agreement(s); provided for this credit exposure purpose no term of service should exceed three (3) months unless such limitation is waived by the Federal Energy Regulatory Commission (or equivalent) for construction, expansion, acquisition or lease of new facilities.

NEW Proposed Standard 0.3.zM3

The Transportation Service Provider (TSP) should determine a Service Requestor (SR) to be creditworthy if the TSP determines that the TSP's credit exposure for the SR pursuant to NAESB WGQ Standard [0.3.zM2] is less than or equal to the TSP's credit threshold for the SR pursuant to NAESB WGQ Standard [0.3.zM1].

NEW Proposed Standard 0.3.zM4

The Transportation Service Provider (TSP) should determine a Service Requestor (SR) to be non-creditworthy if the TSP determines that the TSP's credit exposure for the SR pursuant to NAESB WGQ Standard [0.3.zM2] is greater than the TSP's credit threshold for the SR pursuant to NAESB WGQ Standard [0.3.zM1].

Proposed Standard 0.3.zN

In the event that the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), at the SR's option, the SR should ~~transfer~~~~provide~~ one or more of the following forms of ~~eligible collateral~~~~credit alternatives~~ to receive initial service or continue to receive service:

- (1) ~~guarantee~~;
an irrevocable letter of credit; or
- ~~(2) cash collateral~~~~prepayment of service~~.

Such ~~eligible collateral~~~~credit alternative(s)~~ should be acceptable to the TSP, provided that the TSP's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. The TSP and SR may mutually agree that the SR will ~~transfer~~~~provide~~ other forms of ~~eligible collateral~~~~credit alternatives~~. In order for ~~a guarantee or~~ an irrevocable letter of credit to be accepted by the TSP, the entity that provides such ~~guarantee or~~ letter of credit must be creditworthy in accordance with the TSP's tariff.

Proposed Standard 0.3.zO

Except as to a Service Requester (SR) that subscribes to service in connection with construction, expansion, acquisition or lease of new facilities, the Transportation Service Provider's tariff should specify

the [maximum](#) amount of [eligible collateral](#)~~alternative credit assurance~~ that will be required of a SR that is not creditworthy.

Proposed Standard 0.3.zP

If the Service Requester (SR) provides cash [collateral](#) as [eligible collateral](#)~~a credit alternative~~ required by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standard [0.3.zN], the TSP should pay interest to the SR on the cash [collateral](#)~~principal~~ amount held by the TSP on the total amount of the cash received by the TSP. This cash [collateral](#)~~principal~~ amount should exclude the SR's one-month advance payment to the TSP to continue service after the TSP determines the SR to be non-creditworthy pursuant to the TSP's tariff. At the TSP's sole option and in lieu of the TSP paying interest, the TSP may allow the SR to choose to deposit ~~a cash collateral~~~~form of credit alternative~~ in an escrow account where the SR will receive the interest on such cash [collateral](#) and the TSP will have access to the cash [collateral](#)~~principal~~ for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

Proposed Standard 5.3.zA

A Transportation Service Provider (TSP) can terminate any release if the original Service Requester's (SR) underlying service agreement is terminated due to default or failure to maintain creditworthiness, provided, however, that the release shall not terminate if the replacement shipper agrees to pay, for the remaining term of the replacement shipper's contract, one of the following:

- (1) the original SR's contract rate,
- (2) the maximum tariff rate applicable to the original SR's capacity, or
- (3) some other rate that is acceptable to the TSP.

The TSP should give the replacement shipper notice before terminating service, as specified in the TSP's tariff. This standard does not address re-releases, which should be governed by the TSP's tariff.

Proposed Standard 5.3.zB

With respect to non-permanent releases, the Transportation Service Provider (TSP) should evaluate the creditworthiness ~~status~~ of the replacement shipper(s) as if that replacement shipper(s) was applying for comparable capacity with the TSP outside of the capacity release process.

Proposed Standard 5.3.zC

~~As a pre-condition to bid on posted capacity release offers, the Service Requester (SR) should seek to pre-qualify its status with the Transportation Service Provider (TSP) as a potential replacement shipper. Upon request by the SR, the TSP should determine whether a potential replacement shipper is pre-qualified up to a requested level taking into account all obligations from services that it receives and requests from the TSP, including any service represented by the capacity release. Pre-qualifications are subject to periodic re-evaluation by the TSP.~~

[\[Delete standard per EnCana's Revision #1 comments.\]](#)

Proposed Standard 5.3.zD

The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

Proposed Standard 5.3.zE

The Transportation Service Provider (TSP) should allow an existing Service Requester (SR) to permanently release capacity to a replacement shipper, under the same terms and conditions of the releasing shipper's contract, or other mutually agreeable terms and conditions, provided the replacement shipper meets the TSP's creditworthiness and other tariff provisions applicable to the TSP's qualification of a SR to receive service. Such permanent release should be pursuant to the rules, regulations, and policies of the Federal Energy Regulatory Commission (or an equivalent authority) regarding capacity release transactions.

Proposed Standard 5.3.zF

The Transportation Service Provider (TSP) should provide the releasing shipper with Internet E-mail notification reasonably proximate in time with the formal notice given to its replacement shipper(s), of the following:

- (1) Past due, deficiency, or default notice pursuant to the TSP's tariff;
- (2) Suspension of service notice;
- (3) Contract termination notice due to default or credit-related issues;
- ~~(4) Notice that a request for information has been initiated by the TSP for the purpose of credit evaluation, excluding routine communication related to credit maintenance or new service; and~~
- (5)(4) Notice that a replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.

[Revised standard in accordance with EnCana's Revision #1 comments]

Proposed Standard 5.3.zG

The releasing shipper should provide the Transportation Service Provider (TSP) with the Internet E-mail address of up to two authorized representatives who are designated to receive notification pursuant to NAESB WGQ Standard [5.3.zF]. The obligation of the TSP to provide notifications related to Standard [5.3.zF] is waived until the above requirement has been met. The releasing shipper should manage internal distribution of such notices that are received.

Proposed Standard 5.3.zH

In complying with the notifications pursuant to NAESB WGQ Standard [5.3.zF], the releasing shipper and the Transportation Service Provider may mutually agree to other forms of communication in lieu of Internet E-mail notification.

TO: NAESB WGQ Executive Committee
FROM: KeySpan Distribution Companies
RE: Request For Comments On Proposed Creditworthiness Standards
DATE: MAY 15, 2003

The KeySpan Distribution Companies (KeySpan) submit the following comments on the proposed NAESB WGQ creditworthiness standards. While we recognize the considerable work that has been done developing the proposed standards, KeySpan believes that the WGQ Executive Committee (EC) should not adopt these standards. We say this notwithstanding the fact that we actively participated in the development of the standards and proposed some of the standards included in the package. KeySpan also believes that the standards should be voted on by the EC as a package, and not in sub-groups, or on an individual basis. At the same time, KeySpan strongly supports sending to FERC on June 1, 2003 the proposed standards as well as the complete record of NAESB's consideration of the issue. There is no reason to delay this report. In addition, KeySpan has comments on some of the individual standards.

The proposed standards should not be adopted as NAESB WGQ standards at this time for the following reasons:

- The proposed standards involve issues that have not been addressed generically by FERC and may be best left to individual pipeline proceedings. The policy direction from FERC to date does not provide a basis on which to make certain of the determinations reflected in the proposed standards, since each of the orders issued by FERC addressed for the most part changes proposed by individual pipelines. Before standards are adopted by NAESB, FERC should initiate a rulemaking proceeding and make generic findings in areas in which it determines that there should be uniformity across pipeline tariffs on these issues. NASEB should not pass standards in instances where there is no clear direction from FERC.
- Some of the standards as drafted may be misinterpreted by parties who did not attend the BPS meetings. Some of the standards raise questions that were not addressed by the BPS. There are also concerns that there

may be some internal inconsistencies among some of the standards. (For example, see comments filed by AGA). Drafting and inconsistency concerns are the result of both the time limitations and the complexity of the issue, and perhaps the lack of generic findings by FERC on these issues. As such, these standards should not be passed by the EC. Each of the proposed standards could be revisited and modified if necessary, if and when FERC were to act generically and provide direction to NAESB, or in the event that individual requests for standards were received by NAESB.

- As it has in the past on other issues KeySpan actively participated in the BPS process on these issues. We believe that the issues related to creditworthiness present unique problems when trying to develop standards since they are so closely linked to specific business decisions. It is not clear that the industry would be best served by requiring uniformity across the pipelines on issues related to credit decisions. FERC should initiate a rulemaking proceeding to address this and other issues.

While KeySpan does not believe the standards should be approved by the EC, it does support prompt filing of the June 1 report to FERC. The NAESB Report, along with any comments filed on it, should provide FERC with insight into the complexity of the issue and the diverse opinions of industry members. This should help FERC to decide whether initiate a rulemaking proceeding and to provide directions (if it chooses to do so) to NAESB to develop standards based on clearly defined FERC policies.

KeySpan comments on the specific standards:

Proposed Standard 0.3.zG—We suggest that item (3) in this standard be modified to read: “(3) ~~that the SR’s credit rating has been downgraded by a~~ a credit rating agency within the last six months has publicly stated that it is reviewing the SR’s credit rating for a possible downgrade.”

Proposed Standard 5.3.zA—As drafted this standard does not address re-releases. This is an important exception that must not be eliminated by the EC. If credit issues arise in subsequent releases, the capacity must revert back to the original capacity holder.

Proposed Standard 5.3.zB -- There is no legitimate reason to limit this standard to non-permanent releases. Pipelines should not be allowed to apply different credit evaluation criteria to a permanent release. The standard as drafted implies that a pipeline could evaluate a permanent release using different credit standards.

KeySpan suggests the following changes to this standard: “ With respect to ~~non-permanent~~ releases, the Transportation Service Provider (TSP) should evaluate and determine the creditworthiness status of the replacement shipper(s) as if that replacement shipper(s) was applying for comparable capacity with the TSP outside of the capacity release process.”

Proposed Standards 5.3.zC—All prospective replacement shippers should have to pre-qualify their status before being allowed to bid on capacity releases. As FERC indicated in Order 636, pre-qualifying will streamline the capacity release process. Many pipelines now include in their tariffs the requirement that shippers must pre-qualify in order to bid on capacity release. This standard as drafted implies that pre-qualification is optional. The current capacity release timeline provides limited time for the pipeline to do a full credit evaluation of the winning replacement shipper and time to contract with the next bidder if the winning bidder fails to meet the pipeline’s credit criteria. In that situation the releasing shipper would have to re-post its capacity. This is unfair to both the releasing shipper and other qualified replacement shippers, who having been denied the release may be forced to enter into agreements for less desirable or higher priced capacity. Any adjustment to the timeline would be contrary to Order 637 which sought to provide (to the extent possible) comparability between offers to release capacity and capacity offerings by the pipeline. If this standard is passed by the EC (and before it is adopted by FERC) it must be clear that this standard does not require pipelines that currently require shippers to pre-qualify to make changes to their tariff. Otherwise this standard would result in a diminution of service to releasing shippers on those pipelines who now require replacement shippers to pre-qualify in order to bid on released capacity postings.

KeySpan requests that the word “**seek**” be deleted from this standard and the EC confirm that pre-qualification is not optional.

Proposed Standard 5.3.zD— This standard when read together with the proposed 5.3.zC will create inefficiencies in the capacity release process.

Only potential replacement shippers who have pre-qualified should be allowed to bid on capacity releases. There is insufficient time in the existing capacity release timeline to do a full credit check of the winning bidder and contract with the next bidder, if necessary. As indicated in the comments on 5.3.zC, allowing shippers who have not pre-qualified to bid on releases is unfair to both releasing and potential replacement shippers and any change in the timeline would be contrary to Order 637. This standard if adopted without the suggested modifications to 5.3.zC would also result in a diminution of service to releasing shippers on those pipelines who now only allow pre-qualified shippers to bid on capacity releases. This standard should only be approved if the suggested modifications are made to 5.3.zC.

Proposed Standard 5.3.zE—Permanent release in this standard refers to a release for the remaining term of the contract in which the original capacity holder no longer has any liability to pay for the capacity. As long as the replacement shipper meets the same creditworthiness and other tariff provisions applicable to any shipper who qualifies to receive service directly from the pipeline and the replacement shipper agrees to pay the same rates (including any conditions) that the original capacity holders pays, the permanent release should be allowed by the pipeline. At a minimum, the pipeline should be required to spell out in its tariff what criteria need to be met to effectuate a permanent release. Approval of a permanent release should not be left to the discretion of the pipeline.

WGQ Request for Comments on Standard
submitted by: Midland Cogeneration Venture

Proposed Standard 0.3zL

This standard refers to "X" Business Days and "Y" Business Days where the value for X and Y are to be specified in the TSP's tariff. MCV would encourage that these values be stated explicitly in the standard.

Proposed Standard 0.3zN

Item 3 under this standard refers to "prepayment of service"; however, neither a value nor a limit is stated for such prepayment. MCV would like to have such value or limit provided in the standard. At the most, this amount should be explicitly stated to be not more than three months of demand charges, which MCV believes would be consistent with the Commission's position that a pipeline may not require more than three months payment from non-creditworthy shippers.

Proposed Standard 0.3xO

The term "alternate credit assurance" is used. What is considered alternate credit assurance, and what is the value of such credit assurance? MCV would like these details provided in the standard and again, such value should not exceed 3 months of demand charges to be consistent with the Commission's position as mentioned above.

Proposed Standard 5.3.zA

This standard states that the "TSP should give the replacement shipper notice before terminating service". How much notice will be given? Would it be the Commission's standard 30 days? MCV would like to have the notice period stated in the standard and would suggest the period of 30 days, as it is the Commission standard.

Proposed Standard 5.3.zC

This standard states that the SR should seek to prequalify its status with the TSP. Credit issues are an important concern; however MCV would not like to see this standard pass as written: For one reason, it seems to be contrary to the Commission's policy of open access to the Transportation Grid, and for a second reason, it requires a replacement shipper who may be noncreditworthy, but is able to timely meet all its financial obligations, to post collateral to the TSP just to get on the prequalifying list, which would tie up its working capital.

**Comments on NAESB WGQ Proposed Creditworthiness Standards
National Fuel Gas Distribution Corporation (“Distribution”)**

General Comments

Distribution supports *the concepts* contained within the package of proposed standards presented to the Executive Committee for consideration at its May 19, 2003 meeting. The proposed standards were developed as a Strawman within the Wholesale Gas Quadrant’s Business Practices Subcommittee (BPS) in which Distribution was an active participant. Distribution, from the beginning, was reluctant to have the creditworthiness issue addressed at NAESB. Never the less, there was considerable give and take throughout the BPS discussions and the premise of the end product, much like a negotiated settlement of a rate case, only make sense as a cohesive package. The end product was a compromise and as such, will most likely unravel if any of the proposed standards are conceptually altered or removed.

The standards are interrelated and Distribution would likely oppose piecemeal consideration the standards by the Executive Committee. While Distribution clearly prefers some over others, the BPS voting record indicates that nearly all of the proposed standards had opposition within at least one segment. This opposition will probably resurface within the Executive Committee.

If the proposed standards cannot be passed as an entire package, the compromises leading to development of the Strawman will be lost. Given this possibility, the Executive Committee should consider forwarding the entire record without recommendation to FERC in the June 1 Report.

This is not to say that the Executive Committee should wholesale adopt the proposed standards as written. They should be clarified to improve readability and remove unintentional ambiguity. The policy considerations surrounding development of the proposed standards presented unique circumstances for the BPS. Orders providing creditworthiness policy guidance were issued concurrently with standards development instead of the more usual case of being available prior to standards development. These factors lead to some confusion and unintentional ambiguity.

Distribution supports the comments provided to NAESB by the American Gas Association (“AGA”), which raise many of the above mentioned issues. Distribution’s specific comments, which include suggested changes to the proposed standards addressing some of the questions posed in AGA’s comments, are attached.

Respectfully Submitted,
Michael Novak
National Fuel Gas Distribution
(716) 857-7884
novakm@natfuel.com

Specific Comments

Proposed Standard 0.3.zA: Distribution requests that Copies of Tax Returns be added to the list of items used for credit evaluation. While this item could reasonably be procured through mutual agreement or a tariff provision, tax returns are frequently used to evaluate smaller shippers that do not have most of the other items specified within 0.3.zA.

Proposed Standard 0.3.zA

For credit evaluation purposes, the Service Requester (SR) should supply any of the following information as specified by the Transportation Service Provider (TSP):

Audited Financial Statements;

Annual Report;

Most recent filed statements with the Securities and Exchange Commission (or an equivalent authority) or such other publicly available information;

For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (CFO) that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;

For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent;

For non-public entities, including those that are state-regulated utilities, an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the SR's current financial condition;

For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism which fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent;

List of Affiliates, Parent Companies, and Subsidiaries;

Publicly Available Credit Reports from Credit and Bond Rating Agencies;

Private Credit Ratings, if obtained by the SR;

Bank References;

Trade References;

Statement of Legal Composition;

Statement of Length of Time Business has been in Operation;

Copies of Tax Returns;

Such other information as may be mutually agreed to by the parties; and

Such other information as the TSP may receive approval to include in its tariff or general terms and conditions.

Non-public information supplied by the SR should be treated by the TSP as confidential.

Proposed Standards 0.3.zD and 0.3.zI: These two proposed standards said essentially the same thing with 0.3.zI adding some specificity concerning response time. The differences are not apparent and the presence of two similar standards creates the potential for confusion. Distribution proposed modifying 0.3.zD to include components of 0.3.zI and deleting 0.3.zI

Proposed Standard 0.3.zD

The Service Requester's (SR) authorized representative(s) should respond to the Transportation Service Provider's (TSP) request for credit information pursuant to NAESB WGO Standards [0.3.zA] and [0.3.zH], by furnishing the applicable information requested within three (3) business days or such later date acceptable to the TSP. For any other credit information requests, as allowed by the TSP's tariff, the SR should respond on or before the due date specified in the request. The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.

Proposed Standard 0.3.zI

~~Upon request of the Transportation Service Provider (TSP), the Service Requester should furnish the applicable information requested in NAESB WGQ Standards [0.3.zA] and [0.3.zH], including an explanation for any unavailable information, within three (3) business days or such later date acceptable to the TSP.~~

Proposed Standard 0.3.zF: Distribution is concerned about the overhead associated with administering the new creditworthiness standards and wants to ensure that email is available as a means providing acknowledgments, responses and notices. Creditworthiness evaluation workload is not steady and deadlines may present difficulties during peak periods. Particularly in the case of 3 day deadlines, email can be used to maximize the amount of time effectively available. The proposed standards can be read to limit use of email to certain standards (0.3.zE and 5.3.zF) and preclude its use for others (0.3.zC, 0.3.zG, 0.3.zG and 0.3.zL). The email requirement can also be read to only apply to by service requestors. Distribution proposes changes to require the TSP to provide email contact information, remove reference to specific standards where they are limiting and clarify the written response can be provided via email.

Proposed Standard 0.3.zF

The Service Requester (SR) should designate up to two representatives who are authorized to receive notices and communications regarding the SR's creditworthiness pursuant to the NAESB WGQ Standards ~~[0.3.zE]~~ and should provide to the Transportation Service Provider (TSP) the Internet e-mail addresses of such representatives prior to the initiation of service. Likewise, the TSP should provide the SR with the Internet E-mail address of up to two its corresponding authorized representatives. Written requests and responses may be provided via internet E-mail. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. The TSP and SR should each manage internal distribution of any creditworthiness notices that are received.

Proposed Standard 0.3.zM: The third condition, to be otherwise in compliance with the TSP's tariff or service agreement, is unnecessary in a creditworthiness standard because it is the case under any circumstance. Distribution proposes its deletion in the interest of brevity.

Proposed Standard 0.3.zM

For the Service Requester (SR) to receive initial service or to continue to receive service from a Transportation Service Provider (TSP), the SR should be

- (1) creditworthy in accordance with the TSP's tariff or provide credit alternative(s) in accordance with NAESB WGQ Standard [0.3.zN],
- (2) current on all undisputed payments to the TSP for service, and
- ~~(3) otherwise in compliance with the TSP's tariff or service agreement.~~

Proposed Standard 5.3.zA: The use of the term Service Requester is confusing as it has a broader definition in other NAESB WGQ Standards. Distribution proposes inserting a parenthetical to clarify to which Service Requester's contract is subject to termination. An alternative may be to create a new defined term, Original Releasing Shipper and formulate a definition along the lines of the parenthetical. The new definition may also have some clarification value in 5.3.zF and 5.3.zG.

Proposed Standard 5.3.zA

A Transportation Service Provider (TSP) can terminate any release if the original releasing shipper Service Requester's (SR) (i.e. the Service Requester's (SR) contracted directly with the TSP that releases capacity to the first replacement shipper) underlying service agreement is terminated due to default or failure to maintain creditworthiness, provided, however, that the release shall not terminate if the replacement shipper agrees to pay, for the remaining term of the replacement shipper's contract, one of the following:

- (1) the original SR's contract rate,
- (2) the maximum tariff rate applicable to the original SR's capacity, or
- (3) some other rate that is acceptable to the TSP.

The TSP should give the replacement shipper notice before terminating service, as specified in the TSP's tariff. This standard does not address re-releases, which should be governed by the TSP's tariff.

Proposed Standard 5.3.zC: Distribution proposes remove the words “seek to” because they are unnecessary. Since pre-qualification is a pre-condition to bid, it’s obvious the a Service Requester will seek to pre-qualify if it wishes to bid. Under similar logic, the phrase “Upon request by the SR,” should be removed. Unless the Service requester makes the request, it won’t be pre-qualified. Further, the main point of the sentence is the level of pre-qualification.

Proposed Standard 5.3.zC

As a pre-condition to bid on posted capacity release offers, the Service Requester (SR) should ~~seek to~~ pre-qualify its status with the Transportation Service Provider (TSP) as a potential replacement shipper. ~~Upon request by the SR,~~ The TSP should determine whether a potential replacement shipper is pre-qualified up to a requested level taking into account all obligations from services that it receives and requests from the TSP, including any service represented by the capacity release. Pre-qualifications are subject to periodic re-evaluation by the TSP.

Proposed Standard 5.3.zH: Distribution proposes changes to generally permit alternatives to Internet E-Mail upon mutual agreement. These alternatives should include voice mail. Finally, as generalized this standard could be renumbered 0.3.zQ

Proposed Standard 5.3.zH

In complying with the creditworthiness related notifications and communications pursuant to the NAESB WGQ Standards ~~[5.3.zF]~~, the ~~releasing shipper~~ Service Requester and the Transportation Service Provider may mutually agree to other forms of communication in lieu of Internet E-mail notification.

May 19, 2003

VIA E-MAIL

Ms. Rae McQuade
Executive Director
North American Energy Standards Board
Attn: WGQ Executive Committee

Re: Comments of NiSource's Distribution Companies Regarding Proposed WGQ Creditworthiness Standards

The NiSource Distribution Companies, comprised of Bay State Gas Company, Columbia Gas of Kentucky, Inc., Columbia Gas of Maryland, Inc., Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc., Columbia Gas of Virginia, Inc., Kokomo Gas & Fuel Company, Northern Indiana Fuel & Light Company, Northern Indiana Public Service Company and Northern Utilities, Inc., appreciate the opportunity to comment regarding the North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ) proposed standards related to interstate pipeline creditworthiness practices that will be considered by the WGQ Executive Committee (EC) on May 20, 2003.

As detailed below, based upon their experience as active participants in the NAESB creditworthiness proceedings and various ongoing proceedings before the Federal Energy Regulatory Commission (FERC or Commission), the NiSource Distribution Companies urge the EC *not* to adopt the package of standards as proposed at this time. Rather, the EC would be exercising responsible industry leadership to forward the proposed standards to the FERC in the anticipated June 1 report along with an account of the NAESB deliberations, in order to better inform the Commission in its further regulatory decisionmaking in this area.

The consensus process has not resulted in clear, unambiguous standards because transmission providers' creditworthiness evaluations are not mechanical "one size fits all" administrative operations simply to be made uniform and more efficient. Instead, credit issues involve processes and decisions integral to a company's management of its financial risks and ongoing business relationships. These considerations are especially important in recent times with the increase in concerns about the financial viability of major parties in the industry. Thus, developing creditworthiness standards at this time involves considerable potential for policymaking -- which NAESB may not do -- in part because the Commission has addressed some, but not all, aspects of creditworthiness policy in recent individual cases.

INTEREST OF NISOURCE'S DISTRIBUTION COMPANIES

The NiSource Distribution Companies have a significant interest in NAESB's involvement in creditworthiness standards. Collectively, the companies are shippers on more than a dozen pipelines and, as national leaders in retail unbundling, the NiSource companies are very significant releasers of capacity to competitive suppliers of gas. Thus, the NiSource Distribution Companies have considerable experience with, and

interest in, creditworthiness issues as buyers of services, providers of services and as releasing shippers.

The NiSource companies have been active members of NAESB/GISB since its inception, participating in numerous committee activities, and sponsoring an executive on the GISB Board of Directors for two terms and the current vice-chair of the NAESB Retail Gas Quadrant Board. The NiSource companies are proven supporters of NAESB's efforts to develop uniform standards for operational processes that enhance efficiency and competitive market opportunities. However, the GISB/NAESB process was never intended to address core business and policy aspects of the regulated gas industry. To remain effective and credible, NAESB should carefully maintain its recognized success in addressing those non-policy topics best suited to an independent, voluntary, consensus-based standards-setting organization.

A CONSTRUCTIVE ROLE FOR NAESB TO INFORM FERC

The NAESB WGQ became involved in developing possible creditworthiness standards after the NAESB Board, in response to a request from FERC, determined that consistent with its organizational scope, NAESB could address only standards that would implement stated Commission policies or wholly non-policy aspects of creditworthiness. By the specific language of its request to NAESB, the Commission recognized that the NAESB process might not result in specific creditworthiness standards.¹ The June 1 report by NAESB is an opportunity to inform FERC about why the process could not develop a comprehensive, generic set of standards that are beneficial and appropriate for business risk issues, topics that NAESB had not addressed previously. The EC should emphasize with FERC that NAESB can only develop standards where FERC has articulated clear, comprehensive and unambiguous policies not subject to interpretation, because NAESB cannot establish policy. In an area such as creditworthiness, which constitutes a crucial financial and risk management process, meaningful consensus standards are difficult to achieve so long as parties can maintain differing interpretations of the extent and details of policy decisions.

The extensive, and not infrequently contentious, discussions among the Business Practice Subcommittee (BPS) participants illustrate the difficulty of removing policymaking considerations from developing standards on many creditworthiness issues. And the resulting package of proposed standards developed by the committee demonstrates the limitations on standards setting by consensus when critical business policies are at issue.

In short, a number of the resulting standards address administrative items such as communication processes for various notifications. While generally unobjectionable,

¹ "The Commission agrees that it could be valuable to develop a generic standard for creditworthiness since shippers would be able to provide the same documents to every pipeline to obtain capacity, and there appears to be value in establishing standards for when a pipeline must provide service to a shipper. The Commission encourages parties to initiate the standards development process at the [NAESB] to see whether a consensus standard can be developed for credit worthiness. By June 1, 2003, NAESB and other parties should file a report with the Commission indicating whether standards have been adopted, or if consensus cannot be reached, an account of its deliberations, including an outline of the standards considered, the voting records, and the reasons for the inability to reach consensus to enable the Commission to determine whether further action is necessary." *Tennessee Gas Pipeline Company*, 100 FERC ¶61,268 at ¶16.

few of these standards measurably enhance or improve existing practices. Of greater concern are those proposed standards in which the consensus language is ambiguous and open to interpretation because the existing policy lacks sufficient detail and clarity.¹ It is not uncommon for the active participants in the committee process to disagree about the intent or meaning of portions of various proposed standards. This outcome is entirely understandable given the voluntary, open, consensus process through which the standards were developed, but it should not be an acceptable outcome for standards addressing core business management processes that may have the force of regulation through adoption by FERC.

NiSource Distribution is familiar with comments being submitted to the EC concurrently by various other local distribution company and interstate pipeline interests that detail a variety of specific questions raised by individual standards, including *inter alia*, proposals to delete certain individual standards, to clarify others, to recognize inconsistencies among some of the proposed standards, and to find certain proposed standards contrary to FERC policy. The members of the EC should not be expected to, nor are they in a position to reconcile each of the many specific concerns raised with the proposed standards as they were adopted in the consensus process. The BPS developed the standards as a package and changes at the EC obviously would affect the intent of those who supported a consensus only on the basis of give-and-take across the entirety of the package of standards. Changes by the EC also would impact the delicately balanced positions of various groups of commenters on this process given that even within industry segments, it has been an extraordinarily difficult process to try to achieve consensus positions on the package of proposed standards.

Faced with such ambiguity and a broad range of concerns with the proposals from throughout the industry, it is hard to say that the proposed standards represent any consensus with the clarity required to improve the conduct of business on interstate pipelines. As demonstrated in the extensive BPS discussions, there can be no consensus implementing procedural standards without great clarity in policy determinations. Thus, at this time, NAESB would provide the greatest value from its current workproduct by forwarding the package of proposals to FERC with appropriate explanations and observations on the process in order for the Commission to pursue clarifying the creditworthiness policy issues and possible implementing regulations, if necessary. Because credit-related issues are fundamental to each entity in the gas industry, it will require that the proper regulatory administrative process address fully and clearly all the underlying implications of Commission policy decisions before those policies could be implemented through meaningful process standards supported by true industry consensus.

No participant in NAESB should consider their efforts less than successful because the EC would not have adopted any consensus creditworthiness standards by June 1. Rather, the EC should consider the June 1 report to be a valuable opportunity to provide constructive input to the FERC and demonstrate that, despite sincere and

² In addition, there are legal challenges pending at FERC regarding various recent policy determinations made in individual cases such that standards based upon the challenged policy decisions are premature at this time.

extensive efforts, creditworthiness and similar policy issues fundamental to business risk management are not topics suitable for generic consensus standards until clear policy direction has been established. FERC itself has determined repeatedly that creditworthiness policies should be developed on a case-by-case basis rather than in a generic proceeding. Until the Commission has made policy decisions that are unambiguous in all their detail, NAESB should focus its resources and efforts on operational and administrative topics for which it has all the policy guidance needed to develop uniform standards by consensus for the benefit of the industry.

Therefore, the NiSource Distribution Companies urge the EC not to adopt the proposed standards, but rather to forward the package of proposals to FERC with an account of the NAESB deliberations. This approach would be appropriate in view of the need for further policy development and guidance in this area.

Inquiries regarding these comments may be addressed to Mark Maassel (219/647-6400), Marilyn Specht Adusei-Poku (419/252-8152) or Peter Connor (614/460-5974).

Thank you for your consideration.



March 19, 2003

VIA ELECTRONIC MAIL & U.S. MAIL

Ms. Rae McQuade
Executive Director
North American Energy Standards Board
1100 Louisiana, Suite 3625
Houston, TX 77002

Re: February 28, 2003 Memo: "Guidance to Executive Committee on Further
Consideration of Creditworthiness Standards"

Dear Ms. McQuade:

This letter is to express Northern Natural Gas Company's (Northern) concern regarding the above-referenced memo of the NAESB General Counsel to you and Bill Boswell of the NAESB Managing Committee, which sets forth a proposal for the NAESB Board to instruct the Executive Committee (EC) regarding the development of creditworthiness standards.

Northern understands the purpose of the NAESB Board is to advise the EC on how it conducts its business and also understands that in discussing appropriate business standards the EC discusses Commission policy in order to ensure that it does not make policy determinations in developing standards. However, the February 28, 2003 memo appears to be interpreting recent Commission orders¹ regarding specific pipeline creditworthiness provisions in a way which, in our opinion, goes beyond the scope of NAESB, which is a voluntary, consensus-based, standards-setting organization that does not have the authority to create or interpret policy standards. Such action is contrary to the objectives and by-laws of NAESB, which provide that "NAESB should endeavor not to create policy."² In a resolution dated September 23, 2002, the NAESB Board itself acknowledged that the development of creditworthiness standards by the Wholesale Gas Quadrant should be restricted to:

¹ Northern Natural Gas Company, 102 FERC ¶61,076 (2003); Tennessee Gas Pipeline Company, 102 FERC ¶61,075 (2003).

² Article 2, Section 2.2 (b) of NAESB's Bylaws.

implementation of existing Commission policy, new Commission policy after it has been ordered and non-policy oriented aspects of creditworthiness.

Further, the Commission has neither required nor requested NAESB to delve into policy matters in developing creditworthiness standards. In fact, the Commission made reference to NAESB's stated restriction against developing policy in both the Northern and Tennessee orders.³

As a pipeline subject to one of the Commission orders being interpreted in the February 28 memo, Northern is troubled that its order is being treated by NAESB as if it represents final Commission policy. As you may know, Northern's order remains subject to several rehearing requests, including Northern's own rehearing request. It is not a final order. The Tennessee order is also pending rehearing. Until clear and final Commission policy is established, it is fundamentally unfair to Northern and any other party seeking rehearing to be required to comply with a standard interpreted, recommended or otherwise proffered by NAESB based on either Tennessee's or Northern's initial order. Such action would result in bad policy and confusion in the industry.

Northern is not opposed to NAESB, consistent with the Board's September 23, 2002 resolution, setting standards that will improve the process of determining a shipper's creditworthiness, e.g., standardization of documents that pipelines and their customers use to exchange credit information. However, with respect to creditworthiness provisions in a pipeline's tariff, it is inappropriate for NAESB to step into the Commission's shoes and perform the Commission's statutory obligation, which is to set policy and to determine the reasonableness of pipelines' tariffs. The Commission cannot delegate this role to NAESB, nor can NAESB assume it.

Given the current business environment, where sudden changes occur in shipper creditworthiness and pipelines face increased financial risk, it is critical that pipelines retain the ability to tailor the creditworthiness provisions in their tariffs to meet their particular business risk profile and the needs of their creditworthy shippers, consistent with established Commission policy. Pipeline companies vary dramatically in terms of the level of risk they can assume, their anticipated future risk and their ability to assume more risk. This is illustrated by certain (but not all) pipelines having recently filed to modify their creditworthiness provisions, given changes on their individual systems. The purpose of these filings is to ensure that the pipeline is able to make sound business decisions. Unfortunately, this has opened discussion on possible changes for pipelines whose existing creditworthiness terms are working for them. Why attempt to fix something that is not broken on such pipelines? For example, the type of security

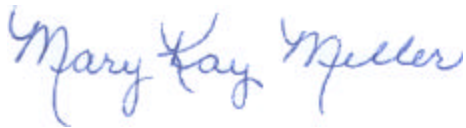
³ Northern, 102 FERC ¶61,076 at par. 15; Tennessee, 101 FERC ¶61,311 at par. 11.

Ms. Rae McQuade
March 19, 2003
Page 3

Northern, as a pipeline designed to meet LDC winter heating needs, may require from shippers may not be applicable to pipelines that serve end-users and non-heating season markets. This illustrates one reason why commercial creditworthiness terms are not conducive to a single cookie-cutter standard. For NAESB to propose such a standard, as directed in the February 28 memo, contradicts NAESB's role of developing a consensus on business standards that facilitate transactions across the pipeline grid and may likely result in NAESB developing policies that have adverse financial implications on the way pipelines conduct business. Such attempted policy-making is contrary to the intent and purpose of NAESB.

In conclusion, NAESB should stay the course that has been set for it and for which it has been successful—that is, as a voluntary industry organization acting through consensus to establish business standards that facilitate transactions across the pipeline grid.

Sincerely,



Mary Kay Miller,
Vice President, Regulatory and Customer Service

cc: Bill Boswell
Jay Costan

**Business Practices Subcommittee
Creditworthiness
Proposed Standards
Draft Minutes Attachment
April 21, 2003**

The Peoples Gas Light and Coke Company and North Shore Gas Company (collectively, "Peoples") submit the following comments on the proposed creditworthiness standards developed by NAESB's business practice subcommittee. The Peoples Gas Light and Coke Company is a member of NAESB's wholesale gas quadrant. Peoples appreciates the opportunity to comment on the proposed standards.

To a large extent, Peoples believes the proposed standards have been overtaken by Federal Energy Regulatory Commission ("Commission") orders issued subsequent to the Commission's request that NAESB undertake to develop credit standards. See, e.g., Natural Gas Pipeline Company of America (Natural), 102 FERC ¶61,355 (2003); Northern Natural Gas Company (Northern Natural), 102 FERC ¶61,076 (2003); Tennessee Gas Pipeline Company, 102 FERC ¶61,075 (2003). In these and other decisions, the Commission has not only made significant policy decisions, which are beyond NAESB's purview, but it has ruled on specific proposals of the sort included in the NAESB proposal. Some of those decisions are pending rehearing or compliance filings are pending. Under these circumstances, it may be premature for NAESB to adopt credit standards, and, indeed, it is not evident that standards are needed in light of the growing body of Commission precedent on these issues.

Peoples understands that NAESB has been directed to file a report with the Commission by June 1, 2003, "indicating whether standards have been adopted, or if consensus cannot be reached, an account of its deliberations, including an outline of the standards considered, the voting records, and the reasons for the inability to reach consensus, to enable the Commission to determine whether further action is necessary." Natural at Par. 5. However, at this time, Peoples does not believe adopting standards would be beneficial. The standards, alone, do not constitute the necessary tariff language to articulate complete credit requirements because those requirements necessarily involves answers to policy questions. Peoples believes that the Commission's answers to those questions, and the likelihood that those answers will be refined through the rehearing process, compliance filings and orders in new cases, provide sufficient standards and guidance for pipelines filing tariff provisions to address credit requirements. At best, the proposed NAESB standards would address some basic process issues that, in Peoples' opinion, have generally been addressed by Commission orders. Submitting the account of deliberations and other information to the Commission, and not proposed standards adopted by NAESB, would provide adequate information for the Commission to determine if it needs to take additional steps and to guide any such additional steps.

While Peoples does not support adoption of the proposed standards, it recognizes that the standards have considerable support from all segments who participated in their development. Accordingly, Peoples offers some proposed language changes for a few of the standards that it believes would clarify their intent and conform

the standards to Commission policy. Where Peoples has proposed language, it has included a comment explaining the reason for the proposal.

Proposed Standard 0.3.zA (formerly z1)

For credit evaluation purposes, the Service Requester (SR) should supply any of the following information as specified by the Transportation Service Provider (TSP):

- Audited Financial Statements;
- Annual Report;
- Most recent filed statements with the Securities and Exchange Commission (or an equivalent authority) or such other publicly available information;
- For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (CFO) that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;
- For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent;
- For non-public entities, including those that are state-regulated utilities, an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the SR's current financial condition;
- For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism which fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent;
- List of Affiliates, Parent Companies, and Subsidiaries;
- Publicly Available Credit Reports from Credit and Bond Rating Agencies;
- Private Credit Ratings, if obtained by the SR;
- Bank References;
- Trade References;
- Statement of Legal Composition;
- Statement of Length of Time Business has been in Operation;
- Such other information as may be mutually agreed to by the parties; and
- Such other information as the TSP may receive approval to include in its tariff or general terms and conditions.

Non-public information supplied by the SR should be treated by the TSP as confidential.

Proposed Standard 0.3.zB (formerly z2)

If the Transportation Service Provider (TSP) requests additional information to be used for credit evaluation after the initiation of service, the TSP [contemporaneous with the request](#), should provide its reason(s) for requesting the additional information to the Service Requester (SR) [and designate the person to whom the response should be sent](#). The TSP and the SR may mutually agree to waive the requirements of this standard.

Comment: First, it may be implicit in this proposed standard that the TSP will provide its request and its reasons for the request simultaneously. However, Peoples believes it should be unambiguously stated in the standard that the two occur at the same time. Second, the pipeline representative who should receive credit information may not be the contact with whom the SR usually deals. The request for information should specify to whom the response should be sent.

Proposed Standard 0.3.zC (formerly z3)

Upon receipt of a request from the Transportation Service Provider (TSP) for information to be used for credit evaluation, the Service Requester's (SR) authorized representative(s) should acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive the requirements of this standard.

Proposed Standard 0.3.zD (formerly z6)

The Service Requester's (SR) authorized representative(s) should respond to the Transportation Service Provider's (TSP) request for credit information, as allowed by the TSP's tariff, on or before the due date specified in the request [and to the TSP representative designated by the TSP to receive such response](#). The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.

Comment: The pipeline representative who should receive credit information may not be the contact with whom the SR usually deals. The request for information should specify to whom the response should be sent and submitting a response to that person fulfills the SR's obligation to provide information.

Proposed Standard 0.3.zE (formerly z4)

Upon receipt from the Service Requester (SR) of all credit information provided pursuant to NAESB WGQ Standard [0.3.zD], the Transportation Service Provider (TSP) should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive the requirements of this standard. [The TSP should designate, on its Internet website or in written notices to its shippers, the Internet e-mail addresses of up to two representatives who are authorized to receive notices regarding SRs' creditworthiness. The SR's obligation to provide confirmation of receipt is met by sending such confirmation to any one of such representatives, and the TSP should manage internal distribution of any such confirmations.](#)

Comment: The TSP should designate contact information for credit-related notices and communications. This is similar to proposed standard 0.3.zF (formerly z5) as it relates to SRs. The pipeline representative who should receive credit information may not be the contact with whom the SR usually deals.

Proposed Standard 0.3.zF (formerly z5)

The Service Requester (SR) should designate up to two representatives who are authorized to receive notices regarding the SR's creditworthiness, [including requests for additional information](#), pursuant to [the applicable](#) NAESB WGQ Standards [\[0.3.zE\]](#) and should provide to the Transportation Service Provider (TSP) the Internet e-mail

addresses of such representatives prior to the initiation of service. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. The SR should manage internal distribution of any creditworthiness notices that are received.

Comment: Peoples suggests that SRs should provide contact information for all credit-related purposes and not just Standard 0.3.zE. For example, if the TSP requests additional information pursuant to Standard 0.3.zB, the request should be directed to the representatives designated by the SR.

Proposed Standard 0.3.zG (formerly z7)

Upon the Transportation Service Provider's (TSP) determination that a Service Requester (SR) is non-creditworthy, the TSP should provide the SR with written notification that clearly states the reason(s) for the TSP's decision.

Proposed Standard 0.3.zH (formerly z9)

At the time of its request for service and upon the Transportation Service provider's (TSP) request at any time thereafter, the Service Requester (SR) should confirm to the TSP whether any of the following conditions exist:

- (1) that the SR has filed for bankruptcy protection and/or is operating under any chapter of the bankruptcy laws;
- (2) that the SR is subject to liquidation or debt reduction procedures under governing laws, such as an assignment for the benefit of creditors or any creditors' committee agreement; and/or
- (3) that the SR's credit rating has been downgraded by a credit rating agency within the last six months.

Proposed Standard 0.3.zI (formerly z23)

Upon request of the Transportation Service Provider (TSP), the Service Requester should furnish the applicable information requested in NAESB WGQ Standards [0.3.zA], [\[0.3.zB\]](#) and [0.3.zH], including an explanation for any unavailable information, within three (3) business days or such later date acceptable to the TSP.

Comment: Proposed Standard 0.3.zB provides for a request for "additional information." It is unclear to Peoples if this information request is covered by 0.3.zA and 0.3.zH. Peoples believes it should be referenced in this Standard.

Proposed Standard 0.3.zJ (formerly z17)

In complying with information requirements specified by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standards [0.3.zA], [\[0.3.zB\]](#) and [0.3.zH] [that require the production of publicly available documents](#), the Service Requester (SR) should provide to the TSP ~~the public documents that contain the required information. The public documents may be~~ either the SR's public documents or, if the SR does not have the required documents, the public documents of the SR's parent company, to the extent that such documents contain the required information pertaining to the SR. If the SR provides its parent company's public documents to confirm the existence of an event specified in Standard [0.3.zH], the SR should specify where, in said public document, such information appears.

Comment: This proposed standard appears to apply only to publicly available information (e.g., SEC filings) although certain types of information that a TSP can request are not publicly available documents (e.g., private credit ratings or bank references). Peoples' proposed language is intended to clarify this provision. Also, proposed Standard 0.3.zB provides for a request for "additional information." It is unclear to Peoples if this information request is covered by 0.3.zA and 0.3.zH. Peoples believes it should be referenced in this Standard.

Proposed Standard 0.3.zK (formerly z14)

At any time after the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), the SR may initiate a credit status re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR should either update or confirm in writing the prior information provided to the TSP related to the SR's credit status. Such update should include any substantial event(s) that the SR believes could lead to a change in the SR's credit status.

Proposed Standard 0.3.zL (formerly z15)

After a Transportation Service Provider's (TSP) receipt of a Service Requester's (SR) request for re-evaluation, including all required information pursuant to NAESB WGQ Standard [0.3.zK] ("SR's Request"), within [x] Business Days, the TSP should provide a written response to the SR's Request. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed [y] Business Days from the date of the receipt of the SR's Request unless the parties mutually agree to some later date. If, upon such re-evaluation, the TSP determines that the SR is creditworthy, any credit alternative(s) previously provided by the SR should be returned to the SR within [z] business days. Any credit alternative in the form of a cash pre-payment should be returned with interest if, pursuant to NAESB WGQ Standard [0.3.zP], the TSP is responsible for paying interest. The values for [x], ~~and~~ [y] and [z] should be specified in the TSP's tariff.

Comment: The proposed standard addresses the process for re-evaluation but does not specify what happens if the re-evaluation results in a determination that a shipper is now creditworthy. There should be a defined process for returning, promptly, credit support provided by an SR whose status has changed from non-creditworthy to creditworthy.

Proposed Standard 0.3.zM (formerly z10)

For the Service Requester (SR) to receive initial service or to continue to receive service from a Transportation Service Provider (TSP), the SR should be

- (1) creditworthy in accordance with the TSP's tariff or provide credit alternative(s) in accordance with NAESB WGQ Standard [0.3.zN],
- (2) current on all undisputed payments to the TSP for service, and
- (3) otherwise ~~in compliance with~~ meet the requirements in the TSP's tariff or service agreement applicable to eligibility to receive service.

For an SR receiving service, the TSP may suspend service only after providing [x] days prior written notice specifying the reason(s) for suspension of service, unless within such [x] days, the SR cures the deficiency that is the basis for the notice of suspension. For an SR receiving service, the TSP may terminate service only after providing thirty (30) days prior written notice, unless within such thirty (30) days the SR cures the deficiency that is the basis for the notice of termination. The value for [x] should be specified in the TSP's tariff. Notice of suspension and termination may be given simultaneously.

Comment: First, Peoples believes that (3) is somewhat ambiguous. Pipeline tariffs include scores of requirements with which shippers must comply. Whether non-compliance with any one of these provisions is a basis for suspension or termination of service is beyond the scope of standards addressing credit requirements. Non-compliance with a tariff provision may merit suspension or termination of service, but the tariff would need to address the circumstances under which this occurs and the process that leads up to termination. Second, the process for suspending and terminating service should be clear. The tariff should specify the requisite prior notice and cure period. The standard leaves this open and suggests, perhaps inadvertently, that suspension or termination could happen immediately or with nominal notice. Peoples notes that the Commission found thirty days prior notice essential before service is terminated. Natural at Par. 38; also see Northern Natural, Par. 49.

Proposed Standard 0.3.zN (formerly z11)

In the event that the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP) at the time it requests service or any time thereafter, at the SR's option, the SR should provide one or more of the following forms of credit alternatives to receive initial service or continue to receive service:

- (1) guarantee;
- (2) an irrevocable letter of credit; or
- (3) prepayment of service.

Such credit alternative(s) should be acceptable to the TSP, provided that the TSP's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. The TSP and SR may mutually agree that the SR will provide other forms of credit alternatives. In order for a guarantee or an irrevocable letter of credit to be accepted by the TSP, the entity that provides such guarantee or letter of credit must be creditworthy in accordance with the TSP's tariff.

Comment: Many of the standards apply to both entities seeking service, as the term "service requester" implies, as well as entities already receiving service. This standard is apparently intended to apply to both categories, as the standard refers to receiving and continuing to receive service. Peoples suggests that it be clear that both categories are covered.

Proposed Standard 0.3.zO (formerly z28b)

Except as to a Service Requester (SR) that subscribes to service in connection with construction, expansion, acquisition or lease of new facilities, the ~~T~~ransportation Service Provider's tariff should specify the amount of alternative credit assurance that will be

required of a SR that is not creditworthy, and such amount may not exceed the charges associated with three (3) months of service.

Comment: Peoples notes that the Commission has characterized three months' prepayment as "the standard used throughout the natural gas industry." Natural at Par. 30.

Proposed Standard 0.3.zP (formerly z13)

If the Service Requester (SR) provides cash as a credit alternative required by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standard [0.3.zN], the TSP should pay interest to the SR on the cash principal amount held by the TSP on the total amount of the cash received by the TSP. This cash principal amount should exclude the SR's one-month advance payment to the TSP to continue service after the TSP determines the SR to be non-creditworthy pursuant to the TSP's tariff. At the TSP's sole option and in lieu of the TSP paying interest, the TSP may allow the SR to choose to deposit a cash form of credit alternative in an escrow account where the SR will receive the interest on such cash and the TSP will have access to the cash principal for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

Proposed Standard 5.3.zA (formerly z18)

A Transportation Service Provider (TSP) can terminate any release if the original Service Requester's (SR) underlying service agreement is terminated due to default or failure to maintain creditworthiness, provided, however, that the release shall not terminate if the replacement shipper agrees to pay, for the remaining term of the replacement shipper's contract, one of the following:

- (1) the original SR's contract rate,
- (2) the maximum tariff rate applicable to the original SR's capacity, or
- (3) some other rate that is acceptable to the TSP.

The TSP should give the replacement shipper notice before terminating service, as specified in the TSP's tariff. This standard does not address re-releases, which should be governed by the TSP's tariff.

Proposed Standard 5.3.zB (formerly z30)

With respect to non-permanent releases, the Transportation Service Provider (TSP) should evaluate the creditworthiness status of the replacement shipper(s) as if that replacement shipper(s) was applying for comparable capacity with the TSP outside of the capacity release process.

Proposed Standard 5.3.zC (formerly z31)

As a pre-condition to bid on posted capacity release offers, the Service Requester (SR) should seek to pre-qualify its status with the Transportation Service Provider (TSP) as a potential replacement shipper. Upon request by the SR, the TSP should determine whether a potential replacement shipper is pre-qualified up to a requested level taking into account all obligations from services that it receives and requests from the TSP, including any service represented by the capacity release. Pre-qualifications are subject to periodic re-evaluation by the TSP.

Proposed Standard 5.3.zD (formerly z26)

The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

Proposed Standard 5.3.zE (formerly z16)

The Transportation Service Provider (TSP) should allow an existing Service Requester (SR) to permanently release capacity to a replacement shipper, under the same terms and conditions of the ~~releasing shipper's~~ existing SR's contract, or other mutually agreeable terms and conditions, provided the replacement shipper meets the TSP's creditworthiness and other tariff provisions applicable to the TSP's qualification of a SR to receive service. Such permanent release should be pursuant to the rules, regulations, and policies of the Federal Energy Regulatory Commission (or an equivalent authority) regarding capacity release transactions.

Comments: The use of "Service Requester" and "releasing shipper" may be confusing. Peoples believes it would be helpful to use one or the other term, but not both. Peoples' proposed revision retains the use of the term "Service Requester" for consistency with other standards, but it would generally favor using "releasing shipper" in standards applicable to capacity release, as this is more consistent with existing Commission regulations and standard industry terminology.

Proposed Standard 5.3.zF (formerly z19)

The Transportation Service Provider (TSP) should provide the original releasing shipper with Internet E-mail notification reasonably proximate in time with the formal notice given to its replacement shipper(s), of the following:

- (1) Past due, deficiency, or default notice pursuant to the TSP's tariff;
- (2) Suspension of service notice;
- (3) Contract termination notice due to default or credit-related issues;
- (4) Notice that a request for information has been initiated by the TSP for the purpose of credit evaluation, excluding routine communication related to credit maintenance or new service; and
- (5) Notice that a replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.

Comment: Peoples believes that the original releasing shipper, i.e., the primary holder of the capacity, is the entity that needs to be notified in this instance. In cases where a re-release has occurred, this distinction is important.

Proposed Standard 5.3.zG (formerly z21)

The original releasing shipper should provide the Transportation Service Provider (TSP) with the Internet E-mail address of up to two authorized representatives who are designated to receive notification pursuant to NAESB WGQ Standard [5.3.zF]. The obligation of the TSP to provide notifications related to Standard [5.3.zF] is waived until the above requirement has been met. The releasing shipper should manage internal distribution of such notices that are received.

Comment: Peoples believes that the original releasing shipper, *i.e.*, the primary holder of the capacity is the entity that needs to be notified in this instance. In cases where a re-release has occurred, this distinction is important.

Proposed Standard 5.3.zH (formerly z22)

In complying with the notifications pursuant to NAESB WGQ Standard [5.3.zF], the releasing shipper and the Transportation Service Provider may mutually agree to other forms of communication in lieu of Internet E-mail notification.

Respectfully submitted,
The Peoples Gas Light and Coke Company
North Shore Gas Company

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May 14, 2003

COMMENTS OF THE PIPELINE SEGMENT ON PROPOSED CREDITWORTHINESS STANDARDS

The Pipeline Segment, comprising all of the pipelines listed in Appendix A, hereby files its comments on the Creditworthiness Proposed Standards developed by the Wholesale Gas Quadrant's ("WGQ") Business Practices Subcommittee ("BPS").

A. SUMMARY OF POSITION

On September 23, 2002, the NAESB Board of Directors adopted a resolution accepting the task of developing creditworthiness standards restricted to implementation of existing Commission policy, new Commission policy after it has been ordered and non-policy oriented aspects of creditworthiness. On October 17, 2002, the NAESB WGQ Executive Committee assigned the BPS the job of devising a work plan for developing such standards. Over the course of the next six months, the BPS developed a work plan and subsequently passed a total of 24 proposed standards.

During the course of the BPS discussions, it became apparent that the issue of whether a proposed standard would require NAESB to become involved in prohibited policy-making was often in the eye of the beholder, and was quite contentious. With some notable exceptions to be discussed below, the Pipeline Segment believes that the BPS is to be commended for focusing its efforts on both implementation and non-policy aspects of creditworthiness. As a result, the Pipeline Segment can support the overwhelming majority of the standards passed by a balanced vote of the five industry segments participating in the BPS process. As in any consensus building process, many of the standards that passed do not represent the preferences of any one segment,

including the pipelines. Indeed, the Pipeline Segment believes that with respect to many of the information and communication-related topics covered by the proposed standards, the current system is working quite well and there is no need to set more rigid requirements that may reduce pipelines' flexibility to address different circumstances and impose additional administrative costs on both pipelines and their shippers. However, the Pipeline Segment understands the desire on the part of certain segments of the industry for uniformity, and in an effort to accommodate the desires of the shippers that it serves, the Pipeline Segment can support the majority of these standards.

B. PROPOSED STANDARDS THE PIPELINE SEGMENT SUPPORTS

The Pipeline Segment supports all of the standards passed by the BPS as they currently are worded, except for three to be more fully discussed below.¹ It should be kept in mind, however, that the standards supported by the pipelines represent hard-fought compromises, and any changes in language may cause the Pipeline Segment to withdraw its support. Before discussing the three standards that the Pipeline Segment opposes, the Pipeline Segment would like to expound on its support for two of the standards in particular: Proposed Standards 0.3.zO and 0.3.zL.

1. Proposed Standard 0.3.zO reads as follows:

Except as to a Service Requester (SR) that subscribes to service in connection with construction, expansion, acquisition or lease of new facilities, the Transportation Service Provider's tariff should specify the amount of alternative credit assurance that will be required of a SR that is not creditworthy.

¹ While Iroquois Gas Transmission System, L.P. ("Iroquois") agrees with the majority of the positions as presented in these comments, Iroquois does not agree with Proposed Standard 0.3.zJ unless a provision is added to that standard clarifying that a Service Requester submitting the public documents of its parent company should have a parental guarantee in place with the Transportation Service Provider.

This standard was one of the most hotly contested standards to be discussed at the BPS. Due to its importance, the Pipeline Segment wishes to explain the basis upon which it proposed and voted in favor of this standard. The standard distinguishes between the amount of credit assurance that is needed to support new facilities (whether constructed, acquired or leased), and the amount of credit that could be required in connection with service over existing facilities. The Commission has recognized that pipelines and their lenders bear substantially greater risk of cost recovery when undertaking new construction, and that greater credit requirements are appropriate. *See PG&E Gas Transmission, Northwest Corporation*, 103 FERC ¶ 61,137, slip op. at 10 (2003); *North Baja Pipeline, LLC*, 102 FERC ¶ 61,239, slip op. at 6 (2003). *See also Tennessee Gas Pipeline Company*, 102 FERC ¶ 61,075, slip op. at 16-17 (2003)(approving credit up to the cost of new facilities); *Natural Gas Pipeline Company of America*, 102 FERC ¶ 61,355, slip op. at 23-25 (2003)(same).

Under the Natural Gas Act, the decision as to whether to construct, expand, acquire or lease new facilities is within the pipeline's discretion in the first instance. Therefore, unless pipelines are permitted to ensure that adequate credit exists to support the expenditure of funds required to undertake a particular project, needed facilities will not be built. Moreover, pipelines must be free to tailor credit requirements to the characteristics of each particular project, its intended market and the current credit environment. Every project, and every market to be served by such project, is different. For example, a market comprised of proposed electric generators that do not themselves have contracts supporting their projects is considerably more speculative than a market of state-regulated local distribution companies that seek to serve core natural gas

requirements. Consequently, greater credit requirements may be needed from the former market to mitigate the inherent greater risk of non-recovery. Pipelines must be given the discretion to fashion credit requirements commensurate with the risks of the project. A uniform standard applicable to all pipelines and all projects is not appropriate.

As for the amount of credit that could be required for service over existing facilities, the Pipeline Segment believes that a standard that requires pipelines to specify such amount in its tariff is appropriate. The Pipeline Segment acknowledges that the Commission has in several recent cases stated that once a pipeline is in operation, a security requirement limited to three months of transportation charges is appropriate.

However, the Pipeline Segment does not believe that incorporating this three month limitation into a NAESB standard would be appropriate for several reasons. First, several of these recent orders are currently pending rehearing, and it would be premature for NAESB to preempt the Commission's consideration of these rehearing requests by setting a standard on the issue. Second, even if the Commission adopts the three month limitation as a matter of general policy, an individual pipeline should retain the ability to demonstrate that a level of credit assurance greater than three months of revenues is justified by lender requirements or experience with shipper defaults. An industry standard would foreclose this ability.

Third, there are several sub-issues related to this issue that would involve NAESB in prohibited policy-making. For instance, in some circumstances, it may not be clear whether Commission policy would view service as being requested over new or existing facilities. If a shipper seeks service on expansion facilities after the facilities are placed in service, it is not clear whether a three month or the higher credit requirement would

apply. Given the risk associated with the construction of new facilities, as recognized by the Commission, it would logically follow that pipelines should be permitted to require greater security for service on such facilities regardless of when the facilities are placed in service.² Otherwise, shippers desiring service on the new facilities could simply wait until the facilities go into service to take advantage of the lower credit requirement. This would make it harder for pipelines to obtain commitments needed to support construction, and would discourage pipelines from investing in needed infrastructure. Moreover, such a policy could result in two similarly situated shippers being subject to significantly different credit requirements.

Another example of undeveloped Commission policy that is integrally related to the amount of credit assurance that may be required involves the interrelationship of permanent capacity releases and credit requirements. Specifically, the recent Commission cases on creditworthiness have not addressed the issue of what credit requirements apply to replacement shippers that obtain capacity through a permanent release from a shipper that supported the construction of new facilities. Although a replacement shipper may seek service over such facilities after they have been placed in service, it would not be fair, nor good policy, for example, to require the pipeline to relinquish security up to the cost of the facilities in exchange for only three months of revenues.³

Given that Commission policy has not been fully developed on these issues, it is not appropriate for NAESB to attempt to determine what credit requirements apply to

² Indeed, some pipelines may be subject to lender requirements that require more than three months of credit assurance in connection with new facilities regardless of when the shipper seeks service.

³ This issue is discussed, *infra*, in connection with Proposed Standard 5.3.zE.

service over existing facilities. Until all issues relating to the distinction between existing and new facilities have been resolved by the Commission, such an attempt would necessarily and improperly involve NAESB in policy setting. A standard that provides that these matters will be determined by each TSP's tariff more appropriately allows the Commission, not NAESB, to develop policy.

2. Proposed Standard 0.3.zL reads as follows:

After a Transportation Service Provider's (TSP) receipt of a Service Requester's (SR) request for re-evaluation, including all required information pursuant to NAESB WGQ Standard [0.3.zK] ("SR's Request"), within [x] Business Days, the TSP should provide a written response to the SR's Request. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed [y] Business Days from the date of the receipt of the SR's Request unless the parties mutually agree to some later date. The values for [x] and [y] should be specified in the TSP's tariff.

This standard sets time deadlines for a TSP's response to an SR's request for a re-evaluation of its credit status pursuant to Standard 0.3.zK. The intent of the provision is for the TSP to provide a preliminary response that includes either a credit determination, or an explanation of when such a determination can be expected, subject to an outside limit. The actual deadlines for both the preliminary response and final determination have not been set. Instead, the last sentence of the standard provides that these deadlines, represented by [x] and [y] values, should be specified in the TSP's tariff.

The Pipeline Segment's intent and understanding of this last sentence is that each TSP is free to set these deadlines in its tariff, subject to Commission approval. The Pipeline Segment does not view this sentence to be an agreement among the segments to request the Commission to set such deadlines for all pipelines. The Pipeline Segment does not believe that uniformity is required in this instance. Indeed, the time in which it

takes to respond to a re-evaluation request obviously will depend on the unique facts and complexity of each request, and the processing capability of each pipeline. While the Pipeline Segment is willing to agree to an outer limit if such a limit provides sufficient time to evaluate even the most complex request, the Pipeline Segment cannot support a deadline that does not provide the time required for an adequate evaluation. Given the potential ambiguity that exists as the standard is currently written, the Pipeline Segment suggests that the Executive Committee either (1) confirm the understanding and intent of all parties that TSP's are free to propose whatever deadlines they individually believe are appropriate for inclusion in their tariff; or (2) attempt to reach a consensus at May 20, 2003 Executive Committee meeting on the values of [x] and [y].

C. PROPOSED STANDARDS THE PIPELINE SEGMENT OPPOSES

The Pipeline Segment opposes Proposed Standards 5.3.zE, 0.3.zN and 0.3.zP.

1. Proposed Standard 5.3.zE reads as follows:

The Transportation Service Provider (TSP) should allow an existing Service Requester (SR) to permanently release capacity to a replacement shipper, under the same terms and conditions of the releasing shipper's contract, or other mutually agreeable terms and conditions, provided the replacement shipper meets the TSP's creditworthiness and other tariff provisions applicable to the TSP's qualification of a SR to receive service. Such permanent release should be pursuant to the rules, regulations, and policies of the Federal Energy Regulatory Commission (or an equivalent authority) regarding capacity release transactions.

This proposed standard is intended to allow a shipper to permanently release capacity to any replacement shipper that meets the pipeline's creditworthiness and other provisions of the pipeline's tariff. This proposed standard is inconsistent with the

Commission's regulations, would change existing Commission policy, and would potentially cause substantial harm to pipelines.⁴

First of all, this issue is, at best, tangentially related to creditworthiness. The essence of the proposal appears to set a standard for permanent releases. As such, it is beyond the scope of the NAESB Board resolution, as well as the work plan adopted by the Executive Committee for implementing the Board resolution. Second, the proposed standard would violate the Board's prohibition against the development of new policy. Not only would this standard impermissibly set new policy, it would change existing Commission policy.

Section 284.8(f) of the Commission's Regulations provides as follows:

Unless otherwise agreed by the pipeline, the contract of the shipper releasing capacity will remain in full force and effect, with the net proceeds from any resale to a replacement shipper credited to the releasing shipper's reservation charge. 18 C.F.R. § 284.8(f).

Thus, the Commission's regulations provide that a shipper is not relieved of liability under its contract when it releases capacity, unless the pipeline agrees to do so. The proposed standard, however, could be read to relieve the releasing shipper from its obligations under its contract with the pipeline so long as the replacement shipper met the creditworthiness and other tariff provisions applicable to the pipeline's qualification of a shipper to receive service. Thus, contrary to the regulations, the pipeline would no longer have the discretion to agree or not agree to such discharge. Commission policy also supports the pipeline's right to exercise its discretion based on the individual facts and circumstances of each release transaction. In *Texas Eastern Transmission Corp.*, 82

⁴ To the extent that the standard itself requires permanent releases to be performed pursuant to Commission regulation and policy, the standard is internally inconsistent.

FERC ¶ 61,118, *reh'g denied*, 83 FERC ¶ 61,092 (1998), the Commission held that the decision as whether to relieve a releasing shipper from liability from its contract is within the pipeline's discretion, provided that the pipeline's decision is not unreasonable. Generally, the Commission stated that it would be unreasonable for the pipeline to withhold consent to a permanent release when the pipeline would be financially indifferent to the transfer. 83 FERC at 61,448. Given the facts before it in that case, the Commission found that the pipeline's refusal to discharge the releasing shipper from liability was reasonable because it was not financially indifferent to the transfer. *Id.*

The proposed standard could require pipelines to accept permanent releases in circumstances where the pipeline would not be financially indifferent to the transfer. First, it could require a pipeline to accept a permanent release when the replacement shipper provides far less security than the releasing shipper. As discussed above, a releasing shipper may have provided, for example, a letter of credit up to the cost of new facilities to support the construction of such facilities. After the new facilities are in service, the releasing shipper may seek to permanently release its capacity to a non-creditworthy shipper. Unless the Commission clarifies its policy otherwise, the replacement shipper could, under the proposed standard, meet "the TSP's creditworthiness and other tariff provisions applicable to the TSP's qualification of a SR to receive service" by making a three-month prepayment. The end result would be that the pipeline would lose the substantial security of a creditworthy shipper in exchange for a three-month prepayment.⁵ Clearly, the pipeline would not be financially indifferent to

⁵ The fact that the Proposed Standard requires the release to be made "under the same terms and conditions of the releasing shipper's contract" would not necessarily require the replacement shipper to match the same security of the releasing shipper because the releasing shipper's service agreement may not, and typically does not, specify credit requirements. Even if it did, a guarantee from the replacement shipper's

this transfer, yet contrary to *Texas Eastern*, the pipeline would be required to allow the permanent release under the proposed standard.

Second, the standard would appear to require a pipeline to accept a permanent release to a less creditworthy replacement shipper, as long as the replacement shipper is creditworthy under the pipeline's tariff. The problem is that there are varying degrees of creditworthiness. For example, a pipeline may have agreed to construct a major expansion project on the basis of one substantial long-term contract with a AAA rated shipper. That shipper may seek to release its capacity the next year to another shipper that meets the minimum qualifying credit rating in the pipeline's tariff, which could be, for example, BBB-. While that shipper may meet the minimum creditworthiness qualifications under a particular pipeline's tariff, the pipeline may not have undertaken the expansion based on that minimum level of creditworthiness. Again, the pipeline would not be financially indifferent to the transfer, and should not be required to allow such permanent release. Infrastructure development would be inhibited by a policy that denies pipelines the ability to rely on the creditworthiness of its shippers in planning facility projects. Pipelines should continue to be permitted to exercise their own reasonable business judgment as to whether a particular shipper can be relieved of liability on the basis of the unique circumstances of each release transaction, as required by existing Commission policy.

In sum, the Commission has an existing policy on permanent releases. There has been no request for NAESB to develop new policy regarding permanent releases. Therefore, NAESB should not be developing policy on this subject, particularly policy

parent, for example, may not provide the same level of security as a guarantee from the releasing shipper's parent, depending on the credit status of the respective parent companies.

that is outside the scope of the creditworthiness work plan, and is contrary to existing Commission regulations and policy.

2. Proposed Standard 0.3.zN relates to the types of credit alternatives that shippers can provide to secure or continue service and Proposed Standard 0.3.zP deals with the payment of interest on these credit alternatives. The Pipeline Segment opposes these standards because, taken together, they would require pipelines to pay interest on prepayments and would impair pipelines' ability to collect amounts they are owed in a bankruptcy proceeding.

Proposed Standard 0.3.zN reads as follows

In the event that the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), at the SR's option, the SR should provide one or more of the following forms of credit alternatives to receive initial service or continue to receive service:

- (1) guarantee;
- (2) an irrevocable letter of credit; or
- (3) prepayment of service.

Such credit alternative(s) should be acceptable to the TSP, provided that the TSP's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. The TSP and SR may mutually agree that the SR will provide other forms of credit alternatives. In order for a guarantee or an irrevocable letter of credit to be accepted by the TSP, the entity that provides such guarantee or letter of credit must be creditworthy in accordance with the TSP's tariff.⁶

Proposed Standard 0.3.zP reads as follows:

If the Service Requester (SR) provides cash as a credit alternative required by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standard [0.3.zN], the TSP should pay interest to the SR on the cash principal amount held by the TSP on the

⁶ The Pipeline Segment interprets this standard as applying only to service over existing facilities. For the reasons discussed above, pipelines must have the flexibility to determine the type and amount of credit alternatives needed to ensure recovery of funds expended on new facilities.

total amount of the cash received by the TSP. This cash principal amount should exclude the SR's one-month advance payment to the TSP to continue service after the TSP determines the SR to be non-creditworthy pursuant to the TSP's tariff. At the TSP's sole option and in lieu of the TSP paying interest, the TSP may allow the SR to choose to deposit a cash form of credit alternative in an escrow account where the SR will receive the interest on such cash and the TSP will have access to the cash principal for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

Because prepayments may be chosen at the shipper's option under Proposed Standard 0.3.zN, and interest must be paid on any cash credit alternative under Proposed Standard 0.3.zP, the effect of both standards read together is that a shipper could choose to provide a prepayment and the pipeline would be required to pay interest on such prepayment. The Pipeline Segment cannot support allowing a prepayment to be at a shipper's option as long as interest must be paid on prepayments.

The Pipeline Segment is aware of the Commission's recent pronouncements that pipelines must pay interest on prepayments. Again, however, these rulings are currently pending on rehearing, and it is not appropriate for NAESB to approve standards which pre-judge the outcome of such rehearing requests. Moreover, the Commission's recent pronouncements fail to recognize significant differences between prepayments and other cash deposits that may be held as security by the pipeline. A prepayment, as the name implies, is a payment for service made in advance. As a payment for service, it is the pipeline's property, and interest is not properly payable to the shipper. The only consideration that the shipper receives in return for its prepayment is the right to receive the agreed-upon pipeline service. This is in contrast to a security deposit, which remains the property of the shipper, subject to the pipeline's right to call on it in the event of a default.

This distinction could be of paramount importance in a bankruptcy proceeding. Indeed, a primary objective of a prepayment is to protect the pipeline if the shipper files for bankruptcy. However, if the pipeline is required to pay interest on prepayments, a bankruptcy court could arguably conclude that the prepayment has been transformed into a security deposit, and that under applicable law the shipper's interest in a security deposit is property of the bankrupt estate. Non-creditworthy shippers may desire to prepay for service in advance, as opposed to providing other credit alternatives, and they should be permitted to do so without converting the payment into a security deposit due to the payment of interest.

The *Florida Gas* cases relied on by the Commission for the proposition that its policy has always been that shippers must be provided with the opportunity to earn interest on prepayments actually recognize the distinction discussed above. The pertinent passage from those cases is as follows:

We also agree with IGF's request that Florida Gas be required to pay interest on any prepayments and to refund the prepayments (with interest) *in the event service is not provided*. Florida Gas must refund, with interest, any prepayment made *in the event Florida Gas does not provide service that it agreed to perform*, or the shipper obtains a satisfactory rating or provides alternative security.⁷

Thus, if a prepayment is never used to pay for service, the Commission appears to be saying that it is tantamount to a security deposit upon which interest then becomes payable. In other words, if the pipeline defaults on its obligation to serve the shipper, the shipper is due back its funds, with interest. The corollary to this proposition is likewise true. If the prepayment is used to pay for service, it is the pipeline's funds and should not

⁷ *Florida Gas Transmission Company*, 66 FERC ¶ 61,140 at 61,261 (1994)(emphasis added). The other case cited by the Commission, *Florida Gas Transmission Company*, 66 FERC ¶ 61,376, at 62,258 (1994) actually speaks to interest payable on *deposits held in escrow*.

accrue interest. Consequently, the Pipeline Segment cannot agree to Proposed Standards 0.3.zN and 0.3.zP because they would require pipelines to pay interest on prepayments that can be made at the shipper's option.

D. CONCLUSION

The Pipeline Segment supports 21 of the 24 standards passed by a balanced vote of the BPS. Proposed Standard 5.3.zE dealing with permanent releases is beyond the scope of the creditworthiness work plan, as well as the resolution passed by the NAESB, prohibiting NAESB from developing new policy. Proposed Standards 0.3.zN and 0.3.zP should not be included because of the effect that the payment of interest on prepayments would have on a pipeline's ability to collect what they are entitled to from shippers in bankruptcy.

May 16, 2003

APPENDIX A

Algonquin Gas Transmission Company
ANR Pipeline Company
CMS Trunkline Gas Company, LLC
Colorado Interstate Gas Company
Columbia Gas Transmission Corporation
Columbia Gulf Transmission Company
Dominion Transmission, Inc.
El Paso Natural Gas Company
Florida Gas Transmission Company
Great Lakes Gas Transmission, L.P.
Gulf South Pipeline Company, L.P.
Iroquois Gas Transmission System, L.P.
Kern River Gas Transmission Company
Kinder Morgan Interstate Gas Transmission, LLC
Midwestern Gas Transmission Company
National Fuel Gas Supply Corporation
Natural Gas Pipeline Company of America
Northern Border Pipeline Company
Northern Natural Gas Company
Northwest Pipeline Corporation
Panhandle Eastern Pipe Line Company
PG&E Gas Transmission, Northwest Corporation
Questar Pipeline Company
Southern Natural Gas Company
Tennessee Gas Pipeline Company
Texas Eastern Transmission, LP
Texas Gas Transmission Corporation
Transcontinental Gas Pipe Line Corporation
Transwestern Pipeline Company
Viking Gas Transmission Company
Williston Basin Interstate Pipeline Company
Wyoming Interstate Gas Company
Young Gas Storage Company, Ltd.

**BEFORE THE
EXECUTIVE COMMITTEE
OF THE WHOLESALE GAS QUADRANT OF THE
NORTH AMERICAN ENERGY STANDARDS BOARD**

**Comments of the Process Gas Consumers Group and
American Forest & Paper Association
Regarding Pipeline Creditworthiness Standards**

Pursuant to the “workplan” established by the North American Energy Standards Board (“NAESB”), Wholesale Gas Quadrant (“WGQ”), Business Practices Subcommittee (“BPS”), the Process Gas Consumers Group (“PGC”) and the American Forest & Paper Association (“AF&PA”) (collectively referred to herein as the “Industrials”) submit the following comments addressing the “Proposed Standards” on pipeline creditworthiness dated April 21, 2003, as well as other relevant issues for consideration by the Executive Committee (“EC”) at its May 20, 2003 meeting.

Although, we are not NAESB members, the Industrials meaningfully participated at almost every meeting and conference call discussion during the six month BPS pipeline creditworthiness standards drafting process. The Industrials worked diligently with several other end user, services and producer representatives to draft and propose reasonable creditworthiness standards for consideration by the BPS participants. Therefore, we believe that our first-hand experience and significant participation in the NAESB creditworthiness standards drafting process qualifies us to submit the following comments for the EC’s consideration. We respectfully request that the EC consider these comments and endorse the recommended actions.

I. Summary

The Industrials’ comments herein will:

(1) provide the EC with pertinent information about how the standards were formed and identify the major problems facing the BPS participants when trying to develop pipeline

creditworthiness standards. The Industrials believe that it is imperative that the EC inform the NAESB Board of Directors and the Federal Energy Regulatory Commission (“Commission” or “FERC”) of the significant hurdles that the BPS participants faced during the standards drafting process in order to prevent these types of obstacles to standardization from occurring in the future, whether or not in the realm of pipeline creditworthiness standards.

(2) provide support for many of the standards proposed in the April 21, 2003 document as many of them represent a fair balance of the pipeline risks and the shipper burdens to demonstrate creditworthiness. Moreover, our comments will provide examples where language needs to be changed or developed within a particular standard. Additionally, the Industrials will object to the language included in three of the proposed standards and recommend that those standards be altered. If those standards are not altered as proposed by the Industrials, we will recommend that the EC not approve them.

(3) provide support for new standards that adopt FERC’s policies regarding: (1) the creditworthiness “timeline”; (2) the three months maximum “security” (either prepayment, collateral, letter of credit or guarantee) requirement that a pipeline can obtain from a non-creditworthy shipper; and (3) how a pipeline determines that a shipper is non-creditworthy. The Industrials endorse many of the standards proposed by EnCana Corporation in its comments submitted to the EC on May 13, 2003, as well as many of those recommended by Calpine Corporation its comments submitted to the EC on May 14, 2003. Accordingly, we request that the EC make efforts to include these types of standards in the NAESB June 1 Report to FERC.

II. The Development of Pipeline Creditworthiness Standards at the BPS

As any participant at the WGQ BPS pipeline creditworthiness standardization meetings can tell you, the standardization process was, above all, incredibly frustrating.

Unfortunately, the majority of the BPS participants' time was spent discussing what could be or could not be discussed – i.e., what is policy and what is not policy? As a result, the BPS process was terribly inefficient and led to a waste of valuable time and resources. The Industrials believe that the significant flaws in the process must be flagged and brought FERC's attention immediately. Accordingly, the Industrials request that, in its June 1 Report to FERC, NAESB detail some of the problems experienced at the BPS level so that this type of problem does not occur again. Although, ultimately, the Industrials do believe that the hard work of all the BPS participants led to the development of several good standards, we also believe that much more could have been accomplished had FERC provided more concrete policy directives from the beginning.

Critically, FERC sent the creditworthiness issue to NAESB prematurely. FERC's policies had not been fully fleshed out and, at a minimum, a generic proceeding (resulting in a Policy Statement on pipeline creditworthiness) should have been convened before FERC sent any standardization request to NAESB. As a result, some of the threshold creditworthiness issues were not addressed or were omitted from the workplan – i.e., the timelines for the creditworthiness process, the appropriate maximum amount of collateral that a pipeline could request from a non-creditworthy shipper and “how” a shipper's creditworthiness status would be determined by the pipelines. Unfortunately, because of the never-ending debate over what was policy and what was not policy, the BPS ran out of time and could not set standards on certain issues, even though FERC had clearly articulated Commission policy on those issues.¹

¹ Although, practically speaking, the BPS did “run out of time,” the pipeline and distribution segments fought hard against trying to make the time to include a discussion of these topics. For example, suggestions to ask FERC for an extension of time (which likely would have been granted) to complete our work at the BPS were rejected outright.

Moreover, NAESB must make FERC aware that once we did receive policy directives from the Commission in its *Tennessee Gas Pipeline Co.*² and *Northern Natural Gas Co.*³ decisions, the standardization process again was held hostage – this time because FERC’s creditworthiness decisions in the individual pipeline proceedings were “on rehearing” and, therefore, according to some BPS participants, did not constitute policy directives that could be considered for standardization. Not surprisingly, the pipeline and distribution segments voted against the inclusion in the workplan of several fundamental creditworthiness policy issued clarified by FERC.

Therefore, the Industrials believe that it is essential that NAESB report to FERC that the Commission must implement the important shipper creditworthiness standards that were not developed at NAESB because either, (1) time ran out (timelines were on the workplan but not discussed), or (2) some segments refused to address them (maximum collateral amounts and creditworthiness criteria were not meaningfully discussed). Because of the segments’ inability to reach a consensus on what is policy or not, NAESB should request that the remaining creditworthiness policies, issues and standards be resolved at FERC, not through another series of BPS meetings – lest we all not waste more valuable time.

III. Comments on the Standards Presented for the EC’s Review

Before the Industrials address our specific problems with a few key proposed creditworthiness standards, we would like to briefly recap for the EC the Industrial viewpoint on creditworthiness provisions and discuss some of the proposed standards that we support as consistent with FERC policy.

² 102 FERC ¶ 61,075 (2003)(herein “*Tennessee*”).

³ 102 FERC ¶ 61,076 (2003)(herein “*Northern*”).

Primarily, the Industrials believe that every pipeline creditworthiness tariff provision or standard must represent a fair balancing between the risks that a pipeline actually faces and the burdens that a shipper faces in meeting pipeline requirements to obtain transportation service. When the individual FERC proceedings began last summer, the Industrials expressed grave concern that many of the proposed tariff changes related to creditworthiness did not accurately represent the risks that pipelines were facing in today's energy industry. For example, in the individual FERC cases, the pipelines failed to demonstrate a need for tightening their creditworthiness requirements, as many of the purported problems stemmed from the Enron "debacle". Plainly, the evidence presented in the individual proceedings failed to demonstrate that the pipelines were facing a serious default problem. Furthermore, the Industrials, along with other concerned shippers, argued that any risk that the pipelines is facing, is mitigated by the pipeline's FERC-approved rate of return.

As such, the Industrials expressed concern in the individual pipeline proceedings that the pipeline proposals were unjustified, overly punitive, overly-broad, unduly discriminatory and gave too much discretion to the pipelines. Above all, however, the "star chamber" evaluation process gave us the most heartburn.

Fortunately, FERC heard many of our concerns and through its orders issued in *Tennessee, Northern, Natural Gas Pipeline Co. of America*,⁴ *PG&E Gas Transmission, Northwest Corp.*⁵ and *Gulf South Pipeline Co., LP*⁶ set forth policy that embodied both the Industrials' and the pipelines' concerns, and refined a creditworthiness policy that "balances the

⁴ 102 FERC ¶ 61,335 (2003)(herein "NGPL").

⁵ 103 FERC ¶ 61,137 (2003)(herein "GTN").

⁶ 103 FERC ¶ 61,129 (2003)(herein "Gulf South").

need to assure that all shipper have a reasonable opportunity to obtain pipeline services with [the pipeline's] need to ensure the creditworthiness of its shippers.”⁷

With this threshold policy in mind, the Industrials believe that the following proposed standards meet the Commission's creditworthiness policies and should be adopted without modification.

- Proposed Standard 0.3.zA: this proposed standard is intended to enumerate all the different types of information that a Transportation Service Provider (“TSP”) should allow the Service Requester (“SR”) to provide to demonstrate its creditworthiness. **Our support for this standard is conditioned, however, on our understanding that the SR will not be required to provide all the information included on this list. Instead, the listing is designed to standardize the types of information that an SR could elect to furnish for use in a credit evaluation process on any pipeline.** Furthermore, the Industrials understand that an SR cannot be forced to obtain one of the items listed, such as bank and trade references, if they do not already have them. Notably, this list includes “such other information as may be mutually agreed to by the parties” which provides flexibility and allows the TSP to consider the individual circumstances of the SR. The Industrials support this standard because it give the SR a reasonable basis to know what type of information can be requested by the TSP so that the SR can demonstrate creditworthiness across the interstate grid.
- Proposed Standard 0.3.zB: this proposed standard is intended to provide the SR with a reason why the TSP has requested additional information to demonstrate the SR's continued creditworthiness after service has been initiated. The Industrials support this standard because it eliminates one element of the “star chamber” concern surrounding the creditworthiness process and allows the SR to immediately pinpoint and address the TSP's concern.
- Proposed Standard 0.3.zC: this proposed standard is intended to let the TSP know that the SR has received a request for information to demonstrate creditworthiness. The Industrials support this standard because it lends support to a fluid and open creditworthiness evaluation process.
- Proposed Standard 0.3.zD: this proposed standard is intended to require the SR to provide information within the time period request, but allows for flexibility because the SR is able to provide a reason why the information is not being provided. Again, the Industrials support this standard because it leads to a transparent process and promotes open communication between the SR and TSP.

⁷ GTN at P 1.

- Proposed Standard 0.3.zE: this proposed standard is intended to provide the SR with notification that the TSP has received the requested information to perform a creditworthiness evaluation (or correspondence why the information cannot be provided by the requested date). The Industrials support this standard because it lends support to a fluid and open creditworthiness evaluation process.
- Proposed Standard 0.3.zF: this proposed standard is intended to require the SR to provide to the TSP the information of those persons that should be contacted about creditworthiness issues. The Industrials support this standard because it lends support to a fluid and open creditworthiness evaluation process.
- Proposed Standard 0.3.zI: this proposed standard is intended to require the SR to provide requested credit information to the TSP within 3 business days or an explanation why such information is not available within the time period. The Industrials support this standard because it is a first step toward implementing the “timeline” for creditworthiness. (Unfortunately, the rest of the timeline was not developed.) The Industrials support the flexibility included in the standard and are not opposed to 3 business days because it takes into account weekends and holidays.
- Proposed Standard 0.3.zK: this proposed standard is intended to allow an SR to request a re-evaluation of creditworthiness at any time by providing updated information that the SR believes could lead to change in the SR’s credit status. The Industrials support this change because it promotes flexibility in the creditworthiness process and would prevent a TSP from retaining security in the event an SR’s status changed.

Although there are many standards that we support, there are also several standards that we request that the EC either (1) require that additional language be implemented or, (2) reject the standard as proposed. Our specific objections include:

- Proposed Standard 0.3.zG: although we support the concept that a TSP will explain why a shipper is deemed non-creditworthy, we do not believe that this standard gets to the heart of the matter – how is creditworthiness defined. The Industrials request that this standard be altered to include the “how”. See Section V (3), below.
- Proposed Standard 0.3.zH: this proposed standard is intended to provide the TSP with relevant information regarding the SR’s creditworthiness status. The Industrials generally support this standard because it is limited to real credit concerns such as bankruptcy and liquidation concerns. For the most part, this standard does not try to obtain overly subjective information such as information about pending lawsuits. However, the Industrials propose one important clarification that we believe is imperative for this standard to work. In particular, a downgrade should be reported only if it is “below investment grade”. Shippers with good credit records and past payment histories should not be subject to scrutiny simply because they were downgrade from AAA to AAA-. This standard must be clarified as such.

- Proposed Standard 0.3zJ: although we support the concept that the parent should be apply to supply financial information where an affiliate SR does not have the requested financial information publicly available, the Industrials object to the language in the standard that states that the parent’s information could be supplied “to the extent that such documents contain the required information pertaining to the SR.” This requirement is particularly troublesome as explained in detail below. *See* Section IV, below.
- Proposed Standard 0.3zL: contains blanks to fill in the number days for a pipeline to reply to a shipper who has requested a re-evaluation of creditworthiness (this was purposely left blank because the BPS thought that we would address it in the general timelines discussion, however, we ran out of time). The Industrials suggest 5 business days for pipeline to reply that it has received information and that the re-evaluation is ongoing, and a maximum of 20 business days to provide a re-evaluation result to the shipper. We note that this is consistent with the comments supplied by EnCana Corporation on May 13, 2003 and recommend that the EC vote to approve this addition.
- Proposed Standard 0.3.zO: this proposed standard is intended to require the TSP to include the amount of collateral a non-creditworthy SR must provide to receive service. The Industrials believe that this standard does not go far enough – it should require the TSP to include language in its tariff that three months of service charges is the maximum amount collateral that can be required from a non-expansion shipper SR. *See* Section V (2), below.
- Proposed Standard 0.3.zP: this proposed standard is intended to require the TSP to pay interest when it collects cash collateral from a SR. The Industrials support this standard as generally consistent with FERC policy but request that it be clear in the standard that the interest rate will be the FERC interest rate.
- Proposed Standard 5.3.z.F: specifically, we object to part (4) of this standard, which would require a pipeline to notify a releasing shipper any time it requested credit information from a replacement shipper. This is objectionable because it is overly broad (the information may be requested so that a shipper can have its creditworthiness status reinstated, not because of downgrade) and it could lead to the release of proprietary business information or other sensitive information that the replacement shipper may not want the releasing shipper (who may be a competitor) to have access to. The releasing shipper should have its own duty to evaluate the creditworthiness of its replacement shipper and should not rely on the pipeline to do so. If this language is not removed, we recommend that the EC vote against this standard.

IV. Proposed Standard 0.3.zJ Must be Revised

As noted above, the Industrials object to the requirement that a parent can supply publicly available financial information on behalf of an affiliate SR only “to the extent that such documents contain the required information pertaining to the SR.” This clause essentially

renders the flexibility that this standard is intended to provide meaningless and must be removed. The Industrials' objection can best be illustrated by a real-world example from one of our member companies.

Some large industrial end users have corporate structures in place where the affiliate SR (not the parent company) contracts for and receives natural gas transportation service from the TSP. However, as an affiliate of a parent company, the SR does not have the same publicly available financial information as the parent company. Furthermore, the parent company's publicly available financial information does not contain financial information about the affiliate SR. The information is omitted because of very serious confidentiality and competitive concerns.⁸

Furthermore, due to the corporate structure in place, even if available, the financial information about the affiliate SR would be irrelevant. This is because, under the corporate structure in place, the affiliate SR has no debt, nor any revenues, associated with its operations. Although the SR receives the bills for transportation service, the parent company pays the bills and, in turn, receives the revenues associated with the affiliate SR's operations. Practically speaking, the debt and cash flow responsibilities lie with the parent company – not the affiliate SR. Therefore, the publicly available information of the parent should be sufficient to satisfy a creditworthiness evaluation of an affiliate SR. Accordingly, the Industrials request that Proposed Standard 0.3.zJ be revised to omit the clause “to the extent that such documents contain the required information pertaining to the SR.” If this is not omitted, the Industrials recommend that the EC reject this standard.

⁸ Industrial companies do not want their individual plants' financial information publicly disclosed out of the fear that competitors will be able to use that information to target certain plants to compete against, directly.

If proposed standard 0.3.zJ is passed in its current form, there are some industrial companies, which due solely to their corporate structure, could always be deemed non-creditworthy even though they are financially healthy. Moreover, many of these same companies have corporate structures that prohibit the use of parental guarantees. Therefore, when considering the plight of an affiliate SR for which there is no publicly available information, the Industrials request that, at a minimum, the past payment history of the affiliate SR not be overlooked. Instead, the Industrials urge the TSP to give the long-standing business relationship great consideration when an evaluation of creditworthiness is being conducted. The Industrials would recommend that a standard be adopted that embodies this concept.

V. Recommendation that NAESB EC Consider and Adopt Standards That Are Not Included in the Package

Although we lend significant support to a number of standards that have been proposed for EC approval, there are some standards that are not being proposed as part of the BPS package that, the Industrials believe, are noticeably absent. Therefore, we propose those standards for consideration by the EC.

(1) Timelines Must be Standardized

As noted above, the standardization of timelines for the creditworthiness process was included on the BPS workplan. However, due to the time limitations placed on our deliberations, the timeline issues was not fully addressed. Therefore, the Industrials request that the EC adopt timelines that are consistent with the FERC policy directives set forth in *Tennessee*, *Northern*, *NGPL*, *Gulf South* and *GTN*.⁹

⁹ *Tennessee* at P 18; *Northern* at PP 49-50; *NGPL* at P52-53; *Gulf South* at PP 49-52; and *GTN* at PP 49-51.

In short, in the event a shipper is deemed non-creditworthy, FERC's timeline in those orders provides that:

- Within 5 business days:
 - shipper must provide prepayment for one month of service plus any outstanding amounts due
 - If not provided within 5 business days, service may be suspended immediately
 - If service is suspended, shipper cannot be held liable for future charges
 - Upon suspension, pipeline can provide simultaneous notification that service will be terminated within 30 days if the shipper fails to provide adequate security. Termination notice must also be sent to the Commission.
- Within 30 days:
 - shipper must provide prepayment for the next three months of service
 - If not provided within 30 days, service may be suspended immediately
 - If service is suspended, shipper cannot be held liable for future charges
 - Upon suspension, pipeline can provide simultaneous notification that service will be terminated within 30 days if the shipper fails to provide adequate security. Termination notice must also be sent to the Commission.

The Industrials believe that the timelines suggested by the Commission in its recent series of creditworthiness orders strike the proper balance between the risks facing the pipeline and the need to provide shippers with adequate time to meet the pipeline's credit requirements in order to obtain transportation services. We urge the EC to adopt a standard at the May 20, 2003 meeting that incorporates FERC's timeline policy above.

(2) Maximum Collateral Requirements for Non-Expansion Shippers – Proposed Standard 0.3.zO Must Be Revised

As with the timelines above, FERC policy is clear – in many circumstances, three months worth of service charges is the maximum value of collateral that a TSP can require a non-creditworthy SR to supply to receive service.¹⁰ Specifically, the Industrials support the

¹⁰ *NGPL* at PP 29-30; *Gulf South* at PP 34-36; and *GTN* at PP 31-33.

NEW Proposed Standard 0.3.zM2 submitted by EnCana Corporation on May 13, 2003 and ask that it replace Proposed Standard 0.3.zO:

The Transportation Service Provider (TSP) should determine a credit exposure for a Service Requester (SR) equal to the total estimated transportation costs under all the SR's service agreements with the TSP for the term of service under the agreement(s); provided for this credit exposure no term of service should exceed three (3) months unless such limitation is waived by the Federal Energy Regulatory Commission (or equivalent) for construction, expansion, acquisition or lease of new facilities.

The EC should be made that a substantially similar standard was proposed, discussed and voted on at the last conference call/meeting and, although the standard failed to pass, the vote was very close. Moreover, not all the segments were fully represented and, therefore, we would like the EC to reconsider the standard since all segments will be represented at the May 20, 2003 EC meeting. This standard embodies FERC policy and, furthermore, is merely an expansion of Proposed Standard 0.3.zO that requires pipelines to include in their tariffs language regarding the amount of credit assurances, but fails to provide a maximum amount.

(3) Objective Criteria – The “How” – Proposed Standard 0.3.zG Must Be Revised

The Industrials believe that there must be a clear definition of “non-creditworthy”. Numerous debates during the BPS deliberations focused on whether or not the “how” of a TSP creditworthiness evaluation process could be added to the workplan. Unfortunately, after three very close votes (in December, February and March), “how” a TSP would evaluate an SR's creditworthiness failed to be included in the BPS discussions. The Industrials believe that, like the timelines and collateral requirements highlighted above, the “how” gets to the very essence of the creditworthiness debate and it is disappointing that the BPS participants refused to address

this issue head-on. However, our disappointment only grows to frustration in light of the fact that FERC clearly has spoken on this issue – pipelines must include “objective criteria” in their tariffs¹¹ – and still the BPS participants refused to discuss this issue. Accordingly, the Industrials request that the EC adopt the revisions to proposed standard 0.3.zG proposed by Calpine Corporation in its May 14, 2003.

Importantly, providing shippers with a detailed explanation of why the shipper was deemed non-creditworthy, including “all financial analyses and ratios relied upon, as well as any subjective factors that went into the non-creditworthy determination” is vital to the shipper. Furthermore, providing information promotes transparency to the process (eliminates the “black box”) and allows the SR to consider how it might demonstrate creditworthiness in the future. Moreover, providing a reason why an SR is not creditworthy could signal the SR that it did not provide the correct credit information or could lead the SR producing other documentation to meet the TSP’s concerns. The Industrials support this standard as revised by Calpine.

VI. Conclusion

In the event that the EC is unable to make the revisions to the proposed standards identified above or pass the new standards requested by the Industrials, we request that NAESB should request that the remaining creditworthiness policies, issues and standards be resolved at FERC, not at NAESB through another series of BPS meetings.

¹¹ *Tennessee* at P 41; *NGPL* at P 69; *Gulf South* at P 24; and *GTN* at P 67.

For the foregoing reasons, the Industrials requests that the NAESB WGQ Executive Committee adopt our recommendations and take action consistent with our comments set forth above.

Respectfully submitted,

Kirstin E. Gibbs

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On Behalf of:

*Process Gas Consumers Group and
American Forest & Paper Association*

May 15, 2003

Subj: **Request for comments on Standards Language**
Date: 4/24/03 10:48:30 AM Central Daylight Time
From: Dan Brown

I would like to see the following added:

1. Proposed Standard 0.3zN- add "Surety Bonds" as an acceptable credit alternative.
2. Proposed Standard 0.3zP- add "with an agreed upon escrow agent" after escrow account.

Thanks.

Dan Brown
SCANA Corporation
Columbia, SC
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**Washington
Gas**

6801 Industrial Road
Springfield, Virginia 22151

May 16, 2003

VIA FACSIMILE AND ELECTRONIC MAIL

Ms. Rae McQuade, Executive Director
North American Energy Standards Board
1301 Fannin, Suite 2350
Houston, TX 77002

**Re: Comments of Washington Gas Light Company Regarding Business
Practices Subcommittee Proposed Creditworthiness Standards**

Dear Ms. McQuade:

Pursuant to the North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ) request for comments regarding the proposed creditworthiness standards, Washington Gas Light Company (Washington Gas) submits the following comments for consideration by the Executive Committee (EC) prior to the vote scheduled for May 20, 2003.

Washington Gas cautiously supports the proposed creditworthiness standards under consideration by the EC. However, Washington Gas remains committed to the position that creditworthiness issues should, for the most part, be addressed on a case-by-case basis in the regulatory arena. Evidenced by the contentious discussions in the Business Practices Subcommittee, creditworthiness does not easily lend itself to standardization. Attempting to develop a "one size fits all" credit standard will eliminate flexibility and force a standard risk tolerance on the entire pipeline segment. Thus, it is Washington Gas's view that the proposed creditworthiness standards represent the practical limit and possibly the extent it is appropriate to establish standards regarding creditworthiness.

Credit policies impact the risk profile of a company and must be based on the business environment, the company's risk tolerance and business plan, and the varying levels of risk inherent in unique sets of services. Washington Gas is concerned that over-standardization could stifle the creation of new services if the standards are viewed as inadequate relative to the risk protections needed to underpin a contemplated service. Additionally, as a firm interstate pipeline

Ms. Rae McQuade
May 16, 2003
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customer and a supplier of last resort to more than 900,000 end-use natural gas consumers, Washington Gas is concerned that if credit standards/policies do not provide adequate protection to the pipeline segment, Washington Gas and its customers (as well as many other local distribution companies and their customers) may ultimately be the pipelines' safety net in the event of a shipper default.

As part of its deliberations on May 20, Washington Gas would like the EC to consider amending the capacity release Proposed Standard 5.3zC to clarify that in situations where collateral would be required for a Service Requester (SR) to be eligible to hold released capacity, the collateral is due at the time of the capacity award, not in advance of bidding. In addition, Washington Gas would like the EC to consider eliminating Proposed Standard 0.3zP, which pertains to the TSP's payment of interest on cash credit alternatives. While Washington Gas does not dispute the Federal Energy Regulatory Commission (FERC) decisions to date that a shipper should have the opportunity to earn interest on cash credit alternatives, Washington Gas is concerned that the policy may have been determined prior to the FERC having the opportunity to fully consider the implications of the interest requirement in the bankruptcy court.

In conclusion, Washington Gas supports the proposed standards recognizing that the package was an arduous compromise among the participants in the Business Practices Subcommittee.

Sincerely,


Jennifer B. Deegan
Manager, Federal Regulatory Affairs



NORTH AMERICAN ENERGY STANDARDS BOARD

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May 27, 2003
Distributed via email

TO: NAESB Wholesale Gas Quadrant Executive Committee

FROM: NAESB Managing Committee

RE: Wholesale Gas Quadrant Proposed Creditworthiness Standards

Dear NAESB Wholesale Gas Quadrant Executive Committee:

The Managing Committee has been following with interest the activities of the WGQ in developing creditworthiness standards as a part of the 2003 NAESB Annual Plan approved by the Board last year. This activity has been of particular interest to the Board, because it was added at the specific request of the FERC. As you also know, the FERC set a deadline of June 1, 2003 for a report to it from NAESB concerning our progress and actions. At the request of the Managing Committee, the FERC has granted NAESB an extension to June 15, 2003; however, no further extensions will be granted.

We are aware that a great deal of work went into developing the proposed standards considered and not yet adopted by the WGQ EC as of its last meeting. We are also aware that several WGQ members had specific concerns regarding some of the proposed standards, and we are likewise aware that some WGQ members would prefer that the development of creditworthiness standards never have taken place in the first instance. Indeed, as to this last point, the Board previously made clear that Annual Plan items approved by the Board are obligations not options. That Board decision has not changed.

The decision as to the wording of standards is up to the EC, and the Board does not have the desire or the expertise to interfere in that process. We are likewise aware that this is not an easy issue and that there have been many discussions and negotiations among all of the parties within the WGQ to reach the current point at which you find yourselves. However, especially in the case of requests for standards emanating from the FERC, the Board is obliged to assure that the EC meets the goals set forth in the Annual Plan. In practice that means that the EC must either 1) adopt standards consistent with the Annual Plan, in a consensus-driven fashion, or 2) if consensus cannot be reached because FERC has not given enough policy guidance, to specifically identify the area(s) where further guidance is required.

The WGQ's recent initial decision to transmit the record of its creditworthiness proceedings to the FERC accomplishes neither of these objectives for the simple reason that all of these matters are transmitted to FERC as a matter of course. If the FERC needs to do something in order to permit NAESB to reach consensus, it is necessary that the WGQ identify what that something is, as clearly as possible. In the past, when GISB reached an impasse, the FERC was very willing to make policy calls that helped us to move forward. Our conversations with them in recent weeks have made it clear to us that they are willing to do so in this case as well.

Doing the things we can do, and asking for further guidance from the FERC in specific areas that are perceived as incompletely resolved is what NAESB should pursue. The Managing Committee, on behalf of the Board, requests that you act accordingly at your June 5 meeting. Specifically, we ask that you adopt such standards as you can adopt, individually or as a package, and that you do so now. With respect to such standards as you cannot adopt due to lack of a clear policy decision on the part of the FERC, we ask that you specifically tell us what the issues are so that we can determine how best to communicate them to the FERC. The communication with the FERC is a board function. In other words, where you cannot adopt a standard, please simply identify the relevant issues to us as clearly as possible.

NAESB works precisely because we follow our Annual Plan and provide consensus-driven solutions to problems. FERC respects what we do and is willing to defer to us to do it. That is a good thing for the industry, but we will only be permitted to continue to do it if we are seen as making progress. Declining



NORTH AMERICAN ENERGY STANDARDS BOARD

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May 27, 2003

to do things, especially without identifying the reasons for the declination, does not advance the purposes of this organization, nor does it assist the FERC.

We will have maximum credibility now and in the future if we follow the path we've followed since GISB was created and do what we can do as a body, consistent with our bylaws and operating practices. The Managing Committee is confident that you will accomplish this portion of the Annual Plan, and we will do our part to support that action.

Best Regards,

Leonard Haynes,
Chairman, NAESB Board of Directors

William Boswell,
Founding Chairman and current Vice Chairman,
NAESB Board of Directors

Michael Desselle,
Vice Chairman, NAESB Board of Directors

James Templeton,
Former Chairman and current member of NAESB
Board of Directors

Mark Maassel,
Vice Chairman, NAESB Board of Directors

cc: Rae McQuade, NAESB Executive Director

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

15. Ballot

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

NORTH AMERICAN ENERGY STANDARDS BOARD
Wholesale Gas Quadrant Executive Committee Notational Ballot

To Be Returned to the NAESB Office by end of business June 4, 2003

713-356-0067, naesb@aol.com

Vote (Yes or No)	Recommendation
☐	R00015
☐	R96009
☐	R97070
☐	R99016
☐	R99020/R99032/R01001/R02005
☐	R99021B
☐	R99024
☐	R99028
☐	R99029
☐	R99043
☐	Minimum Technical Characteristics
☐	C03001

NORTH AMERICAN ENERGY STANDARDS BOARD
Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
June 3-5, 2003

Vote (Yes or No)	Motion
	The 2003 WGQ Annual Plan Item 6 / 2002 Annual Plan Item 11 notes that NAESB should “Develop Creditworthiness Standards pursuant to an Annual Plan Item. Such development should be restricted to implementation of existing Commission policy, new Commission policy after it has been ordered and non-policy aspects of Creditworthiness.”
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zA.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zB.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zC.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zD.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zE.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zF.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zG.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zH.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zI.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zJ.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zK.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zL.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zM.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zN.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zO.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 0.3.zP.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 5.3.zA.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 5.3.zB.

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Executive Committee Meeting – WEQ, REQ, RGQ, WGQ Meeting Materials
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	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 5.3.zC.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 5.3.zD.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 5.3.zE.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 5.3.zF.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 5.3.zG.
	In support of the above stated annual plan item, add proposed NAESB WGQ Standard 5.3.zH.

Name:	
Date:	

16. WGQ Annual Plan

North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

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NORTH AMERICAN ENERGY STANDARDS BOARD

2003 WGQ Annual Plan Modified by the Executive Committee – February 20, 2003

Item Description	Completion ¹	Assignment
Contracts		
1 Complete the Credit Annex for the contract for purchases and sales of natural gas ² .	2 nd Qtr 2003	Contracts Subcommittee
Status: Underway		
Electronic Delivery Mechanisms and Related Activities		
2 Preparation of documents and submission of EDM standards to ANSI for approval as ANSI standards.	4 th Qtr 2003	EDM Subcommittee
3 Explore additional possibilities for partnership with the Department of Energy.	4 th Qtr 2003	EC Officers
Status: Pending, Discussion Underway		
4 Review and enhance security standards as required by technological changes.	2 nd Qtr 2003	EDM Subcommittee
Status: Complete with the completion of item no. 4, but additional work may be required as an outcome of item no. 5		
5 Review of minimum technical characteristics in Appendices C, D, and E of the EDM Manual.	2 nd Qtr 2003	EDM Subcommittee
Status: Underway		
Standards Implementation		
6 Develop Creditworthiness Standards pursuant to an Annual Plan item. Such development should be restricted to implementation of existing Commission policy, new Commission policy after it has been ordered and non-policy oriented aspects of Creditworthiness.	2 nd Qtr 2003	Business Practices Subcommittee
Status: Underway		

Provisional Activities³

¹ Dates in the completion column are by end of the quarter for completion by the assigned committee. The dates do not necessarily mean that the standards are fully staffed so as to be implementable by the industry, and/or ratified by membership. If one item is completed earlier than planned, another item can begin earlier and possibly complete earlier than planned. There are no begin dates on the plan.

² This item may require coordination with wholesale electric quadrant as it may be related to WEQ Annual Plan item no. 5.

³ To the extent that it is determined that any of the provisional activities should be worked upon during the year as a result of a specific request for standards development or a FERC action, the Board has the discretion to modify the annual plan.

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Item Description	Completion ¹	Assignment
Mexican Addendum to the base contract for purchase and sales of natural gas.		
“Energy Day” Standard - including assessment of changes to existing NAESB standards.		
Remand of FERC Order 637 Issues – (1) forward-backward haul to the same point, and (2) Right of First Refusal.		
Model financial hedging agreement development ⁴ .		
FERC order -- Docket No. RM01-10-000 (Affiliate Order).		
Base contract for purchase and sales of natural gas – electronic contract.		

Program of Standards Maintenance & Fully Staffed Standards Work⁵

Business Practice Requests	Ongoing	Assigned by the EC on a request by request basis
Continue review against plan for migration to ANSI ASC X12 new versions as needed and coordinate such activities with DISA.	Ongoing	ANSI (X12) Subcommittee
Information Requirements and Technical Mapping of Business Practices	Ongoing	Assigned by the EC on a request by request basis
Ongoing Interpretations for Clarifying Language Ambiguities	Ongoing	Assigned by the EC on a request by request basis
Ongoing Maintenance of Code Values and Other Technical Matters	Ongoing	Assigned by the EC on a request by request basis

- Notes: (a) Priority is given to action items that are carry-overs from the 2002 Annual Plan.
- (b) Any new activity should be preceded by a request from the submitter after which the annual plan will be revisited. The provisional items would only be addressed after a request is submitted or an order is issued by the FERC.

⁴ This item may require coordination with wholesale electric quadrant as it may be related to WEQ Annual Plan item no. 5.

⁵ This work is considered routine maintenance and thus the items are not separately numbered.