

Forwarded Message:

Subj: RE: EBB transition concerns

Date: 98-04-14 15:57:02 EDT

From: Cbeaver@TransEnergy.com (Chuck Beaver)

To: jean.m.ford@ac.com, cbeaver@TransEnergy.com, gisb1@aol.com, sylviam@altranet.com, walkerne@epenergy.com, novakm@natfuel.com, hahnge@texaco.com

see responses below...

Chuck Beaver

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-----Original Message-----

From: jean.m.ford@ac.com [SMTP:jean.m.ford@ac.com]

Sent: Monday, April 13, 1998 6:30 PM

To: cbeaver@transenergy.com; gisb1@aol.com; sylviam@altranet.com; walkerne@epenergy.com; novakm@natfuel.com; hahnge@texaco.com

Subject: RE: EBB transition concerns

To all,

I don't believe there is an option on the table right now that is eliminating EBBs from the equation. [Chuck Beaver] I was thinking the Buccigross model made transactional websites optional rather than mandatory (it moved their functions over to EDM, but didn't establish an interactive replacement). This changed in the last meeting? If so, then nevermind. I will feel better about the models if they indeed all contain interactive websites as EBB replacements... I think every model now contains that option. Therefore, I'm not sure what Chuck's concerns are about.

A second thought for Chuck:

There is no GISB standard that requires pool-to-pool or operator confirmations to be seen or does GISB require TSPs to perform on-line confirmations. To my knowledge, only "one small pipeline in the Southwest" allows for this in today's business. [Chuck Beaver] Actually, I believe TW offers similar online verification of match-up (not restricted to pooling), as does SOCAL, and I think DART (NGPL). We can verify easily enough (there may even be others). Although a nice value-added service for some, I don't believe we should be including these services when proposing the EBB transition plan. If a standard is ever passed that would allow for this, it would be considered in discussions at that time. [Chuck Beaver] While it's true there is no GISB standard requiring these on-line verifications, how do you feel about standards that eliminate them? Doesn't that seem like a degradation of service? (actually, since you said all models contemplate an interactive EBB replacement, this may be a moot point - the online confirmations would be maintained there)

A question for Chuck:

Can you clarify what you mean by your last bullet point? Are you suggesting that TransEnergy's system would be connected to a pipeline's database? [Chuck Beaver] no (see below) (I don't remember from my thorough analysis of your system while in Australia of that being an option.) Or, another thought, are you suggesting that if we come up with a common transactional Web site, that it should be connected to pipeline databases? [Chuck Beaver] Yes. Actually, I was thinking that interfaces to Pipeline's nomination databases would be made an unbundled service, where both the pipeline itself and third parties would have equal opportunity to offer the service. Third party providers like Anderson and TransEnergy would be able to provide software solutions to the pipelines and aspiring third parties, or even choose to use the software ourselves and enter the game as one of the third parties. Technically achieving this on the internet is a roadblock, as you have mentioned.

As a question to Mark regarding his comment, "There should be a way to have standard transactional Web sites for conducting business over the Internet and still retain some semblance of interactivity with the pipelines back office systems." As I've requested before, if someone can prove that this is possible with current Internet technology (without picking winners and losers concerning software development products) I may be more open to discussions as to how we can accomplish what Mark is asking for. I know from personal experience how difficult it is to accomplish this with just one pipeline, much less the entire industry. [Chuck Beaver] A big concern.

More thoughts for discussion. See everyone in Washington. Maybe we can discuss this further then.

Jean Ford  
Manager Energy Practice  
Andersen Consulting

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cc: cstevens@transenergy.com (chip stevens) @ internet  
Subject: RE: EBB transition concerns

Chuck - You make some good points. The closer we get to the EDI only case the farther we will get away from the interactive aspects of the EBB we have come to rely upon in order to do business. This will be especially damaging to our business in the intraday world where feedback needs to be almost instantaneous. EDI had its time and place but it cannot be the only option. At the same time we need to get away from having to train specialists to be able to use each individual proprietary EBB that currently exists. There should be a way to have standard transactional Web sites for conducting business over the Internet and still retain some semblance of interactivity with the pipelines back office systems.

Mark A. Scheel  
Manager Governmental Affairs  
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-----Original Message-----

From: Chuck Beaver [SMTP:Cbeaver@TransEnergy.com]  
Sent: Thursday, April 09, 1998 5:25 PM  
To: gisb1@aol.com; GISB - Sylvia Munson; GISB - Norm Walker; GISB - Mike Novak; Scheel, M.A. 'Mark' -MASC; GISB - Jerry Hahn; GISB - Jean Ford  
Cc: Chip Stevens  
Subject: EBB transition concerns

Rae and Crew,

I realize the comment period has passed regarding the EBB transition models, but thoughts in my head just now gelled, and I wanted to communicate them anyway. I'm not as interested in getting these posted as I am in getting the authors to consider these points going forward.

I finally discovered why I've been experiencing such a great feeling of discomfort over the approaches which seek to eliminate EBB's altogether (also precluding efforts to create standardized transactional websites) and move to EDI as the only way to transact business.

Many pipes link up nominations in a confirmation-like way, where the shipper can see if all the key field information supplied by both himself and his counterparty matches (otherwise the nom will fail). Since there are so many key fields to this matchup process (Service Contract, Service Contract Package ID, Up/Downstream Contract, Up/Downstream Package ID, Up/Downstream DUNS, etc.), the need to ensure that everything is in order prior to the nom being processed is fairly key. Otherwise, ugly and unnecessary intraday activity will be invariably be generated, most notably where it was not before.

This function rests exclusively with "online" transactional interfaces. Therefore, the elimination of these interfaces seems to create an immediate decrease in the usability of the grid (not very seamless or user-friendly).

As a former scheduler, I can't imagine a worse fate than being told I won't know the results of my preliminary nomination match-up attempts until I get the completed scheduled quantity document. Match-up errors are inevitable (something always will be miscommunicated), and are largely eliminated prior to processing through the online transactional interfaces.

I have other concerns regarding this approach:

- \* It also forces all entities large and small to purchase an EDI system of some sort, hardly the cost of a simple browser and the fee to access whoever provides online service to the pipes.
- \* For last minute trading, inserting the entire EDI process (regardless how lightning fast the transmission) is no substitute for a few keystrokes directly connected to a pipe's database (through whomever). This point may be one of simply learning new ways, but it still will be one to overcome in the mind of the industry.

I'd appreciate any feedback anyone has, if any.

Thanks.

Chuck Beaver

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