

Enron Gas Pipelines Comments Imbalance Trading Proposed Standards

The Enron Gas Pipelines appreciate the work of the Imbalance Task Force in developing standards for the trading of imbalances. The following comments address our proposed clarifications and wording revisions with to these proposed standards:

1. **Clarify the Standards Apply to Shipper Imbalances.** We understand that the proposed standards are being offered as a practice for resolving shipper imbalances. We think that it is important for the EC to distinguish this practice from the resolution of imbalances between operators. Operator imbalances are typically covered by OBAs and resolution of operator imbalances may be handled differently.

2. **Shorten the Trading Timeframe.** We do not support the proposed timeline for trading. We believe that a 10 business day trading period is unnecessarily long. This delay has an adverse cash-flow impact on the parties involved in the imbalance resolution and adds the expense of administering a separate billing cycle for the cash-out process. Currently, a pipeline can include cash-out amounts as part of the commodity billing cycle. Under the proposed standards, a pipeline would have to wait until after the 19th business day -- meaning that the pipeline would either have to delay the commodity billing cycle to wait for the close of the trade deadline, wait to settle imbalances during the next billing cycle, or create a new billing cycle especially for cash-out. None of these choices are appealing. A better solution would be to move the imbalance trading close to the 15th business day. This will allow pipelines that wish to include cash-out amounts in the commodity billing cycle do so. And, we believe that this still leaves a workable period for imbalance trading. One of our pipelines currently permits imbalance trading and it has been our experience that the majority of imbalance trading occurs between the first and fifth calendar day after the information is available to the Shipper. Further, we believe that the extended time for allowing trades (the nineteenth business day) does not follow the current strategy that has been demonstrated in other GISB Task Forces. That strategy has been to close out the current month as soon as possible so as to allow parties to the transaction to close out their business as soon as they can. Our suggestion would be to move the close to the 15th business day which allows adequate time for parties to trade imbalances.

3. **Clarify that the Proposed Standards Apply to Monthly Imbalances Subject to a Cash-Out.** It is our understanding that the standards have been developed in the context of desire for parties to have a trading opportunity before any imbalances are cashed-out. It was also developed in the context of current business practices in which many pipelines resolve shipper imbalances through a monthly cash-out process. Accordingly, we believe it is important for the EC to recognize that (1) not all shipper imbalances are settled through cash-out, and (2) as the gas business continues to move towards daily and intraday activity and as measurement information technology develops, imbalances may not always be resolved on a monthly basis on all pipelines in the future. While we agree that the current standards do not need to address future industry developments, nor should they preclude such developments. Accordingly, we believe that it is important to clearly define the scope of trading activity that is covered by proposed standards S1-S9. Therefore, we believe an introductory standard should be added to provide such clarity. Such standard would state "A TSP should support imbalance trading to the extent the TSP's tariff provides for the resolution of shipper imbalances through a monthly cash-out mechanism."