

Enron Gas Pipeline Group (“Enron”) Comments

1. Comments on C98005 Recommendation

Summary of Position

Part 1 of the recommended clarification provides a different meaning for the term “previously scheduled quantity” depending on whether the “lesser of rule” is being applied during the timely cycle or during an intraday cycle.

- During the Intraday 1 and 2 cycles, the previously scheduled quantity would be the last scheduled intraday quantity.
- During the Timely cycle, the previously scheduled quantity would be the previous day Timely scheduled quantity, even if there had been a subsequent intraday confirmed quantity.

Enron believes that this distinction is arbitrary and does not track with operational practices in the industry. In sum, Enron’s concern is that this convention will lead to increased imbalances. Enron believes that a better formulation is that the previously scheduled quantity would be the most recently confirmed, scheduled quantity in all cases -- whether timely or intraday. The basic principle is that if the interconnected party does not acknowledge a flow rate change, there is no reason to expect that the flow rate will change from the current flow rate.

Analysis

The “lesser of rule” sets forth certain confirmation protocols between interconnected parties. It includes protocols for when parties communicate, but have different confirmation quantities (the lesser of the confirmation quantities). The rule also describes the confirmation result when one of the interconnected parties does not communicate with the other party.

In their rationale, the Interpretation Subcommittee states that because intraday nominations are for a single day the confirmation rules cannot resort to a scheduled intraday quantity in the next day’s confirmation process. Enron believes that it is a mistake to mix nominations processing rules and confirmation rules, as they serve very different purposes. The reason that intraday nominations do not rollover is purely administrative (i.e. so that service requesters understand how TSPs will process the date range information in their nominations). This rule exists to ensure that service requesters can rely on the same date range rules across the grid.

In contrast, the confirmation rules exist for operational reasons. The confirmation process involves the coordination between interconnected parties and the matching of supply and transportation quantities. This coordination may involve changing the flow rate setting on remotely controlled equipment or may involve the dispatching of personnel to change plate sizes. When an interconnected party does not communicate, there is no indication that that party will be making the necessary changes on their side to effect a flow rate change.

Example 1: Loss of Supply

	Nominated Receipt Quantity	Confirmation Requester Quantity	Confirming Party Quantity	Confirmed Quantity per C98005	Confirmed Quantity per Enron
Day 1 Timely	100	100	100	100	100
Day 1 Intraday	40	40	40	40	40
Day 2 Timely	80	80	No Response	80	40

Example 2: Increased Customer Need

	Nominated Delivery Quantity	Confirmation Requester Quantity	Confirming Party Quantity	Confirmed Quantity per C98005	Confirmed Quantity per Enron
Day 1 Timely	100	100	100	100	100
Day 1 Intraday	140	140	140	140	140
Day 2 Timely	140	140	No Response	100	140

In summary, Enron believes that there is no single lesser of rule that will fit every fact situation. Enron believes; however, that the confirmation rules should strive to match to operational flows. Because there were only four subcommittee members on the call the day this issue was discussed and voted, Enron believes that this issue merits a wider debate.

Enron understands that the EC may nevertheless reach the same conclusion as the subcommittee. The point is that haste to get this interpretation into the Version 1.3 publication does not justify cursory dismissal of the operational implications of this clarification.

2. Comments on R97111 Recommendation

Enron is concerned about the approval of these business standards and their inclusion in the version 1.3 without the corresponding implementation instructions (data dictionary and X12 mapping). Enron is not opposed to the substance of the recommendation, nor for that matter, the sequencing of approving the business practice standards prior to work on the implementation instructions. It is Enron's firm belief that items should not be included in the published books until both the standards and the implementation instructions are available.

From our experience this mismatch creates problems. Last year GISB adopted package ID standards which were published in version 1.1, but for which the version 1.1 data dictionary and x12 did not accommodate package ID. By order 587-C, pipelines were required to comply with the new package ID standards by May 1997. However, the corresponding data dictionary and x12 needed to implement package ID were not available until the version 1.2 implementation guides sent to FERC in September 1997.

Enron recommends that the EC approve R97111, but that these standards not be included in published books until the implementation instructions are ready.