

ENRON GAS PIPELINES COMMENTS TITLE TRANSFER TRACKING PROPOSAL

The Enron Gas Pipelines acknowledge and appreciate the work of the Title Tracking Transfer Pilot Task Force in developing the proposal. The comments in the following addresses concerns with certain aspects of these proposed standards.

1. We can agree to support Title Transfer Tracking (TTT) in the nominations, quick responses and scheduled quantities.

As a policy matter, the Enron Pipelines oppose rules that would force pipelines to generate separate title transfer tracking reports. Under the FERC rules, our shippers must have title to the gas during the transportation on our systems, thus the scheduled quantity documents have always served as a record of title exchanges that occur for transportation on our systems. So the debate is not really whether we track title, but whether we will be forced to track title for parties who are not shippers on our system.

Our position has been that there is no reason why the pipeline should expand its role to track title activity upstream or downstream of the pipeline. This is not an existing business practice on the grid and there is not a reason why the pipeline is in any better position to perform this service than others. (e.g. an operator certainly has more information about the working interest owners than a downstream pipeline).

Given our belief that TTT is not inherently part of our transportation role, the Enron Pipelines have nevertheless been willing to try to reach a middle ground on the issue of TTT. In July of 1997 we offered a compromise position that our pipelines would agree to keep title transfer tracking records for activity that occurs at existing pooling points so long as the parties nominate their title activity to us. We believe that this proposal makes sense because it (1) only expands the pipeline's report keeping function to cover activity which occurs while the gas is being transported on the pipeline, (2) does not necessitate the creation of new computer systems or (3) does not interfere with the process of physical gas confirmation.

2. We cannot support standards dealing with Title Transfer Tracking as part of the confirmation process.

As stated above, we are willing to keep records of title transfer tracking at existing pooling points, but we are not willing to interpose the process of figuring out all of the title exchanges as part of the physical confirmation process. This process currently involves parties with control over physical flow. By adding TTT, GISB is intermingling physical and paper processes. This is a bad idea because (1) it further burdens already condensed timelines, and (2) it necessitates a whole new set of default rules for TTT mismatches and missed deadlines.

Because the confirmation TTT standards are described as elective for the TSP, we oppose the addition of S2, S13, and S17 as GISB standards.

3. We vehemently oppose the insertion of pooling service and rate design issues into the TTT standards.

Proposed standard S15 attempts to: (1) establish new pools on request (of anyone!), and (2) allows parties to use these pooling points without transportation. These may be desirable new pooling service features, but they are not necessary to establish rules for how title activity is tracked or reported. This is an unfair attempt to expand the scope of the TTT standards. Current pooling provisions are a function of the physical configuration, contracts and rate design on individual pipelines. Any attempts to revise the character of pooling¹ must be undertaken in individual section 4 or section 5 proceedings, where all affected parties receive notice and opportunity to comment, and where the attendant cost of service and rate design issues can be addressed. The proposed standard attempts to alter the contractual and settlement rights of pipelines and shippers.

Conclusion

The Enron Pipelines are concerned that the last 18 months of effort is headed towards an impasse at the upcoming EC meeting vote as a result of extraneous requirements that have little to do with TTT. We continue to believe that a compromise is achievable if GISB parties are serious about writing standards for how title transfer activity can be captured and reported.

¹ The Enron Pipelines question whether the task force has considered the fact that with a greater number of pooling points, there is less flexibility within any given pool. Arguably, fewer pooling points rather than more offer flexibility.