

EXXON COMPANY, U.S.A.
COMMENTS REGARDING THE PROPOSED INTRADAY NOMINATION STANDARDS

Proposed Principle 1.1.d

This principle addresses a confirmation procedure that is outside of existing GISB Standards and should not be adopted. The inference here is there are multiple iterations in the confirmation process. The GISB Standards only refer to the "completion" of confirmations. No deadlines exist for interim steps in the confirmation process. The purpose and benefit of developing and maintaining principles that apply only when a process (otherwise unsupported by GISB Standards) is "utilized" is unclear. Doing so may lead to individual parties seeking to have their other proprietary business practices "endorsed" by GISB as principles, which will serve only to inhibit true industry-wide standardization efforts in the future.

Proposed Principle 1.1.e

Exxon supports the idea behind this principle. In the interest of operational stability and the reliability of natural gas, bumping should not occur during the final intraday nomination cycle because there is no opportunity for bumped parties to restore their gas flow.

The language may need to be cleaned-up to exclude the last sentence and to clarify that the "final grid-wide" opportunity is the last of the three opportunities referenced. The language as is would suggest that a TSP who had the last grid-wide opportunity as their first of three opportunities would not be able to bump on their first intraday. Our suggested red-lined language for the opening phrase is "TSP's that **support the three grid-wide** ~~permit at least 3~~ intraday nomination opportunities ...".

Proposed Standards 1.3.2.i, ii, iii, & iv

The following change is needed for each of the 1.3.2 timelines: "receipt of" should be inserted between "for" and "quick" in the phrase regarding quick responses.

Proposed Standard 1.3.2.ii

A "Notice to Bumped Parties" document is mentioned, but no such document exists. Later, proposed standard 1.3.f lists certain documents that should be used to communicate alterations to scheduled quantities but does not specifically mention "Notice to Bumped Parties". Proposed standard 1.3.2.ii should refer to 1.3.f rather than introduce the suggestion of another document.

Proposed Standard 1.3.2.ii

The effective time for Evening Nominations that create a bump should be 5:00 p.m.

Establishing a 9:00 a.m. effective time leaves the bumped shipper, who submitted a timely nomination, without gas flow from 9:00 a.m. until 5:00 p.m., at the least. The earliest flow could be restored is via the Intraday 1 cycle. The effective time of the bumping nomination and the restoration of the bumped nomination should coincide.

Another area of concern on this issue centers on the possibility of a significant number of nominations being submitted during the Evening Intraday cycle that otherwise would have been submitted during the timely cycle. In the course of the Intraday Nomination Task Force effort, pipelines have commented that they have seen increased intraday activity when shippers can reasonably expect that their desired flow will be scheduled.

Increased intraday nomination activity resulting from the reduced incentive to submit timely nominations (with a 9:00 a.m. effective time) means that significant confirmation and scheduling resources would be required for the evening intraday cycle. It is important to remember that a nomination is but one step in an

EXXON COMPANY, U.S.A.
COMMENTS REGARDING THE PROPOSED INTRADAY NOMINATION STANDARDS

extensive process. The nomination is preceded by negotiation and contracting activity and it is followed by confirmations, problem resolution and operational implementation. If a significant number of bumping transactions occur during the evening cycle, the resources dedicated to scheduling and confirming the timely nominations would be wasted.

Incentives should be in place for shippers to conduct business within regular business hours such that TSP's and confirming parties are not attempting to resolve differences without their regular complement of commercial, legal and management personnel and do not waste the effort of those parties in the timely cycle.

Proposed Standard 1.3.22.ii and iii

In the absence of agreement to an intraday nomination change, the "default" should be the current scheduled quantity rather than the "lesser of" rule proposed here. One party (requesting a reduction) should not be allowed to prevail in a disagreement based on a rule designed solely to bring about a scheduling result on paper. During the intraday processes, the rule should be that all parties have to agree to a change in order for it to be scheduled. Relying on an explicit confirmation process will support the communication between shippers and operating parties that is necessary to ensure alignment of intentions.

Intraday nomination activity will likely involve changes in flow rates, and some of those flow changes may be requested at times when production facilities cannot make a change. The confirmation rules should recognize the operational realities of our industry. The explicit confirmation process allows operators to communicate what they are capable of doing with regard to an intraday nomination.

Our suggested language to replace 1.3.22.ii and iii is:

With respect to processing requests for confirmations during the intraday nomination/confirmation process, where there is disagreement regarding the proposed intraday change, the current scheduled quantity should be the new confirmed quantity.

Proposed Standard 1.3.22.iv

The second paragraph should be excluded from the standard.

Proposed Standard 1.3.32

The last sentence (beginning with "TSP's may ...") should be excluded from the standard. It is too loosely worded to be implemented effectively. Regarding the concept involved, there may be undesirable results from allowing only one transmittal per cycle, as well.

The terms "transmittal" and "interim" are undefined. The restriction in the last sentence does not appear to be limited to intraday nominations. It is unclear how the restriction would be applied on a continuous scheduling pipeline. It is unclear whether the restriction is intended to apply to EDI nominations only or to nominations submitted in any form. If the restriction applies to EDI only, it would disadvantage that form of communication.

Furthermore, forcing all shippers to submit all their nominations at the same time means every shipper would have to develop a holding mechanism for its transactions such that nothing would be submitted prior to any deadline. A shipper who submitted nominations by EBB would likely not have adequate staffing to hold all EBB nominations until the last moment.