

INTRADAY TASK FORCE MEETING - MARCH 24, 1997 - BALTIMORE, MD  
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J. Hahn opens meeting at 9:00 AM

D. Bucholtz welcomed everyone to BG&E

J. Hahn read the anti-trust invocation.

Materials were handed out. J. Hahn informed everyone that the intent of this first meeting is to get everyone up to speed on what has been said through standards and FERC Orders thus far and to learn from each other how our needs vary relative to an intraday nominations process. While FERC gave the committee a 9/1 deadline, 6/1 should be a working deadline so that the EC can work through the results of this task force prior to submission.

Proposed Charge:

Propose standards to GISB Executive Committee which will accomplish or move towards an efficient, seamless intraday nomination process.

Motion to adopt by T. Ehinger. Second by B. Wallenhorst. Motion passes without opposition.

Existing Intraday Standards reviewed: 1.2.4, 1.2.7, 1.3.8, 1.3.9, 1.3.10, 1.3.11, 1.3.12, 1.3.13, 1.3.32\*, 1.3.33

\* not adopted

Other Related Standards: 1.3.1, 1.3.2, 5.3.2, 5.3.6 {1.3.3, 1.3.5, 1.3.6 suggested by T. Hess; will be added to home page}

Other Related Principles: 1.1.15

Intraday Nomination Standards submitted by BPS to EC that may or may not have passed.

73 which became 1.2.7

74 which has alternates but not passed 74A

75 which has alternates but not passed 75A, 75B

76

77 77A

78 78A, 78B {which became 1.3.32 although it was not adopted by FERC}

79 which became 1.3.33

T. Ehinger suggested that 70 P/L filings be added to record to reflect each P/L interpretation's. B. Wallenhorst prepared a partial summary. J. Hahn said that without reviewing each order, it can be said that the record is inconsistent. S. Eady passed out B. Wallenhorst's summary and reviewed some of the highlights of the document. We are hear today to standardize what we have to date.

J. Hahn: We need to focus on each others need.

J. Hahn: Is 1.2.4 an adequate definition?

Betonte: This definition does not allow customer to submit an intraday in advance.

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T. Fitch: Why wouldn't a timely nomination do.

Betonte: Where pipeline capacity is allocated each day, secondary/back-up nominations need to be made to make up the difference.

Lander: Would an indicator on the nomination help?

Betonte: Yes

Ehinger: Timely nominations can be submitted in advance; why won't this work.

Fitch: Isn't this an issue of whether a pipeline receives and processes a non-timely or late nomination?

Lander: Can people over nominate their requirements? Will that make it work?

Coburn: We operate a constrained pipeline and I understand the issue. Shippers want a second pass to pick up available capacity after the initial allocation of capacity based upon the timely nominations.

Betonte: This is it. A flag that differentiates the intraday (which will be processed) nomination from a late nomination (which could be processed) is needed.

Phillips: Isn't there a possibility for an overrun if the shipper under estimated the amount of capacity it would receive?

Betonte: It would depend upon the rules of the pipeline.

Hahn: Are we moving towards a modification of 1.2.4? Does someone want to propose a new definition?

Wallenhorst: Can we wait until we learn whatever other modifications might be needed?

Lander: We can always revisit. Essentially, build a list of modifications.

Ehinger: Let's capture the ideas and get senses of the room before changing any standards. These would be 'bookmarks' that would lead us

Hahn: We need to look at all of our standards.

Lander Proposed Language modifying 1.2.4:

... deadline **or which indicates specifically that the nomination is intended to be processed as an intraday nomination and** whose...

Note: This would probably lead to a new data element.

Coburn's Alternate:

...submitted **for consideration** after...

Lander: Who is supposed to consider the nomination?

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Hess: 1.2.7 could be reference to Coburn's alternate to get clarity.

Lander: 1.2.7 represents a useful definition of the different types of intradays and should be reference in any proposals. 1.2.7 could also be expanded to handle other issues such as bumping, for example.

Issues (How are we going to use intradays?):

- Physical

To correct errors in the regular nomination process (data errors, mismatches, etc.)

To correct business problems in the regular nomination process (recalibrate)

Reaction to scheduling process

Correct imbalance condition (cumulative, prior or prospective imbalance)

Modify schedule to reflect physical takes

Adjust contractual use to reflect physical reality and vice versa

- Market Alone

Take advantage of market pricing (or react to others' actions)

Respond to end user needs

Respond to changes in market sendout requirements (increases or decreases)

Respond to OFOs, critical notices, etc. (something outside the normal scheduling process)

Respond to transient pipeline conditions

Frequency of Use:

Jean Ford: Market pricing impact on frequency (4 to 5 intradays/contract\*/month). About 10 changes (nomination line items) per month over the whole pipeline to react to end of month imbalance position.

\* Transportation/gathering

Coburn: Northern Border, as a conduit pipeline, sees little imbalance activity because they have OBAs everywhere. The biggest reason for intradays is shippers trying to utilize whatever additional capacity (usually very little) might be available. There might be 6-10 changes per day for the whole system. This is out of about 40 shippers. 50% of these are one line and 50% are multi-line.

Fitch: Transco processes intradays in response to market conditions and in response to capacity constraints. 75-100 line item changes (line items) per day in response to capacity constraints. Additionally, 40-50 changes in response to market opportunities. Some are actually late nominations for the next gas day. Transco processes about 2000 line items per day.

Ehinger: How many of these line items are pool to pool and how many are physical?

Fitch: No matter what the path, it is the same amount of effort to process the nomination.

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Tinsley: Most intraday nominations are in the pooling area and most are in response to capacity constraints on NGT/MRT. Often firm shippers knocked off the secondary path are renominating to primary points. About 30-50 line items per day out of 3,000 to 4,000 lines per day. About 50% are in response to imbalance correction and the remainder in response to capacity constraint.

Bucholtz: How many line items are caused by Transco having a one hour earlier deadline?

Fitch: Some, it should change once there a common deadline

Bucholtz: BG&E place several per day.

Supperty: BUG make 3 to 4 line item changes per day over all there pipelines almost always related to storage out of 150 nominations per day.

Ehinger: Out of 500 nomination lines, they do 30 intradays. Intradays can vary from 0 to 150. The number should increase as more pipelines allow intraday nominations. They nominate on 45 pipelines.

Ford: Are we talking about regulated and or non-regulated.

Novak: 3 to 4 intradays out of 100 line items per day. One change may hit 3 pipelines. 50% are market oriented and 50% to make 'corrections'. There can be a ripple effect. National Fuel Distribution ships on 7 pipelines. Ripple effect depends upon upstream pooling policy.

Holm: Williston sees about 10-20 changes per over its system representing 1% of the system. It expects a decrease in the future.

Phillips: On 1/25/97, TET processed 5580 transactions (line items) of which 2382 deliveries into a pool. About 5% of the 5580 were intraday (current day) changes for changing markets. Note that 7500 lines are first of the month nominations. There are more pool to pool changes during the summer but this is a typical winter day.

Time:

Novak: Market reactions can be anytime. Corrections almost always during the day. Depends upon what pipelines current offer.

Holm: Shippers make last minute corrections to match nomination to estimated physical flow about 1 to 2 hours before the end of the gas day. (6:00 AM)

Lander: Intradays happen before the end of the business day (for current day) and at the start of the next business day as the next gas day begins. The current day intradays are in response to imbalance position.

Ehinger: Is the effective time of intraday change implementation a factor?

Lander: The net result for the daily quantity is what matters.

Ehinger: This is what we see too. Effective time of an intraday is a key item that we need to resolve.

Lander: There is a submittal time, communicated time, processing interval and effective time. Flow rates are worked out by the interconnected pipelines but the nomination quantity is a daily quantity.

Hess: There has been a lot of confusion on time and it impacts the 4 hours prior to flow issue. Flow time is worked out by the pipelines.

Lander: 1.3.10 says that at least one intraday can be submitted prior to "gas flow". This is what we may need to rework.

Ehinger: We need to work out the relationship between gas flow time and confirmation time.

Gracey: Effective time is still important. If you have multiple batch processes, that time could tell you which batch process.

Tinsley: He would like to hear customer feedback on intradays. Weekend activity requirements from GISB will probably result in more intradays for Saturday, Sunday and Monday because there shippers don't plan on working on weekends.

Novak: Do you plan on releasing the whole weekend in advance or one day at a time.

Tinsely: They do now and they plan to continue. Bump/no-bump could play a role but in their case, nothing is likely to change anything short of a pipeline problem.

Lander: Does the limitation of one intraday per day have an impact?

Bucholtz: There now seems to be afternoon trading activity (they see about 5 to 10 intraday changes of this type). BG&E expects this afternoon activity to increase. Overall, as more pipelines permit intradays, the number of transactions should increase considerably.

Ehinger: There are two afternoon markets: 1) What BG&E describes (the afternoon) and 2) in response to scheduled quantities at the end of the day. It brings up the issue of when the results of the intraday get reported.

Afternoon:

Value Relationship vs. Regular Nomination & Value to Marketplace

Lander: The value of the intraday service only comes if there is coordination across the grid.

Ehinger: We are trying to take a step to something better. We have to take a 'baby step' to get to goal of continuous and contiguous scheduling.

Corcoran: 'Value' means service, not business practice. Given the low volume of intradays to date, why is this a business process.

Lander: We should use 'Measure of Success' instead 'Value'

Hahn: Agree with Lander. We should use 'Measure of Success' or 'Benefits Achieved'.

Corcoran: Can you say that a common timeline is justified by the low number of transactions.

Hahn: This is a starting point.

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Lander: The issue of service does not only mean timeline. Timeline affects coordination. There should be three or four times a day where everybody synchronizes across timezones. Recognize that peaks occur at different times in different locations serving different markets.

White: LDCs spent much time on 1.3.10 and looking at batch vs. rolling. LDCs did see a need for a common time from a nominations point of view.

Ehinger: There are three important times. 1) Effective time 2) A time when the nominations are submitted. 3) A time when physical changes have to occur. More to the point: Processing Interval, Effective Time and Flow Time.

By segment or function, what are the TSP concerns (sources, markets, etc.)

NEEDS OF THE MARKET:

Bucholtz: BG&E we make 'late' nominations now to correct errors which are intended for the beginning of the next gas day. We also make changes for the current day that keep our customers from switching to oil. There are therefore two types of intradays that we need. We could lose customers to oil if pipelines don't coordinate with use.

Lander: Regardless of the reasons, there is a need to make 1) changes today for today and 2) changes today for tomorrow.

Bucholtz: To date, these two types of changes have worked for BG&E.

Lander: Four types of changes: 1) Today (1/24) for Today(1/24), Afternoon[e.g. 4:00 PM]; 2) Today(1/24) for Tomorrow(1/25), Afternoon [e.g. 4:00 PM]; 3) Today(1/24) for Today(1/23), morning [e.g. 7:00 AM] before prior Gas Day(1/23) ends\* {Williston example}; 4) Today(1/24) for Tomorrow(1/24), Morning [e.g. 7:00 AM]. {Note: Calendar Day for Gas Day, [time\*\*] on calendar day}

\* 3) would not apply to cross transporter coordination

\*\* Times are illustrative

Rieger: End of the day intradays could hurt the LDC because it could shift an imbalance to the LDC if a 3rd party.

Lander: The accounting change should not have a negative effect on the operator. This shouldn't be an 'unscheduling'.

Ehinger: The confirmation process cannot be ignored. The cut can't be forced.

Novak: I think the lesser of rule prevails.

Lander: Agree, we need an exception to that rule.

Ehinger: Agree.

Betonte: Disagree

Fitch: This is an accounting game and the LDC has some exposure.

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Corcoran: This is a gaming and the financial burden could shift from party to party unless there is a physical change in flow.

Holm: The confirmation has to be done or else the nomination type 3) cannot occur.

Wallenhorst: Can we really isolate this to one or two parties? Doesn't it affect the whole chain?

Gardiner: Isn't this a service issue. We can't get everyone involve in the whole chain or else you are harming other people.

Lander: The lesser of rule could not apply in the case of 3)

White: Agree with Gardiner.

Rieger: We have to recognize penalties and limited flexibility in making changes. And there are penalties in both directions: over takes and under takes. Physical flow changes have to be involved.

Pollard: We can make exceptions. We need to make our rules apply across the board.

Hahn: Would it be helpful to set a small group to look at this item in detail and tell us what the issues are?

Gardiner: We need to look out to see that all nomination and confirmation changes result in a prospective physical change. Otherwise we run into service and balancing issues. We should take 3) off the table.

Betonte: Lesser of Rule when scheduling down. Reverse perspective. Confirm at the smallest quantity that people can agree to because gas has flowed.

Lander: We should have a 'lesser of' rule that applies specifically to intradays. Proposed new standard:

*At a receipt or delivery point, with respect to confirming intraday nominations, the lesser of rule (confirmed, nominated or already flowed) applies when confirming. If no communication is received then no change is made.*

Hahn: This is saved as a product for further consideration. No vote is to be taken now.

Lander: 1.3.33 and 1.3.11 together don't specify prospective changes and may be need to be modified.

#### NEEDS OF THE TRANSPORTATION SERVICE PROVIDER

Hopkins: To be able to confirm with upstream and downstream parties.

Gracey: To communicate decreases with bumped shippers and process a re-nomination.

Phillips: The intraday should not increase the pipelines imbalance. The system needs to stay in balance operationally.

Ehinger: We shouldn't go too much into detail here from a nominations perspective; OFOs are available to keep the pipeline in balance.

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Lander: The result of intraday should not have an adverse effect on the pipeline's operational position. The result of intraday should not have an adverse effect on the pipeline's imbalance position.

Hahn: Perhaps to go beyond this does go into service issues.

Fitch: Three issues: 1) Sufficient time for the pipeline to process the intraday nominations for communication to shippers. 2) To bring resolution to the scheduling process in time to effectuate physical changes. 3) To not use the intraday process for retroactive scheduling (scheduling after gas has flowed).

Ehinger: Why can't pipelines just say no on the 'retroactive' nomination?

Fitch: Pipelines can say yes or no but they need to run the traps of determining whether it is a legitimate nomination.

Sledge: Perhaps we should defer any talk about market oriented changes. There are any number of reasons why they occur and we could spend a great deal of time discussing them.

Novak: I'm trying to react to the situation without determining why. Why is an issue, perhaps for a tariff filing but beyond the scope of our group.

Lander: There is a concern that the intraday process not allow the nominating party to exceed the contractual rights.

Gracey: Yes. The TSP should not be obligated through an intraday nomination to flow the entire daily contract quantity over a shortened period of time.

Gracey: The TSP who bumps also wants to make sure that intradays are not used to violate the integrity of the existing nomination timeline for the next gas day.

Lander: Is this a case where the effective time for an intraday nomination should not be chart time?

Gracey: For a pipeline that bumps, yes.

Fitch: Do intradays need a start time if we are dealing with a daily quantity? Doesn't the 4 hours prior to gas flow standard come into play(1.3.10)?

Hahn: There's been several interpretations of that standard.

Lander: Effective hour doesn't matter to everyone but for those for whom it does matter, its a big concern.

Hahn: There is a need to minimize wasted effort.

#### NEEDS OF THE SERVICE PROVIDERS

Lander: Third Party Providers (TPPs) only need is to have a non-ambiguous way to communicate to TSPs on behalf of SR's and intraday nomination and an unambiguous way to communicate on behalf of a TSP an SR's intentions.

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Payne: As a Service Provider (a marketer), they don't want to force the pipeline to do something that they can't. In other words, a common time for submission of intradays (or a series of times) or a recognition of the 4 hour lead time (1.3.10). They would actually like to minimize the number of intradays. There should be no bumping for current day intradays but a bump could take place for a next gas day intraday. In simple terms, "No bump" once the gas day starts. They need stability within the gas day. But I'd like to try to come up with something the LDCs and Endusers who have bumping rights

Lander: "No Bump" after close of business on nomination day?

Payne: Yes.

Rieger: Don't underestimate the issue of stability at the city gate. IT gas bumped at the city gate could have a hurt stability; there could be an upstream ripple effect.

Lander: Secondary firm should not be bumped; only IT would be bumped.

Payne: Well then no-bump is fine.

Gardiner: Group should focus on this : If you bump, this is the procedure and if you not bump, that is the procedure. We should not get into whether people should bump. This group should address an issue that has been addressed in several settlements and should not be disturbed.

Novak: Agree with Nancy. There are also issues of segmented capacity and primary vs. secondary capacity. Let's deal with bumping as a fact; its something that occurs and we need to know how to react to it.

Gracey: Also agree with Nancy.

Lander: We can't avoid the issue.

Bray: Whether a pipeline bumps is a service issue but we can't get into the merits of whether pipelines should bump or not bump. Its something we need to deal with it from a coordination perspective e.g. timelines.

Lander: If a bumping pipeline is between two no bump pipelines, then those two pipelines become bump pipelines.

Phillips: Disagree with Lander. You are going to reduce, if you are downstream, irrespective of the reason.

Lander: To the party being reduced on the no-bump pipeline, it is just like being bumped.

Gardiner: If we came up with a way to handle on-time nominations, we should be able to do this for intraday nominations without getting into defining levels of service.

Hahn: Can our objective be accomplished without bumping and no bumping in the scope?

Phillips: Yes

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Lander: No. There are too many differences in the pipeline grid already. We need to deal with it to maintain stability.

Eady: Isn't it possible to work out a schedule whether pipelines bump or not bump.

Lander: Yes but we can't ignore bumping.

Gardner: This is what I meant.

Novak: A downstream pipeline being notified by an upstream pipeline that gas flow is going to be stopped due to a bump is no different than that same pipeline saying the flow stops because of a supply disruption due to a hurricane. The downstream pipeline has to deal with it

Proposal: Novak/Gardner: *(This would be added to the existing charter)*

Propose standards to GISB Executive Committee which will accomplish or move towards an efficient, seamless intraday nomination process *and to define mechanical procedures to coordinate the intraday nomination process across the gas grid accommodating existing bumping practices.*

NEEDS OF THE PRODUCERS:

Sufficient advance notice to effect a flow change initiated by an intraday nomination.

Uniform flows.

Point operators need to be involved in the confirmation process and be communicated scheduled quantities.

**Next Meeting:** April 11 8:30 to 2:00 PM at Doubletree - Allen Center

General Discussion: Advantages/disadvantages & Timeline

Fitch: Why did the prior timeline fail?

White: LDCs vetoed it but might not do that today. There has been some change in position.

Ehinger: Nothing addressed changes in the beginning of the gas day. There was a noon and a 6:00 PM. Perhaps if we had a couple of batches and all pipelines were processing at those times the timelines could work.

Novak: There was a hole in the schedule. There actually was a chance or certain that gas could flow until 9:00 AM, stop, then restart at noon.

Wallenhorst: Processing time was a problem too.

Fitch: There needs to be clear communications of the results of intradays at certain times. Our existing reporting standard doesn't go far enough. Communication includes the confirmation process, the end result of the confirmation process.

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Hahn: How does capacity release figure into this?

Rosenberg: Released capacity should be comparable to IT, i.e. it should have the same intraday rights.

Lander: But this does not mean partial day capacity releases.

Novak: If the capacity release begins at 9:00 AM the next day, why couldn't a timely nomination and any number of prospective intradays be placed. Or how can a nomination be placed before the replacement shipper actually gets the capacity? The releasing shipper could be using the capacity?

Fitch: Is this retroactive contracting?

Lander: This is a release on Monday calendar day for Monday gas day. A timely nomination could no be placed but there would be some intraday rights.

Betonte: This is a separate subject; a capacity release.

Ford: Capacity release issue should be deferred

Novak: Assignment: Develop timelines taking into consideration what we've discussed. We'll discuss them at the next meeting.

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