

INTRADAY TASK FORCE MEETING - MAY 9, 1997 - AGA HEADQUARTERS
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Meeting started at 8:15 AM

Jerry Hahn welcomed everyone - all agreed to work through lunch.

Hahn read the anti-trust guidelines and reviewed the agenda. Greg Lander added discussion of the work product and timeline for finalizing the work product for EC meeting on June 12. Greg added discussion of next meeting. No other changes. Agenda adopted.

If consensus on strawman, need volunteers to put together new standards to communicate the timeline, including analysis regarding effects on bumpee where bumping is provided for. Will there be ample time for pipeline to communicate and process nominations and allow bumpee time to react. Some concern in that area.

Brain White welcomed attendees to AGA.

The Minutes from 4/24/97 minutes were reviewed. p. 1 no changes. p. 2 (Lander - to eliminate confusion... end of 2nd line beginning 'this would distinguish which type was being processed (type I or type II).') Bill Griffith said, most people would need to know the quantities. p. 3 Jerry read changes already submitted. Above last paragraph - after informational insert, "in that respect;..." effective time s/b in quotes. no further changes to p. 3. p. 4 no changes. p. 5 Becky Cantrell - no further changes. p. 6 - add lead in to Lander "proposed standard" - was not just a statement but was a proposed standard. p. 7 - Jerry read Lisa Arthur's change as relayed to Mike Novak. No further changes. p. 8 - no changes.

Motion by Lander to adopt minutes - 2nd by Bob Wallenhorst. Adopted unanimously.

Sharon Eady presented co-chair's summary of the 4/24 meeting.

Lander: A lot of sentiment to get people around their resistance to the current type II - type II should not start at chart time. Then have a Type III which is a transportation service provider optional business practice of Type II nominations for those transportation service providers wishing to provide an "at chart-time" start for Type II service. Problem expressed by pipes with bumping is as follows: If Type II nominations can start at chart-time the pipeline will have scheduled IT according to the standard nominations timeline and FT shippers can come in after the deadline, bump scheduled IT as of chart-time and this means that in those situations with bumping, that FT shippers have no incentive to nominate on time because they can nominate Type II, bump IT and still get a full day's worth of gas. On the other hand, a type II that does not start at chart time would encourage folks to nominate timely. Type III, under this formulation would be a mutually agreeable type practice, (i.e., TSP supported or not) could start at 9 AM and could roll over. Type II would not start at 9 AM and would not roll over. Type II and type III together seemed to fit with each of the pipelines.

Hahn asked whether Lander's point may be captured in the minutes as opposed to in the summary. Lander wanted a recheck of sentiment that we had arrived at something that seemed to fit everyone's needs.

Mark Scheel would like to see Lander's point added under summary #1. Under #2 Paul Love wants added that type III's are mutually agreeable (TSP optional is Lander's preferred language - Love agrees).

Scheel: Concerned with allowing a mutually agreeable process for roll-overs to take place. Cannot sync up two pipelines if one is roll-over and one is not. Business results are clearly different. Either everyone rolls over on intraday or not. Allowing option to change on pipelines makes it difficult to remember rules on each pipe.

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Hahn: We're only trying to capture thoughts in the summary - not debate in the summary. The point was made in the last meeting by Scheel.

Jay Story: PGT does not recall being in favor of type III, as earlier said by Lander. Lander said he crafted according to PGT's business practices.

Lander: There will always be differences between end date times and nominations (in response to Scheel). BPS will be discussing the problems on this and the resolution of that will address Scheel's point on roll-over.

Scheel: Intro of type III complicates - not necessary - if creating a new type due to roll-over issue thinks we should change the standard. Reflect in the nomination the date range so that you can sync up from pipeline to pipeline, rolling over if you want.

Lander: The main reason was not the roll over - it was to address the start-up chart time to give incentive to shippers to submit timely nominations.

Eady: Read changes to summary: Type II nominations need to add "do not start at 9 AM, do not roll and are processed after nominations for subsequent gas day." Type III is effective at 9 AM and does roll-over.

Lander: Timely nominations would get access to capacity before type II nominations would. Not a new standard - just to clarify existing process - just to be consistent throughout.

Love: Type II comes in before 6 AM. for scheduling at 7 AM and effective at 9 AM

Lander: "processed after" can be removed because they automatically will be.

Scheel: Question on type III. Can type II definition be expanded to say would be after chart time to make it do what Type III is intended to do.

Lander: In scheduling process parties can always agree to some other time under type III. Not sure type II would do this without getting to a circular reference.

Eric Voss - asks that the committee consider a fundamental change in terminology from type I, II, and III to types A, B and C. Communication between schedulers has day 1 and day 2 nominations - may be helpful to have day 1, type a rather than day 1, type I.

Hahn: Don't get hung up on semantics but I appreciate Eric's comment.

Eady: Continued review of co-chair summary.

Hahn expressed value of minutes and summary when getting into details later in the process. Expressed appreciation to Sharon.

Discussion whether to 1st review Burlington's strawman and then the co-chairs'.

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Chuck Beaver: They are operator and shipper. Main focus of their timeline is to address bumping and no bumping. Want bumping mandated across the grid, even at 9 AM because it provides a second attempt to fully schedule the pipeline with firm capacity while bumping can still occur. Actual deadlines are less important than bumping to them.

Martha Murphey: She thinks this gets closer to where we need to be. But, on the bump she wants an incentive built in that will make firm shippers get their nominations in on time. If you allow them to bump and get in at 9 AM they get an unfair advantage. She likes the idea of getting pipeline up at 9 AM

Lander: I thought the main difference between Burlington and Chair strawman regarding type II is that you get your answer back for type II at the time same (6 and 7). Burlington agrees that it is the same. Intraday type II starts one second after 11:30 deadline and continues through 6 AM next day. Does C. Beaver anticipate a first come first serve?

C. Beaver: The process is the same as for 11:30 AM - realizes no incentive.

Lander: The most important feature is when pipeline processes type II. 11:30 deadline is still in place only because pipeline would get preliminary pass by.....

Cynthia Corcoran: Understood task force agreed that would do a proposal for bumping and no-bumping. Burlington seems to be taking it back - does not recognize a complete no-bump pipeline. Task force was not supposed to agree to eliminate no-bump and was to accommodate both pipelines. She objects to Burlington's proposal. Does C. Beaver's type I and type II refer to 1.2.7? C. Beaver agreed.

Richard Ishikawa: Regarding providing incentive for firm shippers. Firm shippers' payment of demand costs - he sees value of allowing firm shippers to bump over interruptible.

Hahn: There are points of view that if the natural gas industry is going to increase its ability to be reliable and dependable that unlimited bumping would diminish that opportunity.

Voss: Which GISB committee or FERC will make final determination regarding regulations on scheduled no-bump gas and the definition of service rights on pipelines?

Hahn: Need to defer that.

B. White: Is there a batch process in Burlington's for chart time?

C. Beaver: Batch process.

Scheel: Likes the fact that Burlington's proposal indicated when scheduled quantity reports are due. Feels we need to capture this in any proposal - need information on whether you will flow or not.

Eddie Tinsley: Regarding the 6 AM note - are those a batch from 6 AM to noon - all competing for available capacity?

C. Beaver: Essentially yes.

Becky Cantrell: When will gas flow? 4 hours after nominations are made?

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C. Beaver: Yes, consistent when reports are due.

Lander: If you are the connecting and nominating party you can effect the outcome. Does not help to add to the nomination process. As long as a 24 hour quantity is provided and that is what shipper needs we need to leave it alone. Deal with 24 hour quantity and then you get a report.

Story: Opposed to any standard or timeline that has any deadline at 4 AM pacific time which implies that is when they have to start process.

C. Beaver: The 4 PM timeline for gas day 2 where all of the intraday scheduling efforts were aimed at rescheduling the current 24 hour period. C. Beaver means for 4 PM to apply for 24 hour gas day.

Lander: If we step off a contractual plane and enter into the physical plane we will get into 'whirly dirly'.

Hahn: Physical world can operate differently from what contractual world looks like, to shippers' benefit.

Lander: 1.3.9 second sentence.

Gardiner: Intraday nomination should include effective date and time, but not to be confused with flow.

Wallenhorst: There is merit to saying let operators work out time of flow. There are times, however, when shipper has time in mind and he may need to know that he may need to make alternative plans. We should not ignore that in the process.

Gardiner: In that case, wouldn't that entity be a connected party that has opportunity to work out.

Lander: Early interpretation which got struck but addressed this point. The effective date and time communicated by service requester should be one piece of information used by confirming parties - not that it determines the flow, simply connects it to the process. Not a good idea to allow shipper to dictate the flow.

Tom Ehinger: It is important that a requester be able to announce what he is trying to do to start the ball rolling - when gas should flow. Need to be able to determine which batch one is going into. How will TSP know which batch to put you in without an "effective time" provided by shipper.

Joel Greene: Stated that he and Kelly Daly are here representing electric utilities in Phoenix who are firm shippers on the El Paso system. Very concerned about 9 AM nomination deadline proposed by Burlington -- at that time in Phoenix it is 7 AM and the company dispatchers are just coming in. While their preference would be to have a bump all the way procedure given that El Paso is a bumping pipeline and as firm shippers these utilities should continue to have the benefits they are paying for, if a compromise timeline is adopted, they want to see the deadlines moved later to provide these electric utilities the flexibility to take into account daily temperature fluctuations of up to 40 degrees.

Lander: Everyone has different peak times depending on where located. One size will not fit all different needs. If you have the right to bump and are concerned with quantity during the day - 2 ways to approach - schedule high and then cut later, or schedule low and increase. You can accomplish your business needs either way. This provides the flexibility necessary.

Greene: Assumes an electric can plan that way and that is not his understanding.

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Lander: They can always cut if they schedule high - not a planning issue just a synching up of operations.

9:40 AM - 20 minute break.

Discussion of Co-Chairs' Strawman:

Hahn: Intent was a summary of real needs that everyone could find themselves in.

Eady: One suggestion - 2-3 things of global nature. 1st timeline was 9 AM, to be bump time for bumping pipelines. Note footnote that intraday opportunities 1,2,3 would be for unused capacity. (9 AM, 3 PM and 7 PM)

B. White: If a pipeline were to allow bumping, the strawman only provides it at 9 AM?

Eady: Yes.

Dale Davis: Define what is meant by unused capacity, please.

Voss: Might help if timelines broken out to separate flows.

Story: PGT had a proposal regarding the time to start that is not on here - wondering why.

Hahn: This was a 'best attempt' to reach a balance of the various proposals.

Eady: This was the most common denominator - each company may not be able to find themselves in it.

Hahn: Explaining the strawman. Calendar day starts at midnight - gas day starts at 9 AM following the start of the calendar day. Have not shown a full gas day 2 - note that the timely and untimely nominations in the center of page always address the following gas day. The type III intradays address the day of gas flow - type II is now in the area of timely/untimely nominations and the intraday is now a pure intraday, meaning it is within the flow day.

Gardiner: Does it mean that the type III are all for gas day 1?

Hahn: Yes, only on gas day 1 in this example. Both have a rolling effect (type II and type I).

Ehinger: It is helpful to recognize that timely and untimely were shifted to left and put on calendar day before gas day 1? By any other name the untimely nomination is really the old type II.

Eady: Agreed with Ehinger.

Hahn: Look at timely nomination. That is existing GISB standard for timely nomination. If data in to TSP by 11:45 we will have opportunity to be scheduled and flowing at 9 AM on gas day of day 2. Scheduled at 4:30 based on pipeline starting from scratch - rescheduling its entire scheduling process for gas day 2, doing so in gas day 1. Untimely nomination starts at 6 PM on day 1, to be scheduled by 7 AM of calendar day 2, gas day 1, to be effective at 9 AM of day 2. The 7 AM is when it is scheduled. Between timely and 6 it is held in abeyance and batched together.

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Hahn: Based on 'unused capacity' which is intended that if you come in at 11:45 you are scheduled and are not affected. There will not be a bump. That is the incentive for a firm shipper to be timely because if pipe is fully scheduled with timely, firms may not be able to be scheduled if they come in untimely.

Joe Pollard: Are untimely nominations continue to be type II nominations (1 day only nomination)?

Hahn: No. Both timely and untimely in this case can roll to whatever the date range is in the nomination. It is type II revised.

Hess: All that has been done is to change the name and add rolling to both?

Hahn: No, only talking about timely and untimely.

Lander: Only adding rolling to untimely?

Hahn: To untimely we are allowing a date range (shipper specified) - so that it is only the one day.

Eady: The 'untimely' there could be a date range intended for more than one day.

Gardiner: What would happen after 11:30 but before 6 PM? She does think that pipelines would be precluded from continuous scheduling.

Eady: Yes, that would exceed the standard and it would be acceptable.

Story: To go along with untimely discussion - a nomination that the effective time of flow is start of gas day could roll - if effective time was not start of gas day could not roll - that is his and his shippers understanding.

Eady: Agrees with his understanding.

John Coppens: Was purpose of roll to let somebody have standing offer to pick up unused capacity? If you want to bid on unused capacity for each day on a rolling basis, he can understand.

Hahn: I thought at the last meeting there was substantial support that the type II could be improved if it could be for more than one day (the old late nomination).

Corcoran: This is a question of batching vs. continuous. How will we capture the fact that continuous exceeds the standard. There is an argument that continuous could harm a shipper and therefore not exceed the standard. If a shipper is counting on batch and then the pipe reschedules before the batch, the shipper could be harmed.

Hahn: We're only talking about timely and untimely. Inherent in the timely and untimely is that it is a batch process. A TSP has people submitting nominations and if they come in by 11:45 they are treated equally. In untimely, if they are in by 6 PM they are all looked at equally (not distinguishing firm and IT).

Corcoran: If you batch, you do not do continuous - and those pipes will stop continuous?

Hahn: No, if a pipe is going to do continuous - without considering it exceeding the standard - as long as the pipe is capable of honoring the GISB timeline then they will be seen as within standard.

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Lander: From the 4/24 meeting --- if you are in a time frame between 6 PM and 7 AM and you are a continuous scheduling pipeline, it is first come and first serve. If interacting with someone who is not continuous scheduler, it is scheduled as a batch according to the timeline. Exceeds is on a case by case - you either operate on the grid with the batch. Everyone will know in advance what the expected business result will be. (page 2 of summary or page 6 of minutes)

Lander: Proposed Language: *“Where a nomination is eligible to be scheduled effective with the start of the gas day, the end date time may be any date time specified by the service requester.”*

Tinsley: When talking about batch process, what happens to the nomination that comes in as untimely at 2 PM? Is it scheduled then?

Lander: If pipe is continuous and contiguous pipe, they would attempt to schedule then - if not a continuous and contiguous pipe, then it would happen at 6 PM

Hahn: The strawman tries to take into account that if a pipe is continuous and contiguous it will take into account when the gas does not leave its system. When interacting with a pipe that is not continuous and contiguous, they will use the strawman timeline for a predictable business result.

Gardiner: This does not address - you can do whatever you want on a continuous and contiguous pipe, but at a certain time of day the whole window opens across the grid. It does not address how capacity will be allocated within that batch period of time or dictate how capacity will allocate. People get confused between continuous meaning first come first serve.

Lander: It is not expected to do that.

Love: Follow up to Gardiner. If I am continuous and contiguous, I can schedule nominations as they come in and use capacity that might have gone to another shipper going off system so he does not have a shot at that capacity.

Hahn: The shipper will understand that from the tariff.

Joe Pollard: Had some concerns like Corcoran regarding exceeding the standard. In addition, wonders regarding untimely nominations, since rolling, what the true intent is of doing it and why. Existing standards allow a TSP to come in and accept rolling nominations after nomination deadline. Way for a TSP to differentiate itself from others. The type II nomination (one-day only). Why do we need to say everyone has to accept untimely nominations. People should nominate timely - if they don't it should be an option of the TSP to accept if they can and then process - up until the type II start. All shippers can put in a type II nomination for one day - doesn't understand why need to change existing standard to create an untimely nomination that rolls. Should leave it up to TSPs so they can differentiate themselves.

Hahn: People had expressed that they wanted the old type II as a standard.

Pollard: Feels that there was disagreement in earlier discussions.

Cantrell: As to rolling, untimely nominations - rolling conflicts with concerns of those who think allowing firm shippers to nominate after 11:30 deadline will create opportunity for them to just wait - creates award for them to be untimely.

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Hahn: We've tried to build disincentive into strawman. i.e., untimely will be scheduled on if there is unused capacity. If IT timely is scheduled, it cannot be bumped from untimely firm nomination.

Lander: In current business practice under constrained situation, would IT be flowing? No, only firm would be flowing. There should not be any capacity scheduled by IT and everything used is being used by FT - unused if available for everyone under strawman.

C. Beaver: Burlington agrees.

Cantrell: Part of the problem on ElPaso is secondary delivery points - they can be bumped by primary on day 2 or intradays.

Lander: If in 11:45 scheduled, there would be no IT scheduled so if applying Jerry's rule regarding untimely nominations being applicable to unused capacity, no one is less well off under ElPaso fact pattern than they are today.

Cantrell: I think they could be. The issue of secondary firm is not fully resolved. If unused primary is available, that is her concern. Not comfortable...

Voss: ANR is considered to be nonrolling. Is it replacement or incremental?

Lander: Either.

Hahn: Untimely in this case if you assume rolling means it can affect more than gas day 2, he agrees it is rolling. It's effective in gas day 2 but can cover more days than just day 2.

Coppens: Standard 1.2.3 is specific that it does not roll over. Why don't we just say intraday applies to next day - wants no roll over.

Murphey: Thinks Scheel had a good point this morning. Focus should no be on clarifying the existing standard but on achieving needed uniformity in intraday process. If you have one way for one and another for a different pipe, people are going to make mistakes. Does not achieve uniformity.

Hahn: When he looks at untimely, he as a shipper knows he controls the outcome. Not optional. It is clear that it is in his control to submit an untimely with a date range in it.

Murphey: She likes the strawman and wants the date range.

Scheel: Nomenclature - hearing rolling - there are rolling nominations and nominations that roll over. Rolling nominations is synonymous with continuous nominations, flowing with four hours at any time you want. Standards in books do no say rolling, they says nominations do or don't roll over. Cautions group regarding use of phrases.

Hahn: If we stick to the strawman, we can get around the different nomenclature. Once we come up with the timeline, we will work on the semantics.

Hess: Concerned about putting off defining 'unused capacity' and now rolling nominations and nominations that roll over. We need to know what we're talking about before we put times to them. Let's develop consensus on the terms.

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Hahn: Preference is to understand timeline and the mechanics and then the drafting of the words.

Joyce Phillips: The true issue is that the late nomination is for one day or for more than one day. It is either for a single day or for multiple days. Rather than say rolling - talking about a single day or multiple days.

Lander: From now on, when we speak about the effective period of nominations, we will refer them as either a single gas day or for a date range. We will not short-hand it into anything else.

Davis: Regarding primary and secondary points, we can't lose sight of the fact that FERC so far has in some cases deemed that once gas is scheduled today for tomorrow that when I get into doing tomorrow's business it is no different than primary. There may be some way that we have to deal with that issue and say that if we are going to do bumping on that day, within that day, that we have to put our arms around that issue. Can cause problems down the road. Perhaps we say that secondary scheduled would be treated as interruptible.

Hahn: Believes we have allowed the existing practices to occur to the extent they are occurring in this. secondly, in discussions with FERC reps, they would like a decision made for them concerning the issue of bumping and this group has said we will not address bumping, per se. We need to draft a timeline that to the maximum extent allows existing practices to occur. Strawman was an attempt.

Davis: I'm not saying whether we are saying whether to bump or not. When we talking about purpose of intraday, there is a difference of opinions. Changing marketing opportunities, changing needs and needs for physical flow changes. Keep in mind that that is an issue for some of the pipelines. Capacity allocation may be the issue rather than primary and secondary points. Cautioned regarding what we expect the intraday nomination to do. Her understanding that they were to effectuate meeting needs of the markets. One way is to determine if the physical flow can realistically be changed. Don't want to try to trip up flow on the physical side with nomination on the contractual side. Concern with strawman is reality check regarding what is a nomination at 3 PM for flowing at 7 PM really going to physically going to achieve. Really a late day accounting measure. Not sure if the timelines are necessary as minimums. With five scheduling times the pipelines will never be done scheduling. Systems cannot be running all the time and expect a clean result.

Hahn: This timeline does not suggest that a TSP is being forced to reschedule or reprocess five times in a day.

Davis: I'm talking about the computer processes necessary to process the information.

Hahn: If TSP has unused capacity, I find it to be incredible that it will not do everything possible to use that capacity.

Davis: Doesn't disagree, but doesn't want to obligate pipelines to these as minimums.

Lander: Regarding working definition of unused capacity. Not proposed to agree on at this time: "That capacity which has not been scheduled for service requesters and/or as between service providers during that calendar day's process for the current or subsequent gas day."

Norm Walker: Scheduled - an interconnect does nominate to another interconnect - be sure that there can be scheduled quantities that are workoff of imbalances between interconnected parties.

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Tinsley: Are we trying to change the bump or no-bump features of pipelines?

Eady: The strawman provides that bump will occur at 9 AM

Tinsley: Untimely nominations... Hahn seemed to change the rules.

Eady: Clarified that it is for pipelines that do not bump

Tinsley: Untimely nomination then would have negative consequences for pipes that do not bump.

Gardiner: On the unused capacity definition, she has capacity that is not available and has not been scheduled. Example: operational storage.

Lander: Add to Jerry's based on available unused capacity - that operationally available capacity which has not been scheduled.

Walker: Agrees with the operational.

Lander: Change to untimely and to all intradays: *"Available unused capacity is that operationally available capacity which has not been scheduled for service requesters and/or as between service providers during that calendar day's process for the current or subsequent gas day."*

Lander: Agrees with Tinsley that it causes a problem for pipelines that do bump. Perhaps an alternate procedure for bumping: based upon contractually available capacity. If you accept the business practice, it does not cause disruption of business practice of non-bumping pipes. For those who do bump, it would alter their operations.

Cantrell: Can't we propose a bumping standard?

Gardiner: Our position is that consideration in settlements was given to bumping and no bumping and we think that it is something open for settlement discussions and it should not be a recommendation for all pipelines. Should not be addressed here, but can and should in the appropriate forum.

Davis: If you are a non-bump pipe, the capacity is unused. We don't need to say based on unused capacity. TSP rules will apply, whether bump or not.

Hahn: How can we get everyone into the timeline if we don't provide an opportunity for no bump. That is what the unused capacity is there for.

Lander: If you look at the first intraday (9 AM), it has bumping. Application of the bumping practice is not eliminated - it just changes when it occurs. Doesn't eliminate practice of bumping. Rather than apply it all the time, do it at a specified time.

Mark Gracey: He interpreted the paragraph to mean that he still bumps but not at all intraday, or for untimely nominations. His tariff does not specify when the pipeline bumps. When you bump, it is generally a batch process. They handle bumps for timely but not for untimely nominations. If a late nomination and they could process, they would waive the deadline and it would become timely and be processed like all the others. An untimely nomination by tariff, does not bump a nomination received timely.

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Lander: He has a bumping service that would be available at 9 AM - does not eliminate it to have it available at a certain time - simply specifies the time at which they batch. There is not an effective batch time today after they schedule their pipeline.

B. White: Untimely nomination will not allow bumping. An enduser can't bring gas on until 1 PM - suggesting that untimely nomination add a phrase allowing for each TSP's policy on bumping practices.

Hahn: Not provided due to processing time. If we specify five different time at which a pipe has to reschedule within a day, it will not be accepted by the group.

Walker: Unused capacity should have a directional attribute to it (i.e., displacement transactions).

Corcoran: The concept of unused capacity was unclear to her - Walker's comment has made it further unclear. What does the committee intend and then what was Walker's clarification.

Hahn: Intent of unused capacity to mean no-bump, applicable to untimely and intraday in by 3 and by 7. Capability of the TSP to schedule additional gas without affecting those already scheduled in the timely process.

Lander: Per Advisee's comments, you cannot unflow gas, you can with concurrence of confirming parties bring the nominated amount into sync with the expected flow amounts (late in the gas day type I nomination serves this) - may only be an accounting transaction which would not harm others.

Lander: Add to sentence at bottom of description on Chairman's Strawman... eliminate it or add after above times: *"for scheduling activities with respect to the grid-wide coordination of gas transactions."* Back to page 6 for continuous and contiguous of the 4/24 minutes: insert at the front for use here only: *"The minimum grid-wide scheduling and intraday coordination process is a batch process. Continuous and contiguous scheduling exceeds this standard and is on a mutually agreed basis..."*

C. Beaver: Regarding reconfiguration when bumping is allowed at 9 AM - is it conceivable that the pipeline could be reconfigured at the 9 AM bump?

Lander: Yes.

Hahn: The 9 AM intraday nomination: it potentially reschedules the whole pipeline. everyone agrees. the 9 AM is a potential problem for the FERC in that it does not support the existing capacity release timeline for prearranged deals. Those are done-deals by 9 AM There is a need by the FERC to move the 9 AM back to accommodate the shippers obtaining firm at 9 AM for that day.

Lander: FERC intends for us to address the ability of the shipper who gets capacity according to the 9 AM pre-arranged deal upload/communications, where the capacity they get at 9 is for that day. They did not specify that it had to be able to flow for the whole day nor did they specify that this capacity must have the ability to bump scheduled gas. The prearranged deal capacity which is contracted for by 10 AM (if it is capacity for the then current gas day) should be able to put an intraday in on that day for the use of capacity on the pipeline that is "unused".

Walker: If we try to accommodate this, would we make this timeline for intraday nomination at 11 AM?

Lander: Yes, or state that the first time they could do it is 3 PM

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Walker: But to increase the value of the firm, it should be permitted at 11 AM rather than making them wait until 3 PM

Hahn: Reading memo from M. Goldenberg who suggested moving the 9 AM to 10 or 10:30.

Wallenhorst: Regarding the third intraday - finds it be late in the day for general use - what is the perceived value. Is it to provide parties a midnight to midnight gas day by effecting flows at midnight?

Lander: Accounting reason bringing nominations in sync, in addition to Wallenhorst's thoughts.

Hahn: No one answer, but speaking for absent LDCs they see that in by 7 PM for scheduled at 11 PM it is a physical issue, not just an accounting issue (D Chezar's issue). M. Novak indicated that he believed the LDCs were at a point where only two of these would probably work. Perhaps we move the 9 AM to 10:30 or 11 and establish another one between 3 PM and 7 PM

Davis: Standard 5.3.2 defines short-term and long-term releases as being executed by 10AM for the next day's gas flow. It appears we are being asked to change the capacity release, as well as the intraday, timelines.

Lander: Yes.

Davis: We should deal with the changes to accomodate capacity release later or we will not be able to meet the September deadline. This capacity release issue was not something discussed in the Commission's order and if we try to deal with it now, it will only complicate matters so much we'll never get done.

B. White: We may be able to change the capacity release timeline to fit the intraday timeline, rather than changing the 9 AM. The LDC's may have to recognize there is a give and take between a few hours worth of gas flow versus intraday timelines.

Corcoran: Are shippers using intraday nomination to take a shipper out of a penalty position? I thought intradays were really to affect physical flows. Late days appear to be primarily to avoid penalties. Supports taking 7 PM to flow 11 PM out.

Hahn: We can't retroactively schedule or unschedule the gas. If it flowed, it flowed. Not an issue.

Lander: Agrees.

Hahn: Doesn't understand that FERC wants the capacity release timeline to be changed. Thinks FERC is only concerned with the prearranged deals.

Lander: Page 73 of standards. 5.3.2, last line currently reads: nomination possible for next gas day flow. So, thinks we would have to change "next" to "next or same".

Hahn: Do we need to submit a request to capacity release?

Lander: Need to submit a request to the EC or to BPS.

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Corcoran: You can effect an avoidance or reduction of a penalty with a late flow. By taking your flow down to zero you affect your penalty position. If we agree to put in place a system that takes a pipelines tools away to effect flow, some other tools will have to be substituted.

Phillips: We need to be more equitable in allowing people to talk.

B. White: Proposes allowing folks to do research to feel out LDCs and firm capacity holders - is it worth it to fit this into the process.

Hahn: We need to put something in place for the June EC meeting. Need consensus. Let's come up with our best strawman today and use it to bring out other issues.

Cantrell: ECT has problems with bumping during gas day. We don't want our gas bumped after start of gas day - does not allow enough time for bumped party to make other arrangements during the middle of the gas day.

Hahn: The 9 AM does not propose to change any of the existing bumping and non-bumping practices.

Story: Does not want an attempt to allow a partial capacity release to bump - can't push non-bump pipes to bump.

Scheel: Where there is bumping, we can address protections for bumpee (i.e., advance notice for alternate arrangements), if we have time. Regarding the capacity release timeline enabling same-day releases: doesn't think we will have time to change the capacity release timeline. Perhaps our strawman can take it into account by having the first intraday no earlier than 10 AM to sync up with the time that the contract must be tendered according to the current capacity release timeline.

Ehinger: The bumping timeline says that at 1 PM at the latest a bumped party would be notified that he is being bumped but would then not be bumped until the second intraday which allows him enough time to submit his own intraday by 3 PM for a 7 PM rescheduling. Allows for the bumpee to have time to get it into his next intraday. The earliest a bumper could get flow may be 7 PM

Eady: Our charge was to develop a standard timeline for the intraday process. we can discuss the capacity release and notice, but until we get the straight timeline, we cannot proceed.

Phillips: We should not go to the June EC meeting with half baked standards - perhaps we just give them a progress report. The progress report is a legitimate outcome of where we are.

Hahn: Wants a live strawman in place today. Clearly if we do not get the consensus necessary by June we are not going submit half-baked timeline.

Phillips: Unresolved issues should be included in June report, including capacity release issues.

Tinsley: I have some suggestions.

Hahn: Wants specific proposals if anyone has suggestions.

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Walker: Agrees with Corcoran that as we get into intradays, there is flow controls at all points. If there are not incentives (financial, etc.) to keep parties on rate, parties could evacuate his pipeline and then at the end of the day put in the late day nomination. With obligation to serve, pipelines will require this group to help discover some controls to maintain control. People should not be able to pull and then schedule later.

Murphey: There are a lot of the issues associated intradays that are pipeline business issues. Aren't we just trying to come up with time for interconnected parties to sync up? The other issues we might want to work on, but we just need to develop times to talk to each other. Are we charged with solving all the extraneous issues?

Gardiner: To Walker's concern: In Baltimore we said that all nominations should be prospective or forward looking (policy or mission) - thinks we have lost that idea. 1.3.7 expressly states the prospective nature. Not sure where the accounting adjustments is coming from. To Murphey's concern: Agrees to a large extent. Never before had to address anything beyond timely nominations. Recognize there are issues between different service levels, but intradays should not be more difficult than timely nominations.

Ehinger: To Walker: pipeline has ultimate control to refuse nomination. Accounting change is really that if the platform went off production at 4 PM and we found out there is no reason to sit there with a nomination still flowing if we know the supply does not exist. We will adjust our nomination at 11 PM to recognize what volume flowed from 9 AM up until 4 PM. We don't change anything on your pipe. We are encouraging the proper use of the system. By giving timely information to the pipe, we are putting ourselves closer to a grid in which no penalties occur because everyone is in sync with what they said they are putting on and taking off.

Scheel: Concentrate on synching up the pipelines. Now a problem in moving from one pipe to another when differing timelines. There are however unresolved issues. Is June 1 date concrete - FERC wants something for September 1- can we shoot for a timeline by June 1 with the caution to EC that there are other issues.

Hahn: June 1 was only a target date which reflects that it must move further through a process to the EC, and then possibly leaving time for contingencies.

Story: In the 4/11 minutes on page 7, PGT has a proposal which he would like included in the strawman.

Hahn: To Story: redraw the strawman including this proposal.

Lander: We are talking about process here because where the internal processes of the TSPs has caused them to propose single or restrictive or non-synched processes we have heard that it is because they can't reroute their system, don't want to bump, etc. we are proposing anywhere from 3 to 5 separate start/stop times for a particular gas day in addition to the timely nomination. In order to get past one, we have to say that you don't have to reroute your system, etc. We need to give people the opportunity to say this is when I am bumping (if they are a bumping pipeline).

Cantrell: Based on discussions and strawman, ECT can live with this as an interim step.

Corcoran: Ehinger clarified that his change is prospective only, not retroactive.

Davis: If the intent of today's meeting is to get consensus on the strawman, we need to look at issue of how many sync up times are necessary as minimum. That is the groundwork or foundation before we begin thinking about what the times are.

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Eady: Asked how many would like to go to work on the strawman, hoping to leave the room with something we can work on. changing times, defining issues....

Hahn: Exerting chair's prerogative to sense of the room as to who can find themselves in the strawman. show of hands supporting existing strawman.

Walker: On the untimely nominations, if we could add to the end of it, copied from the first intraday below, 'based on "unused capacity" and/or allowing for each TSP's policy on bumping practices.'

Hahn: Wants to hold as alternative #1. Show of hands regarding sense of the room, starting with strawman and then possibly on the alternatives: 10 for it ; 14 cannot find themselves in it; 1 abstain.

Murphey: For the people against this, it is because of the number of times. Let's agree on how many times we want to sync up.

Walker: Alternative: Untimely nominations: leave impression and/or for the intraday nominations at 9 AM, if you do bumping, you may bump either/or or both. And, the 7-11 PM would be omitted, allowing for four rather than five runs. After untimely nominations "unused capacity add, 'and allowing for each TSP's policy on bumping practices. F/N this and the intraday at 9 AM "TSPs which bump may do one or the other or both as may be applicable."

Wallenhorst: To Walker: does it mean that a person with a scheduled timely can be bumped by an untimely and not be notified until 7 PM

Walker: Correct. This would allow you to start flowing that morning; stabilized for the day. The last intraday from 7-11 PM would be omitted.

Lander: I suggest we have another alternative, from a framework vote regarding are these the components we need to have.

Walker: Clarification for Davis, you may bump at one or the other or bump as applicable. That gives firm shippers the ability to come back with a late nomination to get what they need. by start of gas day then most people will be on schedule, on rate, thereby stabilizing two intraday nominations.

Pollard: Scheduling by 7 AM - does not include confirmations by 7 AM.

Hahn: Its the response as to what is scheduled by the TSP.

C. Beaver: Is bumping required at each pass?

Walker: No, it is only to accommodate the bumping required on specific pipelines.

Davis: Asked for clarification if the number of times for sync up being voted on in the sense of the room included timely nominations.

Hahn: Yes.

Hahn: Calls for sense of the room on Walker's alternative: eliminating the 7 PM intraday with additional language - agree: 11; against: 12; abstain: 4.

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Hahn: Sense of the room for number of sync-up, or lock-up:

five sync-up/lock-down times for four physical changes:
number supporting: 6; against: 13; abstain: 4.

four sync-ups around three physical changes:
number supporting: 12; against: 7; abstain: 6.

three sync-ups around two physical changes:
number supporting: 18; against: 6; abstain: 1

two sync-ups around two physical changes:
number supporting: 5; against: 14; abstain: 3.

Next meeting: June 13, full day meeting: AM - 5 PM. Assignments: put strawmen together, building off co-chairs' strawman. Try to stick with nomenclature.

Meeting adjourned.

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5/9/97

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