

INTRADAY TASK FORCE MEETING - JUNE 13, 1997 - AGA HEADQUARTERS
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Meeting started at 8:30 AM

Jerry Hahn welcomed everyone.

Hahn read anti-trust statement.

Shelly Corman made a motion to adopt agenda. It was seconded and passed unanimously.

Brian White welcomed everyone to AGA. Revised red-lined minutes from the 5/9/97 meeting were passed out for review.

Hahn told group we are still looking for a starting point. The Chair's Second Alternative represents the best available starting point. We can address various issues associated with the alternate proposals and then come back to adjust the strawman. Hahn thanked all parties who submitted the alternate proposals. We all need to compromise to develop a starting point that best suits everyone's needs.

Mike Novak reviewed the minutes.

Greg Lander made motion to adopt minutes as amended. It was seconded and passed unanimously.

Sharon Eady: There will be no Chair's Summary from the last meeting. Some people like the Summary and some don't. There was nothing from the last meeting that could be summarized.

Hahn: Began review of proposals in the order they were submitted. The sense of the room from the last meeting was considered but the record shows that a proposal that contained only one true intraday would not meet the needs of one region of a particular segment. These alternatives will be presented so that people can understand what the alternatives are about. We are not formally discussing each alternative at this point.

Hahn: Reviewed Chair's First Alternative strawman. The chairs do not recommend this alternative but it is presented because it is considered to be the bare bones proposal, i.e. only sync up times.

Dale Davis: TSPs should be changed to all parties.

Lander: It should read all confirming parties.

Hahn: Reviewed Chair's Second Alternative strawman. Same times as first alternative but specifies that unlimited bumping is not wise. Movement from this position has been part of an attempt to reach compromise on the issue. Hahn said that a bump could take place at 10AM intraday or 6PM untimely.

Novak: The 5PM intraday is clearly no bump.

Lee Smith: What does unused capacity mean? If I nominate to a secondary point, it is not scheduled, can I go back to primary point and bump IT?

Hahn: Unused capacity means that a TSP, in its opinion, has space for additional gas nominations to be scheduled.

Tom Ehinger: The lack of a bump at 5PM is because it would be difficult for the bumpee to be notified.

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Kirt Kleinman: Can I choose to bump at both times? I definitely cannot bump at 5PM intraday.

Davis: Mentioning unused capacity in relation to untimely nominations may lead to confusion or conflict with tariff.

Mary Lynch: Precluding 5PM bump seems to be too specific. It precludes a pipeline from bumping. We need a consistent rule for all pipelines.

Hahn: This is a minimum.

Richard Ishikawa: Please explain the tie in between the untimely and west coast.

Novak: This is a regional gas day issue; local time vs. central clock time; east vs. west. Essentially, people want gas to show up at peak hour. In the Eastern Time Zone, peak would be at 8:00 AM (7:00 CCT). The second Type I Intraday is therefore critical because its the last shot to get gas at peak hour. Chart time for the next gas day (10:00 AM ECT) is too late. In the Pacific Time Zone, peak would occur after the start of the gas day because 8:00 AM PCT is 10:00 AM CCT. The untimely nomination is therefore the last shot to get gas at peak hour.

Lander: No one should lose because a standard is exceeded. The standard could be degraded.

Michael Goldenberg: The commission has stated that IT shipper should have the ability to reschedule. Commission has issued 35 bumping orders so far, without direction from GISB, timing of bumping will be at discretion of FERC. However, if direction is given...

Corman: Let's stick to discussion and not merits.

Hahn: Agree

Steve Sullivan: No pipeline can turn away a 5PM nomination if there is unused capacity.

Hahn: Correct.

Valero Proposal: Jay Story from PGT will explain. This proposal, in their opinion, reflects the current intention of standards that exist today. Too many bumping intradays might degrade existing services offered by the TSP. This is a starting point but maybe we go somewhere from here. The basic difference from the Chair's second alternative is one intraday, not two and some minor timing differences.

Hahn: Reminded that sense of room excluded LDC's.

Story: I understand what you are saying that we need to develop something that will work for all segments. However, if you want to be heard, you should be at the meetings.

Lander: The segment check procedure, which has only been in existence about one year, reflects who (which segments) is present at meetings and determines if there is a voting pattern.

Ishikawa: As an LDC, we agreed with only three sync ups. Who are the LDC's?

Novak: There was an AGA Conference call with LDC's from all time zones although I don't think your company was present.

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Davis: We need to be careful about how we vote. Our procedures are muddled when we poll people outside the meeting.

Hahn: As Chair's, we are trying to achieve a result that will pass the EC. The Chair's proposals are trying to reflect the situation as we understand it and the Chairs alone cannot represent consensus. We are far from reporting anything out of this task force.

Amoco Proposal:

Ehinger: Similar to Chair's second alternative but 7AM confirmation should be changed to 8 AM to catch more people in the office. The point under note 1 differs because the bumpee needs notification to make a change. Gas should not be interrupted immediately when it is bumped. We need to recognize across the grid what happens to bumpees.

Novak: The chairs agree with many of Amoco's suggestions. They need to be discussed.

Joe Pollard: Would bumped shipper putting nomination at next opportunity have a different priority at that time?

Ehinger: No, it has the same priority.

Becky Cantrell: Is this primary or secondary firm bumping?

Goldenberg: Firm capacity will bump IT but Firm Primary will not bump firm secondary.

Todd Lily: Does Secondary have the same priority, once it is flowing, as primary?

Goldenberg: Yes.

Paul Love: Please explain the 2 hour notice period.

Ehinger: Bumping gas does not flow at 9AM; it flows at 2PM. This give the bumped party until 10AM to submit another nomination. The bumped gas flows until 2PM.

Love: But if I can't confirm until 8AM I may have to reschedule.

Ehinger: 8AM is issuance of scheduled volumes. Confirmation is prior.

Lander: Is the notice provision the key feature of your proposal?

Ehinger: Yes. People need time to react. At 8AM, they have two hours to place nomination at 10AM.

?????: Primary cannot bump secondary?

Goldenberg: Yes

Lander: It is gas that 'is scheduled', not 'flows'.

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Pollard: ANR's tariff allows primary firm to bump secondary firm. We tried to make changes to be consistent with Goldenberg's definition but it was turned down because it was not specifically addressed in the standards

Joe Kardas: What time does the bumping shipper get the gas?

Ehinger: 2PM, there is no physical bumping at 9AM

Story: The 2PM change doesn't allow a firm shipper to get his full day's MDQ.

Ehinger: Yes. It is an incentive to place nominations timely.

Davis: I thought these were 24 hour numbers?

Ehinger: If you can do a 24 hour number in a shorter period of time, fine. The TSP only has to provide a ratable amount of capacity based upon remaining hours of the day.

Lynch: Lower priority shippers get flow? Aren't we tying the hands of a TSP that want to see that firm shippers always get priority?

Goldenberg: There is no standard for priority on intraday scheduling.

Lander: Please do not refer to normal scheduling as bumping. Bumping is you were on, now your off.

Smith: What is the penalty impact of only getting a partial day MDQ?

Ehinger: That's an individual pipeline issue.

TransCapacity Proposal:

Lander: Differs from Chair's Second Alternative as follows: 1) There is no no-bump period 2) Focus on confirmation sync ups 3) If two parties don't agree to exception confirmation rule, then process is explicit. Lesser of rule applies only if exception rule applies. Silence, in explicit rule, does not cause a change in flow.

Lander: The grid-wide sync up batch is the minimum standard. Continuous and contiguous process exceeds the minimum.

Lynch: Please explain how a pipeline has an imbalance position. Shippers have imbalances, not pipelines?

Lander: The TSP has an imbalance position it is managing in its operations to balance supplies and markets.

Lander: Note the difference between a Type II and a Type III. A TSP must do two Type I's and either a Type II or Type III. Type III is a late nomination for those who do not bump at 9AM. Type II says that for those who bump, if they need to, gas will not flow until 3PM. If capacity is available, Type II could flow at 9AM. Also, note that 3PM reflects that we are dealing with quartiles of the day.

Hahn: Is your proposal philosophically aligned with the Chair's second alternative?

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Lander: Yes but there are some differences associated with bumping at the second Type I.

Davis: On the synchronization time, isn't it the deadline for the receipt of nominations.

Lander: Yes, but its the beginning of the process. We've written some standards that explain this.

Lynch: How does this proposal different from Amoco?

Lander: The scheduling results are different relative to bumping. There are differences in bumpee notice periods.

Ehinger: The only difference I see is that a pipeline can declare itself to be Type II

Mark Gracey: If I choose to be Type II, what do I do with an untimely nomination that will cause a bump?

Lander: You schedule it at 3PM.

Gracey: Do I even know if I have all the nominations?

Lander: All nominations of this type are received by 6PM.

Gracey: If a pipeline bumps at more than one

Sullivan: Are TSPs obligated to accept nominations at 5PM but no-bump?

Lander: Yes.

Lynch: This is all one sided.

Lander: But we need to have something that settles the chaos we have today.

Goldenberg: The 5PM no-bump provision. If adopted by GISB would a pipeline who bumps now at that time have to change its tariff?

Lander: Yes

Goldenberg: Would a pipeline who now bumps at 10AM be permitted to change to 6PM?

Lander: From a public policy viewpoint, given the magnitude of changes, would permit changes.

Goldenberg: Isn't this a diminishment of service?

Lander: Yes but what is superior.

Novak: We need to coordinate across the grid. Inconsistent bumping provisions result in no bumping. It may be a technical diminishing but for the greater good, consistency makes me better off.

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Enron Proposal:

Corman: Our shippers are telling us that sync up is maybe a bigger problem than bump in moving gas across the grid. We are somewhere in between the TransCapacity and Chair's Second proposal. We will focus more on words than the timeline to explain this. Ambiguity is not our friend.

First, there would be a change to Standard 1.3.10. Additionally, while we have three sync up times, TSPs can schedule changes continuously.

The lesser of rule presents problems. The acceptance of yesterday's numbers, in absence of confirmation, is also problematic. We would only schedule intradays explicitly.

We need to stay away from "unused capacity". It may be too limiting. For example, it doesn't cover changes in delivery points with quantity changes or decreases.

We can do a sense of the room on a timeline but we need to write the standards to know what we ultimately have set up and agree too.

Joel Greene: With respect to continuous nominations, how do I respond on a batch pipeline? Do I hold onto the nomination?

Corman: Isn't this the problem that you face today?

Lander: Doesn't changing 1.3.10 solve that.

Greene: With an interconnecting pipeline, I would hold off but on my pipeline alone, I could do it in four hours (continuously).

Ehinger: I can agree with everything that Enron has said except that it doesn't address the rights of the bumped party.

Novak: Does a pipeline that bumps only once today have to bump three times to be in compliance?

Corman: No, this is spelled out in the standards.

Hahn: Are you in philosophical agreement with the chair's second alternative?

Corman: Yes but we need to spell things out and present both the standards and timeline as a package, not separately.

Goldenberg: As I see it, we have these differences between the proposals:

- 1) Bumping at 5PM
- 2) Should 6PM nominations flow at 9AM or 2PM or 3PM?
- 3) Opportunity for a bumped party to react to a bump.

Lunch.....

Meeting reconvenes at 1:40 PM

Hahn: We will not be doing a sense of the room. The submitters of proposals substantially, but not completely, agree that Chair's alternative II is a good starting point. Is there any disagreement?

Silence....

Davis: Do the LDC's have a proposal? I see a handout.

Novak: Brian White will cover these issues. We don't want this to be seen as a competing proposal. These are discussion points.

Hahn: Let's start capturing the issues and then group them. We can then set up cross segment groups to draft standards that reflect the specific issues on paper.

Lander: To develop a package, I don't think its necessarily right to not deal with the issues as a whole.

Hahn: OK, let's list the issues first and see where that leads us.

Corman: Confirmation Rules are very important.

Issues List - Intraday

1. Confirmation Rules?

- No/Incomplete communication
- Numbers don't match
- No nomination on one side
- "Holding" period of intraday nominations
- Consider lesser of rule, explicit confirmation and confirmation by exception

2. Effect on 9AM effective time from untimely nominations on the following:

- Supply/Demand balance in gas market
- Rights under existing firm agreements
- No-notice service
- Storage service
- IT Market

3. Rationale for intraday nomination at 10:00 AM

4. With two intraday nominations (i.e. Type I - this does not include untimely) industry appears to be in constant confirmation mode... True/False

5. Should an intraday standard include to process for notification to parties of changed volumes.

6. We need names for:

- Gas which is nominated and scheduled on Day 1 that does not get scheduled on Day 2 ?
(i.e. nominated for Day 2 but not scheduled)
- Gas that is turned off as a result of the confirming TSP?
- Scheduled gas that is unscheduled by the Service Requester's TSP as a result of other nominations to the same TSP?

[They can't all be bumps]

7. In an intraday nomination for one or multiple days?

8. Batch Processes:

- How handled?
- Simultaneous vs. time stamp

9. Address Bumping?

10. Avoidance of Ft Shipper degradation of service:

- Number of intradays
- Existing Bumping rights
- Unilateral Pipeline decisions

11. Can effective standards for intraday nominations be developed in the absence of standards for contractual scheduling priorities? (i.e. bumping?)

12. Modifications to the times in the current timeline.

13. Desire to prevent complete reopening of the pipeline once the gas day starts.

14. Should we avoid one size fits all solution?

15. Should all intradays that are processed outside the standard timeline be done on a no bump basis?

16. Number of intraday nominations to be processed per day (per contract, per shipper, per service, per transaction).

17. Should a continuous pipeline be able to switch to batch?

18. Define Batch

19. Define Confirming Parties

20. Processing/Scheduling Time

Goldenberg: Three scenarios: All pipelines bump, all pipelines don't bump, or continuation of bifurcated system. This group needs to develop a bumping in order to come to a consensus.

Corman: I don't see why saying something about all these scenarios moves us ahead.

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Goldenberg: Come up with a set of timelines/standards for each of the three scenario. Commission seems to be saying in GISB orders that bumping is a prospective policy. You don't know what the Commission is going to do but you ought to lay out everything in a policy paper. You may have to ask FERC for direction.

Smith: I don't think a bifurcated system works on a GRID basis. We need to present two solutions: bump or no-bump.

Hahn: No-bump is clear but there are degrees of bumping.

Lander: We either ask FERC for direction or present a package to the Commission and say this is a product of consensus and compromise... don't mess with it.

Lander: Westcoast: Is your opposition to the Amoco proposal (untimely effective at 3PM) based upon your experiences on one particular TSP in the southwest?

Paul Keeler: Prior to GISB we had a two day nomination process. Compression into one day has eliminated our second opportunity to schedule and maximize flow.

Lander: Does providing a second pass to that TSP, (which would exceed the GISB standard), help?

Keeler: Yes

Smith: This is not just a westcoast issue. If I need to move from a secondary to primary point because I was unsuccessful at scheduling into the secondary point, I should not have to pay the penalty of not being able to flow. I am a firm shipper and I have the right to the capacity.

Lander: I'm trying to insulate the industry from those operating circumstances.

Kleinman: We need to bump on the initial opportunity to schedule on the advance opportunity because this is the only way I can get

Lander: Lee Smith, you don't have the right to move to the primary point today? Aren't you trying to add something?

Smith: Yes

Ishikawa: I agree with Smith somewhat but add that we need to confirm flow on upstream pipelines too. We are paying the freight (as a firm shipper). IT shippers... you get what you pay for.

Diane McVicker: We only operate on the TSP in question. They had logistically good reason for the two day nomination process. Perhaps, if IT could only nominate on the second pass, FT would have priority. This would only apply to the TSP in question. It would stabilize the situation.

Donna Scott: This couldn't just affect the TSP, it would impact the interconnecting pipelines.

Davis: And where would it stop? It's not appropriate to talk about the TSP in its absence.

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Story: A new proposal. Let's truly support a 7 day a week/24 hour a day process. If we do embrace Standard 1.3.4, many of these issues go away because the intraday issue goes away. We could sync up 4 or 6 times a day at equal intervals. Gas day becomes gas period. You can bump because you reschedule the pipe every 6 hours. That's the bumped shipper's notice... nominate at the next interval.

Hahn: We will form four groups to study various scenarios:

<u>Scenario</u>	<u>Leader</u>
1) Bifurcated	[Chairs]
2) No Bump across the industry	[Walker]
3) Bump - same policy across the industry	[Lander]
4) 24 hr a day/7 day a week	[Story]

Each group should meet by conference call or in person if possible. Leaders should be contacted by those wishing to join their teams.

All the issues will be posted on the home page. Each group will have to address all the issues.

Next meeting from 8AM to 5 PM on June 27 in Houston (possibly at Texaco)

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6/13/97

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