

INTRADAY TASK FORCE MEETING - JUNE 27, 1997 - NORAM - HOUSTON, TX
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Meeting started at 8:20 AM

Jerry Hahn welcomed everyone.

Sharon Eady explained the timing and lunch logistics for the day. The Definitions task force will meet between 11 AM and 1 PM. This meeting will be adjourned during that meeting.

J. Hahn read anti-trust statement.

J. Hahn read the agenda. It was adopted unanimously.

Mike Novak reviewed the minutes.

Lander: Motion to adopt minutes are revised.

Corman: Second.

Novak: Any opposed?

J. Hahn: Motion to adopt minutes passes.

Scenario Presentations:

BUMP - SAME POLICY ACROSS THE INDUSTRY

Greg Lander: I will try to explain on the first page of the handout to capture the key features of the study.

Lander: The participants on our Scenario Team were Mark Gracey, Lee Smith, Kirt Kleinman, Bob Wallenhorst, Chuck Beaver, Diane McVicker, Catherine Calpotura, Tom Ehinger, Christine Mespelli, Norm Walker, Jean Ford

TSP's get to identify up front whether they allow nominations to be effective at the 9AM (off an untimely nomination). In either case, the 6PM nomination would be scheduled for no later than 3PM. Many TSP's are concerned that even if they are no bump, that shippers could wait until 6PM to nominate if they felt assured that the capacity would be there for them. This would harm the integrity of the 11:30 AM deadline.

Tom Ehinger: There's a need to distinguish between 6PM nominations that are fix ups and those that are original nominations. Many TSP's say 11:30 AM is lock-out time and don't allow further nominations which denies the shippers an opportunity for an error correction.

Shelly Corman: Did the Bumping Scenario Team look at the results of nomination mismatches at interconnects? What are the contractual rights?

Lander: The lesser of rule would prevail. The viewpoint of the TSP concerning ratable hourly takes would be a factor.

Mary Lynch: Is there a difference between primary and secondary firm so far as bumping is concerned? Is secondary FT equivalent to IT?

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Lander: Firm is Firm

J. Hahn: Will TSP's be mandated to this process? Will "no bump" be forced to become "bump"?

Lander: Yes

J. Hahn: The choice of when to bump is a one time choice?

Lander: Yes

J. Hahn: There are no less than two bumps per day?

Lander: Yes

Novak: What are the FT primary/FT secondary/IT bumping scenarios?

Lander: Only Primary FT can bump any gas. FT primary trumps secondary FT if they are both scheduled at the same intraday opportunity but does not bump secondary FT that is flowing. Secondary FT does not bump IT. Secondary FT trumps IT scheduled at the same intraday opportunity.

Ron Doyle: How many intradays per day?

Lander: One per opportunity. Limitations per contract can be circumvented via self-releases. Package ID can be used to get around a per transaction limit. We need to deal with this issue through incentives to nominate timely.

Paul Love: We need to consider primary/secondary further. Tariffs define primary points, secondary points and primary path capacity.

Lander: I acknowledge that but the proposal doesn't say anything about point or path.

Corman: Please explain the timing incentives further.

Lander: Affected bumped shippers don't lose their capacity until 3PM. They get no less than 25% of the daily flow. Bumping shippers get the capacity no later than 3PM; they get at least 75% of the daily flow. They could get it sooner.

Corman: Isn't this ambiguous? Does this really discipline people into nominating timely?

Lander: You need to look at the interconnected systems. If the capacity is there, should we prevent a TSP from giving the bumping party more than their 75% of the daily flow?

Lynch: If the quantities aren't certain (and the timing), how can I commit to a supplier how much gas I'll take? What if I'm going across TSP's with different bumping times?

Lander: As a service requester, quantity is more important but as a confirming party timing is critical. Certain combinations of pipeline paths will work better than others because of the differences in bumping times.

Ehinger: I agree with Lynch that the quantity and timing is a big issue. My last opportunity to avoid a 9AM shut-in is with a 6PM nomination.

Lander: I'm not disagreeing with you that it is an issue but you can price your product differently to reflect market certainty/uncertainty.

Ehinger: For those pipelines that chose a 3PM effective flow time; their shippers must be perfect at 11:30 AM because the 6PM nomination, without a bump, is not certain for a 9AM flow.

Joe Kardas: If 6PM was only used for corrections, it would not be a big deal. But allowing the bump as a result of a 6PM nomination would give an incentive to wait to nominate untimely.

Lander: It's impossible to hit every circumstance but this proposal gives people more options than they have today. Too much shipper choice destroys a balance. The pipelines need some sort of certainty.

Lynch: But shippers start the choice process!

Novak: There's a built in incentive to nominate timely across the grid. If you have an upstream pipeline where a timely nomination is required to get the gas to flow, it does not make sense to nominate untimely on the downstream pipeline. At confirmation time, the 'lesser of' rule would be applied. The downstream pipeline would confirm zero and the result would be that no gas would flow on either pipeline. This means that the untimely nominations would be more for cleanups.

Ehinger: Have any pipelines seen a shift to untimely nominations?

Lander: If you know of any examples, bring them to the next meeting. Let's focus on confirmation rules now. There are different implications of explicit/exception confirmation as well as the "lesser of" rule under different scenarios. Is it fair that if there is no communication that no changes take place as a result of the "lesser of" rule? We need to look at the "seamless" concept so that people know what the results will be.

Lander: The other issue we need to look at is "batch". There are several different definitions in addition to being something different than "continuous". We have additional questions that all scenario teams might want to consider:

- 1) Are all nominations received for processing by a batch process prior to the running of the batch considered to be equal or is a time stamp important?
- 2) Is continuous scheduling based upon the time stamp of when the nomination was received or the effective time of flow?
- 3) Can we separate the concept of the grouping of transactions being processed in one computer scheduling session from the concept of batch processing?

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Lynch: If a pipeline chooses to be a continuous scheduling pipeline aren't they degraded to batch by the sync up times?

Lander: More can be done at sync up times but nothing is changed at the other times for the continuous pipeline.

Lynch: What about going across the grid?

Lander: You'll have to make the nominations at the sync up times. Continuous pipelines will have to support the sync up times.

Ehinger: But can't continuous pipelines still use the time stamp?

Lander: Yes but it won't pre-book capacity across the grid.

Lander: The last key issue is whether a continuous pipeline can switch to batch. Is this a degradation? That's a FERC question. A continuous pipeline supporting sync up times is not a degradation.

Corman: Did your Scenario Team consider all the capacity release possibilities?

Lander: No

Bob Wallenhorst: Can someone come in at 10AM as a firm shipper and bump someone?

Lander: No. A 10AM release on Friday could nominate at 11:30AM on Friday and schedule gas for Saturday and thereby get a full day of flow. That 10AM release, if it were for Friday flow, could not be guaranteed a full day of flow.

Mark Scheel: Did you deal with the rollover issue?

Lander: The intraday is still for one day only.

Scheel: We may need an interpretation to determine what priority a timely nomination has relative to an untimely for 9AM flow.

Cantrell: Please clarify the bumping definition.

Lander: The term bump is old; it used to be a day to day process on some TSP's. That meant that gas flowing one day could be bumped by gas from a different class the next day (There was no reference to intraday). Today, this issue is the normal scheduling priority. We clear up the definitions by coming up with two new terms.

Lunch...

J. Hahn: Next meeting scheduled for 7/9. This conflicts with the El Paso Technical Conference.

Lander: Can we move the meeting to the 11th? The El Paso conference has direct bearing on this committee.

Novak: Let's keep it on the 9th. I have my flights booked; this will cause a significant fare increase.

Vote: Move to 11th: 10-8 (6 abstain) passes.

7/24 HOUR GAS SCHEDULING CONCEPT

Editors note: Several people made inquiries and small contributions to this team's effort. Jay Story offers special thanks to Donna Scott, Scott Coburn, Martha Murphey and Doug Hahn.

Doug Hahn: Priority is given on Service Offering. There is no "Bump" concept. Gas is scheduled in 4 cycles per day, each independent of each other. All parties must be consistent with this or it does not work. Scheduled quantities would be one quarter of the MDQ although flow could be cumulative. Quantities could accumulate to 100% of the MDQ over the day at different rates throughout the day. TSP's communicate at each cycle.

Ehinger: Are these times Central Clock Time or Standard?

D. Hahn: Clock but they line up with the calendar day, central time.

Lander: There is no bump under the traditional concept but gas can be re-scheduled for the next available interval (6 hours later)?

D. Hahn: Yes

Scheel: Does a nomination at 12AM for 6 AM rollover?

D. Hahn: Yes. Also the scheduled quantities report would serve as notice to unscheduled (traditional bumped) shippers.

Lander: Is there still an end of day report?

D. Hahn: Yes

Kardas: Wouldn't there be four allocations per day?

D. Hahn: There could be but they could accumulate into a total day.

Love: The period should start with the 9AM gas day start.

D. Hahn: There is a backorder concept which says that I can try to fill a confirmation mismatch or deficiency from a prior cycle to the current cycle. The "lesser of" rule would act as a check though.

Lander: Backorder concept needs to be revised to add confirmation.

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Corman: I see ambiguity in the backorder process.

Lander: This is more of a standing order.

Corman: I need to understand the subtleties between last confirmation and last communication. I'm not trying to prejudge the merits of the proposal.

Lee Smith: I've submitted a nomination but it is not scheduled, when do you find out?

D. Hahn: At 5PM, one hour prior to flow and then you can nominate for flow to start 6 hours later.

Smith: This seems to be superior to the "Bump" scenario from a flowing perspective but it doesn't address the secondary FT issue.

Lander: That's the trade off.

Lynch: Do I have to schedule in quartiles?

D. Hahn: That's a service issue.

Lander: You could get 100% of your hourly flow during the cycles but not 100% of the MDQ if you are unscheduled for a cycle during the day.

D. Hahn: Many standards would have to be modified (timelines, for example) but many others which are ambiguous could be eliminated.

Corman: We still nominate in whole daily quantities?

D. Hahn: Yes.

Chuck Beaver: How would I make up gas from unscheduled cycles?

D. Hahn: The tariff would have rules to address this but some sort of proration per cycle would be done to put all nominations on the same basis but allow gas to be made up.

Love: In a makeup situation, do I submit a nomination for the whole day less what has flowed?

Lander: You could nominate 75% to flow in the last two cycles.

Love: I'm thinking that there are nomination data storage issues here.

D. Hahn: Yes, it's an issue.

Beaver: As a shipper, I would have to know what cycle I'm scheduling for. I'd have to keep track of an accumulation.

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Corman: For shipper comparison purposes (not contractual rights), either you divide up the flowing shippers quantities by four or gross up the shippers in a subsequent cycles.

Novak: Aren't we heading towards MCQ instead of MDQ (Maximum Cycle Quantity vs. Maximum Daily Quantity).

Corman: I wasn't headed there.

Beaver: I think that is where we are heading.

Lander: Isn't there a capacity release implication. You could flow during the first two cycles but release the next two cycles.

Novak: That's where I was headed. The concept of flowing for the first two days of the month then releasing the next two is easy to understand. Now I do this over a 4 cycle period and the four cycles happen to be within a traditional day.

D. Hahn: This scenario is really theoretical at this point. We really find ourselves with one of the other two proposals. "24 hour" is something we could reach someday.

Lander: We can bookmark this for the future.

Tony Perry: There are so many issues involved with this concept from flow to operations, we simply can't move to this quickly.

D. Hahn: Yes but these issues are in the other scenarios too.

Ehinger: If you were starting from scratch, say beginning operations in a new country, this would make sense. But we are not there because of where we are today.

Lynch: Just because something might be hard, doesn't mean we should try it. What about the next pipeline expansion?

Novak: We need to consider that we want a seamless grid. The next expansion wouldn't be seamless then. Also, even if it is a better solution, is it worth the cost to everyone? Being hard isn't a reason not to do this but cost might be. On the other hand, this may make sense in a few years.

Kardas: It's not just a cost to pipelines, its everyone in the industry.

Corman: We need to focus on what is doable.

J. Hahn: Standard 1.2.2 says we need to go to 7/24 but it may be a long road.

BIFURCATED PROPOSAL

J. Hahn: Those that worked on the scenario team were Jerry Hahn, Scott Coburn, Chuck Beaver, Becky Cantrell, Laura Mosely, Dale Davis, Donna Scott, Shelly Corman, Gary Payne, Bob Wallenhorst, Mike Novak, Tony Perry, Cynthia Corcoran, Mark Scheel, S. Eady

J. Hahn: We find many commonalities between the Bifucated and Bump scenarios. The Bifucated Team had several teleconferences but what we've done is work-in-progress.

The untimely is in by 5:30PM out by 9PM so that people can know where they stand before they go home. This serves as 12 hours notice to the bumped shipper. The first intraday is moved to 3PM flow with two hours of notice to bumped shippers. The 5PM intraday is no-bump. There is still TSP choice as to whether a TSP bumps at first intraday or untimely or both (but a least one).

Lynch: How does this differ from Bump proposal?

J. Hahn: The Choice and if the bump is on the untimely, that the bumping shipper will get 24 hours of flow.

Lander: Additionally, under Bump Scenario, an untimely might not flow until 3PM due to coordination issues.

Corman: Under bifurcated, untimely nominations are always scheduled at 9AM if there is capacity (and capacity could be created by a bump).

Kardas: But I could be inundated by 5:30PM nominations.

Novak: Only for on system nominations. Any nominations from upstream pipelines or to downstream pipelines would have to be timely for coordination purposes if timely nominations are essential to getting capacity.

Love: The TSP choice of when to bump could mitigate the 5:30 PM problems.

J. Hahn: The other difference between Bifurcated and Bump Scenario is that if you are "No Bump" today, GISB will not require you to become a "Bump". That is a FERC policy issue.

The Bifurcated team has identified these issues:

1. Will TSP's run their scheduling applications before or after confirmations? Both?
2. The notice time required to be given to a bumped party probably needs to be different for when gas is flowing than when it is not.
3. The complexity of deciding the bumpee's rights is greater for secondary firm than interruptible.

4. 4-hour scheduling not doable when reasonable notice is required to be given to the bumped Shipper.
5. A minimum of 1 hour notice to the Shipper & Operators is needed before gas scheduling changes can be made.
6. A bumped interruptible should not have any renomination rights available to it that aren't available to all other shippers. (Does this imply that a firm secondary shipper does have rights the interruptible shipper doesn't?)
7. Mismatches at interconnects should be avoided.
8. We need a set of rules for Intraday confirmations that everyone will follow. Explicit confirmations may be a key part of the rules.

A decision tree needs to be set up to analyze all the possibilities.

Presuming an upstream and downstream TSP at an interconnect (bumping status is deliberately not mentioned):

TSP-UP	TSP-DOWN	
decrease	no nom	
increase	no nom	
no nom	increase	
no nom	decrease	
decrease	decrease	but up>down
decrease	decrease	but down>up
increase	increase	but up>down
increase	increase	but down>up

What are the confirmation rules for each of these cases?

Lander: The decision tree should be added to the list of issues to be addressed by all groups.

J. Hahn: Yes, along with the issues you mentioned this morning.

Corman: Also, a consistent bumping policy across the grid did not answer all the issues as was suggested at the June 13 meeting.

J. Hahn: The bumping scenario inconveniences the firm shipper (with notice to bumped shipper) while the Bifurcated proposal inconveniences the interruptible shipper.

Lander: But different markets and pricing will evolve to the different flow quantities in the Bump Scenario.

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Corman: The Bumped shipper knows they'll be bumped sooner under the Bifurcated proposal.

J. Hahn: We thought the 12 hours notice from an untimely bump was also better, it presents a fighting chance to fill the pipe or keep gas flowing somewhere else.

Love: Bumping interjects uncertainty anyway.

Lander: What about the issue: 1) When does (processing)scheduling take place? a) before people go home at night? b) at 7 AM, prior to the start of the gas day? Where does the Bifurcated team stand on this?

J. Hahn: We recognize it as an issue to be discussed.

Ehinger: How does this impact LDCs?

Novak: 9PM means we'll work later but there is at least more certainty. Also, LDCs often have no-notice FT which will fill in for the unexpected. The intraday bump also gains in importance.

Lander: But won't LDCs with bumping rights have incentive to wait to place untimely nominations?

Novak: Not if they have to nominate across multiple pipelines. There's bound to be a constraint somewhere that forces a timely nomination. Submitting a timely nomination in one place and an untimely at an interconnect place means that zero would flow. That would be like "cutting my throat".

J. Hahn: We're starting to lose folks so lets move on. Let's take a sense of the room but Valero, TransCapacity and Enron find themselves in either the Bump or Bifurcated proposals.

Ehinger: I find myself in between both proposals. I need the grid to be solid on when bumps affect flow. How does the sense of the room find itself in 1) Will a bump have a notification with a delay in the bump so that the bumped party may nominate at the next opportunity. 2) A non-bumping 6 PM nomination, should it have access to 9AM grid-wide flow?

Love: But if there is capacity, a 6PM nomination can flow at 9AM, whether the pipeline is bump or no-bump?

Ehinger: Yes, it should flow.

Love: Let's recast it as scheduled gas should flow until it is bumped.

Votes (Senses of the Room):

Sense of the Room #1 - "Can you live with this alternative?"

Note: Each attendee has one vote per case

Case #1 - Bumping Team

	YES	NO	ABSTAIN
Producers	1	3	0
Pipelines	2	11	3
LDC's	3	0	0
Endusers	0	0	1
Services	4	2	0
Total	10	16	4

Case #2 - Bifurcated Team

	YES	NO	ABSTAIN
Producers	2	1	1
Pipelines	11	1	3
LDC's	2	0	1
Endusers	0	0	1
Services	4	1	1
Total	19	3	7

Case #3 - 7/24 Team

	YES	NO	ABSTAIN
Producers	0	3	1
Pipelines	0	4	11
LDC's	0	0	3
Endusers	0	0	1
Services	1	0	5
Total	1	7	21

Votes (Senses of the Room) continued:

Sense of the Room #2 - "Which alternative is your current preference?"

Note: Each attendee has one vote

	#1	#2	#3	ABSTAIN
Producers	1	2	0	1
Pipelines	1	9	0	5
LDC's	1	2	0	0
Endusers	0	0	0	1
Services	1	1	0	4
Total	4	14	0	11

Sense of the Room #3 - "Will a bump have a notification with a delay in the bump so that the bumped party may nominate at the next opportunity?" Note: Each attendee has one vote

	Yes	No	ABSTAIN
Producers	1	2	1
Pipelines	0	0	12
LDC's	1	1	0
Endusers	0	1	0
Services	6	0	0
Total	8	4	13

Sense of the Room #4 - "A non-bumping 6 PM nomination, should it have access to 9AM grid-wide flow?" Note: Each attendee has one vote

	Yes	No	ABSTAIN
Producers	3	1	0
Pipelines	1	0	12
LDC's	0	0	1
Endusers	1	0	0
Services	4	0	1
Total	9	1	14

Meeting Adjourned at 4:20PM.

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6/27/97

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