

INTRADAY TASK FORCE MEETING - JULY 11, 1997 - TRAVIS PLACE - HOUSTON, TX
FINAL MINUTES
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Meeting started at 8:10 AM

Jerry Hahn welcomed everyone and read the anti-trust statement.

Mark Gracey explained the timing and lunch logistics for the day.

Mike Novak reviewed the minutes from the last meeting. They were adopted, with revisions.

Rick Ishikawa reviewed a new proposal that was based upon the Bifurcated Scenario. The key feature is that the 6:00 PM intraday (untimely) nomination would bump gas scheduled for 9:00 AM the next day but no intraday nomination would bump gas that is already flowing. This proposal is offered as a compromise to attempt to get a consensus proposal to the EC by 9/1/97. The industry should be striving towards continuous scheduling, 7 days a week, 24 hours a day. This proposal is an interim step. This is not a perfect solution but it is an attempt to move forward.

Hahn: A pipeline that does not bump today would not be forced to bump?

Ishikawa: Yes

Hahn: And the untimely nomination can flow gas at 9AM?

Ishikawa: Yes but we would prefer to call it an intraday. There is a negative connotation to the term 'untimely'.

Hahn: Please clear up the concept of not bumping gas that is flowing.

Ishikawa: Once a shipper begins to flow at 9AM it will flow the entire day.

Hahn: Does the untimely rollover?

Ishikawa: No.

Mark Scheel: So a party is notified that it is bumped but it can't place another nomination until the next intraday opportunity.

Ishikawa: Yes.

Chuck Beaver: I think for a grid wide solution this will not work for the East Coast. It is fine for the west though.

Ishikawa: We realize that this proposal represents a compromise for some. In fact, we would have preferred bumping at all intraday opportunities. The industry is not ready to move that far yet. This proposal is an interim step.

Kelly Daly: We have always preferred to have a bump on flow day (and we are from the southwest). I'm not sure the Commission would move away from flowday bumps that are already working.

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Greg Lander: I think the Commission is looking to GISB for solutions.

Hahn: Can people in the room support what Rick's scenario is trying to accomplish?

Cantrell: Clarifying question... Do you mean that we can support it even if it is not necessarily our preference?

Hahn: Right.

Note: There were 14 people or about half the room responded affirmatively.

Hahn: Thank you. Now based upon our charter and many e-mails I've received we've tried to bridge the differences between the Bumping and Bifurcated models (there were few differences). Additionally, notice to IT shippers is an important concept that has been incorporated into the Proposed Compromise model.

IMPORTANT CONCEPTS:

- 1) Adequate notice to bumped parties
- 2) Incentive for firm shippers to nominate timely.
- 3) The model does **not** set bumping policy.
- 4) If gas can flow at 9AM because capacity is available, it should.

Hahn reviewed the votes from the previous meeting and restated the chairs opinion that the bifurcated scenario had the most support although it is certainly not unanimous support. Changes have been built into the model to incorporate key concepts from other approaches. J. Hahn then reviewed the Compromise scenario.

Lander: A key feature that I see is that gas can only stop flowing at 5PM.

John Coppens: What renomination rights does a bumped party have off the 10AM intraday?

Hahn: They definitely have a 5PM nomination but since they are notified by 1PM, they still have at least four hours to try to keep the gas flowing somewhere and avoid a shut-in.

Daly: What incentive does a firm shipper have to place an untimely over the first intraday?

Lander: The 6PM nomination would trump the 10AM nomination.

Hahn: I've always thought that the time of the bumping intraday was an east coast vs. west coast issue.

Lee Smith: Do you think R. Ishikawa's model sets policy?

Novak: No because it still doesn't force a pipeline to move away from no-bump if they have that status now.

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Smith: If east coast people want the bump on the 10AM and the west wants the 6PM, then how do we have a grid wide solution?

Hahn: Through the sync ups.

Scheel: Why 5PM for the flow change time instead of 9PM?

Hahn: Because we are trying to build a compromise.

Lander: There was a potential to stop flow at 3 PM and again one at 6PM. It made sense to have one time instead of two.

Donna Scott: We need to define the confirmation process between the parties but let's get through the model first. We need these to have an overlay before we get to the details.

Ishikawa: I don't see the east coast vs. west coast issue.

Novak: My peak hour is before the start of gas day; yours is after. If geographically I was where you were, I would want the bump when you do.

Hahn: We are at a point where we have to rally around one model. We've had at least 12 meetings and at least 12 different proposals. We can't move forward to write standards until we have one model.

Tom Ehinger: I have three issues that I think need to be considered in the Compromise model:

- 1) Should our sync up times also apply to EBBs or do we need to keep the 15 minutes lead time?
- 2) We need to determine whether rollovers on untimely nominations are permitted.
- 3) The idea of choice of bumping times. Should GISB say anything? Perhaps it should be worded differently or let FERC make the policy decision. New wording could be "This is how we handle bumping".

Hahn: Lee Smith has expressed a concern that we don't have sync up because the notice would vary across the grid according to the Compromise model. Just to make a point that notice isn't as important as the 5PM sync up, what if we were to delay notice on the untimely to be the same as the first intraday? The effective flow time is 5PM either way. Sync ups are clearly more important but does it make sense to hold onto notice information.

Smith: If one TSP can choose one time to bump and one chooses another then I don't have surety.

Joel Greene: The 5PM sync up flow is still the issue. If you don't have this sync up then delaying notice causes more problems.

Lunch...

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Hahn: Here is a new note 1 for the Bifurcated Model:

GISB takes no position on whether a pipeline bumps or not. This Note 1 is applicable to TSP's that have chosen to allow intraday bumping. These Bumping opportunities are to be determined by the TSP and its customers and as necessary through regulatory filings.

Diane McVicker: Shouldn't we address the term 'untimely' in the note?

Novak: The Rollover issue needs to be resolved. If untimely nominations rollover, this can save a timely nomination the next day which leads to a more efficient process. On the other hand, if timely nominations are the only ones that can rollover, then there is more incentive to place timely nominations.

Lander: Let's go back to concept of Type I and Type II intradays.

Novak: Is there any one who wants to have a Type I nomination rollover? (No one) OK, then lets just consider the rollover on the Type II[untimely].

Jay Story: I think we should follow shipper requests. If they give us a date range on a Type II[untimely] intraday, then we should use it.

Lander: I think intradays have different scheduling priorities. It is easier to just require a renomination.

Novak: I think the Date Range issue is already handled by looking at how a range of timely nominations are processed. For example, a shipper can place timely nominations downstream for 30,000/day from the 4th to the 6th of the month while upstream, another shipper places a nomination to feed the downstream nomination but only from the 4th to the 5th. On the 6th, the downstream nomination is scheduled at zero. The downstream TSP does not get a nomination, but at confirmation the "lesser of" rule prevails. Now consider an untimely nomination placed upstream and downstream for 30,000/day. On the downstream TSP, space is available therefore all 30,000 is offered for confirmation. On the upstream TSP, a bump must take place to give its shipper the space therefore 2/3 or 20,000 of the gas will be offered for confirmation. The "lesser of" rule says that 20,000 will be scheduled and then flow on the downstream TSP. On the 5th day, without any nominations being placed, the scheduled quantity increases to 30,000 on both TSPs. In this case, the "lessor of" rule makes the situation predictable even though nominations matching what was scheduled were not placed. The "Date Range" concept works in either case.

Dale Davis: Nominations are a series of one day nominations. We provide our customers the ability to tell us what they want for an intraday and that they also want a timely nomination for the next day all at one time. We process each piece according to the applicable rules and the customers like it. It's a customer service.

Story: If a nomination for a 30 day period is late, the customer is not expecting to lose flow two days out because the nomination is being interpreted or processed as a Type II[untimely] nomination. He doesn't necessarily know his nomination was received at 11:31AM. Therefore, we should rollover on the Type II[untimely].

Hahn: Let's capture this as an issue and move onto the EBB 15 minute issue.

Ehinger: Let's say 6PM is equivalent to 11:30AM. Therefore, there is a 6:15PM that corresponds to 11:45AM.

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note: No opposition to this proposal.

Gracey: Let's review note 1.

Beaver: Is the choice still there?

Hahn: Through the regulatory process.

Scheel: How does the choice work?

Lander: A TSP who bumps can bump from nominations received at 6PM or 10AM or both.

Scheel: How is this consistent?

Novak: This is not a day to day change. I envision that the result of the regulatory process will identify the time(s) that bumping nominations may be received.

Scott: I think the confirmation times need to be discussed. They should be quicker. People wait until the last minute to confirm.

Hahn: Yes, it is a detail issue.

Novak: We have to accommodate scheduling systems. If we are patient, technology should help us in the long run.

Gracey: I still think Note 1 is unclear, therefore insert in both 6PM and 10AM notes:

"If bumping is allowed by the TSP and in the event"

Scheel: If you are bumped there is a 4 hour gap. This is still an issue for me here.

Hahn: You can work with the TSP to try to do something quicker just as you do now.

Scheel: But it is not guaranteed until 4 hours later that I can flow again. The model doesn't instruct a TSP to work with the shipper.

Hahn: You have an opportunity but it is not guaranteed.

Scheel: But if you have to rely on the model, then it has a hole.

Hahn: Again, there isn't a guarantee that a TSP will work with you, but I still expect TSPs to accommodate what they can. After all, it's a revenue issue. If they can't help, then I feel that it is part of the value proposition I accept when I choose between firm and interruptible transportation. Interruptible rights to timely notice an reaction time a reasonably maximized by this model.

Greene: We have a situation on the TSP on which we operate where we will be allowing an untimely nomination to flow at 9AM. Its hard to support this model if the TSP will have a process that already exceeds the 5PM standard. There has to be some flexibility in times.

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Hahn: So long as this TSP can meet the model (e.g. provide the 5PM bump), if it can provide another opportunity for a bump to take place(e.g. 9AM) , then this is acceptable. We are trying to develop a minimum sync up.

McVicker: This is helpful.

Hahn: Who does not support moving ahead with this model?

Ishikawa: We have not really discussed the merits of any of the proposals submitted to date. If we vote for this model, are we excluding discussion on other proposals?

Hahn: We cannot move ahead unless we have one model.

Novak: Through the regulatory process, we may well end up with the model Rick Ishikawa proposed this morning. Or it could be Amoco's model from a few meetings ago. We can't, in this group, pick an exact detailed model. We've identified many issues we have consensus on and at least what details we have to discuss more.

Hahn: Now does everyone agree the Compromise model is the best way to proceed? (*No one disagrees*). Now in review of prior minutes, we have several items that must be developed.

Novak: There are three broad categories:

DEFINITIONS

TIMELINE STANDARDS

PROCESS STANDARDS

Hahn: The chairs will gather the issues and get them to the teams. Team Leaders are as follows:

Donna Scott will lead Confirmations Team.

Chuck Beaver will review existing standards.

Greg Lander will review definitions.

We will need volunteers for these teams so please contact the team leaders. The next meeting will be in Washington on Tuesday August 12. Team Leaders should set up Conference Calls.

Novak: The chairs will also set up conference calls with the Team Leaders to review progress.

Greene: The next meeting should be to present the Team work products.

Hahn: Yes, and make use of the Home page. It is vital that we get information distributed to everyone.

Greene: And we should vote at the next meeting?

Hahn: Yes.

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Davis: And exchange of work papers be earlier so everyone can be prepared.

Novak: Yes, exchange of workpapers should be by August 5

Davis: Everyone should make sure they read the workpapers and be ready.

Novak: Kirt Kleinman has submitted a change to page 9 of the 6/13/97 minutes. He was unable to attend the 6/27/97 meeting.

The minutes currently read:

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

They are corrected to read:

Kleinman: We need to bump on the initial intraday opportunity to schedule additional supplies in advance of the start of the gas day because this is the only way I can get a full day's supply of gas scheduled prior to the start of the gas day.

Hahn: Thanked everyone for recognizing that the Compromise model is the only one that has a chance to succeed at the EC. This is an important step which allows this task force to move ahead on this difficult issue.

Meeting adjourned at 2:10 PM.

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