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Meeting started at 8:45 AM

Jerry Hahn welcomed everyone and thanked Brian White and the AGA for providing a meeting location.

Greg Lander recited the anti-trust statement.

Hahn: Agenda adopted as written? (Yes)

Mike Novak reviewed the minutes from the last meeting. Motion to adopt by Becky Cantrell, seconded by Dale Davis. They were adopted, with revisions.

Hahn recapped the progress of the task force to date re-iterating that the model represented a compromise that could be presented to the EC upon completion of further work. Teams were set up to address different aspects of the Model. There was some overlap and as a result, some inconsistencies that will have to be reconciled as we move ahead. Hahn thanked everyone for what the compromise represents; it allows us as an industry to move forward.

TEAM PRESENTATIONS:

Donna Scott (Team Leader) - Confirmations Team

Scott passed out a handout representing the team's work product. The issues that were covered were:

- A. Timeline Cleanup Issues
- B. Incentive for Timely nominations
- C. Confirmation Decision Tree
- D. Explicit confirmations and Confirmation by exception
- E. Rollover
- F. Scheduled Volume Reporting Timeline & Issues
- G. Processing Time Issues
- H. Number of Intradays to be processed per day
- I. Batch Process

Scott stated the team finding was that confirming parties should not wait until the last minute to confirm because that could change scheduled quantities. Another finding is that the standard reflecting the number of intradays per day could be revised to be a number per nomination cycle. The incentives for people to be timely seem to be built into the Model. No additional work may be needed. We still, as an industry, need further experience to get a better handle on this issue. We may be better off leaving a few items open and developing standards after six months of operating experience. There are several different ways to create incentives to nominate on a timely basis, e.g. limiting the number of intradays that can be placed or not providing a rollover. This is still an open issue.

John Coppens: This is a difficult issue. There needs to be a balance between the rights of a firm shipper to place intradays and people placing too many cleanup nominations. We are a continuous pipeline. If we were a batch, it might be easier.

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Mike Wells: We've seen an increase in the number of intradays and we are concerned that the number will increase further as we approach the winter.

Terry Fitch: As a batch, it might be more difficult. People with too many changes can lose track of where they are.

Scott: Nominations received late (but not untimely), shouldn't interfere with processing. If capacity is available, TSPs could try to prevent late nominations from slipping into the untimely domain.

Greg Lander: Late nominations processed with timely shouldn't alter a shippers allocation of capacity. Perhaps there should be a data element that reflects the status of the nomination (timely or intraday) and the timely could be thereby identified as late.

Scott: There is a lot of concern over the holding period, whether for timely or intraday nominations.

Tom Ehinger: I don't object to a TSP honoring late nominations but the TSP must 1) provide notice that they are accepting late nominations 2) there should be a status flag as Lander suggests 3) TSPs should not overuse the late nomination concept otherwise the grid wide timely nomination is being watered down.

Cantrell: The MDQ should be the same irrespective of the nomination cycle. What capacity they receive is the issue.

Scott: There are conditions that still provide the incentive to nominate timely. Late and timely are processed at the same time but they are not blended. Timely has priority over late.

Paul Love: We, as a task force, should build a framework and let the marketplace work it out. We can't foresee everything.

Bill Griffith: Agrees with Ehinger and Love. If a TSP sees that it can waive a deadline on a non-discriminatory basis, it should be allowed to do that.

Shelly Corman: Continuous pipelines already do this. The issue is that accepting late nomination should not prevent a TSP from confirming on time. That deadline must be met.

Lynch: What happens to this model if FERC rules that bumping occurs at every cycle?

Novak: I think much of the model survives but I'm sure there would be some minor changes. Operations might be more difficult but I think the rules would work. Even if we could ask for a majority vote on this issue (whether there should be industry wide bumping or not) today, that does not mean that our vote would carry with FERC.

Hahn: We have to deal with what we know today and we can't continually re-evaluate our starting point.

Lander: If you are a continuous pipeline that does not bump, you really don't need any extra rules. You are just following customer instructions.

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Corman: No waiver is needed so long as continuous TSPs meet the confirmation deadlines.

Lander: Should we have a start time for the confirmation process? People who are on time should not be penalized (relative to those who are late) for being on time.

Corman: The term "waiver" is too ambiguous.

Ehinger: Condition 4) is that a continuous pipeline cannot waive the confirmation deadline. Nominations are one thing but confirmations affect the entire grid.

Wells: GISB standards say that anything after 11:30 AM is not timely. The issue is whether they are late or become untimely. There is no "waiver".

Hahn: The standard says "waive". I don't disagree with your concept but the term "waiver" may be appropriate.

Corman: The point is that late nominations are for available capacity.

Scott: Moving on the "Confirmation Decision Tree", more work needs to be done here. It appears unlikely that one confirmation process will fit all situations. We need to revisit this later after the Model is set in place. The industry needs definitions for explicit, auto-confirm, confirmation by exception as they relate to intradays.

Love: We need explicit definitions. I agree with Scott.

Griffith: You can recognize these three confirmation methodologies but for intraday cycles, not responding cannot be an option.

Chuck Beaver: You will need to develop a matrix identifying what happens with each confirmation model in particular circumstances.

Fitch: You have to recognize that even though we may mandate a confirmation response, "no-responses" will occur.

Break...

The matrix:

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 happens in these cases under the following models:

- 1) Explicit - There is an expectation of a communication response. If there is no response, then some default takes over.
- 2) Confirmation by Exception - There is always a communication from one party (the sender) to the other. Unless the receiving party does something (responds), the sender's communication prevails.
- 3) Auto-Confirmation - The senders communication (from the non-autoconfirming party) prevails. There is no expectation of a response.

Bob Wallenhorst: Agrees with Fitch's earlier comments and points out that many of these confirmation requests will be after work hours. Given that there are many small gatherers in the confirmation process, this is an important issue to work through.

Lander: We need to consider how day-at-a-time (rolling), lesser-of and no-response interact under each of these confirmation models.

Scott: On the rolling issue, the Type 2 (Untimely) could be rolling but the Type 1 should not roll.

Lander: We need to be careful about changing names and labels. There has been an education process that would have to be re-done as well as the tariff changes that would be necessary.

Ehinger: Perhaps we should refer to these as "cycles".

Scott: People see Untimely as being different than Intraday. Additionally, we need to be clear that you cannot unflow gas that gas already flowed via an intraday nomination.

Lander: This is covered in the definitions that have been developed.

Scott: For reporting timelines, the BPS is working on this. I think the model requires us to report 4 times a day. I didn't want to go further until the BPS had done some work. Additionally, everyone needs to understand that scheduled quantities are "*best available information*". Also, don't wait to confirm until the last moment because it degrades the quality of the scheduled quantities.

Hahn: We've tried to capture this in the model by saying "*no later than*".

Scott: The number of intradays per day is still an issue from an incentive point of view but we need to determine what level the limit would be placed on: contract, nomination or legal entity.

Novak: I think a per cycle limit could be possible because I can foresee circumstances at which repeated good faith efforts to serve a market might be unsuccessful. You would hate to lose a market because you placed unsuccessful timely and untimely nominations and then could not place successful intradays (Type 1) because of a limit.

Scott: I more or less agree that we could do this but we need to define cycle better first. The limits could be for "within a cycle".

Lander: I'm not sure we can place limits on any of the cycles. The practical side of the limitations issue may show that they are counter-productive.

Scott: The issue of Continuous vs. Batch is best decided by the TSP. The model is inherently batch but continuous and batch pipelines will have to co-exist. We need some operating experience.

Novak: So could a continuous TSP switch to batch through its compliance filing? Or should we just be silent which would at least allow the TSP to attempt this?

Scott: We should say nothing as GISB which would leave things to the TSP compliance filing.

Hahn: Does this conclude your report?

Scott: Yes.

Hahn: When can you commit to providing something for posting on the home page?

Scott: I can commit to providing the matrices and the analysis by August 26. This document that we've worked with today will be posted (with and without updates) also.

Lunch...

Ehinger: As Condition 5), we need to consider special confirmation circumstances such as a first of the month confirmation or a party that switches to autoconfirmation for weekend nominations or evenings, for example.

Hahn: For those who are unsure about the timeline of this committee, I believe FERC expected we would be done by September. This is not the case so we are preparing a status report which will be submitted to GISB General Council. That report, along with reports from other parts of GISB, will be sent to the GISB Editorial Review Board. That group will then edit, if necessary, and send the report to FERC.

TEAM PRESENTATIONS:

Chuck Beaver (Team Leader) - Standards Team

Beaver: I would like to have discussion of our work held until I complete a presentation of the whole body of work.

Beaver then proceeded to review the document STANDARDS GROUP PROPOSAL - DRAFT 5. There are some issues which the group could not resolve which should be sent back to the task force. The group has determined that its best to keep current standards with modification instead of scrapping them and starting over.

Concept of "date range" is mutually exclusive to "rollover". If a shipper sends an intraday nomination with a date range, break it into two parts: Intraday and Timely (for the period following the intraday). This concept is known as the "Date Range is King" concept.

TEAM PRESENTATIONS:

Greg Lander (Team Leader) - Definitions Team

Lander: Much of the definitions do not represent new material. I will concentrate on the new issues.

The first four definitions define who is involved in the process and what they do. The next standards identify confirmation methodologies. Other standards identify nomination types.

Novak: Here's a means for us to proceed on a unified effort:

- First step is for the Confirmations team to develop the confirmation matrix.
- Comments on all issues should be forwarded to the 3 team leaders irrespective of who actually prepared the issue. Commentary should be posted on the home page.
- All Team materials presented today are input.
- A conference call run by the team leaders should be scheduled to identify the areas of common ground and areas of conflict.
- Resolution of Confirmations and Standards Development

Cynthia Corcoran: The Definitions Team did not have conference calls. I don't consider this to be a consensus effort therefore I don't think we can use it.

Lander: No one volunteered to work with me but I was constantly in touch with the team leaders. Nevertheless, I put in considerable effort in developing them.

Novak: While I'm disappointed that there was not a team, it does not invalidate the work product. There are things in the work product that have to be removed or changed and I'm sure there will be things that need to be added. My guess is that the majority of the work product is acceptable. Review the work product and send comments to Greg Lander. I plan on doing that myself.

Timeline (Target days):

Confirmation Matrix Conference
Call on 8/15, call results posted by 8/18.

List of Terms and Concepts lifted from Definitions (separation of definitions on concepts) by August posted by 8/22 for comment.

General Conference Call on 8/26 - Team leaders and interested parties. Consolidation of work product begins. There will be a posting by 8/29.

Next meeting on the day before September EC meeting in Houston. It will be followed by a two day meeting on September 17-18 in Buffalo.

TEAM PRESENTATIONS:

Jerry Hahn - Reports Team

The report is not intended to prejudice where the task force may head. It is made clear that work product to date is "work-in-progress"

Paul Keeler: Question on Hahn's statement on 7/11 minutes concerning 9AM bump being acceptable within the confines of the Model. Isn't this inconsistent with the Report.

Hahn: That was my opinion and many people disagreed. It should be footnoted in the Report that this is an open issue.

Davis: Maybe we shouldn't be specific about anything in the Model. Actually, the whole model is still unresolved. I think timelines should be left out for now because it is too detailed. I think we should just list the unresolved issues.

Hahn: I think we have made progress but it's noted all over the report that it is work in progress.

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Lynch: I agree with Davis. The EC hasn't seen this yet. I don't think it means that the committee hasn't done work.

Joe Kardas: Perhaps more caveats should be put up in front.

Lander: I think we are talking about caveats. If we start ripping things out, it falls apart. Times may change but it doesn't mean we can't report what has been done. If we water it down to much all we'll be able to say is that we've held meetings and looked at proposals.

Brian White: Do we have a timeline on when we are going to be done?

Hahn: Why are we here? We are just saying "This is where we are at and it is work in progress".

Rick Ishikawa: We have to discuss what we've done but we've got to take on issues such as rolling head on. At some point we need to have a meeting to address the issues.

Corman: We have to write a report and have it say something. I share Davis's viewpoint but I think we need to make sure it has enough caveats so that no one misinterprets the work.

Dennis Holbrook: The report needs to be a fair reflection of where the Task Force thinks it is. I think this report is fair. I think the caveats are there. You can throw more caveats on the report if you think it will help. I think this report states the obvious.

Davis: I think we need to present a total package. Hahn has said this before. Our work is not yet complete which is why I disagreed with the report. Never-the-less, I think additional strong caveats would help me get over the hump.

Lander: I agree with Holbrook. People need to comment to FERC where they disagree with what's been done or has not been done.

Kelly Daly: Maybe this is a formatting issue. Much of the report is OK but I think for example, that the 9AM vs. 5PM effective flow time is still an issue. We need to file unified group comments.

Love: I think we can expand the caveats by saying "this is what we are testing right now" and it is subject to final approval.

Keeler: There are arguments in here that I don't agree with. For example, the integrity of the timeline issue.

Corman: I addressed this when we were writing the report (I agree with Keeler) and we softened the language.

Keeler: I think we should vote on whether these are issues or not.

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Novak: In review of prior minutes, integrity of the timeline is a critical issue for "some". That is what the report says. So far as a vote, there is not significant representation for all segments here. We'll end up saying we have nothing to report. Should we weight votes by meetings attended?

Keeler: But this is not a democratic process.

Hahn: We can make several of the modifications suggested to address the concerns raised.

Mike Bray: I agree with Love's suggestion. We need to stress that nothing is cast in stone and upon resolution of the unresolved, things may change.

Hahn: It's 5:42PM, let's adjourn the meeting. The chairs will modify the report and repost the report. For those who wish to stay and give input, please feel free to do so. We want this to be a consensus report.

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