M E M O R A N D U M

August 28, 1997

TO: Intraday Task Force
Gas Industries Standards Board

FROM: DUKE ENERGY INTERSTATE PIPELINES

INTRODUCTION

The Duke Energy Interstate Pipelines (Panhandle Eastern Pipeline Company, Texas Eastern Transmission Corporation, Trunkline Gas Company and Algonquin Gas Transmission Company) ("Duke Pipelines") have reviewed the standards and standard definitions proposed by the Intraday Definitions Subcommittee at the August 12, 1997 Intraday Task Force meeting. These proposals relate to standards addressing the confirmation and scheduling process, a grid-wide confirmation coordination process, bumping, batch, continuous, rollover, and unused capacity. The Subcommittee states its belief that all of its proposals would apply regardless of any particular intraday time line or bump/no bump policy call.

The Duke Pipelines have a number of observations regarding the proposed standards and standard definitions. The proposals implicate substantive contractual and regulatory service rights and obligations and introduce concepts beyond the scope of the subject of intraday nominations, including issues which, if they are to be considered at all, are properly within the scope of other committees, subcommittees or task force groups of GISB. Further, the Subcommittee proposes a number of standards which would improperly influence the outcome of the debate on intraday nominations.

The sole task entrusted to Definitions Subcommittee by the Intraday Task Force was to review Standard 1.2 to determine whether intraday nominations needed to be redefined and to suggest any related definitions. This limited project has given birth to a complex and controversial series of proposed standards and definitions, which, at times, supersede prior agreements of the Intraday Task Force. Additionally, the proposals go to subjects which are not within the scope of authority of the Intraday Task Force. For example, the series of proposals having to do with confirmations is within the scope of authority of the Business Practice Subcommittee, not this Task Force. Assuming that the proposals should be considered, the Duke Pipelines have a number of specific comments as set forth below.

SPECIFIC COMMENTS

Below are Duke Pipeline's detailed comments on the Intraday Definition Subcommittee work product distributed on August 12, 1997 at the Intraday Task Force Meeting. For ease of reference, an alphabetical identification methodology has been utilized.

A. Proposed Standard 1.2.X

The confirmation process is the process in which the Confirming Parties (the Confirmation Requester and the Confirming Party) compare, respectively, certain information pertaining to (a) nomination(s) they received for service at a location with certain information sent to them by the other of the Confirming Parties; which such sent information pertains to (a) nomination(s) received by such other of the Confirming Parties at the same location.

Proposals A-F, J-L all appear to attempt to define and standardize the confirmation process. The Duke Pipelines do not believe that it is appropriate to either attempt to define or to standardize the confirmation process. The confirmation process varies at each point of interconnection depending on the operational characteristics of the point, transactions that are occurring at the point and any imbalance which already exists at the point. There are thousands of interconnection points in the pipeline grid. At each one of these interconnection points the interconnecting parties will determine how best the confirmation process should operate. This flexibility to allow the parties to determine the confirmation process is critical in order for effective communication to continue between interconnected parties. Furthermore, what processes are used on one day or even within a day may vary depending upon operating conditions and transaction levels. Standard 1.3.2 provides for confirmations to occur between 12:00 Noon for the quick response and 3:30 PM which is the deadline for receipt of completed confirmations. This period of time was deliberately left unspecified to allow the interconnected parties to confirm, utilizing procedures that were most effective at the point in question. To the extent the confirmation process is further addressed it should be undertaken by the BPS as a whole. To establish a confirmation process through an intraday task force is to allow the tail to wag the dog. The number of normal confirmations is typically 100 fold the number of intraday confirmations.

If a definition is necessary the following is a simplified definition for the confirmation process:

The confirmation process is the process by which a Confirmation Requester and a Confirming Party compare information for the purpose of confirming nominations.

B. Proposed Standard 1.2.X

A Confirmation Requester is a Service Provider (including a Point Operator) which is seeking to confirm with another Service Provider (the Confirming Party) the transfer of quantities of gas at a location from a Service Requester (or the contract of same) with which Service Requester the Confirmation Requester has a relationship, to a Service Requester (or the contract of same) with which the Confirming Party has a relationship. The location at which the transfer is occurring is the interconnection between the facilities of (or a location associated with) the Confirmation Requester and the facilities of (or a location associated with) the Confirming Party.

See Response to Proposal A.

If a definition is found to be necessary, the following is a simplified proposal.

> A Confirmation Requester is a Service Provider (including a Point Operator) which is seeking to confirm with another Service Provider (the Confirming Party) a nomination of gas to be transferred from one of such Service Providers to the other.

C. Proposed Standard 1.2.X

A Confirming Party is a Service Provider (including a Point Operator) which provides a confirmation to a Confirmation Requester (either in response to a Request to Confirm or by sending an Unsolicited Confirmation Response) with respect to the transfer of quantities of gas at a location from a Service Requester (or the contract of same), and with which Service Requester the Confirming Party has a relationship, to a Service Requester (or the contract of same) with which the Confirmation Requester has a relationship. The location at which the transfer is occurring is the interconnection between the facilities of (or a location associated with) the Confirmation Requester and the facilities of (or a location associated with) the Confirming Party.

See Response to Proposal A.

If a definition is found to be necessary, the following is a simplified proposal:

> A Confirming Party is a Service Provider (including a Point Operator) which provides a confirmation to another Service Provider with respect to a nomination of gas to be transferred from one of such Service Providers to the other.

D. Proposed Standard 1.2.X

The term Confirming Parties refers to the Confirmation Requester and the Confirming Party

See Response to Proposal A.

E. Proposed Standard 1.3.X

With respect to the nominations, confirmation and scheduling process, (including intraday nominations and changes), Confirming Parties may agree to an Explicit Confirmation process or to a Confirmation by Exception process.

In the absence of agreement to the contrary, Confirming Parties are expected to support the Explicit Confirmation process. The Explicit Confirmation ("EC") process is so named because it requires that the Confirming Parties respond to Requests to Confirm (or initiate Unsolicited confirmation Responses) and that the resulting quantity so confirmed (according to the lesser of rule as applicable) is unambiguously the entire quantity for that particular level of confirmation for the subject scheduling interval as agreed upon between the Confirming Parties.

See Response to Proposal A.

If a proposal is necessary the following is a simplified proposal:

> In the absence of agreement on a Confirmation by Exception process, Confirming Parties are expected to support the Explicit Confirmation ("EC") process. The EC process requires the Confirming Parties to affirmatively respond or act.

F. Proposed Standard 1.3.X

With respect to the nomination, confirmation and scheduling process, (including intraday nominations and changes), Confirming Parties may agree on a Confirmation by Exception process. Confirmation by Exception means that the Confirming Parties may agree that one party may deem that all requests for change at a location are confirmed by the other party (the Confirmation by Exception ("CBE") party); unless the Confirmation by Exception Party takes exception, by informing the party seeking to effect the change, of their exception to the change(s), within one hour from receipt of the applicable document. One hour is the default exception time period, absent mutual agreement to the contrary. Mutually agreed upon exception time period(s) may be any interval; provided, the expiration of such time period is a time sufficiently prior to a time for receipt (by Operators and Service Requesters) of scheduled quantities to allow processing of the exception (via a Confirmation Response document) by the Confirming Party receiving such Confirmation Response document and sending of the applicable Scheduled Quantities document(s).

See Response to Proposal A.

If a response is necessary the following is a simplified version:

The Confirming Parties may agree on a Confirmation by Exception process for all nominations, confirmations, and scheduling processes other than Intraday nominations and changes whereby receipt of a document seeking confirmation is deemed confirmed unless explicit communication occurs.

G. Proposed Standard 1.3.X [under consideration in BPS as resolution to C97028 provided for informational purposes]

At least during each Business day, Confirming Parties' (the Confirmation Requester and the Confirming Party) should attempt to confirm and schedule transaction(s) nominated by their respective Service Requesters; which nominations are (1) to be effective for the same gas day (a Type I intraday nomination), or (2) to be effective for the following gas day (a regular nomination or a Type II intraday nomination). To accomplish this, a Request to Confirm or Unsolicited Confirmation Response (as applicable) corresponding to the applicable nomination(s) will be submitted to the respective Confirming Party or Confirmation Requester for their review and processing (*ie.,* the return of a Confirmation Response or Operator Scheduled Quantity document as appropriate). In addition and by mutual agreement of the Confirming Parties, the Day-at-a-Time Confirmation process may be used for conducting the confirmation and scheduling process during non-Business day(s) (*ie.,* weekend day(s) and/or federal holiday(s)).

The Duke Pipelines' provided comments on this during the August 21, 1997 BPS meeting.

H. Proposed Standard 1.3.X [under consideration in BPS as resolution to C97028 provided for informational purposes]

As between Confirming Parties (the Confirmation Requester and the Confirming Party) and with respect to the confirmations and scheduling process, the following is the Auto-Confirmation process:

Where, of the two Confirming Parties at a location, one of them and in this case, the Confirmation Requester, does not perform confirmations as set forth in Standard during non-Business days [1.3.X above standard number to be inserted when assigned] (as determined from time-to-time in a dated, written notice from the Confirmation Requester to the Confirming Party upon the latest date of which the Confirming Party may rely), the Confirming Party may consider that the submitted Unsolicited Confirmation Response has been auto-confirmed by the Confirmation Requester, as submitted; and the Confirming Party may schedule the subject auto-confirmed nomination(s) through the earlier of; (a) the Ending Date/Time in the Service Requester's nomination, or (b) the end of the gas day occurring during the calendar day of the second subsequent Business day.

Likewise, where, of the two Confirming Parties at a location, one of them and in this case, the Confirming Party does not perform confirmations as set forth in Standard during non-Business days [1.3.X above standard number to be inserted when assigned] (as determined from time--to-time in a dated, written notice from the Confirming Party to the Confirmation Requester upon the latest date of which Confirmation Requester may rely), the Confirmation Requester may consider that the submitted Request to Confirmation Requester may schedule the subject auto-confirmed nomination(s) through the earlier of; (a) the Ending Date/Time in the Service Requester's nomination, or, (b) the end of the gas day occurring during the calendar day of the second subsequent Business day.

The number of days confirmed should be determined by Confirming Parties. Time frames for confirmation do not lend themselves to standardization. See also response to Proposal A. The Duke Pipelines will provide further comments in the BPS meeting.

I. Proposed Standard 1.3.X

With respect to the regular confirmation process (and not the intraday confirmation process), the lesser of rule applies with respect to (a) location(s) where the Confirming Parties, conducting the confirmation process, have chosen the Explicit Confirmation process.

See Response to Proposal A. Moreover, this proposal is in conflict with existing Standard 1.3.22.

J. Proposed Standard 1.3.X

With respect to the intraday confirmation process, the lesser of rule applies with respect to (a) location(s), where the Confirming Parties, conducting the confirmation process, have chosen the Explicit Confirmation process; and, where a response communication (*ie.,* a Confirmation Response having been sent in response to a Request to Confirm, or, within the intraday confirmation process only, a Request to Confirm having been sent as a response to an Unsolicited Confirmation Response) is received with respect to the subject transaction(s). Likewise, the lesser of rule would not apply in cases where no response communication (*ie.,* no Confirmation Response is sent in response to a Request to Confirm, or, within the intraday confirmation process only, no Request to Confirm is sent as a response to an Unsolicited Confirmation Response) has been received with respect to the subject transaction(s), in which case, no change is made.

See Response to Proposal A. This proposal appears to be in conflict with Proposal I above and existing Standard 1.3.22.

K. Proposed Standard 1.3.X

With respect to the Confirmation by Exception process, all requested quantities (increases, decreases, and other changes whether related to the regular or the intraday confirmation processes) are deemed confirmed, without regard to the lesser of rule, between the Confirming Parties with respect the location(s) where the Confirming Parties conduct the Auto-Confirmation process which transaction(s) are communicated to the Auto-Confirming Party by the other of the Confirming Parties are deemed confirmed between the Confirming Parties without regard to the lesser of rule.

See Response to Proposal A. This proposal is unnecessary. Proposal I makes clear that the lesser of rule applies only when the parties choose the Explicit Confirmation process.

L. Proposed Standard 1.3.X

With respect to the Auto-Confirmation process, all transaction(s) (increases, decreases, and other changes whether related to the regular or the intraday confirmation processes) with respect the location(s) where the Confirming Parties conduct the Auto-Confirmation process which transaction(s) are communicated to the Auto-Confirmation Party by the other of the Confirming Parties are deemed confirmed between the Confirming Parties without regard to the lesser of rule.

See Response to Proposal A. This proposal is unnecessary. Proposal I makes clear that the lesser of rule applies only when the parties choose the Explicit Confirmation process.

M. Proposed Standard 1.3.X [under consideration in BPS as resolution to C97028 provided for information purposes]

The Nomination, Request to Confirm, Confirmation Response, Unsolicited Confirmation Response, Scheduled Quantity and Operator Scheduled Quantity Documents all contain a Beginning Date/Time and an Ending Date/Time.

As between the Confirming Parties (the Confirmation Requester and the Confirming Party); and, absent mutual agreement to the contrary, with respect to the Beginning Date/Time in the confirmations and scheduling process, when transaction(s) nominated by their respective Service Requesters are attempted to be confirmed and scheduled, the Beginning Date/Time in the Request to Confirm or Unsolicited Confirmation Response (as applicable) should be no earlier than the later of (1) the beginning of the current gas day (for Type I intraday nominations), or (2) the beginning of the next gas day (for regular and Type II intraday nominations). Case 2 above is for use in situations where there is a multi-day nomination submitted to the party generating the Request to Confirm or Unsolicited Confirmation Response document (as applicable) and the gas day for which confirmation is sought is subsequent to the first gas day (the gas day pertaining to the original Beginning Date/Time) within the corresponding nomination.

As between the Confirming Parties (the Confirmation Requester and the Confirming Party); and, absent mutual agreement to the contrary, with respect to the Ending Date/Time in the confirmations and scheduling process, when transaction(s) nominated by their respective Service Requesters are attempted to be confirmed and scheduled, the Ending Date/Time in the Request to Confirm or Unsolicited Confirmation Response (as applicable) should be no later than the earlier of (1) the end of the current gas day (for Type I intraday nominations), or (2) the end of the next gas day (for regular and Type II intraday nominations).

The Duke Pipelines' comments will be provided in the BPS process.

N. Proposed Standard 1.3.X [under consideration in BPS as resolution to C97028 provided for information purposes]

With respect to the confirmations and scheduling process: (1) the Beginning Date/Time in any of the Request to Confirm, Unsolicited Confirmation Response, Confirmation Response, Scheduled Quantity, and Operator Scheduled Quantity documents should not be earlier than the Beginning Date/Time in the corresponding nomination(s) document(s)l and (2) the Ending Date/Time in any of the Request to Confirm, Unsolicited Confirmation Response, confirmation Response, Scheduled Quantity, and Operator Scheduled Quantity documents should not extend beyond the equivalent Ending Date/Time in a corresponding Nomination Document.

The Duke Pipelines' comments will be provided in the BPS process.

O. Proposed Standard 1.3.X [under consideration in BPS as resolution to C97027 provided for information purposes]

Affected parties (Confirming Parties (*ie.,* the Confirmation Requester and Confirming Party) and Service Requesters) should recognize that even though Confirming Parties may have confirmed and scheduled their respective nominations for a period of time, a subsequent event (including by way of example and not by way of limitation, a subsequent (1) nomination by one of the affected Service Requester(s); (2) nomination, submitted by a different Service Requester, which nomination has a higher scheduling priority than that previously confirmed and scheduled for the affected Service Requester; (3) capacity constraint affecting one or both of the Confirming Parties and the affected Service Requester; or (4) loss of the affected Service Requester's supply, market or both; recognizing in all of these examples, of course, that the submission and processing of any such activity(ies) would be conducted consistent with applicable standards, regulations, statutes, and contractual rights) can cause a previously confirmed and scheduled nomination to be unscheduled.

In such event, notification of such an occurrence should be delivered to the affected (1) Confirmation Requester in a Confirmation Response (or Unsolicited Confirmation Response as applicable) document by the Confirming Party; (2) Confirming Party in

a Request to Confirm document by the confirmation Requester; and/or (3) Service Requester(s) in a Scheduled Quantity document by the applicable Confirming Party of Confirmation Requester on whose system the Service Requester(s) nomination(s) were made.

Applicable notification(s) of such occurrences should be delivered to the affected parties reasonably proximate in time to the time during which the subsequent event was acted upon by the Confirmation Requester or Confirming Party, respectively.

The Duke Pipelines' comments will be provided in the BPS process.

P. Proposed Standard 1.3.X

A Transportation Service Provider receiving an intraday nomination for a flow period prior to the applicable Grid-wide confirmation coordination process deadline applicable to such flow period may hold such nomination for processing (leave it standing) until the nomination receipt deadline applicable to such flow period has passed.

This proposal is unnecessary. Service providers are only required to meet the minimum GISB standards, which is what this proposal states.

Q. Proposed Standard 1.2.X

A transaction nominated for a gas day for which confirmation has not yet been sought is called a standing nomination.

Proposals Q, R, S, T, U and V, if adopted, will create mass confusion for parties attempting to interpret the tariffs of various interstate pipelines. In fact, they conflict with existing substantive contractual and regulatory rights and obligations of pipelines and shippers. For example, the Subcommittee's proposed standards for cuts due to physical circumstances purports to limit the events which would be regarded as a curtailment. In fact, pipelines under their FERC Gas Tariffs have the right to curtail for a number of reasons, including (a) force majeure, (b) when necessary to meet system operating requirements or other higher priority service obligations, (c) when necessary to perform routine maintenance, repairs and regulatory compliance activity (such as DOT compliance) and (d) with respect to interruptible service, in instances in which failure to curtail would impair a pipeline's ability to meet its firm service obligations or render any future service that may be provided by the pipeline on a firm basis. (see., e.g., Texas Eastern Transmission Corporation, FERC Gas Tariff, Sixth Revised Volume No. 1, Original Sheet No. 492, Section 4.2(A); Panhandle Eastern Pipeline Company, FERC Gas

Tariff, First Revised Volume No. 1, First Revised Sheet No. 245, Section 9.2.). Pipeline interruptions due to pipeline constraints and the nomination of another firm service requestor would constitute an event of curtailment within the meaning of the Duke Pipeline tariffs, Curtailment procedures vary from pipeline to pipeline depending on the variety of services available on a pipeline system. The events which trigger curtailment, the consequences of triggering curtailment, the rate issues related to the triggering of curtailment, emergency provisions relating to curtailment situations and remedies in the case of curtailment are all implicated by the Subcommittee's proposal. This clearly is beyond the scope of drafting definitions and does not need to be addressed in order to deal with procedures relating to intraday nominations.

R. Proposed Standard 1.2.X

A transaction nominated for a subsequent gas day which is sought to be confirmed but which does not get confirmed is called an unconfirmed nomination.

See Response to Proposal Q.

S. Proposed Standard 1.2.X

A transaction nominated and scheduled for a gas day which is also nominated and confirmed (or confirmable) for the subsequent gas day which nevertheless does not get scheduled due to a pipeline constraint is called an unscheduled nomination.

See Response to Proposal Q.

T. Proposed Standard 1.2.X

A transaction nominated, confirmed and scheduled for a gas day which nevertheless gets cut by a Confirmation Requester or a Confirming Party subsequent to its having been scheduled is called a scheduled cut on the system of the party (the Confirmation Requester or the Confirming Party) not initiating the cut.

See Response to Proposal Q.

U. Proposed Standard 1.2.X

A transaction nominated, confirmed and scheduled for a gas day which nevertheless gets cut by the subject Transportation Service Provider subsequent to its having been scheduled; due to the nominatim of another Service Requester on the subject Transportation Service Provider is called a bump on the system of the subject Transportation Service Provider initiating the cut.

See Response to Proposal Q.

V. Proposed Standard 1.2.X

A transaction nominated, confirmed and scheduled for a gas day which nevertheless gets cut by the subject Transportation Service Provider subsequent to its having been scheduled due to physical circumstances on the subject Transportation Service Provider is called a curtailment on the system of the subject Transportation Service Provider initiating the cut.

See Response to Proposal Q.

W. Proposed Standard 1.2.X

Batch processing means that all transactions (nominations, confirmations and scheduled quantities) which are received after the last submission deadline are processed along with those received prior to the next deadline (or processing interval) as though they were all received at the same time.

No comment.

X. Proposed Standard 1.2.X

With respect to intraday processes, continuous and contiguous scheduling means that those nominations received prior to the initiation of a confirmation and scheduling process and which nominations relate to (request) the next effective flow time are processed and scheduled contiguously with then current scheduled transactions. Nominations with later effective times, regardless of when they were received by the Transportation Service Provider, may be processed together or as they are received but in either case, will be processed subsequent to nominations requesting earlier effective times.

The Duke Pipelines disagree with the definition as written. This definition impacts contractual services. The priority and manner of scheduling of services is determined on a contractual basis, and may be affected by regulations and court or administrative orders and decisions. See Response to Proposal Y.

Y. Proposed Standard 1.2.X

With respect to "first-come-first-served" and "continuous scheduling", the nomination with the earliest requested effective time will be scheduled prior to (served first or before) a later requested effective time. This capacity if "first come" in the day, and given that all quantities are daily quantities, if the capacity is requested and utilized, it is then not available to "serve" nominations with later coming effective times.

With respect to "first-come-first-serve" and "continuous scheduling," Proposal Y provides that the nomination with the earliest requested effective time will be scheduled prior to a later requested effective time. The standard is not proposed to be limited to intraday nominations. As such, it conflicts with scheduling provisions of interstate pipeline tariffs which take into account the quality of the point of receipt and point of delivery and the rate being paid by the interruptible shipper. Assuming it applies to intraday nominations, the Subcommittee is assuming that this is the way in which intraday nominations should work and that intraday nominations cannot themselves be bumped. These proposed definitions ignore necessary considerations, such as the Commission's recent orders providing for allocation of capacity on a net present value basis. The Subcommittee would prematurely terminate alternative ways of dealing with intraday nominations.

Z. Proposed Standard 1.2.X

Continuous and contiguous intraday scheduling is on a mutually agreed basis as between Confirming Parties. Those Transportation Service Providers offer continuous and contiguous scheduling should, when interacting with the Grid-wide confirmation coordination time lines, schedule at least according to the minimum grid-wide coordination timelines for effective flow at the grid-wide minimum synch up times.

Repetitive of Proposal X and inappropriate for the same reason.

If this proposal is necessary, a more appropriate proposal would read: All Transportation Service Providers should support confirmation of scheduled daily quantities during the grid-wide minimum synchronization times of 9:00 AM, 3:00 PM and 9:00 PM.

AA. Proposed Standard 1.3.X

A Grid-wide synchronization time is that time at which, at a minimum, scheduled quantity activity is synchronized as between interconnected Transportation Service Providers. This means that, as between interconnected Transportation Service Providers, their scheduled daily quantities will be synchronized at each Grid-wide synchronization time. The Grid-wide synchronization times are 9:00 AM, 3:00 PM [or 2:00 PM depending on the compromise] and 9:00 PM.

The alternative proposal offered in the response to Proposal Z makes Proposal AA unnecessary.

AB. Proposed Standard 1.3.X

The Grid-wide minimum confirmation coordination process(es) are those process(es) which support the ability of Transportation Service Providers to coordinate their scheduling activities in conjunction with the Grid-wide synchronization times.

See Response to Proposal A. Furthermore, if a proposal is necessary, Proposal Z makes this Proposal AB duplicative and unnecessary.

AC. Proposed Standard 1.3.X

All Transportation Service Providers should support the Grid-wide minimum nomination time line and the Grid-wide minimum confirmation coordination process.

The Duke Pipelines believe this should be addressed as a principle, not as a standard. Furthermore, this proposal is all that is necessary and appropriate regarding establishing guidelines relating to the intraday confirmation process.

AD. Proposed 1.3.10

Delete - 4 hours prior to flow

Standard 1.3.10 must be maintained. Standard 1.3.10 allows processing of nominations and associated communications during a 4-hour window. A 4-hour window for confirmation is consistent with timelines established in Standard 1.3.2.

AE. Proposed 1.3.32

Delete - services that allow intraday

Proposal AE, which contemplates deletion of Standard 1.3.32, should not be accepted. Standard 1.3.32 makes clear that "all pipelines should allow at least one intraday nomination per day for each transportation service that allows for intraday nomination." (emphasis supplied). This is the only language in the existing standards that makes explicit that certain services may not provide for intraday nominations. Although the Subcommittee states that its proposed changes would apply regardless of the "bump/no bump policy call", nowhere is this important language reinserted. This is a serious shortcoming of the proposal, and is inconsistent with the direction that

the Intraday Task Force agreed, in the July 11, 1997 meeting, that it would take. That is, the Task Force agreed it would take no position on the bump/no bump issue and would work toward acceptance of the Chair's Proposed Compromise Model, which takes a bifurcated approach to the bump/no bump issue and which explicitly states that GISB takes no position on whether a pipeline bumps or not.

AF. Proposed Standard 1.3.X [to replace the deleted standards]

There is no limitation as to the number of intraday nominations (line items as per GISB Standard 1.2.1) which a Service Requester may submit at any one deadline or in total across all deadlines.

Proposal AF is designed to replace existing approved Standards 1.3.10 and 1.3.32. Proposal AF would place no limitation on the number of intraday nominations which a Service Requester could make, and therefore eliminates or curbs the development of innovative and market responsive services which might be required and demanded by shippers. This proposed standard also ignores the Commission's determination that a pipeline may have a service eliminating the intraday nomination right for a reduced rate. The Subcommittee seems to be imposing broader intraday nomination rights than the Commission has recognized heretofore. This is a substantive issue, not a procedural one. It relates to the quality of a service, not to timing or how intraday nominations are made. As such, it is beyond the scope of GISB"s charge as determined in the GISB by-laws, Article II, Section I.

AG. Proposed Standard 1.2.X

The element of "time" in a nomination is for informational purposes and serves to communicate the Service Requester's intentions to the applicable Transportation Service Provider(s) and does not determine the patterns of flow as between interconnected parties. The requested beginning or ending "time" portion(s) of an intraday nomination can be for any time(s) within the subject gas day; such time(s) shall be for informational purposes only; such time(s) may assist the applicable Transportation Service Provider(s) [and other Interconnected Party(ies) as to the intentions of the nominating Service Requester(s) but the ability to flow the daily quantities at the necessary flow rates are determined between the interconnected parties].

This definition should be simplified to simply state "The ability to flow the daily quantities at the necessary flow rates is determined by the interconnected parties."

AH. Proposed Standard 1.3.X

Only interruptible services can be bumped and only by primary FT. There is no bumping of interruptible services by secondary (or lower priority) FT. There is no bumping of secondary (or lower priority) FT by primary FT.

The Subcommittee's Proposal AH goes beyond the scope of GISB's charge and violates Article II, Section I of the GISB Bylaws. Proposal AH states that only interruptible services can be bumped and then only by primary FT. This proposal goes beyond procedural and communication issues; it is a substantive proposal affecting existing contractual and regulatory rights and obligations. Whether only primary FT services can bump IT, assuming bumping is in place, will vary from pipeline to pipeline, depending on the variety of services developed on a particular pipeline system to respond to shipper needs. There may be a number of non-primary firm services which, assuming bumping, could and should bump IT. A standard such as proposed will stifle creativity in the design of new services, is contrary to competitive concepts and is inappropriate as a GISB standard.

AI. Proposed Standard 1.3.X

Intraday nominations have prospective effect, can not unflow gas without the concurrence of all affected parties, and are for full gas day quantities.

Delete. The concept of flowing gas is physical; gas which has already been flowing cannot "unflow" regardless of the agreement between the parties.

AJ. Existing Standard 1.2.7

Delete

Retain 1.2.7 as a principle. This is not an appropriate subject to be included in a standard.

AK. Proposed Standard 1.3.X [replaces deleted Standard 1.2.7]

Type (I) intraday nominations are defined as nominations received after the start and before the end of a gas day which pertain to that gas day. Type (ii) intraday nominations are nominations which pertain to the subsequent gas day; are received

after the daily grid-wide nominations deadline and before 6:00 PM the calendar day before the start of the subsequent gas day.

Retain 1.2.7 as a principle; therefore, this proposed standard is unnecessary.

AL. Proposed Standard 1.3.X

Each nomination should indicate whether it is intended to be processed as a regular nomination (*ie.,* the 11:30 leave control of Service Requester deadline); a Type II nomination, or the first or second of the Type I nominations. Type II Intraday nominations for a gas day should be received by the subject Transportation Service Provider after the 11:30 AM "leave control of the sender time" associated with the regular nominations deadline for a subsequent gas day (the same gas day to which the Type II intraday nomination relates). Type I Intraday nominations for a gas day should be received by the subject Transportation Service Provider after the last "leave control of the sender time" associated with the Type II nominations deadline for a subsequent gas day (the same gas day to which the Type I intraday nomination relates).

There should not be a standard. This is determined automatically by the stamp indicator contained within the nomination. Moreover, this proposal is unnecessary if Principle 1.2.7 is retained.

AM. Proposed Standard 1.3.X

Each Service Requester should receive a scheduled quantity (including unsolicited scheduled quantities) which should indicate what type of scheduled quantity it is. The following are the different types of scheduled quantities documents:

(1) There is a prior to gas day scheduled quantity document (*ie.,* the 4:30 received by Service Requester scheduled quantity document);

(2) There is a scheduled quantity document that is the result of the Type II grid-wide confirmation coordination process;

(3) There is a scheduled quantity document that is the result of the first Type I grid-wide confirmation coordination process;

(4) There is a scheduled quantity document that is the result of the second Type I grid-wide confirmation coordination process; and

(5) There is a scheduled quantity document that contains the end of gas-day scheduled quantities and this document provides the end result of all scheduling activity (the scheduled quantities) pertaining to the just completed gas day.

Scheduled quantities documents type 2, 3, and 4 above are changes only scheduled quantities documents and are intended to reflect only (a) the new scheduled quantities (daily quantities) scheduled by the Transportation Service Provider in response to the Service Requester's nomination(s) activities (*ie.,* nominations by the Service Requester receiving the scheduled quantities document); or (b) the changes (*ie.,* alternations to the Service Requester's previously schedule quantities) as a result of scheduling activities by the Transportation Service Provider for other Service Requesters (an unsolicited Scheduled Quantity when no other Service Requester initiated activity applies).

The Duke Pipelines will provide comments in the BPS process.

AN. Proposed Standard 1.3.X

Receivers of scheduled quantities documents may waive the obligation of the sender to send.

This proposed standard is similar to existing Standard 1.3.20. The Duke Pipelines support this proposed standard; it allows flexibility in the business process between trading partners and eliminates the sending of unwanted or unnecessary information.

AO. Proposed Standard 1.2.X

Unused Capacity is that daily quantity at a location which, following the grid-wide confirmation coordination process with respect to a grid-wide coordination time, remains unscheduled and available to be scheduled for the subject gas day after taking into account all Service Requester(s) scheduled quantities and any quantities which, as between the interconnected Transportation Service Providers', was scheduled with respect to such Transportation Service Providers' scheduling of makeup or payback quantities under (an) applicable balancing agreement(s).

The rationale for this proposal is apparently to determine capacity available for further scheduling on a gas day and to define operationally available capacity (see Proposal AP). It is inappropriate for GISB to attempt to define "capacity." Capacity is a foundation stone for all regulated Transportation Service Providers contractual obligations. Furthermore, capacity is not a concept that can be defined in a steady state. Capacity is a flexible fluid concept which is a function of operating conditions on the pipeline. It is not location specific; various factors affect take-away capacity, including pressure, temperature, maintenance activities, make-up, and other factors. Finally, makeup or payback quantities should be first through the meter, otherwise the pipeline will not be in balance.

AP. Proposed Standard 1.2.X

Operationally Available Capacity is Unused Capacity.

The Duke Pipelines disagree with this definition. See discussion AP above.

In conclusion, regulatory and contractual terms by necessity may vary. These terms are the subject to Commission orders and settlements among the parties on particular pipelines. It is not the purpose of GISB to override these substantive terms and conditions through the development of definitions. As indicated above, many of the Subcommittee's proposals cross this line.

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