

**Imbalance Subcommittee Meeting
April 15, 1999 - Thursday
Duke's Offices - Houston, Texas
FINAL Minutes**

1. Administrative

Jim Buccigross welcomed participants.
Jim Buccigross gave the anti-trust advice.
Attendees introduced themselves.
Marcy McCain gave housekeeping instructions.

Adoption of Agenda: A suggestion was made to reverse the order of agenda Item # 2 (Open Issues) and Item # 3 (Other Issues, i.e. Discussion of Work Papers). The agenda was adopted as modified without objection.

Previous Meeting Minutes: The adoption of the draft minutes for the March 25, 1999 meeting was deferred until the next meeting.

2. Other Issues (Discussion of Work Papers)

Dynegy Work Paper

Motion made by Mark Scheel:

Proposed Standard # 11 : After receipt of an Imbalance Trade Confirmation, the Transportation Service Provider should send the Imbalance Trade Notification to the initiating trader and the confirming trader no later than 4:30 p.m. (central clock time) the next business day.

Discussion by various participants concerning whether the Imbalance Trading Standards need to be developed for both the EDI and the EBB. From SoCal's experience the EBB is the best means of facilitating imbalance trading; however, it is necessary for this subcommittee to create transaction sets which would allow imbalance trading via EDI.

Standard # 11 passed unanimously.

Motion made by Mark Scheel:

Proposed Standard: Imbalance and Netting should be permitted between different Rate Schedules, Imbalance Types, Transaction Types, and Zone Identifiers.

The purpose of the standard is to ensure that imbalance trades would not be restricted or limited by the use of any of these data elements. These data elements could, however,

be utilized within the transaction sets in order for the TSP to receive all the information which is necessary to process the imbalance trades.

Donna Scott stated that an additional standard may be necessary to address the sequence of Netting and trading.

Discussion concerning whether the concept of this standard has been captured by the existing modifications to Standard 2.3.30. Another alternative was suggested which would make additional changes to Standard 2.3.30.

The motion was withdrawn.

Motion made by Mark Scheel:

Modification to Standard 2.3.30:

All Transportation Service Providers should allow, without restrictions, Service Requesters (including agents of Service Requesters) to net imbalances within the same Operational Impact Area on and across contracts with the Service Requester and to trade imbalances within the same Operational Impact Area.

Concern was expressed by a number of participants that the phrase "without restrictions" and the placement of the phrase in Standard 2.3.30 was too permissive in regards to imbalance trading.

Alternative Language proposed by Bill Griffith : All Transportation Service Providers (TSP) should allow Service Requesters (including agents of Service Requesters) to net imbalances within the same Operational Impact Area on and across contracts with the Service Requester and to trade imbalances within the same Operational Impact Area. Any limitations on imbalance trades should be specified in the TSP's tariff or general terms or conditions.

[Note to Dennis : Include this subcommittee's definition of Operational Impact Area on the document titled "Approved Standards/Definitions".]

Motion made by Mark Scheel was withdrawn as it was the belief of the participants that the existing modified standards language for GISB Standard No 2.3.30 was adequate. No motion was made in regards to the alternative language as proposed by Bill Griffith.

El Paso Natural Gas Work Paper

Motion made by Mary Sue McNeal, proposed modification to the definition for Netting :

Netting is the term used to describe the offsetting of imbalances (above tolerances, as applicable) for a Service Requester within an Operational Impact Area.

The purpose of the modified definition is to allow TSP's the option to prevent imbalances with the same sign from being netted. Mary Sue's primary concern involved the use of the term "summation" versus the term "offsetting", which was used in the FERC order.

Discussion concerning whether Service Requesters should have the option to select on a given pipeline "netting" versus "no netting". Various TSP representatives expressed concerns about the administrative burden of allowing this option. Also, it was stated that this is not necessary since partial imbalances can be traded.

Alternative Language proposed by Mary Sue McNeal : Netting is the term used to describe the offsetting or summation of imbalances (above tolerances, as applicable) for a Service Requester within an Operational Impact Area.

Alternative Language originally proposed by Tammy Hopkins and subsequently modified within the subcommittee :

Netting is the term used to describe the process of resolving imbalances for a Service Requester within an Operational Impact Area. There are two types of Netting :

- summing is the accumulation of all imbalances above any applicable tolerances for a Service Requester or agent
- offsetting is the combination of positive and negative imbalances above any applicable tolerances for a Service Requester or agent.

Motion by Mary Sue McNeal, as modified, was withdrawn.

No motion was made in regards to the alternative language as originally proposed by Tammy Hopkins, and subsequently modified within the subcommittee.

Motion by Bob Betonte:

Eliminate the existing definition of Netting and not define netting.

Sense of the Room:

Segment	For	Balanced For	Against	Balanced Against
End User	0	0	0	0
LDCs	1	1	0	0
Services	0	0	2	2
Producers	0	0	1	1
Pipelines	9	2	0	0
TOTAL	10	3	3	3

Motion fails.

Motion by Mary Sue McNeal:

Proposed modification to the definition of Netting : Netting is the term used to describe the process of resolving imbalances for a Service Requester within an Operational Impact Area. There are two types of Netting :

- summing is the accumulation of all imbalances above any applicable tolerances for a Service Requester or agent.
- offsetting is the combination of positive and negative imbalances above any applicable tolerances for a Service Requester or agent.

The motion passed unanimously.

Motion by Mary Sue McNeal:

Proposed Standard: The Transportation Service Provider should not be required to support both types of Netting.

Alternative Language as proposed by Dennis LaTour:

The Transportation Service Provider should support at least one type of Netting. This language was not supported by the motioner.

Sense of the Room:

Segment	For	Balanced For	Against	Balanced Against
End User	0	0	0	0
LDCs	1	1	0	0
Services	0	0	2	2
Producers	0	0	1	1
Pipelines	9	2	0	0
TOTAL	10	3	3	3

Motion fails.

Motion by Mary Sue McNeal:

Proposed Standard # 12: Netting and trading of imbalances should be accomplished based on the Transportation Service Provider's current method for accounting for imbalances.

Alternative language as proposed by the subcommittee: Proposed Standard # 12: Netting and trading of imbalances should be accomplished based on the Transportation Service Provider's (TSP) current method for accounting for imbalances and does not require TSPs to institute daily imbalance procedures, if they are not already present on the TSP's system.

Sense of the Room:

Segment	For	Balanced For	Against	Balanced Against
End User	0	0	0	0
LDCs	0	0	1	1
Services	0	0	0	0
Producers	0	0	0	0
Pipelines	9	2	0	0

TOTAL	9	2	1	1
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Motion passed.

At this point in the meeting, Pat Davidson gave a visual presentation of how SoCals's existing GasSelect imbalance trading system works.

The Enron Work Paper will be discussed at the next meeting.

So Cal Gas gave a demonstration of their existing Imbalance Trading EBB and answered questions from attendees.

3. Open Issues

This agenda item was not specifically discussed.

4. Next steps, next meeting and agenda

Next conference call is scheduled for Thursday, April 29, 9:00 - noon, central. Jim will determine whether the EII Task Force subcommittee will be meeting on May 19 in Seattle. If that subcommittee is not utilizing the date, then the Imbalance Subcommittee will meet face-to-face on that date in Seattle. Otherwise, an alternative date will be chosen.

5. Adjourn

The meeting adjourned at approximately 2:00 PM local time.

6. **Attendance**

SERVICES:

Jim Buccigross

Donna Scott

Mark Scheel

National Registry

Enron Administrative Services

Dynegy

PIPELINES:

Dennis LaTour

Bill Griffith

Mark Gracey

Mary Sue McNeal

Sandra Barnett

Julie Unruh

Marcy McCain

Cindy Reppke

Sherry Wake

Cari Sloan

Flo Comini

Peter Howells

Kim Van Pelt

Betty Barnum

Laura Moseley

Tammy Hopkins

Theresa Hess

ANR

CIG

Tennessee Gas Pipeline

El Paso Natural Gas

Koch Midstream

Koch Gateway

Texas Eastern

ANR

ANR

ANR

ANR

ANR

CMS Trunkline

CMS PEPL

Enron FGT

Enron Northern

Enron Transwestern

Producers:

Tommie Hartmann

Exxon

LDC's

Bob Betonte

Pat Davidson

SoCal Gas

SoCal Gas