



Gas Industry Standards Board

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May 19, 1999

TO: GISB Membership and posting on the home page for interested industry participants
FROM: Rae McQuade, Executive Director
RE: **FINAL MINUTES FOR IMBALANCE SUBCOMMITTEE MAY 19, 1999 MEETING**

I. Administrative

The meeting began at 9:00 a.m. Mr. Buccigross welcomed the attendees and thanked Boeing for hosting the meeting. He gave the antitrust advice. The agenda was adopted with the deletion of the Dynegy work paper for consideration. The minutes of May 13 were adopted with changes.

II. Adoption of data sets & Resolution of Contentious Data Elements

Request For Imbalance Trade

Ms. Scott made the motion to adopt the Request For Imbalance Trade data dictionary with the modifications to remove Rate Schedule and Zone Identifier data elements. It was seconded by Mr. Scheel. Ms. Scott noted that the contract data element could provide enough specificity for the trade. Mr. Gracey disagreed and supported the inclusion of the zone identifier data elements because there are no other data elements in the dictionary that could provide the needed information. Others noted that operational impact areas, which are physical, do not equate to zone areas, which are rate determined. Additionally, it was explained that zones are easily understood by traders and should not be removed. For traders to make economic decisions, zone information is needed. Mr. Scheel responded that it is premature to add zone identifier data elements because compliance filings have not yet been made which specify the need for the information in effecting a trade. He added that this mechanism should be debated at the FERC before GISB determines whether zone identifiers should be present in the standards. Mr. Young responded that timing may be critical should the element be needed, and adding it now, rather than waiting to review compliance filings, is prudent. Mr. Gracey noted that he needed this data element to effect a trade.

Several attendees asked that the motions be split to which Ms. Scott agreed. The motion was revised to remove the Rate Schedule data elements from the Request For Imbalance Trade data dictionary, which passed unanimously. The motion was made to remove the Zone Identifier data elements from the proposed Request For Imbalance Trade data dictionary, which passed through the following vote:

Segment	For	Balanced For	Against	Balanced Against
End User	2	2	0	0
LDCs	1	1	1	1
Services	2	2	0	0
Producers	2	2	0	0
Pipelines	0	0	11	2
TOTAL	7	7	12	3



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The motion was made to adopt the proposed Request For Imbalance Trade data dictionary as amended, which passed unanimously.

Request For Confirmation of Imbalance Trade

The motion was made to remove the Rate Schedule data elements from the mutually agreeable proposed Request For Confirmation of Imbalance Trade data dictionary. The motion passed unanimously. The motion was made to remove the Zone Identifier data elements from the proposed mutually agreeable Request For Confirmation Imbalance Trade data dictionary, which passed through the following vote (see the discussion on the Request For Imbalance Trade):

Segment	For	Balanced For	Against	Balanced Against
End User	2	2	0	0
LDCs	1	1	1	1
Services	2	2	0	0
Producers	2	2	0	0
Pipelines	0	0	9	2
TOTAL	7	7	10	3

The motion was made to adopt the proposed mutually agreeable Request For Confirmation of Imbalance Trade data dictionary as amended, which passed unanimously.

Imbalance Trade Confirmation

In conversation, it was noted that for all data dictionaries, the Information Requirements Subcommittee will review and make the needed changes to make the definitions consistent across data dictionaries, and this point was specifically addressed to the Imbalance Trade Tracking ID data element description. The motion was made by Ms. Scott to adopt the proposed data dictionary for the Imbalance Trade Confirmation which was seconded by Ms. Gussow. Mr. Scheel asked that quantity be added to the data dictionary. Several noted that this was additional information that could be confusing. Ms. Davis added that the notification includes the quantity. The motion was not amended to add to quantity. The motion passed unanimously.

Authorization to Post Imbalances

The motion was made to adopt the proposed Authorization to Post Imbalances data dictionary with no changes from the May 13 version of the data dictionary. The motion passed unanimously. [The data dictionary was changed later -- see Posted Imbalances Download discussion below.]

Posted Imbalances Download

The motion was made to remove the Rate Schedule data element from the proposed Posted Imbalances Download data dictionary. The motion passed unanimously. There was confusion on who would be identified in the contact person data element. Several attendees agreed that the contact is the party that authorized the posting. Ms. Scott made a motion that the data element be mandatory and the name be changed to Contact Person (Service Requester) in both the Posted Imbalances Download and the Authorization to Post Imbalances data dictionaries. Information Requirements Subcommittee will review the definition to ensure that it reflects the intent that the contact is the party that authorized the posting. The motion passed unanimously.



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The motion was made to remove the Zone Identifier data elements from the proposed Posted Imbalances Download data dictionary, which passed through the following vote (see the discussion on the Request For Imbalance Trade):

Segment	For	Balanced For	Against	Balanced Against
End User	1	1	0	0
LDCs	1	1	1	1
Services	2	2	0	0
Producers	2	2	0	0
Pipelines	0	0	9	2
TOTAL	6	6	10	3

Ms. Scott then made the motion to adopt the proposed Posted Imbalances Download data dictionary as amended. The motion passed unanimously. Ms. Hess requested further changes to the data dictionary, and made a motion that the data elements with a business conditional (BC) usage be changed to a usage of SO with the deletion of the conditions specified. As such, the motion was made to modify the Service Requester Contract and Imbalance Type data elements to a usage of SO with a deletion of the defined conditions for the Posted Imbalances Download dictionary. The motion carried unanimously.

Imbalance Trade Notification

The motion was made to remove the Rate Schedule data elements from the proposed Imbalance Trade Notification data dictionary. The motion passed unanimously. The motion was made to remove the Zone Identifier data elements from the proposed Imbalance Trade Notification data dictionary, which passed through the following vote:

Segment	For	Balanced For	Against	Balanced Against
End User	2	2	0	0
LDCs	1	1	1	1
Services	2	2	0	0
Producers	2	2	0	0
Pipelines	0	0	8	2
TOTAL	7	7	9	3

The motion was made to adopt the proposed amended Imbalance Trade Notification data dictionary which passed unanimously.

Withdrawal for Request of Imbalance Trade

The motion was made to adopt the proposed Withdrawal of Request for Imbalance Trade data dictionary with no changes from the May 13 version of the data dictionary. The motion passed unanimously.

Additional Review

On further review of the adopted data sets, Mr. Griffith made the motion to remove the Time Stamp data elements from the Request For Imbalance Trade and Authorization to Post Imbalances data dictionaries, which was seconded. He noted that the data elements were redundant. The motion passed unanimously. Mr. Griffith noted that the Statement Recipient ID is redundant in the Posted Imbalance



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Download and Imbalance Trade Notification data dictionaries and made the motion which was seconded to remove the data element from those data dictionaries. The motion passed unanimously.

III. Codes - Imbalance Types and Reduction Reasons

For imbalance types, the following types were identified:

- Receipt Imbalance
- Delivery Imbalance
- Contract Imbalance
- Storage Imbalance

On questioning, Ms. Scott noted that this is a transportation imbalance from one party going to a storage imbalance of another party.

- Market Area Imbalance
- Small Variance Imbalance
- Western Area Imbalance
- No Notice Imbalance
- OBA Imbalance

Mr. Griffith raised concerns that this type could cause confusion as there are no service requesters in the OBA imbalance. Some pipelines may allow for trade of OBA imbalances. Because the data element is business conditional, if pipelines do it today, this code value would support existing practices. There are comments that ask for the imbalance trade standards to be limited to trading shipper imbalances.

- Hub Imbalance
- Service Requester Imbalance

The purpose of this list is to provide support to the Information Requirements Subcommittee as it defines the imbalance types. The list is not considered all inclusive. Mr Bass asked for discussion to determine if the imbalances were shown as positive quantities (owed from the pipeline) or negative quantities (owed to the pipeline) or if this was addressed through imbalance type (receipt or delivery). It was noted that the subcommittee has not determined how to reflect negative or positive quantities. For pipelines that currently support imbalance trading, the positive and negative quantities are addressed in the tariffs.

For trade reduction reason codes, the following reasons were identified for Information Requirements Subcommittee to consider as it defines reduction reasons:

- Trade rejected because trade quantity requested exceeds quantity available for trade for initiating trader
- Trade rejected because trade quantity requested exceeds quantity available for trade for confirming trader
- Trade quantity requested reduced to quantity available for initiating trader
- Trade quantity requested reduced to quantity available for confirming trader

After further discussion, it was unclear that there would be any other reason than trade quantity requested exceeds quantity available for trade -- the quantity available is a positive quantity or the quantity available is zero. If there is only one reason for reducing the trade quantity requested, then it was discussed on the need for the information. Because there may be the need for other codes which could not be identified in the meeting, some participants supported keeping this data element. After further discussion, some noted that the reduction reason may be the same (the request amount exceeds



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the amount available), but the action taken can be different (the trade is rejected or it is reduced). As such those reasons were identified.

Both codes will be reviewed again at the phone call scheduled for May 27, to determine if other code values should be identified and forwarded to the Information Requirements Subcommittee. These lists will provide support as the Information Requirements Subcommittee determines which code values are needed.

IV. Enron Work Paper

Ms. Hopkins described the comments and asked that the subcommittee put boundaries about the proposed standards that the trading applies specifically to shipper imbalances. She asked that the timeline be shortened to 15 business days. Practical experience has shown Enron that trading typically happens in the first three to five days. Enron also asked that the standards apply to monthly imbalances subject to cash outs. Each of the points in the Enron comments are shown below followed by comments:

1. Clarify the Standards Apply to Shipper Imbalances. We understand that the proposed standards are being offered as a practice for resolving shipper imbalances. We think that it is important for the EC to distinguish this practice from the resolution of imbalances between operators. Operator imbalances are typically covered by OBAs and resolution of operator imbalances may be handled differently.

Motion: Ms. Hopkins made the motion, which was seconded that "Service Requester" be inserted in the following proposed standards to address the first point in the Enron comments:

- S1 Authorizations to Post Imbalances that are received by the Transportation Service Provider by 11:45 a.m. should be effective by 8:00 a.m. the next business day (central clock time). Service Requester Imbalances previously authorized for posting should be posted on or before the ninth business day of the month.
- S2 Transportation Service Providers should provide the ability to post and trade Service Requester imbalances until at least the close of the nineteenth business day of the month.
- S6 When trading Service Requester imbalances, a quantity should be specified.
- S7 The posted Service Requester imbalance quantity should be a monthly quantity.
- S8 Transportation Service Providers should enable the trading of Service Requester imbalances by:
 - Receiving the Request for Imbalance Trade,
 - Receiving the Imbalance Trade Confirmation,
 - Sending the Imbalance Trade Notification, and
 - Reflecting the trade on the next monthly Shipper Imbalance or cashout.
- S9 Service Requester imbalance trades can only be withdrawn by the initiating trader and only prior to the confirming trader's confirmation of the trade. Imbalance trades are considered final when confirmed by the confirming trader and effectuated by the Transportation Service Provider.
- S10 To account for any Service Requester imbalance remaining after imbalance trading and cashout, where the Transportation Service Provider (TSP) associates such Service



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Requester imbalance with a contract, a Service Requester (SR) and the TSP should agree to designate one of the SR's valid contracts in the Operational Impact Area where the original imbalance occurred, for such purpose.

S12 Netting and trading of Service Requester 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.

Discussion: Ms. Scott originally supported the changes as the definition of Service Requester was broad enough as it applied to imbalance trading to encompass OBA imbalances. However, as the discussion continued, she and Mr. Scheel noted that this could be restricted such that OBAs could not be traded under the proposed standards.

Action: The motion failed through the following vote:

Segment	For	Balanced For	Against	Balanced Against
End User	0	0	1	1
LDCs	0	0	2	2
Services	0	0	2	2
Producers	0	0	2	2
Pipelines	12	2	0	0
TOTAL	12	2	7	7

2. Shorten the Trading Timeframe. We do not support the proposed timeline for trading. We believe that a 10 business day trading period is unnecessarily long. This delay has an adverse cash-flow impact on the parties involved in the imbalance resolution and adds the expense of administering a separate billing cycle for the cash-out process. Currently, a pipeline can include cash-out amounts as part of the commodity billing cycle. Under the proposed standards, a pipeline would have to wait until after the 19th business day -- meaning that the pipeline would either have to delay the commodity billing cycle to wait for the close of the trade deadline, wait to settle imbalances during the next billing cycle, or create a new billing cycle especially for cash-out. None of these choices are appealing. A better solution would be to move the imbalance trading close to the 15th business day. This will allow pipelines that wish to include cash-out amounts in the commodity billing cycle do so. And, we believe that this still leaves a workable period for imbalance trading. One of our pipelines currently permits imbalance trading and it has been our experience that the majority of imbalance trading occurs between the first and fifth calendar day after the information is available to the Shipper. Further, we believe that the extended time for allowing trades (the nineteenth business day) does not follow the current strategy that has been demonstrated in other GISB Task Forces. That strategy has been to close out the current month as soon as possible so as to allow parties to the transaction to close out their business as soon as they can. Our suggestion would be to move the close to the 15th business day which allows adequate time for parties to trade imbalances.

Motion: Ms. Hopkins made a motion, which was seconded and revised after discussion, that proposed standard S2 be modified to reflect the sixteenth business day:

S2 Transportation Service Providers should provide the ability to post and trade imbalances until at least the close of the sixteenth business day of the month.



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Discussion: Mr. Scheel explained that agreeing to the fifteenth day may detrimentally affect the services already offered for trading. Mr. Betonte noted that he could agree to fifteenth business day if there was instantaneous notification from the TSP, which would require a change to S11. To accommodate Mr. Betonte's concerns, and also recognize the need for batch processing allowed for in S11, Ms. Hopkins supported a change to the sixteenth day, and modified her motion.

Action: The motion failed through the following vote:

Segment	For	Balanced For	Against	Balanced Against
End User	0	0	1	1
LDCs	0	0	2	2
Services	0	0	2	2
Producers	0	0	2	2
Pipelines	9	2	0	0
TOTAL	9	2	7	7

- Clarify that the Proposed Standards Apply to Monthly Imbalances Subject to a Cash-Out. It is our understanding that the standards have been developed in the context of desire for parties to have a trading opportunity before any imbalances are cashed-out. It was also developed in the context of current business practices in which many pipelines resolve shipper imbalances through a monthly cash-out process. Accordingly, we believe it is important for the EC to recognize that (1) not all shipper imbalances are settled through cash-out, and (2) as the gas business continues to move towards daily and intraday activity and as measurement information technology develops, imbalances may not always be resolved on a monthly basis on all pipelines in the future. While we agree that the current standards do not need to address future industry developments, nor should they preclude such developments. Accordingly, we believe that it is important to clearly define the scope of trading activity that is covered by proposed standards S1-S9. Therefore, we believe an introductory standard should be added to provide such clarity. Such standard would state "A TSP should support imbalance trading to the extent the TSP's tariff provides for the resolution of shipper imbalances through a monthly cash-out mechanism."

Comments:

This was not discussed due to time constraints and will be discussed at the next meeting.

V. Usages for EBBs and Flat Files, Daily Imbalance Trading

In discussions on the needed changes to the data dictionaries to reflect usages for EBBs and flat files, Ms. Hess noted that the usages for EDI are identical to those for flat files, and the Information Requirements Subcommittee could assign usages for EBBs similar to the assignments that they have made for the other data dictionaries. It was determined to ask Information Requirements Subcommittee assign the EBB and flat file usages as they review and finalize the Imbalance data dictionaries. The daily imbalance trading was not discussed due to time constraints. It is expected that the proposed standards will be reviewed in light of the remaining issues from the Enron work paper and they will be distributed for industry comment on June 7. The Executive Committee will consider them for vote on July 15. The proposed data dictionaries and proposed code lists will be forwarded to the Information Requirements



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Subcommittee for its review and finalization. The Imbalances Subcommittee is recommending that the business practice standards not be published until they are fully staffed -- which means that the imbalance standards will miss the publication for version 1.4 and will be published for version 1.5 in third quarter 2000.

VI. Next Meetings

The attendees confirmed the following date for upcoming face-to-face meeting. It was noted that the time had changed from the previously published time:

Thursday, May 27	Conference Call
June 7	Proposed standards distributed for industry comments
July 15 & 16	EC Meeting where standards are considered



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IV. Attendees & Voting Record

Attendee	Company	email	Voting	1999 Member
Pipelines:				
Flo Comini	ANR		X	✓
Dennis LaTour ¹	ANR	dennis.latour@coastalcorp.com	X	✓
Cindy Reppke	ANR		X	✓
Sherry Wake	ANR		✓	✓
Alice Johnson	Enron - Northern Natural Gas	ajohnso@enron.com	✓	✓
Theresa Hess	Enron - Transwestern	thess@enron.com	✓	✓
Rick Dietz	Enron - Northern Border	rdietz@enron.com	✓	✓
Tammy Hopkins	Enron - Florida Gas	thopkins@enron.com	✓	✓
Laura Moseley	Enron - Florida Gas	lmoseley@enron.com	X	✓
Mary Sue McNeal	El Paso Natural Gas	mcnealm@epenergy.com	✓	✓
Randy Young	Koch Midstream Services	young0r@kochind.com	✓	✓
Julie Unruh	Koch Gateway	unruhj@kochind.com	✓	✓
Marcy McCain	Duke Energy - Texas Eastern	mlmccain@duke-energy.com	✓	✓
Bill Griffith	Coastal Interstate Gas	william.griffith@coastalcorp.com	✓	✓
Betty Barnum	CMS - Panhandle Eastern	babarnum@cmsenergy.com	✓	✓
Kim Van Pelt	CMS - Trunkline	kvanpelt@cmsenergy.com	✓	✓
Sheila Jangula	Williston Basin	jangsf@wbip.com	✓	✓
LDCs:				
Bob Betonte	SoCal Gas	rbetonte@pacent.com	✓	✓
Dick Winters	Avista Corp.	dwinters@avistacorp.com	✓	✓
End Users:				
Dona Gussow	Florida Power & Light	dgussow@fpl.com	✓	✓
Tina Patton	Boeing	tpatton@boeing.com	✓	✓
Services:				
Jim Buccigross	National Registry	legaljb@tcapserv.com	✓	✓
Mark Scheel	Dynegy Inc.	masc@dynegy.com	✓	✓
Donna Scott	Enron Administrative Corp.	dscott2@ect.enron.com	✓	✓
Producers:				
Joe Wiley	Marathon Oil	jmwiley@marathonoil.com	✓	✓
Tommie Hartmann	Exxon	tommie.r.hartmann@exxon.com	✓	✓
GISB:				
Rae McQuade	GISB Office	gisb@aol.com	X	✓

¹ Chairs are indicated in bold type.