



Gas Industry Standards Board

1100 LOUISIANA, SUITE 4925, HOUSTON, TEXAS, 77002
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HOME PAGE www.gisb.org

August 27, 1998

TO: GISB Membership and posting on the home page for interested industry participants
FROM: Rae McQuade, Executive Director
RE: **FINAL MINUTES FOR IMBALANCE SUBCOMMITTEE AUGUST 27, 1998 MEETING**

I. Administrative

The meeting began at 9:00 a.m. Mr. Buccigross gave the roll call. Mr. Buccigross welcomed the attendees to the Imbalance Subcommittee call and gave the antitrust advice. The agenda was adopted as written excluding the review and adoption of minutes. The minutes of August 12 will be adopted at the next meeting. The tentative meeting schedule for the remaining of the year was announced. Mr. Buccigross covered the items addressed in the previous meeting.

II. Continuation of Discussion on Effectuation Open Issues -- Trading Issues

Holding trades until the deadline and processing in a batch during which the trade would occur at a set time after the deadline was a concept identified. If processing was done on a continuous basis it would be considered exceeding the standard. Other pipelines noted that they may determine to process the trades as soon as possible after they are received. Both concepts could be accommodated through a deadline no later than which all trades should be processed. This would allow earlier processing as they are received or batch processing at the deadline. The proposed standard language is:

All trades would be processed no later than a specific deadline.

There were none in opposition to this concept on the call.

For a replacement of trades issue, Mr. Buccigross explained that the similar issue in nominations was accommodated through a key. It could also be addressed through an indicator noting if it is to be a replacement or canceled, or it could be addressed through the most recent trade replaces all other previous trades. An alternative way to address the issue is that all trades are additive, so if a company trades an imbalance quantity of 10 Dth and then submitted another trade for -10 Dth to cancel the original trade. Most on the phone supported that once the trade is confirmed it is final, in the same sense that a nomination is final. It was also discussed that the imbalance trades are to be considered final once the deadline is reached. Pipelines will not be in the role of brokering the trade.

The two trading partners should have some mechanism for identifying themselves to the pipeline as agreeing to participate in the trade. The contracts and quantities would be required to be matched up before the trade is considered valid. If they do not match then the trading parties could be notified through a document similar to a final disposition used in the capacity release functions. For pipelines that allow imbalance trading today, most perform the function today by receipt of paper from the trading parties. Some noted that this imbalance trading function may not be used via EDI -- probably more suitable to paper and online transactions. For EDI, a quick response would be needed for validation and a document similar to the scheduled quantity would be needed to announce that the trade has taken place. As a result of the discussion, one alternative is for the communication requiring both trading parties to submit information regarding the trade. The two sides are separately validated by the pipeline for information such as valid contracts and points, and are matched up by the pipeline to determine if the trade can go through. The second alternative is for one party to send all information in, and the other trading party would be requested to send in a confirmation of the trade before the trade can be effectuated. The original review of the dataset assumed the second alternative.



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The process for the first alternative mirrors the nomination process: both traders send in trades to the TSP, the TSP validates both trades and sends out quick responses and matches them. If valid, the TSP would then respond to both parties that the trade was valid if matched or invalid if not. Replacements would not be allowed. If multiple trades were sent in from one party that exceeded its imbalance quantity, then it would be worked through the time stamp -- first come/first serve. The trade that exceeds the imbalance trade would be rejected in its entirety, the portion that could be accommodated without causing the imbalance to be exceeded would not be processed. This process works better if the trades are processed as they are received, at least on a daily basis, rather than held and processed in a batch. This would allow for the traders to take corrective actions if their trades do not go through.

The process for the second alternative mirrors the capacity bidding process : Prearranged trade sent from the first trader to the TSP, Quick Response sent from the TSP to the first trader, Trade Confirmation sent to second trader from the TSP, validation sent back to the TSP from the second trader, and final disposition issued by TSP to both traders.

For both alternatives, a pending status is needed with a start time or date and an end time or date defining the trading window for the trade. If the window is for one day (such as from 8:00 a.m. to 3:00 p.m.), then the traders must have their information into the TSP on the same day. If the window is for five days, then the trader who has not had his partner send in information in alternative one or has not had his partner confirm in alternative two, the first trader should have a mechanism to withdraw his trade so that he has the opportunity to find another trader for his imbalances.

The two remaining issues to be addressed are: (1) Processing (alternative 1 and/or alternative 2) -- which would also address concurrency and replacements, and (2) Timing for the process. After the remaining issues are addressed, the daily issues could be undertaken. It was suggested that if daily processing is defined, it might reduce and possibly eliminate the monthly imbalances. After the monthly issues are addressed, the subcommittee will determine if the daily issues are to be addressed before submitting standards for consideration.

III. Next Meetings

The attendees determined the following dates for upcoming conference calls:

Tuesday, September 8	9 a.m. to noon
Thursday, September 24	9 a.m. to noon
Thursday, October 8	9 a.m. to noon
Thursday, October 22	9 a.m. to noon

The meeting adjourned at 3:05 p.m.



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VI. Attendees

Attendee	Company	Membership
Sandra Barnett	Mobile Bay	✓
Betty Barnum	Panhandle Eastern	✓
Jim Buccigross¹	National Registry of Capacity Rights	✓
Flo Comini	ANR Pipeline	✓
Doug Hahn	PG& E	✓
Jerry Hahn	Texaco	✓
Theresa Hess	Northern Natural	✓
Tammy Hopkins	Northern Border	✓
Pete Howells	ANR Pipeline	✓
Rita Jones	Texas Gas	✓
Dennis LaTour	ANR Pipeline	✓
Lynn Ledlow	Southern Natural	✓
Marcy McCain	Algonquin	✓
Rae McQuade	GISB Office	✓
Cindy Reppke	ANR Pipeline	✓
Lisa Russo	National Fuel Gas Distribution	✓
Mark Scheel	Dynegy	✓
Clarinda Smith	Koch Midstream	✓
Mary Sue McNeal	El Paso Natural Gas	✓
Damon Sykes	National Fuel Gas Supply	✓
Julie Unruh	Koch Gateway	✓
Sherry Wake	ANR	✓
Cari Sloan	ANR	✓
Kim Van Pelt	Trunkline	✓

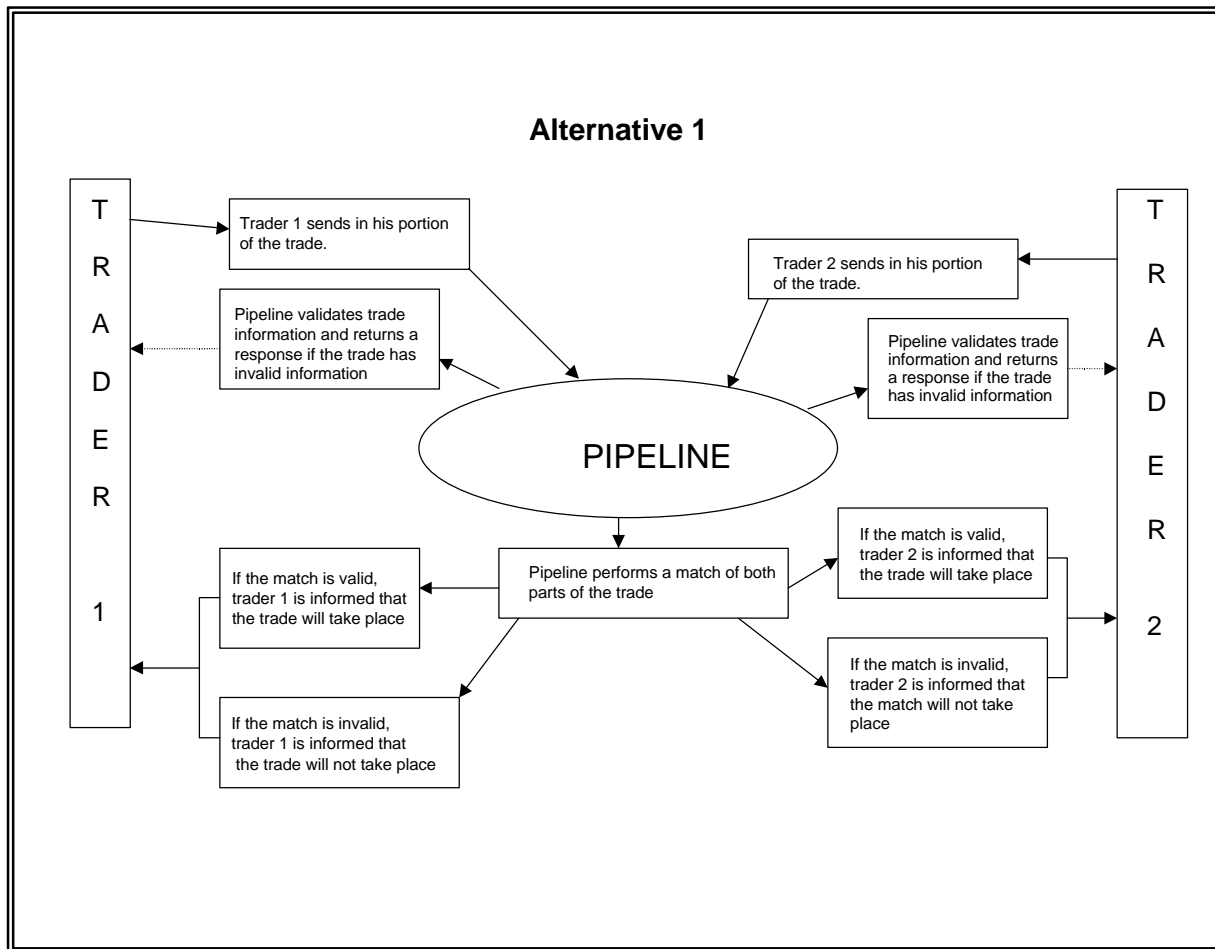
¹ Chairs are indicated in bold type.



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Alternative 1





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Alternative 2

