



Gas Industry Standards Board

1100 LOUISIANA, SUITE 4925, HOUSTON, TEXAS, 77002
PHONE - (713) 757-4175, FAX - (713) 757-2491, email gisb@aol.com
HOME PAGE www.gisb.org

September 24, 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 SEPTEMBER 24, 1998 MEETING

I. Administrative

The meeting began at 9:00 a.m. Mr. Buccigross called roll. Mr. Buccigross welcomed the attendees to the Imbalance Subcommittee call and gave the antitrust advice. The agenda was adopted with no changes. The minutes of September 8 were adopted with changes to the date.

II. Review of Alternative 2 for Concurrency of Trade, Replacements and Withdrawals

If a pending request has been received from trader 1 and another request has been received from the same trader for the same imbalance, several on the phone noted that the trader 1 would be informed that he already has a pending imbalance trade and the subsequent request would be considered invalid for trader 1. If the request for trade has been confirmed, and another request has been received from the same trader for the same imbalance, several on the phone noted that the trader would be informed that he already has a confirmed imbalance and the subsequent request also would be considered invalid. Within this process the trader should have the ability to withdraw his request prior to a valid confirmation such that he may withdraw one request and then offer a subsequent request for the same imbalance. This process is based on the pre-arranged deal process. No one on the call differed with this perspective. It does highlight the need for a withdrawal process. A proposed standard was offered:

Imbalance trades can be withdrawn prior to confirmation.

with the instruction to Information Requirements Subcommittee to design the data sets such that they can accommodate withdrawals. Withdrawals can occur after the conclusion of step 2 but before the conclusion of step 4, (see Alternative 2 Chart in the appendix of these minutes). After confirmation, to withdraw, both traders must agree to and conclude the process by processing a reverse image of the trade. No one on the phone disagreed with the process outlined.

For a case where trader 1 initiates the trade with trader 2, trader 2 also initiates the trade for the same imbalance with trader 3. Trader 2 and trader 3 confirm the trade, and trader 2 never confirms with trader 1. The trade between trader 1 and trader 2 falls through and trader 1 would be informed that the trade did not occur. The TSP is not responsible for informing trader 1 that the trade did not occur until the deadline is met. The responsibility for the trades lies with the traders. No one on the phone disagreed with the process outlined.

III. Review of Alternative 2 for Timing and Deadline Requirements

The timelines for authorization supported on July 24 are (excerpted from the July 24 minutes):

- Authorizations submitted by 11:30 a.m. central clock time, and received by the TSP not later than 11:45 a.m. central clock time, would be effective for postings not later than 5:00 p.m. central clock time the following business day.

The proposal was made that trades would be due one business day after the posting of the final imbalances. The imbalance statement is due on or before the ninth business day (GISB Standard No. 3.3.14). An alternative proposal was made that trades would be due the first business day of the month

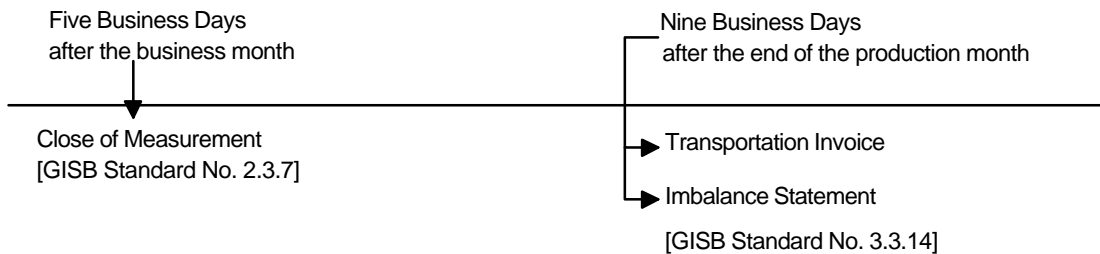


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following the production month. A third proposal was noted that trades would be due on the ninth business day of the next month following the production month. Some current practices allow for five days for a trading window or ten days for a trading window. Other practices may allow for even greater time. To ensure that adequate time is allowed to produce the invoice, it was noted that the sixth business day to conclude trading would provide for three business days to produce the invoices on the ninth business day.

The current timeline allowed within the GISB standards are:



It was discussed that a standard timeline for the actual trade for all TSPs may not be relevant. Posting and trading of imbalances is not an issue for the efficient operation of the pipeline grid, such as is the case with nominations. The requirement is for pipelines to post imbalances, not necessarily to define a standard timeline for all pipelines to effectuate the trade. Currently, pipelines that permit imbalance trading have individual practices and there is no common denominator across those pipelines. Business practices such as cash-outs and billing cycles affect timelines for trades and the establishment of a common timeline would significantly affect those individual company business practices. The following standard was offered, with no disagreement:

Transportation Service Providers should post imbalances authorized for trade on or before the ninth business day.

However, concern was raised on the acceptance by the marketers and end users of the concept of no standard timeline for trading for all pipelines. Also supported was that timing for steps 1 through 5 of the model would be determined by the deadlines established in each pipeline's tariff.

IV. Data Elements

The data sets to be defined are:

- Request for Trade Assigned to Jim Buccigross
- Quick Response for Trade Assigned to Jim Buccigross
- Request for Confirmation of Trade Assigned to Jim Buccigross
- Trade Confirmation Assigned to Jim Buccigross
- Trade Notification Assigned to Dennis LaTour
- Authorization for Posting Authorized Imbalances Assigned to Dennis LaTour
- Request for download of Authorized Imbalances Assigned to Jim Buccigross
- Authorized Imbalance Transmission Assigned to Dennis LaTour

The first drafts of data sets will be prepared for posting on the home page by October 5. The below data table for Request For Trade contains notes from July 24 and September 8:

| Business Name | Definition |
|-------------------|--|
| Production Period | The production period month and year during which the imbalance occurred. COMMENT 7/24: A production date is needed. COMMENT 9/8: This element's name was changed from "Accounting Period" and the definition. |



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| Business Name | Definition |
|-------------------------|---|
| Associated Contract (1) | <p>Associated contract that provides the rights or information needed to process a transaction with respect to a service requester's contract. (For trader 1 - initiator of the trade)</p> <p>COMMENT 9/8: Several parties use associated contracts and the question is: "Could this be applicable to imbalances?" If added, it should be optional -- to be used by those companies that include associated contracts in their business practices. Concerns were raised that associated contracts are used for other reasons, and a separate data element may need to be created. Those companies that use associated contracts should provide input on how it is used so that determination can be made.</p> |
| Associated Contract (2) | <p>Associated contract that provides the rights or information needed to process a transaction with respect to a service requester's contract. (For trader 2 - confirmor of the trade)</p> <p>COMMENT 9/8: Several parties use associated contracts and the question is: "Could this be applicable to imbalances?" If added, it should be optional -- to be used by those companies that include associated contracts in their business practices. Concerns were raised that associated contracts are used for other reasons, and a separate data element may need to be created. Those companies that use associated contracts should provide input on how it is used so that determination can be made.</p> |
| Contact Person (1) | <p>The name and telephone number of the contact for questions regarding the statement information.</p> <p>COMMENT 7/24: For verifying the trade to. (initiator)</p> <p>COMMENT 9/8: If represented by an agent, the contact information would be for the agent.</p> |
| Contact Person (2) | <p>The name and telephone number of the contact for questions regarding the statement information.</p> <p>COMMENT 7/24: For verifying the trade from. (confirmor)</p> <p>COMMENT 9/8: If represented by an agent, the contact information would be for the agent.</p> |
| Contact Person (3) | <p>The name and telephone number of the contact for questions regarding the statement information.</p> <p>COMMENT 7/24: TSP contact</p> |
| Deal Type Code ??? | <p>No description -- new element</p> <p><i>Original definition of the deal type data element which is a <u>text field, not a code</u>: A Transportation Service Provider supplied identifier which allows the Service Requester to specify the specific transportation arrangement under a contract and receipt/delivery. The transportation arrangements may vary in terms of rates, volume commitments, fuel requirements or other terms offered by the Transportation Service Provider.</i></p> <p>COMMENT 9/8: Deal type code may not used by all companies. One company uses it as either imbalance into or out of a storage account, or for trading imbalances. This could become more relevant if daily imbalances are traded. Code values would be needed -- such as "ii" for imbalance to imbalance, or "is" for imbalance to storage, or "hs" for hub to storage. The deal type code could be sent from the initiator and may also be sent from the confirmor which could be different, and confidentiality protected so either trader does not know the other trader's intentions of to where the gas is going. Currently, several in the group noted that this element may not be needed and it will be revisited for need after the remaining data elements have been reviewed.</p> |



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| Business Name | Definition |
|--------------------------------------|--|
| Fuel Quantity | The quantity of fuel per allocation period in standard units. COMMENT 7/24: Some TSPs ask the shippers to identify their fuel quantity - the total quantity traded may include fuel. |
| Imbalance Type from | From review of the chart. This may be covered under transaction type |
| Imbalance Type to | From review of the chart. This may be covered under transaction type |
| Nominator's Tracking Number | This is created by the originator of the process. It is line item specific and is used by the originator of the process to tie quick response and scheduled volumes to nominations. It is not validated by the receiver of the process nor is it a key in the receiver of the process' database. The receiver of the process will not track this number but merely echo it back in the response document. This number is used for EDI only and will not be added to EBBs. COMMENT 7/24: Rename Imbalance Trade Tracking ID. Changes to the definition are needed. |
| Operational Impact Area | From review of the chart. New data element added. |
| Preparer ID * ??? | The name and address of the business party preparing the report. |
| Quantity | The amount expressed is a quantity per gas day in standard units being traded. COMMENT 7/24: Rename it as trade quantity which may or may not include fuel and this item should be resolved because additional data elements may be needed. |
| Rate Schedule to | From review of the chart |
| Rate schedule from | From review of the chart |
| Service Provider's Activity Code ?? | Service provider's code for the activity requested by service requester. |
| Service Requester 1 | Identifies the party requesting the service, or their agent. COMMENT 7/24: Trade initiating party -- service requester 1 |
| Service Requester 2 | Identifies the party requesting the service, or their agent. COMMENT 7/24: Trade receiving party -- service requester 2 |
| Service Requester Contract 1 | This is the contract under which service is being requested. COMMENT 7/24: Same as above (trade from contract (1) and trade to contract (2)) |
| Service Requester Contract 2 | This is the contract under which service is being requested. COMMENT 7/24: Same as above (trade from contract (1) and trade to contract (2)) |
| Service Provider's Activity Code ??? | Service provider's code for the activity requested by service requester. |
| Statement Date/Time | Date and time the statement was produced. |
| Statement Recipient ID * ??? | The intended user of the statement. |
| Time Stamp | Date and time when data left control of the Service Requester. COMMENT 7/24: Deadline for trades |
| Transaction Type | This field identifies the specific type of scheduling transaction. This field will be populated with GISB approved transaction types. For example: authorized overrun, imbalance payback to pipeline, imbalance payback from pipeline, plant thermal reduction, current business, pooling, injection, withdrawal. The default value is current business. |
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| Transportation Service Provider * | Identifies the party providing the requested service. |
| Zone Identifier | From review of the chart. The transporter's geographic zone identification. |



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V. Next Meetings

The attendees determined the following dates for upcoming conference calls:

Thursday, October 8 9 a.m. to noon

Thursday, October 22 9 a.m. to noon

A face-to-face meeting may be scheduled on November 2 in Houston depending on the progress made by reviewing data sets and data elements via phone conference. The meeting adjourned at 11:15 a.m.



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VI. Attendees

| Attendee | Company | Membership |
|------------------------------------|--------------------------------------|------------|
| Sandra Barnett | Mobile Bay | ✓ |
| Betty Barnum | Panhandle Eastern | ✓ |
| Karen Boren | NGPL | ✓ |
| Jim Buccigross ¹ | National Registry of Capacity Rights | ✓ |
| Flo Comini | ANR | ✓ |
| Dale Davis | Williams Gas Pipelines | ✓ |
| Scott Garrison | Koch Gateway | ✓ |
| Bill Griffith | CIG | ✓ |
| Doug Hahn | P G & E | ✓ |
| Pete Howells | ANR | ✓ |
| Rita Jones | Texas Gas | ✓ |
| Dennis LaTour ² | ANR | ✓ |
| Lynn Ledlow | Southern Natural Gas | ✓ |
| Rae McQuade | GISB Office | ✓ |
| Laura Moseley ✓ | Enron - Northern Natural | |
| Cindy Reppke | ANR | ✓ |
| Lisa Russo | National Fuel Gas Distribution | ✓ |
| Cari Sloan | ANR | ✓ |
| Mary Sue McNeal | El Paso Natural Gas | ✓ |
| Sherry Wake | ANR | ✓ |

¹ Chairs are indicated in bold type. Mr. Buccigross and Mr. LaTour are co-chairs. Mr. Buccigross facilitated this meeting.

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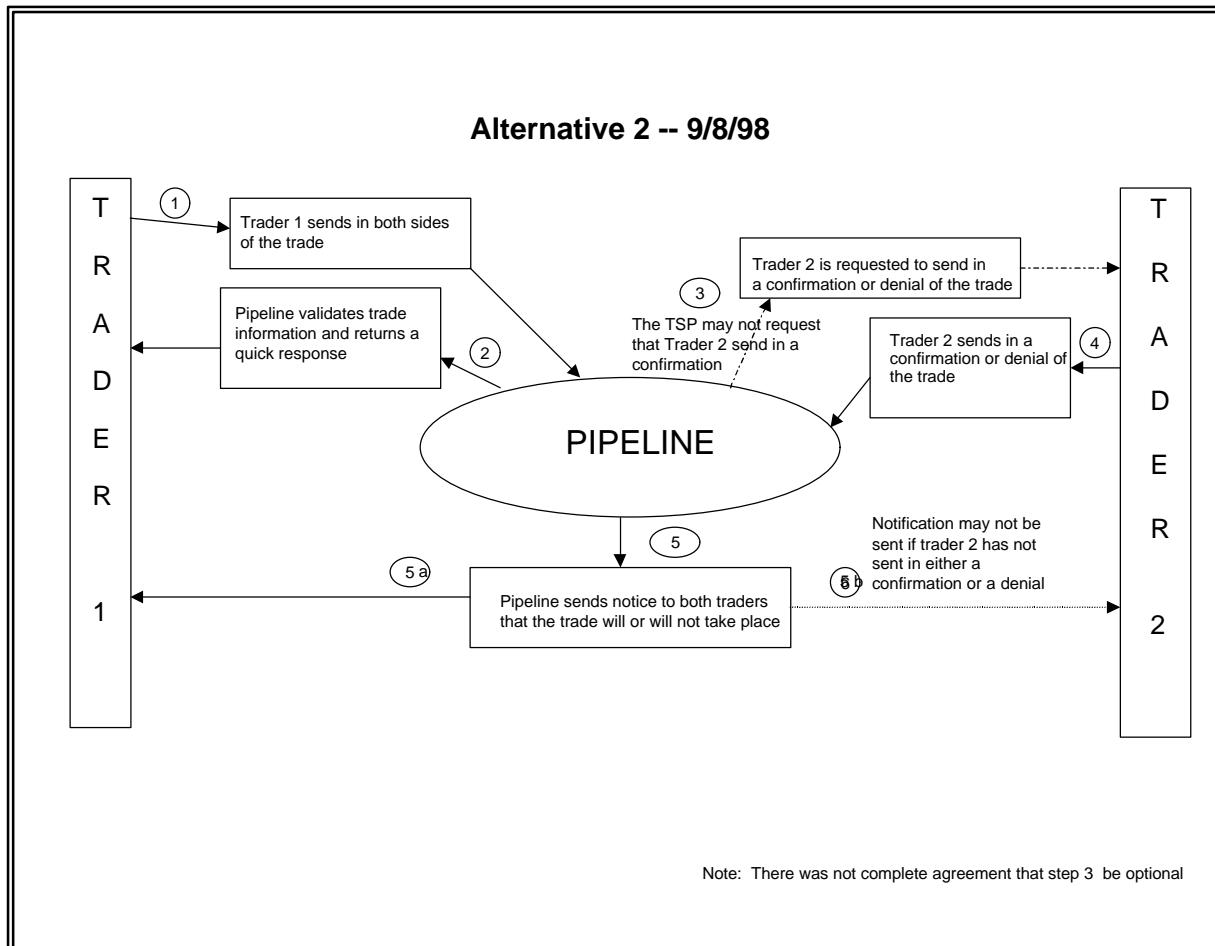


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APPENDIX

Alternative 2³



³ Alternative 2 was selected for review and consideration by the subcommittee on September 8. Alternative 1 and 2 can be viewed in the final minutes of September 8.



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