



Gas Industry Standards Board

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

October 22, 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 OCTOBER 22, 1998 MEETING

I. Administrative

The meeting began at 9:00 a.m. Ms. McQuade called roll and Mr. Buccigross gave the antitrust advice. The agenda was adopted. The minutes of October 8 were adopted with changes.

II. Timing and Deadline Requirements

Mr. Buccigross reviewed the timing and deadline requirements issue as it was left on the call on October 8, namely that there were two competing proposals for trading windows to be voted on by the group:

1. Transportation Service Providers should allow an authorized and posted imbalance to be traded for a minimum of 10 business days.
2. Transportation Service Providers should allow an authorized and posted imbalance to be traded for a minimum of 5 business days.

and Mr. LaTour offered a third proposal -- four business days to tie into the deadlines set for invoicing deadlines which was amended by Ms. Scott, and further amended during the discussion:

- For Transportation Service Providers (TSPs) that display or provide imbalance information that can be relied upon for trade to their service requesters during the production month, those TSPs should allow an authorized and posted imbalance to be traded for a minimum of 4 business days. For TSPs that do not display or provide imbalance information that can be relied upon for trade to their service requesters during the production month, those TSPs should allow an authorized and posted imbalance to be traded for a minimum of 10 business days.

Ms. Moseley noted that the production end of her system gets daily information but the market end does not. She voiced concern that as a result of adopting this standard, she may be required to support multiple trading windows. She was answered that she should only be required to support one trading window. Mr. Scheel voiced concern over a four day window versus the flexibility that some TSPs offer of longer periods. He also voiced concern over the quality of information (how close the estimated information approximates actuals) that may be available for decision making in a shorter trading window. Mr. Griffith noted that the group should also address the issue of calendar days versus business days, the use of business days which could force the trading window to span months.

Mr. LaTour noted that increasing the days in the trading window would delay sending the invoice. He added that less than 10% (less than 100 of over 1000 transportation customers) would trade imbalances and as such the invoice would be delayed for more than 90% of their customers -- who do not trade imbalances. Ms. Barnum supported Mr. LaTour and offered 3 working days as an alternative. Ms. Moseley offered that when traders get the information should be when the trading window starts. Both Mr. Hahn and Ms. Scott noted that the group is to define standards for the best of the industry, not necessarily to define standards that support the existing practices of the industry.

It was noted that for shorter trading windows, the information provided should be such that it can be relied upon for trade. The longer trading windows accommodate imbalance information that may not be as close to actuals which would be required to support the shorter windows. Ms. Davis raised the concern that the language as proposed by Mr. LaTour and amended through the discussion may require



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two systems -- one where the imbalance information can be relied upon for trade, and one to support the anomalies where meters may have problems so that the information may not be relied upon for trade. She further raised concern both with the concept in the language and the note that the language will be used for a standard. Mr. LaTour responded that while the language is crafted as a recommended standard, the group will review all recommendations one more time before labeling them as recommended standards for industry comment and Executive Committee consideration.

Mr. Scheel noted that "relied upon for trade" should be defined such that there are no cash out consequences or penalties assessed when the imbalance information is used in effectuating a trade. GISB Standard No. 2.3.31 may cover this issue: "No imbalance penalty should be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty." Mr. Hahn likened the handling of prior period adjustments in imbalances to prior period adjustments in other transactions and as such, standard no. 2.3.31 should cover the concern raised by Mr. Scheel. During the production month information is displayed, and it becomes information that can be relied upon for trade at the beginning of the window -- such as the fifth business day.

Ms. Unruh noted that the standards language reflecting business processes of TSPs is not appropriate. Ms. McNeal noted that the information that is authorized and posted for trade is the information that should be used. Ms. Scott disagreed with Ms. Unruh and cited page 42 of Order No. 587-G. Mr. Buccigross highlighted that the real debate was how far standardization should go, not whether the subcommittee was charged with creating these standards. A ten minute break was taken at 10:30 a.m.

The language was reread and Mr. LaTour supported it and reiterated that this is a minimum not a maximum. Mr. Scheel asked that vote be postponed to the next meeting on Mr. LaTour's language so that he can check through this language with his traders. Ms. Barnum voiced concern over the four business day window and could not support it. Ms. Moseley also supported Ms. Barnum, and both noted that a deadline for the trading window is not needed. The language supported as a concept in September 24 is sufficient:

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

The procedure to be followed is to formalize the concepts or proposals, then formalize the actual language as recommended standards in a face to face meeting. Ms. McNeal offered the following alternate proposal:

- Transportation Service Providers should allow an authorized and posted imbalance to be traded.

Mr. Buccigross asked that the balanced votes on the competing proposals be taken at the next meeting such that some time is given for participants to work off-line to reach consensus. The competing proposals are:

1. Transportation Service Providers should allow an authorized and posted imbalance to be traded for a minimum of 10 business days. (championed by Mr. Hahn)
2. Transportation Service Providers should allow an authorized and posted imbalance to be traded for a minimum of 10 days. (championed by Mr. Scheel)
3. For Transportation Service Providers (TSPs) that display or provide imbalance information that can be relied upon for trade to their service requesters during the production month, those TSPs should allow an authorized and posted imbalance to be traded for a minimum of 4 business days. For TSPs that do not display or provide imbalance information that can be relied upon for trade to their service requesters during the production month, those TSPs should allow an authorized and posted imbalance to be traded for a minimum of 10 business days. (championed by Mr. LaTour)
4. Transportation Service Providers should allow an authorized and posted imbalance to be traded. (suggested by Ms. McNeal)

Each of the proponents described his/her proposal. Mr. Hahn noted that his proposal was more supportive of the customers, providing an adequate period of time for the trading of imbalances. Mr.



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LaTour noted that his proposal supports Mr. Hahn's proposal but also allows for shorter time frames for those that have more real-time data and support a shorter invoice cycle. Ms. McNeal noted that her proposal preserved agreements that were put in place between the pipeline and its customers which are supportive of the customers' needs. Mr. Scheel noted that as traders begin trading across all pipelines, traders need rules to depend on, such as trading windows. He noted that he could support either 10 business days or 10 days which is adequate for trading. The 10 days is more supportive of the 7/24 schedule previously supported in GISB standards. Mr. Buccigross urged Mr. Scheel and Mr. Hahn to review their proposals and see if they could be combined.

Mr. Buccigross noted that at the next meeting, following an hour of debate, the vote will be taken on these competing proposals. A face to face meeting will be planned for a future date. The rest of the meetings will be focused on data sets.

III. Next Meetings

The attendees determined the following dates for upcoming conference calls:

Monday, November 9	9:30 a.m. to 5:00 p.m. hosted by Enron in Houston
Monday, November 30	9:00 a.m. to noon
Thursday, December 10	9:00 a.m. to noon

The meeting adjourned at 11:30 a.m.



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V. Attendees

	Attendee	Company	Membership
Pipelines:	Flo Comini	ANR	✓
	Dennis LaTour¹	ANR	✓
	Pete Howells	ANR	✓
	Cari Sloan	ANR	✓
	Sherry Wake	ANR	✓
	Cindy Reppke	ANR	✓
	Bill Griffith	CIG	✓
	✓ Marcy McCain	Duke Energy - Algonquin	
	✓ Betty Barnum	Duke Energy - Panhandle Eastern	
		Mary Sue McNeal	El Paso Natural Gas
	Laura Moseley	Enron - FGT	✓
	Theresa Hess	Enron - Northern Border	✓
✓	Alice Johnson	Enron - Northern Natural	
✓	Raetta Zadow	Enron - Northern Natural	
✓	Tammy Hopkins	Enron - Transwestern	
	Julie Unruh	Koch Gateway	✓
✓	Clarinda Smith	Koch Midstream Services	
	Sandra Barnett	Koch - Mobile Bay	✓
✓	Mark Gracey	Tennessee Gas Pipeline	
	Rita Jones	Texas Gas	✓
✓	Margaret Morton	Southern Natural	
	Dale Davis	Williams Gas Pipeline	✓
Services:	Mark Scheel	Dynegy Inc.	✓
	Donna Scott	Enron Administrative Services	✓
✓	Jim Buccigross	¹ National Registry of Capacity Rights	
Producers:	Tommie Hartmann	Exxon	✓
	Jerry Hahn	Texaco	✓
LDCs:	Lisa Russo	National Fuel Gas Distribution	✓
GISB:	Rae McQuade	GISB Office	✓

¹ Chairs are indicated in bold type.