

To: GISB Executive Committee Members

From: Koch Gateway Pipeline Company  
Mobile Bay Pipeline Company

Re: Proposed Standards and Interpretations for January meeting

Date: January 2, 1998

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Koch and Mobile Bay would like to thank the Intraday Task Force for the many hours of hard work and determination it put in to complete the Intraday Model in a timely fashion. There are a few points, however, that Koch would like to make regarding the model.

First, as we expressed in the November Task Force Meeting in Washington and in the December Task Force Meeting in Houston, Koch and Mobile Bay are opposed to the inclusion of Proposed Standard S.19 in the Intraday Task Force packet of materials (Proposed Standard 1.3.f in the materials in the EC book). The basis of our objection is the process by which this proposed standard was introduced, not necessarily its content. This item did not complete the usual course through the BPS Subcommittee, including discussion and voting. We oppose the introduction of this “incomplete” item in another, unrelated subcommittee meeting, and we fear that allowing standards to be introduced in this manner could create a precedent whereby any party favoring a proposed standard can introduce it in an unrelated forum in order to have it approved. Further, although the proposed standard passed in a simple majority vote, there were more abstentions than favorable votes, indicating, at the very least, a sense of uncertainty among a large number of individuals. We urge the EC to strike this proposed standard from the Intraday packet and send it back to the BPS, with a priority status, for completion.

We also have serious concerns about the confirmation process related to the Intraday model. This concern is based both upon experience we have related to the existing 3:30 p.m. confirmation deadline, and problems we foresee with Proposed Principle 1.1.d, which addresses “true-up” confirmations and when they should be performed. Our experience with the existing standards is that, if a package of gas moves through several pipelines, and one of the upstream pipelines waits until 3:20 p.m. to confirm with its downstream counterpart for a 3:30 p.m. deadline (as often happens), if a cut is implemented, there is insufficient time to notify all affected parties of the cut in time for the 3:30 p.m. confirmation deadline. Because there are currently no standards to address this type of problem, it is often impossible to compel a party to perform a final “true up” confirmation. The Proposed Principle 1.1.d raises the same issues. Koch and Mobile Bay suggest that the EC craft additional standards to address these issues so that all confirmation periods are encompassed and “true up” confirmations may be performed in a timely manner.

Koch and Mobile Bay are strongly opposed to the proposed penalty relief language in the “contentious issues” document. If a pipeline is unable to impose penalties upon interruptible transportation shippers who are being bumped, those shippers will have no

incentive to conform to what the pipeline requires. Obviously, this has the potential to create operational problems on the pipeline. A pipeline should have the option to waive any such penalties if it chooses. Therefore, the EC should not support or craft any proposed standard that waives all penalties associated with a bump.

Regarding the other items out for comment, Koch and Mobile Bay would like to draw the EC's attention to R97045. In another similar request (R97058A), Koch filed comments with the EC in October; at that time, we expressed reservations about the recommendation that was proposed for that request. We renew our objections here for the same reasons. Specifically, R97045 proposes to allow proprietary location codes to be employed in the absence of a verified DRN number for up to six months. Koch and Mobile Bay oppose yet another "sunset provision" being introduced to allow those parties who are obviously not complying with GISB standards to further delay compliance by up to six months. We know and appreciate the fact that when new meters are installed, DRN numbers must be created; however, these numbers can generally be obtained within a matter of days. Parties should not be allowed six months to obtain them. It must also be remembered that there are mandatory standards in place for interstate pipelines that require DRN numbers to be always be used in GISB data sets. The EC should not compound compliance problems by allowing a few parties to continue to complicate the movement of gas across the national grid for an additional six months.

Koch and Mobile Bay appreciate the EC's consideration of these comments.