

To: Rae McQuade

From: Greg Lander - TransCapacity Limited Partnership

Date: March 31, 1997

RE: TransCapacity's Comments on the March 13, 1997 and March 17, 1997 Proposed Standards Changes for inclusion in GISB Standards Commentary for April 10'th EC Meeting

R97023 - Further define GISB Standard 4.3.6 on formats for non-transactional data

Note: This request was considered at the February EC meeting and it was resolved to defer this issue back to the Future Technology Task Force who would return a recommended format for each of the items. Absent that recommendation, TransCapacity proposes adoption of the model described below in order to resolve this issue in a timely fashion.

TransCapacity recommends the following language regarding the file format for the viewing and downloading of the information to be posted on transportation service provider's web pages (GISB Standard No. 4.3.6):

For **viewing** via the web page:

System-wide Notices - HTML
Order 497 postings - HTML

If TSP desires to make the following available for **viewing** via the web page, then:

Index of Customers - HTML
Tariffs - HTML
Other information - HTML

For **downloading**:

System-wide Notices - RTF
Order 497 postings - RTF
Index of Customers - FERC specified Format
Tariffs - RTF
Other information - RTF

R96034 - Modify the Flowing Gas Related Standards to add an additional allocation methodology type - End user Value

TransCapacity recommends rejection

The recommendation states that this method "would allow the operator to provide a quantity after the flow of the gas for use in allocating the quantities at a location." The recommendation goes on to state that "through the use of this method *the final allocation of gas may have no relationship to the original scheduled quantities.*" We are concerned by this statement and question what the net effect of using an operator provided quantity would have on the whole business process of nominations, confirmations, scheduling, if after the fact, a number could be inserted into the process which bore no relationship to the numbers nominated, confirmed, and scheduled along the way.

In addition, there are multiple GISB standards which address allocation methodologies.

Standard No. 2.3.16 states: "List of allocation methodology types agreed upon: Ranked, Pro Rata, Percentage, and Swing.

Standard No. 2.3.17 states: "The same standard allocation methodologies should be available for use at all points.

Standard No. 2.3.18 states *inter alia*: "The types of allocation methodologies is a list from which two parties may agree."

These standards were hard fought. Approval of this request would act to essentially "gut" many of these standards. We recommend rejection of the recommendation as worded.

If there were to be a change to the definition which eliminated the retroactive nature of the allocation result, and which worked like a "limit value" allocation method, and which was not limited to just "end-users"; then TransCapacity could support the addition of this methodology of allocation.

In any case, the proposed changes have a significant impact on business practices of both service providers and service requesters. As such, TransCapacity recommends that this request/recommendation be properly sent to the BPS for discussion, definition and consideration of impact on business practices.

R96097 - Modify the level of response on the Nomination Quick Response from Transaction level to Contract level

Additional information required

TransCapacity cannot recommend acceptance of this recommendation as there is one very important point which requires clarification. The description of one of the proposed Transaction Status Codes (AE) states:

Errors or warnings occurred in the Transaction. Some nominations may be accepted and some may be rejected."

The first issue is the use of the word "may" in the description. It is certainly a less than precise term.

Secondarily, the issue is left open as to how the shipper receiving the quick response knows which nominations were accepted and which were rejected or had warnings. If this information is required to be provided in the detail, along with Nominator's Tracking Numbers for the relevant nominations, then how is this code different from the current code AE which indicates that one or more detail line items [were] rejected and that **detail errors follow**. If along with the proposed AE code no detail follows, then the shipper is in a quandary as to line items were accepted and/or rejected.

A change in the language to the proposed new description of code AE stating that the batch is accepted with the some errors or warning and that "detail errors or warnings follow" would resolve this issue.

If this change is made TransCapacity recommends acceptance.

If the change is not made, TransCapacity strongly urges rejection.

R96125 - Add a data element to the PDA, PDA Quick Response and Allocation Statement data sets to identify the level of allocation

TransCapacity recommends accept

There is clearly a GISB standard for the basis of this request. The addition of the Statement Type Code identifying the type and level of the allocation should allow parties to support multi-tiered allocations in these data sets, per the GISB standards. TransCapacity recommends acceptance of this recommendation.

R97001 - Update the Invoice to include the Line Number only in the Sub-detail

TransCapacity recommends accept

This recommendation involves common formatting and consistent presentation in the GISB Implementation Guides. It does not change a technical process or business practice and represents a correction which should be made. TransCapacity believes that little discussion is necessary and TransCapacity recommends approval of this recommendation.

R96123 - Add a data element, Balancing Agreement to the UPPD - Bidder Confirmation and UPPD - Bidder Confirmation Validation Capacity Release Data Sets.

TransCapacity recommends accept.

Note that this request was modified by the recommendation of the Information Requirements (MITF - Capacity Release) Subcommittee. Their recommendation is to add the Associated Contract data element to only the UPPD - Bidder Confirmation data set, along with the addition of relevant error and warning messages to the UPPD - Bidder Confirmation Validation data set. This implementation accomplishes the goal of the BPS in its request, and TransCapacity recommends acceptance of the recommendation.

R96131 - Update Flowing Gas Implementation Guide to expand discussion and examples pertaining to Volume Allocations Statement

TransCapacity recommends that this entire business process description not be approved at this time due to multiple issues as discussed below.

To begin with, there are two distinct business process descriptions proposed, each of which is *prima facie* contradictory to the other. (We have included a "red-lined" version for discussion purposes - see attached.) The business process descriptions are apparently descriptions of how allocations are proposed to be done on one or more transportation service providers. They do not represent a true business process description for the natural gas industry.

Secondly, the process which was followed in preparing this draft of business process description is unclear. Certainly, the business description describes and impacts business practices and processes. As such, it should properly have been discussed and drafted at the BPS level, not at the Market Settlement implementation level task force. In addition, there is no "sense of the room" voting results, which leads us to question whether this draft was in fact approved by the MSTF as a whole, or was drafted "off-line" and subsequently submitted to the EC.

TransCapacity is aware that this request/recommendation followed the "old" procedures, and is further aware that the re-organization at the task force level will alleviate any such procedural issue in future recommendations. Nonetheless, this request should be properly "scrubbed" at the BPS level and a modified draft recommendation prepared. If necessary, and at that point only, any implementation specific issues could go back to the newly formed Information Requirements Subcommittee for further drafting.

Given the multiple and substantial business practice issues involved here, TransCapacity recommends that this recommendation not be approved at this time, rather that it be sent back to the BPS as described above. In order to facilitate that transfer process, TransCapacity has gone ahead and prepared a "red-lined" version of the draft (included herein) for discussion at the BPS.

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

The Allocation Statement is the data set that communicates the distribution of actual measured quantities to transactions at a location. The data set is created in a manner to accommodate communications to various business parties based on their roles (operator, upstream / downstream party, service requester, etc.) at a location and to accommodate multi-level (tiered) and single level allocations. Usage of data elements change depending on the level of information contained in the allocation statement. To accommodate communications of allocation information to various parties at varying levels of detail, Statement Type Codes are used within the data set to distinguish the type of information contained in the data transmission. The codes become critical when a party performing multiple roles sends and/or receives multiple allocation statements for a location. It should be noted that allocating parties are not required to support all Statement Type Codes.

When a transportation service provider uses the pathed non-threaded model, there is not threading between the service requester's pathed nominations and the service requester's upstream and downstream nominations. Therefore, the TSP using the pathed non-threaded nominations model may follow a different allocations model from those used by most pathed and non-pathed service providers.

With the pathed non-threaded model, like the pathed and non-pathed models, allocations may either be performed and communicated in a one step process by allowing a single party to submit a PDA that will allocate the quantity from the point level all the way down to the lowest level of detail submitted on the nomination or may be performed in a multi-step process, by allowing the multiple parties in the value chain to specify the distribution of volumes under their control at a point's volume a varying levels of allocation to their nominated and scheduled business parties.

The following will describe the functionality of the different Statement Type Codes:

- A1 OPERATOR AT A RECEIPT OR DELIVERY LOCATION:** The statement includes allocation information for the total measured quantity for a location to the nomination level of detail. This statement type is intended to go only to an operator. At every location, there is an operator on the receipt side and an operator on the delivery side. An operator, in this context, may be the receipt point operator of the delivery point operator, or both.
- A2 UPSTREAM / DOWNSTREAM PARTY AT A RECEIPT OR DELIVERY LOCATION:** The statement includes a sub-set of the total measured quantities for a location at a summarized level of detail. The receiver of the statement will only receive information pertinent to their business transactions. The statement may be used to communicate with parties that have been identified within a nomination as the upstream or downstream party. This statement type is intended

to go to parties such as sellers (producers, marketers) or purchasers (marketers, end-users) but is not limited to these parties.

- A3 OPERATOR AT A RECEIPT LOCATION -- SUMMARIZED:** The statement includes allocation information for the total measured quantity for a location summarized at the upstream party level. This statement type is intended to go only to an operator of a receipt location.
- A4 OPERATOR AT A DELIVERY LOCATION -- SUMMARIZED:** The statement includes allocation information for the total measured quantity for a location summarized at the downstream party level. This statement type is intended to go only to an operator of a delivery location.
- A5 SERVICE REQUESTER AT A RECEIPT OR DELIVERY LOCATION:** ~~This type is not supported on the Allocation Statement. Service Requester allocation information is communicated using the Imbalance Statement.~~
- A6 OPERATOR TO SERVICE REQUESTER:** The statement includes allocation information for the total measured quantity for a location to the service requester level of detail. ~~This statement type is intended to go only to an operator.~~
- A7 SERVICE REQUESTER TO SERVICE REQUESTER CONTRACT:** ~~This type is not supported on the Allocation Statement. Service Requester allocation information is communicated using the Imbalance Statement.~~
- A8 SERVICE REQUESTER TO UPSTREAM OR DOWNSTREAM:** The statement includes allocation information for a service requester's share of the total measured quantity allocated from ~~to~~ the service requester's upstream and to the service requesters downstream parties.

Please refer to Exhibit(s) ___ which are diagrams that supplement the previous explanation.

~~Allocation Statement reporting may occur at levels of detail other than those accepted for PDAs. For example, a TSP may only accept "A1" PDAs then communicate allocation information using types "A1", "A2" and "A5". When a party has submitted a valid PDA data set for a particular Statement Type Code, traditionally the party can expect to receive an Allocation Statement data set for the same Statement Type Code.~~

The Header and Detail data elements are used consistently regardless of the Statement Type Code. The following will further explain usage of the data elements:

Header Information: used consistently for all Statement Type Codes

Preparer ID: The common code identifier for the party providing the allocation.

Statement Recipient: The common code identifier for the party receiving the allocation [statement](#).

Contact Person: Name and telephone number of the person working for the preparer company responsible for answering questions concerning the information contained in the transaction set.

Statement Date/Time: Date and time the statement was prepared.

Accounting Period: Accounting period in which the information provided applies.

Detail Information: used consistently for all Statement Type Codes

Location Code: The common code for the location being allocated [from the perspective of the preparer](#).

Statement Basis: A code indicating whether the allocation information is an estimate, actual or revision. The revision code is used only to indicate adjustments related to a previous accounting period.

Adjustment Type: A code indicating the cause of the adjustment such as changes related to the measured quantities, correction to scheduled quantities or correction of the predetermined allocation method.

Beginning Flow Date/Time: The beginning flow date/[time](#) for the period being allocated.

Ending Flow Date/Time: The ending date/[time](#) for the period being allocated. [May be blank if the beginning and ending date/time are the same. Where null, defaults to the end of the gas day of beginning flow date/time.](#)

Direction of Flow: A code indicating whether the nomination is a receipt into or a delivery out of the preparer's facility.

Usage of sub-detail data elements is dependent upon the Statement Type Code and Direction of Flow Indicator. Please refer to the Data Element Cross Reference to ASC X12 within this section to determine the usage of each data element.

Sub-Detail Data Elements:

Service Requester Contract ID: The service requester contract for the party requesting service from the party [preparing providing](#) the allocation statement.

Service Requester Identifier Code: The common code for the party requesting service from the party [preparing providing](#) the allocation statement or the purchaser of gas from the allocation statement recipient when title tracking is performed.

Upstream Identifier Code: The common code for the party conveying title at a receipt location (party having ownership of the gas on the upstream side of a location). This data element is relevant whenever the Direction of Flow Indicator is "R" (receipt).

Upstream Contract Identifier: The ~~service requester~~ contract [between of](#) the party identified [by in](#) the Upstream Identifier Code [and with](#) the upstream service provider. This data element is relevant whenever the Direction of Flow Indicator is "R" (receipt).

Downstream Identifier Code: The common code for the party receiving title at a delivery location (party having ownership of the gas on the downstream side of a location). This data element is relevant whenever the Direction of Flow Indicator is “D” (delivery).

Downstream Contract Identifier: The ~~service requester~~ contract ~~between of~~ the party identified ~~by in~~ the Downstream Identifier Code ~~and with~~ the downstream service provider. This data element is relevant whenever the Direction of Flow Indicator is “D” (delivery).

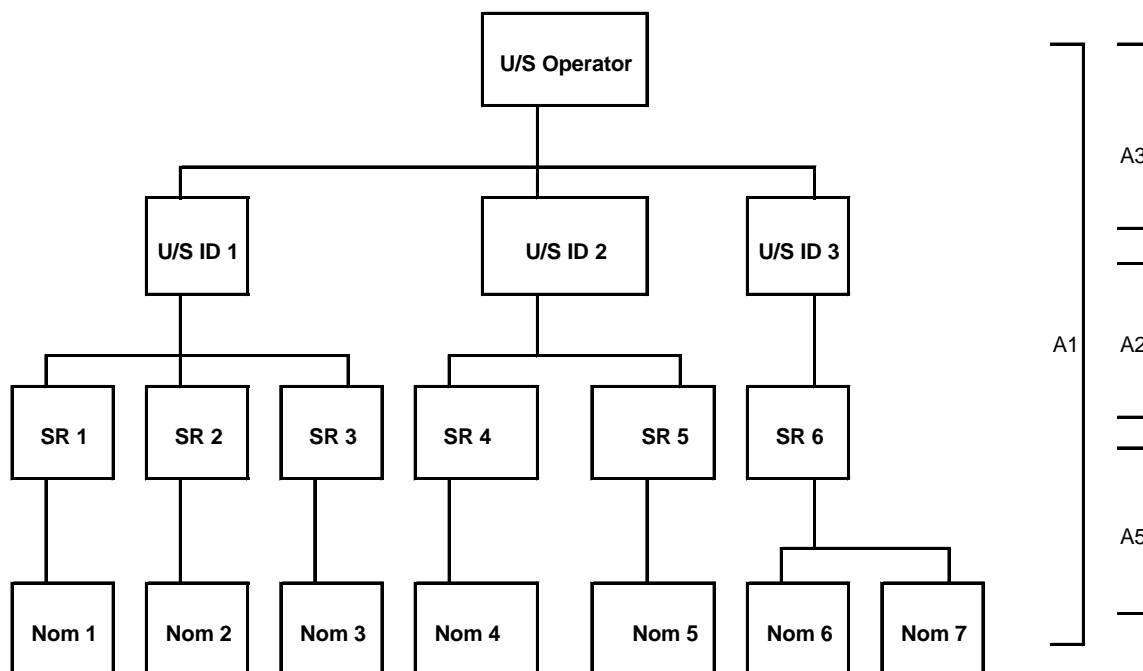
Scheduled Quantity: Scheduled Quantity scheduled by preparer at the location being allocated.

Allocated Quantity: Allocated Quantity allocated by preparer at the location being allocated.

Package ID: The package ID included on the service requester’s nomination to the party preparing providing the allocation statement.

Service Requester’s Activity Code: The Service Requester’s Activity Code assigned to nominations by the party preparing providing the allocation statement.

RECEIPT LOCATION EXAMPLE -- Pathed and Non-Pathed Models



- A1 The Upstream Operator will receive information for the total measured quantity allocated to the nomination level.
- A2 The Upstream Party will receive information for their share of the total measured quantity allocated to the Service Requesters receiving gas from them.
- A3 The Upstream Operator will receive information for the total measured quantity allocated to the Upstream Parties.
- A4 Not applicable. This type is used for delivery allocations.
- A5 Not supported on the Allocation Statement. Information is provided on the Shipper Imbalance Statement.

Changes to Notes:

A1: Insert the words "from the preparer" after the word receive.

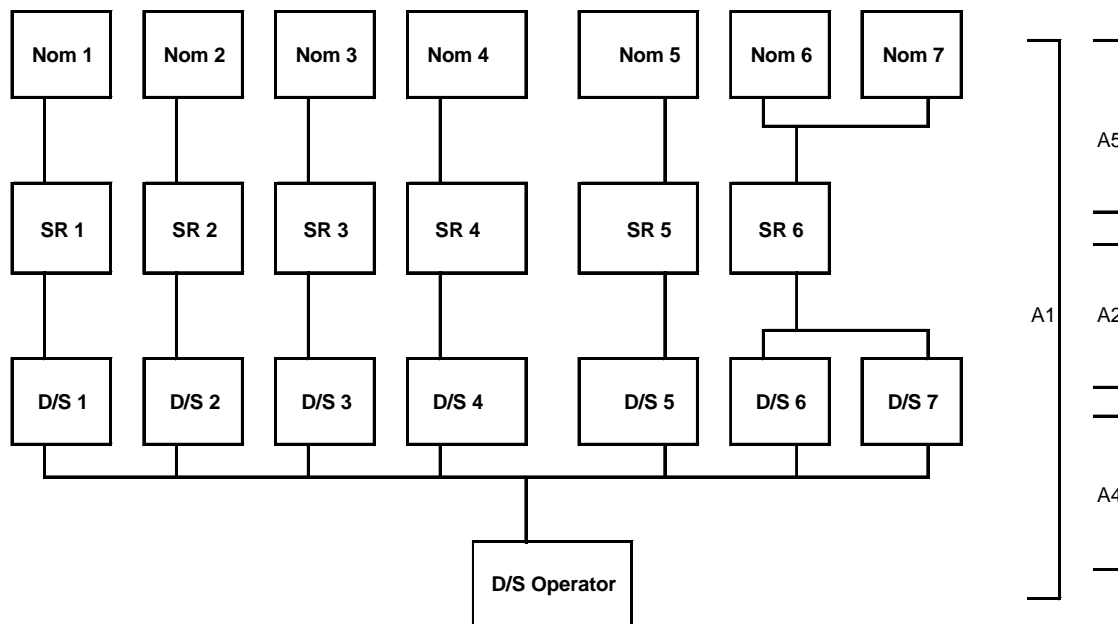
A2: Replace entire note as follows: "The Upstream Parties (Upstream ID's 1, 2, n) will each receive from the preparer information for their share of the total measured quantity allocated to the Service Requesters receiving gas from them.

A3: append to the end of the sentence the following: "(Upstream ID's 1, 2, n)"

A4: No change.

A5: Delete entire note, replace with the following: "Service Requesters will receive information for the total allocated quantity allocated to each nomination at a location.

DELIVERY LOCATION EXAMPLE -- Pathed and Non-Pathed Models



- A1 The Downstream Operator will receive information for the total measured quantity allocated to the nomination level.
- A2 The Downstream Party will receive information for their share of the total measured quantity allocated to them from the Service Requesters on the Upstream Operator's facility.
- A3 Not applicable. This type is used for receipt allocations.
- A4 The Downstream Operator will receive information for the total measured quantity to the Service Requester Contract level.
- A5 Not supported on the Allocation Statement. Information is provided on the Shipper Imbalance Statement.

Changes to Notes:

A1: Insert the words "from the preparer" after the word receive.

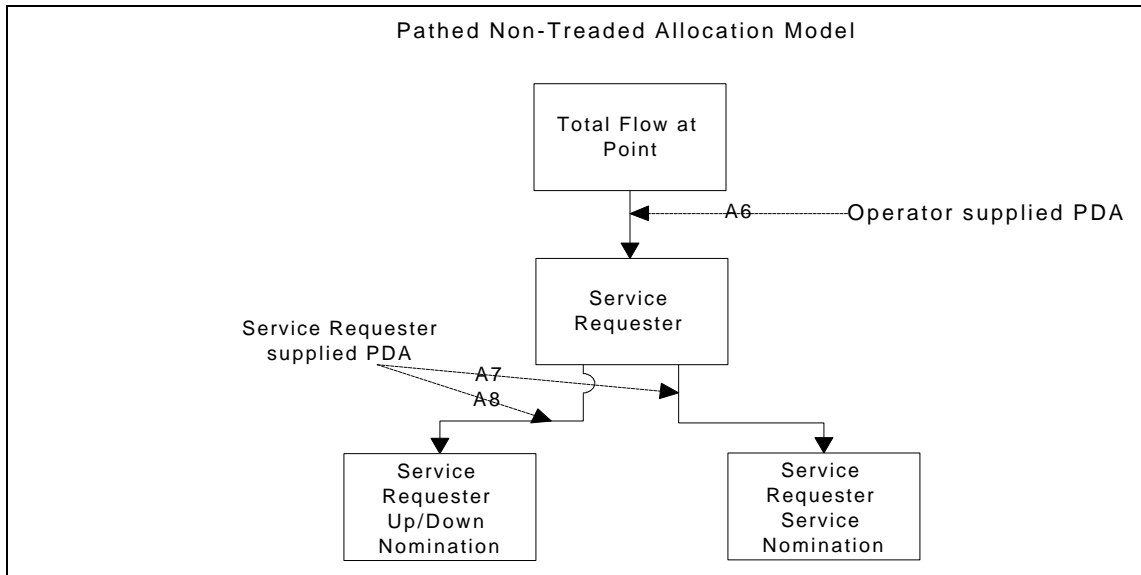
A2: Replace entire note as follows: "The Downstream Parties (Downstream ID's 1, 2, n) will each receive from the preparer information for their share of the total measured quantity allocated to them from the Service Requesters on the Upstream Operator's facility."

A3: No change

A4: No change.

A5: Delete entire note, replace with the following: "Service Requesters will receive information for the total allocated quantity allocated to each nomination at a location."

GISB Allocation Statement -- draft update to Flowing Gas Implementation Guide



TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

Natural Gas is allocated among producers, operators, transporters, shippers, and others after gas flows, using various methodologies to allocate actual quantities. In order to manage the impact of variances of actual quantities from scheduled quantities, a specified method is used to relate and distribute physical flow quantities to scheduled transactions. A Pre-Determined Allocation (PDA) methodology is utilized to accomplish this goal by securing the agreement of the allocating party (the allocated preparer) and the party preparing providing the PDA. The implementation of an agreed-upon PDA clarifies expectations and responsibilities prior to gas flow. The PDA is due during or after confirmation and before the start of the gas day.

The PDA data set is created in a manner to accommodate communications between to various business parties based on their roles (operator, upstream / downstream party, service requester, etc.) at a location and to accommodate multi-level (tiered) and single level allocations. Usage of data elements change depending on the level of information contained in the PDA. To accommodate communications of allocation information to various parties at varying levels of detail, Statement Type Codes are used within the data set to distinguish the type of information contained in the data transmission. The codes become critical when a party performing multiple roles sends and/or receives -multiple PDAs for a location. ~~It should be noted that allocating parties are not required to support all Statement Type Codes.~~

The PDA data set may be provided by the service requester, producer, operator or their agent, for their appropriate allocation level, to the service provider (~~TSP~~) prior to the flow of gas. In some cases, the nominations may change independently of the PDA and the PDA is sent separately from the nomination. The PDA method and values sent to the service provider remain in effect until changed. When a party submits a valid PDA data set for a particular Statement Type Code, ~~traditionally~~ the party can expect to receive an Allocation Statement data set appropriate to that for the same Statement Type Code.

When a transportation service provider follows the pathed non-threaded model, there is no threading between the service requester's pathed (i.e., receipt to delivery) nominations and the service requester's upstream (supply from suppliers) and downstream (supply to market) nominations. Therefore, the TSP using the pathed non-threaded nominations model will follow the simpler pathed non-threaded a different allocation model. ~~from those used by most pathed and non-pathed service providers.~~

With the pathed non-threaded model, like the pathed and non-pathed models, allocations may either be performed in a one step process by allowing a single party to submit a PDA that will allocate the quantity from the point level all the way down to the lowest level of detail submitted on the nomination or may be performed in a multi-step process, by allowing multiple parties to specify the distribution of a point's volume a varying levels of allocation.

The following will describe the functionality of the different Statement Type Codes:

- A1 OPERATOR AT A RECEIPT OR DELIVERY LOCATION:** The statement includes PDA information for the total measured quantity for a location to the nomination level of detail. This statement type is intended to come only from an operator.
- A2 UPSTREAM / DOWNSTREAM PARTY AT A RECEIPT OR DELIVERY LOCATION:** The statement includes PDA information for a sub-set of the total measured quantities for a location at a summarized level of detail. The sender of the statement will only send information pertinent to their business transactions. The statement may be used to communicate PDAs from parties that have been identified within a nomination as the upstream or downstream party. This statement type is intended to come from parties such as sellers (producers, marketers) or purchasers (marketers, end-users) but is not limited to these parties.
- A3 OPERATOR AT A RECEIPT LOCATION -- SUMMARIZED:** The statement includes PDA information for the total measured quantity for a location summarized at the upstream party level. This statement type is intended to only come from the operator of a receipt location.
- A4 OPERATOR AT A DELIVERY LOCATION -- SUMMARIZED:** The statement includes PDA information for the total measured quantity for a location summarized at the downstream party level. This statement type is intended to only come from an operator of a delivery location.
- A5 SERVICE REQUESTER AT A RECEIPT OR DELIVERY LOCATION:** The statement includes PDA information from a service requester for a location at the nomination level of detail. The sender of the statement will only send information pertinent to their nominations.
- A6 OPERATOR TO SERVICE REQUESTER:** The statement includes PDA information for the total measured quantity for a location to the service requester level of detail. This statement type is intended to come only from an operator.
- A7 SERVICE REQUESTER TO SERVICE REQUESTER CONTRACT:** The statement includes PDA information from a service requester for a location at the nomination level of detail. The sender of the statement will only send information pertinent to their nominations.
- A8 SERVICE REQUESTER TO UPSTREAM OR DOWNSTREAM:** The statement includes PDA information from a service requester to allocate their share of the total measured quantity to their upstream and downstream parties.

Please refer to Exhibit(s) ___ which are diagrams that supplement the previous explanation.

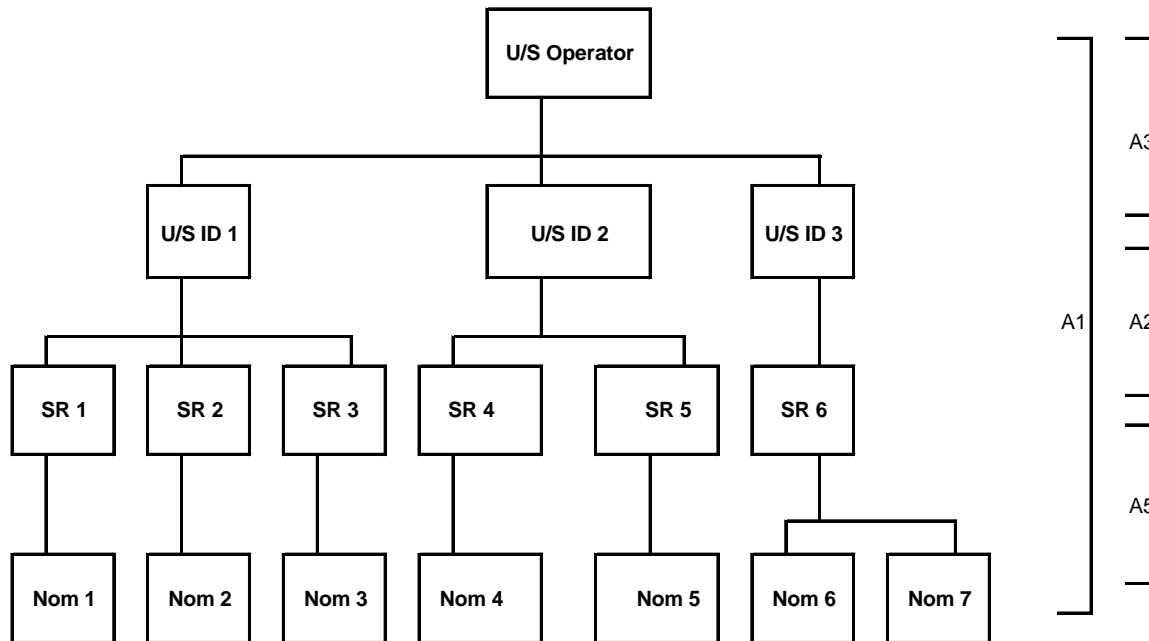
The PDA data set tells the service provider not only what allocation method is chosen, but also communicates the parameters needed with the allocation method. For example, the PDA might specify that the allocation method is “ranked” and the rank level is “500.” When the Allocation Method is Ranked, Swing or Percentage, additional parameters (the Allocation Rank Level) may be needed in order to create a valid PDA. If all elements are not submitted at the same time, the PDA ~~is~~ **can not be processed, is not valid and therefore** will not be accepted. Pro rata will be used as the default methodology in cases where no valid PDA exists. If mutually agreed upon by the allocating party and the party providing the PDA, the Allocation Rank Indicator may be used to set up different methodologies to handle over- or under-tendered situations. Limit Value may be used, if **provided allowed** by the ~~service provider (TSP) requesting party preparing the PDA,~~ to limit the variance quantity applied to a transaction.

For the Rank Method, the Allocation Rank Level may be a number between 1 and 999 with 1 indicating the highest relative priority of the transaction and 999 indicating the lowest relative priority of the transaction. For example, a location with three transactions with respective ranks of 1, 500 and 999 would be allocated in the following manner. The transaction ranked 1 would be the first transaction to be awarded actual quantities up to but not exceeding its scheduled quantity. The transaction ranked 500 would then be awarded actual quantities up to but not exceeding its scheduled quantities. The transaction ranked 999 would be the last transaction and awarded the remaining actual quantities.

In some cases, the allocating party may allow a combination of methods. For instance, a percentage method may be applied to some transactions and a ranked method applied to the remaining transactions. **[Additional descriptions and detail to be provided by the BPS here.]**

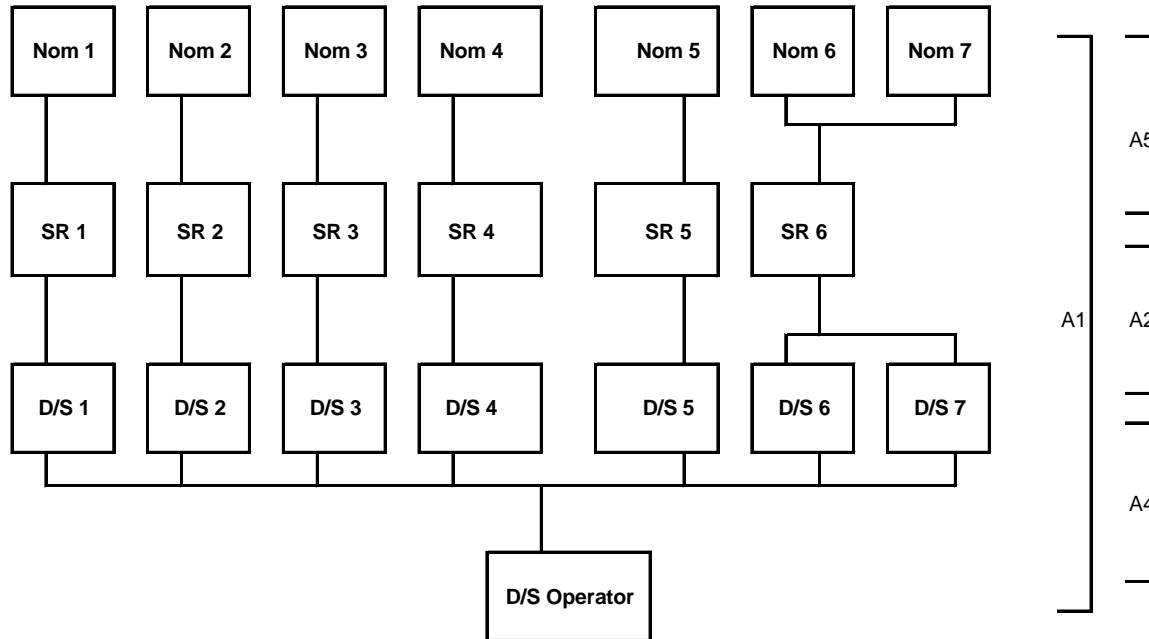
Please refer to the Data Element Cross Reference to ASC X12 within this section to determine the usage of each data element.

RECEIPT LOCATION EXAMPLE -- Pathed and Non-Pathed Models



- A1 The Upstream Operator will provide a PDA covering the total measured quantity to the nomination level.
- A2 The Upstream Party will provide a PDA to allocate their share of the total measured quantity to the Service Requesters receiving gas from them.
- A3 The Upstream Operator will provide a PDA to allocate the total measured quantity to the Upstream Parties.
- A4 Not applicable. This type is used for delivery allocations.
- A5 The Service Requester will provide a PDA to allocate their share of the total measured quantity to their nominations.

DELIVERY LOCATION EXAMPLE -- Pathed and Non-Pathed Models



- A1 The Downstream Operator will provide a PDA to allocate the total measured quantity to the nomination level.
- A2 Not recommended for delivery locations.
- A3 Not applicable. This type is used for receipt allocations.
- A4 The Downstream Operator will provide a PDA to allocate the total measured quantity to the Service Requester Contract level.
- A5 The Service Requester will provide a PDA to allocate their share of the total measured quantity to their nominations.

GISB Pre-determined Allocation -- draft update to Flowing Gas Implementation Guide

