

Comments Regarding Proposed Standards For R02002 And 2002 Annual Plan Item 10 – Order 587-N (Intraday Recalls)

Natural Gas Pipeline Co. of America (NGPL) and the other Kinder Morgan pipelines support the concepts embodied in these proposed standards, but oppose the implementation as defined in the standards and data dictionaries. The following discussion specifically outlines the elements that we oppose and explains why we oppose them.

Proposed/ Modified Standards

5.3.21 All Transportation Service Providers (TSPs) should support the following periods for released capacity subject to recall rights.....

- (ii) Early Evening Recall Notification

Rationale for Opposing

This notification period is not needed since unlike the other deadlines which are tied specifically to a nomination cycle, no contractual or nomination rights are actually modified until the Evening Nomination Cycle. The only attributed benefit espoused by the proponents of this notification period is that the earlier notification provides the Replacement Shipper more time to react to the loss of capacity and could potentially mean that the capacity is more valuable. But why select this time of 3:00 p.m. for a deadline? Through the Recall/Reput Terms, the Releasing Shipper could specify some other time such as 12:00 noon the day before gas flow as an “Early Evening” deadline for providing notice to the Transportation Service Provider and Replacement Shipper. Whether the deadline is 3:00 p.m. or 12:00 noon the contractual and nomination result set is the same as it would be with an “Evening” notification. Therefore, we recommend that this notification period be deleted from proposed standard 5.3.21 in order to simplify the notification process and timeline.

Proposed Standards

5.3.27 A Transportation Service Provider should support the ability for the Releasing Shipper to specify, as a condition of a capacity release offer, which recall notification period(s), as provided in NAESB WGQ Standard No. [5.3.21] will be available for use by the parties.

5.3.28 A Transportation Service Provider should support the ability to specify, as a condition of release, whether the Releasing Shipper’s recall notification must be provided exclusively on a Business Day.

Changes to Standards 5.3.41 and 5.3.42

Associated changes to Data Dictionary Standards 5.4.1, 5.4.4, 5.4.7, 5.4.3, 5.4.9, and associated code value changes.

Rationale for Opposing

Again, since the Releasing Shipper can specify any recall time and conditions in the Recall/Reput Terms, this break out of information is not needed and can be confusing to Releasing and Replacement Shippers. For example: assume (1) that a Releasing Shipper is willing to notify the pipeline and the Replacement Shipper of a recall by 10:00 a.m. on Monday through Friday; and (2) that the term of the release is for the month of November.

After much thought, the following seems to be the correct way to submit the release so that the Recall/Reput Terms of a 10:00 a.m. recall notification as described above and the selection of appropriate Recall Notification Period Indicator(s) and Business Day Indicator (“recall indicators”) are consistent. The Recall Notification Period Indicator(s) selected should be Intraday 2 only, or all notification period indicators since, even though the notice could be provided before 10:00 a.m. on any Monday through Friday for some subsequent gas day, the latest a recall could be issued for a specific gas day is 10:00 a.m. the day of flow. The Business Day Indicator has to be set to “N” since based on the Recall/Reput Terms, the capacity recall notice could be given by 10:00 a.m. on Thanksgiving. To us, it seems much simpler and the same business results are obtained by just entering the recall notification information in the Recall/Reput Terms without confusing the issue with trying to select the appropriate indicators.

Additionally, by removing the indicators, the potential problem with inconsistency between the Recall/Reput Terms and “recall indicators” is eliminated. Given the assumptions stated above and if the releasing shipper selected all Recall Notification Period Indicators, but Intraday 2 and selected “yes” for the Business Day Indicator, the Recall/Reput Terms would be inconsistent with the values selected for the Recall Notification Period Indicators and the Business Day Indicator. Which would be correct and rule if a dispute were to arise? To avoid this possible confusion while still providing the Releasing Shipper the option of recalling before each nomination cycle, we recommend deleting these proposed standards and code values from the recommendation.

NGPL and the other Kinder Morgan pipelines respectively submit these comments for consideration by the Executive Committee in a spirit of simplification of the Intraday Recall process.