

TITLE TRANSFER TRACKING: DRAFT

The gas industry, responding to real business problems, recognized a need to track title to gas transactions that did not involve transportation. The lack of title transfer tracking was reflected in accounting and reliability problems from the wellhead to the burner tip. At the September 1996 Executive Committee (EC) meeting, the Title Transfer Tracking Pilot Testing Task Force (Task Force) was created to develop standards and working model(s) to enable the tracking of title.

The first Task Force met in October 1996 and established a target completion date of September 1997. Over time, 13 models were developed reflecting the differing philosophies of the developers. The two key issues were who would provide the service and where it would be available. Some parties wanted the pipelines to perform the function; some parties wanted one provider for the industry; other parties wanted a competitive market. The “where” was equally contentious, with desires ranging from “everywhere” to only receipt points. Much work was done in August 1997; the Task Force was put on hiatus, pending the outcome of the work of the Intraday Task Force, another time intensive and contentious project.

In the spring of 1998, one month after the Intraday standards were approved by the EC, the Task Force reconvened, with a target completion date for the draft standards in August in order to have them approved by the EC by the end of the year. The Task Force missed its target by one month.

Armed with the Federal Energy Regulatory Commission’s Notice of Proposed Rulemaking, issued in April, and the GISB Annual Plan, the Task Force spent the early meetings reviewing the prior Task Force’s models. Two models quickly emerged: the Operator Model, using confirmation procedures and information; and, the Account Model, using the nomination procedures and information. Quickly, the two models were combined into the Transfer Model. After much discussion, an Alternative Proposal was presented. The culmination of all this effort became the Modified Transfer Model and, after much discussion, the Task Force with a vote of 5.667 in favor and 2.333 opposed approved it. It became the basis for the draft standards, which were approved 6 to 0. Exhibit A, attached, provides a synopsis of the issues under each of the four main models (Operator, Account, Alternate Model and Modified Transfer Model).

The proposed standards are the result of 68 work papers, 31 days of meetings, many of which ran longer than 8 hours, 95 individuals from 64 different organizations and all five GISB segments. They enable the process of title transfer tracking to occur in a non-discriminatory manner and without the incurrence of additional transportation charges by any party choosing to use the service. Additionally, the standards allow flexibility; those parties currently tracking title will have to modify their processes to allow for the interaction with any third party service provider. All parties must support the service through the election of either the nomination or confirmation data elements. The issues of cost have been left to the marketplace. And, most importantly, those parties who need the service will be able to obtain it, and the business issues that caused this Task Force to be created can be resolved.

For these reasons, the following GISB members are in support of the proposed standards and encourage their adoption by the Executive Committee:

Salt River Project
Enron Administrative Corp.
Texaco Natural Gas, Inc.
Exxon USA
Midland Cogeneration Venture
Arizona Public Service Company
TransCapacity
National Registry of Capacity Rights
PECO Energy
Defense Energy Support Center

Exhibit A

This table has been prepared in order to display the models in a comparative format and to show the level of compromise attained within the Modified Transfer Model as compared to the other models.

Row	Issue	Operator Model	Account Model	Alternate Model	Modified Transfer Model
1	Who should offer TTT service?	There is no requirement that anyone offer the service.	There is no requirement that anyone offer the service.	At least the pipeline (or its designee).	At least the pipeline (or its designee).
2	Who may offer TTT service?	Anyone that wants to and follows GISB standards for confirmations with the TSP.	Anyone that wants to take title to the gas and follows GISB standards for nominations.	Anyone that wants to take title to the gas and follows GISB standards for nominations.	Anyone that wants to and follows GISB standards for nominating on behalf of their Account Holders.
3	What locations should be covered by those offering TTT?	There is no requirement that any particular location be covered.	There is no requirement that any particular location be covered.	Pooling points	Pooling Points and locations (logical or physical) where TTT is not yet supported, where there is a request for a pooling point and which are covered by an OBA.
4	What locations may be covered by those offering TTT?	Any location	Any location	Pooling Points	Pooling Points, plus, the TSP may elect to support the Confirmations Model at non-OBA locations if it chooses.
5	What data sets should be used by the TTTSP to coordinate with the TSP?	Confirmations Model	Nominations Model	Nominations Model	Nominations Model at Pooling Points and where the TSP so elects, it may support the Confirmations Model at non-OBA locations. In addition, the TSP may elect to support only the Confirmations Model if it so chooses.
6	What data sets may be used to coordinate with the TSP?	Confirmations Model	Nominations Model	Nominations Model	Nominations Model at Pooling Points and Confirmations Model at non-OBA Locations. In addition, the TSP may elect to support only the Confirmations Model if it so chooses.
7	What timeline should be used by Account Holders?	Nominations Timeline (i.e., leave control at 11:30 a.m., 5:00 p.m., 6:00 p.m., and 10:00 a.m.)	Nominations Timeline (i.e., leave control at 11:30 a.m., 5:00 p.m., 6:00 p.m., and 10:00 a.m.)	Nominations Timeline (i.e., leave control at 11:30 a.m., 5:00 p.m., 6:00 p.m., and 10:00 a.m.)	Nominations Timeline (i.e., leave control at 11:30 a.m., 5:00 p.m., 6:00 p.m., and 10:00 a.m.)

Row	Issue	Operator Model	Account Model	Alternate Model	Modified Transfer Model
8	What timeline should be used by TTTSPs?	Confirmations Timeline specified for TTTSPs (12:30 p.m., 6:00 p.m., 7:00 p.m. and 11:00 a.m.)	Nominations Timeline (i.e., leave control at 11:30 a.m., 5:00 p.m., 6:00 p.m., and 10:00 a.m.)	Nominations Timeline (i.e., leave control at 11:30 a.m., 5:00 p.m., 6:00 p.m., and 10:00 a.m.)	TTTSP Timeline to have nominations on behalf of Account Holders at TSP designated site (i.e., 11:50 a.m., 5:20 p.m., 6:20 p.m., and 10:20 a.m.)
9	What timeline may a TSP choose to use with the TTTSPs?	Confirmations Timeline specified for TTTSPs (12:00 p.m., 6:00 p.m., 7:00 p.m. and 11:00 a.m.)	not supported	not supported	TTTSP Timeline to have nominations on behalf of Account Holders at TSP designated site (i.e., 11:50 a.m., 5:20 p.m., 6:20 p.m., and 10:20 a.m.) and/or, where the TSP so chooses , there is also the Confirmations Timeline specified for TTTSPs (12:20 p.m., 5:50 p.m., 6:50 p.m. and 10:50 a.m.)
10-	Are TTTSPs Service Requesters?	No	Yes	Yes	No
11	Are TTTSPs Service Providers?	Yes	No	No	Yes
12	Is TTTSP the Service Requester for nominating purposes?	No	Yes	Yes	No, they are sending nominations data associated with the TTT function to TSPs on behalf of their Account Holders
13	Is the TTTSP nominating on behalf of its named Service Requesters?	No	No	No	Yes
14	Does info get to TSPs within 5 minutes of EDM deadline?	No	Yes	Yes	Yes
15	Are all locations covered by an OBA capable of supporting TTT?	Yes	Yes	No, only pipeline designated pooling points.	Yes, where there is a request for a pooling point and TTT not otherwise supported with respect to the location, then a pooling point would be created by the TSP so that TTT may be performed at such OBA location.