

To: Rae McQuade

From: Greg Lander - TransCapacity Limited Partnership

Date: February 28, 1997

RE: TransCapacity's Comments on the February 11, 1997 Proposed Standards Changes for inclusion in GISB Standards Commentary for March 5th and 6th EC Meeting

R96050 - Modify the Upload of Pre-arranged Deal, Offer Download, and Invoicing Transactions to include a new data element, rate basis indicator.

TransCapacity recommends decline.

As modified by the Market Initiation Task Force - Capacity Release, the recommendation now requests the addition of a new code value named 100 Thermal (Dth) Basis to the existing Measurement Basis data element. This change would apply to the UPPD, Offer, Bid, Award, Operationally Available and Unsubscribed Capacity, and Replacement Capacity datasets. TransCapacity believes that this code represents another "one-off" approach to capacity release rate structures and does not represent a standardized approach to rate codes for releases. TransCapacity believes that this issue should ultimately be decided by the BPS as it represents a business practice issue. Therefore, TransCapacity would recommend that this request be transferred to the BPS for discussion of a standardized implementation.

TransCapacity notes that while the rate may be composed of pennies per Dth of capacity per hundred miles of distance or two Dths for fifty miles or one hundred Dths for one mile, that in the end the capacity offered and traded (awarded) can be stated in dollars and cents per day (usage or reservation at one hundred percent load factor) or per reservation month (reservation) for the capacity so traded. Parties not knowing or caring about the distance between the receipt and delivery points cannot compare a cents per hundred Dth miles to a rate per Dth for the entire deal. The only reason the rate per one hundred Dth miles matters is that when the release is at or near the max. rate, there may be a need for an apples to apples comparison. Even in this instance, the pipeline and not any of the other parties to the transaction is the only party needing to know if the rate is in excess of the FERC determined max. rate.

Finally, standard ----- requires that a one hundred percent load factor restatement of rates be undertaken for all pipelines' services. TransCapacity believes that it is preferable that Northern Border do this change now instead of others having to change for a short period to accommodate a non-standard business practice which will be mooted by the application of the one-hundred percent load factor restatement of rates. R96074 - Modify the capacity release related transactions to add two notice types to identify particular notices.

TransCapacity recommends accept.

This request proposes to add Capacity Discount and Market Affiliate Report to the Notice Type data element in the System Wide Notices dataset. TransCapacity notes that under GISB Standard No. 4.3.6 these notice types will be required on a TSP's HTML page beginning August 1, 1997. This recommendation proposes addition of these types to the EDI implementation guides for X12 transactions. TransCapacity supports this request and further suggests that standard language be adopted to implement this method of communication of these reports on all transportation service providers.

R96075 - Modify the capacity release related transactions to add an additional data element - Indemnification Clauses

TransCapacity recommends accept.

The data element as proposed is mutually agreeable (MA) in the UPPD (and conditional in the UPPD Notification) so it would not impact those trading partners who do not choose to send indemnification clause information to those who are required to support it the ability of releasers to craft indemnification clauses. Nevertheless, TransCapacity believes that it may impact TSP's other than the requester, so that a standardized implementation is to the benefit of all participants. As a receiver of downloaded capacity release documents, TransCapacity has no objection to it being treated as a Sender's Option (SO) data element in the Offer download.

R96076 - Modify the upload of pre-arranged deals transaction to add a new status code

TransCapacity recommends accept.

Precisely, this recommendation proposes adding codes to the UPPD Validation document for non-biddable pre-arranged deals which indicates that the UPPD has been accepted, and will be awarded. The point is to allow the validation to be sent back in a timely manner with the final disposition document to follow. This implementation will allow uploaders of this information to have a quicker response time and surety of result, without having to potentially wait up to one hour for the notification of award. TransCapacity supports this request with the caveat that it does not in any way change the requirements for non-biddable pre-arranged deals that the contract with contract number be issued by 10 AM. (See GISB Standard No. 5.3.2.)

R96082 - Modify the capacity release offer review, award notice, upload of pre-arranged deals request to confirm transactions to add rate identification code and a conforming change to upload of pre-arranged deals surcharge identification codes

TransCapacity recommends decline.

TransCapacity disagrees with the entire spate of separate surcharge identification codes. Sending these codes separately requires the receiver of the document to total up all transportation charges plus surcharges to come up with a total number. In the cases where bidding is involved, these surcharges are not only stated separately but are separately biddable. This would be akin to stating rates as made up - on a per unit of capacity basis - of O&M, Taxes, Depreciation, Profit, Amortization, interest on debt, and so forth. We don't do it with rates, why should it be done

with surcharges. It makes much more sense to simply state a total price for the capacity where possible.

TransCapacity recommends the following as an acceptable substitute:

"All capacity Release business practices with respect to rates, charges and surcharges, should be accommodated through one or more of the following manners:

- 1) total demand - service
- 2) total usage - service,
- 3) total surcharge - contract,
- 4) total demand - surcharges, and
- 5) total usage - surcharges.

And the individual components of the charges that make up 'surcharges', or that make up rates should not be individually communicated as a part of the standardized EDI datasets."

To this end TransCapacity proposes a true standardization of this business practice by the following modification to GISB Standard No. 5.3.27:

Plus, TransCapacity recommends the following change to Standard 5.3.27 as a true standardization of this business practice:

5.3.27 For purposes of bidding and awarding, maximum/minimum rates specified by the releasing shipper should include 1) the tariff reservation rate for the capacity subject to the bidding and awarding; and 2) the total of all applicable demand surcharges assessed at the contract level subject to the bidding and awarding and, 3) the total of applicable surcharges assessed on a per unit of usage basis which would be subject to the bidding and awarding of the released capacity. , as a total number of as stated separately.

This modification would solve the issues surrounding surcharges and negate any need for this and other proposed changes related to surcharge identification codes. R96086 - Modify the capacity release transactions to add surcharge identification codes.

TransCapacity recommends refer this request for MARQ and Columbia's request for Associated Contract to BPS for one solution to both, the same way we handled the two of them in the nominations dataset.

See comments above on R96082. Based on it's review of the request, TransCapacity believes that MARQ represents a separate chargeable rate under a separate contract and not a surcharge. If so, then an applicable "Associated Contract" type approach should be adopted. (Note this is not contradictory to our comments in R96086 where the point was our objection to a list of separately stated surcharge identification codes.)

R96088 - Add new code values for Service Code to the Transportation/Sales Invoice

TransCapacity recommends accept.

TransCapacity has no specific objection to this request, however it suggests the following: As part of the agreed future review of code values (error codes, warning codes, transaction types, etc.) that the list of Service Codes on the be added to this review. In this case, these lists will hopefully not continue to grow and a higher degree of standardization can be achieved.

R96089 - Add Replacement Shipper Contract Number to UPPD and UPPD Notify and Request to Confirm

TransCapacity recommends accept.

TransCapacity has no specific objection to this request. However, it feels this recommendation represents another "one-off" type of fix to the capacity release documents. If "stacking" of capacity is desirable and adds value to released capacity, TransCapacity suggests that the business practice of allowing an acquiring shipper to add capacity to their contract be considered for standardization at the BPS level.

R96090 - Add a business conditional data element to the UPPD and UPPD Notify and Request to Confirm to allow releasing shippers their right to change points

TransCapacity recommends decline or, refer to BPS for further work.

TransCapacity believes that the right to "change points" is inherent in any release of capacity under FERC regulations and questions the need for this indicator. In addition it asks what effect of the absence of this indicator would have? (A pertinent question as this indicator does not currently exist in the capacity release datasets.) If this indicator represents something different than the explanation above, then TransCapacity requires additional information regarding this request. If it in fact does represent the right as stated above, we feel there is no need for this indicator as the right exists in all releases.

R96091 - Add a Return Addressee company code to the Notes / Special Instructions document for UPPD purposes.

TransCapacity recommends accept.

This request, as modified by the MITF's recommendation, now proposes adding the Releaser Company Code to the Notes / Special Instructions documents accompanying a UPPD. The ultimate purpose is the same however, it allows the matching of specific 864 documents to the UPPD document they are associated with.

TransCapacity has no objection to this recommendation. It should be noted however, that this "matching up problem" has existed for receivers of information since the inception of the capacity release datasets, and it was a problem which TransCapacity solved. This represents something of a "shoe on the other foot" issue now that the sending and receiving roles are reversed.

Nonetheless, in the interests of clear and unambiguous communication, TransCapacity wholeheartedly supports this request.

R96093 - Modify the Notes / Special Instructions document to remove the Gas Transaction Point

As this request was withdrawn by the requester and no change was necessary, it should be terminated. R96094 - Add the Surcharge Identification Code values from the UPPD to the UPPD Validation document's Surcharge Identification Code element values.

TransCapacity recommends decline.

There are numerous proposed changes brought about by the introduction of this one field, (Surcharge Identification Code) including a request (now withdrawn -- but which may re-appear) to change the entire structure of the EDI rate and charge communication method (replace the SAC segment with another segment that could hold more than 25 separate "rates" and rate codes) to accommodate the proliferation of "surcharge codes" which were first introduced into the capacity release process as part of the UPPD last June.

As noted in our comments to R96082 however, TransCapacity repeats its objection to the separate itemization of surcharges and believes this practice should be eliminated by standardizing that all stated rates in the capacity release documents be stated as total demand, total usage, total surcharge contract, total demand surcharge, and total usage surcharge but that the individual components of the "surcharges, or the rates not be a part of the standardized EDI datasets.

As previously proposed, TransCapacity recommends the following modification to GISB Standard No. 5.3.27:

5.3.27 For purposes of bidding and awarding, maximum/minimum rates specified by the releasing shipper should include 1) the tariff reservation rate for the capacity subject to the bidding and awarding; and 2) the total of all applicable demand surcharges assessed at the contract level subject to the bidding and awarding and, 3) the total of applicable surcharges assessed on a per unit of usage basis which would be subject to the bidding and awarding of the released capacity., as a total number of as stated separately.

This modification, in addition to solving R96082 would eliminate the need for this request/recommendation also. R96099 - Modify the UPPD Validation to include location information for error conditions

TransCapacity recommends accept.

TransCapacity supports this request. The more information in an error message, the easier the solution. TransCapacity also notes that supplying the Loop ID in a response document is something that many off the shelf translators can be set up to do with little or no programming.

R96118 - Add two code types of "Capacity Discount" and "Market Affiliates" to the Notice Type on the System Wide Notices

As this request is a duplicate of R96074, no further action is necessary on this request and it should be terminated. R96119 - Add a new data element, Indemnification Clauses to datasets in Capacity Release Standards

As this request is a duplicate of R96075, no further action is necessary on this request and it should be terminated. R96121 - Add clarifying descriptions to 2 code values on the Charge Type on the Transportation Invoice

TransCapacity recommends accept.

TransCapacity agrees with the task force recommendation that no action is necessary on this request, and agrees that it should be terminated. As with our comments to R96088 however, TransCapacity suggests that as part of the agreed future review of code values (error codes, warning codes, transaction types, etc.) that the list of Charge Types be added to this review. In this case, these lists will hopefully not continue to grow and a higher degree of standardization can be achieved.

R96122 - Add 2 new code values to Service Code on the Transportation/Sales Invoice

TransCapacity recommends accept.

As per our comments on R96088 and R96121, TransCapacity is concerned with the ever expanding code lists and would reiterate its comments that these lists be reviewed in the near future with an eye towards reducing the total number of codes and truly standardizing on a reduced list.

R97004 - Add 5 new Charge Type Codes to Transportation/Sales Invoice

TransCapacity recommends decline and refer to BPS for adequate definitions and supporting information.

Five new charge type codes of Miscellaneous Charge, Prepayment, Extended Delivery, Fuel Volumes Retained, and Reservation/Demand with Surcharges are proposed. These may be valid and necessary codes, but adequate supporting information and detail are not provided in the recommendation. TransCapacity recommends this request be transferred to the BPS to further clarify the issues and determine a recommendation on the additional proposed codes and standardization of use. In addition, TransCapacity repeats its recommendation that all Charge Type Codes be reviewed for applicability and reduction in number.

R97020 - Modify the shipper imbalance statement for use with all nomination model types

TransCapacity recommends the following be adopted as a standard:

"The Shipper Imbalance Statement should support all nomination model types."

TransCapacity recommends the following be adopted as instructions to the Information Requirements subcommittee:

"The Information Requirements Subcommittee is requested to formulate appropriate datasets and return to the EC with recommendations for same, including usage codes, definitions, and data elements that support the above standard. Technical review should be included for appropriate treatment of the above data elements and usage codes; and, the BPS should review the final product from a Business Practice perspective and formulate a recommendation to the EC prior to final submission for industry comment and EC vote."

R97021 - Add 'Adjustment Type' code values to the Measurement Information Statement

TransCapacity recommends that only two values be added: 1) Energy and 2) Quantity and that "Adjustment type" be moved to the detail level so that specific detail records that are being "adjusted" are identifiable and that the two types of adjustment are separate and unambiguous.

The recommendation proposes adding code values to the Adjustment Type of Energy, Quantity, and Energy/Quantity. The combined Energy/Quantity adjustment type is ambiguous. The loops within the Measurement Information Statement dataset are separate for energy and quantity. The Adjustment type data element is today at the header level and should be at the detail.

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

The proposed new standard would state, "The documents identified in GISB Standard 4.3.6 should be made available in HTML and/or RTF format."

TransCapacity is somewhat confused by the and/or clause in this recommendation. It seems it should only be "or" indicating that the information would at least be available in either one format or the other. It is probably not truly meant as "and" as this would require availability of the information in both formats. As all GISB standards are minimum formats, simply stating "or" would allow TSP's to meet the standard by making the documents available in either format. What additional formats are offered would then be exceeding the standard. TransCapacity requests a discussion and clarification at the EC meeting to determine the task force's intention as to the above issue.

R97024 - Modify GISB Standard 4.3.1 to reflect the Electronic Delivery Mechanism standards adopted in September, 1996

TransCapacity agrees with this recommendation. The "using PPP connection" language may imply that dial-up capability is necessary to the various designated sites. That this is not necessary has always been the understanding of this standard, this language change clarifies it.