

**Title Transfer Tracking Meeting
April 17, 1998
American Gas Association (AGA)
1515 Wilson, Arlington, Virginia
DRAFT Minutes**

1. Administrative

Diane McVicker welcomed meeting participants. The meeting attendees introduced themselves. Diane Mc McVicker read the Anti-trust statement.

The agenda was discussed and the ending time was changed to 3:00 p.m. A discussion item was added for pertinent pages of the Ruling made yesterday. Agreement was reached that this discussion would be limited to no longer than 1/2 hour. The amended agenda was adopted without objection.

Next, the minutes from March 27 were opened for corrections/modifications. Julie Unruh requested modification of her affiliation and her e-mail address. Ken Schubert requested changes to words attributed to him. The meeting minutes from March 27, 1998 were adopted without objection as final.

2. Review of the Account Model for Title Transfer Tracking

Ken Schubert of TransCanada Pipelines provided an overview of his posted Business Case titled "Account Model.."

Ken explained that his business case is nomination model independent and that the location diagram is applicable for either a receipt or delivery location.

Donna Scott observed that with Ken's model TTT can take place on both sides of the flange and transportation service can be provided before and/or after the TTT activity.

Greg Lander observed, with respect to the Location Bravo diagram, the sale from "D" within TTTSP1 to "I" on TSP2 would require that "D" would have to communicate to TTTSP1 who would have to communicate to TSP1 who would have to communicate to TSP2. Therefore how does the D transfer to I get reflected in the transaction matrix? Ken and Greg agreed that this particular communication could be communicated in many ways and the communication, in this diagram, is implicit in this case. The principles, in this diagram, are assumed to be communicating even though the transactions are not explicit.

A discussion between Ken and Greg resulted in agreement that the diagram needs to be modified to reflect a transfer of 10 units from "D" within TTTSP1 to "D" on TSP1 and this same 10 units communications is then communicated to "I". And, the 10 units between TSP1 and TSP2 moving from "Z" on TSP1 to TSP2 needs to have the line within TSP2 also have a circle labeled with a "Z" to make the example parallel.

Donna Scott observed that all of the sample transactions that are needed may not be reflected in the example. Ken agreed that there are more sample transactions possible, but that all possible examples could not have been shown without causing the example to be confusing.

Greg asked if it is critical in this model for the TTTSP to take title of the gas. Ken replied that the way the diagram is drawn the answer is yes, but the diagram for the same model could be drawn to reflect where it is not a requirement.

Paul Love observed that clear title is a FERC requirement. Paul further explained how the model, as shown, would satisfy the FERC's requirement and still work.

Theresa Hess observed that the confirmations between the TSPs are not reflected in the transaction matrix. Ken agreed that the transactions were sales only. Dale Davis stated that viewing the business case (1) as sales transactions only or (2) as sales transactions with implicit confirmations is only a difference in assumptions.

Donna stated that this case states very well that another service needs to be added to the base case. This service is an agency agreement. Several people agreed with this concept.

Mark Scheel asked how this would change if the TTTSP was also the TSP. Ken indicated the only change would be that the TTTSP oval would disappear. Therefore, all the trades and the transactions would remain the same. The communication within the TSP (effectively TSP to itself) would be the only change.

Stony Jackson observed that the "Z" account reflects that quantities can be aggregated and disaggregated. Several people agreed.

A break was taken

After the break Ken continued his explanation using the transaction matrix (the last two pages of his handout). Ken pointed out that it is important that the roles of the various participants should be delineated and explained. He also pointed out that it is possible for one entity to assume more than one role. The matrix shows there are six roles to be assumed.

Keith, restated that this can be used with any transportation model, at any point -- including bi-directional. Greg stated that the only difference between the operator model and the account model is timing. Therefore it is possible to have one model with two timelines operating simultaneously on the same TSP; one being the account model, and one being the operator model. Greg said that this assumes that anyone could go to a pipeline and ask for an account to conduct business. Ken said that regardless of timing, the transactions have a "timeliness" requirement. Paul indicated that TTT activity within

the TTTSP can continue to change (after the nomination deadlines) as long as the “flanged” transactions do not change with regard to account and quantity.

Greg stated that the timeliness of the communication between the parties is a comparability issue. That is, the TTTSP cannot be required to convey information to the TSP any sooner than parties using the TSP to manage their TTT activity.

Bob Hall reinforced that regardless of timing, additional nominations would not be allowed after the mandated deadlines. Greg agreed.

Greg said simultaneous communication from the TTTSPs and the shippers is not comparable. Greg suggested that, for example, 12:30 p.m. CCT could be a deadline for the TTTSP to communicate to the TSP.

Paul stated that the meeting today was to explore the both operator model and the account model without regard to timing. Paul indicated that there were several issues that he had questions on regarding the operator model.

Donna suggested that the business case Ken presented should be saved and that modifications should be made and re-posted. Ken agreed to make the changes and send the business case to the GISB office.

3. Brief Review of the Operator Model

Greg Lander provided an overview of the operator model. Greg referred to the last nine pages of the TransCapacity handout. These nine pages reflect a matrix of proposed standards. Greg will highlighted the ways the two models are the same and where they were different. He said he would not cover the nine pages in detail today.

Greg observed that in the account model, the TSPs provide the confirmation service. In contrast, in the operator model the TTTSP may also participate in the confirmation process.

A process ensued in which Ken was asked to answer questions in attachment #1, the TransCapacity Questions for the two models. Since this exercise was not on the agenda and several people felt this was not the most productive use of time for the group, the effort was abandoned with Ken agreeing to answer the questions and send the responses to the GISB office. There was not disagreement.

The next effort by the subcommittee was to construct another matrix of assumptions/issues and have each model sponsor respond by either indicating their model supports (Yes) the assumption/issue or not (No). The following matrix reflects that effort. The object of this activity was to reflect where the two models differed to enable attendees to be able to work with their companies conceptually to recognize business requirements of each model.

	Operator Model	Account Model
TTTSP participates in the physical flange confirmation process	Yes	No
The TTTSP service is provided by the TSP by giving the TTTSP an account	No	Yes
The TTTSP performs the TTT activity.	No	Yes
Nominations are required from shippers at the nomination cycles times	Yes	Yes
Nominations are allowed to come in late	No	No
Confirmations between physically flanged parties adhere to the deadlines	Yes	Yes
Confirmations between TTTSPs on the same TSP are required by 12:30 p.m. (and so forth during the intraday cycles)	Yes	No
Confirmations between TTTSP and the TSP are complete by 11:30-11:45 a.m. Reason is that there are no capacity constraints, there are no complex "upstream/downstream" aspects, and there are only "trades" that are handled thousands of times a second in the New York Stock Exchange.	No	Yes
Does the TTTSP activity between TTTSPs on the same TSP have to be tracked by the TSP? Why?-- Why not?	Yes	No
Does the TTTSP's activity have to balance – ins equal outs?	Yes	Depends

Lunch was taken from 12:10 p.m. until 1:00 p.m.

3. Review of Ruling.

Donna Scott pointed out several pages in Docket No. RM-96-1-007; Order No. 587-G, in particular that she believed were critical in understanding the Commission's view with regard to Title Transfer Tracking. The pages and text (sometimes abbreviated) in the ruling that Donna wanted highlighted include:

Page	Text (or abbreviated text) from the Ruling outlining the pertinent issue
81	"Absent a consensus position from GISB, however, the Commission finds insufficient justification for proposing a regulation requiring pipelines to perform title transfer tracking."
82	"Rather than mandating that pipelines be the sole provider of title transfer tracking service, the Commission is opening the market to the force of competition from third-party service providers."
85	"A consensus of the industry supports the GISB 1998 Annual Plan which provides for the development of such standards by the fourth quarter of 1998, and the Commission will therefore expect the submission of standards by December 31, 1998."
83	"The pipelines can propose tariff provisions, if it becomes necessary, to protest against NGC's concern that every shipper will designate itself as a title transfer tracking service provider."

Page	Text (or abbreviated text) from the Ruling outlining the pertinent issue
85	“While GISB should seek to work out the details for conducting title transfer tracking processing, the Commission does not want the timing of title transfer tracking processing to inhibit standards development. To forestall possible later disputes over this issue, The Commission generally agrees with Columbia Gas/Columbia Gulf and TransCapacity that title transfer tracking properly should be part of the confirmation process. First, the purpose of title transfer tracking is to confirm that gas nominated by a shipper will be at the nominated point. Physical point operators provide title transfer tracking service and their information generally is processed during the confirmation process. To ensure non-discriminatory treatment, the same rules should apply to independent third-party operators. Second, placing title transfer tracking in the nomination cycle could reduce market liquidity and comparability between physical and title transfer transactions.”
86-87	“Pipelines may charge a separate fee only for tracking title transfers between parties that are independent of transportation.”
88	“GISB also can consider standards delineating the type of agency or other business agreements that are needed to facilitate the provision of title transfer tracking service.”

Tom Ehinger pointed out that no where on Page 81 is there a requirement for people selling gas to have title to the gas.

**4. Identification of Framework Questions – Additional Items
(Parameters/Questions to be applied to the cases)**

Diane opened up the floor for discussion for “framework” or “threshold” questions.

Jerry Hahn posed the following as a threshold question.

“Who has the responsibility for ensuring that the wellhead operator has sufficient authority to confirm the gas flowing through the wellhead orifice meter?”

Greg followed with the fact that wellhead operator has a contractual relationship with the working interests in the well. Jerry agreed. The discussion continued along the bifurcated questions of (a) Is the wellhead operator’s responsibility volumetric only? or (b) Do wellhead operators have a contract responsibility (confirmation at the contract – pool, transportation service, etc) as well.

Jerry Hahn also posed,

“What is the motivation for the title transferor of the gas to nominate.”

Tom Ehinger asked,

“Will the point operator will have additional responsibilities?”

In response to a comment that anyone could declare themselves a title transfer tracking provider, Greg Lander cited parts of Page 81 of the ruling, “TransCapacity argues that pipelines can implement several provisions in their tariffs to ensure that they will deal with only bona fide title transfer tracking services.”

Paul Love and Jerry Hahn want to be sure that

“degradation of service” would be addressed as a threshold question.”

Framework questions: Mark Scheel wanted to ensure we addressed the potential increase in the number of people who would be involved in scheduling if 3rd parties are allowed to participate in TTT.

“Should the party that provided the TT nomination service also be required to handle the transportation nomination.?”

Norm Walker wanted to ensure that people recognized that unbundling of the sales of natural gas resulted in an increase in the number people who are involved in the daily scheduling process and that opening up a segment of the business for 3rd parties was consistent with other action by the Commission and therefore we should expect more people to be involved, but we should also expect and demand a higher degree of automation to improve efficiency.

“Can we really achieve our goal of providing 3rd party service providers entry into the market place without actually increasing the amount of work and the number of people who have to be involved?”

Bob Wallenhorst, referring to Page 81 of the ruling asked,

“Based on the statement ‘It should be the shipper’s responsibility to furnish the transporter with sufficient information to establish its title to gas and its right to nominate that gas on the pipeline.’ is it possible to resolve the TTT dilemma by altering the information provided in the nomination?”

Greg Lander:

“Is it reasonable to establish standards that result in transactions not occurring if parties do not provide appropriate information?”

Donna Scott

“Is it necessary to have TTT at all points?”

Bill Griffith

“What are the nomination requirements for people requesting TTT service? What do we mean by TTT confirmations?”

The group then constructed a matrix with the following questions for the sponsors of the Operator and the Account Model.

Does the model support the following?

Concept	Operator	Account
Nominations required from all parties transacting business?	Yes	Yes
TSP as Title Transfer Tracker?	Yes	Yes
3 rd party as TTT?	Yes	Yes
TSP required to be TTTSP? [The Account answer was not universally agreed to.]	No	Yes
TTT may occur at all nominatable points	Yes	Yes
Separate DRNs required for each TTTSP?	No	No
Separate DRNs possible for each TTTSP?	Yes	No
TTT service is under a contract, between TTTSP and the TTTSR	Yes	Yes
TTT service is under a contract between TTTSP and the TSP	Yes	Yes
If one party plays two roles, is a contract required?	Yes	?
Is a contract between the TTTSP and parties other than the TSP or the TTTSR required? SAME QUESTION RESTATED Is the TTTSP on one side of the flange required to have a contract with the point operator on the other side of the flange?	No	No

The group discussed the critical of time line for completing their work.. The matrix below reflects the “general” understanding of the group although no sense of the room was taken. The group informally agreed that the chairs of the subcommittee should present their understanding of the timeline given the following assumptions at the next meeting. The assumptions are:

1. FERC is expecting completed standards by end of fourth quarter 1998.
2. A fourth quarter deadline can mean ratification is complete or ratification is in progress. The group wanted to consider the ratification completion to be a requirement, just in case the additional time was needed.
3. The Executive Committee, based on a ratification complete assumption, should vote at the November 1998 meeting.
4. This would require the “fully staffed” proposed standards to be posted for industry comment no later than October 8, 1998.

Date(s)	Notes/Responsible party	Action
April 17	Today’s meeting	Draft schedule for completion
May 14-15	Next meeting	Finalize completion schedule
May 16-August 6	All the next meetings	Send approved standards to Information Requirements Subcommittee
August 8	First Information Requirements meeting possibility	Work on fully staffing requests
August 8-October 8	Information Requirements Subcommittee meets, Technical Subcommittee meets	Completes fully staffing requirements [Any request for clarification is sent back to TTT Chairs]
No later than October 8	Information Requirements and Technical sends the fully staffed proposed standards to the GISB Office for posting	GISB Office posts the fully staffed proposed standards for industry comment for 30 days.
October 9 - November 8	Industry comment period	Industry comments are sent to GISB Office
November 9	GISB Office collects all comments	GISB Office begins distribution process of all comments to EC members.
November 19	Executive Committee	Executive Committee determines disposition of fully staffed proposed standards

Date(s)	Notes/Responsible party	Action
November 23 - December 1	GISB Office	Approved standards are posted and ratification ballots are sent to GISB membership

The next meeting was agreed to be on May 14-15, 1998 in Houston, Texas. An attempt will be made to secure Travis Place for the meeting place.

Diane wanted recommendations for a decision tree for making progress by the next meeting. Bill requested and Ken agreed to modify his model by the next meeting.

Diane requested that all materials be to the GISB Office by no later than COB Friday, May 1, 1998.

7. Adjourn

Motion to adjourn made by Greg Lander and hearing no objections the meeting was adjourned by 2:50 p.m. Eastern Time.

**Title Transfer Tracking
Sign up Sheet - April 17, 1998**

First Name	Last Name	Company	Segment	Phone / Fax	E-Mail Address	Attended 17 Apr 98
Betty	Barnum	Trunkline Gas Co	Pipeline	713-627-5618 / 5769	babarnum@duke-energy.com	Y
Chuck	Beaver	TransEnergy Mgt.	Services	713-693-2205 / 2101	cbeaver@transenergy.com	N
Jim	Buccigross	National Registry	Services	978-535-7500 / 7744	legaljb@tcapserv.com	Y
Jackie	Butler	Panhandle Eastern	Pipeline	713-627-5033 /	mjbutler@duke-energy.com	N
Melissa	Casey	Texas Gas	Pipeline	713-215-2906 / 4537	melissa.k.casey@wgp.twc.com	Y
Dale	Davis	Williams Gas Pipelines	Pipeline	713-215-2396 / 3946	dale.m.davis@wgp.twc.com	Y
Tom	Ehinger	Amoco	Producer	281-355-4559 / 5090	thomas_g_ehinger@amoco.com	Y
Jean	Ford	Anderson Consulting	Service	713-547-1354	mmbtu@ibm.net	Y
Mark	Gracey	Tennessee Gas Pipeline	Pipeline	713-757-2644 / 3294	graceym@epenergy.com	N
Bill	Griffith	Colorado Interstate	Pipeline	713-520-4334 / 4318	bill.griffith@coastal.com	Y
Jerry	Hahn	Texaco Natural Gas Inc.	Producer	713-752-7769 / 4026	hahnge@texaco.com	Y
Lisa	Hassold	PG&E Gas Transmission - Texas	Pipeline	210-528-4282 / 4302	hassoldl@pge-texas.com	Y
Theresa	Hess	Enron - NNG	Pipeline	713-853-4895	thess@enron.com	Y
Keith	Higginbotham	Enron - Transwestern	Pipeline	713-853-5466 / 713-646-2551	khigginbotham@enron.com	Y
Tammy	Hopkins	Enron - Northern Border Pipeline	Pipeline	713-853-5818 /	thopkins@enron.com	Y
Stony	Jackson	Southern Natural Gas	Pipeline	205-325-3596 / 205-327-2010	stony.jackson@sonat.com	Y
Bob	Juskus	Baltimore Gas & Electric	LDC	410-291-4695	robert_w_juskus@bge.com	Y
Frazier	King	Enron - FGT	Pipeline	713-853-7228 / 5425	fking@enron.com	N
Greg	Lander	TransCapacity	Services	978-535-7500 / 7744	exec@tcapserv.com	Y
Paul	Love	NGPL	Pipeline	713-963-3710 / 3085	paul_d_love@KNENERGY.com	Y
Tammy	Lytla	Williams Central	Pipeline	502-688-6472	lytle@tsg.twc.com	Y
Marcy	Mc Cain	Algonquin Gas Transmission	Pipeline	713-627-4738 / 5041	mlmccain@duke-energy.com	Y
Laurie	McCauley	Transco	Pipeline	713-215-4473 / 4537	laurie.l.mccauley@wgp.twc.com	Y
Allison	McLean	Mobile Bay P/L	Pipeline	713-229-5631 / 6012	mcleana@kochind.com	Y
Diane	McVicker	Salt River Project	Enduser	602-236-4315 / 4322	dbmcvick@srp.gov	Y
Krissy	Montemarano	Sabine Pipeline	Pipeline	713-752-7657 / 713-650-0848	montekm@texaco.com	Y
Laura	Moseley	Enron - FGT	Pipeline	713-518-1707 / 6756	lmoseley@enron.com	N
Sheila	Nacey	Enron - Northern Natural Gas	Pipeline	713-853-5146 / 713-646-2551	snacey@enron.com	N
Mike	Oberleitner	Baltimore Gas & Electric	LDC	410-291-4785 / 4601	michael.s.oberleitner@bge.com	N
Bill	Oppenheim	PECO Energy	LDC	610-832-6414 / 6499	woppenheim@peco-energy.com	Y
Dale	Sanders	Texas Gas	Pipeline	502-688-6843		Y

				502-684-1720		
Mark	Scheel	NGC Corporation	Services	713-507-6787 / 6834	masc@ngccorp.com	Y
Mike	Schisler	Natural Gas Pipe Line	Producer	713-963-3589 / 3085	mike_schisler@kenergy.com	N
Ken	Schubert	TransCanada Pipe Lines	Pipeline	403-267-8606 / 8632	ken_schubert@tcpl.ca	Y
Donna	Scott	Enron Admin Crop	Services	713-853-6136 /	dscott2@ect.enron.com	Y
Steve	Sullivan	Consolidated Edison NY	LDC	212-460-2733 / 212-420-8744	sullivans@coned.com	Y
Julie	Unruh	Mobile Bay P/L		713-229-5438 / 6012	unruhj@kohcind.com	Y
Kim	Van Pelt	Panhandle Eastern	Pipeline	713-627-5566 / 4066	kvanpelt@duke-energy.com	Y
Norm	Walker	El Paso Natural Gas	Pipeline	915-496-3052 / 915-496-2865	walkerne@epenergy.com	Y
Bob	Wallenhorst	Exxon	Producer	713-656-5230 / 4144	robert.p.wallenhorst@esson.sprint.com	Y
Dave	Weathers	Texas Eastern / Algonquin	Pipeline	713-627-4773 / 713-989-1534	daweathers@duke-energy.com	Y