

Gas Industry Standards Board (GISB)
 Title Transfer Tracking Pilot Testing Task Force
 Tuesday-Wednesday, June 10-11, 1997
 Meeting held at Defense Fuel Supply Center, 8725 John J. Kingman Road; in Ft. Belvoir, Virginia 22060
Final Minutes

The meeting was called to order by Mr. Jerry Hahn.

The agenda was accepted without revision.

Minutes from the previous meeting were amended and adopted without objection.

Mike Novack, sponsor of Case #2, was absent so Gene Nowak was asked to begin by responding to the questions posed on the agenda in section C. Ron Doyle suggested that as each question was responded to by Gene that each sponsor also respond so any differences between the business cases could be compared. There was no disagreement.

Norm Walker handed out a document that listed the proposed standards as listed in the September 12-13, 1996 document with a blank column on the right for comments for each business case. The document is a working document to capture discussion as whether each business case's sponsor recommends (1) the proposed standard go forward as written, (2) be modified in a specified manner, or (3) be omitted.

The table below captures the discussion of each business case. The discussion on Tuesday, June 10, 1997 began with category "C".

Discussion was ended at 5:00 p.m. Tuesday, June 10 with item "C" 4. Items "C" 5 and 6 preceded the discussion of item 4.

Issue #s	Case #3 TSP does tracking Gene Nowak	Case #12 Jim Buccigross	Case #13 Jerry Hahn	Case #14 TSP does NOT do the tracking Ron Doyle	Discussion
A - see work sheet provided on Tuesday					
B	Case #3	Case #12	Case #13	Case #14	
R96025					
R97019					
R97048					
R97049					

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R96048					
R97043					
C					
1 Buy/sell different	Gene N. This is a non issue, the data in the base case is the same, should lead to consistency		Jerry H. Believes this is not a non issue. Jerry believes that ranking will be impact by this.	Ron believes this is a non issue. The issue is "how" transactions are conveyed from one company to another.	Jim B. This affects the transactions mix, but it is not dispositive. When the transactions are made, this will fall out. Bob W. This will impact the "pathing model used. This will make a difference as to whether the TTT are pathed.. Mark S. This may be better discussed in #5. Ron: With regard to ranking, in all the models all the gas showed up, and as long as the gas shows up, ranking is not an issue. Heather Gnez indicated that there was a discussion of using the "hat" exercise to discover the longs and shorts.
2 physical vs non physical flow diagrams – do we need to differentiate the two flows	Gene assumes this does not indicate there is a J to J transaction.		There seems to be a difference in the physical and logical difference.	Ron: J is getting 10 units from Z and he is flipping 5 over to K. The buys and the sells in TTT are just as much a part of the process as nominations and confirmations.	Angie Bucksan: If operator A is selling to company A, does the shipper identify operator A. Jerry H. in response depends upon the model. Heather said it would depend upon the model used. Ron said the TTT models did not identify the nomination model. Differences spring up because of model differences. Dale nodded her head in agreement that if you have three nomination models and we then place three TTT models on top of these, we may be over complicating the business. Dale: Tying the TTT model to the nomination model should be done at this time.
3 nomination of TTT at interconnects	TTT SR must identify TTTSP that they are doing business with each transaction. Each DRN identifies the TTTSP.	Jim B. One logical DRN could receive gas from and delivery gas to several physical pipelines. This could be 1 or many numbers.		The transportation nomination and the buy sell nomination are the responsibility of the nominating party. The DRN could span many pipelines.	Tom: When you have to choose the receiving TSP, you have just set up a pool. All buy sells are then done at the pool. It is mandatory that all parties must put their transactions on a pooling pipeline. Lisa agreed to defer the timing issue until the issue is covered later. Mark Gracey indicated that the TTT issue is not specifically tied to pooling. Heather in conveying her understanding of the TTT activity, the difference between operators and TTTSPs she sees

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					the account model works when there is zero tolerance and the physical operator who can have physical imbalances. Bob Wallenhorst, show diagram where gas flows from C to A and B. See diagram (A). Mark S. Can you really nominate without indicating the point where the TTT takes place? Doesn't the DRN identify the nomination location. Can new DRNs identify different locations?
6. Do units in have to equal units out without regard to service rights.	Gene: Yes. Since it is TSP hosted, the ultimate over unders must be held on an account or agreement. Imbalances are outside the TTT activity.	Jim B.: Yes. Recognizing that the TTTSP can acquire or lay off quantities to achieve the balance.	Bob Wallenhorst: Yes, Recognizing that the TTTSP can acquire or lay off quantities to achieve the balance.	Ron Doyle: Units in should equal units out.	Without respect to service rights.
5. Should we apply each case to each transportation model?	Gene N. No. Any buy sell transactions should be able to fit into any of the transportation models. The nomination for the physical movement of the gas should be able to sync up (used in conjunction with, compatible with, intimately) with any TTT data set.	Jim. B. The TTT nomination will be its own animal and what we are saying is that it must work with all three of the transportation models.		Ron, looking a whole lot like Dale said.	

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<p>4. Quantity in must equal quantity out with regard to service rights</p>	<p>Gene: Agrees with Ron that "The upstream or downstream transportation rights are not pathed (tracked) through the TTTSP."</p> <p>The upstream or downstream transportation rights will "impact" the rights of gas entering or leaving the TTTSP.</p> <p>These transportation rights upstream and downstream do not directly impact the transactions within the TTTSP.</p>			<p>Ron: The upstream or downstream transportation rights are not pathed (tracked) through the TTTSP.</p> <p>The upstream or downstream transportation rights will "impact" the rights of gas entering or leaving the TTTSP.</p> <p>These transportation rights upstream and downstream do not directly impact the transactions within the TTTSP.</p>	<p>Ron: Nothing physical happens with TTT. Heather further clarifies that the TTTSP can have alternatives for shortfall and overages instead of passing through the imbalances on either side of the TTT activity. The TTTSP can have multiple roles such as entering into contracts for storage, parking, loaning, etc. A cut to supply does not necessarily mean a cut to market.</p>
<p>7. Should TTTSP's handle intraday nominations, and if so, how efficient is each case in terms of meeting intraday requirements.</p>		<p>Jim: Yes we need to do it, but it has not been thought through yet. TTTSPs must be able to handle intradays.</p>			<p>Heather: The more TTTSPs you have it adds an exponential level of complexity.</p>
<p>8. Bumping and no bumping</p>	<p>Gene: This is a transportation issue and only affects TTT by having to roll the affects through the chain. Every market and supply effect is felt</p>	<p>Jim: Yes, the effects would ripple through the TTT. The ripple is different between the operator and the account model.</p>	<p>Bob Wallenhorst: The TTT activity would reflect the bump.</p>	<p>Ron: Ditto</p>	

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	throughout the TTT chain.				
9. Should we consider other examples by other industries.	Gene: Not applicable to the business case example.	Jim: Yes. This does not mean we will adopt the rules from other industries absent consideration of the rules in conjunction with the realities of the natural gas industry. We will not adopt.	Bob: Yes.	Ron: No. Airline example may be premature in considering.	Tom: One difference between us and other industries is confirmation back immediately. We are not on a first come first served model. We are a long way from comparing ourselves to other industries. TTT is not allowed in airline industry. There is a cutoff 2 hours before take off to eliminate playing the games. Put words together cannot trade a ticket with you name on it
10. How well does each of the cases work within the existing GISB standard nomination timeline.		Jim: Time is an element of competition. The time you have to nominate to TTTSP from a quickness perspective, could be a competitive edge. Ken has a detailed schematic of the physical and logical setting			Ron: A TTTSP is not nominating transportation on a TSP. The confirmation from the TTTSP is not Heather: there are 2 models: operator model and account model. In the operator model, the TTTSP would be treated as an operator and this causes more transactions than can be handled during the current timelines. The account model treats the TTTSP as an account (pooler). Confirmations are for physical quantities. The term confirmations should not be used rather, the "buy" transaction and the "sell" should be used as transaction names. Bob, the original tasks of TTT must be the ability to "track" quantities. Therefore, TTT are part of the physical "chain." Ron, Do you want the nomination/confirmation from the TTTSP during the timeline? Heather, Yes, the TTTSP should provide the quantities at nomination time. Jerry, Producers assume the TSP will always go to the point operator for physical confirmation. Mark S.: I have two concerns: (1) I have to gear up to use additional systems and (2) the timing could be different between TTTSPs if time is a competitive element regardless of model. Mark G.: The current timelines did not anticipate additional confirmations with TTTSPs as operators. Ron agreed that the confirmation process of the

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					operator model was not anticipated in the current timelines.
11. Do TTTSPs act the same as point operators	Gene: There are no TTTSPs in our example. Therefore, no.	Jim: 12a) yes, 12b) no. a- is operator, b-account.	Bob: Our data does not support a conclusion at this time.	Ron: Yes, TTTSP acts as a point operator in the confirmation process.	

Comparison/Contrast of Operator and Account Models (Case No. 12):

	Operator Model	Account Model	Comments
1	Ken: Greater number of confirmation transactions	Ken: Lesser number of confirmation transactions	Ron: Account model looks a lot like pooling. Mark G.: Pooling and TTT are two distinct processes. TTT may be happening at the same time as pooling, but it is distinctive.
2	Ken: Cannot be accomplished within the scheduling timelines	Ken: Can be accomplished within the scheduling timelines.	
3	This levels playing field between TSP and TTTSP.	Ron: If confirmation due a nomination time, then there is a disadvantage.	
4	TTTSP confirms with TSP	TTTSP does not confirm with TSP	Ken: Every nomination has a confirmation.
5	Mark Gracey: Is less clear how current physical controls would work.	Mark G.: Is clearer how physical controls would work..	Model Bravo show the differences between these two and how the confirmation process between the pipelines.

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	Operator Model	Account Model	Comments
6	Leaves primary responsibility for tracking transactions in the hands of jurisdictional entities. Jurisdictional entities include entities that are regulated by the state or federal level.		
7	Heather: Physical operators do not have to agree on total flow.	Heather: Physical operators do have to agree on total flow.	Ken: The Bravo account model illustrates the difference in the physical confirmation on total flow. Mark G. In order to secure a physical flow, there is a sequence consideration.
8	Mark S.: This model is more complicated (complex) and this could double the number of systems that I have to deal with.	Mark S.: This model is less complicated. (complex).	