

Title Transfer Tracking Pilot Testing Task Force
Wednesday, May 7, 1997
AGA Offices, 1515 Wilson Blvd. Arlington, VA

1:00 pm - 5:00 pm

Draft Meeting Minutes

I. Administrative Issues

The meeting was opened by C. Loewen on behalf of J. Hahn and N. Walker (co-chairs) as they had advised the group that they may be late due to flight arrangements. Introductions were made and the GISB Antitrust statement read. The agenda was adopted unanimously. Discussion ensued concerning previous meeting minutes and as those present did not know the status of the notes of the previous meeting (held April 9, 1997), the issues were deferred pending arrival of the chairs. C. Loewen volunteered to take notes of this meeting.

II. Updates from Team Leaders on Business Case Analyses.

Group 3 - G. Nowak.

The majority of the meeting attendees were new to the group and G. Nowak provided a brief overview of the initial process the group had used to develop the base case data (5 nominatable points; three TSPs; 26 parties and 100 units moving through the transaction chain) and 5 implementation cases which are now under review. He then proceeded to lead discussion of the latest Group 3 report.

In Case 3, the TSP is responsible for title transfer tracking at all types of nominatable points. It was noted that the TTT PT TF had already discovered that the outcome of the each case may be different, perhaps due to the differing assumptions made concerning the order in which transactions are processed. M. Goldenberg asked why both TSP1 and TSP2 would track the same data at Point Bravo. G. Nowak explained that TSP1 needs to track in order to know the upstream party information, and that TSP 2 needs to track because the transfer activity is physically happening on their system. The transfer party is responsible to nominate the title transfer to TSP 1, TSP 2 or both, depending on the location of the transfer. This case assumes that a title transfer is nominated at the receipt point of the pipeline onto which the gas will be transported.

J. Hahn and many others joined the meeting at this time and the group relocated to a larger room. J. Hahn reported that no minutes from the last meeting were taken since only status reports on the business cases were covered. J. Hahn reviewed the agenda and focused the group on the meeting objective, which is to identify issues and concerns and develop a method to come up with the pros and cons for each Case.

M. Scheel expressed concern that the group was still defining the Cases and that it was time to work on recommendations as to which implementation is the best. Group leaders indicated that the definition work on the Cases is complete and that the differences in outcome between the Cases had been identified.

III. Discussion of Issues and Design Format to Contrast Pro/Con of the Different Cases.

J. Hahn initiated discussion of title transfer issues to be addressed by the group by reminding the group of the proposed title transfer draft standards passed to the task force by the EC (24 items) and identified new requests recently assigned.

The new requests assigned to the TTT PT TF are:

R96025 requests a new transaction type to identify title transfer activity;
R96048 asks for information to better define the confirming parties to a transaction;
R97019 deals with the concept of original source if different from the transporting party;
R97043 requests a new data element to detail interest level ownership;
R97048 addresses the issue of first and last supplier; and,
R97049 deals with multi level ranking code values and allocation.

Other concerns and issues were then identified by meeting participants and briefly discussed. A summary listing of all issues to be addressed by the TTT PT TF is attached to these meeting minutes.

A. Issues

J. Hahn described the fact that the TTT PT TF has discovered that different Cases, using the same base case data produce different results and suggested that the group needs to see if this can be addressed in the datasets. G. Nowak added that the differing result might also be due to differences in the order in which transactions are processed.

The groups made different assumptions with respect to business practices, and these differences need to be addressed.

M. Novak raised the issue of title transfer tracking at the interconnects and how the transaction should be communicated at these places. Further, how do the cases deal with parties who are purely in the middle at an interconnect?

E. Voss suggested that the basic assumption that all units transferred are the same may be too simplistic. Units may have different characteristics with respect to upstream and downstream service ranking, service rights, physical or paper transfer, etc. He also suggested we should be looking at a "best of breed" set of practices for title transfer tracking. J. Hahn stated that the group is charged with identifying an advantageous way to handle title transfer tracking. G. Nowak added that the group is to define how title transfer tracking is to be done in the gas industry. Joyce Phillips suggested that the group should not pitch a "single" methodology as there may be title tracking situations in which one communication implementation may work better than another. The group may be recommending alternatives which all work, some better than others, depending on the situation.

J. Hahn mentioned the need to take into account the various nomination models, (path, non path, path non-threaded) when considering the different Cases. A fundamental

title transfer task force assumption has been that decatherms in must equal decatherms out. Is this what distinguishes title transfer from other services?

Should TTTSP operate and function just like TSP's and should they get their own DRN's for nominatable points? M. Scheel asked if that means that whoever does the title transfer should also do the transportation? The group has not made any determinations on this issue yet, but there has been discussion in a previous meeting and the issue will need to be addressed.

Do TTTSP's have to handle intraday nominations and if so, how efficient is the title transfer tracking process in the context of intradays? A related issue of looking at transfer balancing on a daily versus "nomination capture" basis was brought up. M. Goldenberg suggested that this issue is also related to the bump, no-bump convention and that the group should consider the effect of bump, no-bump on the title transfer tracking models.

J. Hahn raised the issue of the GISB timeline. How well does each Case meet the timeline?

M. Goldenberg suggested that one of the goals of the TTT PT TF is to determine if competitive third parties could efficiently provide title transfer tracking services for the industry. If so, perhaps the title transfer activity could be organized on either a regional, pipe-by-pipe or full competition basis. He does not see the monopoly situation as being an effective option for the industry and would foresee development of a competitive bid process for third party TTTSPs desiring to provide regional or pipe-by-pipe services. He suggests that the group address the issue of monopoly service and how to handle the tendency toward this development.

J. Hahn responded that the third party involvement is fully considered in the Cases developed. The five cases are: a) TSP only provides the service; b) one third party TTTSP provides the service for the entire industry; c) one, and only one, third party TTTSP provides the service at each point; d) multiple third party TTTSP's provide service on each pipe; and e) TSP and multiple third party TTTSP's provide services in a fully competitive fashion. N. Walker added that the first case is described by Case 3 and based on the actual experience of NGPL, EPNG and SoCal Gas.

E. Voss suggested that the gas industry not develop a third party mechanism without reviewing the experience of other industries, such as financial institutions and the airline business, in working with centralized service providers. He volunteered to conduct some research and see if he could find knowledgeable persons in these other industries willing to come and speak to the GISB group about their methods.

B. Format to Address Pros and Cons of each Case.

It was determined that each of the attached issues would be discussed in the context of each Case, with the case teams starting on the issues following today's meeting. Groups are encouraged to meet or conference call before the next TTT PT TF meeting to consider the issues and document their findings. The total number of issues to be discussed is approximately 40.

N. Walker offered to prepare a "grid" that could be used by each group to tabulate the results of each Case with respect to each of the 40 issues. The table will be in MS Word 6.0 format, and posted as workpapers for the TTT PT TF for those who wish to make use of it.

III. Next Meeting.

The next meeting will be a full day meeting, to be held immediately before or after the next EC meeting (tentatively scheduled to be one or two days, June 11 or 12, 1997). J. Hahn reviewed the timeline for completion of the assignment. The TTT PT TF will strive to have a final draft report ready by August 1, 1997 in order to meet the September, 1997 deadline for reporting on the issues to the EC.

Jerry Hahn reminded the task force that the TTT PT TF was set up with 3 co-Chairs, and that there is currently a vacancy. He and Norm would very much appreciate the assistance of a third Chair, particularly with respect to organizing and preparing materials in advance of the meetings. G. Nowak was encouraged by all members of the task force to volunteer and will check with his company before committing.

The TTT PT TF meeting adjourned at 4:30 pm, with the Case teams then gathering to plan for addressing the 40 issues.