1. Recommended Action: Effect of EC Vote to Accept Recommended Action:
    ___Accept as requested ___Change to Existing Practice
    ___Accept as modified below   X  Status Quo
    X Decline

2. TYPE OF MAINTENANCE

    Per Request: Per Recommendation:
        X Initiation        ___Initiation
        ___Modification
        ___Interpretation
        ___Withdrawal
        ___Principle (x.1.z)
        ___Definition (x.2.z)
        X Business Practice Standard (x.3.z)
        ___Document (x.4.z)
        ___Data Element (x.4.z)
        ___Code Value (x.4.z)
        ___X12 Implementation Guide
        ___Business Process Documentation

3. RECOMMENDATION

    The OBA Task Force's recommendation is to decline the request to develop a standardized Operational Balancing Agreement (OBA) as a GISB Standard.

4. SUPPORTING DOCUMENTATION

a. Description of Request:

    Request for a GISB standard relating to the standardization of Operational Balancing Agreements.

b. Description of Recommendation:

    OBA Task Force - August 6, 1997
    Discussion of How to Proceed with R95003

    In discussing a course of action on how to proceed with processing PG&E’s request R95003, it was determined that the meeting participants were not interested in pursuing work on a model pipeline to pipeline OBA as the majority of TSPs already have operational balancing type agreements in place. The
participants are agreeable to work with others on a product who are so interested, but due to lack of participation by those parties, the meeting participants had no interest at this time in pursuing such. The consensus was to not move forward in developing a model base agreement without the input and active involvement from the other segments in the industry that have indicated a need to the Chair of the Contract Subcommittee for OBA’s to meet their needs as they unbundle (the LDC’s).

Cheryl Loewen, Chair of the Contracts Subcommittee, indicated that she didn’t think that a model OBA agreement can be sent to the E.C. until it is thoroughly worked on and reviewed by a greater involvement from a wider range of industry participants. Since there is no deadline by when this has to be done, ideas were discussed on how to attract interested parties to get involved. Others expressed the fact that for those present to develop an agreement without this involvement would more than likely result in having to do it over again and this would be a poor utilization of resources.

After much discussion on various options, the consensus was to make a report at the August E.C. meeting, during the Subcommittee and Task Force Update Reports agenda item, which explained what the group had considered, what areas are not going to be discussed (imbalance resolution, operating tolerances and mandatory implementation) and the need for additional involvement by those parties desiring a model agreement. Whoever is interested on this work product should express specific interest prior to the October E.C. meeting and be willing to attend the meetings, in person or via conference call. An update report will be given to the E.C. at that time and if sufficient interest has been expressed, a meeting will be held in October to proceed.

OBA Task Force - March 30, 1998
Review of Request R95003

Mr. Buccigross read GISB Request No. R95003, requesting the development of a standard OBA Agreement. Recent minutes showed that the participants had decided to not develop a standard OBA contract. Ms. McNeal noted that because the meeting were poorly attended, there was a general lack of interest in developing an OBA contract. Ms. Moseley supported Ms. McNeal's statements and further noted that interstate pipelines already operate under OBAs. Ms. Moseley added that pipelines would be willing to support other segments in development of a standard OBAs. Several participants noted that they saw no need for a standardized OBA contract, as OBAs have already been put in place. As other segments may need one, the pipelines would be willing to share their OBA contracts with them.

Ms. Unruh asked that if the OBA contract were to be developed, how would the compensation issues be addressed? Several noted that there would be no value to the effort to develop a standard OBA. Others noted the difficulty in standardizing an OBA contract. Procedurally, a recommendation would be drafted and then sent out for industry comment, after which it and the comments are forwarded to the Executive Committee for a vote. Mr. Buccigross noted that this will be placed on the next agenda for resolution.

OBA Task Force - April 23, 1998
Review of Request R95003 and Vote

Mr. Hahn directed the group to page 39 and following of the FERC Order 587-G, in reference to the OBA issues. Specifically, he noted the ninety day deadline stated in the order. Ms. Unruh noted that in the prior BPS meeting, it was discussed that if GISB determines that a standard is not required, it does not necessarily conflict with the order.
A motion was made and seconded to recommend declining Request No. R95003, (develop a standardized OBA as stated in the request). Several noted their support for the recommendation to decline, and Mr. Buccigross and Ms. Munson noted that a model OBA would show benefit to the industry. While several were not in support of a standard, others noted that they might support a model or shell OBA development, depending on the laundry list of clauses. One participant noted that imbalance resolution should not be included in the model. Several participants noted that provisions important to have open, either for negotiation and listed on the model, or not listed all and contained in a section called "Other Provisions" would include operational flexibility, imbalance resolution and credit worthiness. The motion passed.

Ms. Moseley made a motion which was seconded to develop a model OBA as an amendment to Request No. R95003. Mr. Hahn noted that this item should be discussed later in the agenda. It will be discussed after agenda item III.

Motion: Recommend declining Request No. R95003.

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<thead>
<tr>
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<th>16 In Favor</th>
<th>4 Opposed</th>
<th>4 Abstain</th>
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Segment Check (if applicable):

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OBA Task Force - April 23, 1998
Model OBA Development

Ms. Moseley made a motion which was seconded to develop a model OBA as an amendment to Request No. R95003. Mr. Hahn noted that this item should be discussed later in the agenda. It will be discussed after agenda item III.

Ms. Moseley amended her previous motion which was seconded to work on developing a model OBA as an amendment to Request No. R95003, now renumbered Request No. R95003A. Ms. Corcoran noted that she has already developed a model OBA, which should be posted by April 24. The motion passed.

Motion: Develop a Model OBA as an amendment to Request No. R95003.

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c. Business Purpose:

Standardized Operational Balancing Agreement "OBA" to serve as a tool for pipelines to reconcile minor volume discrepancies which occur after nominations have been submitted and confirmed. The purpose of this agreement is to settle minor differences without involving shippers, saving time of both the shipper and transporter.

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

OBA Task Force: See relevant sections of meeting minutes in Supporting Documentation section above.