RECOMMENDATION TO GISB EXECUTIVE COMMITTEE

Requester:TransCapacity   **Request Nos.R98011/R98012**

1. Recommended Action: **Effect of EC Vote to Accept Recommended Action:**
　　___Accept as requested   _X_Change to Existing Practice
　　_X_Accept as modified below   ___Status Quo
　　___Decline

2. TYPE OF MAINTENANCE

Per Request: **Per Recommendation:**

_X_Initiation   _X_Initiation
_X_Modification   _X_Modification
___Interpretation   ___Interpretation
___Withdrawal   ___Withdrawal

_X_Principle (x.1.z)   _X_Principle (x.1.z)
_X_Definition (x.2.z)   _X_Definition (x.2.z)
_X_Business Practice Standard (x.3.z) _X_Business Practice Standard (x.3.z)
___Document (x.4.z)   ___Document (x.4.z)
___Data Element (x.4.z)   ___Data Element (x.4.z)
___Code Value (x.4.z)   ___Code Value (x.4.z)
___X12 Implementation Guide   ___X12 Implementation Guide
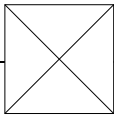___Business Process Documentation   _X_Business Process Documentation

3. RECOMMENDATION

STANDARD LANGUAGE (for addition, modification or deletion of a principle, definition or business practice standard)

Standard No. and Language:
See Attached Principles, Definititons and Standards Work Product of BPS

INTERPRETATION (for interpretation of a business practice standard)

Standard No., Language and Interpretation:
Not Applicable

DATA DICTIONARY (for new documents and addition, modification or deletion of data elements)

Document Name and No.: *Not Applicable until after EC determination*

Business Name	Definition	Usage	Condition

* Indicates Common Code

CODE VALUES LOG (for addition, modification or deletion of code values)

Document Name and No.: *Not Applicable until after EC determination*

Business Name	Usage	Code Value	Code Value Description	Code Value Definition

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)
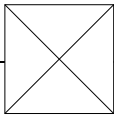
Document Name and No.: *Not Applicable until after EC determination*

Description of Change:

BUSINESS PROCESS DOCUMENTATION (for addition, modification or deletion of business process documentation language)

Standards Book: *Not Applicable until after EC determination*

Language:

RECOMMENDATION TO GISB EXECUTIVE COMMITTEE

Requester:TransCapacity   **Request Nos.R98011/R98012**

4. SUPPORTING DOCUMENTATION

a. Description of Request:
   See R98011 and R98012

b. Description of Recommendation:
   See Attached

   Business Practices Subcommittee
   Please review the minutes of following BPS meetings for records of individual votes, topics of discussion, an record of standards development. Requests R98011 and R98012 were processed during the below listed meetings:

   July 23, 1998
   August 6, 1998
   August 31, 1998
   September 14, 1998
   September 21, 1998
   October 1, 1998
   October 8, 1998
   October 22, 1998
   October 29, 1998
   November 5, 1998
   November 12, 1998
   December 4, 1998
   December 10, 1998
   January 7, 1999
   January 14, 1999
   January 28, 1999
   February 4, 1999
   February 11, 1999
   February 17/18, 1999
   March 5, 1999

   Business Practices Subcommittee -
   Sense of the Room: March 5, 1999   _3.5_ In Favor   _1.5_ Opposed
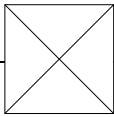   **Segment Check** (if applicable):
   In Favor :   _NP_End-Users _NP_LDCs _.5_Pipelines _1_Producers _2_Services
   Opposed: _NP_End-Users _NP_LDCs _1.5_Pipelines _0_Producers _0_Services

c. Business Purpose:
   See BPS Discussions in minutes of above listed meetings

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

Proposed GISB PDA/Allocation Standards
(Voted Upon and Passed by BPS as of March 5, 1999)

Related to R98011:

Delete existing standard 2.3.24

[~~Delivery point allocations should be performed at the lowest level of detail provided by nominations.~~]

DEFINITIONS:

2.2.A.

Monthly Allocation is the term used to describe the process where the Allocating Party performs the allocation process at the end of the monthly flow period.

2.2.C

Daily Allocation is the term used to describe the process where the Allocating Party performs the allocation process following each gas day.

STANDARDS:

2.3.A
At a location, there is at least one Confirming Party on each side of a location.

2.3.A.1
Allocations use the total quantity measured, or estimated, during the period to provide allocations to parties' scheduled transactions (or otherwise identified transactions consistent with GISB Standard No. 2.3.F).
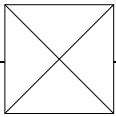
2.3.A.3
In the allocation process, estimated quantities should be adjusted to actuals following the time that the actual quantities are known.

2.3.B.1.d
At a location which is not covered by an OBA, an Allocating Party receives Pre-determined Allocations from others.

2.3.B.1.e
At a location which is not covered by an OBA, an Allocating Party calculates the allocations for the location and provides these allocations to the appropriate parties for their use.

2.3.B.2

At a location which is not covered by an OBA, a party which is not the Allocating Party at the location should receive and process allocations from the Allocating Party and employ these allocations when providing allocation information to its parties (as applicable and appropriate).

2.3.C

At a location which is covered by an OBA, each Allocating Party can allocate its side of the location.

2.3.D.3

At a location which is not covered by an OBA:

- where the Confirming Parties confirm at a level less detailed than the nomination level;

- where a Service Requester (SR) has submitted more than one nomination line item to the Transportation Service Provider (TSP); and,

- where the TSP allocates to a level lower than the SR contract level;

the TSP should employ the TSP's tariff allocation methodology (including, where applicable, employing the other Confirming Party(ies)' Pre-determined Allocation(s) (PDAs)) to allocate gas to the confirmation detail level.

The TSP should then either: a) accept and employ a PDA from such SRs that provides allocation instructions for the allocation of quantities from the confirmation detail level to the nomination line item detail level, or b) employ the SR's ranks supplied in the nomination to allocate gas to the nomination line item detail level.
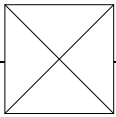
Where a TSP accepts PDAs from a SR and the SR does not provide a PDA, the TSP should employ the tariff allocation methodology for the allocation of the gas to the applicable confirmation level of detail and then should perform the default allocation methodology for allocations from the confirmation detail level down to the nomination line item detail level.

TSPs which allocate to SRs at the SR's contract level or higher are not required to allocate to a lower level or accept accounting allocation instructions from the SR (i.e., neither PDAs nor SR ranks supplied in the nomination).

2.3.E

At a location which is not covered by an OBA, a Confirming Party is permitted to submit a Pre-determined Allocation (PDA) to the Allocating Party which conforms to the level of detail used in the confirmation process between the Allocating Party and that Confirming Party. The Allocating Party should employ such PDA for the purpose of allocating quantities of its party(ies)' gas to the level of detail contained in the confirmation process between the Allocating Party and that Confirming Party.

A Confirming Party should not submit a PDA to an Allocating Party with respect to a location at a lower level of detail (more detailed) than that level of information exchanged between such parties during their confirmation process.

A PDA submitted by the Confirming Party to the Allocating Party with respect to a location should conform to the level of detail exchanged between such parties during the confirmation process. Submission by the Confirming Party to the Allocating Party of information at a higher level of detail (less detail) is a mutually agreed process.

2.3.F
Absent prior mutual agreement among the Confirming Parties and those Service Requester(s) which are not Confirming Parties at the location, a Pre-determined Allocation (PDA) may not be used to allocate gas to a transaction that was not identified in the nomination or confirmation process, as applicable. In the event of a conflict between this standard and the Transportation Service Provider's (TSP's) existing tariff or general terms and conditions, the latter will prevail.

Where there has been such prior mutual agreement, a TSP, upon receipt of a PDA referencing a transaction not otherwise present in a nomination or confirmation may, but is not required to, generate a nomination (or confirmation) transaction of zero or null quantity corresponding to the subject transaction.

2.3.G
Except in cases where the Percentage or Operator Provided Value method of allocation is being employed, where there is:

> (i) sufficient gas to fulfill all scheduled quantities at a location, a Pre-determined Allocation (PDA) should not result in a quantity being allocated to a party, contract or transaction, as applicable, that is less than the corresponding scheduled quantity(ies) for that party, contract or transaction, as applicable,

> (ii) insufficient gas to fulfill all scheduled quantities at a location, a PDA should not result in a quantity being allocated to a party, contract or transaction, as applicable, that is greater than the corresponding scheduled quantity(ies) for that party, contract or transaction, as applicable.
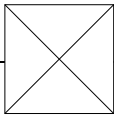
In the event of conflicts between this standard and the Transportation Service Provider's existing tariff or general terms and conditions, the latter will prevail.

2.3.H.1
On monthly allocating Transportation Service Providers (TSPs), at locations where the Swing or Rank method of allocation is employed by the TSP, any Service Requester (SR), or any SR whose contract,which has been identified by a Confirming Party in a Pre-determined Allocation as the Swing party or the lowest ranked SR should be notified by the TSP of its proposed status prior to gas flow. Notification should be via e-mail or other electronic method, fax, or telephone. Absent subsequent communication from the Confirming Party to the TSP to the contrary, such identification should remain unchanged and be considered effective as of gas flow.

2.3.H.2
Parties should communicate to their counter parties that their transaction(s) for allocation purposes are lowest ranked or swing, when such counter parties' transaction(s) are identified

by the party as being lowest ranked or swing. This standard does not apply to the relationship between Transportation Service Providers and their Service Requesters.

2.3.N

At a location which is covered by an OBA, the scheduled quantity should be the allocated quantity.

2.3.N.1

At a location where one of the Confirming Parties has agreed to be allocated all of the quantity variances (positive and negative) between total scheduled quantities and measured quantities at that location onto one or more of its contract(s) with the Transportation Service Provider, each Confirming Party should allocate to its respective parties their scheduled quantities.

Related to R98012:

PRINCIPLE:

2.1.A

The level of detail supported by Transportation Service Providers (TSPs) in the Service Requester (SR) transaction scheduling process should be supported throughout the process of providing related flowing gas information (i.e., Shipper Imbalance (GISB Standard 2.4.4), Pre-determined Allocations (GISB Standard 2.4.1) from the SR (where supported), and Allocation (GISB Standard 2.4.3) to the Service Requester (where supported)) and would only be to the package ID level where mutually agreed between the TSP and the SR.
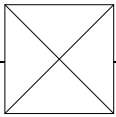
STANDARD:

2.3.A.

Upon request to its Transportation Service Provider (TSP), a Service Requester (SR) should be provided allocated quantities pursuant to Standard 2.4.3 or 2.4.4 for the transaction(s) which have been scheduled by such TSP for the SR.

A TSP can agree to send the allocated quantities on a daily basis to a SR rather than accept the Upload of Request for Download for allocated quantities.

GISB Standard 2.3.21 applies to the daily provision of allocated quantities hereunder. Support by a TSP of request for allocated quantities other than all locations for a SR is a mutually agreed process, provided however, that in order to support GISB Standard 2.3.21 and where a TSP has without mutual agreement determined not to send allocated quantities hereunder, the SR can rely on the absence of a transaction as indicative that the scheduled quantities are allocated quantities.

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INSTRUCTIONS TO INFORMATION REQUIREMENTS SUBCOMMITTEE:

Instruction #1:

At a location which is not covered by an OBA, there is at least a primary Allocating Party which is the Confirming Party which operates one side of the location and which it has been agreed will receive and process PDA(s) from the Confirming Party(ies) on the other side of the location. This primary Allocating Party receives and processes the PDA(s) to the level specified in the PDA(s) and returns appropriate allocated quantities to the Confirming Party(ies) on the other side of the location which provided PDA(s). Where the PDA(s) received by the primary Allocating Party did not specify allocations to the level of transactions present on the primary Allocating Party's side of the location, other standards apply for the remainder of the allocation process on the primary Allocating Party's side of the location.

After the primary Allocating Party has provided allocated quantities to the Confirming Party(ies) on the other side of the location, the Confirming Party which is the operator of the other side of the location (the secondary Allocating Party) employs the allocated quantities received from the primary Allocating Party to provide allocated quantities to its parties in a manner consistent with the allocated quantities provided to it by the primary Allocating Party. To the extent PDA(s) received by the secondary Allocating Party from party(ies) on its side of the location specify a level of detail more specific than the allocated quantities received from the primary Allocating Party, the secondary Allocating Party employs these PDA(s) to allocate quantities to its PDA submitters. Where the allocated quantities received from the primary Allocating Party were not to the level of transactions on the secondary Allocating Party's side of the location, and where the PDA(s) received by the secondary Allocating Party (if any) did not specify allocations to the same level of transactions present on the secondary Allocating Party's side of the location, other standards apply for the remainder of the allocation process.

Instruction #2:

Confirming Parties which are not the primary Allocating Party at a location should receive and process allocations from the primary Allocating Party and employ these allocations in providing allocation information to their parties and Service Requesters (as applicable and appropriate). Where a Confirming Party is the operator of one side of a location and is not the primary Allocating Party at the location, then they are the secondary Allocating Party.

Instruction #3

The definition of all rank data elements should be re-examined to allow for their use in the allocation process.