

C97013

Clarification of terms for Imbalance Standard 2.3.30 -- Order 587-C, Section II.B.2, pp. 14-16.

The term to which the FERC has requested clarification is "similar financial and operational implications" as used in GISB Standard 2.3.30:

2.3.30 All transportation service providers should allow service requesters (in this instance, service requester excludes agents) to net similarly situated imbalances on and across contracts with the service requester. In this context, "similarly situated imbalances" includes contracts with substantially similar financial and operational implications to the transportation service provider.

Some of the discussion points made in Order 587-C are:

"While the Commission finds that standards requiring OBAs and netting of imbalances are necessary, the use of the terms "economically and operationally feasible" and "similarly situated financial and operational implications" do not define precisely enough the pipelines' obligations under the standards."

"If "financial" in Standard 2.3.30 refers to the rate paid for service, for instance, there seems no basis for treating a discounted contract differently from a full-rate contract in the terms of netting imbalances."

"Rather than attempting to deal with the meanings of these terms in individual compliance filings, GISB needs to define precisely the circumstances in which pipelines can decline to permit the netting of imbalances. Therefore, the Commission will not be accepting this standard in this rule and will give GISB until September 1, 1997 to clarify these standards."