



Gas Industry Standards Board

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C98001

A releasing shipper can opt to have bids sent in as either Absolute Dollars and Cents or as a Percentage of Maximum Tariff Rate. In the case that a shipper chooses to accept bids in either format, and the transportation service provider elects to support this practice by calculating the best bid regardless of how received, does this meet the applicable standard?

Related Standards:

GISB Standard Number: 5.3.26: Releasing shipper has choice to specify dollars and cents or percents of maximum tariff rate in the denomination of bids and all transportation service providers should support this. Once the choice is made by the releasing shipper, the bids should comport with the choice.

Recommended Interpretation to Request No. C98001:

"Yes, it is not only within the standard, it can be considered as exceeding the standard. GISB Standard 5.3.26 states: Releasing shipper has choice to specify dollars and cents or percents of maximum tariff rate in the denomination of bids and all transportation service providers should support this. Once the choice is made by the releasing shipper, the bids should comport with the choice.

"Under this standard, and in the example, the TSP has clearly provided a choice. It has not *required* that the releasing shipper accept both. Nor has it required that the releasing shipper accept bids formatted according to only one of the two choices. Rather, the TSP has exceeded the standard by allowing releasing shippers to choose an 'either' option. In addition, under the cited standard, the TSP is not required to accept bids in 'both' formats but rather in 'either' format; thus, the requirement (cited in the example) that bidders only submit one type of bid rate format per bid, is within the standard. In this instance, the election of the TSP to exceed the standard has not eliminated choices available under the standard, nor has it harmed those not availing themselves of the practice in question. It is not necessary to permit bidding shippers to make 'both' types of bids (absolute dollars and cents and percentage of maximum tariff rate) in one bid because exceeding one portion of a standard, as is the case here, where no disadvantage to others occurs, does not mean that other portions of a standard are required to be exceeded in order to achieve the intent of the standard. Finally, as the TSP is clearly supporting standard 5.3.4 by calculating the 'best bid' regardless of how submitted, there is no reason that this practice be considered as not meeting GISB Standards."

(Excerpted from the Interpretation Subcommittee Minutes, dated April 3, 1998)
