



RECOMMENDATION TO GISB EXECUTIVE COMMITTEE

Requester: PanEnergy Corp

Request No.: R96034

1. Recommended Action:

- Accept as requested
- Accept as modified below
- Decline

Effect of EC Vote to Accept Recommended Action:

- Change to Existing Practice
- Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle (x.1.z)
- Definition (x.2.z)
- 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

Per Recommendation:

- Initiation
- Modification
- Interpretation
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- Principle (x.1.z)
- Definition (x.2.z)
- 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

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

Document Name and No.: Pre-determined Allocation, 2.4.1

Business Name	Usage	Code Value	Code Value Description	Code Value Definition
Allocation Method	M	OP	Operator Provided Value	A mutually agreed upon allocation methodology that indicates that the operator will provide a quantity for the subject transaction(s) for use in the allocation.

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

Standards Book: Flowing Gas Related Standards

Language: Standard 2.3.16 – “List of allocation methodology types agreed upon: Ranked, Pro Rata, Percentage, ~~and~~ Swing *and Operator Provided Value.*”

Language: Standard 2.3.20 – “~~When the allocation method is rank, swing or percentage, a~~ A new allocation detail may be needed when a nomination changes.”

Language:

[See attached revisions to the Technical Implementation of Business Process for the Pre-determined Allocation (2.4.1).]

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Document Name and No.: Pre-determined Allocation (2.4.1)

Description of Change:

G860PDAL - Pre-determined Allocation (2.4.1)

Transaction Set Tables

"SI 1000/234 Pairs (Sub-detail)" table - Add code value 'OP' for data element Allocation Method, Elem 234 = 'OP', Description = "Operator Provided Value".

4. SUPPORTING DOCUMENTATION

a. Description of Request:

Modify the Flowing Gas Related Standards to add an additional allocation methodology type - End User Value.

b. Description of Recommendation:

Business Practices Subcommittee

Discussion:

A motion was made to untable the following motion that had been tabled at the February 5 meeting:

Add operator provided value to the list allocation methodologies in standard 2.3.16.

The resulting vote on the motion to untable was 17 in favor and 0 opposed.

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Mr. Hahn expressed a need for an explanation of how the end user value and operator provided value methodology affected all the shippers taking part in transactions at a point and if imbalances were caused as a result. Mr. Randy Young noted that there were other methodologies being used which also caused imbalances.

Ms. Barnum went through an example which had been provided at the last meeting. She stated this was one PDA methodology at a point which could have multiple methodologies at that point. Ms. Phillips offered that the addition of a definition to this motion might be of help in understanding. She offered the amendment to be added at the end of the current motion:

The definition of operator provided value to be included in the technical implementation of business processes in the predetermined allocation implementation guide (2.4.1) shall be "A mutually agreed upon allocation methodology that indicates that the operator will provide a quantity for the subject transaction(s) for use in the allocation.

A call for a vote on the motion:

Add operator provided value to the list of allocation methodologies in Standard 2.3.16. The definition of operator provided value to be included in the Technical Implementation of Business Process in the Predetermined Allocation Implementation Guide (2.4.1) shall be "A mutually agreed upon allocation methodology that indicates that the operator will provide a quantity for the subject transaction(s) for use in the allocation.

Sense of the Room: February 19, 1998 13 In Favor 6 Opposed 2 Abstained

Segment Check (if applicable):

In Favor:	<u>0</u> End-Users	<u>1</u> LDCs	<u>11</u> Pipelines	<u>0</u> Producers	<u>1</u> Services
Opposed:	<u>0</u> End-Users	<u>0</u> LDCs	<u>3</u> Pipelines	<u>1</u> Producers	<u>2</u> Services
Abstained:	<u>0</u> End-Users	<u>1</u> LDCs	<u>1</u> Pipelines	<u>0</u> Producers	<u>0</u> Services

Standards 2.3.3, 2.3.4, and 2.3.17 were reviewed and it was determined that no changes were needed as a result of the passing of this motion, but Standard 2.3.20 would need to have operator provided value added. It was proposed that it be made more general to allow for these types of modifications. A motion was made:

Proposed replacement to 2.3.20 - A new allocation detail may be needed when a nomination changes.

Sense of the Room: February 19, 1998 18 In Favor 0 Opposed 3 Abstained

Segment Check (if applicable):

In Favor:	<u> </u> End-Users	<u> </u> LDCs	<u> </u> Pipelines	<u> </u> Producers	<u> </u> Services
Opposed:	<u> </u> End-Users	<u> </u> LDCs	<u> </u> Pipelines	<u> </u> Producers	<u> </u> Services

Information Requirements Subcommittee

MOTION:

Technical Implementation of Business Process for PDA: See attached for additional revisions/additions. Add new paragraph noted below.

New third paragraph: The list of allocation methodology types from which two parties may agree is Ranked, Pro Rata, Percentage, Swing and Operator Provided Value. The definition of Operator Provided

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Value is: A mutually agreed upon allocation methodology that indicates that the operator will provide a quantity for the subject transaction(s) for use in the allocation.

Revision to first sentence of existing fourth paragraph: "... Swing, ~~or~~ Percentage or Operator Provided Value, the additional parameters (such as the ..."

Revision to second sentence of existing fourth paragraph: "...allocated using the ~~prorata~~ Pro Rata default..."

Additional code value description for Allocation Method: Operator Provided Value

Code value definition: A mutually agreed upon allocation methodology that indicates that the operator will provide a quantity for the subject transaction(s) for use in the allocation.

No revisions are necessary for the error/warning messages in the PDA Quick Response.

Sense of the Room: April 15, 1998 12 In Favor 1 Opposed

Segment Check (if applicable):

In Favor: End-Users LDCs Pipelines Producers Services

Opposed: End-Users LDCs Pipelines Producers Services

Technical Subcommittee

Sense of the Room: April 30, 1998 5 In Favor 0 Opposed

Segment Check (if applicable):

In Favor: End-Users LDCs Pipelines Producers Services

Opposed: End-Users LDCs Pipelines Producers Services

c. Business Purpose:

Panhandle Eastern Pipeline currently allows their LDCs the option of providing EGM measurement of specific quantities for the end users that are deducted from the total measured quantity at a point before allocation of the remaining quantity. This quantity value directs the pipeline on how to allocate for that specific end user.

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

IR implemented per BPS recommendation.

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

Natural Gas is allocated among producers, operators, transporters, shippers, and others after gas flows, using various methodologies to allocate actual quantities. In order to manage the impact of actual quantities variance from scheduled quantities, the specification of the method to be used in allocating actual quantities prior to gas flow is imperative. A Pre-determined Allocation methodology (PDA) will be utilized to accomplish this goal, by securing agreement of the allocating and the allocated parties as to the method to be used for computing the allocation, i.e. relating scheduled quantities to actual physical flow. The implementation of an agreed-upon PDA clarifies all parties' expectations and responsibilities prior to gas flow.

The PDA document can be provided by the shipper, producer, operator or their agent, for their appropriate allocation level, to the Transportation Service Provider ~~(the pipeline)~~ prior to the flow of gas. The PDA is due after or during confirmation and before the start of the gas day. Often, the PDA is submitted at the same time as the nomination. In some cases, the nomination may change independent of the PDA and the PDA is sent separate from the nomination. The PDA method and values sent to the Transportation Service Provider stand until changed, in spite of changes to the nomination.

The list of allocation methodology types from which two parties may agree is Ranked, Pro Rata, Percentage, Swing and Operator Provided Value. The definition of Operator Provided Value is: A mutually agreed upon allocation methodology that indicates that the operator will provide a quantity for the subject transaction(s) for use in the allocation.

The PDA document tells the Transportation Service Provider ~~pipeline~~ not only what allocation method is chosen, but also communicates any parameters needed with the allocation method. For example, the PDA might specify that the allocation method is "ranked" and that the rank level is '80.'

When the **allocation method** is Ranked, Swing, or Percentage or Operator Provided Value, ~~the~~ additional parameters (such as the allocation rank level) may be needed in order to create a valid PDA. If all elements are not submitted at the same time, the PDA is not valid and will not be accepted; the measured volumes will be allocated using the ~~prorata~~ Pro Rata default methodology. When allowed, the **Allocation rank indicator** can be used, if agreed upon by both parties, to set up different methodologies to handle over- or under-production situations. **Limit value** can be used, if allowed by the ~~Transportation Service Provider~~, to limit the variance volume applied to a transaction.

The beginning flow date/time and ending flow date/time are required and cannot reflect a time period shorter than the time periods for the corresponding nomination records.

Allocation method, allocation rank level, allocation rank indicator and **limit value** are all applicable regardless of the level of allocations supported by the ~~Transportation Service Provider~~ (i.e. single-level or multi-level). For a single-level allocation, the PDA statement is submitted by the meter operator or his agent and reflects the allocation instructions for the total measured volume down to the service requester level. For multi-level allocations, each party submits the allocation instructions for only their business transactions; the operator is the only party who will submit a PDA for the total measured volume, but it will be at a summarized level, rather than down to a detailed service requester level.

SAMPLE PAPER TRANSACTION

[Header]

Contact Person: Sam Houston @ 713-555-1212
Statement Date: 03/14/96
Statement Recipient: XYZ Allocation Service (99999999)
Preparer: ABC Oil & Gas (11111111)

[Detail]

Beginning Flow Date: 03/15/96
Beginning Flow Time: 09:00 AM
Ending Flow Date: 04/16/96
Ending Flow Time: 09:00 AM
Direction of Flow: Delivered to pipeline
Location: 421331122 Mustang Island A-101

[Sub-Detail]

Allocation Method: Ranked
Allocation Rank Indicator: High
Allocation Rank Level: 80

Limit value: 100,000
Package ID: 101-Randy
Svc Provider Activity Cd: 002134 002135
Svc Requester Contract: 0.7875
Upstream Contract id: T-1882
Upstream Party: 144326791 Alpha Producing