

# Proposed Revisions to Operational Impact Areas on the Transco System

Docket # RP16-22

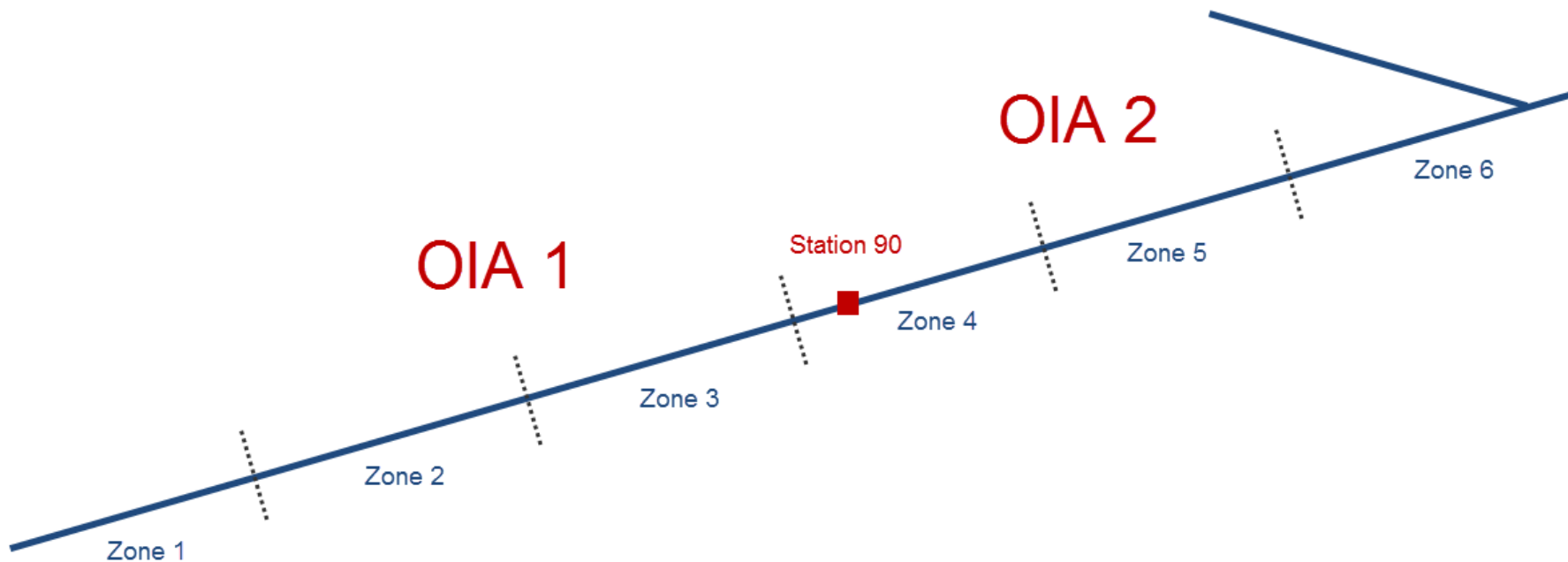


# Significance of an OIA

As defined by the North American Energy Standards Board (“NAESB”) and as adopted by the Commission, an OIA is the largest possible area on a pipeline system in which imbalances have a similar operational effect.

Thus, an OIA is a defined geographic area which shippers may trade imbalances.

# Current OIA's and Tariff – Section 2 of GT&C

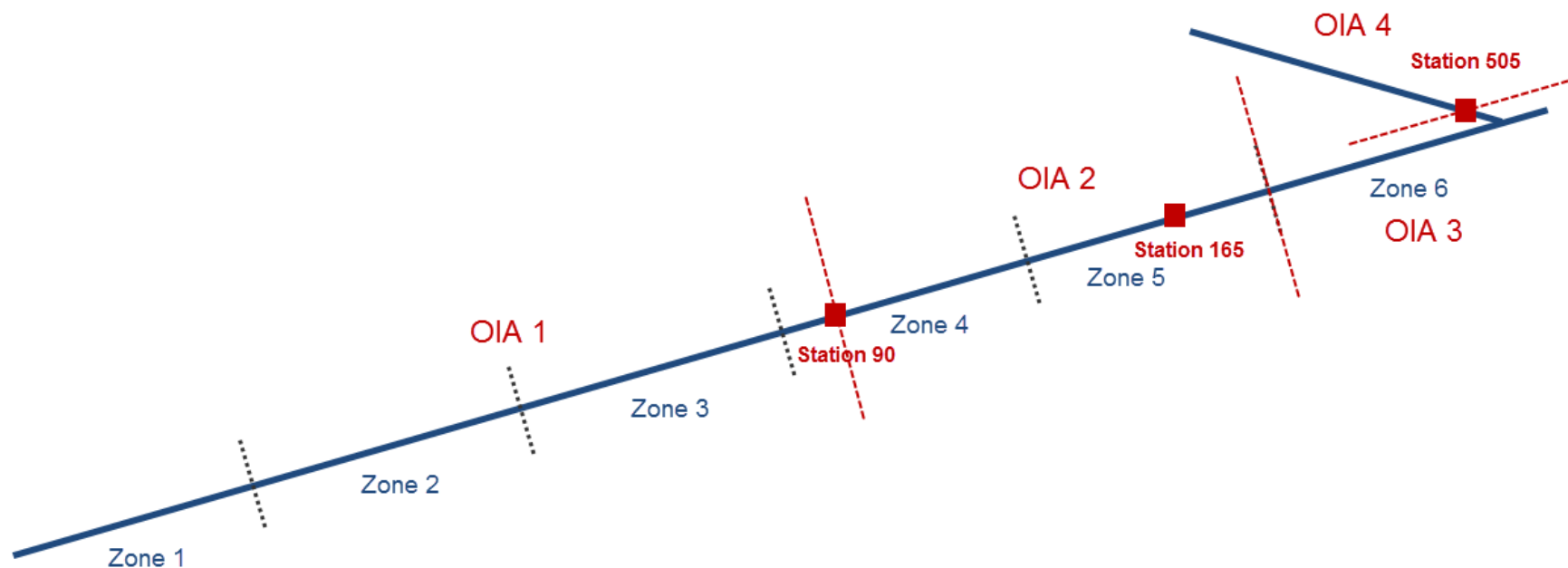


Transco's current OIAs are the product of Order No. 587-G. The Commission established "business practices standards," and approved the OIA designations proposed by Transco in September 2001

**OIA 1** - Transco's system in its entirety upstream of Station 90.

**OIA 2** - Station 90 and Transco's system in its entirety downstream of Station 90.

# Proposed OIA's and New Tariff – Section 2 of GT&C



**OIA 1** – Transco's system in its entirety south and west of station 90

**OIA 2** – Station 90 and Transco's system north and east of station 90 up to end of Zone 5

**OIA 3** – Zone 6 with the exception of Station 505 and the Leidy line system west of Station 505

**OIA 4** – Station 505 and the Leidy line system in its entirety west of Station 505

# Operational Justification for OIA Boundaries

## > Separation between OIA 1 and OIA 2

Current analysis indicates that this line of demarcation continues to function in the same manner as when this line was initially created; therefore, no change is currently contemplated.

## > Separation between OIA 2 and OIA 3

This new line of demarcation at the Zone 5/Zone 6 border is necessary because Transco is experiencing major operational challenges in this area of its system as more gas is delivered from supply sources in Zone 6 to markets south of Zone 6. Once the month is complete, shippers trade their imbalance across the Zone 5/Zone 6 boundary within OIA 2, thereby circumventing physical constraint locations that otherwise would have prevented this transportation through the nomination and scheduling process. This behavior ultimately causes significant operational issues for Transco. Transco is required to utilize Southern storage assets and Eastern storage assets on a daily basis in an attempt to mitigate the adverse operational impacts of the imbalances created, while also fulfilling its firm transportation delivery obligations.

## > Separation between OIA 3 and OIA 4

This new line of demarcation is necessary because Transco has experienced phenomenal growth in receipts west of Station 505 with the development of the Marcellus Shale play. In order to manage this new production area on the Leidy Line, Transco has repeatedly created additional Throughput System Boundaries (TSBs) to limit interruptible capacity. Even with these TSBs, Transco has experienced limitations, both localized and across the entire Leidy system, in receiving all quantities of gas nominated from the receipt points. TSBs alone have not been sufficient in managing imbalance in this area of the system. Creation of this new “supply” area OIA would help to specifically group similarly situated shippers / OBA parties and limit operational impacts created by imbalances in this area.

# What's Changed?

- > Adding two new OIAs, OIA 3 and OIA 4
- > Zone 6 will split into two different OIAs
- > During-the-month imbalance resolution management

# Timing of Changes

- > Change is proposed to go into effect beginning Gas Day November 1, 2015.

# Summary

- > Zone 1,2,3 and part of 4 (south of Station 90) imbalances can trade with each other (no change)
- > Zone 4 (north of station 90), Zone 5 imbalances can trade with each other but **not** with imbalances that reside in other OIAs
- > Zone 6 Mainline and Leidy line west of Station 505 imbalances can **not** trade with each other or imbalances that reside in other OIAs
- > For imbalance resolution, all remaining imbalances after trade are netted by zone of receipts
- > Imbalances created during the month in one OIA cannot be resolved with make-up receipt or delivery (TT3 or TT4) transactions in another OIA or zone



# Cash Out

- > With the implementation of Change of Reference Spot Prices for Cashout Docket # RP15-1212-000, imbalances in Zone 6 will use different indices depending on the location.
- > Station 505 and all Leidy line locations west of Station 505 will use the “Transco, Leidy Line receipts” index as published in Platts Gas Daily. This includes Algonquin Centerville.
- > All Zone 6 Mainline locations, except Station 505 and all Leidy locations west of Station 505, will use the average of “Transco, Zone 6 N.Y.” and “Transco, Zone 6 Non-N.Y.” indices as published in Platts Gas Daily. This includes TETCO Lambertville.