



Critical Day

This packet is designed to give an understanding of the rules and terms surrounding a Critical Day.

Transco

Critical Day

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Important Information – Please Read

The information provided herein is for informational purposes only and does not modify any provision in Transco's FERC Gas Tariff. If a conflict exists between this information and Transco's FERC Gas Tariff, the provisions in Transco's FERC Gas Tariff apply. Transco makes no representation or warranty as to the completeness or accuracy of this information. Transco shall not be liable for any informational errors, incompleteness or delays, or for any actions taken in reliance on this information.

To review the tariff language specific to any topic, go to [Transco's Informational Postings page](#), and select **Tariff** from the left hand navigation menu.

Critical Day

Introduction

Critical Days involve situations where the operating conditions may threaten the integrity of the Transco's pipeline system. Transco's FERC Gas Tariff provides Pipeline Control with the ability to take necessary actions to ensure the operating safety of the pipeline and provide firm entitlements to our customers. The tariff sections applicable for critical days include Section 11 - **Force Majeure**, Section 51 - **Operational Controls (OC)**, and Section 52 **Operational Flow Order (OFO)**.

Operational Flow Orders (OFO)

In order to alleviate operating conditions which may threaten the integrity of Transco's pipeline system, it may be necessary for Pipeline Control to issue Operational Flow Orders. Transco may issue notice of an OFO and this notice shall be posted **at least 24 hours** in advance of the gas day for which the OFO will be in effect unless unexpected situations exist. Upon issuance of an OFO, Buyer shall adjust their gas receipts or deliveries as directed. Failure to comply with an OFO may result in an unauthorized OFO imbalance and cause the Buyer to incur OFO penalties as stated in Section 52.1(b). The balance subject to the Imbalance Operational Flow Order Notice is the **daily imbalance** on applicable firm and interruptible services and/or Operational Balancing Agreements.

There are two types of OFOs that Pipeline Control can call:

- Scheduling OFO
 - May be issued as a surplus/oversupply (Due To) or a shortage/undersupply (Due From)
- Imbalance OFO
 - May be issued as a Due From customer or a Due To customer
 - Delivery based – Only transactions that are delivered into the specified zone(s) or area(s) will be included in the OFO calculation (regardless of zone of receipt)
 - Receipt based - Only transactions that are received into the specified zone(s) or area(s) will be included in the OFO calculation (regardless of zone of delivery)

The following table summarizes Scheduling and Imbalance OFO's.

Scheduling Operational Flow Order	Imbalance Operational Flow Order
<ul style="list-style-type: none"> • Notices <ul style="list-style-type: none"> ○ Applies to system-wide, an affected area, individual point(s), or individual shippers 	<ul style="list-style-type: none"> • Notices <ul style="list-style-type: none"> ○ Applies to system-wide, an affected area, individual point(s), or individual shippers
<ul style="list-style-type: none"> • Defined <ul style="list-style-type: none"> ○ Any scheduling variation attributable to a customer to which Transco has directed a Scheduling OFO in excess of an allowable variation of no less than 5% or 1,000 dth (whichever is greater) shall constitute an unauthorized OFO Imbalance 	<ul style="list-style-type: none"> • Defined <ul style="list-style-type: none"> ○ Any daily imbalance attributable to a customer to which Transco has directed an Imbalance OFO in excess of an allowable variation of no less than 5% or 1,000 dth (whichever is greater) shall constitute an unauthorized OFO Imbalance
<ul style="list-style-type: none"> • Tolerance Calculation <ul style="list-style-type: none"> ○ Total scheduled quantity for activity in each zone when more than one zone is specified in the OFO ○ Total scheduled quantity for activity in the area specified in the OFO when the area is smaller than a zone. 	<ul style="list-style-type: none"> • Tolerance Calculation <ul style="list-style-type: none"> ○ Total deliveries at each zone of delivery in which the OFO is directed for delivery based OFO ○ Total deliveries from each zone of receipt in which the OFO is directed for a receipt based OFO
<ul style="list-style-type: none"> • Penalties <ul style="list-style-type: none"> ○ Penalty dollars are calculated by multiplying the quantity outside the allowable variation by the higher of \$50/dth or 3x the applicable daily price <ul style="list-style-type: none"> • Pricing source: Platts Gas Daily • Penalty based on each identified zone price for that day (as set forth in Section 52.5 (b) of the GT&C) 	<ul style="list-style-type: none"> • Penalties <ul style="list-style-type: none"> ○ Penalty dollars are calculated by multiplying the quantity outside the allowable variation by the higher of \$50/dth or 3x the applicable daily price <ul style="list-style-type: none"> • Pricing source: Platts Gas Daily • Penalty based on each identified zone price for that day (as set forth in Section 52.5 (b) of the GT&C)

Example 1: Notice for Imbalance OFO

Notice Text:

Subject: Imbalance Operational Flow Order (OFO)

Transco recently provided notice of limited flexibility to manage imbalances and recommended shippers maintain a concurrent balance of receipts and deliveries. In order to ensure system integrity, maintain safe operations, manage imbalances, and handle within-the-day volatility, Transco is issuing an Imbalance Operational Flow Order (OFO).

Beginning Gas Day:	Wednesday, May 25, 2016
OFO Area(s):	Zone 5
Type of OFO:	Imbalance
Type of Imbalance:	Due To Shipper
Transactions Include:	Deliveries ₁
Beginning Cycle:	Timely
Duration:	Until further notice
Tolerance % ₃ Allowed (or 1,000 dth, whichever is greater):	10%
Affected Shipper(s) (DUNS #) (4)	All
Affected Location(s) (DRN #/Loc ID) (5)	All
OBA Subject to OFO:	No
If Yes, OBA Parties (DUNS #): (4)	

₁ OFO based on all transactions with deliveries in affected OFO area

₂ OFO based on all transactions with receipts in affected OFO area

₃ Tolerance % based on total delivery allocated volume in affected OFO area (no less than 5%)

₄ If specific DUNS #s have been identified, only imbalances created by those shippers/OBA parties will be subject to the OFO provisions

₅ If specific DRN #/Loc ID's have been identified, only imbalances created at those location(s) will be subject to the OFO provisions

This OFO is directed to shippers consistent with Section 52 of Transco's FERC Gas Tariff General Terms and Conditions with a minimum of \$50 per dt per day penalty. This OFO will continue until further notice. Buyers with imbalances greater than the allowed tolerance will be subject to penalties specified in Section 52.5 of Transco's FERC Gas Tariff General Terms and Conditions.

Example 1: Calculation for Imbalance OFO (Variation of 10% in Zone 5)



Williams Gas Pipeline - Transco

OFO Imbalance - BA View

From 05/28/2016 to 05/30/2016

Accounting Month 05/2016



Billable Party ID/Name: 123456 ABC Energy LLC
 BA ID/Name: 123456 ABC Energy LLC

Critical Day Level: Delivery Transactions at Zone 5
Tolerance Percentage: 10.00%

Flow Date	Penalty Admin K	Location ID	(Delivery Transactions)		*Rate Sched/Tier	Transaction Type	Total Receipt Qty	Total Delivery Qty	Imbalance Qty	Actual Imbalance Percentage	Tolerance Qty	Penalty Qty	Zone in Penalty
			Flow Dir	Zone									
05/29/2016	9001234	1000139	D	5		OFO_IM_DUETO	32,026	32,000	(26)	0%			
05/29/2016	9001234	1003223	D	5		OFO_IM_DUETO	1,343	1,343	0	0%			
05/29/2016	9001234	1006111	D	5		OFO_IM_DUETO	20	20	0	0%			
05/29/2016	9001234	1006585	D	5		OFO_IM_DUETO	240	240	0	0%			
05/29/2016	9001234	1095059	D	5		OFO_IM_DUETO	14,000	14,000	0	0%			
05/29/2016	9001234	9001041	D	5		OFO_IM_DUETO	39,637	22,091	(17,546)	79%			
05/29/2016	9001234	9004742	D	5		OFO_IM_DUETO	1,000	1,000	0	0%			
05/29/2016	9001234	9005265	D	5		OFO_IM_DUETO	1,500	1,500	0	0%			
				Total for Zone	5		89,766	72,194	(17,572)	24%	7,219	10,353	Yes

Note: SSOVT & OVR delivery volumes were added to Total Delivery Quantity to calculate imbalance tolerance, but tier 2 & tier 3 are subtracted from penalty calculation

Total Receipt Qty = Net Allocated Receipt Qty
 Total Delivery Qty = Net Allocated Delivery Qty

Note:

Transaction Type: Delivery in Zone 5 (Imbalance OFO) Due To Shipper
Tolerance Qty = Total Delivery Qty 72,194 x Tolerance Percentage 10.00 % = 7,219
Penalty Qty = Imbalance Qty for each zone - Tolerance Qty for that zone
 Penalty is held at the Billable Party/Service Requester/Agent level

Example 2: Notice for Imbalance OFO

Notice Text:

Subject: Imbalance Operational Flow Order (OFO)

Transco recently provided notice of limited flexibility to manage imbalances and recommended shippers maintain a concurrent balance of receipts and deliveries. In order to ensure system integrity, maintain safe operations, manage imbalances, and handle within-the-day volatility, Transco is issuing an Imbalance Operational Flow Order (OFO).

Beginning Gas Day:	Wednesday, May 11, 2016
OFO Area(s):	Zone 6
Type of OFO:	Imbalance
Type of Imbalance:	Due To Shipper
Transactions Include:	Receipts ₂
Beginning Cycle:	Timely
Duration:	Until further notice
Tolerance % ₃ Allowed (or 1000 dth, whichever is greater):	10%
Affected Shipper(s) (DUNS #) (4)	All
Affected Location(s) (DRN #/Loc ID) (5)	All
OBA Subject to OFO:	No
If Yes, OBA Parties (DUNS #): (4)	

₁ OFO based on all transactions with deliveries in affected OFO area

₂ OFO based on all transactions with receipts in affected OFO area

₃ Tolerance % based on total delivery allocated volume in affected OFO area (no less than 5%)

₄ If specific DUNS #s have been identified, only imbalances created by those shippers/OBA parties will be subject to the OFO provisions

₅ If specific DRN #/Loc ID's have been identified, only imbalances created at those location(s) will be subject to the OFO provisions

This OFO is directed to shippers consistent with Section 52 of Transco's FERC Gas Tariff General Terms and Conditions with a minimum of \$50 per dt per day penalty. This OFO will continue until further notice. Buyers with imbalances greater than the allowed tolerance will be subject to penalties specified in Section 52.5 of Transco's FERC Gas Tariff General Terms and Conditions.

Example 2: Calculation for Imbalance OFO (Variation of 10% in Zone 5)



Williams Gas Pipeline - Transco



OFO Imbalance - BA View

From 05/14/2015 to 05/14/2015

Accounting Month 05/2015

Billable Party ID/Name: 123456/ABC ENERGY LLC
 BA ID/Name: 123456/ABC ENERGY LLC

Critical Day Level: Receipt Transactions at Zone 6
Tolerance Percentage: 10.00%

Flow Date	Penalty Admin K	Location ID	(Receipt Transactions) Location Name	Flow Dir	Zone	*Rate Sched /Tier	Transaction Type	Total Receipt Qty	Total Delivery Qty	Imbalance Qty	Actual Imbalance Percentage	Tolerance Qty	Penalty Qty	Zone in Penalty
05/14/2015	9001234	1000178	POOLING-STATION 210	R	6		OFO_IM_DUETO	25,000	25,000		0%			
05/14/2015	9001234	9006082	LOWER CHANCEFD M3627	R	6		OFO_IM_DUETO	80,000	60,000	(20,000)	33%			
05/14/2015	9001234	9006302	PUDDLEFIELD M3631	R	6		OFO_IM_DUETO	3,181	2,953	(228)	8%			
					Total for Zone	6		108,181	87,953	(20,228)	23%	8,795	11,433	Yes

Total Receipt Qty = Net Allocated Receipt Qty
 Total Delivery Qty = Net Allocated Delivery Qty

Note:
Transaction Type: Receipt in Zone 6 (Imbalance OFO) Due To Shipper
Tolerance Qty = Total Delivery Qty 87,953 x Tolerance Percentage 10.00 % = 8,795
Penalty Qty = Imbalance Qty for each zone - Tolerance Qty for that zone
 Penalty is held at the Billable Party/Service Requester/Agent level

Example 3: Notice for Imbalance OFO

Notice Text:

Subject: Scheduling Operational Flow Order (OFO)

Transco recently provided notice of limited flexibility to manage imbalances and recommended shippers maintain a concurrent balance of receipts and deliveries. In order to ensure system integrity, maintain safe operations, manage imbalances, and handle within-the-day volatility, Transco is issuing a Scheduling Operational Flow Order (OFO).

Beginning Gas Day:	Wednesday, August 19, 2015
OFO Area(s):	System Wide
Type of OFO:	Imbalance
Type of Imbalance: ⁴	Shortage (Due From Shipper)
Beginning Cycle:	Timely
Duration:	Until further notice
Tolerance % ¹ Allowed (or 1000 dth, whichever is greater):	5%
Affected Shipper(s) (DUNS #): ²	All
Affected Location(s) (DRN #/Loc ID): ³	All
OBA Subject to OFO:	No
If Yes, OBA Parties (DUNS #): ²	

¹ Tolerance % based on total scheduled volume in affected OFO area (no less than 5%)

² If specific DUNS #s have been identified, only imbalances created by those shippers/OBA parties will be subject to the OFO provisions

³ If specific DRN #/Loc ID's have been identified, only imbalances created at those location(s) will be subject to the OFO provisions

⁴ Type of Imbalance can be – Shortage (Due From Shipper) or Surplus (Due To Shipper)

This OFO is directed to shippers consistent with Section 52 of Transco's FERC Gas Tariff General Terms and Conditions with a minimum of \$50 per dt per day penalty. This OFO will continue until further notice. Buyers with imbalances greater than the allowed tolerance will be subject to penalties specified in Section 52.5 of Transco's FERC Gas Tariff General Terms and Conditions.

Example 3: Calculation for Imbalance OFO (Variation of 5%) System Wide



Williams Gas Pipeline - Transco



OFO Imbalance - BA View

From 08/19/2015 to 08/19/2015

Accounting Month 08/2015

Billable Party ID/Name: 123456/ABC ENERGY LLC
 BA ID/Name: 123456/ABC ENERGY LLC

Critical Day Level: Delivery Transactions at System Wide
Tolerance Percentage: 5.00%

Flow Date	Penalty Admin K	Location ID	(Delivery Transactions) Location Name	Flow Dir	Zone	*Rate Sched /Tier	Transaction Type	Total Receipt Qty	Total Delivery Qty	Imbalance Qty	Actual Imbalance Percentage	Tolerance Qty	Penalty Qty	Zone in Penalty
08/19/2015	9001234	1000105	POOLING-STA 85-ZN 4	D	4		OFO_IM_DUEFR	135,000	135,000	-	0%			
08/19/2015	9001234	1005810	TENASKA MULBRY	D	4		OFO_IM_DUEFR	118,694	108,574	(10,120)	9%			
08/19/2015	9001234	1003425	ENON GROVE	D	4		OFO_IM_DUEFR	98,911	96,417	(2,494)	3%			
08/19/2015	9001234	1003410	ATLANTA GAS LIGHT	D	4		OFO_IM_DUEFR	0	30,000	30,000	100%			
08/19/2015	9001234	1003410	ATLANTA GAS LIGHT	D	4	OVR/1	OFO_IM_DUEFR	0	3,431	3,431	100%			
08/19/2015	9001234	1003410	ATLANTA GAS LIGHT	D	4	OVR/2	OFO_IM_DUEFR	0	50					
08/19/2015	9001234	1003410	ATLANTA GAS LIGHT	D	4	OVR/3	OFO_IM_DUEFR	0	35,144					
Total for Zone					4			352,605	408,616	20,817	14%	20,431	386	Yes

Note: SSOVT & OVR delivery volumes were added to Total Delivery Quantity to calculate imbalance tolerance, but tier 2 & tier 3 are subtracted from penalty calculation
 Imbalance - Tolerance Qty - OVR/2 - OVR/3 = Penalty Qty

Total Receipt Qty = Net Allocated Receipt Qty
 Total Delivery Qty = Net Allocated Delivery Qty

Note:
Transaction Type: Delivery System Wide (Imbalance OFO) Due From Shipper
Tolerance Qty = Total Delivery Qty 408,616 x Tolerance Percentage 5% = 20,431
Penalty Qty = Imbalance Qty for each zone - Tolerance Qty for that zone
 Penalty is held at the Billable Party/Service Requester/Agent level

Example 4: Notice for Scheduling OFO

Notice Text:

Subject: Scheduling Operational Flow Order (OFO)

Transco recently provided notice of limited flexibility to manage imbalances and recommended shippers maintain a concurrent balance of receipts and deliveries. In order to ensure system integrity, maintain safe operations, manage imbalances, and handle within-the-day volatility, Transco is issuing a Scheduling Operational Flow Order (OFO).

Beginning Gas Day:	Wednesday, June 1, 2016
OFO Area(s):	Zone 2
Type of OFO:	Scheduling
Type of Imbalance: ⁴	Shortage (Due From Shipper)
Beginning Cycle:	Timely
Duration:	Until further notice
Tolerance % ¹ Allowed (or 1000 dth, whichever is greater):	5%
Affected Shipper(s) (DUNS #):²	All
Affected Location(s) (DRN #/Loc ID):³	All
OBA Subject to OFO:	No
If Yes, OBA Parties (DUNS #):²	

¹ Tolerance % based on total scheduled volume in affected OFO area (no less than 5%)

² If specific DUNS #s have been identified, only imbalances created by those shippers/OBA parties will be subject to the OFO provisions

³ If specific DRN #/Loc ID's have been identified, only imbalances created at those location(s) will be subject to the OFO provisions

⁴ Type of Imbalance can be – Shortage (Due From Shipper) or Surplus (Due To Shipper)

This OFO is directed to shippers consistent with Section 52 of Transco's FERC Gas Tariff General Terms and Conditions with a minimum of \$50 per dt per day penalty. This OFO will continue until further notice. Buyers with imbalances greater than the allowed tolerance will be subject to penalties specified in Section 52.5 of Transco's FERC Gas Tariff General Terms and Conditions.

Example 4: Calculation for Scheduling OFO (Variation of 5% in Zone 2)



**Williams Gas Pipeline - Transco
OFO Scheduling BA View**



From 06/01/2016 to 06/06/2016

Accounting Month: 06/2016

Billable Party ID/Name: 123456/ABC ENERGY LLC
BA ID/Name: 123456/ABC ENERGY LLC

Critical Day Level: Receipt Transactions at Zone 2
Tolerance Percentage: 5.00%

Flow Date	Penalty Admin K	Location ID	Location Name	Zone	Transaction Type	Flow Direction	Total Scheduled Qty	Total Allocated Qty	Qty Difference	Tolerance Qty	Penalty Qty	Zone in Penalty
06/01/2016	9001234	1000026	POOLING-STATION 45	2	OFO_SCH_DUFR	Receipt	20,000	20,000				
06/01/2016	9001234	1000141	SABINE LAKE NORTH	2	OFO_SCH_DUFR	Receipt	30,000	15,000	(15,000)			
				Total for Zone	2		50,000	35,000	(15,000)	2,500	12,500	Yes

Note:

Transaction Type: Receipt in Zone 2 (Scheduling OFO) Due From Shipper

Tolerance Qty = Total Scheduled Qty 50,000 x Tolerance Percentage 5.00 % = 2,500

Penalty Qty = Difference Qty - Tolerance Qty for that zone

Penalty is held at the Billable Party/Service Requester/Agent level

Example 5: Notice for Scheduling OFO

Notice Text:

Subject: Scheduling Operational Flow Order (OFO)

Transco recently provided notice of limited flexibility to manage imbalances and recommended shippers maintain a concurrent balance of receipts and deliveries. In order to ensure system integrity, maintain safe operations, manage imbalances, and handle within-the-day volatility, Transco is issuing a Scheduling Operational Flow Order (OFO).

Beginning Gas Day:	Wednesday, June 1. 2016
OFO Area(s):	Zone 6
Type of OFO:	Scheduling
Type of Imbalance: ⁴	Surplus (Due To Shipper)
Beginning Cycle:	Timely
Duration:	Until further notice
Tolerance % ¹ Allowed (or 1000 dth, whichever is greater):	10%
Affected Shipper(s) (DUNS #):²	All
Affected Location(s) (DRN #/Loc ID):³	All
OBA Subject to OFO:	No
If Yes, OBA Parties (DUNS #):²	

¹ Tolerance % based on total scheduled volume in affected OFO area (no less than 5%)

² If specific DUNS #s have been identified, only imbalances created by those shippers/OBA parties will be subject to the OFO provisions

³ If specific DRN #/Loc ID's have been identified, only imbalances created at those location(s) will be subject to the OFO provisions

⁴ Type of Imbalance can be – Shortage (Due From Shipper) or Surplus (Due To Shipper)

This OFO is directed to shippers consistent with Section 52 of Transco's FERC Gas Tariff General Terms and Conditions with a minimum of \$50 per dt per day penalty. This OFO will continue until further notice. Buyers with imbalances greater than the allowed tolerance will be subject to penalties specified in Section 52.5 of Transco's FERC Gas Tariff General Terms and Conditions.



Example 5: Calculation for Scheduling OFO (Variation of 10% in Zone 6)



**Williams Gas Pipeline - Transco
OFO Scheduling BA View**

From 06/01/2016 to 06/06/2016

Accounting Month: 06/2016

Billable Party ID/Name: 123456/ABC ENERGY LLC
BA ID/Name: 123456/ABC ENERGY LLC

Critical Day Level: Delivery Transactions at Zone 6
Tolerance Percentage: 10.00%

Flow Date	Penalty Admin K	Location ID	Location Name	Zone	Transaction Type	Flow Direction	Total Scheduled Qty	Total Allocated Qty	Qty Difference	Tolerance Qty	Penalty Qty	Zone in Penalty
06/01/2016	9001234	1000178	POOLING-STATION 210	6	OFO_SCH_DUTO	Delivery	51,437	51,437	0			
06/01/2016	9001234	1006094	FREDERICK GAS	6	OFO_SCH_DUTO	Delivery	2,261	2,261	0			
06/01/2016	9001234	1006161	LEIDY-DOMINION	6	OFO_SCH_DUTO	Delivery	21,403	21,403	0			
06/01/2016	9001234	1006382	LONG ISLAND LIGHTING	6	OFO_SCH_DUTO	Delivery	227	227	0			
06/01/2016	9001234	1006386	PUBLIC SERVICE E&G	6	OFO_SCH_DUTO	Delivery	2,231	2,231	0			
06/01/2016	9001234	1006555	PHILADELPHIA ELEC	6	OFO_SCH_DUTO	Delivery	10,618	10,618	0			
06/01/2016	9001234	1006558	BROOKLYN UNION	6	OFO_SCH_DUTO	Delivery	2,618	2,618	0			
06/01/2016	9001234	1006571	CONSOLIDATED EDISON	6	OFO_SCH_DUTO	Delivery	244	244	0			
06/01/2016	9001234	1006583	S JERSEY GAS CO	6	OFO_SCH_DUTO	Delivery	2,000	2,000	0			
06/01/2016	9001234	1006587	DELMARVA	6	OFO_SCH_DUTO	Delivery	1,050	1,050	0			
06/01/2016	9001234	1006621	PHILADELPHIA GAS WRK	6	OFO_SCH_DUTO	Delivery	3,788	3,788	0			
06/01/2016	9001234	1006691	UGI	6	OFO_SCH_DUTO	Delivery	122,070	88,928	33,142			
06/01/2016	9001234	1006743	BGE-BEAVER DAM M4392	6	OFO_SCH_DUTO	Delivery	1,765	1,765	0			
Total for Zone 6							221,712	188,570	33,142	22,171	10,971	Yes

Note:

Transaction Type: Delivery in Zone 6 (Scheduling OFO) Due To Shipper

Tolerance Qty = Total Scheduled Qty 221,712 x Tolerance Percentage 10% = 22,171

Penalty Qty = Difference Qty - Tolerance Qty for that zone

Penalty is held at the Billable Party/Service Requester/Agent level

Operational Controls (OC)

An Operational Control can be called by Transco to maintain the operational flexibility of the pipe. Transco must issue a warning, via 1Line's Critical Notices, **48 hours before** being able to enact an OC. This warning must detail the operating conditions that have required Pipeline Control to issue an Operational Control and the tolerance level required for compliance (not less than 5%).

There are two types of Operational Controls that Transco can call:

1. Variance OC Notices

Variance Notices are used to ensure that all quantities received at a Receipt Point shall be in accordance with the scheduled and confirmed quantity at such point within the Variance Notice Tolerance Percentage. This notice may be called a "Scheduling OC."

There are 2 types of Variance OC Notices:

- Pipeline Oversupply Notice
- Pipeline Undersupply Notice

2. Imbalance Makeup OC Notices

Imbalance Makeup Notices are used to correct imbalances of Due To Buyers, Due From Buyers, or OBA Parties. The balance subject to the Imbalance Operational Control Notice is the **cumulative month-to-date imbalance** on all firm and interruptible services and Operational Balancing Agreements.

There are 2 types of Imbalance Makeup OC Notices:

- Due From Buyer
- Due To Buyer

Transco must have taken one or more of the following actions prior to issuing an Operational Control for any affected area(s):

- Pool tolerance reduced to less than 4%;
- Incremental ISS or PAL availability taken to zero;
- Excess storage injection or withdrawal reduced to zero;
- Make-up transaction restrictions are specified in the OFO/OC Critical Notice

In addition, for Transco to issue an Imbalance OC:

1. Imbalances must be in excess of +/-2.0 MMdth or
2. Imbalances must have changed by 1.0 MMdth over a 3 day period or Transco's storage inventory levels are below 25% or in excess of 80% (Transco posts imbalance levels and storage inventory levels on 1Line).

Variance Operational Control / Imbalance Operational Control Comparison

The following table summarizes the differences between Variance OC Notices and Imbalance Make Up OC Notices.

Variance Operational Control Notice	Imbalance Operational Control Notice
<ul style="list-style-type: none"> • Notices <ul style="list-style-type: none"> ○ Applied to receipt points system-wide, an affected area, individual points, or individual shippers 	<ul style="list-style-type: none"> • Notices <ul style="list-style-type: none"> ○ Apply to system-wide, an affected area, individual points, or individual shippers
<ul style="list-style-type: none"> • Defined <ul style="list-style-type: none"> ○ Pipeline Oversupply Notice: <p>Actual receipt quantities exceed scheduled receipt quantities by more than the Variance Notice Tolerance Percentage defined in Section 51.1(d). The gas quantities received in excess of the Tolerance Percentage shall be subject to the Variance Notice Penalty set forth in Section 51.1(e).</p> ○ Pipeline Undersupply Notice: <p>Actual receipt quantities are less than scheduled receipt quantities by more than the Variance Notice Tolerance Percentage defined in Section 51.1(d). The difference in gas quantities between the Tolerance Percentage and the actual receipt quantities is subject to the Variance Notice Penalty set forth in Section 51.1(e).</p> 	<ul style="list-style-type: none"> • Defined <ul style="list-style-type: none"> ○ Imbalance Make Up Notice (IMN) Due From Buyer: <p>Requires Buyers or OBA Parties to reduce their cumulative monthly imbalance over the time period specified in the IMN (minimum of three (3) Gas Days, one of which must be a business day) to no greater than the Imbalance Makeup Notice Tolerance Percentage defined in Section 51.2(d). The difference between the tolerance level and the actual imbalance level on the date stated in the notice shall be subject to the Imbalance Makeup Notice Penalty in Section 51.2(e).</p> ○ Imbalance Make Up Notice (IMN) Due To Buyer: <p>Requires Buyers or OBA Parties to reduce their cumulative monthly imbalances over the time period specified in the IMN (minimum of three (3) Gas Days, one of which must be a business day) to no greater than the Imbalance Makeup Notice Tolerance Percentage defined in Section 51.2(d). The difference between the tolerance level and the actual imbalance level on the date stated in the notice shall be subject to the Imbalance Makeup Notice Penalty in Section 51.2(e).</p>
<ul style="list-style-type: none"> • Penalties <ul style="list-style-type: none"> ○ Penalty dollars are calculated by multiplying the quantity outside of the Tolerance Percentage by the Midpoint price published in Platts Gas Daily, "Daily price survey" (as set forth in Section 52.5 (b) of the GT&C) to the affected zone(s) for each day of the party's noncompliance with the Variance Notice. 	<ul style="list-style-type: none"> • Penalties <ul style="list-style-type: none"> ○ Penalty dollars are calculated by multiplying the quantity outside of the Tolerance Percentage by the Midpoint price published in Platts Gas Daily, "Daily price survey" (as set forth in Section 52.5(b) of the GT&C) to the affected zone(s) for each day of the party's noncompliance with the Variance Notice. <ul style="list-style-type: none"> • Penalty prices are applied to the penalty quantity at a zonal level

Example Variance OC Notice

Subject: Variance Notice Operational Control (OC)

Transco recently provided notice of limited flexibility to manage imbalances and recommended shippers maintain a concurrent balance of receipts and deliveries. In order to ensure system integrity, maintain safe operations, manage imbalances, and handle within-the-day volatility, Transco is issuing an Variance Notice Operational Control (OC).

Beginning Gas Day:	Wednesday, November 4, 2015	
OC Area(s):	Zone 5	
Type of OC:	Variance Notice	
Type of Variance:	Oversupply	
Transactions Include:	Receipts ¹	
Beginning Cycle:	Timely	
Duration:	Until further notice	
Tolerance % ²Allowed (or 1000 dth, whichever is greater):	5%	
Affected Shipper(s) (DUNS #):₃	620059980, 624240628, 487201915, 005212600, 027046650	
Affected Receipt Point Operator(s) (DUNS #):₃	All	
Affected Location(s) (DRN #/Loc ID):₄	All Receipt Points	
OBA Subject to OC:	Yes	
If Yes, OBA Parties (DUNS #):₃	1234567, 0001234	

¹ OC based on all transactions with receipts in affected OC area

²Tolerance % based on total receipt scheduled quantity in affected OC area (no less than 5%)

³ If specific DUNS #s have been identified, only imbalances created by those shippers/OBA parties will be subject to the OC provisions

⁴ If specific DRN #/Loc ID's have been identified, only imbalances created at those location(s) will be subject to the OC provisions

This OC is directed to shippers consistent with Section 51 of Transco's FERC Gas Tariff General Terms and Conditions with a minimum of the Platts Gas Daily price for the given zone per dt per day. This OC will continue until further notice. Buyers with imbalances greater than the allowed tolerance will be subject to penalties specified in Section 51 of Transco's FERC Gas Tariff General Terms and Conditions.

Example Variance Oversupply Notice OC Calculation

Variance OC										
(e)	Svc Req	Location		Zone	Scheduled	Alloc Rec	Rec	1,000 dth	Penalty	Penalty
	Prop	ID	OC Date	Activity	Rec Qty	Qty	Variance	or 5% Tolerance	Volume	Value
	123456	1001000	10/20/2015	5	50,000	60,000	10,000			
	123456	1001001	10/20/2015	5	45,000	60,000	15,000			
	123456	1001002	10/20/2015	5	50,000	40,000	(10,000)			
Total					145,000	160,000	15,000 (a)	7,250 (b)	7,750 (c)	\$96,687.50 (d)

- (a) Receipt Variance = Allocated Receipt Quantity - Scheduled Receipt Quantity
- (b) Tolerance Quantity = Scheduled Receipt Quantity x 5% or 1000 dths (whichever is greater) Percentage no less than 5%
- (c) Penalty Quantity = Receipt Variance - Tolerance Quantity
- (d) Penalty Value = Penalty Quantity x Penalty Price (the Midpoint price published in Platts Gas Daily for affected zone)
- (e) Penalty is held at the Svc Req / Billable Party / Agent level

Example Notice for Imbalance Makeup OC

Notice Text:

Subject: Imbalance Makeup Notice Operational Control (OC)

Transco recently provided notice of limited flexibility to manage imbalances and recommended shippers maintain a concurrent balance of receipts and deliveries. In order to ensure system integrity, maintain safe operations, manage imbalances, and handle within-the-day volatility, Transco is issuing an Imbalance Makeup Notice Operational Control (OC).

Beginning Gas Day:	Wednesday, November 4, 2015	Wednesday, November 4, 2015
Imbalance Must be Resolved by:	Friday, November 6, 2015	Friday, November 6, 2015
OC Area(s):	Downstream of Sta 170	Upstream of Sta 170
Type of OC:	Imbalance Makeup Notice	Imbalance Makeup Notice
Type of Imbalance:	Due From Shipper	Due To Shipper
Transactions Include:	All (Cumulative Imbalance) ₁	All (Cumulative Imbalance) ₁
Beginning Cycle:	Timely	Timely
Duration:	Until further notice	Until further notice
Tolerance %₂ Allowed (or 1000 dth, whichever is greater):	5%	5%
Affected Shipper(s) (DUNS #):₃	620059980, 624240628, 487201915, 005212600, 027046650	ALL
Affected Receipt Point Operator(s) (DUNS #):₃	N/A	N/A
Affected Location(s) (DRN #/Loc ID):₄	All	All
OBA Subject to OC:	Yes	Yes
If Yes, OBA Parties (DUNS #):₃	1234567, 0001234	1234567, 0001234

₁ OC based on cumulative imbalance from all transactions with deliveries and receipts in affected OC area

₂ Tolerance % based on cumulative monthly imbalance in affected OC area (no less than 5%)

₃ If specific DUNS #s have been identified, only imbalances created by those shippers/OBA parties will be subject to the OC provisions

₄ If specific DRN #/Loc ID's have been identified, only imbalances created at those location(s) will be subject to the OC provisions

This OC is directed to shippers consistent with Section 51 of Transco's FERC Gas Tariff General Terms and Conditions with a minimum of the Platts Gas Daily price for the given zone per dt per day. This OC will continue until further notice.

Buyers with imbalances greater than the allowed tolerance will be subject to penalties specified in Section 51 of Transco's FERC Gas Tariff General Terms and Conditions.

Example Imbalance Makeup Notice Due to Buyer OC Calculation

(e)	Svc Req Prop	OC Date	Zone Activity	Cumulative Allocated Rec	Cumulative Allocated Del	Cumulative Monthly Imbalance	Tolerance Quantity	Penalty Quantity	Penalty Value
	123456	10/20/2015	5	120,000	90,000	30,000	1,500		
	123456	10/21/2015	5	122,000	100,000	22,000	1,100		
	123456	10/22/2015	5	125,000	120,000	5,000	1,000		
	Total					57,000 (a)	3,600 (b)	53,400 (c)	\$254,250.00 (d)

- (a) Cumulative Monthly Imbalance = Cumulative Allocated Delivery – Cumulative Allocated Receipt
- (b) Tolerance Quantity = Cumulative Monthly Imbalance x 5% or 1000 dths (whichever is greater) Percentage no less than 5%
- (c) Penalty Quantity = Cumulative Monthly Imbalance – Tolerance Quantity
- (d) Penalty Value = Penalty Quantity x the Midpoint price published in Platts Gas Daily for affected zone
- (e) Penalty is held at the Svc Req / Billable Party / Agent level

Comparison of Imbalance Operation Flow Order (OFO) and Imbalance Operational Control (OC)

Imbalance Operational Flow Order (OFO)	Imbalance Operational Control (OC)
<p>Notices</p> <ul style="list-style-type: none"> ○ Pipe shall give 24 hours notice in advance. In extenuating circumstances, notices may be posted with less than 24 hours 	<p>Notices</p> <ul style="list-style-type: none"> ○ Pipe must give 48 hours prior notice warning
<p>Balance subject to Penalty</p> <ul style="list-style-type: none"> ○ Daily Imbalance 	<p>Balance subject to Penalty</p> <ul style="list-style-type: none"> ○ Cumulative month-to-date Imbalance
<p>Tolerance</p> <ul style="list-style-type: none"> ○ Excess of an allowable variation defined in the Critical Notice shall not be no less than 5% or shall not be less than <u>1,000 dth, whichever is greater</u>* ○ <i>See Critical Notice for Tolerance Percentage, affected area, and affected parties</i> 	<p>Tolerance</p> <ul style="list-style-type: none"> ○ The Tolerance Percentage for each affected Buyer (identified in the notice) shall not be less than 5% of that affected Buyer's cumulative monthly imbalance or <u>1,000 dth whichever is greater</u>* ○ <i>See Critical Notice for Tolerance Percentage, affected area, and affected parties</i>
<p>Tolerance Quantity</p> <ul style="list-style-type: none"> ○ Delivered quantity for each day OFO is affected: Deliveries x tolerance percentage 	<p>Tolerance Quantity</p> <ul style="list-style-type: none"> ○ Accumulated Monthly Imbalance x Tolerance Percentage
<p>Penalties</p> <ul style="list-style-type: none"> ○ Penalty dollars are calculated by multiplying the quantity outside the allowable variation by the higher of <ul style="list-style-type: none"> ● \$50 per dth or ● Three times the applicable daily price (as set forth in Section 52.5 of the GT&C) applicable to the zone(s) in which the OFO imbalance occurs. Penalty prices are applied to the penalty quantity at a zonal level ● Pricing source: Platts Gas Daily ○ A Penalty price is applied to the penalty quantity at the level at which the OFO is called 	<p>Penalties</p> <ul style="list-style-type: none"> ○ Penalty dollars are calculated by multiplying the quantity outside the allowable variation by the applicable daily price (as set forth in Section 52.5 (b) of the GT&C) to the affected zone(s) for each day of the party's noncompliance with the Imbalance Notice. <ul style="list-style-type: none"> ● Pricing source: Platts Gas Daily ○ Penalty prices are applied to the penalty quantity at a zonal level

Make Up Transactions with Respect to OFO/OC Penalty Assessment

<p>Delivery Make Up Transactions (Due To Shipper, TT03)</p> <p>Due To Shipper Imbalance OFO “Long the pipe”</p>	<p>Receipt Make Up Transactions (Due From Shipper, TT04)</p> <p>Due From Shipper Imbalance OFO “Short the pipe”</p>
<p>Receipt based OFO – transaction WILL NOT BE COUNTED towards OFO assessment as TT03’s do not have receipt quantities</p> <p>Delivery based OFO - transaction WILL BE COUNTED towards OFO assessment</p>	<p>Receipt based OFO – transaction WILL BE COUNTED towards OFO assessment</p> <p>Delivery based OFO - transaction WILL NOT BE COUNTED towards OFO assessment as TT04’s do not have delivery quantities</p>

Examples of OFO/OC Billed Penalties as Viewed in 1Line

Once the penalty is assessed, Transco will generate an administrative account contract

- Rate Schedule: Customer Level Charges (CLC) for the penalty volume.

For OFO

Zone penalty price is the higher of \$50/dth or 3x the applicable DAILY price.

- Pricing source: Platts Gas Daily
- Penalty based on each identified zone price for that day

For OC

Zone penalty price is the applicable DAILY price.

- Pricing source: Platts Gas Daily

Please note that if the party is appointed as agent with these roles:

- “Conducting Imbalance Trade” - the appointed agent will be responsible for the penalty **imbalance quantity** if penalty is assessed.
- “Payment and Refund of Billable Party Commodity/Interest” – the appointed agent will be responsible for the penalty **amount** if penalty is assessed.
(only one agent can be the Billable party and only one agent can be the Trade Imbalances agent – the agency can be the same or different party for the above role).

Reports

There are a variety of reports that can be used to view more details of critical days. Below is a list of some of the reports that can be generated for your use.

Functional Area	Report Number	Report Name	Report Description	Data File Available	Available under Report Subscription	Role Required to Access Report
CRITICAL DAYS						
Critical Day	1715	ESA Shipper Report	Emergency Supply Allocation Data by Shipper			Nominations View
Critical Day	1712	OC/OFO Imbalance BA View	This report provides OFO or OC balance information details at location level for each BA for each critical day declared.		Yes	Nominations View
Critical Day	1709	OC/OFO Scheduling BA View	This report provides OFO or OC scheduling information details at location level for each BA for each critical day declared.			Nominations View
BALANCES						
Balances	1924	Daily Imbalance by Zone	Customer's imbalance quantity, percent imbalance, and overall imbalance by Zone (volume and percent) for a day, or for a range of days		Yes	Billing and Invoice Charges View or Balances View
Balances	1908	Shipper Imbalance Daily Statement	Current month daily activities, any prior month adjustments, the prior month's ending balance, and the current Accounting month's ending balance. Can be run for a day, or for a range of days	Yes	Yes	Billing and Invoice Charges View or Balances View