Pre-determined Allocation
Redline
TECHNICAL IMPLEMEMENTATION OF BUSINESS PROCESS
Proposed modifications to Version 1.3

Natural ~~G~~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 varying ~~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) document 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 (TSP) 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 independently of the PDA and the PDA is sent separately from the nomination. The PDA ~~method and values sent to the Transportation Service Provider~~ instructions stand until changed, in spite of changes to the nomination.

The **statement type code** is a mandatory data element that identifies the level and type of allocation. It is used to identify the set of data elements (template) needed to communicate valid PDA instructions to the TSP. If all elements for a given statement type code (template) 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 Pro Rata default methodology, as defined below.

One of the mandatory data elements contained in the template for all statement type codes is the **allocation method.** The list of allocation methodology types from which two parties may agree is Ranked, Pro Rata, Percentage, Swing and Operator Provided Value. The definitions are as follows:

- Ranked: The quantity to be allocated utilizing this methodology is allocated by taking the individual line item transactions which are allocated based on ranks identified for the transaction(s), with the transaction(s) with the lowest rank value allocated before the next sequentially higher ranked transaction(s).

- Pro Rata: The total quantity to be allocated is multiplied by the ratio established by taking each individual scheduled line item and dividing it by the total of all scheduled line items applicable to the quantity to be allocated.

- Percentage: The allocation is derived by taking the total quantity to be allocated at a location and multiplying it by the percentage(s) provided. When percentage is the only methodology provided the percentages should total 100.

- Swing: One or more of the scheduled line items, or alternatively a separate contract, is designated as the "swing". All other scheduled line items are allocated the scheduled quantity. The line item(s) identified as "swing" are allocated the remaining difference between total quantity to be allocated and quantities allocated to non-swing line items, in accordance with instructions provided with the PDA. If the swing line items(s)/contract(s)are not permitted to be allocated a quantity which would result in a negative number, the negative quantity is allocated to the remaining scheduled line items. When using the allocation method "swing" on a PDA, only the PDA "swing" line item(s) has to be submitted.

· 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.

~~The PDA document tells the Transportation Service Provider 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 using the allocation method swing on a PDA, only the PDA swing line item(s) has to be submitted~~.

~~When the **allocation method** is Ranked, Swing, Percentage or Operator Provided Value, the additional parameters (such as **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 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**~~/~~ **,beginning flow time**, ~~and~~ **ending flow date**~~/~~ and **ending flow time** are required and cannot reflect a time period shorter than the time periods for the corresponding nomination records.

Some statement type codes support the use of Allocation Rank Level, Allocation Rank Indicator, and / or Limit Value. When the Allocation Method is "ranked", the Allocation Rank Level specifies the relative allocation priority. When the Allocation Method is "percentage" the Allocation Rank Level specifies the percentage to be allocated. If agreed upon by both parties, the **allocation rank indicator** can be used~~, if agreed upon by both parties,~~ to set up different methodologies to handle over- or under- ~~production~~ flow situations. ~~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, the additional parameters (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 default methodology. When allowed, the **Allocation rank indicator** can be used, if agreed upon by both parties, to set up different methodologies to handle.~~ **Limit value** can be used, if allowed by the T~~ransportation Service P~~rovider~~, to limit the variance ~~volume~~ quantity applied to a transaction.

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Allocation method, allocation rank level, allocation rank indicator and **limit value** are all applicable regardless of the level of allocations supported by the T~~ransportation~~ S~~ervice~~ P~~rovider~~ (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~~ detailed 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~~ at a detailed ~~service requester~~ level.

Pre-determined Allocation
with changes made **
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** provided without redline for ease in reading