

TECHNICAL IMPLEMENTATION OF BUSINESS PROCESS

Natural Gas is allocated among producers, operators, ~~transporters~~ transportation service providers, ~~shippers~~ service requesters, 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 may ~~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~~ service requester, producer, operator or their agent, for their appropriate allocation level, to the ~~Transportation Service Provider~~ allocating party prior to the flow of gas. The PDA is due after or during confirmation and before the start of the gas day. ~~Often, the~~ The PDA is may be 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 **PDA transaction type code** is a mandatory data element that identifies the type of pre-determined allocation transaction. It is used to identify the set of data elements (template) needed to communicate valid PDA instructions to the allocating party. The allocating party (the recipient of the PDA document) specifies one or more PDA transaction type codes that it will accept from the PDA submitter. If all elements for a given PDA transaction type code (template) are not submitted at the same time, the PDA transaction is not valid and will not be accepted. If no valid PDA transaction is submitted, the measured volumes will be allocated using the Pro Rata default methodology, as defined below.

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.

One of the mandatory data elements contained in the template for all PDA transaction 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:

D Ranked: The quantity to be allocated utilizing this methodology is allocated by taking

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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).

D 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.

D 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.

D 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.

D 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.'

(No¶) 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.~~

(No¶) The additional parameters are specified by **allocation rank level, allocation rank indicator, and/or limit value.** The allocation rank level provides additional

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~~information based on the allocation method. If agreed upon by both parties, the allocation rank indicator can may 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 may be used, if allowed by the Transportation Service Provider allocating party, to limit the variance volume quantity 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 level.~~

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The following grid shows the data elements that are not dependent on the PDA transaction type code:

Data Element	Usage
Allocation Method	M
Allocation Rank Indicator	MA
Allocated Rank Level	C
Beginning Flow Date	M
Beginning Flow Time	M
Contact Person	M
Direction of Flow	M
Ending Flow Date	M
Ending Flow Time	M
Limit Value	BC
Location Code	M
PDA Submitter's Tracking ID	M
PDA Transaction Type Code	M
Preparer ID	M
Statement Date/Time	M
Statement Recipient ID	M

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	Usage when allocation transaction type code is:					
Data Element	13	14	15	16	17	18
						n1
Associated Contract	C4	C4	C4	C4	C4	
Bid Transportation Rate	C3	C3	C3	C3	C3	
Delivery Location					M	
Downstream Contract Identifier		C3		C3	C3	
Downstream Identifier Code		M		M	M	
Downstream Package ID		C2			C2	
Package ID	C1	C1	C1	C1	C1	
Receipt Location					M	
Service Provider's Activity Code	MA	MA	MA	MA	MA	
Service Requester ID	M	M	M	M	M	
Service Requester Contract	M	M	M	M	M	
Transaction Type	M	M	M	M	M	
Upstream Contract Identifier	C3		C3		C3	
Upstream Identifier Code	M		M		M	
Upstream Package ID	C2				C2	

Note:

n1: No dependent data elements for this PDA transaction type.

Usage:

C1 - Mandatory when present in the nomination.

C2 - Mandatory when mutually agreed to and submitted in the nomination process.

C3 -Mandatory when present and processed in the original nomination.

C4 - Mandatory when mutually agreed to and submitted in the nomination process and when Associated Contract is not used for storage balancing.