

**NAESB WGQ EC – Index-based Releases - Proposed Standards for June 9 Meeting Voting
Proposed WGQ Standard 5.3.x6 – NFGD Workpaper**

Proposed WGQ Standard 5.3.x6

Workpaper for June 9, 2008 Executive Committee Meeting
National Fuel Gas Distribution Corporation
Submitted by M. Novak – 6/6/08

National Fuel Gas Distribution Corporation (NFGD) submits the following proposed revisions to 5.3.x6 based upon the Redlines from the May 15, 2008 EC meeting. The major changes are as follows:

- 1) Language concerning licensing, subscriptions, liability, etc. is consolidated in the last paragraph to improve readability and to help ensure these concepts are presented in a cohesive manner.
- 2) NFGD proposes to strike the sentence “As an alternative to providing the TSP with a license(s)/subscription(s) to additional price index references, the releasing shipper may make other mutually agreed upon arrangements with the TSP.” There may be no situation in which at least one license would be required, e.g. Proposed WGQ Standard 5.3.x7 therefore this alternative may not exist. Further, if such license(s)/subscription(s) were not required for a particular additional price reference, the language would not have come into play in the first place.
- 3) NFGD proposes to add the phrase “but under no circumstances is required or otherwise legally bound, to review any license(s)/subscription(s) and to evaluate the legal propriety of same.” into the final paragraph to clarify that while the right exists, it is not an obligation.

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Proposed WGQ Standard No. 5.3.x6 (Discussion and Possible Vote) – NFGD Redline

Initially, a Transportation Service Provider (TSP) should support at least two non-public price index references that are representative of receipt and delivery points on its system for fixed-price transactions with next-day or next-month delivery obligations. In any event, a TSP should support all price indices it references in its gas tariff, or general terms and conditions. In addition, a TSP should evaluate those publicly available price index references requested by the TSP's Service Requesters (SR) that do not require any license(s)/subscription(s) for their use and support those that are representative of the applicable receipt and delivery points.

The identity of all supported price index references should be posted on the TSP's Informational Postings Web site, including the duration of the license(s)/subscription(s) for posted price index reference(s). ~~A TSP's support of any price index reference does not make it responsible for ensuring that a releasing shipper(s) or a replacement shipper(s) possesses any license/subscription that may be required to use such price index reference.~~

Each party involved in an index-based release activity assumes no liability for the use of index price information by other parties to the release.

Upon request of a SR holding capacity which can be released on that TSP's system, the TSP, in consultation with its SRs, should review the price index references (including publicly available price index references), and update the price index references ~~on the TSP's Informational Postings Web site~~ to reflect the agreed upon results of that consultation. All parties should act reasonably and in good faith in the review process. The TSP should not unreasonably withhold agreement to such proposed changes. Such review should occur no more frequently than annually.

Releasing shippers requesting the use of price index references not supported by the TSP will be responsible for providing/maintaining adequate license(s)/subscription(s) for the TSP for ~~any such~~ additional price index reference(s) such that the TSP is able to reasonably determine that it is adequately licensed to fulfill its business responsibilities associated with index-based capacity release transactions for as long as these additional price index references are to be supported, made available, and posted by the TSP. ~~Such additional~~ These price index reference(s) will then be supported by the TSP and available for index-based capacity release transactions for the duration of the license(s)/subscription(s) and their identity(ies) posted on the TSP's Informational Postings Web site. ~~As an alternative to providing the TSP with a license(s)/subscription(s) to additional price index references, the releasing shipper may make other mutually agreed upon arrangements with the TSP.~~

Each party involved in an index-based release activity assumes no liability for the use of index price information by other parties to the release. A TSP's support of any price index reference does not make it responsible for ensuring that a releasing shipper(s) or a replacement shipper(s) possesses any license(s)/subscription(s) that may be required to use such price index reference. The TSP ~~retains-reserves~~ the right, but under no circumstances is required or otherwise legally bound to review ~~the legal implications of any license(s)/subscription(s) and to evaluate the legal propriety of same.~~ The TSP may, ~~and~~ with reasonable cause, require modification of the license(s)/subscription(s) agreement for the licensing of the support of such price index reference(s) to be revised to ~~meet-resolve~~ its concerns.

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