

Proposed Modifications to WGQ Standards

Proposed Modified WGQ Standard No. 5.3.26 (Clean)

The releasing shipper should specify which one of the following methods is acceptable for bidding on a given capacity release offer:

dollars and cents,
percentage of maximum tariff rate, or
index-based formula as detailed in the capacity release offer

The bids for the given capacity release offer should adhere to the method specified by the releasing shipper. The bidder may bid the maximum tariff rate, if one is so stated, in the Transportation Service Provider's tariff or general terms and conditions, as an alternative to the method specified by the releasing shipper.

Proposed Modified WGQ Standard No. 5.3.1 (~~Redline 01/10/2008~~)

The capacity release timeline ~~is applicable~~ applies to all parties involved in the capacity release process, provided that:

- 1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be creditworthy before the capacity release bid is tendered,
- 2) for index-based capacity release transactions, the releasing shipper has provided the capacity release service provider with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and
- 3) there are no special terms or conditions of the release.

Further, the capacity release service provider may complete the capacity release process on a different timeline if the offer includes unexpected requirements (e.g. designation of an index not supported by the Transportation Service Provider).

Proposed Modified WGQ Standard No. 5.3.1 (Clean)

The capacity release timeline applies to all parties involved in the capacity release process, provided that:

- 1) all information provided by the parties to the transaction is valid and the acquiring shipper has been determined to be creditworthy before the capacity release bid is tendered,
- 2) for index-based capacity release transactions, the releasing shipper has provided the capacity release service provider with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and
- 3) there are no special terms or conditions of the release.

Further, the capacity release service provider may complete the capacity release process on a different timeline if the offer includes unexpected requirements (e.g. designation of an index not supported by the Transportation Service Provider).

Proposed Modified WGQ Standard No. 5.3.3 (Clean)

For the capacity release business process timing model, only the following methodologies are required to be supported by capacity release service providers and provided to releasing shippers as choices from which they may select and, once chosen, should be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. For index-based capacity release transactions, the releasing shipper should provide the necessary information and instructions to support the chosen methodology.

Other choices of bid evaluation methodology (including other releasing shipper defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of the capacity release service provider. However, the capacity release service provider is not required to offer other choices or similar timeline treatment for other choices, nor is the capacity release service provider held to the timeline should the releasing shipper elect another method of evaluation.

Proposed Modified WGQ Standard No. 2.3.21 (Redline 01/10/2008)

The timing for reporting daily operational allocations after the gas has flowed is within one business day after end of gas day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity should be used for the daily operational allocation.

This standard applies to the daily provision of operational allocated quantities whether they are provided pursuant to NAESB WGQ Standard 2.4.3 or NAESB WGQ Standard 2.4.4.

Upon request to its Transportation Service Provider (TSP), a Service Requester (SR) should be provided operational allocated quantities pursuant to NAESB WGQ Standard 2.4.3 or 2.4.4 for the transaction(s) which have been scheduled by such TSP for the SR.

A TSP should provide a releasing shipper operational allocated quantities pursuant to NAESB WGQ Standard 2.4.3 or 2.4.4 when a releasing shipper invoices volumetric index-based capacity releases pursuant to NAESB WGQ Standard 5.3.x7.

A TSP can agree to send the operational allocated quantities on a daily basis to a SR rather than accept the Request for Information (NAESB WGQ Standard 2.4.7) for operational allocated quantities.

A TSP is not required to support requests for operational allocated quantities other than on an “all locations for a SR basis.” Where a TSP has determined to support this standard in a manner other than:

- a) providing specific operational allocated quantities in response to a request for same, or
- b) providing operational allocated quantities on an “all locations for an SR basis,” then the SR can rely on the absence of a line item(s) provided by a TSP as indicative that the particular line item(s)’ scheduled quantities are operational allocated quantities.

Proposed Modified WGQ Standard No. 2.3.21 (Clean)

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A TSP can agree to send the operational allocated quantities on a daily basis to a SR rather than accept the Request for Information (NAESB WGQ Standard 2.4.7) for operational allocated quantities.

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Proposed New WGQ Definitions and Standards

Proposed Definition 5.2.x1 (Redline 01/10/2008)

For index-based capacity release transactions, Rate Floor is the term used to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the releasing shipper. ~~as a Rate Floor supersedes and replaces any lower~~ The Transportation Service Provider's minimum tariff rate should serve as the default value for a Rate Floor.

Proposed Definition 5.2.x1 (Clean)

For index-based capacity release transactions, Rate Floor is the term used to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the releasing shipper. The Transportation Service Provider's minimum tariff rate should serve as the default value for a Rate Floor.

Proposed Definition 5.2.x2

For index-based capacity release transactions, Default Rate is the term used to describe the rate to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed.

Proposed WGQ Standard No. 5.3.x1

A Transportation Service Provider should support index-based capacity release transactions exclusively via the use of NAESB WGQ EBB/EDM.

Proposed WGQ Standard No. 5.3.x2 (Redline 01/10/2008)

For index-based capacity release transactions, the releasing shipper should specify which one of the following methods is acceptable for bidding on a given index-based capacity release offer:

- a percentage of the formula,
- ~~a percentage of a formula component and which component~~
- a dollars and cents differential from the formula,
- a dollars and cents differential from the Rate Floor, or
- an approved methodology in the Transportation Service Provider's tariff, if any.

The releasing shipper may specify another method in the special terms and conditions, but the capacity release offer may not be processed within the capacity release timeline pursuant to NAESB WGQ Standard No. 5.3.2.

Proposed WGQ Standard No. 5.3.x2 (Clean)

For index-based capacity release transactions, the releasing shipper should specify which one of the following methods is acceptable for bidding on a given index-based capacity release offer:

- a percentage of the formula,
- a dollars and cents differential from the formula,
- a dollars and cents differential from the Rate Floor, or
- an approved methodology in the Transportation Service Provider's tariff, if any.

The releasing shipper may specify another method in the special terms and conditions, but the capacity release offer may not be processed within the capacity release timeline pursuant to NAESB WGQ Standard No. 5.3.2.

Proposed WGQ Standard No. 5.3.x2a (Redline 01/10/2008)

For index-based capacity release transactions, the capacity release facilitator should support a ~~Rate Floor~~ to be specified by the releasing shipper in the capacity release offer.

Proposed WGQ Standard No. 5.3.x2a (Clean)

For index-based capacity release transactions, the capacity release facilitator should support a Rate Floor to be specified by the releasing shipper in the capacity release offer.

Proposed WGQ Standard No. 5.3.x3 (discussion to follow - refer to Docket No. RP04-327 ANR 06/08/2004) (Redline 01/10/2008)

For monthly reservation index-based capacity release transactions or volumetric index-based capacity release transactions, where the result of the award is to be applied on a monthly basis, if the formula detailed in the capacity release award requires calculations on a daily basis, ~~then unless otherwise specified in the TSP's tariff,~~ while the results of such daily calculations may exceed the applicable daily maximum rate or be less than the applicable minimum rate as calculated pursuant to NAESB WGQ Standard No. 5.3.22, ~~nevertheless~~ any resulting monthly reservation rate may not exceed the applicable maximum monthly reservation rate or be less than the applicable minimum monthly reservation rate.

Proposed WGQ Standard No. 5.3.x3

For monthly reservation index-based capacity release transactions or volumetric index-based capacity release transactions, where the result of the award is to be applied on a monthly basis, if the formula detailed in the capacity release award requires calculations on a daily basis, then unless otherwise specified in the TSP's tariff, while the results of such daily calculations may exceed the applicable daily maximum rate or be less than the applicable minimum rate as calculated pursuant to NAESB WGQ Standard No. 5.3.22, nevertheless any resulting monthly reservation rate may not exceed the applicable maximum monthly reservation rate or be less than the applicable minimum monthly reservation rate.

Proposed WGQ Standard No. 5.3.x4 (~~still in discussion, already FERC policy~~) (Redline 01/10/2008)

For volumetric index-based capacity release transactions where the result of the formula detailed in the capacity release ~~offer-award~~ is to be applied on a daily basis and it exceeds the applicable daily maximum rate or is less than the applicable minimum rate as calculated pursuant to NAESB WGQ Standard No. 5.3.22, the capacity release credit and corresponding charge calculated for that day may not exceed the result of a calculation using the applicable maximum daily reservation rate or be less than the result of a calculation using the applicable minimum daily reservation rate, respectively.

Proposed WGQ Standard No. 5.3.x4 (Clean)

For volumetric index-based capacity release transactions where the result of the formula detailed in the capacity release award is to be applied on a daily basis and it exceeds the applicable daily maximum rate or is less than the applicable minimum rate as calculated pursuant to NAESB WGQ Standard No. 5.3.22, the capacity release credit and corresponding charge calculated for that day may not exceed the result of a calculation using the applicable maximum daily reservation rate or be less than the result of a calculation using the applicable minimum daily reservation rate, respectively.

~~Proposed WGQ Standard 5.3.x5 (still under discussion)~~

~~For index-based capacity release transactions where it is plainly apparent to the TSP that the bid(s) based upon the formula detailed in the capacity release offer exceeds will exceed the applicable maximum rate or is be below the applicable minimum rate, such bid(s) should be considered to be at the applicable maximum rate or the applicable minimum rate, as appropriate.~~

Proposed WGQ Standard No. 5.3.x6 (still under discussion) (Redline 01/10/2008)

A Transportation Service Provider (TSP) should support at least two index references for index-based capacity release transactions, posting the identity of such references on its Informational Postings Web site. In consultation with releasing shippers, such references should be reviewed annually by the TSP and updated (index references added or removed), if necessary. Releasing shippers wishing to use index rates not supported by the TSP will be responsible for providing the TSP with a subscription(s) to the non-supported index reference such that the TSP is adequately licensed to fulfill its business responsibilities associated with the index-based capacity release transaction. Such non-supported index reference will then be supported by the TSP for index-based capacity release transactions for other releasing shippers for the purpose of making offers for the ~~become available to all parties for the~~ duration of the subscription and will be considered for ongoing TSP support in the next annual review.

As an alternative to providing the TSP with a subscription(s) to non-supported index references, the releasing shipper may make other arrangements with the TSP pursuant to NAESB WGQ Standard No. 5.3.x7.

Proposed WGQ Standard No. 5.3.x6 (Clean)

A Transportation Service Provider (TSP) should support at least two index references for index-based capacity release transactions, posting the identity of such references on its Informational Postings Web site. In consultation with releasing shippers, such references should be reviewed annually by the TSP and updated (index references added or removed), if necessary. Releasing shippers wishing to use index rates not supported by the TSP will be responsible for providing the TSP with a subscription(s) to the non-supported index reference such that the TSP is adequately licensed to fulfill its business responsibilities associated with the index-based capacity release transaction. Such non-supported index reference will then be supported by the TSP for index-based capacity release transactions for other releasing shippers for the purpose of making offers for the duration of the subscription and will be considered for ongoing TSP support in the next annual review.

As an alternative to providing the TSP with a subscription(s) to non-supported index references, the releasing shipper may make other arrangements with the TSP pursuant to NAESB WGQ Standard No. 5.3.x7.

Proposed WGQ Standard No. 5.3.x7 (Redline 01/10/2008)

For index-based capacity release transactions, upon mutual agreement of the releasing shipper and Transportation Service Provider (TSP), the releasing shipper should provide the TSP with the detailed calculation of the amount to be billed to the replacement shipper. A report of this calculation should be provided in a mutually agreed upon format no later than the first business day of the month following the transportation under the release. The results of the releasing shipper's calculations should ~~comport conform to~~with the capacity release award and/or the TSP's minimum and maximum rates, as applicable.

If the report ~~does not meet this criterion, is not provided timely or is deficient, then the TSP will notify the releasing shipper to provide a correct report within two days. Thereafter, in the absence of a conforming report,~~ the TSP will invoice the replacement shipper using the higher of ~~a the~~ Default Rate specified in the capacity release offer or the TSP's applicable minimum reservation rate. Invoiced amounts can be revised subsequently, upward or downward, to conform with to the capacity release award, subject to the standards governing prior period adjustments within NAESB's Invoicing Related Standards, upon notification to the TSP by the releasing or replacement shipper that such adjustments are appropriate. No adjustments will be processed without mutual agreement between the releasing and replacement shippers.

Except as provided above, the TSP should invoice the replacement shipper the reservation rate amounts indicated on this report and, upon a request, should provide this report to the replacement shipper.

Proposed WGQ Standard No. 5.3.x7 (Clean)

For index-based capacity release transactions, upon mutual agreement of the releasing shipper and Transportation Service Provider (TSP), the releasing shipper should provide the TSP with the detailed calculation of the amount to be billed to the replacement shipper. A report of this calculation should be provided in a mutually agreed upon format no later than the first business day of the month following the transportation under the release. The results of the releasing shipper's calculations should conform to the capacity release award and/or the TSP's minimum and maximum rates, as applicable.

If the report is not provided timely or is deficient, then the TSP will notify the releasing shipper to provide a correct report within two days. Thereafter, in the absence of a conforming report, the TSP will invoice the replacement shipper using the higher of the Default Rate specified in the capacity release offer or the TSP's applicable minimum reservation rate. Invoiced amounts can be revised subsequently, upward or downward, to conform to the capacity release award, subject to the standards governing prior period adjustments within NAESB's Invoicing Related Standards, upon notification to the TSP by the releasing or replacement shipper that such adjustments are appropriate. No adjustments will be processed without mutual agreement between the releasing and replacement shippers.

Except as provided above, the TSP should invoice the replacement shipper the reservation rate amounts indicated on this report and, upon a request, should provide this report to the replacement shipper.

Proposed standard (5.3.x8)

~~For invoicing index-based capacity release transactions, the Rate Floor should be substituted for the formula-based rate when the calculated formula results in a rate less than the Rate Floor.~~

Proposed WGQ Standard No. 5.3.x8 (Redline)

~~For index-based capacity release transactions, the rate to be used in the invoice should be the greater of:~~

- ~~• the results of the calculation of the formula from the award, or~~
- ~~• the Rate Floor as specified in the award.~~

Proposed WGQ Standard No. 5.3.x8 (Clean)

For index-based capacity release transactions, the rate to be used in the invoice should be the greater of:

- the results of the calculation of the formula from the award, or
- the Rate Floor as specified in the award.

Proposed WGQ Standard No. 5.3.x9 (Redline 01/10/2008)

For index-based capacity release transactions, a Transportation Service Provider should support the ability of a releasing shipper to specify in the capacity release offer a non-biddable Default Rate. A Default Rate cannot be less than a Rate Floor, if any. Amounts invoiced at a non-biddable Default Rate can be revised subsequently, upward or downward, to conform with the capacity release award, subject to the standards governing prior period adjustments within NAESB's Invoicing Related Standards.

Proposed WGQ Standard No. 5.3.x9 (Clean)

For index-based capacity release transactions, a Transportation Service Provider should support the ability of a releasing shipper to specify in the capacity release offer a non-biddable Default Rate. A Default Rate cannot be less than a Rate Floor, if any.

Proposed WGQ Standard No. 5.3.x11 (Redline 01/10/2008)

For index-based capacity release transactions, where the releasing shipper performs billing calculations pursuant to NAESB WGQ Standard No. 5.3.x7, for volumetric index-based capacity releases, the Transportation Service Provider (TSP) should provide final allocations to the releasing shipper no later than three Business Days prior to the TSP's invoicing date. The releasing shipper should also provide the results of the billing calculation to the TSP no later than one Business Day prior to the TSP's invoicing date.

Proposed WGQ Standard No. 5.3.x11 (Clean)

For index-based capacity release transactions, where the releasing shipper performs billing calculations pursuant to NAESB WGQ Standard No. 5.3.x7, for volumetric index-based capacity releases, the Transportation Service Provider (TSP) should provide final allocations to the releasing shipper no later than three Business Days prior to the TSP's invoicing date. The releasing shipper should also provide the results of the billing calculation to the TSP no later than one Business Day prior to the TSP's invoicing date.