Indian Oil Corporation Limited, Corporate Office

Comments on PNGRB's Draft Amendments to Access Code for Pipelines

Reference may be made to the PNGRB’s notice dt. 10.6.2019 seeking stakeholders comments on the proposed amendments in Access Code for Pipelines.

Our comments are as under:

1. While the draft amendments aims for transparency in levy of imbalances/ overrun charges, they do not address the methodology of levying these charges by the transporters upon themselves as a shipper for gas. In other words, while all other shippers would continue to be levied these charges, the transporter would continue to benefit by not being burdened with these charges for gas transported for themselves. Hence for the sake of transparency and level field, unbundling of marketing and transportation activities is necessary. Pending achievement of this goal, a detailed methodology of levy of these charges on transporter for its own gas and transfer of charges so leviable to escrow account is requested.

2. The implicit concept in making the shipper pay charges such as over run, imbalance etc. is that system integrity must be maintained to offer reliable services to the end customer. In the event overruns and imbalances do not impair the services, regulations should mandate transporters to bill for such imbalances and overruns after netting off among all shippers on a non-discriminatory basis. In fact, the Federal Regulatory Energy Commission of the United States of America (FERC) in their order 637 specifies that penalties may be included 'only to the extent necessary to prevent the impairment of reliable service' (ref pg 3 of the Annex).

3. Provisions may be made that permit shippers to offset imbalances/ overruns across contracts (separate GTAs/ CTs within same GTA) and trade imbalances amongst themselves when such imbalances have similar impact on the pipeline's system. FERC order may be referred to in this regard (Pg 2 of the Annex)

4. Imbalance charges may be accounted only with respect of actual receipts and deliveries instead of being based on allocated or booked capacities. Reference may be made to Tariff submittals by various pipeline operators to FERC, in this context (ref pages 4, 8 of Annex.), which specifies that imbalance charges are to be based on 'actual cumulative receipts' to be stated as a percent of the 'actual cumulative deliveries'.

5. Further, to ensure that the imbalance charges are truly on account of losses suffered by the pipeline entity, provision may be kept that in case another shipper matches with opposite imbalance, the imbalance charges would need to be netted off. Thus the concept of Imbalance netting as also trading in imbalances among shippers on a pipeline system may be provisioned for. FERC order on these aspects may be referred to (ref pg 2, 4, 5, 8, 10 of the Annex.)
6. **Escrow Account Modalities:**

a. The draft sub-Regulation 10.2(ii) does not provide for Transporter to raise a debit note whereas draft sub-Regulation 10.2(iii) provides for Transporter to raise debit notes. It is felt that both sub-Regulations should provide for raising of debit notes as an alternative to invoices.

b. The draft sub-Regulation 10.2(vii) provides for transporter to claim from the Escrow account in certain cases. It is suggested that clear guidelines be provided for calculating such charges which would be subject to regulatory review before allowing any such withdrawal from the Escrow account by the transporter.

c. Presently, the imbalance charge is payable by the shipper within 4 days of Invoice and such invoices are generated by Transporter next day of the end of the fortnight. As per the proposed draft, the imbalance payment to transporter by shipper to be synchronized with the regular transportation payment. However transporter has to deposit the same to escrow account within 15 days of end of calendar quarters. Hence, the transporter would retain the imbalance/ overrun charges ranging from one to six fortnights. Therefore, it is suggested that the imbalance charge too should be payable by the shipper once in a calendar quarter (within 7 days of end of quarter) to ensure no undue retention by the transporter. During the calendar quarter, the transporter may raise debit notes to the shipper on cumulative basis.

d. It is also suggested that in order to benefit the end consumer, the amount lying in Escrow Account at the end of say five years be returned to the transporter and accounted for by reducing the tariffs of the pre-PNCRB pipelines at the time of next tariff review. In case of bid out pipelines, tariff reductions in dedicated pipelines laid by the entity may be carried out accordingly.

7. **Methodology of Providing Access**

The present regulation (12) states that in case any capacity out of the 33% excess capacity under sub-regulation (2) is available at any time due to non-existence of demand from any shipper, then, the same may be contracted for a period of one year or more subject to the stipulation that in case another entity seeks booking of the same for a period of less than one year, the request shall be accommodated after pro-rating the same from the common carrier capacity already contracted to other entities for a period of one year or more. Such pro-rating of the common carrier capacity shall not exceed ten percent of the total common carrier capacity.

From the above provision it is not clear as to how many times such pro-rating would be permitted. For instance, consider a pipeline with total capacity of 10 mmmscmd and a common carrier capacity of 2.5 mmmscmd. Due to non-availability of shippers booking common carrier capacity considers that 1 mmmscmd of common carrier capacity has been allocated to five entities on contract carrier basis. Now,
in the event that a shipper approaches the transporter for say 0.6 mmmscmd capacity on common carrier basis, the above provisions would result in the new shipper being allocated 0.25 mmmscmd (being max of 10% of the common carrier capacity) and the five contract carrier shipper's cumulative capacity being pro-rated from 1 mmmscmd to 0.75 mmmscmd. Now, in the event another shipper approaches the transporter later, with a request for 0.5 mmmscmd. How this request would be handled since pro-rating has already been done. The sub-regulation may be amended to provide for whether the common carrier capacity assigned to contract carrier shippers would be continuously reduced to accommodate new shippers seeking common carrier capacity or a limit is to be specified on such pro-rating exercises.

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PK YADAV

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90 FERC ¶ 61,109

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Parts 154, 161, 250, and 284

[Docket Nos. RM98-10-000 & RM98-12-000; Order No. 637]

Regulation of Short-Term Natural Gas Transportation Services, and
Regulation of Interstate Natural Gas Transportation Services

(Issued February 9, 2000)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Final rule

SUMMARY: The Federal Energy Regulatory Commission (Commission) is amending its regulations in response to the growing development of more competitive markets for natural gas and the transportation of natural gas. In this rule, the Commission is revising its current regulatory framework to improve the efficiency of the market and provide captive customers with the opportunity to reduce their cost of holding long-term pipeline capacity while continuing to protect against the exercise of market power. The rule revises Commission pricing policy to enhance the efficiency of the market by waiving price ceilings for short-term released capacity for a two year period and permitting pipelines to file for peak/off-peak and term differentiated rate structures. It effects changes in regulations relating to scheduling procedures, capacity segmentation and pipeline penalties to improve the competitiveness and efficiency of the interstate pipeline.
Docket Nos. RM98-10-000 and RM98-12-000

under this policy, pipelines will not be permitted to give undue preference to their own storage or balancing services over such services that are provided by a third party. The Commission is requiring pipelines to include these imbalance management services as part of their tariffs.

The Commission expects pipelines to provide as many different imbalance management services as is operationally feasible, and to work to develop new, innovative services that help shippers manage or prevent imbalances. In order to give pipelines an incentive to develop these new imbalance management services, the Commission is not changing its current policy that pipelines may retain the revenues from a new service initiated between rate cases. In addition, the Commission particularly encourages pipelines to design imbalance management services that will give shippers a built-in incentive to utilize the service, or to otherwise stay in balance. Pipelines are also urged to create positive financial inducements for shippers to remain in balance or avoid behavior that is harmful to the system, rather than the negative incentives provided by penalties.

The Commission in Order No. 587-G has already taken a first step toward increasing shippers' abilities to manage imbalances by requiring that every pipeline:

(a) allow firm shippers to revise nominations during the day (thereby reducing the probability of imbalances cause by inaccurate nominations); (b) enter into operational balancing agreements at all pipeline to pipeline interconnections; (c) permit shippers to offset imbalances across contracts and trade imbalances amongst themselves when such imbalances have similar operational impact on the pipeline's system; and (d) provide
Docket Nos. RM98-10-000 and RM98-12-000

(v) Penalties. A pipeline may include in its tariff transportation penalties only to the extent necessary to prevent the impairment of reliable service. Pipelines may not retain net penalty revenues, but must credit them to shippers in a manner to be prescribed in the pipeline's tariff. A pipeline must provide to shippers, on a timely basis, as much information as possible about the imbalance and overrun status of each shipper and the imbalance of the pipeline's system.

* * * * *

15. Part 284 is amended by adding § 284.13 to read as follows:

§ 284.13 Reporting requirements for interstate pipelines.

An interstate pipeline that provides transportation service under subparts B or G of this part must comply with the following reporting requirements.

(a) Cross references. The pipeline must comply with the requirements in Part 161, Part 250, and Part 260 of this chapter, where applicable.

(b) Reports on firm and interruptible services. An interstate pipeline must post the following information on its Internet web site, and provide the information in downloadable file formats, in conformity with § 284.12 of this part, and must maintain access to that information for a period not less than 90 days from the date of posting.

(1) For pipeline firm service and for release transactions under § 284.8 of this part, the pipeline must post contemporaneously with the execution or revision of a contract for service:
Tariff

7.13. IMBALANCES AND OVERRUNS

7.13.1. Responsibility for Imbalances - Shippers are obligated to deliver and receive Gas in accordance with their contracted nominations. Transporter will enter into an Operational Balancing Agreement ("OBA"), at all points of interconnection between its systems and the systems of another line of interstate pipeline. If an OBA is not in place, or the imbalance is beyond the terms of the OBA, Shippers are responsible for confirming the take or delivery quantities with their deliveries to Transporter at Receipt Points each day. Transporter has the obligation to deliver for the account of a Shippers more volumes of Gas than Transporter has received or for the account of the Shipper or to accept for the account of the Shipper more volumes of Gas than are being delivered for the account of the Shipper on any day.

7.13.2. Monthly Imbalances - Where Shippers have created a monthly imbalance on Transporter’s pipeline that has not been eliminated through setting and testing, Shippers shall pay Transporter a Monthly Imbalance Charge in the following amounts:

1. Normal Operating Conditions - For monthly imbalances accumulated during normal operating conditions, Shippers’ Monthly Imbalance Charge shall equal zero for monthly imbalances between zero and 5 percent, and 60.0 per MMBtu for imbalances in excess of 5 percent. For purposes of this section, Shippers’ actual cumulative imbalances during normal operating conditions shall be stated as a percent of actual cumulative deliveries during normal operating conditions during the billing month.

2. OPO Operating Conditions - For monthly imbalances accumulated during periods when an OPO pursuant to Section 7.11 is in effect, Shippers’ Monthly Imbalance Charge on monthly imbalances shall be as set forth in the applicable brackets:

<table>
<thead>
<tr>
<th>Monthly Imbalance</th>
<th>Imbalance Charge per MMBtu</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 5%</td>
<td>$2 plus the Daily Index Price</td>
</tr>
<tr>
<td>&gt; 5% - ≤ 10%</td>
<td>$9 plus the Daily Index Price</td>
</tr>
<tr>
<td>&gt; 10%</td>
<td>$21 plus the Daily Index Price</td>
</tr>
</tbody>
</table>

For purposes of this section, Shippers’ monthly imbalance shall equal the differences between Shippers’ actual cumulative receipts during OPO operating conditions and Shippers’ actual cumulative deliveries during OPO operating conditions stated as a percent of Shippers’ actual cumulative deliveries during OPO operating condition during the billing month.

For purposes of this section, the Daily Index Price shall equal the high in the range of prices reported each day for Columbia Gas Transmission LLC — Appalachia published by Gas Daily. If Gas Daily is no longer published, an equivalent index or indicator shall be published on Transporter’s website and this definition will be revised.
Tariff

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3. Whenever Shipper’s actual cumulative receipts during Billing Month are less than actual cumulative deliveries, Transporter will recover the cost of the volumes owed to Transporter by assessing Shipper the replacement costs associated with the excess gas taken during the Billing Month. Such costs will be based on the highest daily price reported for Columbia Gas Transmission's LDC - Appalachian as published by Gas Daily during the billing month that the imbalance occurred multiplied by Shipper’s imbalance volume.

7.13. Contract Termination - Shipper shall coordinate with Transporter to cease to serve, within 90 days of contract termination, Shipper’s net imbalance.

1. For purposes of this section, Shipper’s net imbalance shall equal the net sum of Shipper’s monthly imbalances remaining at contract termination.

7.13. Imbalance Service and Trading - Transporter will offer Shipper’s imbalances on a monthly basis across all of Shipper’s FY or FT Agreements. Shipper may trade any imbalances pursuant to a third party or other Shippers on Transporter’s system, provided the imbalances to be traded are off-setting. Whenever requested and whenever possible, Transporter will post requests to trade imbalances on Transporter’s Website. Trades may be completed by notifying Transporter between 8:00 a.m. and 9:00 p.m. Eastern Time on any business day. Trades will be deemed completed upon notification to Transporter.

7.13. Unauthorized Overcup Charge - If Shipper exceeds its MOQ without approval of the Transporter, Shipper shall pay a rate equal to twice the AOB rate set forth on the Statement of Rates and Charges for each MMBtu of Gas taken in excess of Shipper’s MOQ.

7.13. Waiver - Transporter may waive its right to collect all or any portion of the charges assessed Shipper under this section, provided that such waiver is granted in a nondiscriminatory manner.
FERC GAS TARIFF

Volume No. 1A

of

HONEOYE STORAGE CORPORATION

Filed With The

Federal Energy Regulatory Commission

Communication Concerning This Tariff Should Be Addressed To:

Richard A. Norman
Vice President
Honeoye Storage Corporation
c/o EHA, L.L.C.
55 Union Street, 4th Floor
Boston, Massachusetts 02108
(617) 367-0032
(617) 367-3796 (FAX)
e-mail: r规范规范@essexhydro.com
Conditions, Customer's Monthly bill shall be reduced by an amount equal to the product of

(a):

\[(A \times B)/(C + D)/E\]

Where:

- A = Deliverability Reservation Rate
- B = Maximum Daily Withdrawal Quantity
- C = Maximum Storage Quantity
- D = Capacity Reservation Rate
- E = The Number of Days in the Month

and

(b): the difference between such quantity of Gas nominated for injection or withdrawal up to the Maximum Daily Injection Quantity or Maximum Daily Withdrawal Quantity, as applicable, and the applicable quantity actually injected or withdrawn by Seller for the account of Customer during such Day. Such reductions of Seller's Reservation Charges shall not be applicable if Seller and Customer agree upon and place into effect the makeup of such injection deficiency or withdrawal deficiency under mutually acceptable terms.

(b) Commodity Charge:

The Injection/Withdrawal Rate shall be paid each Month for each Dekatherm of Gas which is delivered by Seller to or for the account of Customer and each Dekatherm of Gas Customer delivers or causes to be delivered at the Point of Injection/Withdrawal during the Month. Such charges shall be applicable both on injection and on withdrawal.

4.2 Overrun Service Charge: An Overrun Service Charge shall be paid for each Dekatherm of service provided on behalf of Customer pursuant to Section 6 of this Rate Schedule. As set forth in the Customer's Agreement, the Overrun Service Charge shall consist of the Overrun Injection Rate for each Dekatherm of Gas the Customer delivers or causes to be delivered at the Point of Injection/Withdrawal in excess of the Customer's Maximum Daily Injection Quantity and the Overrun Withdrawal Rate for each Dekatherm of Gas which is delivered to or for the account of the Customer in excess of the Customer's Maximum Daily Withdrawal Quantity.
Effective Date: 08/01/2009, Docket: RP09-690-000, Status: Effective
First Revised Sheet No. 116 First Revised Sheet No. 116
Superseding: Original Sheet No. 116

7.2 Transporter shall use service requester provided rankings when making reductions during the scheduling and curtailment process when this does not conflict with tariff-based rules. Pursuant to NAESB Standard 2.3.26 (Version 1.8), the time limitation for disputes of allocations shall be 6 months from the date of the initial month-end allocation with a 3-month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

8. ALLOCATION OF DAILY QUANTITIES

Receipts and deliveries of Gas under more than one contract and/or Rate Schedule shall be allocated in accordance with any agreement as may exist between Transporter and upstream operator(s). Absent such agreement, Shipper(s) shall be deemed to have taken receipt or delivery of Shipper's scheduled quantities sequentially and in the same priority order as Transportation is scheduled under section 7 of the GT&C. Any difference between the allocated and scheduled Gas quantities at a location will result in the allocation of an imbalance equal to that difference to the Shipper. Such imbalances will be the basis on which any imbalance charges will be calculated.

9. OVERRUN QUANTITIES AND IMBALANCES

9.1 Imbalances

(a) Monthly Imbalances: Where Shipper has created a monthly Imbalance on Transporter's pipeline that has not been eliminated through netting and trading, Shipper shall pay Transporter a Monthly Imbalance Charge in the following amounts:

(1) Normal Operating Conditions: For monthly imbalances accumulated during normal operating conditions, Shipper's Monthly Imbalance Charge shall equal zero for monthly imbalances between zero and 5 percent, and $0.10 per MMBtu for imbalances in excess of 5 percent. For purposes of this section, Shipper's monthly imbalance shall equal the difference between Shipper's actual cumulative receipts during normal operating conditions and Shipper's actual cumulative deliveries during normal operating conditions stated as a percent of actual cumulative deliveries during normal operating conditions during the Billing Month.

(2) OFO Operating Conditions: For monthly imbalances accumulated during periods when an Operational Flow Order pursuant to section 14 is in effect, Shipper's Monthly Imbalance Charge on monthly imbalances shall be as set forth in the applicable bracket:
Trans-Union Interstate Pipeline, L.P.
Original Volume No. 1
Contents / Previous / Next / Main Tariff Index

Effective Date: 02/07/2006, Docket: RP06-217-000, Status: Effective
Original Sheet No. 117 Original Sheet No. 117: Effective

Monthly Imbalance Imbalance Charge per MMBtu

>3% - 7% $25 plus the Daily Index Price
>7% - 15% $50 plus the Daily Index Price
>15% $100 plus the Daily Index Price

For purposes of this section, Shippers' monthly imbalance shall equal the difference between Shippers' actual cumulative receipts during OFO operating conditions and Shippers' actual cumulative deliveries during OFO operating conditions stated as a percent of Shippers' actual cumulative deliveries during OFO operating condition during the Billing Month.

For purposes of this section, the Daily Index Price shall equal the high in the range of prices reported each day for "Texas Gas (entire Z 1)" as published by Gas Daily. If Gas Daily is no longer published, an equivalent index or indicator shall be published on Transporter's Web Site and this definition will be revised.

(b) Operational Gas Purchases: If Transporter purchases gas to maintain line pack and ensure operational reliability, Transporter will assess Shippers a charge equal to (i) Shippers' Net Imbalance (ii) divided by Total System Imbalance (iii) multiplied by the total actual cost of gas purchased by Transporter. If Transporter assesses Shippers a charge pursuant to this section, Transporter shall reduce Shippers' Net Imbalance by a quantity equal to (i) Shippers' Net Imbalance (ii) divided by Total System Imbalance (iii) multiplied by the total quantity of gas purchased by Transporter. Notwithstanding the above, Transporter shall not be obligated to deliver to Shippers on any day a greater quantity of gas than Transporter has received from Shippers on any such day.

(1) For purposes of this section, Shippers' Net Imbalance shall equal the net sum of Shippers' monthly imbalances.

(2) For purposes of this section, Total System Imbalance shall equal the net sum of all monthly imbalances for all shippers purchasing transportation service on Transporter's system.

(c) Contract Termination: Shippers shall coordinate with Transporter to reduce to zero, within 60 days of contract termination, Shippers' Net Imbalance.
(1) For purposes of this section, Shipper's Net Imbalance shall equal the net sum of shipper's monthly imbalances remaining at contract termination.

(d) Imbalance Netting and Trading: Transporter will net Shipper's imbalances on a monthly basis across all of Shipper's Transportation Service Agreements. Shipper may trade any imbalances incurred under this Section 9 with other shippers on Transporter's system, provided the imbalances to be traded are off-setting. Whenever requested and whenever possible, Transporter will post requests to trade imbalances on Transporter's web site. Trades may be completed by notifying Transporter between 9:00 am and 5:00 pm Central Clock Time on any business day. Trades will be deemed completed upon notification to Transporter.

9.2 Overrun Charge

(a) Authorized Overrun Charge

If Shipper requests Transporter to deliver quantities of Gas in excess of Shipper's applicable Contracted Capacity, and Transporter agrees, Shipper shall be subject to an Overrun Charge in addition to the applicable reservation and usage charges and any balancing charges pursuant to this section, equal to the 100% load factor maximum rate applicable to the service Shipper receives as specified in Shipper's Transportation Agreement per each MMBtu of Gas taken in excess of Shipper's Contracted Capacity.

(b) Unauthorized Overrun Charge

If Shipper exceeds its Contracted Capacity without the approval of the Transporter, Shipper shall be subject to an Overrun Charge in addition to the applicable reservation and commodity charges and any balancing charges pursuant to this section, equal to $10 per MMBtu for each MMBtu of Gas taken in excess of Shipper's Contracted Capacity.

9.3 Waiver

Transporter may waive its right to collect all or any portion of the charges assessed Shipper under this Section 9, provided that such waiver is granted in a non discriminatory manner.