**Proposed Nomination and Scheduling Standard:**

*If a TSP implements a reduction in available firm capacity for firm shippers on a pipeline segment for time period prior to the Timely Nomination Cycle (Cycle 1), including reductions due to operation and maintenance activities or force majeure; the TSP shall in the initial allocation of available firm capacity accept and allocate firm capacity on such pipeline segment during the same time period a firm shipper’s nomination of its MDQ equal to the lesser of (1) the firm shipper’s nomination equal to its MDQ times the percentage of available capacity in the TSP’s notice of reduction or (2) the firm shipper’s actual nomination. If available firm capacity remains after this initial allocation, the TSP shall allocate the remaining available firm capacity on a pro rata basis using the unallocated firm shippers’ nominations.*

**Supporting information**

Below is information on current nomination practices and results that would benefit firm shippers and TSPs and would reduce multiple iterations of nomination cycles due to TSP’s current business practices due to reductions in available firm capacity on a pipeline segment for a time period.

Also provided are a few possible scenarios and associated results based on implementation of the proposed standard.

**Current Pipeline Practice Examples**

A pipeline compressor needs to go down for three days of maintenance work. This causes a point of constraint on a segment of the pipeline and the pipeline determines the remaining facilities are only able to deliver 70% of the firm available capacity obligations sold through this constraint on a pipeline segment.

Note: The constraint is not being caused due to the shipper‘s gas sourced upstream of the pipeline segment constraint or the shipper’s gas delivered downstream of the pipeline segment constraint.

Pipeline Example A:

Some pipelines will put out a notice that while compression work is being completed, the pipeline projects they will be able to make up to 70% of deliveries and will schedule based on a pro-rate share of nominated volumes (based on firm service priority). While this seems like a reasonable action, this scheduling protocol incentivizes shippers to nominate the highest volumes possible to get the largest share of the available capacity on the pipeline segment where the compression is located. Shippers who set up to flow 70% of their firm MDQ service are reduced further to accommodate the shippers who nominated volumes higher than 70% of their MDQ, despite the knowledge of the system limitation.

Pipeline Example B:

Other pipelines will start to automatically limit nominations prior to scheduling up to the available firm capacity. A pipeline may call to reduce nominations that are secondary-in-path (which should have a primary designation through the pipeline segment constraint) or call primary only restrictions forcing shippers to utilize only their primary receipt and delivery points in order to be scheduled through the constraint. These scheduling protocols do not schedule to the available firm capacity but rather reduce the shippers options on capacity utilization through the pipeline segment constraint. With these severe scheduling protocols, shippers are not able to fully utilize their firm contracted quantity through the pipeline segment constraint and the pipeline’s available firm capacity goes unutilized, causing further market pressures upstream and downstream of the pipeline segment constraint.

**Scenario 1**

Pipeline projects available firm capacity of 70% through the pipeline segment constraint. Firm shipper that nominate up to 70% of their MDQ through the pipeline segment constraint will not be subject to proration. Nominated quantities above 70% will be scheduled pro-rata share based on priority. (I.e. if shipper A nominates 70% of their MDQ, shipper B nominates 60% of their MDQ, and all remaining shippers nominate 100% of the MDQ; shipper A will be scheduled the full nominated volume of 70% of their MDQ; shipper B will be scheduled their full nominated volume of 60%; and all remaining shipper will be scheduled 70% of their MDQ plus their pro-rata share of the remaining capacity available to be scheduled.) This scheduling protocol fully utilizes all available capacity, does overly burden the scheduling process for shippers who nominate up to the projected available MDQ, and eliminates the need to try to game the scheduling system.

Demand Charge credit consideration:

For TSP that required nomination of 100% MDA for Demand Charge Credits, this scenario does not preclude anyone from nominating 100% MDQ in order to receive demand charge credits. It will simply mean that, in the above example, 70% of the nomination is not subject to proration. If you nominate 100% and are scheduled 75%, you would be eligible for demand charge credits on 25% of the MDQ. The difference is, of the 75% schedule, 70% was not subject to proration and the 5% was scheduled as a prorated portion of remaining available capacity.

**Scenario 2**

Pipeline projects available firm capacity of 70% through the pipeline segment constraint. Firm shipper that nominates up to 70% of their MDQ through the pipeline segment constraint at the highest tier of firm service (primary path) will not be subject to proration. Nominated quantities above 70% will be scheduled a pro-rata share based on priority of firm service (primary path and then secondary paths). (i.e. if shipper A nominates 70% of their MDQ (primary path), shipper B nominates 60% of their MDQ (primary path), and all remaining shippers nominate 100% of the MDQ (primary path); shipper A will be scheduled the full nominated volume of 70% of their MDQ; shipper B will be scheduled their full nominated volume of 60%; and all remaining shippers will be scheduled 70% of their MDQ plus their pro-rata share of the remaining capacity (primary path) available to be scheduled.) If all primary path nominations have been scheduled, then shippers scheduling the next tier of firm service (secondary paths) may be allocated available capacity using the same methodology, and so on for any following tiers of firm service. This scheduling protocol fully utilizes all available capacity, does not overly burden the scheduling process for shippers who nominate up to the projected available MDQ, and decreases any incentive to game the scheduling system.