



Frequently Asked Questions - Allocation of Transportation Capacity

Northern Natural Gas allocates transportation capacity on its pipeline to ensure integrity of the pipeline. The process to allocate the capacity is reviewed in a question/answer format below.

Q: Why does Northern allocate transportation?

R: Pursuant to Section 23 of the General Terms and Conditions of the Tariff, Northern allocates transportation capacity when nominations received from one or more shippers exceed the available physical pipeline capacity.

Q: How does a Shipper become aware of a potential allocation?

R: The best way to increase awareness of a potential allocation is from Northern's "[At a Glance](#)" web page.

Whenever possible, as conditions develop and the potential for an allocation increases, Northern posts a non-critical notice notifying shippers that the potential exists. Often, conditions change quickly and Northern is unable to post a notice, but strives to keep shippers informed on the ever changing operational conditions on the pipeline.

If a critical situation exists, (i.e., Force Majeure, or other critical situation) Northern will post a critical notice whenever Northern does allocate capacity. Therefore, shippers should ensure that they monitor the Informational Postings on Northern's website for information about potential allocations.

Q: How does a customer/shipper learn of capacity availability on the Northern pipeline?

R: Northern posts, at the end of each nomination cycle, the capacity available at receipt and delivery points as well as for nomination groups. Shippers can access this information on Northern's [Operationally Available Capacity](#) web page.

Q: When nominations exceed capacity at a receipt point, how is the available capacity allocated among the different shippers?

R: In receipt point allocations performed during the Timely Nomination Cycle, Northern allocates capacity as follows:

- First off is the lowest priority – Interruptible nomination are allocated by price
- Next priority – Alternate Firm nominations are allocated pro rata
- Last off is the highest priority - Primary Firm nominations are allocated pro rata

In subsequent nomination cycles within the same gas day, Alternate Firm gas scheduled during the Timely Nomination Cycle will be deemed to have the same priority of service as other Primary Firm gas scheduled for that day.

When the receipt allocation includes nominations on a MPS agreement (pools) , the allocation is based on the capacity type (interruptible or firm) of the contract nominated to ultimately transport the volume away from the pool; i.e. downstream contract.

Frequently Asked Questions - Allocation of Transportation Capacity

Q: When nominations exceed capacity at a delivery point, how is the available capacity allocated among the different shippers?

R: In delivery point allocations performed during the Timely Nomination Cycle, Northern allocates capacity as follows:

- First off is the lowest priority – Interruptible nomination are allocated by price
- Next priority – Alternate Firm nominations are allocated pro rata
- Last off is the highest priority - Primary Firm nominations are allocated pro rata

In subsequent nomination cycles within the same gas day, Alternate Firm gas scheduled during the Timely Nomination Cycle will be deemed to have the same priority of service as other Primary Firm gas scheduled for that day.

Q: What is a Group allocation and how is the capacity allocated on a Group basis?

R: A Group is comprised of all the receipt and delivery points in a defined area. One example of a Group is the Oakland Allocation Group in Northern's Market Area.

In an Oakland Group allocation, Northern allocates when the nominations at all the delivery points downstream of Northern's Oakland Compressor Station exceed the delivery capacity of the Oakland Allocation Group. In an Oakland Allocation Group, as with any Group allocation, gas nominated to be received and delivered within the group is excluded from the allocation. Applying our Oakland Allocation Group example, capacity is allocated to the remaining nominations as follows during the Timely Nomination Cycle:

- First off is the lowest priority – Interruptible nominations are allocated by price
- Next priority - Alternate Firm Delivery Pt. sourced from Primary or Alternate Firm Receipt Pt. (allocated pro rata)
- Next priority – Primary Firm Delivery Pt. sourced from an Alternate Firm Receipt Pt. (allocated pro rata).
- Last off is the highest priority - Primary Firm Delivery Pt. sourced from Primary Firm Receipt (allocated pro rata)

In subsequent nomination cycles within the same gas day, Alternate Firm gas scheduled during the Timely Nomination Cycle will be deemed to have the same priority of service as other Primary Firm gas scheduled for that day.