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Frequently Asked Questions Field Area Pools (Trading Pools)

FERC approved Northern Natural Gas' filing for three new Field Area MPS pools that will allow for the aggregation of supplies in the Field Area at one of three common trading points. This service will be available to customers beginning on April 1, 2008. Below is a series of questions and answers related to this service.

What are aggregate Field Area Pools (Trading Pools)?

The Trading Pools are MPS pooling points that allow for Field Area shippers to combine quantities from various receipt points located across multiple MIDs at an associated aggregated pooling point.

What are the POI names and numbers of the Trading Pools?

South Field Trading Pool (MID 1-7 POI 78930), Central Field Trading Pool (MID 8-12 POI 78931), and North Field Trading Pool (MID 13-16A POI 78932).

Will there be storage points associated with each of the new Trading Pools?

Yes, the associated storage points will be referenced as such: South Field (MID 1-7 Deferred Delivery, POI 78933), Central Field (MID 8-12 Deferred Delivery, POI 78934) and North Field (MID 13 - 16A Deferred Delivery, POI 78935).

Can a shipper nominate the associated storage points on the MPS agreement?

No, shippers must use a transportation contract between a pool point and the associated storage pooling point.

Is the transportation between a pool point and the associated storage pooling point subject to transportation and fuel charges?

No, there are no transport or fuel charges for gas scheduled between a pool point and the associated storage pooling point.

Is a shipper required to request a new MPS?

Yes.

Can a shipper add the new Trading Pools to its existing MPS agreement?

Per the tariff, Northern requires that the Trading Pools are held on a separate MPS contract from the standard MPS contract.

Is there a fee for doing business at these new pools?

No, there are no transport or fuel charges to pool from receipts within the Trading Pool's boundaries, apart from a few receipt points that normally require Field Fuel. In such a case, Northern will collect only the Field Fuel when pooled. The new Trading Pools are treated just like the existing MID pools that are contracted on MPS contracts.

Can a shipper "move" gas from one of the Trading Pools to one of the other Trading Pools?

Yes, on a transport contract and subject to applicable transportation and fuel charges. Shippers cannot use an MPS agreement to move the gas from one Trading Pool to another Trading Pool.

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Can a shipper do pool-to-pool transactions within a single Trading Pool?

Yes, if the pool the shipper is trying to transact with is the same pool located in the same MID (i.e. South Field POI 78930 MID 1-7 doing business with South Field POI 78930 MID 1-7). The shipper may use any of the original individual MID pools or the single Trading Pool if all of these are in the same MID parameters (i.e. MID 3 individual pool as a receipt to the Trading Pool for MID 1-7).

Can a shipper nominate any point into the Trading Pool?

Yes, the pools will be able to accept a shipper's nominations in regard to any physical receipt point within the specific parameters of the Trading Pool (i.e. MID 1-7). Thus, a shipper can select any or several valid for transport receipt points that are located in any MID between MID 1 and MID 7 on a MPS contract. Shippers may use a transport contract, either interruptible or firm, if they want to transact at any receipt point that resides outside of MID 1 and MID 7.

What happens to a shipper's primary status at a point that was pooled during receipt point or receipt group allocations?

For any unused nominated point capacity that a shipper has on its transportation contract (the contract taking gas away from the pool), that same quantity will be viewed as firm at the pool in the event there is a receipt point allocation or receipt group allocation.

Does using a Trading Pool change a shipper's status at its primary delivery point?

No, however, in the event the pipeline would have a delivery group allocation that would also include the Trading Pool(s), the transportation contract would be classified on the delivery as firm or interruptible, depending on the transport contract. If the group allocation required primary firm delivery to be allocated, the receipt to delivery path would be reviewed and the receipt at the pool will be classified as alternate 2 (out of the path) on a firm transport.

If a shipper pooled gas from one of the receipt points in MIDs 8-16A that qualifies for fuel exemption when deliveries are made in MIDs 1-7, does it still get the exemption if the gas is first pooled to the Trading Pool?

No, shippers must schedule gas directly from the receipt point on an interruptible or firm contract in order to still get the exemption. Since fuel exemptions are specific depending on the receipt point and the Trading Pools having access to numerous receipt points, Northern would have no way of knowing where the gas was receipted if it went through the pool.

A map showing the trading pools is attached on the next page.

