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Field Area Segmentation – Frequently Asked Questions

Beginning October 1, 2007, what is Field Area Segmentation?

On November 30, 2005, the Federal Energy Regulatory Commission (FERC) approved Phase 2 of Northern's implementation plan for Field Area Segmentation. Phase 2 changes Northern's Field Area Segmentation process by eliminating the requirement to split the capacity into two (2) new contracts at the MID 7B Segmentation Point. In Phase 2, the TMS nomination and scheduling screens display the eligible contract capacity by segment along with any non-segmented contract capacity. Shippers have access to the segmented and non-segmented capacity on one contract and can view the available capacity while entering nominations in TMS.

How do I know if I have a contract that is eligible for Field Area Segmentation?

To be eligible for Field Area Segmentation a TF or TFX contract must have a primary receipt point located south of the MID 7B Segmentation Point and a primary delivery point located north of the MID 7B Segmentation Point (or vice versa), where there is committed pipeline capacity at the MID 7B Segmentation Point under the contract.

Example

Shipper A has a contract with the following receipt and delivery points:

Receipt Name	MID	POI#	Capacity	Delivery Name	MID	POI#	Capacity
Oasis/NNG Waha	MID 3	62148	15,000	NNG Field/Mkt Demarcation	MID 16B	37654	25,000
TW/NNG Gray ITE	MID 8	60667	10,000				
Total Receipts			25,000	Total Deliveries			25,000

The segmentation capacity is the pipeline capacity required at the MID 7B Segmentation Point to receive and deliver the contract quantity when all primary receipts and primary delivery points are nominated and scheduled at the respective maximum daily quantity.

Total Receipts South of 7B	15,000
Total Deliveries South of 7B	0
7B capacity required	15,000

Total Receipts North of 7B	10,000
Total Deliveries North of 7B	25,000
7B capacity required	15,000

The capacity eligible for segmentation on the above example is the 15,000 Dth since this quantity represents the capacity evaluated for transportation through the MID 7B Segmentation Point. Non Segmented capacity in this example is 10,000.

Is the Field Area Segmentation Point eligible for transportation?

The MID 7B Segmentation Point, POI number 78447, located in Northern's Field Area between MID 7 and MID 8 and the associated MID 7B Segmentation Point Deferred Delivery, POI number 78448 are available for shippers to use.



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What happens when a shipper nominates its firm entitlement on a segmentation eligible contract?

The Northern nomination system, TMS, follows these rules for segmented contracts:

- a. If the nominated path crosses the segmentation point (7B):
 - i. The non-segmented capacity will be used first.
 - ii. If there is not enough non-segmented capacity, the north and south segmented capacity would be reduced (equally) for the excess quantity. If there is not enough specific segmented capacity for the nominated path, TMS would then check for any available non-segmented capacity and use the non-segmented capacity, if applicable.
 - iii. If the nominated path utilizes all of the non-segmented capacity and all of the segmented capacity, any excess quantity would be rejected and an overrun nomination would be required for the excess quantity.

Examples of the calculation of Available MDQ:

Non-Segmented capacity is capacity with a primary receipt and primary delivery point located only North or only South of the MID 7B Segmentation Point. Segmentation is permitted provided the shipper's contract has a primary receipt point(s) located South of the MID 7B Segmentation Point and a primary delivery point(s) located North of the MID 7B Segmentation Point or vice-versa: North Segmented capacity includes MID 8 to MID 16B and South Segmented capacity includes MID 1 to MID 7. The matrix below shows the decrements to available MDQ as capacity is nominated. If all segmented capacity is used, overrun is required. TMS will not allow nominations above available MDQ without a separate overrun nomination.

Matrix of Available MDQ **Available MDQ: [NON-SEG 10,000, North-Seg 15,000, South-Seg 15,000]**

Path MDQ Nomination	Remaining MDQ		
	10,000 MDQ	15,000 MDQ	15,000 MDQ
From Points South to North - 10,000	Non-Seg. - 0	North-Seg. - 15,000	South-Seg. - 15,000
From Points South to North - 5,000	Non-Seg. - 0	North-Seg. - 10,000	South-Seg. - 10,000
From Points South of 7B - 5,000	Non-Seg. - 0	North-Seg. - 10,000	South-Seg. - 5,000
From Points North of 7B - 5,000	Non-Seg. - 0	North-Seg. - 5,000	South-Seg. - 5,000
From Points North to South - 5,000	Non-Seg. - 0	North-Seg. - 0	South-Seg. - 0



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The following nominations exceed available MDQ and overrun is required to complete this transactions.

Path Nomination	Remaining MDQ		
From Points North to South – 5,000	Non-Seg. - 0	North-Seg. - 0	South-Seg. - 0
From Points South of 7B - 5,000	Non-Seg. - 0	North-Seg. - 0	South-Seg. - 0
From Points North of 7B - 5,000	Non-Seg. - 0	North-Seg. - 0	South-Seg. - 0

How can I tell the segmented capacity available on my contract?

Northern modified the nomination and scheduling screens in TMS to reflect the segmented and non-segmented capacity for the contract.

Can a contract be eligible for Field Area Segmentation if the contract has both Field and Market MDQ?

Yes, the fact that a contract has both Field and Market MDQ does not disqualify the contract from Field Area Segmentation. If the contract meets the criteria described above, the contract will be considered a segmentation contract.

Can a shipper use alternate receipt and delivery points on a segmentation contract?

Yes, a segmentation contract works like any other firm transportation contract in the nomination of alternate receipt and delivery points. In the Field Area, however, a point that is nominated on an alternate basis where the point is located between the contract primary receipt and delivery points or "inside" the path, receives a higher scheduling priority than a point nominated on an alternate basis that is located "outside" the path of primary receipt to primary delivery.

Can a shipper change, add, or delete points on a segmentation contract?

A shipper may realign its existing receipts or deliveries on a segmentation contract, but any realignment that reduces the MID 7B capacity will reduce the amount of capacity that can be segmented on the contract.

Is Capacity Release applicable to Field Area segmented contracts?

Yes, a segmentation contract follows the same Capacity Release rules that apply to other firm contracts. Questions regarding Capacity Release should be directed to your Northern contract administrative representative.