Capacity Release
Frequently Asked Questions

What is Capacity Release?
Capacity release is a tool available for Northern’s customers to maximize the use of their contracted firm transportation and storage capacity. Capacity release allows a customer that holds firm transportation or storage capacity on Northern to resell its capacity to another party on either a temporary or permanent basis.

Who is eligible to participate in the Capacity Release Program?
Transportation and storage customers holding firm capacity, except GS-T customers, can post an offer to release their capacity. A customer may choose to release all or a portion of its capacity.

Where are capacity release offers located on Northern’s website?
Capacity release offers are posted on Northern’s website under Customer Activities>Capacity Release. In order to access the Capacity Release System, you must have an activity user ID and password. To sign up for Customer Activities click here NNG Customer Activities sign up Form.

What is the difference between a biddable and non-biddable capacity release?
A releasing shipper may enter into a prearranged capacity release transaction. If the prearranged release is for more than one year at the maximum tariff rate for the service, the advanced posting and bidding requirements are not applicable to the transaction. Prearranged deals for 31 days or less and releases to an asset manager or to a marketer participating in a state regulated retail access program are also not subject to the posting and bidding procedures of the capacity release provisions of Northern’s Tariff. Such prearranged capacity release transactions are called “non-biddable” capacity release transactions. All other capacity release transactions are subject to the posting and bidding procedures and are therefore, “biddable” capacity release transactions.

Biddable capacity releases can only be completed during a work day. Non-biddable capacity releases can be completed on weekends and holidays.

Can a customer recall capacity that it has released?
If the conditions of a temporary capacity release transaction include recall provisions, the releasing shipper can recall its capacity. A recall is when the releasing shipper takes back its capacity. When capacity is recalled, it cannot be reput for the same gas day. Recalls must adhere to the timing deadlines that coincide with Northern’s nomination cycles.

What is a “reput”?
If the releasing shipper recalls its capacity but determines it no longer needs the capacity, the releasing shipper can “reput” the capacity back to the replacement shipper. Meaning the releasing shipper can give the recalled capacity back to the replacement shipper. Reputs can only be conducted during the timely nomination cycle for the next gas day.

What are the rates for capacity release transactions?
The releasing and replacement shipper can negotiate any reservation rate, up to the maximum tariff rate, for the service under a capacity release with a term greater than one year. There is no rate limitation for a release of capacity with a term of one year or less. However, Federal Energy Regulatory Commission “FERC” policy prohibits parties from sequentially releasing a series of short-term releases in order to obtain greater than the maximum tariff rate for periods greater than one year.
The commodity rate is the maximum tariff rate for the service, unless Northern and the replacement shipper agree to a discount.

**What is an Asset Management Arrangement (AMA)?**
In general, an AMA is a contractual relationship where a party agrees to manage gas supply and delivery arrangements, including transportation and storage capacity, for another party. The benefit of an AMA is that the parties to such an arrangement are exempt from the capacity release posting and bidding requirements of FERC’s regulations.

**Are there any requirements associated with an AMA?**
Yes. FERC requires AMAs to obligate the replacement shipper to stand ready to deliver gas to, or purchase gas from, the releasing shipper for at least 5 months out of each 12-month period of a release. Short-term AMAs may be rolled over without bidding and the price ceiling does not apply to any consideration provided by an asset manager to the releasing shipper as part of an AMA. Northern’s capacity release system includes an indicator for the releasing shipper to check a box if the release is for an AMA or state-approved retail program. If the release is related to an AMA, the releasing shipper is required to input the conditions of the release that qualify the release as an AMA transaction. For more information on the qualifications of an AMA, see Section 284.8(h)(3) of FERC’s regulations.

**Does Northern review the conditions of the AMA transactions?**
No. Releasing shippers are responsible for ensuring that the conditions input in the condition box qualify the release as an AMA transaction. In Order No. 712 1 FERC clarified that, “It is incumbent upon the releasing shipper to include the details discussed above to qualify the release as an AMA. The Commission further clarifies that the pipeline has no obligation to act on any information other than is provided to it by its customers.”

**If I release firm storage capacity under my Firm Deferred Delivery Service, can I require the replacement shipper to purchase the inventory?**
Yes, a condition to the release can be that title to the gas in inventory transfer to the released capacity at the time the release takes effect and/or to return the storage capacity to the releasing shipper at the end of the release with a specified amount of gas in storage.

**If I’m looking to purchase capacity, will Northern post a notice on its website for me?**
Yes, Northern will post wanted notices for capacity for prospective shippers. To request a notice click here [Request to Purchase Releasable Capacity](#).

**Where are the rules, timelines and restrictions that apply to capacity release found in the Tariff?**
Section 47 of the General Terms and Conditions of Northern’s Tariff sets forth Northern’s capacity release provisions (Sheets 286 through 289B). See also the summary and screen prints attached hereto.

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1 123 FERC ¶61,286
2 Refer to paragraph nos. 172 - 177 of the Order for more information on posting and reporting requirements.
Capacity Release Term Requirements

The following includes references to the Final Rule under Order No. 712 in Docket No. RM08-1-000)

**Release for 31 days or less**

- No maximum tariff rate limitation (¶30 & ¶134 of Final Rule, & revised §284.8(b))
- Can include prearranged non-biddable capacity releases (revised §284.8(h)(1))
- Can rollover AMA capacity releases without competitive bidding (¶27, ¶109, ¶134, ¶135)
- Can rollover state-approved retail choice capacity releases without competitive bidding (¶199)
- Requests for clarification have been filed with FERC regarding rollover/no rollover requirements in revised §284.8(h)(2) as the regulatory text of the Final Rule and the revised regulations seem to conflict.

**Releases for 32 days to and including 1 year**

- No maximum tariff rate limitation (¶30, ¶134, revised §284.8(b))
- Non-biddable for AMA capacity releases (¶109, ¶134, revised §284.8(h)(1))
- Non-biddable for retail choice capacity releases (¶199, revised §284.8(h)(1))
- Biddable for all other capacity releases (¶73, ¶195)
- Can rollover AMA capacity releases without competitive bidding (¶27, ¶109, ¶134, ¶135)
- Can rollover retail choice capacity releases without competitive bidding (¶199)
- Can not rollover other biddable capacity releases (¶80, ¶134) except a rollover or extension into a long term release (>12 months) at max rates would not require bidding

**Releases more than 1 year**

- Can not exceed the maximum tariff rate (¶78, ¶134, revised §284.8(b))
- Can include prearrangement non-biddable capacity releases at maximum rate (revised §284.8(h)(1))
- Non-biddable for AMA capacity releases at any rate (not to exceed maximum) (¶134, revised §284.8(h)(1))
- Non-biddable for retail choice capacity releases at any rate (not to exceed maximum) (¶199, revised §284.8(h)(1))
- Biddable if less than maximum rate for other capacity releases
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- Can rollover retail choice capacity releases at any rate (not to exceed maximum) (¶199)
- Can rollover other capacity releases if at maximum rate and the rollover period is greater than 1 year
- Can not rollover other biddable capacity releases if less than maximum rate

The Asset Manager and Retail Choice Marketer selections are located on the Prearranged Shipper screen of the Capacity Release System:
If the pre-arranged shipper has been designated as an Asset Manager Terms/Notes are required.