

WHAT IS SRO?



LPS/SRO Program Overview

The LPS Standing Request Order (“SRO”) Program was created to give shippers a way to balance pool quantities by parking or loaning gas to minimize and/or eliminate the impacts of daily unexpected losses of supplies or markets. There have been two types of contracts a shipper may have under this LPS SRO Program: Original SRO Contracts and Expanded SRO Contracts. Natural is revising the Program to simplify LPS nominations for shippers.

Original SRO Contracts are being eliminated and streamlined:

Under the SRO Program, shippers can Park gas or Loan gas at the TexOk Zone G.C. Pooling Point (PIN 10560) or the Midcontinent Zone Pooling Point (PIN 25078) (“Original SRO Pooling Points”). Previously, a shipper had up to four (4) Original SRO Contracts with Natural - a Park and/or Loan contract at each of the Original SRO Pooling Points. Now, shippers may have up to two (2) Standing Request Park Loan contracts (“SRPL Contracts”). SRPL Contracts are combined park/loan contracts so shippers have the ease of nominating one contract, instead of two, at each of the Original SRO pooling Pooling Points.

Each SRPL Contract is allowed a maximum allowable quantity (MAQ) of up to 5,000 Dth and a maximum daily quantity (MDQ) of up to 5,000 Dth/day. From time to time in accordance with the provisions of Natural’s Tariff governing applicability and priority of service, the MAQ and MDQ may be decreased or increased for a specified period of time, as posted on Natural’s Electronic Bulletin Board. When operationally available, shippers may nominate a Park and/or Loan quantity up to 5,000 Dth/day, or the posted MDQ. Any quantity exceeding the lesser of 5,000 Dth, or the posted MAQ or MDQ will incur overrun charges.

Expanded SRO Contracts:

Natural also continues to offer Expanded SRO service, which allows Shippers to balance incidental or unexpected minor losses of supplies or markets and is provided under Expanded SRO contracts (“SRE Contracts”). The SRE Contract is structured with a maximum cumulative balance (MAQ) of 800 Dth in each direction at eight (8) additional pooling points (“Expanded SRO Pooling Points”).

Specifically, a shipper can request two separate SRE contracts; one for Parks and one for Loans that covers the Expanded SRO Pooling Points. The MAQ of each contract will be up to 800 Dth and the MDQ will be up to 800 Dth/day, consistent with the 100 Dth/day point availability for each of the Expanded SRO Pooling Points. Under the SRE Contracts, Shippers may park or loan up to 100 Dth at each pooling point, unless additional quantities are available as discussed below.

Expanded SRO Pooling Points

25077 Permian Zone
10566 Amarillo Mainline Zone
10561 Iowa-Illinois Amarillo Receipt Zone
25079 South Texas Zone
25080 Louisiana Zone
11328 TexOk – AG

10558 Gulf Coast Mainline Receipt Zone
10562 Iowa-Illinois Gulf Coast Receipt Zone

Rates and Availability:

The rates applicable to the SRPL and SRE Contracts can be obtained by clicking on the LPS/SRO/SRPL Program Rates selection in the menu on the left side of this website. Shippers are charged an Initial Fee (per Dth parked or loaned), a daily Balance Fee (per Dth per day for the balance carried on each contract), and a Completion Fee (per Dth of parked or loaned gas when it is paid back), as applicable in accordance with the posted rate matrix. When operationally available, quantities exceeding the 100 Dth daily nomination limit (per pooling point) may be allowed on the SRE Contracts.

In addition, when operationally available, quantities exceeding the posted MAQ may be allowed and are subject to overrun charges. The availability of this program will be included in the Current Pipeline Conditions notice posted each business day in the Informational Postings/Notices section. Any changes to the availability are posted under a separate critical notice.

Payback under the SRPL and SRE Contracts:

Point balances that occur on SRPL and SRE Contracts are not netted (do not offset each other). Paybacks on SRPL Contracts are effectuated by a park or a loan in the opposite direction of the balance to be eliminated. Paybacks on SRE Contracts must be reduced or eliminated with SRE Payback nominations for the respective contract point balance. Payback must occur in the pooling point where the balance was created; shippers may not pay back a Park or Loan balance created at a different pooling point. SRE Park point balances cannot be negative and SRE Loan point balances cannot be positive.

Using SRPL and SRE Contracts as a Placeholder:

Both the SRPL Contracts and the SRE Contracts may be used as a "placeholder" at a pooling point in order to minimize the impact of small supply or market cuts within a nomination cycle. Shippers are not charged for nominations on SRPL/SRE contracts; they are only charged for the final confirmed quantities on each SRPL/SRE contract after the ID3 Cycle when quantities are netted together. If all of a shipper's activity is confirmed as nominated, then the SRPL/SRE Park and Loan quantities would be reduced to zero and there is no charge for the shipper.

To utilize this feature, a shipper nominates their applicable SRPL contract or SRE Loan contract and SRE Park contract on the same day at the same pooling point with offsetting quantities, which includes a nomination ranking indicating both contracts as the lowest priority transactions (highest numerical rank). As Natural confirms the shipper's pooling points, the SRPL/SRE Loan and Park nominations are reduced as needed to an amount that balances the shipper's upstream and/or downstream activity at the Pooling Point. DART subsequently "nets" the resulting SRPL/SRE placeholder contracts at the end of the ID3 Cycle. The SRPL/SRE Park and Loan contracts are automatically adjusted by DART to balance the shipper's point activity after confirmations have occurred for the ID3 Cycle. The SRPL/SRE transaction types "Loan" and "Park" will offset each other; SRE transaction types "Loan Paybacks" and "Park Withdrawals" will not be netted.

Questions regarding the SRPL/SRE program can be directed to your Scheduling Representative or Account Director. To request an LPS SRPL/SRE Program Contract please contact your Account Director.