

PALS SRO Program Overview

TransColorado Gas Transmission Company LLC PALS – Standing Request Order (SRO) Program Description

Section 12.1 of the General Terms and Conditions of the TransColorado Gas Transmission Company LLC ("TC") tariff provides that a shipper's receipts and deliveries under its service agreement should be in balance. However, from time to time, a shipper may have unexpected losses of supply or market during the nomination, confirmation or scheduling process requiring action by the shipper in order to remain in balance for the gas day. In these situations, shippers may submit a nomination in the current cycle (if there is time) or in the next nomination cycle either revising supplies/markets or utilizing TC's Park and Loan Service ("PALS"). PALS is an interruptible park and loan service supported by system line pack and/or operational gas.

The "Standing Request Order" (SRO) program under the PALS Rate Schedule is offered to shippers to provide a tool for dealing with short notice Parks and Loans or dealing with being long or short gas on any gas day due to confirmation and scheduling reductions. The locations available for the PALS SRO Program can be obtained by clicking on the PALS/SRO Program selection in the menu on the left of TC's portal page. When operationally available under the PALS SRO program, shippers are able to nominate Parks or Loans at the locations listed for actual Parks and/or Loans and to balance daily receipt and delivery confirmation or scheduling reductions under a service agreement. The rates for the SRO program can be obtained by clicking on the PALS/SRO Program selection in the menu on the left of TC's portal page. These rates are subject to change. Shipper will be notified of any rate changes via a Non-Critical Notice posted in the Information Postings/Notices section of TC's web site. The total net activity and cumulative balance across all shippers may be limited on any given gas day.

Unless otherwise posted on TC's Interactive Website, the availability of this program for Parks or Loans on any given day will be limited to 10,000 Dth per day. Any net activity or cumulative balance across all shippers above 10,000 Dth will be reviewed by Operations and approved in a non-discriminatory manner, based on operations. Should the availability of the SRO program under Rate Schedule PALS be less than 10,000 Dth per day for any given day, a Non-Critical Notice will be posted on TC's Interactive Website.

Shippers who desire to use the PALS SRO program should contact their Account Director to request a PALS SRO Park Request Order and a separate PALS SRO Loan Request Order to be set up for each available location. A shipper may have only up to two (2) SRO contracts, a Park contract and a Loan contract, per location. Each contract will be allowed a Maximum Aggregate Quantity ("MAQ") of up to 10,000 Dth. When operationally available, shippers may nominate a Park, Loan, Park Payback, or Loan Payback quantity up to 10,000 Dth per day. Any quantity exceeding the 10,000 Dth daily nomination limit or the MAQ limit will incur authorized overrun charges.

For Shippers wanting to use their SRO to balance confirmation and scheduling reductions, a shipper nominates their applicable SRO Loan contract and SRO Park contract on the same day at the same location with offsetting quantities, which should include a nomination ranking indicating both contracts as the lowest priority transactions. As TC balances the locations, the SRO Loan and Park contracts are adjusted as needed to an amount that balances the shipper's upstream and/or downstream activity at the location. DART subsequently "nets" the resulting SRO placeholder contracts at the end of the Intraday 3 Nomination Cycle ("ID3").

As an example, if a shipper nominates 5,000 Dth on its SRO Park contract and 5,000 Dth on its SRO Loan contract, and subsequently the shipper's downstream market activity was cut by 1,000 Dth, then initially the Loan would be reduced from 5,000 to 4,000 Dth based on the shipper's rankings (i.e, the shipper ranked the Loan lower than the Park) and the Park would remain at 5,000 Dth. This would balance the shipper's activity at the location and prevent the upstream supply from being cut by 1,000 Dth. If at the end of the ID3 cycle the market remains cut, DART will net the SRO activity (Loan 4,000 Dth and Park 5,000 Dth) resulting in a net Park of 1,000 Dth for the cut market.

It is important to note that balances which occur on PALS SRO Park and PALS SRO Loan contracts do not offset each other. Each balance must be reduced or eliminated with PALS SRO Payback nominations for the specific contract. PALS SRO Park balances cannot go negative and PALS SRO Loan balances cannot go positive.

Transportation "Payback" nominations will not be accepted to balance a loss of supply or market unless there is a contract imbalance due to a physical allocation or confirmation cut that could not be pathed in time prior to the confirmation deadline. All payback nominations will need to be approved by TC.

Questions regarding the SRO program can be directed to your Scheduling Representative or Marketing Representative.