Allocation Method Definitions:

Default 1 (DF1)– Tariff Default:

For no-notice primary points tied to a TSS contract – nominations for all other contracts will be allocated their nomination with the swing going to the TSS contract tied to the primary delivery point if there is enough physical flow to cover nominations. If nominations are greater than physical flow, then allocations will be a pro rata share of physical flow, unless a ranking has been input by the point operator (under this scenario the rank method would be used).

For all other points – A pro rata share of actual volumes based on nominations. Pro rata equals nomination divided by total nominations multiplied by physical flow.

Default 2 (DF2) – Tariff Default for Small No-Notice Customers:

For small no-notice customers, the first gas through the meter up to the MDTQ will be allocated to the STS contract. All other gas will be allocated pro rata to any remaining contracts or to the STS contract if there are no other nominations.

Default 3 (DF3):

For customers/operators with No-Notice TSS contracts, assigned locations can be set up to keep all contracts with nominations for other customers whole while prorating swing among contracts that are assigned to the customer/operator. Allocations for the customer/operator can be positive or negative depending on total scheduled quantity vs total physical allocations at the location for each gas day.

SOUTHERN STAR
CENTRAL GAS PIPELINE

Allocation Method Definitions

Rank Method (RNK):

Contracts will be allocated gas according to their ranking with the lowest rank being allocated first. Any contracts with the same ranking will be allocated a pro rata share. The default ranking is 500. Operators wanting contracts to be kept whole (if enough gas flows) should rank those contracts lowest. Operators wanting to swing on certain contracts should rank the swing contracts highest, or if there are many contracts, rank the swing contracts higher than 500 and the rest will default to 500.

Percentage Method (PCT):

Volumes will be allocated based on the percentage of flow allocated by the operator. The percentages of all nominations must equal 100% (in whole percentage points) for this method to be applicable. A contract must have a nomination greater than zero to be allocated a percentage physical flow. Confirmed nominations by the point operator should be representative of the percentages allocated to them in order to keep imbalances to a minimum.

OBA – Operational Balancing Agreement:

When the operator has a balancing agreement with the pipeline, all nominations will be kept whole, and the swing will be allocated to the OBA.

NOM – Nomination Allocation:

Contracts nominating at these points will be allocated exactly what is nominated. These points consist of pooling points, the production/market interfaces, and nominated storage. The pooling points and PMI points have offsetting nominations to and from. The storage nominations must be within the FSS or ISS contractual rights and must have offsetting nominations between the transportation and storage contracts.

Allocation Method Definitions

Swing:

The swing allocation method requires the operator to select a contract to take the "swing" allocation for the difference between what is nominating at that point vs. actual flow. The swing allocation can be negative.

Example:

Contract #1 (Swing Contract) - nomination = 5 dth

Contract #2 - nomination = 100 dth

Contract #3 - nomination = 400 dth

Actual flow = 300 dth

Allocations using the swing method:

Contract #1 (Swing Contract)

- **Allocation - 5 dth**
- **Allocation - (205 dth)**

Contract #2

- **Allocation - 100 dth**

Contract #3

- **Allocation - 400 dth**