

# Ameren Illinois Small Volume Transportation Program Outline

Distributed as part of the Small Volume Transportation Workshop Proceedings

April 5, 2012

## I. Imperfect Analogy of Gas Choice with Electric Choice

<p style="text-align: center;"><b>Electric</b> (currently 100,000+ customers on third party supply.)</p>	<p style="text-align: center;"><b>Gas</b> (currently 4,800 customers on third party supply.)</p>
<p>PUA allows a group of customers to be declared "competitive" if 33% of the customers are taking electric power and energy from a RES, and if at least three RES' are serving that group of customers.</p>	<p>No competitive service provisions in the PUA for natural gas.</p>
<p>IPA purchases power and energy for non-competitive service customers not served by a RES.</p> <ul style="list-style-type: none"> <li>• Purchases deemed prudent upon purchase by IPA.</li> <li>• Utility default supply for non-competitive service customers is fixed price offering.</li> <li>• For competitive service customers, it's an hourly-supply rate purchased in the MISO market, which mitigates the risk for supply purchases on behalf of these customers that the IPA addresses for non-competitive service supply purchases.</li> </ul>	<p>Ameren Illinois purchases gas commodity for customers not served by a third-party supplier.</p> <ul style="list-style-type: none"> <li>• Purchases subject to prudence review and potential disallowance by ICC.</li> <li>• Utility default supply for all customers is the PGA, which varies monthly based on projected costs.</li> <li>• All risk is absorbed by the PGA (system gas) customers or Ameren Illinois.</li> </ul>
<p>All suppliers certified by ICC under criteria identified in Part 451 of the Illinois Administrative Code. (Additional certification under Part 412 pending.)</p>	<p>Only suppliers of customers &lt;5,000 therms/annually subject to ICC review per legislation, with different review criteria than RES review.</p>
<p>All transactions between RES's and Ameren Illinois via EDI.</p>	<p>Manual/non-industry standardized transactions between suppliers and Ameren Illinois.</p>
<p>MISO operates transmission system.</p>	<p>Numerous independent operators of transmission systems.</p>
<p>MISO provides balancing services.</p>	<p>Ameren Illinois provides balancing function.</p>
<p>Rolling enrollment cycle for all classes of customers, with minimum stay provisions for customers defaulting to utility supply.</p>	<p>Annual enrollment cycle to switch supply source.</p>
<p>All customers read in cycle.</p>	<p>All transportation customers read on a calendar month basis.</p>
<p>SVT-comparable customers see some seasonal variations in usage, but not to the extent experienced with natural gas usage (electricity is used year-round.)</p>	<p>SVT-level customers experience significant seasonal variations in gas usage, much more so than comparable electric customers.</p>

## II. Physical Facilities

a. Ten interstate pipelines currently supply Ameren Illinois' distribution system:

PEPL	NGPL
Trunkline	ANR
Texas Gas	Midwestern *
MRT	Northern Border *
TETCO	REX *

\* Offer no pipeline storage to Ameren Illinois customers.

b. Ameren Illinois operates 12 storage fields.

- i. 50% of winter PGA demand comes from gas in storage fields.
- ii. Usual injection season from April - October.

## III. Enrollment for Third Party Supply

a. Annual process for existing customers – supply choices must be submitted by February 1 to effect a May 1 supply change.

i. Electronic communication and enrollment/drops from the customer/supplier's perspective, but manual processes internally.

1. Current manual processes are consistent with the scope of customers the system was designed to support.

b. New customers allowed up 60 days to choose a supplier, and if a third party supplier is identified when a new customer initiates service, they're allowed onto third party supply with first billing cycle through manual intervention in the billing process.

#### **IV. Billing Systems/Processes**

- a. All transportation usage based or line item adjustment bill calculation and support provided through the Unbundled Services Management System (USMS.)
  - i. USMS developed in 1990's and designed/built to support the anticipated gas transportation activities of large volume gas customers.
    1. Interfaces with the Customer Service System (CSS) and two data systems to maintain account information on a daily basis; retrieves daily usage/readings and sends data for billing on a monthly basis.
    2. Customers/Suppliers enter nominations and make bank transfers in USMS via the internet, and can access daily activity reports from USMS to help them manage their accounts.
    3. Ameren's Gas Supply and Gas Control groups use daily balancing and operations data from USMS to help manage the Ameren Illinois gas system.
- b. Full disclosure, standard calculation bills are issued by CSS.
  - i. No non-standard billing capabilities used; i.e. no UCB/POR currently designed or operational for gas customer billing.
  - ii. EDI is available to deliver previously calculated bills to customers.
  - iii. All transportation customers are billed on a calendar month basis.
- c. Smaller customers (GDS-2 and GDS-3) are monthly-balanced; larger customers (GDS-4 and GDS-7) are daily-balanced; seasonal customers (GDS-5) have the option of monthly or daily balancing.
  - i. Daily-balanced customers are required to have telemetry linking their meters to Ameren Illinois' metering systems.

#### **V. Pool Groups**

- a. Currently over 40 Pool Groups.
- b. Current limit of 150 customers in a daily balanced pool and 250 customers in a monthly balanced pool.
- c. Pool Groups are linked to pipelines that can physically deliver gas to customers in the pool.
  - i. More than one delivery pipeline is allowed in a Pool Group.
  - ii. The pipelines allowed in a pool to serve customers are identified in the "City by Pipeline" list available through [AmerenIllinois.com](http://AmerenIllinois.com).
  - iii. The least common pipeline in a group is the pipeline that defines the scope of the Group.
  - iv. Management of Pool Groups is a manual process.

## **VI. Banking**

- a. Offered through Rider TBS; represents an allocation of on-system storage assets and costs.
- b. 5.48Bcf of on-system storage is set aside each year for transportation customers.
- c. Transportation customers are allowed to reserve a portion of these assets for their use.
  - i. Monthly-balanced customers have a minimum five day bank, and can subscribe for more banking if available.
  - ii. Daily-balanced customers have no minimum bank, and can subscribe for more banking if available.
- d. 2012 -2013 gas year is the first year Rider TBS has been available.
  - i. Of the 5.48Bcf of available banking, 2.3Bcf has been subscribed.
- e. Bank transfers are allowed between like-balanced accounts on the same pipeline.

## **VII. Balancing**

- a. Transportation customers are allowed a 20% balancing tolerance.
  - i. Cashout prices are based on daily Chicago Citygate prices.
- b. During periods where the Ameren Illinois distribution system's operational integrity is threatened, communications are issued to customers and suppliers through Advisories, Operational Flow Orders, or Critical Day Notices.
  - i. Advisories (voluntary requests for action) are sent to suppliers.
  - ii. OFO's and Critical Day notices are sent to customers.

## **VIII. Supply Commitments**

- a. Gas purchased for customers hedged 6.5 years.
  - i. Larger percentage hedged as delivery date draws closer.
  - ii. Minimum and Maximum allowed hedged volumes are determined by the Ameren Risk Management Policy.
  - iii. Allowed hedged volumes change as the market prices change (i.e. as commodity prices get lower, larger volumes of gas are allowed to be hedged.)
- b. Must-take commitments to synthetic natural gas (syngas.)
  - i. Power Holdings – 10 year commitment, 42,000MMBtu/day-15.1Bcf/year.  
Clean Energy – 30 year commitment, 48,000MMBtu/day-18.3Bcf/year.
    - 1. Assuming peak day delivery for Ameren Illinois of 1.2 Bcf, these commitments represent 7.5% of peak day delivery. Assuming annual sales customer load of 85 Bcf, these commitments represent 40% of annual throughput for sales customers.
  - ii. \$0.95 - \$1.00/therm minimum initial cost for all syngas purchased.
  - iii. Mechanism available to apply the difference between the cost of syngas and the PGA as a % increase to the delivery service charges for all customers.
    - a. PGA customers would still pay the largest share of syngas costs due to relative per therm costs of delivery service as compared to per therm PGA costs.

## X. Pipeline Commitments

PEPL		TRANSPORT MDQ			STORAGE			Contract
<u>Contract Number</u>	<u>Winter</u>	<u>Shoulder</u>	<u>Summer</u>	-	<u>MDWQ</u>	<u>MDIQ</u>	<u>MSQ</u>	<u>Term</u>
11745	179,200	119,200	105,000	FT				4/1/12 - 3/31/15
16216	98,500	65,000	45,000	FT				4/1/12 - 3/31/18
14979	65,000	25,000	25,000	BH				4/1/12 - 3/31/15
14979	60,000	20,000	20,000					4/1/15 - 3/31/18
15101	30,000	30,000	30,000	BH				4/1/12 - 3/31/15
22633	10,000	10,000	10,000	Lateral				4/1/12 - 7/31/18
34599	80,000	45,000	45,000	MP 508 to Tuscola				4/1/12 - 3/31/18
26857	18,000	8,000	8,000	FT				4/1/12 - 3/31/29
26857	8,000	8,000	8,000					4/1/29 - 3/31/36
13620				Stg	106,150	60,418	9,390,000	4/1/12 - 3/31/15
13620					45,150	32,918	5,165,000	4/1/15 - 3/31/18

TGC		TRANSPORT MDQ			STORAGE			Contract
<u>Contract Number</u>	<u>Winter</u>	<u>Shoulder</u>	<u>Summer</u>	-	<u>MDWQ</u>	<u>MDIQ</u>	<u>MSQ</u>	<u>Term</u>
15040	118,400	53,142	39,142	FT				4/1/12 - 3/31/15
15040	60,350	20,117	20,117					4/1/15 - 3/31/18
15161	30,000	30,000	30,000	BH				4/1/12 - 3/31/15
15158				Stg	11,000	6,875	825,000	4/1/12 - 3/31/15

ANR		TRANSPORT MDQ			STORAGE			Contract
<u>Contract Number</u>	<u>Winter</u>	<u>Shoulder</u>	<u>Summer</u>	-	<u>MDWQ</u>	<u>MDIQ</u>	<u>MSQ</u>	<u>Term</u>
108985	1,000	1,000	1,000	FT for Stg				4/1/12 - 3/31/17
108986	2440	1220	1220	FT				4/1/12 - 3/31/17
116494	2000	0	0	FT				4/1/12 - 3/31/13
108983/108984				Stg	1,010	179	31,310	4/1/12 - 3/31/17

<b>MDW</b>		<b>TRANSPORT MDQ</b>			<b>STORAGE</b>			<b>Contract</b>
<b>Contract Number</b>	<b>Winter</b>	<b>Shoulder</b>	<b>Summer</b>	-	<b>MDWQ</b>	<b>MDIQ</b>	<b>MSQ</b>	<b>Term</b>
940	3,000	3,000	3,000	FT				4/1/12 - 3/31/15
941	3,000	3,000	3,000	FT				4/1/12 - 3/31/15
1301	1,380	1,380	1,380	FT-GS				4/1/12 - 10/31/15

<b>MRT</b>		<b>TRANSPORT MDQ</b>			<b>STORAGE</b>			<b>Contract</b>
<b>Contract Number</b>	<b>Winter</b>	<b>Shoulder</b>	<b>Summer</b>	-	<b>MDWQ</b>	<b>MDIQ</b>	<b>MSQ</b>	<b>Term</b>
3620	95,345	95,345	95,345	FT				4/1/12 - 5/15/14
3411				Stg	32,436	Varies	1,862,111	4/1/12 - 5/15/14

<b>NGPL</b>		<b>TRANSPORT MDQ</b>			<b>STORAGE</b>			<b>Contract</b>
<b>Contract Number</b>	<b>Winter</b>	<b>Shoulder</b>	<b>Summer</b>	-	<b>MDWQ</b>	<b>MDIQ</b>	<b>MSQ</b>	<b>Term</b>
136280	5,000	0	0	FT				4/1/12 - 3/31/32
140526	45,000	45,000	45,000	Lateral				5/25/12 - 10/31/15
139012	20,000	20,000	20,000	FT				4/1/12 - 10/31/14
140907	50,000	50,000	50,000	FT				4/1/12 - 10/31/12
	60,000	60,000	60,000	FT				11/1/12 - 10/31/15
140906	10,000	10,000	10,000	FT				4/1/12 - 10/31/12
140906	15,000	15,000	15,000	FT				11/1/12 - 10/31/15
110803				Stg	43,525		2,176,250	4/1/12 - 3/31/15
118357				Stg	10,000	5,000	750,000	4/1/12 - 8/24/15

<b>NB</b>		<b>TRANSPORT MDQ</b>			<b>STORAGE</b>			<b>Contract</b>
<b>Contract Number</b>	<b>Winter</b>	<b>Shoulder</b>	<b>Summer</b>	-	<b>MDWQ</b>	<b>MDIQ</b>	<b>MSQ</b>	<b>Term</b>
	120,000	120,000	120,000	Lateral				4/1/12 - 3/31/21
Various	62,125	62,125	62,125	FT				4/1/12 - 10/31/20
Various	48,929	48,929	48,929	FT				11/1/20 - 11/30/20
Various	28,929	28,929	28,929	FT				12/1/20 - 3/31/21

<b>TETCO</b>		<b>TRANSPORT MDQ</b>			<b>STORAGE</b>			<b>Contract</b>
--------------	--	----------------------	--	--	----------------	--	--	-----------------

<u>Contract Number</u>	<u>Winter</u>	<u>Shoulder</u>	<u>Summer</u>	.	<u>MDWQ</u>	<u>MDIQ</u>	<u>MSQ</u>	<u>Term</u>
830064	2,500	2,500	2,500	FT				4/1/12 - 10/31/13
400181				Stg	3,955	1,761	267,571	4/1/12 - 4/30/14

<b>TX Gas</b>		<b>TRANSPORT MDQ</b>			<b>STORAGE</b>			<b>Contract</b>
<u>Contract Number</u>	<u>Winter</u>	<u>Shoulder</u>	<u>Summer</u>	.	<u>MDWQ</u>	<u>MDIQ</u>	<u>MSQ</u>	<u>Term</u>
N0305				Stg	12,000	12,000	289,928	4/1/12 - 10/31/14

NOTE: Ameren Illinois has no contracted capacity on REX pipeline.