

# Dominion Energy® Process Improvements

# Why is DEU Making Process Improvements?

- Implementing electronic processes to accommodate growing number of transportation customers
- Ordered by the PSC to discuss interruptible rate structures and tariff provisions as part of the 2018 IRP process
- Clarify tariff sections regarding interruptible and transportation services

# Process Improvements

- Transportation service customers nominate firm and interruptible volumes separately
- Nominations cannot exceed daily contract limit for the type of service
- Implementing Electronic Data Interchange (EDI) between DEU and Kern River allowing nominations to be balanced and scheduled electronically
- Imbalances are still aggregated at the delivery point
- Added contact information for nominating parties into mass notification system
- Planning Tariff revisions to Sections 3, 4, 5 to clarify points of confusion

## Section 3 – Interruptible Services

- No substantive changes
- Applicable to both Interruptible Sales Service (IS) and Transportation Service Interruptible (TSI) Customers
- Interruption Conditions
- Schedule of Interruption
- Failure to Interrupt
  - \$40-per-decatherm + SNG penalty
  - No commodity charge in penalty
  - Must buy Firm service for 3 years

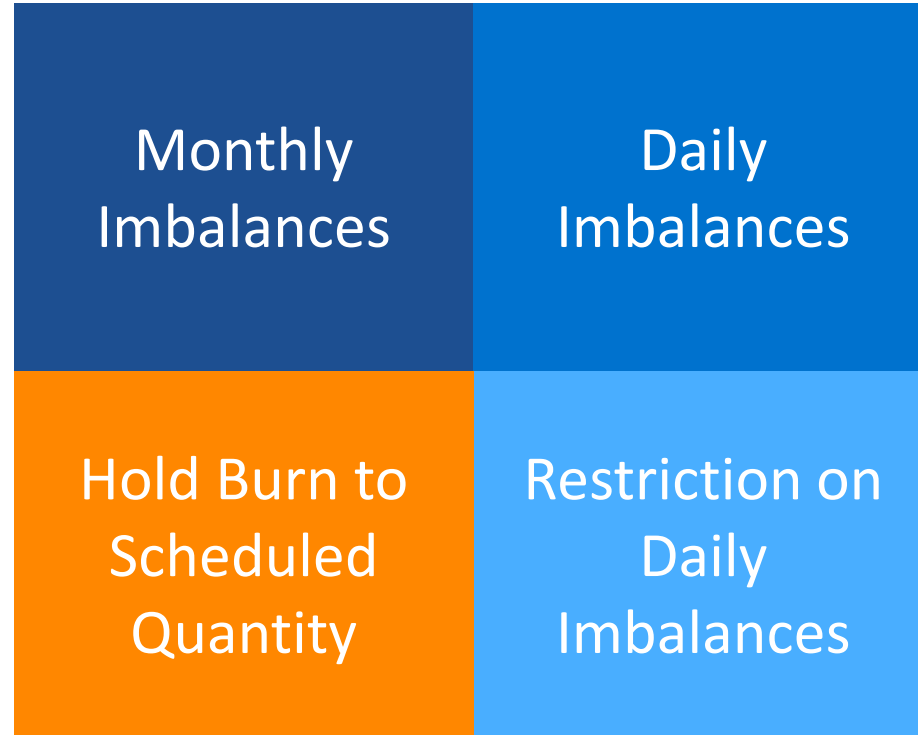
## Section 4 – Interruptible Sales Services (IS)

- No substantive changes
- Terms of service for Interruptible Sales Service (IS)
- Customer must have a load factor of at least 15%
- Minimum annual usage of 7,000 Dth is required

## Section 5 – Transportation Service

- Name change of FT-1 service to Transportation Bypass Firm (TBF)
- Define the differences between Transportation Service Firm (TSF) and Transportation Service Interruptible (TSI)
- Clarify nomination priority of service
- Provide a detailed imbalance management process
  - Imbalance = scheduled nomination less fuel – usage
  - Define 4 ways imbalances are managed

# Imbalance Management



# Monthly Imbalances

- Allow  $\pm 5\%$  imbalance monthly
- At month end customers may trade imbalances with each other
- Imbalances remaining after trading period that are outside the 5% tolerance will be cashed out
- Generally customers are within tolerance
- Intent is to have gas “payback” done at a similar price as the gas “borrowed”

Monthly  
Imbalances



# Daily Imbalances

- Customers expected to be within  $\pm 5\%$  imbalance daily
- Any given day that daily imbalance is outside the  $\pm 5\%$  tolerance customer will be assessed Transportation Imbalance Charge
- Intent is to cover the cost of services used to manage system imbalances on a day-to-day basis

Daily  
Imbalances

# Restriction on Daily Imbalances

- Company will provide notice through an OFO to nominating parties
- Will be issued in the event that a customer's imbalance may cause Company to alter operations or gas supply plans
- Tolerance for restriction period will be given
- Penalty equal to the greater of \$1.00/Dth or the difference between the monthly and daily index prices plus \$0.25/Dth
- A penalty of \$25/Dth may be imposed when a nominating party or customer has repeatedly ignored restrictions
- Following restriction, parties may exchange or aggregate imbalances to mitigate penalties
- Intent is to prevent customer from using imbalances to manage supply, demand, or price fluctuations

Restriction on  
Daily  
Imbalances

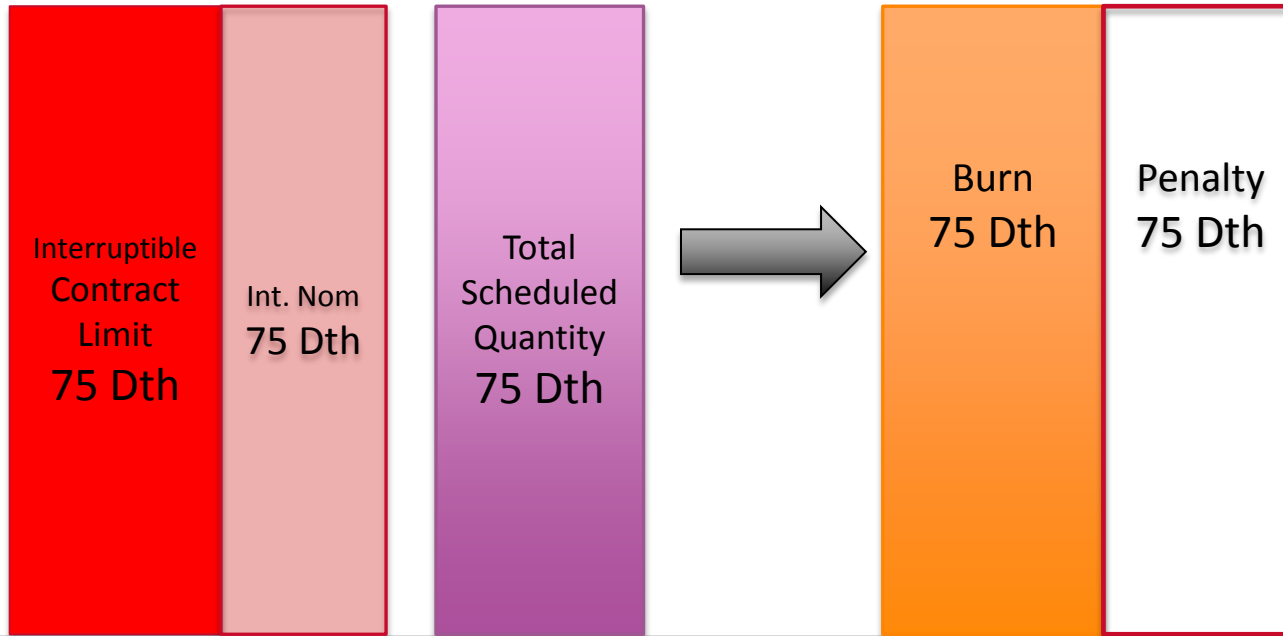
# Hold Burn to Scheduled Quantity

- Company will provide notice through an OFO to nominating parties and customers
- Customers expected to match usage to scheduled quantity
- A \$25 per decatherm plus daily index price penalty will be imposed when a customer uses more gas than is scheduled
- Customer who burns more than Firm contract limit (overrun) during periods of interruption will be penalized per Dth and must purchase incremental Firm capacity for 3 years
- Customers may burn 1/24<sup>th</sup> of their daily scheduled quantity per hour for the duration of the OFO
- Customers or nominating parties may not exchange or aggregate imbalances in order to avoid or mitigate penalties
- Intent is to prevent customers from using more gas than they bring to the system

Hold Burn to  
Scheduled  
Quantity

# Examples

# Interruption



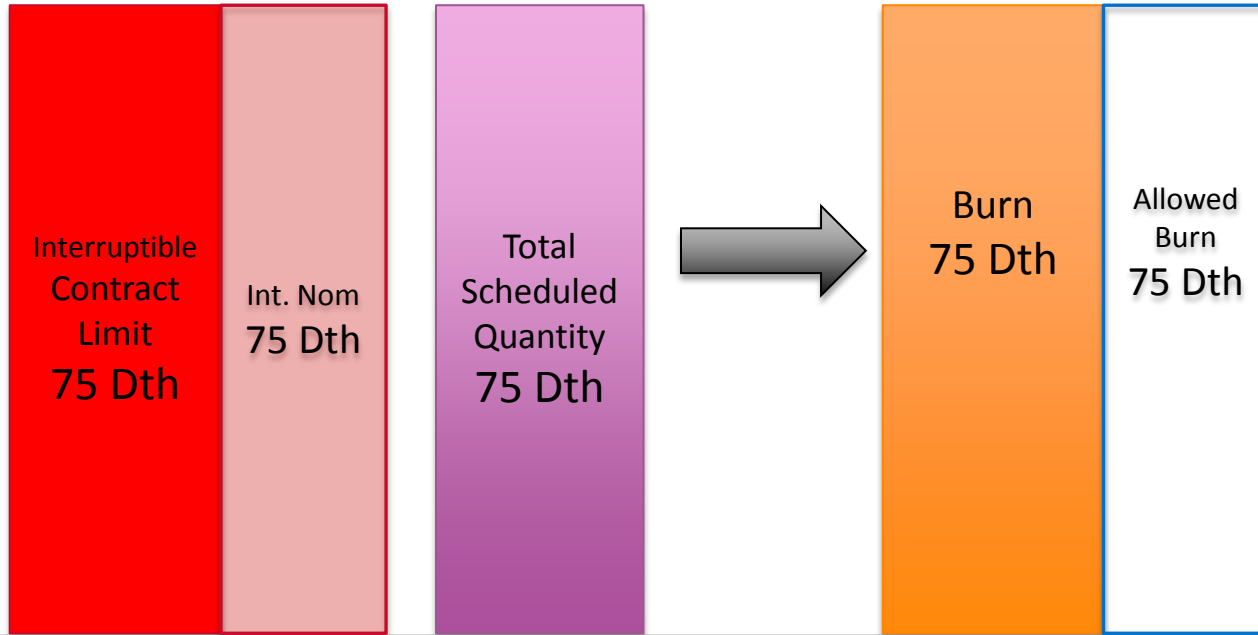
## Penalties

- 75 Dth for failure to interrupt
  - \$40/Dth
  - Must purchase 75 Dth Firm for 3 years

# Hold Burn to Scheduled Quantity OFO

## Penalties

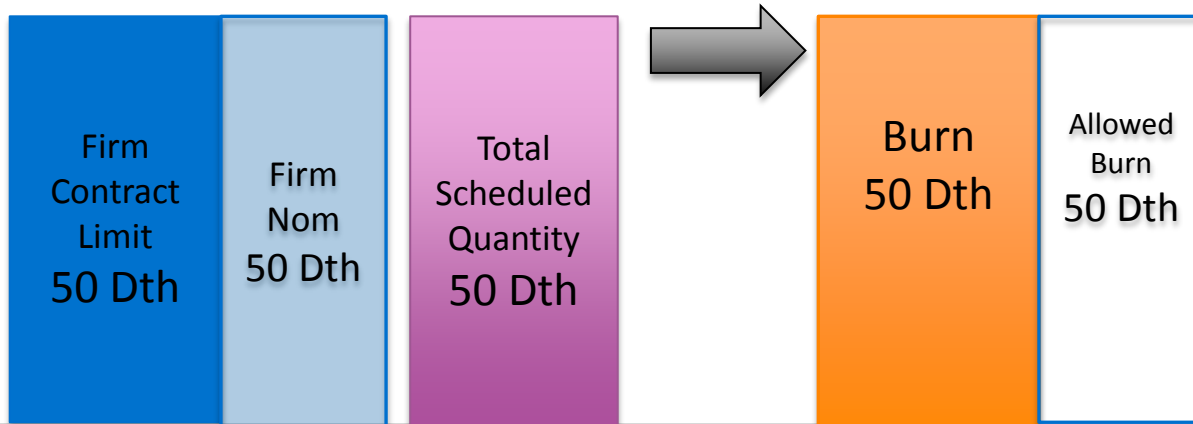
- None



# Hold Burn to Scheduled Quantity OFO

Penalties

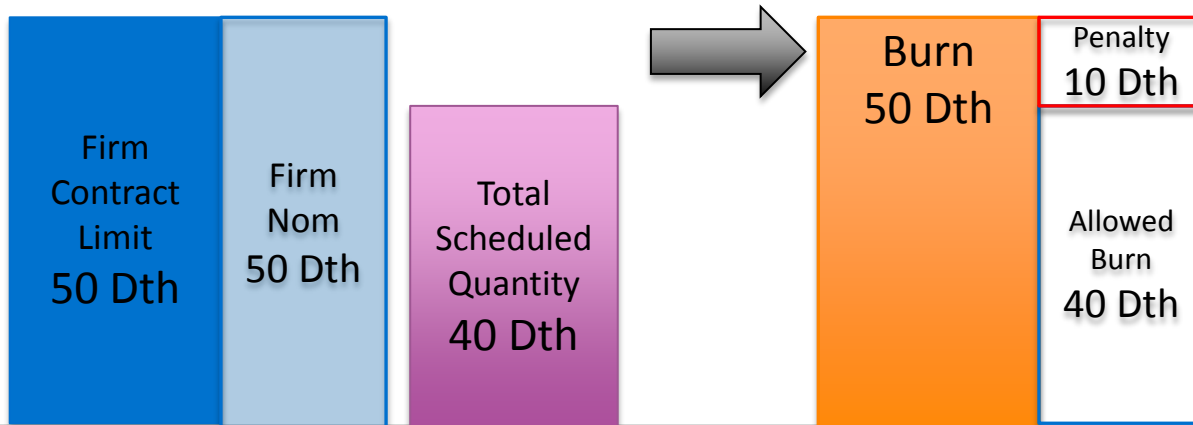
- None



# Hold Burn to Scheduled Quantity OFO

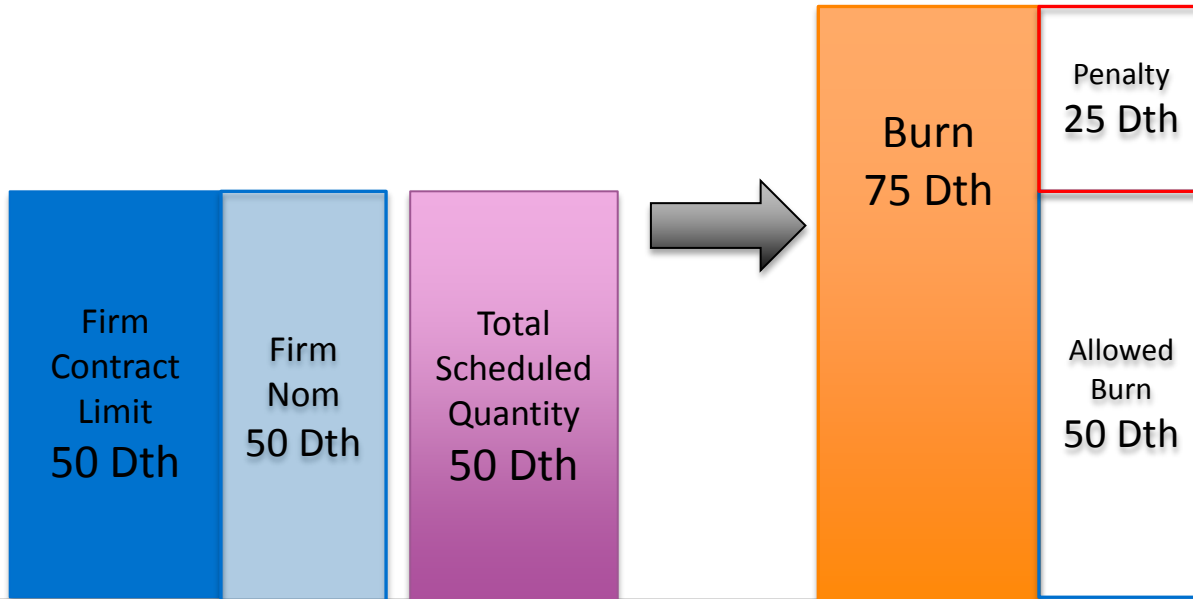
## Penalties

- 10 Dth flow above scheduled quantity
  - \$25/Dth + daily index price





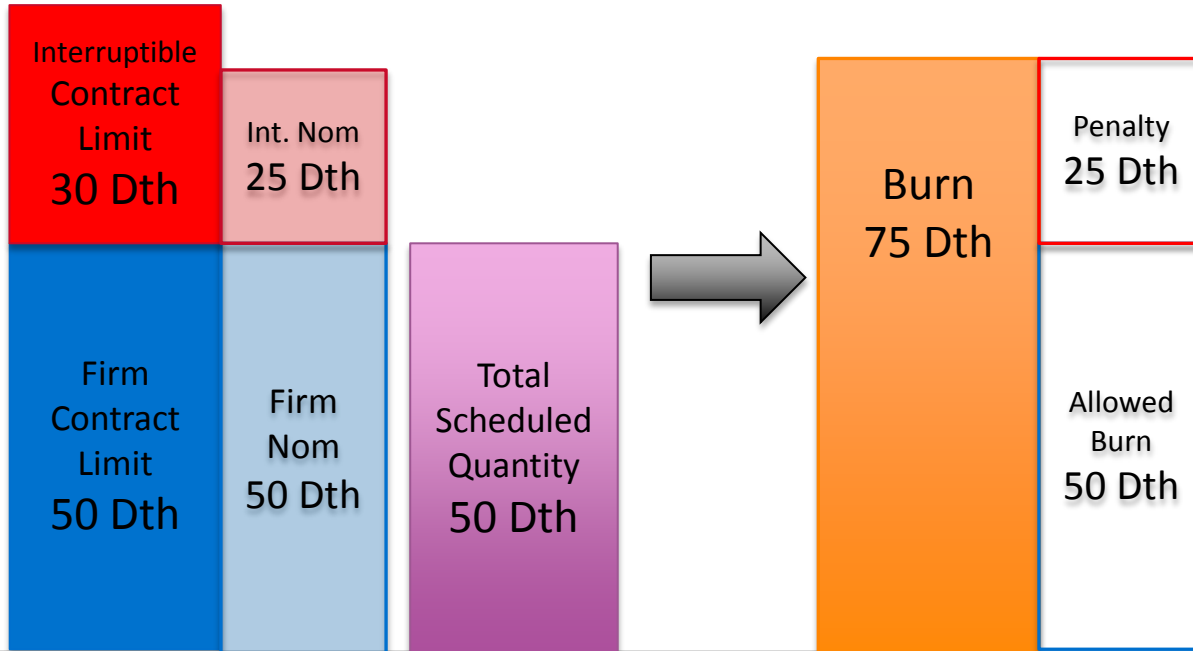
# Hold Burn to Scheduled Quantity OFO



## Penalties

- 25 Dth flow above scheduled quantity
  - \$25/Dth + daily index price
- 25 Dth of overrun
  - \$40/Dth
  - Must purchase 25 Dth additional Firm for 3 years

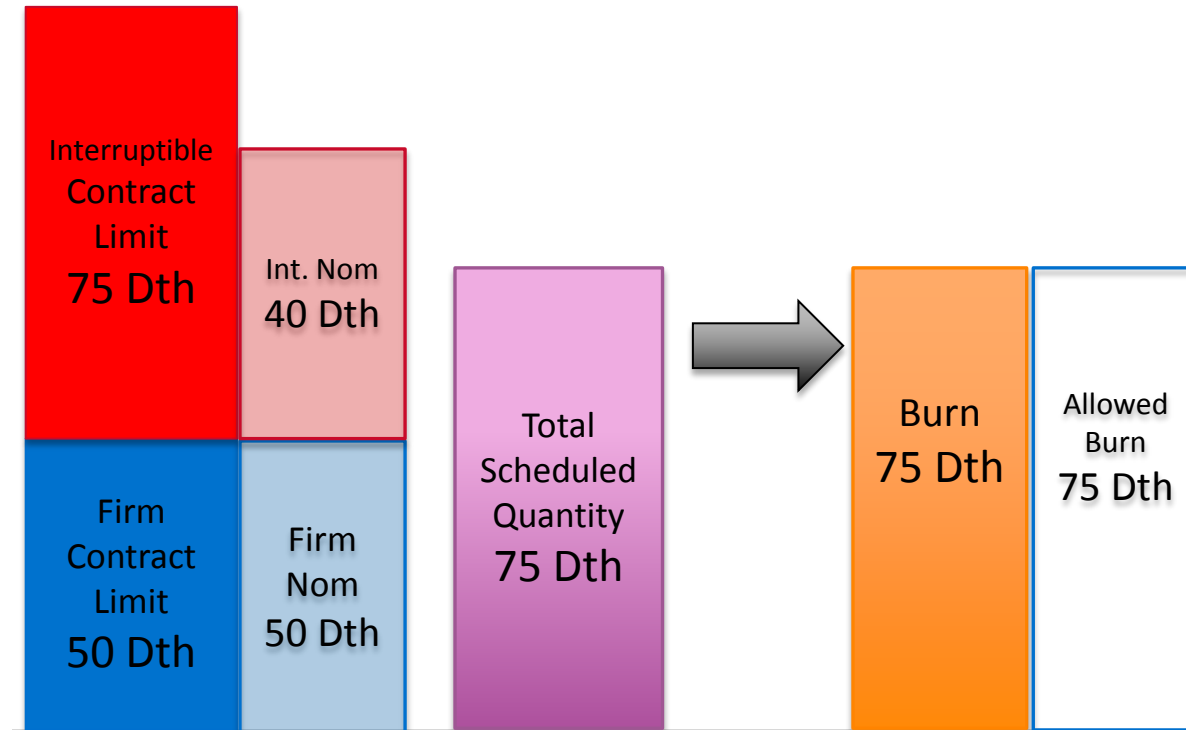
# Hold Burn to Scheduled Quantity OFO



## Penalties

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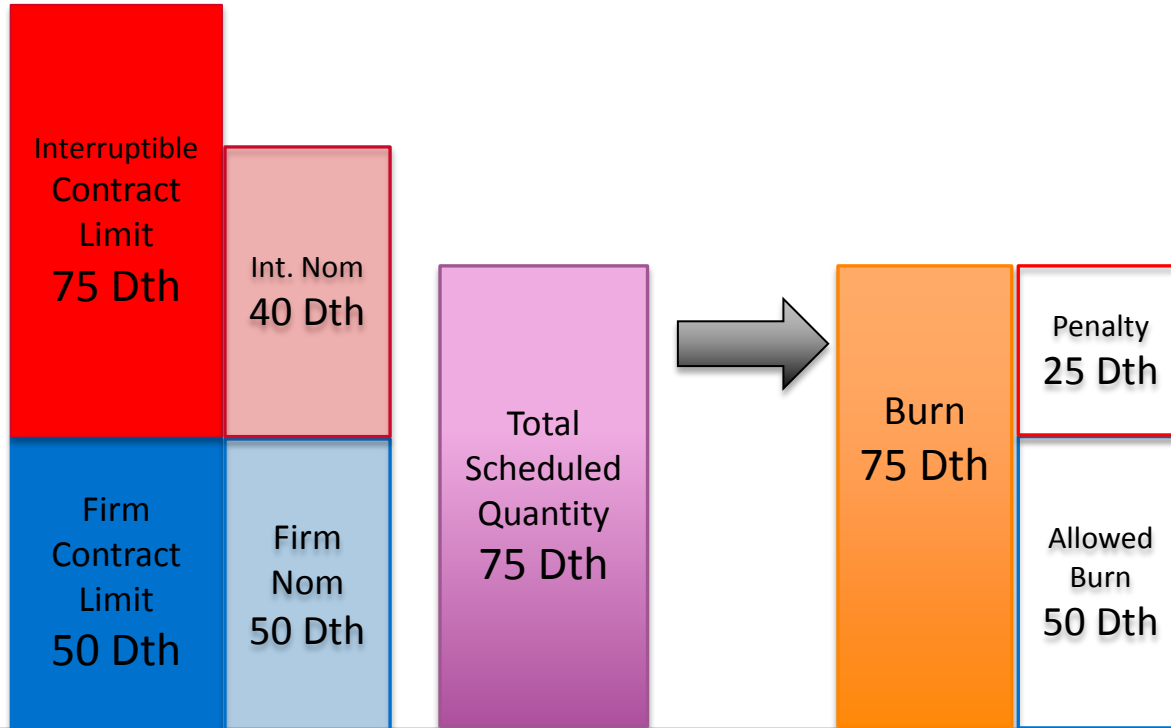
# Hold Burn to Scheduled Quantity OFO



Penalties

- None

# Hold Burn to Scheduled Quantity OFO and Interruption Simultaneously

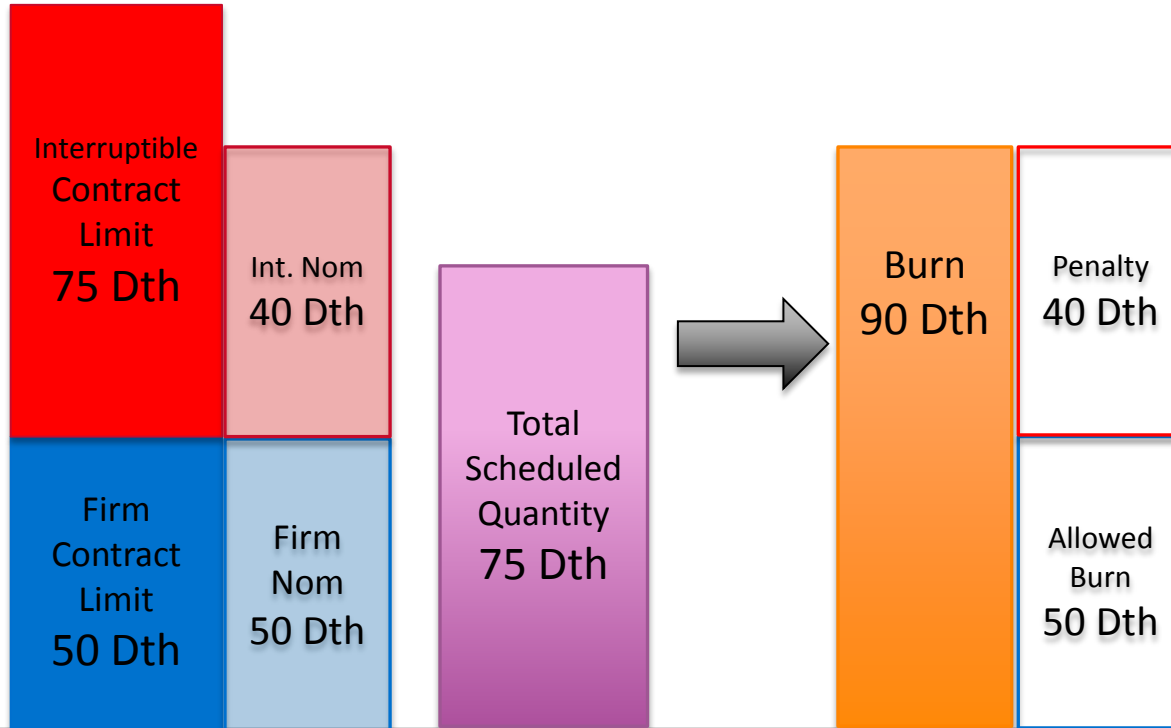


## Penalties

- 25 Dth for failure to interrupt
  - \$40/Dth
  - Must purchase 25 Dth Firm for 3 years

25 Dth of scheduled quantity can be cut, redirected, or left on system as imbalance

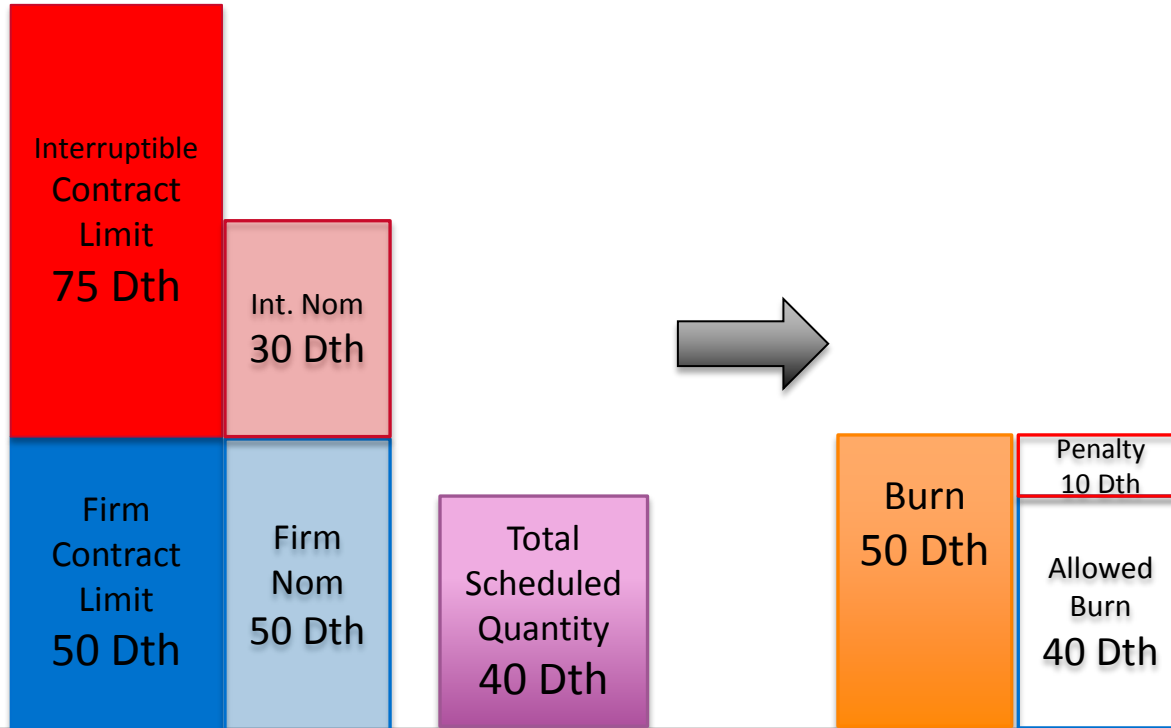
# Hold Burn to Scheduled Quantity OFO and Interruption Simultaneously



## Penalties

- 15 Dth flow above scheduled quantity
  - \$25/Dth + daily index price
- 40 Dth of failure to interrupt
  - \$40/Dth
  - Must purchase 40 Dth additional Firm for 3 years

# Hold Burn to Scheduled Quantity OFO and Interruption Simultaneously



## Penalties

- 10 Dth flow above scheduled quantity
  - \$25/Dth + daily index price

# Questions?

Docket No. 18-057-T04  
DEU exhibit 1.5