

Atlantic Coast Pipeline, LLC
Docket Nos. CP15-554-000 & CP15-554-001
Response to Data Request
Dated May 25, 2017

Category: Atlantic Coast Pipeline, LLC CP15-554-000 & CP15-554-001

Question Number: 1

Question:

Atlantic's application states that its system, "has no access to gas storage...and has only a limited system-wide capability to retain gas for such needs, in addition to the line pack required for the pipeline's day-to-day operations." Order No. 637 established that pipelines with imbalance penalty provisions in their tariffs provide, to the extent operationally practicable, imbalance management services, such as park and loan services. Please explain:

1. how Atlantic intends to help its shippers manage their imbalances if a Park and Loan service is not being offered.

Response:

Atlantic's customers have multiple means of avoiding imbalance penalties on the ACP:

Pack Accounts: As part of its initial project proposal, Atlantic offered to all potential customers willing to contract as either a Foundation or Anchor Shipper¹ the innovative right to store and draw upon line pack within the system. This capability, which is also referred to as "pack and draft," serves as a means for Foundation and Anchor Shippers, to ensure that their supply and deliveries are in alignment each day. This service feature is of particular importance to Atlantic's Foundation and Anchor Shippers who are also electric generation customers due to the significant and unexpected variations in their gas needs where the dispatch of units for power production may not directly correspond to the scheduling requirements for upstream natural gas suppliers.

Scheduling Tolerance: Understanding that Standard Shippers needed the ability to manage imbalances, Atlantic agreed to adjust the tolerance threshold for scheduling penalties. Specifically, for those customers the tolerance threshold is to be based on five percent of the shipper's maximum daily transportation quantity – or its full contractual entitlement – rather than the more typical five percent of scheduled quantities on a given day.² The tolerance threshold

¹ Atlantic recognized two special categories of customers that are making significant contributions to ensure the viability of the project: Foundation Shippers, defined as those contracting for at least 300,000 Dt/day of firm transportation capacity for a term of at least 20 years, and Anchor Shippers, which are those contracting for at least 150,000 but less than 300,000 Dt/day for a term of at least 20 years. All other customers are referred to as Standard Shippers.

² See "Motion of Atlantic Coast Pipeline, LLC to Modify One Proposed Tariff Provision," filed in the above-referenced docket on October 23, 2015. FERC Accession No. 20151023-5370.

actually offers more flexibility than Park and Loan, since it is always available compared to the Interruptible nature of standard Park and Loan services.

Flexible Scheduling: Atlantic is providing hourly scheduling capability to its customers. The ability to monitor tenders into the ACP system, as well as make out-of-cycle adjustments to nominated deliveries, will enable shippers to tailor deliveries and minimize imbalances.

Netting and Trading: The ACP tariff includes well-defined and flexible rights for customers to net and trade quantities of gas among customers, as a means to reduce or resolve imbalances. Section 42 of the tariff General Terms and Conditions (“GT&C”) provides the standard 17 business days to resolve an imbalance position after notice from ACP. This amounts to almost a month for imbalances to be resolved. As provided in GT&C Section 40, Atlantic will offer at least one pool in accordance with standards of the North American Energy Standards Board, which will further facilitate the netting and trading process.

Response Provided By:

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Question Number: 2

Question:

Atlantic’s application states that its system, “has no access to gas storage...and has only a limited system-wide capability to retain gas for such needs, in addition to the line pack required for the pipeline’s day-to-day operations.” Order No. 637 established that pipelines with imbalance penalty provisions in their tariffs provide, to the extent operationally practicable, imbalance management services, such as park and loan services. Please explain:

2. if a Park and Loan service is not being offered, how is it operationally practicable to offer “Pack Accounts” to Foundation and Anchor Shippers, to tender gas for later delivery on a no-notice basis.

Response:

The basis for the construction of the Atlantic Coast Pipeline was to bring reliable gas service to the power generation market in North Carolina and Virginia. A key component to ensuring reliability was to provide “cold start” capabilities to utilities. With no suitable storage facilities along the route, Atlantic responded to this need by proposing the “pack and draft” capability to potential customers that were willing to make significant contributions to ensure the viability of the project—or its Foundation and Anchor Shippers. As noted in the response to Question No. 1 to this May 25, 2017 data request, Atlantic’s Foundation and Anchor Shippers are entitled to fill into and draw upon a substantial share of Atlantic’s line pack at their own discretion. This service option, as set forth in its proposed Tariff, is a constraint that limits Atlantic’s ability to offer “park and loan” services. Natural gas pipelines without physical storage capabilities often cite the ability to deploy line pack, as the basis of the operating flexibility that would be needed to perform “park and loan” services.³ Atlantic has already shared this capability with its Foundation and Anchor Shippers as part of the “pack and draft”, through their ability to direct both the fill and withdrawal of Atlantic’s line pack.

At some future date if sought by its customers, Atlantic would consider the addition of a Park

³ See, e.g., Sierrita Gas Pipeline LLC, 150 FERC ¶ 61,244 (2015) (authorizing “linepack-based PAL service”); Wyoming Interstate Company, L.L.C., 146 FERC ¶ 61,010 (2014) (authorizing PAL service “... premised on WIC’s assurance that the service will be supported solely by the operational flexibility that is available through the fluctuations in WIC’s own line pack and that it will not impair WIC’s other services.”).

and Loan service which will allow ACP to establish an operating track record and to gain experience with its customers' utilization of Pack Accounts and the benefit of wider Scheduling Tolerances and scheduling flexibility. With such experience, Atlantic can more accurately assess its ability to provide such an offering without overextending the pipeline's capabilities.

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