

# CONNECTICUT NATURAL GAS CORPORATION

## RATE BAL (BALANCING SERVICE RIDER)

### 1. Availability

Service under this ancillary service rider is available to any legal entity acting as an authorized agent for gas supply and related services to commercial, industrial, and/or multi-family dwelling (where the number of dwellings supplied through one meter is six (6) or more) end-users, served by the natural gas system of Connecticut Natural Gas Corporation which:

- (a) Receives service under the Company's Rate TRS and has executed a TRS Operator Agreement under Rate TRS setting forth their initial Pool entitlement to service under Rate TRS.

### 2. Applicability

This Rate BAL shall apply to any legal entity acting as an authorized agent to supply gas to the Company at the designated receipt point(s), or to provide ancillary service, for Customers that comprise the Operators Pool(s) and has executed a TRS Operator Agreement that states, among other things, that they meet all eligibility criteria under Rate TRS.

Operators who do not elect standby service under Rate STB (Optional Standby Service Rider) shall have no right or claim to gas or gas service provided by the Company, except for Operator's gas appropriately delivered to the Company's system under the terms of Rate TRS.

### 3. Definitions

The definitions contained in Rate TRS in conjunction with the following definitions shall apply to this rate, the incorporated general terms and conditions, and any written document(s) between the Company and the Operator related to service under this rider.

- (a) The term "balancing service" shall mean the temporary provision of gas or holding of gas by the Company, under the balancing provisions contained herein.

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- (b) The term "Pool Aggregated Daily Balancing Allowance" or "Pool ADBA" shall mean the daily quantity of balancing that the Company may offer to meet requirements outside the applicable balancing provisions of Rate TRS for ultimate delivery to customers who comprise Operator's Pool(s). The Pool ADBA shall be calculated daily as  $\pm 10\%$  of the Operator's Daily Scheduled Nomination. The Company reserves the right to issue a critical day declaration and/or an Operational Flow Order (OFO) that may limit or eliminate the availability of this service.
- (c) The term "Positive Imbalance" refers to the situation when a pool's available supply exceeds the Daily Pool Usage.
- (d) The term "Negative Imbalance" refers to the situation when a pool's available supply is insufficient to meet the Daily Pool Usage.
- (e) The term "Elected Balancing Quantity" shall mean the maximum daily quantity of balancing service elected by the Operator for a specified pool;
- (f) The term "Unplanned Balancing Quantity" shall mean the quantity of gas required for balancing an Operator's Pool in excess of the Pool ADBA and the Elected Balancing Quantity (if any).
- (g) The term "ratchet" refers to the incremental usage in excess of the existing Unplanned Balancing Quantity (if any).
- (h) The term "Open Season" refers to the annual balancing quantity election period commencing on the first business day of August and terminating on the last business day of August. Elected Balancing Quantities (and any converted Unplanned Balancing Quantities as described in Section 5 (a) 1) below) will be effective for deliveries commencing November 1<sup>st</sup> of that year.

#### 4. Term of Service

Elected balancing quantities will be in effect for a period of one year, commensurate with the Open Season period as defined in section D above. Unplanned balancing quantities will be in effect for twelve consecutive months commencing with the month of the unplanned ratchet. These unplanned quantities may be converted to elected quantities at the Company's next open season, pursuant to the conditions set forth in Section 6 below.

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A TRS Service Recipient that has subscribed for either Planned Balancing or Unplanned Balancing may trade that like entitlement to another TRS Service Recipient. Both parties must submit to the Company in writing the request for the trade of entitlement. If the written intent of one party does not match the written intent of the second party, the Company will reject the request. Upon the successful completion of any trade, the TRS Service Recipient that receives the additional balancing entitlements will assume all duties and obligations associated with the balancing entitlement, including, but not limited to, assumption of the demand charges and assumption of the remaining term of any such obligation.

### 5. Rate: Monthly Charges as Applicable:

- (a) Elected Balancing: Calculated based upon 75% of the costs incurred by the Company to reserve firm storage services and firm storage deliverability for its Customers. This charge shall be determined annually using actual storage reservation charges, injection and withdrawal fees and related pipeline transportation costs ("short-haul") as filed in the Company's August PGA filing for availability in the annual open season election period, plus;
- (b) Unplanned Balancing: Calculated based upon 125% of the costs incurred by the Company to reserve firm storage services and firm storage deliverability for its Customers. This charge shall be determined annually using actual storage reservation charges, injection and withdrawal fees and related pipeline transportation costs ("short-haul") as filed in the Company's August PGA filing for availability in the annual open season election period, plus;
- (c) Cashouts: The monthly sum of the daily net imbalance charges calculated by taking the daily net imbalance, after imbalance trading, (either positive or negative) multiplied by the Gas Daily City Gate Delivery Price for that gas day at the applicable City Gate Delivery Point for that gas day, incorporating the necessary factors to account for both retention and conversions between Dth and Mcf.
- (d) Summer Period Excess Balancing Charge (if applicable): Unit Charge per Ccf of imbalance in excess of the sum of the Pool ADBA, Elected Balancing Quantity (if any) and Unplanned Balancing Quantity (if any) equal to two times the applicable posted daily city gate index price.

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### 6. Daily, Monthly and Annual Load Balancing

Differences between the Daily Scheduled Nomination and the Daily Pool Usage shall be accumulated and recorded by the Company for each Operator Pool. The Operator is responsible for keeping informed of the Operator's Pool(s) usage as recorded by the Company and as to the daily receipts from its supplier of gas.

#### (a) Daily Load Balancing

Any Pool shall not be charged for a daily positive or negative imbalance that is less than the Pool ADBA, as adjusted for imbalance trading and the Company's issuance of an operational flow order or critical day restriction. Any daily imbalances, either positive or negative, in excess of the Pool ADBA will be assessed the unit demand balancing charges identified in Section 4(a) and 4(b), and unit charges in Section 4 (d) of this Rate BAL.

Daily positive imbalance cashouts shall occur for Pools with daily positive imbalances. These cashouts shall be calculated as the excess volumes multiplied by the rates identified in section 4(c) above in addition to charges applicable under Rate TRS, Section 11 "Load Balancing".

Operators may elect additional balancing quantities beyond the Pool ADBA at the Elected Balancing Rate in Section 4(a) above to further assist in daily load balancing. The Company will offer at least 10% of the total aggregated Operator Pool MDDQ as Elected Balancing Quantities each year during the open season period. Operators may elect more than 10% of their individual Pool MDDQ provided the aggregated Operator elections do not exceed the quantities offered by the Company. If the aggregate Operator elections exceed the amount offered by the Company, the following steps will be taken:

- 1) The Company will determine if it can meet the desired level of Operator aggregated elected quantities; or,
- 2) Operators will voluntarily reduce their elected amounts in an attempt to match the Company's available electable quantity; or,
- 3) The Parties (The Company and the Operators that have elected balancing quantities) will work together to reduce the elected quantities (on a pro-rata basis or other method acceptable to the Parties) in order to match the Company's available electable balancing quantity; or,

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- 4) The Company, in its sole discretion, will reduce individual Operator elected quantities on a pro-rata percentage basis in order to match the Company's available electable balancing quantity.

Pools with daily negative or positive imbalances exceeding the Pool ADBAs will incur charges based on the following:

- 1) Winter Period:

Operators who have elected a specified daily balancing quantity shall be charged at the Elected Balancing rate in Section 4 (a) above for those elected quantities each month for a period of twelve consecutive months. Any imbalance quantities in excess of the sum of the Pool ADBA and elected balancing quantities shall be charged at the Unplanned Balancing rate in Section 4(b) above for those ratcheted quantities commencing with the month of the ratchet, and will remain in effect for the next consecutive twelve months. Any and all Unplanned Balancing Quantities can be converted to Elected Balancing at the commencement of the next winter period, provided that such quantities are at least equal to the sum of existing elected balancing quantities and the desired unplanned balancing quantities to be converted. Any such conversions will be subject to any open season election limitations imposed by the Company.

- 2) Summer Period:

Operators who have elected a specified daily balancing quantity shall be charged at the Elected Balancing rate in Section 4 (a) above for those elected quantities each month for a period of twelve consecutive months. Any imbalance quantities in excess of the sum of the Pool ADBA and elected balancing quantities shall be charged at the Unplanned Balancing rate up to the existing ratched amount, if any. Any further imbalances beyond these existing quantities will be assessed the unit charge in Section 4(d) above.

- (b) Monthly Load Balancing

Pools shall not be charged for a cumulative positive or negative imbalance that, as of the last day of the billing period, is less than five (5) percent of the Pool's monthly quantity (the sum of the daily scheduled nominations less

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retention quantities including imbalance trading activity), unless modified by the Company's issuance of an operational flow order or declaration of a critical day as provided by this Section 5 (below). Imbalances within the limits established by the preceding sentence may be corrected by mutual agreement of the Company and the Operator as to increased or reduced takes no later than the end of the current calendar month but the Company has the right to require Operators to make up or pay back imbalances with 48 hours notice lacking mutual agreement.

For each month the Company shall calculate the net imbalance for each Pool as follows:

The Sum of the Daily Scheduled Nominations plus, if applicable, delivered standby quantities and storage withdrawals, minus retention quantities minus, if applicable, storage injections and imbalance trades minus Daily Positive Imbalance Cashouts minus Pool Customers' usage.

- (c) Annual Load Balancing (Applicable to Pools that are wholly or partially comprised of non-telemetered Customers) On an annual basis, during the billing months of either July or August, the Company shall use an annual cash out calculation to account for differences in forecast usage versus Billing Cycle usage. Using the ATV values recalculated based on actual degree days (Daily Pool Usage), the Company will compare the sum of these recalculated ATV values for each Pool for a twelve (12) Month period to the sum of billed sales volumes for Customers who comprised each Aggregation Pool for that same period. The Operator will be provided an opportunity to trade annual imbalances within 3 business days of notification from the Company under the imbalance trading provisions established in 13(d) of Rate TRS. Any imbalances remaining at the end of this 3 business day trading period will be cashed out at the simple average of the year's daily price index as published in Gas Daily.

Continuous or willful incurring of Pool imbalances beyond the balancing quotas as defined in Section 5(a) of this Rate BAL will constitute grounds for termination of service under this Rate BAL in accordance with Section 23 of Rate TRS.

Notwithstanding any other provisions of this schedule the Company shall have the right to issue operational flow orders and/or the declaration of a critical day that reduce or eliminate the balancing parameters detailed herein, when in the Company's discretion operational circumstances warrant such limitation. Failure to abide by the terms of the operational flow order(s) will result in penalty charges being incurred at the rate identified in Section 4(b) of Rate TRS applied solely to the incremental volumes associated with the failure.

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In the event that the Company determines that it does not have the resources available to make up for Operator or Operator's supplier(s) underdelivery the Company will institute curtailments to the impacted Delivery Service customers according to the priorities established in the Company's load curtailment plan as approved by the Connecticut Department of Public Utility Control.

### 7. Monthly Cash Outs

Any pipeline specific net imbalances remaining at the end of a particular calendar month shall be cashed out in the following manner. Imbalances will be cashed out by the Company at the Cashout Rate derived by using the methodology in 4(c) multiplied by the applicable positive or negative imbalance factor, plus applicable taxes, besides any other charges applicable under this rate.

Monthly Imbalance Percentage	Positive Imbalance Factor	Negative Imbalance Factor
0<5%	1.00	1.00
5<10%	0.85	1.15
10<20%	0.70	1.30
20%>	0.50	1.50

### 8. Force Majeure

- (a) Effect of Force Majeure - If either the Company or the Operator is rendered unable by force majeure to wholly or in part carry out its obligations under the provisions of this Rate BAL, the obligations of the party affected by such force majeure, other than the obligation to make payments thereunder, shall be suspended during the continuance of any inability so caused but for no longer period; and such cause shall, insofar as possible, be remedied with all reasonable dispatch.
- (b) Definition of Force Majeure - The term "Force Majeure" as employed herein shall include acts of God, strikes, lockouts, wars, riots, insurrections, epidemics, landslides, lightening, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, interruptions by government or court orders, civil disturbances, explosions, and any other cause whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of reasonable foresight, such party is unable to avoid and, by the exercise of due diligence, such party is unable to overcome.

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### 9. Failure to Comply

Failure of the Operator to comply with or perform any of its obligations under this schedule or the agreement shall constitute grounds for termination or suspension of service. Failure to comply shall include actions of Operator which cause the Company or any individuals receiving gas related services from the Company, either as a class or individually, to incur costs in any form which are not paid for through the charges under this rate schedule. Except in cases of willful or repeated failure to comply or perform, termination or suspension of service shall be preceded by written notice followed by a cure period of five (5) business days during which time the Operator shall have the opportunity to correct the failure to comply or perform as specified in the written notice. If such failure is not cured within such five (5) business-day period or if the Operator had been notified in writing that a particular course of conduct constituted willful or repeated failure to comply or perform, the Company may terminate or suspend service immediately. Suspension or termination of such service for any such cause shall be a cumulative remedy as to the Company, and shall not release the Operator from its obligation to make payment of any amount or amounts due or to become due from the Operator to the Company under the applicable schedule. In order to resume service under this tariff BAL after termination of service hereunder, the Operator must demonstrate to the Company's satisfaction that appropriate action has been taken to ensure future compliance with tariff BAL.

### 10. Service Regulations

The Company's Service Rules and Regulations shall apply to service under this Rate BAL, to the extent not inconsistent with the terms and conditions of this Rate BAL.

### 11. Laws, Regulations, and Orders

All contracts and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules, and regulations of any legislative body, or duly constituted authority now or hereafter having jurisdiction and shall be varied and amended to comply with or conform to any valid rule, regulation, order, or direction of any board, tribunal, or administrative agency.

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### 12. Successors and Assigns

Any party which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of any Operator shall be subject to the obligations and entitled to the rights of its predecessor in title under a contract. No other assignment of a contract or any of the rights or obligations thereunder by the Operator shall be effective without the written consent of the Company, which consent shall not be unreasonably withheld.