



CHOICE NOMINATION PROCEDURE

UGI UTILITIES, INC.
GAS DIVISION

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PREFACE

The ***Choice Nomination Procedure*** is a reference document which has been designed to assist licensed suppliers in the areas of nominating, scheduling and communicating specific information items which UGI may require on behalf of Choice Transportation Customers.

This nomination specification outlines the specific nomination guidelines for customers served under tariffed Rate Schedules **RT, NT and CT**.

These guidelines may be modified from time to time to reflect pipeline and/or company specification changes or personnel changes. If such revisions occur, a revised copy of this document will be posted to UGI's Gas Management web site (<http://gasmngmt.ugi.com/UGIU/>) for reference.

SECTION II: UGI CHOICE CUSTOMERS

1. GENERAL INFORMATION

The Residential and Small Commercial/Industrial market aggregation program ("UGI Choice") has been designed to expand the commodity purchase options of UGI's transportation program to small volume end users. A State of Pennsylvania Licensed Natural Gas Supplier ("Licensed Supplier") as agent for these customers is expected to operationally perform in a manner that assures customers achieve the same reliability as UGI's traditional bundled service.

1.1 Applicable Rates

As a requirement of transportation service, this section of the **Choice Nomination Procedure** applies to all customers served under the following UGI transportation rate schedules:

- Rate RT (General Service - Residential Transportation)
- Rate NT (General Service - Non-Residential Transportation)
- Rate CT (General Service - Commercial and Industrial Air Conditioning Transportation)

1.2 Contact Persons

A list of contact persons at UGI can be found on the Gas Management web site Contact List. Department affiliation and telephone number are listed. Any questions on the material found in the **Choice Nomination Procedure** should be addressed to the contacts listed under Transportation Policies and Nomination Procedures.

2. SOURCES OF CAPACITY/SUPPLY

2.1 Supply.

The topics in this section apply to supplies received on behalf of UGI Choice Customers at City Gate receipt points.

2.2 Market Aggregation Agreement

For Rate Schedules RT, NT and CT, and conditional upon Licensed Supplier's successful qualification (UGI Choice Supplier Tariff §5) and subject to the terms and conditions of the **Market Aggregation Agreement** (UGI Choice Supplier Tariff §5.3), UGI agrees to receive, for Licensed Supplier's account, Company specified daily transportation volumes on behalf of Customers enrolled in Licensed Supplier's Aggregation Pool ("Pool").

2.3 Capacity - UGI Choice

Under Choice, Licensed Suppliers are required to accept a prorata allocation of UGI upstream pipeline capacity and allocations of Bundled Sales, Firm Commodity Supply Alternatives and Peaking Sales (UGI Choice Supplier Tariff §7.3). This allocation will be based on customer counts and usage profiles as determined by UGI. In determining transportation volumes, appropriate pipeline, storage and distribution retainage percentages shall be applied by UGI (UGI Choice Supplier Tariff Section 7).

2.3.1 Assignment

Upstream pipeline firm transportation capacity and storage held by UGI may be assigned to the Licensed Supplier as agent for the Customers of Licensed Supplier's Pool. This assignment shall be structured as an assignment, release or transfer of capacity (UGI Choice Supplier Tariff §7.3). Licensed Supplier is responsible for paying the upstream pipeline directly for capacity assigned under

this provision. Payments shall include all pipeline surcharges including any applicable transition surcharges.

2.3.2 Recall

All capacity assigned, released or transferred by UGI is subject to recall, unless specifically agreed to otherwise by UGI.

2.3.3 Determination of Capacity Assignment Quantities

Assignments, releases or transfers of upstream pipeline firm transportation capacity made pursuant to Section 2.3.1 shall be made on a basis of and in accordance with the supply portfolio held by UGI at the time of assignment (UGI Choice Supplier Tariff §7.6).

UGI will evaluate and adjust the capacity assignments, releases or transfers made to the Licensed Supplier as agent for Customers in the Licensed Supplier Aggregation Pool as necessary. The evaluation will include an assessment of whether the upstream pipeline capacity assignments, releases or transfers are adequate to serve the requirements of the Customers in the Pool at that time. As necessary, revisions to the upstream pipeline capacity assignments, releases or transfers will be made.

2.4 City Gate Receipt Points

For nomination purposes, all transportation volumes received on the customer's behalf shall be nominated to City Gate receipt points. UGI reserves the right to specify delivery receipt points (UGI Choice Supplier Tariff §7.7).

2.5 Aggregate Nomination

On a daily basis, UGI will provide Licensed Suppliers serving customers under UGI Choice with an aggregate nomination volume. This nomination volume will serve as the Licensed Supplier's initial Daily Delivery Requirement (DDR). The Licensed Supplier will then submit daily nomination(s) according to approved UGI nomination procedures delineated by pipeline path and supplier, the sum of which

will exactly equal the Licensed Suppliers DDR. The DDR may be updated daily due to factors such as temperature fluctuations, usage patterns and prior imbalances. Licensed Suppliers who fail to deliver their DDR will be subject to penalties and imbalance charges as outlined in UGI's Gas Service Tariff (UGI Choice Supplier Tariff §5.1).

3. **NOMINATING AND SCHEDULING - OVERVIEW**

3.1 Nominating Agent Contracts and Access

All Licensed Suppliers who nominate gas for delivery on UGI's system must have and maintain Internet access. They shall also provide UGI with a valid email address, a 24-hour day fax number and phone number for contact purposes (UGI Choice Supplier Tariff §4.8).

3.2 Method of Placing Nominations

Choice nominations are submitted to UGI using UGI's Gas Management web site or alternatively using electronic data sets via an Email attachment (see Transportation Nomination Procedure for more information on preparing nominations in an electronic data set).

3.3 Verifying Nominations

The Licensed Supplier is responsible for verifying the accuracy of nominations processed by UGI. Web site submitted and electronic file posted nominations are available for review on the Licensed Suppliers' secured section of the UGI Gas Management web site.

3.4 Incorrect Nominations

In the event a nomination or portion thereof is in error, the Licensed Supplier must notify UGI of the discrepancy. UGI must receive a corrected nomination as soon as possible one business day prior to flow day.

3.5 Due Date of Nominations

Nominations are due by a specified period or time of day prior to the day of the month in which gas flow is expected (see Gas Management web site for the deadline schedule).

3.6 Effective Date of Nominations

Confirmed nominations will become effective on the date specified in the Licensed Supplier's nomination (normally the first day of the calendar month). They will remain in force subject to continued receipt by UGI from upstream pipeline of the confirmed volume, and unless superseded by a subsequent transportation volume nomination.

3.7 Third Party Nominations

For participation in the UGI Choice program, the Licensed Supplier must execute a Market Aggregation Agreement for Rate Schedules RT, NT and CT.

It is the responsibility of the Licensed Supplier to ensure that nominations are made in accordance with Section 3.2, Method of Placing Nominations. Failure to follow the appropriate guidelines will result in an invalid nomination.

3.8 UGI Choice Pool

Licensed Suppliers shall agree to provide sufficient customer information to identify transportation customers for nominating and billing purposes. In the event that those customers vary during the term of the Agreement, the Licensed Supplier shall provide an updated list of Customers to UGI on request (UGI Choice Supplier Aggregation Agreement Article III §4).

3.9 Late and/or Invalid Nominations, Penalties

Nominations received late or deemed invalid by UGI may result in a nomination of zero (0) for the nomination period. Licensed Suppliers failing to deliver their DDR are subject to default penalties in accordance with Gas Service Tariff provisions under Rate AG. In addition, Licensed Suppliers failing to deliver their DDR three (3) times within any 24 month period may result in the Licensed Supplier being disqualified from serving customers under Rates RT, NT and CT in accordance with the disqualification procedure outlined in of UGI's Supplier Tariff §4.11.

4. CHOICE NOMINATION SPECIFICATIONS AND DEADLINES

4.1 Applicability

The following specifications apply to UGI Choice nominations.

4.2 UGI Choice Nominations

Intra-Month Nomination

A Licensed Supplier must submit intra-month nominations to satisfy DDR(s), DFD(s) and OFO(s) as communicated by UGI.

Intra-month nomination time table and deadlines are available on the UGI Gas Management website.

NOTE: The actual time verification for all web site submitted nominations will be UGI's nomination processor system date and time. The actual time for all electronic dataset nominations will be the system date and time the email is received on UGI's mail server.

Intra-Day Nomination

Intra-day nominations will be allowed on an exception only basis after request and verbal approval of UGI's Gas Supply Department. Once approval has been granted, the Licensed Supplier should submit a properly completed electronic dataset and/or a written or verbal communication thereof.

4.3 Nomination Submission Options

Licensed Supplier's have two options for submitting nominations.

A. WEB On-line Nomination Submission

On-line nomination submission is available on UGI's Gas Management web-site on the Licensed Supplier secured home page.

B. Electronic Dataset submitted via an E-Mail File Attachment

An ASCII comma delimited text file (sent to nomop@ugi.com as an e-mail file attachment) will contain nomination information for one or more gas packages. Each package must follow pre-established formatting requirements (see Appendix A of the ***Transportation Nomination Procedure*** document).

4.4 Nomination Receipt Confirmation

Nominations submitted via the web site nomination method will be confirmed immediately upon successful entry of the nomination information. No confirming email will be sent.

For each electronic data set submitted nomination request, a confirmation detailing the processing results will be sent to the confirming Licensed Supplier's e-mail address. It is the Licensed Supplier's responsibility to review each confirmation. Any nomination package that is rejected by UGI Utilities will be clearly identifiable with a description of the processing problem. The Licensed Supplier must correct the identified package problem(s) and resubmit only those nomination packages that were rejected, before applicable deadlines.

4.5 Choice DDR and Nomination Balancing Inquiry

In the Licensed Supplier secured area of the UGI Gas Management web site, a link is available to allow the supplier to review its balance by gas day between the DDR requested by UGI to the supplier and the nominations submitted by the supplier. The supplier is required to have DDR and submitted nominations in balance by the established nomination deadline for each gas day.