



Houston Ship Channel and East Texas Pool Business Process

Anyone utilizing a transportation agreement delivering to the Pool must schedule their own Pooling Agreement as the downstream contract. Nominations will not be allowed to be submitted if this criteria is not met.

Correspondingly, any Pool contract that receives gas from a transport contract will be validated to assure that the upstream transport contract belongs to the same business party.

Once in the Pool, Pooling contracts can receive and deliver to any other valid pooling contracts.

Pool contracts can deliver out of the Pool to any valid contract – Pooling or Transport (and there is no requirement that those respective contracts be owned by the same business party).

Nominations to Pool contracts (like any other nomination) will be required to be balanced between total receipts and total delivered. The system will also assure that valid upstream and downstream contracts are being utilized.

However, please note that even though the system will edit to assure that a valid upstream or downstream contract is being used, that does not necessarily mean that shippers have input the correct upstream or downstream contract. For example, if Party A utilizes Party B's upstream contract, but Party B utilized Party C's downstream contracts, this will result in a valid transaction, but this will be cut when the Pool is balanced because the transactions do not match.

This balancing will occur in each daily cycle. Cycles are listed on the following page.

ETC's process will be as follows:

Timely Cycle:

The Contract Balancing Process will run approximately 45 minutes after the cycle closes. The process will only reflect reductions for those parties "mismatching". Shippers can view their Scheduled Volumes for Service Requester report to identify that they have mismatches at the Pool. This balancing process will only reduce those parties that have mismatches, and not all the subsequent cuts up and down the pool "daisy chain". These reports should be available by 12:30 p.m.

Evening Cycle:

Same as Timely Cycle. Shippers will have another chance to review their reduction reports by 6:30 pm.

Intraday 1 Cycle:

Last chance to correct Contract Balancing items before Path Balancing runs after cycle close. The Path Balancing process will not only reduce the business parties that are mismatched, but also the corresponding transactions up and down the "daisy chain".

Note: If you see a reduction for the first time during this cycle, it means that someone upstream or downstream of you failed to correct their Contract Balance issue in the first two cycles. Shippers will have another chance to review their reduction reports by 10:30 a.m.

Intraday 2 Cycle:

Path and Contract Balancing reductions must be corrected prior to this cycle close. Once this cycle closes, any reductions are final. Reductions will be pushed back to transportation contracts coming into and out of the Pool. Shippers will be able to see their reduction reports by 5:30 p.m.