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Glossary of Energy Terms - B

Backhaul

A "paper transport" of natural gas by displacement against the flow on a single pipeline, so that the natural gas is redelivered upstream of its point of receipt. See also DISPLACEMENT.

Back-Stopping

Arranging for alternate supplies of gas in the event a user's primary source fails to be delivered.

Balancing

Equalizing the volumes of gas withdrawn from a pipeline system with the volumes of gas injected into the pipeline. Penalties may be assessed for transportation imbalances beyond specified tolerances.

Balancing Account

A regulatory convention in which costs and revenues associated with certain utility expenses (e.g., fuel) are accumulated but on which no return is earned.

Barrel

A volumetric unit of measure for crude oil and petroleum products equivalent to 42 US gallons.

Bcf

The abbreviation for 1 billion cubic feet of natural gas.

Bidding Shipper

A natural gas shipper bidding for capacity released by a firm capacity holder.

Billing Demand

The demand charge that a customer actually pays for the reservation of capacity or facilities used, regardless of consumption. Billing demand may be based on a contract maximum, a contract minimum or a previous peak or maximum demand and, therefore, may not necessarily coincide with the actual measured demand for the billing period. Also referred to as Ratchet, or Ratcheted Demand Charge.

Blanket Certificate (Authority)

General authorization granted by the FERC under NGA section 7 (c) for the recipient to engage in a FERC jurisdictional activity, such as transportation or sales of natural gas, on behalf of a general class of potential customers, without individual case-by-case review and approval.

Blanket Sales Certificate

The authorization granted to pipelines and/or their marketing affiliates, as well as other sellers, to sell natural gas for resale at market-based prices.

Blowdown

From time to time natural gas pipelines and other facilities must be depressurized for maintenance or inspection purposes. During depressurization natural gas may be released to atmosphere in a controlled manner from a designated vent point to ensure the pipeline is safely depressurized. Prior to venting to atmosphere the pressure in the pipeline is reduced as much as possible.

Book Cost

The amount at which property or assets are recorded in a company's accounts without deducting depreciation, amortization or various other items.

Book Transfer

Transfer of title without a physical movement.

British Thermal Unit (Btu), Dry

A measure of the heating value of natural gas that is free of moisture, or contains less than 7 pounds per Mcf of water vapor. Condition under which natural gas is usually delivered for first sales.

British Thermal Unit (Btu), Saturated

A measure of the heating value of natural gas that is fully saturated with water vapor under standard temperature, pressure and gravity conditions. This standard of measure usually has little or nothing to do with the state in which the natural gas is actually delivered for first sales.

Bubble Point

The temperature and pressure at which a liquid begins to convert to a gas.

Bundled Sales Service

The sale and/or transportation of natural gas under one rate, which does not differentiate separate rate components for the sale, transportation, storage or gathering services associated with such sale or transportation.

Burner Capacity (Burner Rating)

The maximum Btu per hour that can be released by a burner while burning with a stable flame and satisfactory combustion.

Burner Tip

The end of the transportation of natural gas from the wellhead, and the point of consumption.

Butane (C₄H₁₀)

A hydrocarbon substance consisting of molecules composed of four atoms of carbon and ten atoms of hydrogen, used primarily for blending in high-octane gasoline, for residential and commercial heating and in manufacture of chemicals and synthetic rubber.

Butylene (C₄H₈)

A hydrocarbon substance consisting of molecules composed of four atoms of carbon and eight atoms of hydrogen, used primarily for blending in high-octane gasoline, for residential and commercial heating and in manufacture of chemicals and synthetic rubber.

Buy/Sell

An arrangement whereby a party sells gas at the wellhead to a party with priority space in the pipeline queue, and then repurchases the gas downstream, paying transmission costs and any prearranged differentials.

Bypass

The action of a retail customer to obtain natural gas directly from a wholesale supplier or transporter, thus eliminating any utility charges applicable to distribution. This term is also sometimes applied when an end-user closes down operations, installs alternate fuel capability or moves its operations to the service area of another natural gas supplier, thereby curtailing its purchases from its traditional supplier.

ABOUT SPECTRA ENERGY AND SPECTRA ENERGY PARTNERS

Spectra Energy Corp (NYSE: SE), a FORTUNE 500 company, is one of North America's leading pipeline and midstream companies.

Spectra Energy Partners, LP (NYSE: SEP) is a Houston-based master limited partnership, formed by Spectra Energy Corp.

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Glossary of Energy Terms - E

Earnings Before Interest and Taxes (EBIT)

A measure of financial performance. EBIT consists of a company's revenues minus its cost of doing business. It is a measure of a company's operating profit before interest on debt and income taxes on earnings are deducted.

Earnings Per Share (EPS)

The principal benchmark financial analysts use to judge a company's performance. EPS is calculated by dividing a company's net income by the average number of shares of common stock outstanding.

Economic Efficiency

A term that refers to the optimal production and consumption of goods and services. This generally occurs when prices of products and services reflect their marginal costs.

Economies of Scale

Economies of scale exist where the industry exhibits decreasing average long run costs with size.

Economy Energy

Energy sold on a non-firm basis and subject to recall at the discretion of the selling party.

EIA

Energy Information Administration. An agency of the Federal government which, among other things, is the chief federal statistical service for energy information.

Elasticity of Demand

The degree to which consumer demand for a product responds to changes in price, availability or other factors.

Electronic Measurement

Measurement of gas flow using electronic equipment that typically records data continuously and may transmit that data to a central operations location.

Embedded Cost

The historical cost of all facilities in the gas supply system.

End-User

One who actually consumes energy, as opposed to one who sells or re-sells it.

Energy

The capability of doing work (potential energy) or the conversion of this capability to motion (kinetic energy). Energy has several forms, some of which are easily convertible and can be changed to another form useful for work. Most of the world's convertible energy comes from fossil fuels that are burned to produce heat which is then used as a transfer medium to mechanical or other means in order to accomplish tasks.

Energy Charge

That portion of the charge for electric service based upon the electric energy (kWh) consumed or billed. The commodity charge.

Energy Deliveries

Energy generated by one electric utility system and delivered to another system through one or more transmission lines.

Energy Efficiency

Using less energy to perform the same function. Programs designed to use electricity more efficiently - doing the same with less. "Energy conservation" is a term, which has also been used but it has the connotation of doing without in order to save energy rather than using less energy to do the same thing and so is not used as much today. Many people use these terms interchangeably.

Energy Imbalance Service

Corrects hourly imbalances between transmission customer's energy scheduled and actually received.

Energy Source

Raw materials that are converted to electricity through chemical, mechanical or other means. Energy sources include coal, petroleum and petroleum products, gas, water, uranium, wind, sunlight, geothermal and other sources.

Energy Value Chain

The energy value chain links the sources, production, forms, marketing and delivery of energy. Value can be added by analyzing the energy value chain, learning where competitive advantage can be exploited within a firm's value chain and through interrelationships among the value chains that serve different segments, industries or geographic areas.

Enriching

Increasing the heat content of natural gas by mixing it with a gas of higher Btu content (often propane).

Enterprise Resource Planning (ERP)

A collection of software programs that tie together an enterprise's various functions, such as human resources, finance, marketing and sales. The software also enables an analysis of the data to plan production, forecast sales and analyze quality.

Entitlement, Working Interest

A working interest owner's share of production from a well. This amount may not be equal to actual sales due to contractual or market conditions.

EPA

The Environmental Protection Agency. A federal agency charged with protecting the

The Environmental Protection Agency: A federal agency charged with protecting the environment.

Equity Capital

The sum of capital from retained earnings and the issuance of stocks.

Escalator Clause

A clause in a purchase or sale contract that permits adjustment of the contract price under specified conditions.

Essential Facilities

A doctrine developed in anti-trust law which defines certain facilities, found necessary for transporting a product to market, as a potential monopoly and requires such facilities to be made available on a non-discriminatory basis.

Ethane (C₂H₆)

A hydrocarbon molecule consisting of two carbon atoms and six hydrogen atoms, used as petrochemical feedstock in production of chemicals and plastics, and as a solvent in enhanced oil recovery processes.

Ethylene (C₂H₄)

A hydrocarbon molecule consisting of two carbon atoms and four hydrogen atoms, used as petrochemical feedstock in production of chemicals and plastics, and as a solvent in enhanced oil recovery processes.

Evergreen Clause

A contract clause that extends the contract beyond the initial term, perhaps on a month-to-month or year-to-year basis, until one of the parties gives a required notice of termination.

Exchange

Transportation of natural gas by displacement over two pipelines, each of which takes and retains possession of gas contractually allocated to the other.

Exchange Gas

Natural gas that is received from, or delivered to, another party in exchange for natural gas delivered to, or received from, that other party.

Exchange of Futures for Physicals (EFP)

A futures contract provision by which the physical product is delivered from one market participant to another, with a simultaneous assumption of equal and opposite futures positions between the two participants.

Exercise Price

The price at which an option may be exercised. A decrease in the exercise price has the same effect as an increase in the current price of the underlying asset.

Exercising the Option

The action taken by the owner of a call option if he/she wants to exercise the right to purchase the underlying instrument or to settle in cash, or by the holder of a put option if he/she wants to sell the underlying instrument contract or settle in cash.

Exit Fee

A fee that is paid by a customer leaving the utility system intended to compensate the utility in whole or part for the loss of fixed cost contribution from the exiting customer.

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Extraction Loss

The reduction in volume of wet natural gas due to the removal of natural gas liquids, hydrogen sulfide, carbon dioxide, water vapor and other impurities from the natural gas stream. Also called SHRINKAGE.

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Glossary of Energy Terms - F

Farm-Out

An interest in an oil or gas lease which is granted to a third party by the lease holder.

Federal Energy Regulatory Commission (FERC)

A quasi-independent regulatory agency within the Department of Energy having jurisdiction over interstate electricity sales, wholesale electric rates, hydroelectric licensing, natural gas transmission and related services pricing, oil pipeline rates and gas pipeline certification. With respect to the natural gas industry, the general regulatory principles of the FERC are defined in the Natural Gas Act (NGA), the Natural Gas Policy Act (NGPA) and the Natural Gas Wellhead Decontrol Act.

Federal Power Act

Enacted in 1920, and amended in 1935, the Act consists of three parts. The first part incorporated the Federal Water Power Act administered by the former Federal Power Commission, whose activities were confined almost entirely to licensing non-Federal hydroelectric projects. Parts II and III were added with the passage of the Public Utility Regulatory Policies Act. These parts extended the Act's jurisdiction to include regulating the interstate transmission of electrical energy and rates for its sale as wholesale in interstate commerce. The Federal Energy Regulatory Commission is now charged with the administration of this law.

Feedstock

Natural gas used as an essential component of a process for the production of a product (e.g., fertilizer, glass and white brick). Natural gas may be required as a feedstock due to the chemical reaction involved, or because of the physical burning characteristics of natural gas compared with other fuels, such as temperature and by-products.

FERC

The Federal Energy Regulatory Commission.

FERC Gas Tariff

A published statement filed by an interstate pipeline with the FERC that describes the rates, terms and conditions under which service will be provided. See also **TARIFF**.

FERC-Out

A clause in a contract which allows the pipeline to adjust the rates and terms to reflect regulatory action.

Field

A district or area from which natural gas is produced.

Filed Rate Doctrine

The Doctrine under the Natural Gas Act which requires rates to be on file with the Commission and which prevents increased rates from being imposed retroactively.

Financial Assets

Financial Assets are the record or the claim that facilitates an exchange of funds and a shift of risk.

Financial Market

A financial market is the place or mechanism whereby financial assets are exchanged and prices of these assets are set.

Firm Customer

A customer for whom contract demand is reserved and to whom the supplier is obligated to provide service.

Firm Demand

The capacity that a supplier is required by contract to provide (except during extreme emergencies).

Firm Energy

Energy sales which, although not subject to interruption for economic purposes, may be interrupted under force majeure conditions.

Firm Gas

Gas sold on a continuous basis for a defined contract term (e.g., one year).

Firm Recallable Capacity

Firm capacity which is released subject to the releasing shipper's right to recall, in accordance with specified criteria, such as cold weather, force majeure, loss of market, loss of gas, etc.

Firm Service

Service offered to customers under schedules or contracts that anticipate no interruptions, regardless of class of service, except for force majeure.

First Contingency Criteria

A criteria for system operation that states that the system should be able to survive the loss of any single element (generator, line, transformer, switch, etc.) without any critical loss of function, overload or alarm condition.

First Sale

A term adopted under the NGPA to describe certain sales of natural gas; i.e., any sale of any volume of natural gas:

- to any interstate pipeline or intrastate pipeline;
- to any local distribution company;
- to any person for use by such person;
- which precedes any sale described in clauses (i), (ii) or (iii); and
- any sale which precedes or follows any sale described in clauses (i), (ii), (iii) or

- and is defined by the FERC as a first sale in order to prevent circumvention of any maximum lawful price established under the NGPA. The NGPA excludes from the term "first sale" the sale of any volume of natural gas by any interstate or intrastate pipeline, local distribution company or any affiliate thereof, unless such sale is attributable to volumes of natural gas produced by such affiliates thereof.

Fixed Charge

The charge calculated in rate design to recover all or a portion of the fixed costs of a utility plant, including the generation facility and transmission lines, meters and some taxes.

Fixed Cost

Cost associated with capital investment such as equipment, overhead, property taxes; any cost included in the cost of service that does not tend to fluctuate with the amount of energy produced

Fixed Operating Cost

Cost, other than that associated with capital investment, that does not vary with the operation, such as base maintenance and labor.

Fixed Price

A contract in which a named, exact price is specified for commodities. A fixed price contract usually has variations to the fixed price such as escalators or redeterminations for increased costs or incentives for meeting various goals.

Fixed Price Tariff

A standard energy charge that remains fixed for a specified period of time except for adjustments to reflect changes in fuel costs.

Flaring

The controlled burning of gas which cannot be used for commercial or technical purposes.

Flex Rates

Monthly price adjustments in pipeline rates, within a minimum and maximum cap.

Floor

A rate option strategy that allows its holder to set a floor or minimum interest rate for his floating rate deposits over a period of time. A floor is analogous to a series of put options on interest rates protecting the buyer from interest rates falling below a specific level.

Floor Broker

In the context of futures trading, an exchange member who executes trades on the floor of a commodities exchange.

Floor Trader or Local

An exchange member who executes trades for his own account.

Flow

The volume of water passing a given point per unit of time.

Flue Gas Desulfurization Unit (Scrubber)

Equipment used to remove sulfur oxides from the combustion gases of a boiler plant before discharge to the atmosphere. Chemicals, such as lime, are used as the scrubbing media.

discharge to the atmosphere. Chemicals, such as lime, are used as the scrubbing media.

Flue Gas Particulate Collectors

Equipment used to remove fly ash from the combustion gases of a boiler plant before discharge to the atmosphere. Particulate collectors include electrostatic precipitators, mechanical collectors (cyclones), fabric filters (baghouses) and wet scrubbers.

Fluidized-Bed Combustion

Process which removes sulfur from coal combustion, while limiting the formation of nitrogen oxides.

Fly Ash

Finely divided particles of ash entrained in gases resulting from the combustion of fuel. Approx. 6 million tons of fly ash is used each year in the U.S. in major concrete projects, such as highway construction.

Forced Derating

An unplanned component failure (immediate, delayed, postponed) or other condition that requires the load on the unit be reduced immediately or before the next weekend.

Force Majeure

A common law concept borrowed from the French civil law. "Force majeure" means superior or irresistible force that excuses a failure to perform. It has been defined by the United States Supreme Court as a cause that is "beyond the control and without the fault or negligence" of the party excused. Force majeure events also must not have been reasonably foreseeable; e.g., a blizzard in Houston in January may be a force majeure event, but a blizzard in Montana will not qualify.

Forced Outage

An unplanned component failure (immediate, delayed, postponed, startup failure) or other condition that requires the unit be removed from service immediately or before the next weekend.

Forced Outage Rate

The rate of shutdown of a generating unit, transmission line or other facility, for emergency reasons or a condition in which the generating equipment is unavailable for load because of unanticipated breakdown.

Forced Outage Reserves

An amount of peak generating capability planned to be available to serve peak loads during forced outages.

Forecast

Prediction of demand for electricity.

Forecast Uncertainty

Probable deviations from the expected forecast.

Forecasting

The process of estimating or calculating electricity load or resource production requirements at some point in the future.

Forwards

A commodity bought and sold for delivery at some specific time in the future. It is differentiated from futures markets by the fact that a forward contract is customized, non-exchange traded and a non-regulated hedging mechanism.

Forward Buying

Providing commodities (such as power) for future needs assuring that it will be on hand when needed and that there will be no disruption of service.

Forward Contract

A commitment to buy (long) or sell (short) an underlying asset at a specified date at a price (known as the exercise or forward price) specified at the origination of the contract.

Forward Curve

A Forward Curve is the sequence of future yields corresponding to the floating reference rates on a swap.

Forward Price

Forward Price is the future yield of an instrument that will determine the Forward Curve.

Forward Rate Agreement (FRA)

A transaction in which two counterparties agree to a single exchange of cash flows based on a fixed and a floating rate respectively. A Forward Rate Agreement can be viewed as a one-date interest rate swap.

Forward Rate (interest)

Arrangement for a loan to begin at some point in the future with a promise today to receive a specific interest rate or interest rates prevailing today for future loans. The term structure of interest rates is the relation between the current long-term and short-term interest rates, but underlying this is a relationship between the current long-term rate and the rates on current and future short-term loans.

Forward Swap

Swaps that begin more than one year in the future. The terms are fixed before the start date. Also known as a deferred-start swap.

Fossil Fuel

Fuel such as coal, crude oil or natural gas, formed from the fossil remains of organic material.

Fossil-Fuel Plant

A plant using coal, liquid fuel (e.g., oil) or natural gas as its source of energy.

FPA

Federal Power Act.

FPC

Federal Power Commission.

Fracking

The pumping of crude oil, diesel, water or chemicals into a reservoir with such force that the reservoir rock is cracked and results in greater flow of oil or gas from the reservoir.

Fractionation

Fracturation

The process of separating liquid hydrocarbons from natural gas into propane, butane, ethane, etc.

Franchise

A special privilege conferred by a government on an individual or corporation to occupy and use the public ways and streets for benefit to the public at large. Local distribution companies typically have exclusive franchises for utility service granted by state or local governments.

Free on Board (FOB)

An arrangement in which the seller provides a product at an agreed upon unit price. This arrangement will occur at a specified loading port within a specified period, with the buyer having responsibility to arrange for transportation and insurance.

Frequency

The oscillatory rate in Hertz (cycles per second) of the alternating current electric service. Nominally 60 Hz (no lower than 59.5 or higher than 60.5) in the United States and 50 Hz in Europe.

Frequency Bias

A value, associated with a control area, that relates the difference between scheduled and actual frequency to the amount of generation required to correct the difference.

Frequency Bias Setting

A value, in MW/0.1 Hz, set into a control area's automatic generating control equipment to represent a control area's response to deviation from scheduled frequency.

Frequency Deviation

Frequency changes in the system.

Frequency Error

The difference between actual system frequency and scheduled system frequency.

Frequency Regulation

The control of an interconnection's frequency through the combined efforts of the Control Areas' generation control.

Frequency Response (Equipment)

Ability of a system or elements of a system to respond to changes in the frequency within the system.

Fuel

Any substance that can be burned to produce heat; also, materials that can be fissioned in a chain reaction to produce heat.

Fuel Cell

A device that generates direct current to electricity by means of an electrochemical process.

Fuel Expenses

These costs include the fuel used in the production of steam or driving another prime mover for the generation of electricity. Other associated expenses including transportation and unloading the shipped fuel and all handling of the fuel up to the point where it enters the first bunker, hopper, bucket, tank, or holder in the boiler-house structure.

Fuel-Switching

Substituting one fuel for another based on price and availability. Large industries often have the capability of using either oil or natural gas to fuel their operation and of making the switch on short notice.

Fuel-Switching Capability

The ability of an end-user to readily change fuel type consumed whenever a price or supply advantage develops for an alternative fuel.

Fuel Use Act

A statute enacted in 1978. It limited the use of natural gas in power plant and industrial boilers and that portion of the Act was repealed in 1987.

Fugitive Emissions

Fugitive emissions are small emissions of gases or vapors from pressurized equipment due to leaks and various other unintended or irregular releases of gases, mostly from pipe connections, valves and compressor seals.

Full-Forced Outage

The net capability of main generating units that is unavailable for load for emergency reasons.

Functional Unbundling

The FERC has proposed in its NOPR to implement full open access of the electric transmission industry that jurisdictional utilities separate their transmission, distribution and generation functions.

Futures

A standardized contract for the purchase or sale of a commodity which is traded for delivery in the future.

Futures Contract

An exchange-traded contract promising to buy or sell standard commodities or securities at a future date at a set price. Futures are "paper" deals and involve profit and loss on promises to deliver, not possession of the actual commodity. The main difference between a futures contract and a forward contract is that a futures contract is cash settled, or marked-to-market, daily. Additionally, the futures market requires that all market participants - sellers and buyers alike - post a performance bond call margin.

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Glossary of Energy Terms - D

D1

In the context of FERC gas rate design methodology, the demand charge component under the modified fixed-variable (MFV) rate design methodology that allocates fixed costs to firm sales customers based on peak usage or entitlement.

D2

In the context of FERC gas rate design methodology, the demand charge component under the modified fixed-variable (MFV) rate design methodology that allocates fixed costs to firm sales customers based on their projections of annual usages.

Daily Average Send Out

The total amount of natural gas delivered for a period of time divided by the number of days in the period.

Daily Contract Quantity

The maximum amount of natural gas per day that a buyer may purchase under the provisions of a gas purchase agreement.

Data Request

A request for information made by one party to another, typically in conjunction with a regulatory proceeding.

Day Count

The convention used for prorating an interest rate movement expressed on an annual basis to the percentage of the year represented by the settlement period. Most common are actual/360, actual/365 and 30/360.

Day Trade

With respect to futures contracts, the purchase and sale of a contract on the same day.

Debt Service

The cost, actual or imputed, of borrowing money, i.e., interest.

Declining Block Rate

A rate structure that prices successive blocks of power use at increasingly lower per-unit prices. The more energy a customer uses, the lower the average price.

Decommissioning Sinking Fund

An external account established by owners of nuclear-powered generating plant usually at the direction of a state regulatory commission, to accumulate sufficient funds to finance the final closure of the plant.

Decontrol

The act of ending federal government control over the wellhead price of new natural gas sold in interstate commerce.

Deficiency Charge

A charge per unit of deficiency imposed when a buyer's actual purchases fall below a required minimum or threshold level, as under a take-or-pay clause or certain forms of gas inventory charge.

Deficiency Payment

Generally a payment by a purchaser of natural gas to the seller after the purchaser has failed to take a contractually specified minimum amount of natural gas from the seller.

Degree Day or Deficiency

A measure of the coldness of the weather experienced, based on the extent to which the daily mean temperature falls below a reference temperature, usually 65° F. For example, on a day when the mean outdoor dry-bulb temperature is 35° F, there would be 30 degree days experienced. A measure of seasonal variation and intensity of temperature. In residential customer load, the more degree days in a year than the "average," the higher the utility bill.

Deliverability

The amount of natural gas a well, field, pipeline or distribution system can supply in a given period of time. Also, the practical output from a gas storage reservoir. See also DELIVERY CAPACITY. [This entry does not exist]

Delivery

In the context of futures trading, the tendering and receipt of the physical commodity to satisfy a futures contract.

Delivery Point

The point on a gas pipeline's system at which it delivers natural gas that it has transported.

Delivery Point Operator

An operator responsible for balancing loads and allocating gas quantities received at delivery points to parties who have contracted to receive deliveries at the point.

Delayed Start Swap

A swap that starts more than two days after the verbal agreement has been made but still within the next year.

Delta

The rate of change of the theoretical price of an option with respect to a 1 unit move in the price of the underlying instrument. Also referred to as a hedge ratio because the value of Delta represents the ratio of options contracts to underlying instrument contracts required to establish a neutral option hedge.

Depreciation

The loss of value of assets, such as buildings and transmission lines, due to age and wear. Among

The loss of value of assets, such as buildings and transmission lines, due to age and wear. Among the factors considered in determining depreciation are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the technology, changes in demand, requirements of public authorities and salvage value. Depreciation is charged to utility customers as an annual expense.

Demand

The rate at which natural gas is delivered to or by a system at a given instant or averaged over a designated period, usually expressed in kilowatts or megawatts (electric); Mcfs or MMBtus (natural gas).

Demand Cost

A cost included in the total cost of service that is allocated to classes of customers on the basis of service entitlements rather than actual use.

Demand Day

That 24-hour period specified by a supplier-user contract for purposes of determining the customer's daily amount of natural gas used (e.g., 7 am to 7 am). This term is primarily used in pipeline-distribution company agreements. It is similar to, and usually coincides with, the distribution company's "send-out day."

Demand Determinant

In pipeline rates, a factor established for each firm service customer that is applied against the pipeline's stated demand charge component to determine the customer's actual demand charge amount.

Demand Forecast

An estimate of the level of energy or capacity that is likely to be needed at some time in the future.

Demand Interval

Time period over which electric billing demand is measured (typically 15, 30 or 60 minute intervals).

Demand-Side Management (DSM)

The term for all activities or programs undertaken by an electric system or its customers to influence the amount and timing of electricity use. Included in DSM are the planning, implementation and monitoring of utility activities that are designed to influence consumer use of electricity in ways that will produce desired changes in a utility's load shape, such as, among other things, direct load control, interruptible load and conservation.

Deregulation

The elimination of regulation from a previously regulated industry or sector of an industry.

Design Day

A 24-hour period of demand which is used as a basis for planning capacity requirements.

Direct Gas Sale

A natural gas sales transaction in which at least one of the intermediary parties in the natural gas delivery system (i.e., pipeline transmission company or local distribution company) does not take title to the natural gas but only transports it. Historically, a sale of natural gas to an end user, as opposed to a "sale for resale." More recently, the term has also been applied to a sale by a producer directly to an end user.

producer directly to an LDC.

Dispatch

The monitoring and regulation of a natural gas system to provide coordinated operation; the sequence in which generating resources are called upon to generate power to serve fluctuating loads.

Displacement

1. In pipeline transportation, the substitution of a source of natural gas at one point for another source of natural gas at another point. Through displacement, natural gas can be transported by backhaul or exchange.
2. In natural gas marketing, the substitution of natural gas from one supplier of a customer with natural gas from another competing supplier.

Distillate Fuel Oil

A general classification for one of the petroleum fractions produced in conventional distillation operations. It is used primarily for space heating, on- and off-highway diesel engine fuel (including railroad engine fuel and fuel for agriculture machinery) and electric power generation. Included are Fuel Oils No. 1, No. 2 and No. 4; and Diesel Fuels No. 1, No. 2 and No. 4.

Distribution

Mains, service connections and equipment that carry or control the supply of natural gas from the point of local supply to and including the sales meters. See also PIPELINE SYSTEM.

Distribution (Gas Utility) Company

A company that obtains the major portion of its natural gas operating revenues from the operation of a retail gas distribution system and that operates no transmission system other than incidental connections within its own system or to the system of another company.

Distribution Line

Network-like pipeline that transports natural gas from a transmission line to an end-user's service line or to other distribution lines. Generally, large pipelines are laid in principal streets, with smaller lateral lines extending along side streets and connected at their ends to form a grid; sometimes lateral lines are brought to a dead end.

Distribution Loss

Natural gas lost through leakage or condensation in delivering natural gas to customers through distribution mains.

Distribution System (High Pressure)

A system that operates at a pressure higher than the standard service pressure delivered to the customer; thus, a pressure regulator is required on each service to control pressure delivered to the customer.

Distribution System (Low Pressure)

A system in which the pressure of the natural gas in the mains and service lines is substantially the same as that delivered to the customers' appliances; ordinarily a pressure regulator is not required on individual service lines in a low-pressure natural gas distribution system.

Docket

A state or federal regulatory agency designation or classification of investigations or cases under

consideration.

DOE

Department of Energy. A cabinet level department of the Executive Branch of the Federal government.

Downstream

Commercial gas operations which are closer to the market, as opposed to upstream, which is closer to production.

Downstream Pipeline

A pipeline receiving natural gas from another pipeline at an interconnection point. Compare UPSTREAM PIPELINE.

Draft

Release of water from a reservoir, usually measured in feet of reservoir elevation.

Drawdown

The distance the water surface of a reservoir is lowered from a given elevation as the result of releasing water. Drawdown can be expressed in terms of the acre-feet of stored water released.

Dual Fuel Capacity

The capacity of an energy burning facility to use more than one kind of fuel, alternatively.

ABOUT SPECTRA ENERGY AND SPECTRA ENERGY PARTNERS

Spectra Energy Corp (NYSE: SE), a FORTUNE 500 company, is one of North America's leading pipeline and midstream companies.

Spectra Energy Partners, LP (NYSE: SEP) is a Houston-based master limited partnership, formed by Spectra Energy Corp.

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