**Calculation of Minimum Requirements Costs/Minimum Transaction Volume Fee:**

The Minimum Requirements Costs/Minimum Transaction Volume Fee is a contract fee that is assessed when the Resources fails to meet the minimum required volume of gas to be transported along the pipeline. ERCOT is seeking clarity on the appropriate method to calculate this fee to ensure consistency across all submissions.

Here is a sample scenario to consider:

Resource X is required to transport 15,000 DTH[[1]](#footnote-1) on the contracted pipeline in one year. Resource X was able to transport the following volumes:

|  |  |  |
| --- | --- | --- |
| Volume to Plants | 5,000 DTH |  |
| Volume to Storage | 2,000 DTH |  |
| Volume to 3rd Parties | 1,000 DTH | **$650 Margin** |
| Total Volumes Purchased | 8,000 DTH |  |

|  |  |  |
| --- | --- | --- |
| Min Req Fee | $0.20 | Per DTH |
| Min Req Volume | 15,000 | DTH |

 Below are the fees associated with minimum requirements:

|  |  |
| --- | --- |
| Total Volumes Short | 7,000 DTH |
| Total Min Req Fee | $1,400.00  |

**Option 1:**

The Minimum Requirements Fee will be calculated utilizing only the volumes that were transported and burned at the plants; this method excludes volumes that were sent to storage or transported to 3rd parties. The costs allocated to the fuel adder for the Plants for the minimum transportation fee will be the following:

Min Req Fee = $1,400/5,000DTH

Contribution to Fuel Adder = $0.28/MMBtu

**Option 2:**

The Minimum Requirements fee will be calculated utilizing all the volumes that were transported along the gas pipeline, excluding the volumes that were sent to storage (as they will be accounted for when they are extracted). The following is an example of this methodology:

Min Req Fee = $1,400/ (5,000DTH +1,000DTH)

Contribution to Fuel Adder = $0.233/MMBtu

**Option 3:**

The Minimum Requirements Fee will be calculated utilizing all of the volumes that have been transported along the gas pipeline. The following is an example of this methodology:

Min Req Fee = $1,400/ (5,000DTH+1,000DTH+2,000DTH)

Contribution to Fuel Adder = $0.175/MMBtu

**(NEW) Option 4:**

The Minimum Requirements Fee will be calculated utilizing only the volumes that have been burned at the plant and the volumes of fuel that have been sent to storage. The following is an example of this methodology:

Min Req Fee = $1,400 / (5,000DTH + 2,000DTH)

Contribution to Fuel Adder = $0.20/MMBtu

**(NEW) Option 5:**

The Minimum Requirements Fee minus any margin realized for 3rd party sales, will be calculated utilizing only the volumes that were transported and burned at the plants. The costs allocated to the fuel adder for the Plants for the minimum transportation fee will be the following:

Min Req Fee = $1,400 **- $650** / (5,000DTH)

Contribution to Fuel Adder = **$0.15/MMBtu**

1. Note: 1 DTH = 1 MMBtu [↑](#footnote-ref-1)