

# Natural Gas Glossary

**BALANCING:** Equalizing a shipper's receipt of gas into a pipeline with withdrawals out of a pipeline system. Balancing may be required daily, monthly or seasonally with penalties assessed for excessive transportation imbalance.

**BASIS DIFFERENTIAL:** The difference in the market value of natural gas at two separate physical locations at the same point in time. Used as a proxy for the market value of pipeline transportation between those two locations at that time.

**BTU:** British Thermal Unit. The quantity of heat required to raise one pound of water, one degree Fahrenheit.

**CAPACITY ASSIGNMENT:** The process by which an entity that holds the rights and obligations to interstate pipeline capacity transfers those rights and obligations to another entity.

**CCF:** 100 cubic feet.

**CGA:** Cost of Gas Adjustment. The mechanism by which a utility periodically adjusts its prices in order to compensate for changes in the gas acquisition costs.

**CITY GATE:** Physical location where gas is delivered by an interstate pipeline to a local distribution company.

**COGENERATION:** The sequential production of electricity and useful thermal energy from the same energy source.

**CUBIC FEET:** The most common unit of measure of gas volume. One cubic foot roughly equals 1,000 Btu's.

**CURTAILMENT:** Reduction of gas deliveries because of a shortage of supply or because demand for service exceeds a pipeline's capacity.

**DEKA THERM:** 10 therms of 1 million Btu's. Very roughly = 1 MMBtu.

**DISTRIBUTION:** Local pipeline delivery of natural gas.

**DUAL-FUEL:** The ability of a facility or piece of equipment to use more than one kind of fuel, usually gas or oil.

**FERC:** Federal Energy Regulatory Commission.

**FIRM SERVICE:** The highest quality sales or service offered to customers; anticipates no planned interruption.

**FUEL LOSS:** A percentage of gas received by a pipeline or LDC that is retained to compensate for lost and unaccounted for gas.

**INTERRUPTIBLE SERVICE:** Gas service, which is subject to interruption at the option of the pipeline or LDC. Tariffs for interruptible service are cheaper than firm.

**INTERSTATE PIPELINE:** A federally regulated company engaged in the business of transporting natural gas across state lines from producing regions to end use markets.

**LDC:** Local Distribution Company (i.e. the utility)

**LNG:** Liquefied Natural Gas. Natural gas converted to a liquid state, usually for storage purposes, by pressure and severe cooling.

**LOAD FACTOR:** The ratio of the average amount of gas a customer takes to the peak amount of gas a customer takes in a given period.

**MCF:** 1,000 cubic feet.

**NYMEX:** New York Mercantile Exchange: The commodity exchanges based in New York where natural gas futures contracts and other energy futures are traded.

**OFF-PEAK:** Period of year when minimum demand for fuel occurs (typically April through October). Generally, costs are lower during this period.

**ON-PEAK:** Period of year when maximum demand for fuel occurs (typically November through March). Generally, costs are higher during this period.

**PIPELINE CAPACITY:** A service provided by a pipeline for a fixed monthly reservation charge which gives a transporter the right to move up to a maximum daily quantity of gas between defined points on the pipeline's system.

**RATE CLASS:** Type of billing classification or category.

**SPOT GAS:** Interruptible or best efforts gas for specified volumes on a limited (usually monthly) basis.

**TARIFF:** Compilation of all of the effective rate schedules for a company, along with general terms and conditions.

**THERM:** Unit of measure of heat content, equivalent to 100,000 Btu's.

**TRANSPORTATION GAS:** Third party owned gas delivered on the interstate pipeline system to a LDC on behalf of a customer.

**WACOG:** Weighted Average Cost of Gas.