

TOLLS, TARIFF, FACILITIES & PROCEDURES COMMITTEE	
Resolution: <i>T2021-01 LNG Access Enhancement - FT-LE</i>	Issue: <i>T2021-01: LNG Access Enhancement</i>
Date of Resolution Vote: <i>2023.04.18</i>	Issue Adoption Date: <i>2021.05.11</i>
Issue Sponsor: NOVA Gas Transmission Ltd. ("NGTL")	

Resolution

LNG Access Enhancement – FT-LE

The Tolls, Tariff, Facilities and Procedures Committee ("TTFP") agrees to implement a new service into the NGTL Tariff called Firm Transportation – Linked Export ("FT-LE"). The service is subject to CER approval.

FT-LE is a new, open access, cost-based short-haul service. It connects a customer's receipt points to a Group 1 delivery point in Segment 4 and represents a new competitive tool to attract LNG-related volumes that may otherwise not use the NGTL System. It employs a cost-based tolling methodology that reflects the proportionate share of System costs attributable to an FT-LE contract within specific geographic regions.

The service was developed collaboratively through the LNG Access Task Force, considered a broad range of inputs from task force members and is aligned with the objectives agreed to by these members. Accordingly, the service is expected to derive benefits to the NGTL system including toll benefits for all customers, supporting long term toll stability, maximizing utilization of facilities, and minimizing facility expansion costs. NGTL expects FT-LE to be used by customers in conjunction with existing services such as FT--R and FT-D, improving the value proposition of using the NGTL System over other alternatives, and deriving benefits to all customers (via facilities savings) versus what would otherwise occur.

The major attributes of FT-LE are included in Table 1:

Table 1: FT-LE Service Attributes	
Service Characteristic	Attribute
Tolling Methodology	<ul style="list-style-type: none"> Regional postage stamp rates recovering proportional share of regional costs attributable to FT-LE <ul style="list-style-type: none"> Regional unit costs reflect the estimated cost of service of the specific facilities in each region, as well as a share of common System costs Proportion of costs recoverable by FT-LE based on the proportion of total regional billing determinants (e.g., FT-R, IT-R) held by FT-LE customers Costs and billing determinants calculated at the time of NGTL rate filings Regions based on NGTL System segments, with the exception of Segment 4 that will be split between Groundbirch and the North Montney Mainline.

Rate	<ul style="list-style-type: none"> Demand charge rate set equal to the sum of the regional unit costs for each region utilized for the Service Subject to an absolute floor equal to the applicable FT-D1 rate at the applicable price point, based on term
NMML Surcharge	<ul style="list-style-type: none"> Not applicable since NMML costs are already accounted for in cost-based rates for FT-LE service using the NMML
Balancing & Imbalance / Overrun Charges	<ul style="list-style-type: none"> Daily balancing If customer is not balanced by end of day (daily receipts = daily deliveries), imbalance charges apply: <ul style="list-style-type: none"> Highest applicable IT-R or IT-D1 rate amongst designated meters Rate multipliers (10x, 25x) applicable during System restrictions
Fuel	<ul style="list-style-type: none"> Invoiced at 50% of NGTL System fuel rate 100% fuel rate on receipt imbalance and overrun volumes based on daily balance 100% fuel rate on storage injections outside of contracted FT-LE regions Fuel not applied to storage withdrawals and subsequent delivery
Abandonment Charges	<ul style="list-style-type: none"> Abandonment surcharge in effect is applicable
Contract Demand Quantity	<ul style="list-style-type: none"> Minimum of 140 10³m³/d (5 MMcf/d) per Schedule of Service
Service Offering	<ul style="list-style-type: none"> Through an open season process
Term	<ul style="list-style-type: none"> Minimum terms aligned with those in the Rate Design settlement for FT-R and FT-D Minimum Primary term applicable per Appendix E Subject to NGTL's discretion to require longer term than the minimum term specified in the Tariff
Renewal Rights	<ul style="list-style-type: none"> Minimum of one-year term, one-year notice required
Financial Assurances	<ul style="list-style-type: none"> 70 days of charges plus one month for each remaining year of the term, up to a maximum of 12 months (same as FT-D)
Service Priority	<ul style="list-style-type: none"> Firm transportation service – same priority as FT-R, FT-D1/FT-D2, except for secondary storage access, which is at interruptible priority (same as IT-S)
Access to NIT	<ul style="list-style-type: none"> One-way indirect access to NIT via parent account to clear daily physical imbalances (same as FT-P), subject to daily imbalance/overrun charges
Eligible Receipt Points	<ul style="list-style-type: none"> Up to 10 receipt points Interconnect, storage points and extraction points ineligible. Secondary (interruptible) storage access eligible only Subject to capacity & hydraulic assessment: Ability to add/remove receipt points up to twice a year and ability to transfer CDQ between receipt points (same as FT-P)
Eligible Delivery Point	<ul style="list-style-type: none"> Group 1 delivery points located in Segment 4
Storage Access	<ul style="list-style-type: none"> Can utilize secondary injection and withdrawal rights at the same priority as IT-S at any storage location under secondary storage access on the System to meet daily balancing requirements Incremental charge to access secondary storage locations outside of a customer's FT-LE region Storage balance tracked and subject to a cap equal to 40 days of CDQ Storage balance must be built with injections under FT-LE prior to being eligible for withdrawals under FT-LE FT-LE storage balance must be cleared prior to contract termination - outstanding balance subject to imbalance charge Not eligible for firm transfers to storage
Conversion from the Service	<ul style="list-style-type: none"> Conversion from the service to FT-R and FT-D at the same locations

	<ul style="list-style-type: none"> • 5-year notice required; shorter notice may be accepted subject to available capacity • Conversion requiring new facilities accepted at NGTL discretion • Term of converted service equal to the greater of the remaining FT-LE term or the applicable term required for FT-R and FT-D • Cannot convert CDQ originally located on the NMML (at time of new service or subsequent renewal) that are later moved to non-NMML locations, unless the volumes are moved back to the NMML
Conversion to the Service	<ul style="list-style-type: none"> • No codified rights associated with FT-LE, but conversion requests may be considered as part of capacity management/turn back open seasons • Contingent on resulting in a positive net benefit to the System • Any capacity management/turn back open season will describe the assessment process and criteria for eligibility at that time

Accompanying appendices include a TTFP presentation with more details regarding certain service attributes, as well as indicative tariff documents that would be subject to CER approval.

Although the FT-LE service is being put to vote in this Resolution, some task force members expressed interest in discussing additional possible solutions in the future. NGTL is open to having these conversations, as they become more developed or in response to identifiable anticipated volume commitments. Therefore, the LNG Access Enhancement Task Force will be put into abeyance (“on-pause”) such that discussions can reconvene without the need for a new Issue Statement. The Task Force will continue to be cited in the quarterly Issue Status Report posted on TTFP SharePoint.

As part of task force discussions, NGTL committed to holding a future conversation with customers at the TTFP regarding a Major Market determination if the total contract quantity at the Willow Valley Interconnect Delivery Point reaches approximately 1 Bcf/d.

Like any service or offering, FT-LE may be affected by future rate design changes, relevant settlements/TTFP resolutions, and CER Decisions. NGTL will monitor the use of FT-LE for unexpected impacts and will address concerns as required.

Vote Results

Unopposed.

Background

On May 11, 2021, the TTFP adopted Issue T2021-01. The purpose of the task force was to review and discuss competitive alternatives for attracting incremental LNG-related volumes to the NGTL System.

In order to ensure that the discussions were inclusive of all interested and potentially affected parties, on May 13, 2022 NGTL posted a letter on the TC Customer Express website to all NGTL System customers, TTFP members and additional stakeholders inviting them to participate in the discussions. Three additional interested parties joined the task force.

The task force held its first meeting on June 28, 2022 and met eight times, with the last task force meeting for the FT-LE service occurring on March 7, 2023. The task force covered several grounding topics in order to better understand the problem and challenges around NGTL's position in the west coast LNG market.

On August 30, 2022, NGTL introduced an initial solution for LNG market access. Between August 2022 and March 2023, the solution was further defined and improved based on task force member feedback and evolved to become the proposed FT-LE service. The final attributes of the service can be found in the body of this Resolution. Further details regarding each service attribute can be found in the associated TTFP presentation attached to this Resolution. The service was presented to the TTFP on March 20, 2023.