

**TRANSCANADA - ALBERTA SYSTEM
Tolls, Tariff & Procedures Committee**

**RESOLUTION
Gas Balancing Agreement**

Resolution T2003-03

The Tolls, Tariff & Procedures Committee (“TTP”) supports extending the current Gas Balancing Agreement (“GBA”) between NOVA Gas Transmission Ltd. (“NGTL”) and TransCanada PipeLines Limited (“TransCanada”) from November 1, 2003 to March 31, 2004. NGTL will apply to the Alberta Energy and Utilities Board (“Board”) to extend both the current GBA and the associated Rate Schedule OS, Other Services, (“OS”) rate of \$83,333.00 per month. The incremental revenue will be to the account of NGTL Customers and will be applied to reduce tolls in 2004.

Background

TransCanada requires extension of the GBA because it has exercised the option to extend its upstream storage arrangements for the 2003/04 winter season operation. As a result, TransCanada has requested NGTL to extend the current GBA. The GBA expires on October 31, 2003 and TransCanada requires an extension of the current agreement to March 31, 2004.

NGTL submitted an application, on June 26, 1997, to the Board for approval for the current GBA under the existing provision, in its Tariff, of Other Services. The Board approved the GBA on August 21, 1997 in accordance with the GBA Application as filed after requesting and receiving no submissions concerning the Application.

The service provided under the GBA is not a transportation service. The GBA is a unique and specific balancing arrangement between NGTL and TransCanada that is intended to provide TransCanada with operational flexibility to match service, imbalances and capability requirements across its pipeline system. The GBA is similar to existing Operating Balance Agreements that NGTL has with other connecting pipelines. The GBA is intended to serve solely as a mechanism to assist TransCanada to balance its mainline pipeline operations.

The GBA enables TransCanada to use storage in Alberta in order to more efficiently operate its mainline pipeline system through timely management of linepack and imbalances. Since the inception of the GBA, it has not impacted NGTL deliveries to the eastern gate borders or storage delivery points. Also, the GBA does not impact NGTL’s supply/demand balancing process because it is balanced to zero each day.

Next Steps

NGTL will submit an application to the Board requesting an extension to both the terms and conditions of the current GBA and the associated OS rate of \$83,333.00 per month, and will request approval by June 30, 2003. NGTL and TransCanada will execute an amendment to the current GBA, which will reflect the extension and the associated terms and conditions, and will file the amendment with the GBA Application.