

Tolls, Tariff, Facilities & Procedures Committee

Resolution T2005-07: Order of Allocation of Gas for Billing Purposes

Resolution

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) agree to move STFT/FT-DW services ahead of FT-D service in the order of allocation of gas for billing purposes as identified in the NOVA Gas Transmission Ltd (NGTL) Tariff.

Background

Prior to the adoption of Resolution T2005-04: Seasonal Services Attributes Review, gas was allocated to STFT before being allocated to FT-D. Effective November 1, 2005 as approved by the Alberta Energy and Utilities Board (EUB), gas is allocated to STFT after FT-D. The change in the order of the allocations was made to ensure that STFT does not participate in the calculation of Alternate Access credits. Since the inception of FT-DW service on November 1, 2004, allocation of gas to FT-DW was after FT-D in the order of allocation.

As a result of this change to the order of allocation to services for billing purposes, customers holding FT-D at a specific Export Delivery Point may be impacted if they contract for more capacity via STFT or FT-DW at that border and the market changes. Since gas is to be allocated to FT-D prior to STFT/FT-DW, unutilized demand charges (UDCs) related to STFT/FT-DW and additional IT charges may result.

Some customers were unaware of the implications of this change to the billing allocation process prior to the adoption of Resolution T2005-04. TransCanada was made aware of these concerns after the adoption of the resolution. The TTFP was subsequently made aware of these concerns by TransCanada via email and through the Open Season Bid Documentation posted on TransCanada's website. TransCanada has been informed that customer's who contracted for STFT and FT-DW may be negatively impacted. A meeting of the Seasonal Service Attribute Review Task Force (SSRTF) was held on November 10, 2005 to discuss these concerns. It was agreed that an Issue should be raised at the November TTFP meeting so that the TTFP could discuss the issue further and potentially change the order of allocations.

The SSRTF met on December 5, 2005 and recommended that the order of allocations be changed so that gas is allocated to STFT/FT-DW before FT-D. Although the availability of Alternate Access credits relative to FT-D service may be increased by this change to the order of allocations, the maximum Alternate Access credits will be capped at a Customer's FT-D contract demand. The SSRTF recommended that the Issue should be expedited and set to vote at the December TTFP meeting.

Next Steps

NGTL will file Tariff amendments with the EUB requesting approval of the change to the order of allocation of gas for billing purposes. Pending approval by the EUB, NGTL plans to implement the changes on February 1, 2006 and will post the amended Tariff to TransCanada's web site.

Several amendments to the NGTL Tariff are currently being proposed resulting from Order of Allocation of Gas for Billing Purposes Issue T2005-07. This summary has been provided for information only and is not intended to form part of the Tariff.

Summary of Amendments

(* after the item identifies general housekeeping updates

1. Rate Schedule FT-D

- (i) Amended paragraph 4.6 [Allocation of Gas Delivered] to align with proposed order of allocation.

2. Rate Schedule FT-DW

- (i) Amended paragraph 4.6 [Allocation of Gas Delivered] to align with proposed order of allocation.

3. Rate Schedule STFT

- (i) Amended paragraph 4.5 [Allocation of Gas Delivered] to align with proposed order of allocation.

4. Rate Schedule LRS-2

- (i) Amended paragraph 4.4.2 [Allocation of Gas Delivered] to align with proposed order of allocation.

5. Rate Schedule IT-D

- (i) Amended paragraph 4.4 [Allocation of Gas Delivered] to align with proposed order of allocation.

4.5 Aggregate Charge For Service

Customer shall pay for each Billing Month the sum of the amounts calculated in accordance with paragraphs 4.1, 4.2, and 4.3.

4.6 Allocation of Gas Delivered

Notwithstanding any other provision of this Rate Schedule, any Service Agreement or the General Terms and Conditions of the Tariff, and without regard to how gas may have been nominated, the aggregate volume of gas delivered to Customer at an Export Delivery Point shall be allocated for billing purposes as follows:

(i) first to service to Customer under Rate Schedule LRS-2 to a maximum of such Eligible LRS-2 Volumes for the A/BC Export Delivery Point under such Rate Schedule LRS-2;

(ii) secondly to Service to Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW Capacity and STFT Capacity for such Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT;

(ii)(iii) secondly-thirdly to Service to Customer under Rate Schedule FT-D to a maximum of such Customer's Export Delivery Contract Demand for such Export Delivery Point under such Rate Schedule FT-D; and

(iii)thirdly to Service to Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW Capacity and STFT Capacity for such Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT; and

- (iv) fourthly to service to Customer under Rate Schedule IT-D at such Export Delivery Point. If Customer is not entitled to service under Rate Schedule IT-D at such Export Delivery Point, gas shall be allocated as Over-Run Gas and charged in accordance with paragraph 4.3.

5.0 TERM OF SERVICE

5.1 Term of a Schedule of Service

If, in the provision of new Service, Company determines that:

- (i) no new Facilities are required that are directly attributable (generally mainline facilities) to Customer's request for such Service, the term of the Schedule of Service shall be a term equal to the term requested by Customer with the minimum term being one (1) year; or
- (ii) new Facilities are required that are directly attributable (generally mainline facilities) to Customer's request for such Service, the term of the Schedule of Service shall be equal to ten (10) years or such longer period that Company and Customer agree to.

5.2 Term of Service Agreement

Customer's Service Agreement shall terminate on the latest Service Termination Date of Customer's Schedules of Service for Service under Rate Schedule FT-D.

6.0 CAPACITY RELEASE

4.5 Aggregate Charge For Service

Customer shall pay for each Billing Month the sum of the amounts calculated in accordance with paragraphs 4.1, 4.2, and 4.3.

4.6 Allocation of Gas Delivered

Notwithstanding any other provision of this Rate Schedule, any Service Agreement or the General Terms and Conditions of the Tariff, and without regard to how gas may have been nominated, the aggregate volume of gas delivered to Customer at an Export Delivery Point shall be allocated for billing purposes as follows:

- (i) first to service to Customer under Rate Schedule LRS-2 to a maximum of such Eligible LRS-2 Volumes for the A/BC Export Delivery Point under such Rate Schedule LRS-2;
- ~~(ii)~~ secondly to Service to Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such allocated FT-DW Capacity and STFT Capacity for such Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT;
- ~~(ii)(iii)~~ secondly-thirdly to service to Customer under Rate Schedule FT-D to a maximum of such Customer's Export Delivery Contract Demand for such Export Delivery Point under such Rate Schedule FT-D; and
- ~~(iii)~~ thirdly to Service to Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such allocated FT-DW Capacity and STFT Capacity for such Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT; and
- (iv) fourthly to service to Customer under Rate Schedule IT-D at such Export Delivery Point. If Customer is not entitled to service under Rate Schedule IT-D

4.5 Allocation of Gas Delivered

Notwithstanding any other provision of this Rate Schedule, any Service Agreement or the General Terms and Conditions of the Tariff, and without regard to how gas may have been nominated, the aggregate volume of gas delivered to Customer at an Export Delivery Point shall be allocated for billing purposes as follows:

- (i) first to service to Customer under Rate Schedule LRS-2 to a maximum of such Eligible LRS-2 Volumes for the A/BC Export Delivery Point under such Rate Schedule LRS-2;
- (ii) secondly to service to Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW Capacity and STFT Capacity for such Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT;
- (ii)(iii) secondly-thirdly to service to Customer under Rate Schedule FT-D to a maximum of such Customer's Export Delivery Contract Demand for such Export Delivery Point under such Rate Schedule FT-D; and
- (iii)thirdly to service to Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW Capacity and STFT Capacity for such Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT; and
- (iv) fourthly to service to Customer under Rate Schedule IT-D. If Customer is not entitled to service under Rate Schedule IT-D at such Export Delivery Point, gas shall be allocated as Over-Run Gas and charged in accordance with paragraph 4.3.

- (ii) secondly to service to LRS-2 Customer under Rate Schedule FT-R to a maximum of such Customer's Receipt Contract Demand for such Coleman Receipt Point under such Rate Schedule FT-R;
- (iii) thirdly to service to LRS-2 Customer under Rate Schedule FT-RN to a maximum of such Customer's Receipt Contract Demand for such Coleman Receipt Point under Rate Schedule FT-RN; and
- (iv) fourthly to service to LRS-2 Customer under Rate Schedule IT-R for such Coleman Receipt Point. If LRS-2 Customer is not entitled to service under Rate Schedule IT-R at such Coleman Receipt Point, LRS-2 Customer shall be deemed to have been entitled to such service for the purposes of this subparagraph 4.4.1 (iii) and shall pay to Company an amount determined under article 4.0 of Rate Schedule IT-R for the volumes allocated under this subparagraph 4.4.1 (iii).

4.4.2 Allocation of Gas Delivered

Notwithstanding any other provision of Rate Schedule LRS-2, any Service Agreement or the General Terms and Conditions of the Tariff, and without regard to how gas may have been nominated, the aggregate daily volume of gas delivered to LRS-2 Customer at the A/BC Export Delivery Point shall be allocated for billing purposes as follows:

- (i) first to Service to LRS-2 Customer under Rate Schedule LRS-2 to a maximum of Eligible LRS-2 Volumes for the A/BC Export Delivery Point under such Rate Schedule LRS-2;
- (ii) secondly to service to LRS-2 Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW

Capacity and STFT Capacity for such A/BC Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT;

~~(ii)(iii)~~ secondly-thirdly to service to LRS-2 Customer under Rate Schedule FT-D to a maximum of such Customer's Export Delivery Contract demand for such A/BC Export Delivery Point under such Rate Schedule FT-D; and

~~(iii)thirdly to service to LRS-2 Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW Capacity and STFT Capacity for such A/BC Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT; and~~

(iv) fourthly to service to LRS-2 Customer under Rate Schedule IT-D for such A/BC Export Delivery Point. If LRS-2 Customer is not entitled to service under Rate Schedule IT-D at such A/BC Export Delivery Point, LRS-2 Customer shall be deemed to have been entitled to such service for the purposes of this subparagraph 4.4.2 (iv) and shall pay to Company an amount determined under article 4.0 of Rate Schedule IT-D for the volumes allocated under this subparagraph (iv).

5.0 TERM OF SERVICE AGREEMENT

5.1 The term of the Service Agreement under Rate Schedule LRS-2 shall commence on the effective date of the Board's Order approving Service under Rate Schedule LRS-2 and shall expire on October 31, 2013, provided however nothing herein shall relieve LRS-2 Customer or Company from any obligation which arose or accrued on or prior to October 31, 2013; and further provided that the LRS-2 Adjustments for the last two Billing Months of the Service Agreement under Rate Schedule LRS-2 shall be paid by the Company to LRS-2 Customer on or before December 31, 2013.

4.2 Aggregate of Customer's Surcharges

The aggregate of Customer's Surcharges for a Billing Month shall be equal to the sum of all Surcharges set forth in the Table of Rates, Tolls and Charges applicable to each of Customer's Export Delivery Points under Rate Schedule IT-D.

4.3 Aggregate Charge For Service

Customer shall pay for each Billing Month the sum of the amounts calculated in accordance with paragraphs 4.1 and 4.2.

4.4 Allocation of Gas Delivered

Notwithstanding any other provision of this Rate Schedule, any Service Agreement or the General Terms and Conditions of the Tariff, and without regard to how gas may have been nominated, the aggregate volume of gas delivered to Customer at an Export Delivery Point shall be allocated for billing purposes as follows:

(i) first to service to Customer under Rate Schedule LRS-2 to a maximum of such Eligible LRS-2 Volumes for the A/BC Export Delivery Point under such Rate Schedule LRS-2;

(ii) secondly to service to Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW Capacity and STFT Capacity for such Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT;

(ii)(iii) secondly-thirdly to service to Customer under Rate Schedule FT-D to a maximum of such Customer's Export Delivery Contract Demand for such Export Delivery Point under such Rate Schedule FT-D; and

~~(iii)thirdly to service to Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW Capacity and STFT Capacity for such Export Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT; and~~

(iv) fourthly to Service to Customer under Rate Schedule IT-D.

5.0 TERM OF SERVICE

5.1 Term of Service at an Export Delivery Point

The term for any Schedule of Service for Service under Rate Schedule IT-D at each Export Delivery Point shall be the term requested by Customer, provided that the term is a minimum of one (1) month and terminates on the last day of a Gas Year.

5.2 Term of Service Agreement

Customer's Service Agreement shall terminate on the latest Service Termination Date of Customer's Schedules of Service under Rate Schedule IT-D.

6.0 TITLE TRANSFERS

6.1 A Customer entitled to receive Service under Rate Schedule IT-D may transfer all or a portion of Customer's Inventory to another Customer or may accept a transfer of all or a portion of Customer's Inventory from another Customer provided such Customer is entitled to receive service under any Rate Schedule that permits title transfers and such title transfer is in accordance with the Terms and Conditions of Service Respecting Title Transfers in Appendix "C" of the Tariff.