

Tolls, Tariff, Facilities & Procedures Committee

Resolution T2006-03: FT-D Contract Transfers

Resolution

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) agrees to amend the NOVA Gas Transmission Ltd. (NGTL) Gas Transportation Tariff, as attached, to allow for FT-D Contract Transfers between export points.

A summary of the FT-D Contract Transfer attribute is as follows:

- FT-D transfers available on a monthly basis
- In effect for the first of the next month only (no pre-booking)
- Transfers are permanent; however, another transfer request may be made in the next subsequent month
- No return-home guarantee
- Transfer requests will be processed once per month (11:00 am Calgary time on the 4th last business day of the month) after close of the FT-D and STFT daily open seasons
- Transfer requests are binding, but may be made conditional upon receiving a minimum acceptable quantity
- Transfer requests will be prorated if total requests exceed the available capacity

All current FT-D contract holders will be eligible for transfers; however, if a future border expansion is required as a result of a downstream pipeline expansion, and capacity is underpinned by firm NGTL contract commitments, transfers will be revisited to determine the appropriate FT-D contract transfer provisions for expansion shippers.

The TTFP acknowledge that in the current environment where border capability is no longer underpinned predominately by long term contracts and flexibility is being provided through service enhancements such as FT-D contract transfers, and to the extent that supply and market shifts in Alberta impact the capability at the borders, contracts alone may not form the appropriate basis for design. The current criteria of designing facilities for the lesser of downstream take-away capacity and contracts may no longer be the appropriate design basis and may need to be revised.

Background

Holders of FT-R contracts are allowed to transfer their firm service between receipt points to mitigate, on a firm basis, their transportation obligations. This allows some recognition to changing supply circumstances. Holders of FT-D service do not currently have this flexibility. The current Alternate Access pilot allows export shippers to mitigate unutilized demand charges (UDCs), but only on an interruptible basis. Allowing contract transfers for FT-D shippers approximates the flexibility afforded to receipt shippers and assists in mitigating UDCs on a firm basis to deal with a loss or change in markets or downstream transportation arrangements.

Next Steps

TransCanada will file the resolution and Tariff amendments with the Alberta Energy and Utilities Board (EUB). Pending approval by the EUB, contract transfers will be implemented and available for November 1, 2006.

An amendment to the NGTL Tariff is currently being proposed resulting from TTFP 2006-03. This summary has been provided for information only and is not intended to form part of the Tariff.

Summary of Amendments

1. Rate Schedule FT-D

- (i) Article 7.1: Modified to specify what information is required for a transfer request.
- (ii) Article 7.2: Added clause specifying that all transfer requests once received are irrevocable and must be received by the deadline to be considered.
- (iii) Article 7.3: Added clause specifying that transfers will be allowed only after new service requests are met, that no construction will be done for transfers, and that transfer requests must be completed in full to be considered.

given to Company a Person is found who agrees to assume the Export Delivery Contract Demand Customer proposes to make available, together with any applicable Surcharge, Company may reduce Customer's Export Delivery Contract Demand under such Schedule of Service, on terms and conditions satisfactory to Company, by an amount equal to the Export Delivery Contract Demand specified in a new Schedule of Service, executed by Company and such Person. Notwithstanding such reduction, Customer shall at Company's sole option either:

- (i) continue to pay any Surcharge until the Service Termination Date as described in the applicable Schedule of Service (unless any other Person acceptable to Company has agreed to pay such Surcharge); or
- (ii) in the event that Company retires any Facilities required to provide such Service, pay to Company within the time determined by Company, an amount equal to the net book value of such Facilities adjusted for all costs and expenses associated with such retirement.

7.0 TRANSFER OF SERVICE

7.1 ~~A Customer entitled to receive Service under Rate Schedule FT-D shall not be entitled to transfer all or any portion of Service under Rate Schedule FT-D to any Receipt Point or Delivery Point. If Customer desires to transfer all or any portion of Service under a Schedule of Service from a Customer's current Export Delivery Point to a different Export Delivery Point, Customer shall submit a transfer request to Company specifying the Export Delivery Points, the Schedule of Service, the portion of the Export Delivery Contract Demand that Customer wishes to transfer and the minimum Export Delivery Contract Demand that Customer will accept for transfer.~~

7.2 ~~All transfer requests shall be irrevocable and must be received by Company prior to the deadline specified on the EBB.~~

7.3 Company is under no obligation to permit the transfer requested in paragraph 7.1 but may permit such transfer provided that:

- (i) Company determines that sufficient capacity exists in the Facilities to accommodate the transfer, after allocating any requests for new service;
- (ii) Company determines that the construction or installation of new Facilities directly attributable to the transfer is not required; and
- (iii) Customer's transfer request contains all the information specified in paragraph 7.1.

8.0 TERM SWAPS

8.1 A Customer entitled to receive Service under Rate Schedule FT-D shall not be entitled to swap the Service Termination Date of any Schedules of Service under Rate Schedule FT-D with the Service Termination Date under any Schedule of Service.

9.0 TITLE TRANSFERS

9.1 A Customer entitled to receive Service under Rate Schedule FT-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.

10.0 RENEWAL OF SERVICE

10.1 Renewal Notification