

# Tolls, Tariff, Facilities & Procedures Committee

## Resolution

Issue T2007-05: Open Season Bid Deposits

### Resolution

The Tolls, Tariff, Facilities and Procedures Committee (TTFP) agrees to amendments to the Tariff to improve administrative efficiencies for Open Season bid deposit requirements as follows:

- Customers who currently hold gas transportation service with NGTL will not be required to provide a deposit with each Open Season bid for Expansion or Existing Capacity. The deposit requirement would be replaced by the right for TransCanada to invoice a Customer who withdraws from an awarded bid or does not meet bid requirements.
- Customers who do not currently hold gas transportation service with NGTL will be required to provide a deposit.

### Background

NGTL requires that each Open Season bid for Expansion or Existing Capacity be accompanied by a deposit of the lesser of 1 month demand charges or \$10,000. Once the capacity has been awarded, NGTL returns the deposits to successful bidders or credits their invoices, and refunds the unsuccessful bidders. In some cases, NGTL may retain the bid deposit (for example, if an awarded Customer withdraws their bid or does not return executed transportation contracts).

While the deposit process works effectively, the requirement is administratively onerous for NGTL and its Customers. Streamlining the process would be responsive to Customer feedback and would reduce administration for both NGTL and its Customers.

### Next Steps

NGTL will file the adopted Resolution and Tariff language with the EUB for approval. Subject to EUB approval, implementation is targeted for January 1, 2008.

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An amendment to the NGTL Tariff is currently being proposed resulting from TTFP Resolution T2007-05 Open Season Bid Deposits. This summary has been provided for information only and is not intended to form part of the Tariff.

### **Summary of Amendments**

#### **1. Appendix A**

- (i) Paragraph 2.2: [Existing Capacity Bid Process] Amended paragraph 2.2(d) to exclude deposit for customers receiving service and incorporate requirement for payment.
- (ii) Paragraph 3.2: [Expansion Capacity Bid Process] Amended paragraph 3.2(d) to exclude deposit for customers receiving service and incorporate requirement for payment.

- (b) The requested term of Service, as established by the requested Service Commencement Date and requested Service Termination Date, each set out on the Open Season Bid Form, shall be a minimum term of one year;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Closing Date;
- (d) Within 2 Banking Days of the Closing Date, prospective customers, except those who are also Customers receiving Service, other than Service under Rate Schedule IT-S or Rate Schedule FT-X, shall provide to Company for each Open Season Bid Form, a deposit equal to the lesser of:
- (i) one month demand charges for the Export Delivery Contract Demand set out on the Open Season Bid Form; or
  - (ii) \$10,000.

The deposit, if provided, shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements and Schedules of Service under Rate Schedule FT-D are executed for all Existing Capacity posted in the Existing Capacity Open Season.

If Company awards Existing Capacity to a prospective customer and such customer executes the Service Agreement and Schedule of Service under Rate Schedule FT-D for such Existing Capacity, the deposit, if provided, will be credited to the bill for the first month of Service or returned to the Customer if requested.

If Company awards Existing Capacity to a prospective customer who is also a Customer receiving Service, other than Service under Rate Schedule IT-S or Rate Schedule FT-X, and such prospective customer fails to meet the requirements for Existing Capacity set out in paragraph 2.5, the Existing Capacity awarded to such

prospective customer shall be withdrawn and such prospective customer shall pay Company an amount equal to the lesser of:

(i) one month demand charges for the Export Delivery Contract Demand set out on the Open Season Bid Form; or

(ii) \$10,000.;

- (e) A prospective customer and/or its affiliate, either together or individually, shall not submit an Open Season Bid Form for a quantity greater than the Existing Capacity being offered or submit multiple bids where the aggregate Export Delivery Contract Demand of the multiple bids exceeds the Existing Capacity being offered; and
- (f) Company shall not be obligated to accept any bid if:
- (i) the Service Commencement Date is within 5 Banking Days of the Closing Date;
  - (ii) the Service Commencement Date is more than 12 months from the Closing Date; and
  - (iii) the prospective customer has not met the criteria set forth in article 2.0.

## 2.3 Conditional Bids

**2.3.1** If a prospective customer's bid is subject to the condition set out in paragraph 8 of the Open Season Bid Form that such prospective customer has been awarded capacity through a direct interconnecting pipeline open season process (the "Interconnecting Pipeline Open Season"), Customer shall within 2 Banking Days from the Existing Capacity Open Season Closing Date provide written notice to Company that either the condition has been satisfied or waived. If such prospective customer fails to provide Company with such notice, the condition

- (b) the closing date for such Expansion Capacity Open Season (the “Expansion Closing Date”).

### 3.2 Expansion Capacity Bid Process

If Company posts Expansion Capacity pursuant to Paragraph 3.1, prospective customers may bid for such Expansion Capacity, on any Banking Day up to and including the Expansion Closing Date, as follows:

- (a) Prospective customers shall submit a completed and unedited Open Season Bid Form set out in article 6.0;
- (b) The requested term of Service, as established by the Service Commencement Date and the requested Service Termination Date, each set out in the Open Season Bid Form, shall be a minimum term of 10 years;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Expansion Closing Date;
- (d) Within 2 Banking Days of the Expansion Closing Date, prospective customers, except those who are also Customers receiving Service, other than Service under Rate Schedule IT-S or Rate Schedule FT-X, shall provide to Company for each Open Season Bid Form, a deposit equal to the lesser of:
- (i) one month demand charges for the Export Delivery Contract Demand set out on the Open Season Bid Form; or
- (ii) \$10,000.

The deposit, if provided, shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements and Schedules of Service under Rate Schedule FT-D are executed for all Expansion Capacity posted in the Expansion Capacity Open Season.

If Company awards Expansion Capacity to a prospective customer and such customer executes the Service Agreement and Schedule of Service under Rate Schedule FT-D for such Expansion Capacity, the deposit, if provided, will be credited to the bill for the first month of Service or returned to the Customer if requested.

If Company awards Expansion Capacity to a prospective customer who is also a Customer receiving Service, other than Service under Rate Schedule IT-S or Rate Schedule FT-X, and such prospective customer fails to meet the requirements for Expansion Capacity set out in paragraph 3.5, the Expansion Capacity awarded to such prospective customer shall be withdrawn and such prospective customer shall pay Company an amount equal to the lesser of:

- (i) one month demand charges for the Export Delivery Contract Demand set out on the Open Season Bid Form; or
- (ii) \$10,000.;

- (e) Company shall not be obligated to accept any bid if:
  - (i) the Service Commencement Date is different from the date such Expansion Capacity may be available, as set out by Company in subparagraph 3.1(a); and
  - (ii) the prospective customer has not met the criteria set forth in article 3.0.

### 3.3 Conditional Bids

**3.3.1** If a prospective customer's bid is subject to the condition set out in paragraph 8 of the Open Season Bid Form that such prospective customer has been awarded capacity through an Interconnecting Pipeline Open Season, Customer shall within 5 Banking Days from the Expansion Closing Date provide written notice to Company that either the condition has been satisfied or waived. If such