

**TRANSCANADA - ALBERTA SYSTEM
Tolls, Tariff & Procedures Committee (TTP)**

**RESOLUTION
Supply/Demand Balancing Pilot Procedure Modifications**

Resolution T98-02(a)

The TTP agrees to the Supply/Demand Balancing Pilot Procedure amendments as attached. These amendments are required to facilitate responsiveness, to provide fairness and consistency to the Pilot Procedures, and to ensure compliance to the Daily Supply/Demand Balancing Pilot.

These amendments will be effective April 1, 2001. A two-week training period, to assist Customers in understanding the impending changes, will precede the formal implementation date.

TransCanada, in co-operation with the TTP, commits to conduct a detailed review of the Supply Demand Balancing Pilot Procedures within one year of the implementation of these amendments.

TTP support of this resolution should not necessarily be construed as support for the current Supply/Demand Balancing Pilot Procedures.

Background

In December 1999, the TTP approved Resolution T98-02, which amended the Supply Demand Balancing Pilot. Upon approval of the resolution, the Supply/Demand Task Force developed full documentation of the Supply/Demand Balancing Procedures. That process was completed early in 2000, the amended procedures were implemented for a trial period beginning in May 2000.

During the trial period, a number of concerns and issues were raised by industry. The permanent implementation of the Resolution T98-02 amendments was delayed to allow for the Supply/Demand Task Force to address these concerns. The task force was reconvened and discussed further modifications to the Supply/Demand Balancing Pilot. The result of those discussions is Resolution T98-02(a).

Next Steps

Prior to implementation of these modifications to the Supply/Demand Balancing Pilot Procedures, TransCanada and the TTP Supply/Demand Task Force will develop and agree on procedures for the application of the proposed changes, as well as develop a reporting mechanism to demonstrate consistent application of the rules to all Customers by TransCanada. TransCanada also commits to report on the effectiveness of the Supply/Demand Balancing Pilot Procedures in achieving the objective of improving linepack management as part of the one year review of the pilot.

Modifications to the Supply Demand Balancing Pilot Procedures

Resolution T98-02(a) provides for the following amendments to the Supply Demand Balancing Pilot:

1. Customers' NOVA Inventory Transfers (NITs) can be terminated to enforce Supply/Demand Balancing Procedures for a gas day until 1030 hours MST the following gas day.
2. If a Customer chooses to do so, they can provide and maintain a list of 10 NITs from which TransCanada will terminate to enforce the provisions of the Supply/Demand Balancing Pilot Procedures. The list of NITs provided by a Customer will not be considered to be valid should the list include NITs with affiliated or related companies unless those are the only NITs in place. If a Customer account has less than 10 NITs, all the NITs will be eligible to be terminated as per the priority identified in point #4 below. If a Customer has a total number of NITs exceeding 10, but does not provide a list of at least 10 NITs, the NIT list will be considered invalid and NITs will be terminated or reduced as per the priority identified in point #4 below. Customers are responsible and accountable to provide and maintain a standing, updated and valid list of NITs to terminate. Customers will not be contacted to provide or update a valid list of NITs.
3. To enforce the provisions of the Supply/Demand Balancing Pilot Procedures, TransCanada will randomly pick NITs from a Customer's list to terminate or reduce to the volume required to meet the provisions of the Supply/Demand Balancing Pilot Procedures.
4. Should a Customer not provide a valid list of NITs to terminate, TransCanada will terminate or reduce NITs at its discretion to the volume required to meet the provisions of the Supply/Demand Balancing Pilot Procedures. The selection of NITs to terminate will be prioritized to shorter term (day NITs) before proceeding to longer term NITs (sequential selection from shortest to longest term).

For the purposes of these amendments, TransCanada will consider related companies to be:

1. Affiliates;
2. Companies sharing marketing and account management services. i.e., consultant managing several junior companies; and
3. Accounts between which agency agreements are in place.