



TRANSCANADA - ALBERTA SYSTEM
Tolls, Tariff & Procedures Committee

RESOLUTION
Gas Balancing Agreement II

Resolution T2003-11

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) supports NOVA Gas Transmission Ltd. (NGTL) entering into a Gas Balancing Agreement (GBA) with TransCanada PipeLines Limited (TransCanada) from April 1, 2004 to March 31, 2009. NGTL will apply to the Alberta Energy and Utilities Board (EUB) for approval of the existing terms and conditions of the GBA including the 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 the respective years 2004 through 2009. Any member can trigger an issue to review this GBA as a result of a change to the NGTL rate design or terms and conditions of service, which affects this GBA. A GBA is available to downstream connecting pipelines under specific conditions.

Background

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

On April 23, 2003, NGTL submitted an application to the EUB, supported by a TTP “unopposed” resolution, requesting approval to extend the terms of the GBA to March 31, 2004, with the rate and all other conditions of service remaining unchanged. On May 27, 2003, the EUB issued an order approving the GBA dated May 1, 1997 and the First Amending Agreement dated April 10, 2003, unless the terms of service rate of the GBA are superseded prior to March 31, 2004.

TransCanada has entered into a five year Alberta storage arrangement, commencing on April 1, 2004, for providing operational flexibility and linepack management on the Canadian Mainline.

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 the 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.

The specific conditions under which a GBA is available to downstream connecting pipelines such as TransCanada's are:

1. The GBA shall not be used in any manner which will cause harm or be detrimental to NGTL Customers.
2. The downstream connecting pipeline has independent arrangements for gas storage service at an upstream storage facility.
3. The GBA is used solely for the purposes of load balancing and operational flexibility by delaying the movement of gas between an upstream storage facility and the downstream connecting pipeline.
4. The GBA has no impact on NGTL system operating and maintenance costs.
5. All GBA quantities have initially been nominated under an appropriate NGTL transportation service and have been allocated and tolled accordingly. Therefore, the GBA cannot be used as an exchange service.
6. Nominations to/from the downstream connecting pipeline are balanced with nominations to/from the storage facility at each and every nomination cycle.
7. The downstream connecting pipeline and NGTL agree to use reasonable efforts to ensure that the use of the GBA Service does not result in a curtailment of transportation services to any of NGTL's Customers on NGTL's system.
8. The injection and withdrawal rates and cycle quantities are disclosed to the TTFP.
9. The EUB approves the rate and terms and conditions of the service.

Next Steps

NGTL will seek EUB approval to extend the existing terms and conditions of the GBA and the associated OS rate of \$83,333.00 per month beginning April 2004.