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April 22, 2004

Alberta Energy and Utilities Board  
640 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
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By e-mail  
Original by courier

Attention: Mr. Robert Heggie,  
Executive Manager, Utilities Branch

Dear Sir:

**Re: NOVA Gas Transmission Ltd. (NGTL)  
Tolls, Tariff, Facilities and Procedures Committee (TTFP)  
Resolution T2001-02  
Receipt Point Estimate to Actual Variance Settlement Program**

Attached to this letter is a copy of TTFP Resolution T2001-02 which NGTL files with the Board for information. On April 13, 2004, the TTFP supported the continuation of the current process for the Administration of Customer Inventories at Month End (the Process) described in Section 5.0 of Appendix D of NGTL's Gas Transportation Tariff rather than pursuing a new Receipt Point Estimate to Actual Variance Settlement Program (the Proposal). The Process is also referred to as the Gas Balance Recovery Process in Resolution T2001-02. As a result, Issue T2001-02, which is classified as non-operational, was closed and removed from the TTFP's list of active issues.

The Tolls, Tariff and Procedures Committee (TTP), predecessor to the TTFP, adopted Issue T2001-02 on February 13, 2001 for the purposes of evaluating the Proposal. Issue T2001-02 was placed in abeyance in April 2001 after the task force formed to discuss the issue could not reach consensus on any improvements to the Process and did not wish to discuss the issue further.

In November 2003, the TTP agreed to reopen discussions on Issue T2001-02 and referred the matter to the Business Process Change (BPC) task force of the TTFP. Pursuant to Board Informational Letter IL 98-4 Revised Negotiated Settlement Guidelines (*Revised Guidelines*) and the Board's letter dated August 28, 2003 regarding the application of the *Revised Guidelines* to NGTL, NGTL sought Board approval to continue negotiations related to Issue T2001-02 on

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February 4, 2004. The Board approved NGTL's request to continue negotiations on Issue T2001-02 on February 26, 2004.

The BPC task force met three times to discuss Issue T2001-02 and to explore the Proposal more fully. The BPC task force identified a number of concerns related to the costs to implement and administer the Proposal and recommended that the current Process be maintained.

NGTL is notifying its shippers and members of the TTFP of the availability of this filing on TransCanada's Alberta System website at:

[http://www.transcanada.com/Alberta/regulatory\\_info/active\\_rates\\_services\\_filings.htm](http://www.transcanada.com/Alberta/regulatory_info/active_rates_services_filings.htm).

Please direct all notices and communications regarding this matter to Carolyn Shaw by e-mail at [carolyn\\_shaw@transcanada.com](mailto:carolyn_shaw@transcanada.com) and [alberta\\_system@transcanada.com](mailto:alberta_system@transcanada.com), or by phone at 920-7172.

Yours truly,

**NOVA Gas Transmission Ltd.**

A wholly owned subsidiary of TransCanada PipeLines Limited



Céline Bélanger  
Vice President, Regulatory Services

Attachment

cc: Tolls, Tariff, Facilities and Procedures Committee  
Alberta System Shippers

# Tolls, Tariff, Facilities & Procedures Committee

## Resolution T2001-02

### Receipt Point Estimate to Actual Variance Settlement Program

#### Resolution

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) agrees to maintain the Gas Balance Recovery process as described in Appendix D of the NOVA Gas Transmission Limited Tariff. This process is meant to manage variance between estimated and actual month-end Customer inventories. A result of this decision will be to terminate the Receipt Point Estimate to Actual Variance Settlement Program issue.

#### Background

ProMark, as sponsor of this issue, proposed that the Tolls, Tariff & Procedures Committee (TTP) evaluate a new Receipt Point Estimate to Actual Variance Settlement Program in replacement of the current Gas Balance Recovery Program used on the Alberta System. The issue sponsor identified as their objectives in addressing the issue as simplicity, flow expected (OE) finality, price risk containment, no impact on producers or Common Stream Operator (CSO), and that the program be pipeline administered. Issue T2001-02 as adopted by the TTP on February 13, 2001 and a task force was struck to discuss this issue. During discussions, the task force considering this issue concentrated on ways to minimize the Gas Balance Variance and improved methods for managing the Gas Balance Variance.

Many of the options considered would result in additional and unreasonable administrative burden shifting to CSOs, which was considered unreasonable by the task force. The task force met twice to consider this issue and did not reach consensus on any improvements to the Gas Balance Variance, and did not wish to discuss this issue any further. ProMark has expressed reluctance to withdraw this issue. The issue was put into abeyance in April 2001.

The TTP agreed at the November 2003 meeting to put this issue on the Business Process Change Task Force agenda for further discussion. The task force met three times during which the issue was discussed in more detail. The task force fully explored the proposal and all the identified concerns and agreed to maintain the status quo with respect to the process for recovery of estimate to actual receipt point variance. The rationale for this decision was the effort required putting this program into place and continuing to administer it would outweigh the benefit that the program would provide. Additionally, customers would prefer to manage their portfolio risk themselves.

#### Next Steps

Issue T2001-02: Receipt Point Estimate to Actual Variance Settlement Program will be closed and removed from the list of active TTFP issues. The Alberta Energy & Utilities board will be notified by letter that the TTFP have closed this issue and agreed to maintain the current process.