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August 13, 2004

Alberta Energy and Utilities Board
640 – 5th Avenue S.W.
Calgary, Alberta
T2P 3G4

By electronic filing

Attention: Mr. Wade Vienneau,
Manager – Calgary Office, Utilities Branch

Dear Sir:

**Re: NOVA Gas Transmission Ltd. (NGTL)
Tolls, Tariff, Facilities and Procedures Committee (TTFP)
Resolution T2003-12
Interruptible Transportation – Delivery (IT-D) Restriction Procedure**

Attached to this letter is a copy of TTFP Resolution T2003-12 which NGTL files with the Board for information. Attached to Resolution T2003-12 are the IT-D Restriction Procedure (the Procedure) and a flow chart entitled “IT-S/IT-R Area Restriction Practice.” On August 10, 2004, the TTFP supported the adoption of the Procedure through an unopposed vote on Resolution T2003-12. The Procedure replaces the current IT Restriction Procedures for Border Curtailments Pilot (the Pilot Procedure).

Issue T2003-12 was originally classified as non-operational as a review of the existing Pilot Procedure could have resulted in changes to interruptible service. However, the Procedure does not result in any changes to interruptible service or require any tariff amendments and as a result has been reclassified as operational.

The Tolls, Tariff and Procedures Committee (TTP), predecessor to the TTFP, adopted Issue T2003-12 on December 9, 2003 for the purposes of discussing an attribute of interruptible service. 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 commence negotiations related to Issue T2003-12 on February 4, 2004. The Board approved NGTL’s request to commence negotiations on Issue T2003-12 on February 26, 2004.

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Mr. W. Vienneau

The existing Pilot Procedure was reviewed and compared to current practices. It was determined through this review that the Pilot Procedure has evolved into two distinct practices since its inception. The first is the Interruptible Receipt Allowable Allocation Methodology which was adopted by the TTP in 2002 and the second practice is the Procedure which was referred to the Business Process Task Force (BPTF), a sub-group of the TTFP, for review. The BPTF met in March, April and May, 2004 to discuss the Procedure and recommended that the TTFP support the replacement of the existing Pilot Procedure with the Procedure.

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.html.

A copy of the Procedure will also be posted on TransCanada's Alberta System website at:

http://www.transcanada.com/Alberta/operational_procedures/index.html.

Please direct all notices and communications regarding this matter to Carolyn Shaw by e-mail at carolyn_shaw@transcanada.com and 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

Attachments

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

**Resolution T2003-12
IT-D Restriction Procedure**

Tolls, Tariff, Facilities & Procedures Committee

Resolution T2003-12
IT-D Restriction Procedure

Resolution

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) agrees to end the IT Restriction Procedures for Border Curtailments Pilot and adopt the NOVA Gas Transmission Ltd. (NGTL) Interruptible (IT) Delivery Restriction Procedure (Procedure) as attached. The Procedure sets out the process by which NGTL will allocate IT for services under Rate Schedule IT-D and aspects of Rate Schedule IT-S during periods of restriction on NGTL's system.

Background

In 1995, the Tolls, Tariff & Procedures Committee (TTP), predecessor of the TTFP, met to discuss a procedure for allocating Interruptible Service at Export Delivery Points during periods of restriction. The goal was to have a Procedure in place for the 1996 storage injection season. Effective February 1, 1996, NGTL instituted this Pilot Procedure and informed all Customers of its purpose at that time. Since its inception, the Procedure has been invoked on many occasions but has not been used very frequently for the past couple of years since there is now excess border delivery capacity.

The Pilot Procedure was to be used for both delivery and receipt restrictions at Export Delivery Points. A delivery restriction is invoked when the total requests for gas storage injections and Export Deliveries exceed NGTL's available capacity. During a delivery restriction, net storage injections and IT-D are of equal priority. The available IT-D and IT-S capacity is allocated based on proration of all IT-D and net IT-S requested deliveries. NGTL has used this Procedure for Export Delivery Point restrictions since adoption of the Pilot Procedure in 1996. Some minor modifications have been made to the practice due to the recent introduction of more structured gas scheduling timelines but the essence of the procedure remains what was put in place in 1996.

TransCanada had previously established an objective for a collaborative review of all current pilot processes (which are allowed under the NGTL Tariff), to either eliminate or adopt them permanently. In keeping with this objective, this Pilot Procedure was reviewed and compared with current practices to ensure a workable procedure is in place should the need that a border curtailment is required in the future. A current workable procedure should prevent unnecessary delays and confusion compared to the potential for problems with the current Pilot Procedure. The TTFP adopted Issue T2003-12 in December 2003 and reviewed the background and history of usage of this Procedure in March 2004.

The Pilot Procedure has evolved into two distinct procedures since its inception in 1994. The first is the IT-R Service Allowable Allocation Methodology which was adopted by the TTP in 2002 and second is the IT-D Restriction Procedure which was the subject of a Business Process Task Force (BPTF) review at meetings in March, April and May 2004. The BPTF recommends adoption of this IT-D Restriction Procedure. Receipt restriction references were

removed due to the adoption of the IT-R Service Allowable Allocation Methodology previously. An issue which arose during the review was that priority given to storage receipt interruptible over receipt point interruptible was eliminated based on alignment with the Tariff, which regards IT-S and IT-R as equal in a restriction. The Procedure was modernized by exchange of terms no longer in use such as IT-2 with IT-D, and wording was added to more clearly describe the steps and information used within the current procedure. For instance, Customer requests are reduced prorata to the authorized amount by NGTL in the case where the CPO fails to revise the Delivery request to this authorized amount. One concern remained after review of the Pilot, which was the treatment of requests at storage facilities during periods of restriction. TransCanada explained and later documented their long-standing practice of administering requests during restrictions. This practice is also attached to this resolution and posted to the web-site in order to ensure clarity of process during periods of restriction at delivery or receipt points.

Next Steps

NGTL will file the supported resolution and Procedure with the Alberta Energy & Utilities Board (EUB) for information only and notify Customers of the Procedure, as well as post it on the Company web site.

NGTL will notify the EUB and Customers that the Pilot Procedure has ended with the adoption of this Procedure. The Procedure will be placed with the IT-R Service Allowable Allocation Methodology and the practice of handling requests during periods of restriction. (http://www.transcanada.com/Alberta/operational_procedures/index.html)

**Attachment 1
to Resolution T2003-12
IT-D Restriction Procedure**

ALBERTA SYSTEM

IT DELIVERY RESTRICTION PROCEDURE

INTRODUCTION:

This paper outlines the NOVA Gas Transmission Ltd. (NGTL) procedure (the "Procedure") for allocating interruptible (IT) delivery capacity for services under Rate Schedule IT-D (interruptible export delivery) and Rate Schedule IT-S (commercial gas storage injections) during periods of restriction on NGTL's system.

IT DELIVERY RESTRICTION PROCEDURE

This Procedure will be invoked when the total requests for commercial gas storage injections under Rate Schedule IT-S and Export Deliveries under Rate Schedule IT-D (IT delivery requests) exceed NGTL's capacity available for IT service. The relative transportation service priority, between Firm Service, IT-S, and IT-D deliveries is addressed in NGTL's Gas Transportation Tariff under the General Terms and Conditions. Please note that during an IT delivery restriction, IT capacity will be allocated in proportion to the Net Storage Injection request/s and Customer's IT-D Export Delivery requests. The delivery requests authorized will not be transferable between delivery points.

Following is a sequence of activities, which occur during a restriction:

1. NGTL determines the total physical capacity of its system relative to a gate (i.e. encompasses more than a single delivery point) or delivery point. After receiving requests for delivery, NGTL identifies and confirms a need for restricting the requests. If an IT restriction is required, NGTL will declare an IT restriction (see Step 8).
2. NGTL, to determine the Customer's IT delivery request, will subtract the Customer's firm service contract demand from the Customer's total delivery request at each affected Export Delivery Point. At each affected commercial gas storage facility, the Net Storage Injection request will be considered as the IT delivery request for that facility.
3. NGTL, to determine the amount of IT capacity available, will subtract the total firm service request from the total delivery capacity for the affected delivery points. Receipt requests at the affected facilities are taken into account to determine the total delivery capacity.
4. Each affected delivery point (export and/or storage) is allocated an amount of the available IT capacity prorata to the IT delivery requests. To determine the allocated amount of IT capacity for each delivery point, a "Delivery Point Allocation Factor" is calculated by taking the total IT delivery request for the delivery point and dividing it by the total of the IT delivery requests from all of the affected delivery points. The Delivery Point Allocation Factor is then multiplied by the total available IT capacity to determine the amount of IT capacity allocated to the delivery point.
5. Hydraulic Equivalency Factors (HEF) will be used during steps 3 and 4 to allow for hydraulic interdependency and to ensure the allocation of the available IT capacity is maximized. These will be determined by NGTL and are specific to the nature of the restriction. An HEF is a ratio applied to storage facilities within Alberta to reflect their individual impact on border capability during periods of curtailment. This ratio is determined by comparing border capability with and without storage facility injection.

6. For each commercial gas storage facility (if any), NGTL advises the Connecting Pipeline Operator (CPO) of an authorized capacity for IT-S delivery (Net Storage Injection). The CPO will then submit a new delivery request (comprised of individual Customer requests) which does not exceed the authorized capacity for Net Storage Injection delivery. In the event a new delivery request is not submitted by the CPO, NGTL will reduce all Customer delivery requests prorata until the desired Net Storage Injection value is achieved.
7. For each Customer at the Export Delivery Point, NGTL will authorize an amount of the available IT capacity prorata to the total IT-D delivery requests at the Export Delivery Point. To determine the allocated amount of IT capacity for each Customer, a "Customer Factor" is calculated by taking the IT-D request for the Customer and dividing it by the total of the IT-D requests at the Export Delivery Point. The Customer Factor is then multiplied by the IT capacity that was allocated to the Export Delivery Point to determine the amount of the Customer IT-D delivery that NGTL will authorize.
8. When a capacity restriction is anticipated due to projected increasing delivery requests, or NGTL facilities are known to be out of service and facility utilization is typically in excess of the forecasted capacity, notification will be provided to NGTL Customers and affected CPOs by way of a bulletin on the TransCanada EBB. CPOs with a commercial gas storage facility may need to prepare for Step 6 of this process. Once a restriction has been invoked, this Procedure will be used at each nomination cycle until the restriction is ended.

**Attachment 2
to Resolution T2003-12
IT-D Restriction Procedure**

IT-S/IT-R Area Restriction Practice

