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

Filed Electronically

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

Dear Sir:

**Re: NOVA Gas Transmission Ltd. (“NGTL”)
Accounting for Costs Associated with Green House Gas (“GHG”) Legislation**

NGTL applies to the Alberta Energy and Utilities Board (“Board”) for approval to account for any costs incurred in 2007 to comply with Provincial GHG legislation in the existing Flow-through Costs deferral account established under NGTL’s 2005-2007 Revenue Requirement Settlement (“2005-2007 Settlement”).

On March 9, 2007 the Provincial government announced GHG legislation, effective July 1, 2007, titled the Climate Change and Emissions Management Amendment Act. This legislation requires owners of facilities that emit over 100,000 tonnes of GHG per year to reduce or otherwise offset their emissions intensity by 12 percent. This requirement can be achieved through any combination of reducing emissions, purchasing Alberta-based emissions credits, or contributing \$15 per tonne of excess emissions to a fund. NGTL estimates it will incur costs between \$3 million and \$4 million to comply with this legislation in 2007.

On June 7, 2005 the Board approved NGTL’s 2005-2007 Settlement. The Settlement established that the revenue requirement will be calculated for each year based on inclusion of certain costs that are fixed (“Fixed Costs”) and a forecast of remaining costs that will flow through. The Settlement also established three deferral accounts, the Revenue deferral account, the CO₂ Management Service Costs deferral account, and the Flow-through Costs deferral account, to capture variances between forecast and actual amounts for the flow-through costs.

The costs to comply with GHG legislation were not known or otherwise reasonably foreseeable at the time the 2005-2007 Settlement was reached and consequently, no provision was made in the Settlement for the treatment of the costs. NGTL believes these costs are not part of the Fixed Costs and should appropriately be recovered from shippers as a flow-through cost. Accordingly, NGTL proposes to record any costs incurred in 2007 in the Flow-through Costs deferral account. NGTL will seek Board approval for disposition of the balance in the Flow-through Costs deferral account in 2008 in accordance with the provisions in Section 3.2 of the Settlement.

NGTL has presented its proposed treatment of costs for compliance with GHG legislation to members of the Tolls Tariff, Facilities Procedures (“TTFP”). NGTL is not aware of any concerns or objections to the proposal. 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/2007.htm

Please direct all notices and communications regarding this matter to Alex Harris by e-mail at alex_harris@transcanada.com and alberta_system@transcanada.com, or by phone at (403) 920-6201.

Yours truly,

NOVA Gas Transmission Ltd.

A wholly owned subsidiary of TransCanada PipeLines Limited

Original Signed By

Norm Bowman
Director, Regulatory Services

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