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Alberta Utilities Commission
Utilities Division, Calgary Branch
Fifth Avenue Place
#400, 425 – 1 Street SW
Calgary, Alberta
T2P 3L8

Attention: Mr. Umesh Pillai

Dear Mr. Pillai:

**Re: NOVA Gas Transmission Ltd. (“NGTL”)
Resolution T2007-04 CO2 Management Service Review
Application No. 1579345 (the “Application”)
Proceeding ID 89
Responses to Alberta Utilities Commission (“AUC”)
AUC Information Requests 1 and 2 (the “Information Requests”)**

In accordance with the AUC’s directions set out in its letter dated October 7, 2008, NGTL hereby files its responses to the AUC’s Information Requests. NGTL notes that no opposition has arisen in the course of this proceeding. Accordingly, and in light of NGTL’s forthcoming 2009 Interim Rate Application, NGTL respectfully asks that the AUC issue a decision on this application no later than November 1, 2008. This will enable the corresponding rates for CO₂ service to be included in NGTL’s 2009 Interim Rate Application anticipated to be filed with the AUC in November.

If the AUC has any questions regarding NGTL’s responses, please contact Ben Leung at (403) 920-2275, or at ben_leung@transcanada.com.

Yours truly,

NOVA Gas Transmission Ltd.
A wholly-owned subsidiary of TransCanada PipeLines Limited

Original Signed by

Jennifer Scott
Senior Legal Counsel
Law and Regulatory Affairs

AUC-NGTL 1

Issue: CO₂ Extraction facilities

Reference: Application dated July 25, 2008 (Page 2)

Preamble: In the Application, NOVA Gas Transmission Ltd (NGTL) states, “As part of the review, NGTL surveyed potential CO₂ extraction facilities, and from the information collected, determined that the fuel component of the CO₂ Management Service rate should be adjusted due to a change in the average fuel consumption reported in the survey”.
The commission would like more information on the CO₂ extraction facilities.

Request:

- (a) Please discuss and provide further details on the potential CO₂ extraction facilities surveyed, including number of facilities surveyed, name and location of facilities, facility owners, and the process of CO₂ extraction.
- (b) Please submit figures showing the change in the average fuel consumption reported in the survey, and the resultant fuel component adjustment.
- (c) Please define the word “potential” used in the above preamble. Are these potential CO₂ extraction facilities currently operating as extraction facilities and, if not, describe why it is appropriate to use “potential” extraction facilities as a proxy.

Response:

- (a) NGTL surveyed its TTFP members and known companies operating extraction facilities. In total 92 surveys were issued. A listing of the companies contacted is provided in attachment AUC-NGTL-1(a).
- (b) Please refer to Table AUC-NGTL-1(b) below which illustrates the impact of the applied-for changes to the CO₂ Service rates and revenues, based on NGTL’s 2008 interim rate application.

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Table AUC-NGTL-1(b)

2008 Rates	Tier 1 less than 25 mmcf/d	Tier 2 25 to 50 mmcf/d	Tier 3 greater than 50 mmcf/d	Average / Total
Average Fuel Consumption (Mcf/d)	0.52	0.45	0.34	0.44
Fuel Component (\$/Mcf) *	5.8	4.8	3.9	4.8
Posted Rates (\$/Mcf)	17.8	14.2	9.9	13.9
Volume Forecast (MMcf/d)	1.35	0.04	2.93	4.33
Forecast Revenue (\$ Millions)	\$ 8.8	\$ 0.2	\$ 10.5	\$ 19.5

* Based on current methodology

Applied-for Adjustments Illustrative Results	Tier 1 less than 25 mmcf/d	Tier 2 25 to 50 mmcf/d	Tier 3 greater than 50 mmcf/d	Average / Total
Average Fuel Consumption (Mcf/d)*	0.39	0.31	0.25	0.32
Fuel Component (\$/Mcf) **	3.3	2.6	2.1	2.7
Illustrative Rates (\$/Mcf)	15.2	12.0	8.1	11.7
Volume Forecast (MMcf/d)	1.35	0.04	2.93	4.33
Forecast Revenue (\$ Millions)	\$ 7.5	\$ 0.2	\$ 8.6	\$ 16.3

* Based on the survey results

** Based on the survey results and applied-for foreign exchange conversion methodology

Rate Variance (\$/Mcf) due to Applied-for adjustments to:	Tier 1 less than 25 mmcf/d	Tier 2 25 to 50 mmcf/d	Tier 3 greater than 50 mmcf/d	Average
Fuel Consumption Volume	(1.5)	(1.3)	(1.1)	(1.3)
Foreign Exchange Conversion	(1.1)	(0.9)	(0.7)	(0.9)
Total	(2.6)	(2.2)	(1.8)	(2.2)

Revenue Variance (\$Millions) due to Applied-for adjustments to:	Tier 1 less than 25 mmcf/d	Tier 2 25 to 50 mmcf/d	Tier 3 greater than 50 mmcf/d	Total
Fuel Consumption Volume	(\$0.7)	(\$0.0)	(\$1.2)	(\$1.9)
Foreign Exchange Conversion	(\$0.5)	(\$0.0)	(\$0.8)	(\$1.3)
Total	(\$1.3)	(\$0.0)	(\$1.9)	(\$3.2)

Note: Numbers may not add due to rounding

- (c) The word “potential” refers to existing and proposed extraction facilities in order to have a more accurate reflection of potential plants that could provide CO₂ extraction service reflected in the survey responses.

Count	Company
1	Adamant Energy Inc.
2	Advantage Oil & Gas Ltd.
3	Alberta Department of Energy
4	AltaGas Ltd.
5	AltaGas Operating Partnership
6	Anadarko Canada Corporation
7	Apache Canada Ltd.
8	ARC Resources Ltd.
9	ATCO Midstream
10	ATCO Pipelines
11	Avista Corporation
12	Bearspaw Petroleum Ltd.
13	Bonavista Energy Trust
14	Bonavista Petroleum Ltd.
15	BP Canada Energy Company
16	Breaker Energy Ltd.
17	Canadian Association of Petroleum Producers
18	Canadian Forest Oil Ltd.
19	Canadian Natural Resources Limited
20	Canetic Resources Inc.
21	Cargill Power & Gas Markets
22	Cascade Natural Gas Corporation
23	Celtic Exploration Ltd.
24	City of Medicine Hat
25	Compton Petroleum Corporation
26	Conoco Phillips Western Canada Partnership
27	ConocoPhillips Canada
28	Cordero Energy Inc.
29	Devon Canada Corporation
30	Direct Energy Marketing Ltd.
31	Dual Exploration Inc.
32	Duke Energy Gas Transmission Midstream Division
33	EnCana Corporation
34	EnCana Oil & Gas Partnership
35	Energy Savings Group
36	EnerMark Inc.
37	Enerplus Resources Corporation
38	Enstor Inc.
39	EOG Resources Canada, Inc.
40	ExxonMobil Canada
41	FB Energy Canada Corporation
42	Gas Alberta Inc.
43	Gaz Metro
44	Glencoe Resources Ltd.
45	Global Petroleum Marketing Inc.
46	Harvest Operations Corp.

Count	Company
47	Husky Energy Marketing Inc.
48	Imperial Oil Resources
49	Industrial Gas Consumers Association of Alberta
50	Inter Pipeline Fund
51	Keyera Energy Partnership
52	Lario Oil & Gas Company
53	NAL Resources Limited
54	Nexen Inc.
55	Nexen Marketing
56	NOVA Chemicals Corporation
57	Office of the Utilities Consumer Advocate
58	Pacific Gas and Electric Company
59	Paramount Resources Ltd.
60	Pengrowth Corporation
61	Penn West Petroleum Ltd.
62	Petrobank Energy and Resources Ltd.
63	Petro-Canada Oil and Gas
64	PPM Energy
65	Prime West Energy Inc.
66	ProGas Limited
67	Provident Energy Ltd.
68	Puget Sound Energy
69	Quicksilver Resources Canada Inc.
70	Rife Resources Ltd.
71	Shell Canada Limited
72	Shell Energy North America (Canada) Inc.
73	Shiningbank Energy Ltd.
74	Signalta Resources Limited
75	Spectra Energy
76	Suncor Energy Inc.
77	Suncor Energy Marketing Inc.
78	Syncrude Canada Ltd.
79	Talisman Energy Canada
80	Taylor Gas Liquids Ltd.
81	Taylor Processing Inc. c/o Taylor NGL Limited Partnership
82	Tenaska Marketing Ventures
83	Terasen Gas Inc.
84	TOG Partnership
85	TransCanada Gas Storage Partnership
86	TransGas Limited
87	Trilogy Energy LP
88	UBS Commodities Canada
89	Unocal Canada Limited
90	Vermilion Energy Trust
91	West Fraser Mills Ltd.
92	Zargon Oil & Gas Ltd.

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Issue: **Revenue Impact**

Reference: **Application dated July 25, 2008 (Page 2)**
2008 Interim Rates, Attachment C Page 1 of 2, Application 1547072

Preamble: NGTL describes in its application that the benchmark price used is the NYMEX natural gas price, which is based on U.S. currency and warrants a conversion to Canadian dollars.

Request:

- (a) What is the typical revenue impact or range of revenue impact of this foreign exchange conversion on customers with CO₂ concentration exceeding Alberta System gas quality specification of two percent?
- (b) Why are NYMEX benchmark prices used rather than a Canadian pricing point?
- (c) EUB Decision 2007-109 approved CO₂ Non-Transportation Revenue of \$19.5 million. What impact will the proposed currency conversion and fuel calculation have on the applied-for Non-Transportation Revenue? Please provide a schedule which shows the impacts.

Response:

- (a) The revenue impact of the applied-for foreign exchange conversion methodology will mainly be reflected in the initial year of implementation. Please refer to the response to AUC-NGTL-1(b) for an illustrative impact resulting from the implementation of the applied-for methodology.

In subsequent reviews of the CO₂ Service rates, the impact of the applied-for foreign exchange conversion will be relatively minimal.

- (b) NYMEX is utilized as the degree of liquidity, the volume of trading and the availability of posted settlement prices for the twelve month period of the upcoming test year is greater than for comparable Canadian pricing points.

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- (c) NGTL has requested that the applied-for changes be effective for January 2009 so there will be no impact in 2008. Please refer to the response to AUC-NGTL-1(b) for an illustrative impact of the applied-for changes.