



# NGTL 2021 Capacity Optimization Open Season - Information Session

February 10<sup>th</sup>, 2021



**TC Energy**

# Welcome and Thank You for Joining Us

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## Participating via WebEx:

- Please sign-in through WebEx application including your full name and company
- To reduce background noise and improve audio quality, all WebEx participants will be placed on mute
- Please reserve your questions until the end of the presentation

# Heart Health



**Every 34 seconds**

someone in North America has a heart attack



**1 in 4** deaths  
each year is from  
heart disease



It is the **leading**  
**cause of death**  
in North America yet one  
of the most preventable



**8 in 10** cases of  
premature heart disease  
and stroke are

**preventable**  
through healthy lifestyle  
behaviors

The most common  
types are:

- coronary artery disease (heart attack)
- cardiovascular disease
- cerebrovascular disease (stroke)



# Prevention



## Eat Well

Improve your heart and brain health by eating a balanced diet of vegetables, fruit, protein, and whole grains



## Get Moving

Regular activity can dramatically lower your risk of heart disease and stroke by helping with weight management, staying healthy, slowing the physical decline of aging, sleeping better and reducing stress.



## Manage Stress

Take some time to identify your stressors, work on stress responses and build resiliency



## Stop Smoking

Smoking and tobacco is the number one preventable cause of death! Quitting immediately reduces your risk of heart attack and stroke. As soon as you quit, your body starts to recover.

## Maintain a Healthy Weight

Achieving a healthy weight is an important step in promoting your heart and brain health, and it isn't easy. Weight loss is a challenging goal and should be met with a positive attitude and patience.

# Agenda

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- ① Purpose of the Capacity Optimization Open Season
- ② Solicitation Request Parameters
- ③ Acceptance Criteria
- ④ Submission Deadline
- ⑤ Important Dates
- ⑥ System Design
- ⑦ Q&A

# 1. Capacity Optimization Open Season - Purpose

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To enhance the long-term competitiveness of the NGTL System and the WCSB by providing customers with the opportunity to submit irrevocable and binding requests to advance pending service, delay pending service or turn back certain billable service (subject to specified evaluation criteria), or provide early notification of non-renewal of billable contracts which will:

- Assist customers in the optimization of their transportation service requirements
- Help align NGTL system capacity growth with customer growth
- Support the optimization of the NGTL expansion program (right size expansions and expansion timing)
- Maintain contractual underpinning to proceed with regulatory approvals, which will be required to facilitate future WCSB growth

## 2. Solicitation Request Parameters | Advancement & Deferral

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### Advancement

- NGTL is soliciting requests for the advancement of the estimated Billing Commencement Date of pending FT-R and FT-D contracts with start dates on or after April 1, 2022
- Customers may submit irrevocable and binding requests to advance the estimated Billing Commencement Date for all or a portion of the contract demand to 2022, 2023 or 2024
- All advancement requests must be for a new Estimated Billing Commencement Date of either April 1st or November 1st of an applicable year

### Deferral

- NGTL is soliciting requests for the deferral of the estimated Billing Commencement Date of pending FT-R and FT-D contracts with start dates on or after April 1, 2022
- Customers may submit binding requests to defer the estimated Billing Commencement Date for all or a portion of the contract demand to a date no later than April 1, 2026
- All deferral requests must be for a new Estimated Billing Commencement Date of either April 1st or November 1st of an applicable year

## 2. Solicitation Request Parameters | Advancement & Deferral - Conditions

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- Upon the close of the Open Season, all requests are irrevocable and binding on the Customer
- If Customer is willing to accept more than one date within the available period, Customer must rank its preferred new Estimated Billing Commencement Dates on their request form
- Customers must also specify a minimum and maximum Contract Demand requested to be advanced or deferred
- Requests for advancement or deferral do not extend, shorten or otherwise change the contract term of the pending Service
- The provision of Service will remain subject to the terms and conditions of the applicable PEA, including the receipt of regulatory approvals for and construction of any facilities necessary to provide the Service
- NGTL will continue to hold all Financial Assurances in accordance with the PEA



## 2. Solicitation Request Parameters | Advancement & Deferral – Conditions (continued)

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- NGTL will assess all advancement or deferral requests together with any turnback requests and notifications of non-renewal to determine, in its sole discretion, whether any request or combination of requests and notifications is anticipated to result in a net benefit to the NGTL system and its Customers. NGTL’s evaluation will include consideration of whether:
  - acceptance will allow NGTL to defer elements of its capital program, provided such adjustments to the timing of costs and revenues are not anticipated to result in an increase in NGTL’s rates; and/or
  - offsetting deferral and advancement requests can be accommodated by the planned facility sets
- If NGTL accepts a deferral request relating to a PEA that includes customer-specific facilities, the Customer will be responsible for the allowance for funds used during construction (“AFUDC”) during the period of the delay
- Customers must submit a separate request form for each applicable pending Schedule of Service

## 2. Solicitation Request Parameters | Turnback

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- NGTL is soliciting requests for turnback of all or a portion of billable FT-R and FT-D contracts with Service Termination dates between April 1, 2022 through April 1, 2025
- Customers may submit irrevocable and binding request effective as of: April 1, 2022, November 1, 2022, April 1, 2023, November 1, 2023, April 1, 2024, or November 1, 2024
- Customers must submit a separate request form for each applicable Schedule of Service
  - However, if the request applies to multiple Schedules of Service with the same location and Service Termination Date, Customer may include an attachment to the form that lists all applicable Schedules of Service
- Upon the close of the Open Season, all requests are irrevocable and binding on the Customer
- If Customer is willing to accept more than one of the available dates, Customer must rank their preferred turnback dates on the request form

## 2. Solicitation Request Parameters | Turnback (continued)

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- Customers must also specify a minimum and maximum contract demand requested to be turned back
- NGTL will evaluate turnback requests together with any advancement or deferral requests and notifications of non-renewal and will determine, in its sole discretion, whether acceptance of any request or combination of requests and notifications is anticipated to result in a net benefit to the NGTL system and its Customers. NGTL's evaluation will include consideration of:
  - whether the turnback request reduces or defers the need for expansion facilities;
  - the revenue impacts and capital and operating cost impacts; and
  - whether adjustments to the revenues and costs are anticipated to result in an increase in NGTL's rates

## 2. Solicitation Request Parameters | Early notification of non-renewal

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- NGTL is soliciting early notifications of non-renewal from any Customers currently holding FT-R or FT-D service that is eligible for renewal in the future. Any Customers that do not intend to renew all or a portion of the Contract Demand of their billable Schedule of Service and wish to submit a notification of non-renewal should complete a notification of non-renewal form for each applicable Schedule of Service;
  - However, if the notification applies to multiple Schedules of Service with the same location and Service Termination Date, Customer may include an attachment to the form that lists all applicable Schedules of Service
- Upon the close of the Open Season, all notifications of non-renewal are irrevocable and binding
- If the Service is subject to a pending assignment, Customer is solely responsible to the assignee for any changes to its contractual arrangements resulting from the early notification of non-renewal

### 3. Acceptance Criteria

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NGTL's consideration would include the following in its calculation of '**net benefit**':

- Advancement/deferral of contracts without change to the planned facility set
- Deferral and/or turnback of contracts that results in a reduction or a deferral of facilities such that the impact to rates is neutral or positive, including consideration of the cost and revenue impacts and timing of such impacts
- Simple example: A number of contracts are deferred by one year, allowing certain facilities to be deferred by the same timeframe. Based on the associated CDQ revenue of the contracts and costs of the facilities, the net toll impact is neutral or positive.
- It is important to note that contracts help inform design flows, but are not the sole factor influencing NGTL's forecast, design flows and facility requirements. NGTL's forecast and design flows will help inform whether a given request provides a net benefit to the system.

## 4. Submission Deadline

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- Customers wishing to submit a request for **advancement or deferral** must fill out [NGTL's advancement request form or deferral request form](#) and submit it to [ab\\_ft\\_openseason@tcenergy.com](mailto:ab_ft_openseason@tcenergy.com) by 10:00 a.m. Mountain Time (MT) on March 11, 2021
- Customers wishing to submit a **turnback** request must fill out NGTL's [turnback request form](#) and submit it to [ab\\_ft\\_openseason@tcenergy.com](mailto:ab_ft_openseason@tcenergy.com) by 10:00 a.m. Mountain Time (MT) on March 11, 2021
- Customers that do not intend to renew all or a portion of the Contract Demand of their billable Schedule of Service and wish to submit a notification of **non-renewal** should complete a [notification of non-renewal form](#) for each applicable Schedule of Service and submit it to [ab\\_ft\\_openseason@tcenergy.com](mailto:ab_ft_openseason@tcenergy.com) by 10:00 a.m. MT on March 11, 2021

## 5. Important Dates

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Date	Activity
February 10	Open season posting
March 11	Customer due date to submit binding requests/notifications, 10:00 am Mountain Time
March 12 to April 9	NGTL assessment period
April 19	Issue PEA amendments to customers
April 30	Customer PEA return due date
May (date TBD)	NGTL to post bulletin communicating outcome
May TTFP meeting	Capacity Optimization Open Season conclusion review

## 6. System Design | Overview

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- Purpose: to provide high level guidance to customers on how contracts updates might influence facility requirements
- Contract deferral and turnback may influence facility requirements in:
  - Areas with growing system supply
  - Areas with growing system demand
  - Areas with forecasted design flows at contract levels
  - Turnback of contracts can influence underpinning for facility applications
    - Should contracts be turned back resulting in reduction of facility expansions, multi-year regulatory processes may be required to facilitate new customer contracts in the future
- System balance – supply vs. demand
  - On the aggregated level, supply contracts are below demand contracts in 2024-2025
    - FT-R contracts (levels and location) may influence supply driven facilities
  - Forecasted demand growth in specific areas may still drive facilities to enable access to market
    - FT-D contracts currently exceed design flows and may not influence required facilities
  - System capacity freed up from deferral/turn-back will be repurposed
    - System constraints on the flow paths to growing areas may limit the options to repurpose system capacity



## 6. System Design | Key Principles

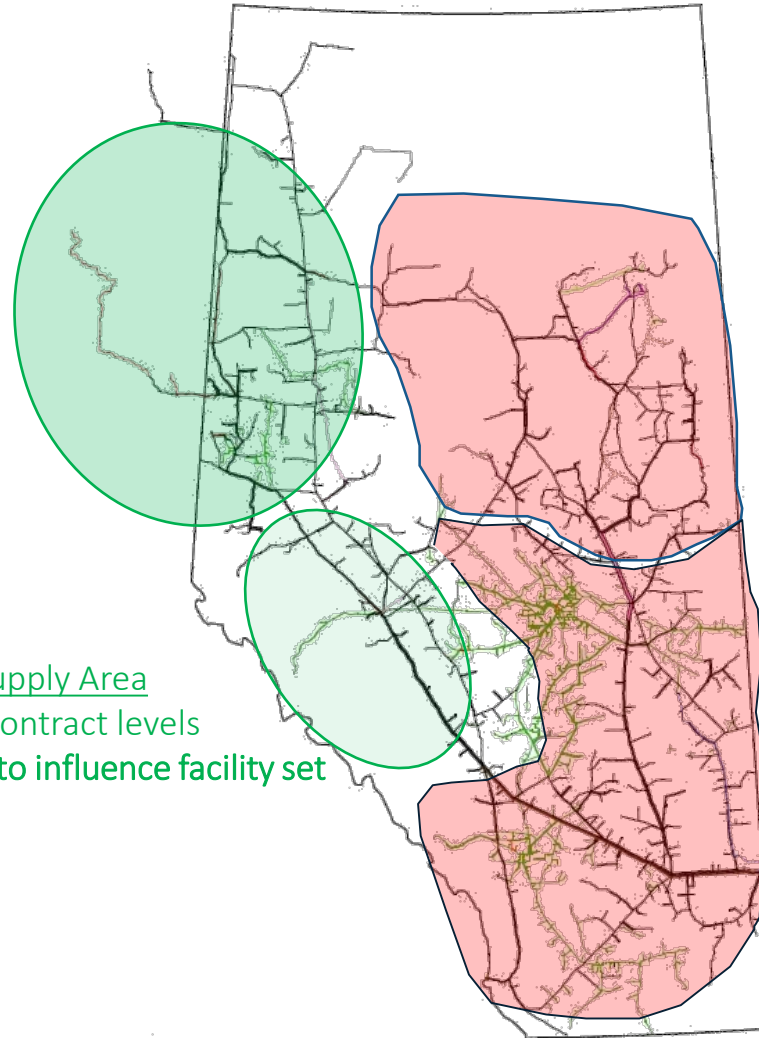
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- Building the right facilities to meet both firm system requirements and our customers' needs at the right time
- **Contracts and Design Flows:**
  - Contracts help inform project timing and the forecast
  - Design flow criteria is applied to the forecast to create peak seasonal Design Flow requirements
  - Design Flows define facility expansion requirements and timing
- **“Lesser of” Principle:**
  - Design Flows are the lesser of the forecasted peak supply and peak demand (supply/demand balancing)
  - Design Flows are also the lesser of the forecasted peak flows and firm contracts
- **Constraining conditions:**
  - Summer and winter flows and distributions are different and may drive expansions
  - Aggregate system and project area constraints can independently drive expansions
- **System accessibility:**
  - Enable all customers to compete equitably for available system supply (or demand)
    - Expansions may be required to meet FTD (or FTR) requirements exclusively, without fully corresponding FTR (or FTD)
    - Same principle has been applied to FTR shippers the last several years

## 6. System Design | Areas with varying level of impact on facility requirements

- Growing Supply Area
- Design flow is limited to contract levels
  - *Contracts may influence facility set*

- Declining Supply Area
- Design flow is below contract levels
  - *Contracts are unlikely to influence facility set*



- Demand areas are growing
- EGAT and WGAT design flows are aligned with firm contract levels
  - Intra delivery design flows are below contract levels
  - Existing OSDA demand growth is expected to drive facilities
  - *Contracts may influence facility set*

## 7. Q & A

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1. During the last Capacity Optimization Open Season very little FT-R was accepted. Will that be the case again for this Capacity Optimization Open Season?

NGTL designs to the lesser of supply or demand forecast. Over the last several years demand has been the lesser of the two and subsequently, the currently planned expansion programs have largely been driven by demand and are less likely to be influenced by changes in FT-R. However, there is also a component of our expansion projects that are driven by the shift in supply further from the demand centers that could potentially be influenced by changes in FT-R.

2. If capacity at the gates or elsewhere on the system becomes available through the Capacity Optimization Open Season will NGTL re-release the available capacity through an Open Season or accelerate the Queue process?

Potentially, depending on the timing, location and quantity of available capacity. NGTL will first look to reduce future expansion by matching the right facilities at the right time to meet its customers' demand from a toll competitiveness lens. However, if there remains available capacity after satisfying the right sizing of facilities, NGTL will conduct an evaluation to determine the most appropriate offer through its normal course of business.

## 7. Q & A (continued)

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### 3. Will the 2021 expansion be affected by the Capacity Optimization Open Season?

No, the dates in this Capacity Optimization Open Season are outside the parameters and conditions able to meet the net benefit criteria to adjust the 2021 facilities. Facilities associated with the 2021 expansion have been committed to. The structure of the net benefit criteria generally means a delay to facilities last in the service queue will provide the greatest benefit from a toll perspective because project capital spend to date is lowest.

### 4. How will NGTL assess facilities beyond the ones already proposed in the annual plan?

NGTL will consider the net benefit to the system and our customers from the perspective of currently proposed facilities and potential future facilities currently being evaluated to determine what requests to accept under the Capacity Optimization Open Season.

**Questions?**



# Contact Information

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