



## ATCO Shipper Meeting

February 28 / March 1/April 19/20, 2011



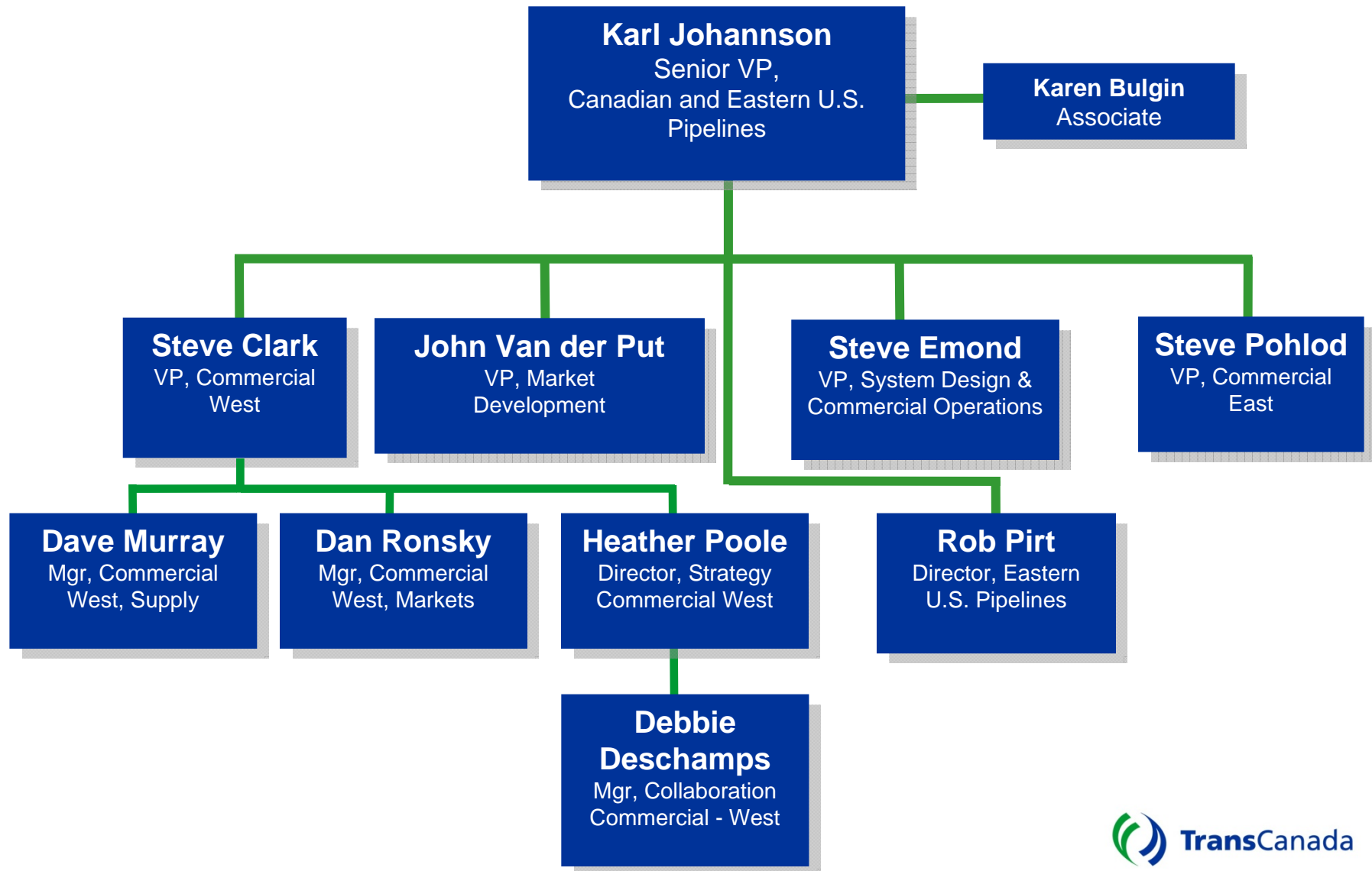
## Purpose of the meeting:



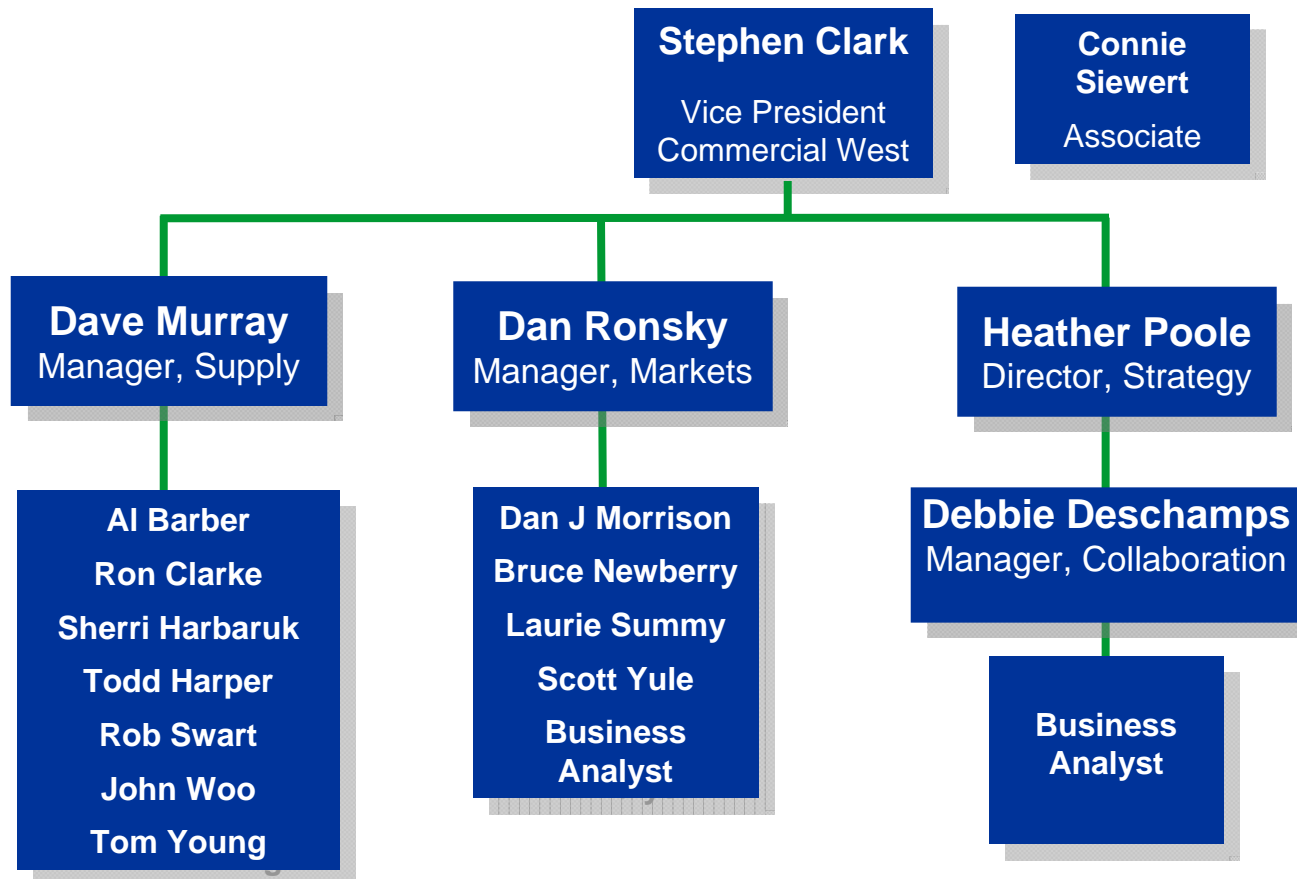
To provide an integration status update for ATCO Shippers and initiate discussions on preparations for integration:

- Provide summary of ATCO / NGTL Integration
- Discuss Alberta System services and attributes
- Discuss contract transition and election process
- Answer shipper questions

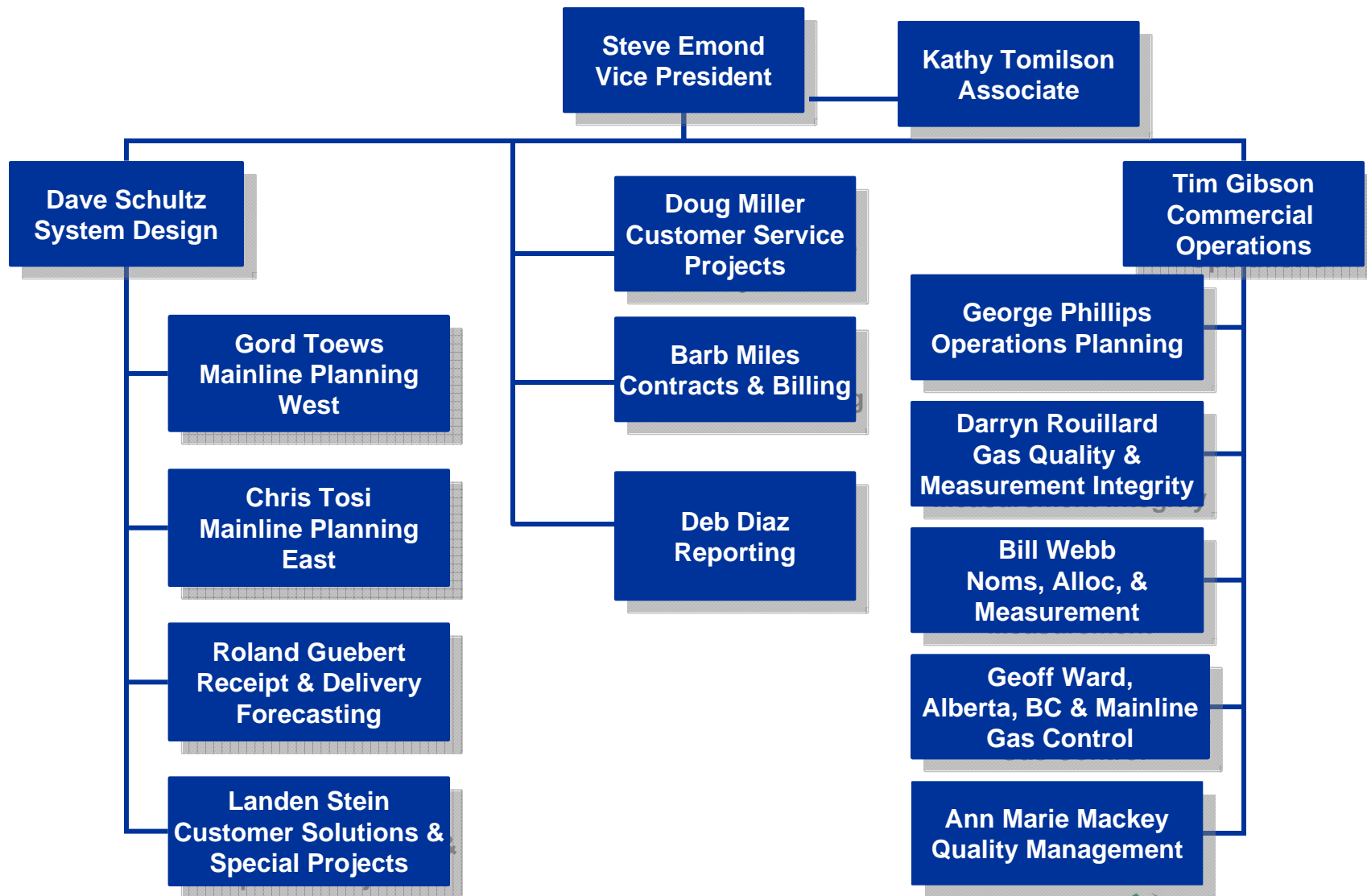
# Canadian and Eastern U.S. Pipelines Team



# Canadian Pipelines – Commercial West



# System Design & Commercial Operations







## ATCO Integration Status

# Integration: Drivers



- **Customers - two tolls; distinct Tariffs & contracts**
- **Delays affecting customers and consuming significant regulatory resources**
- **For many years, a full integration of ATCO and NGTL has been contemplated and advocated by many**
- **Situation culminated in Competition Hearing**
  - EUB encouraged collaborative process to address competitive pipeline issues

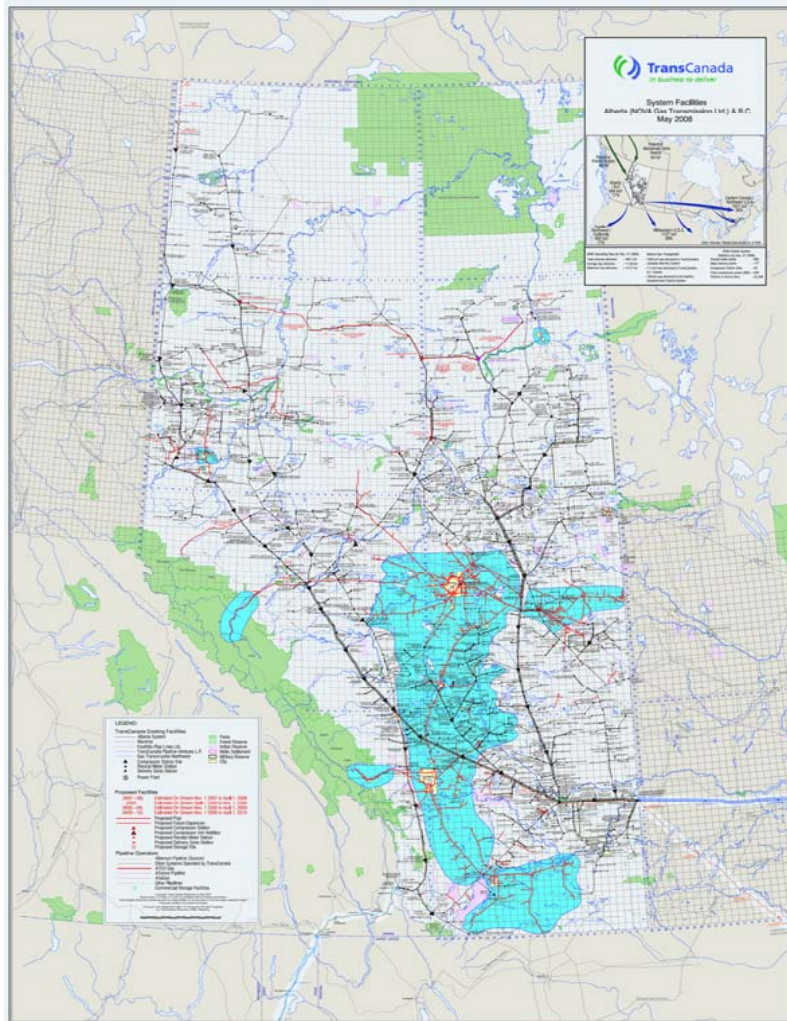
# Integration: High-Level Overview of Agreement



- Commercial: Single “Alberta System” service provider
  - Single Tariff & suite of services
  - 1 operating process / computer system
  - 1 ‘design’ and set of rules for expansions
  - Single, efficient Operating plan
- Distinct Geographic Footprints
  - Asset Swap



# Integration: ATCO Footprint



ATCO Footprint  
(shown in blue, Illustrative)

ATCO will construct, own & operate new and expanded facilities in their Footprint (excluding major 'through' lines)

Swap ownership of existing facilities to generally align with respective Footprints

Final footprint and asset swap being finalized

# Integration: Future Roles & Responsibilities



	NGTL	ATCO
Commercial Operations (contracts, billing, ops planning, nominations, scheduling, balancing, fuel, linepack, etc)	✓	
Sales (commercial interface)	✓	Agent for NGTL in dealing with ATCO Gas
Design & Annual Plan (consult with ATCO)	✓	"Minor Modifications" as per Definitive Agreement
Gas Control	TC Owned Facilities ✓	ATCO Owned Facilities ✓
Field Ops (maintenance, measurement, integrity, right-of-way, landowner....)	TC Owned Facilities ✓	ATCO Owned Facilities ✓

# Post Integration



- **Single suite of services - single tariff**
- **NGTL is the single point of contact for:**
  - Contracting
  - System Design & Annual Plan
  - Daily transactions (nominations, account balancing, restrictions)
  - Invoicing
- **Only exception: ATCO Pipelines will act as agent for NGTL in commercial dealings with ATCO Gas**

# Regulatory Status



- **NEB Rate Design and ATCO Integration Applications**
  - ATCO received AUC approval on May 27, 2010
  - NGTL received NEB approval on August 12, 2010
  - Integration Agreement requires commercial integration within 12 months of receipt of regulatory approvals
  - Commercial Integration – Targeted for August 1, 2011





## Alberta System Service and Attributes





# Commercial Integration Activities



- **Back-Office System Modifications**
  - FT-D3, OS & Franchise Fees
  - Measurement / SCADA Data Exchange
- **Competition Bureau Filing**
  - Required for Commercial Integration & Asset Swap
- **Customer Rollout & Training:**
  - ATCO Shipper Sessions - February 28<sup>th</sup> & March 1st
  - Alberta System / ATCO Shipper Sessions – Spring 2011
- **NEB Compliance Filings:**
  - Franchise Fee Collection – Tariff Language
  - OS Agreements
  - New Alberta System (ATCO) Receipt / Delivery Points & Rates

# Contract Transition - Principles



- **ATCO Tariff ceases to exist upon commercial integration**
- **All ATCO contracts convert to NGTL Tariff Services**
- **Conversion of Primary Service types**

ATCO Contract	Alberta System Contract
FSR	FT-R
FSD	FT-D
FSU	FT-D3
SPD	OS-SPD
NSTA	OS

- **New Contract terms for transition from FS to FT**
  - Firm “Evergreen” contracts receive Oct. 31, 2011 end date
  - Longer term contracts maintain their end date (FT-D to a Max of 8 yrs)

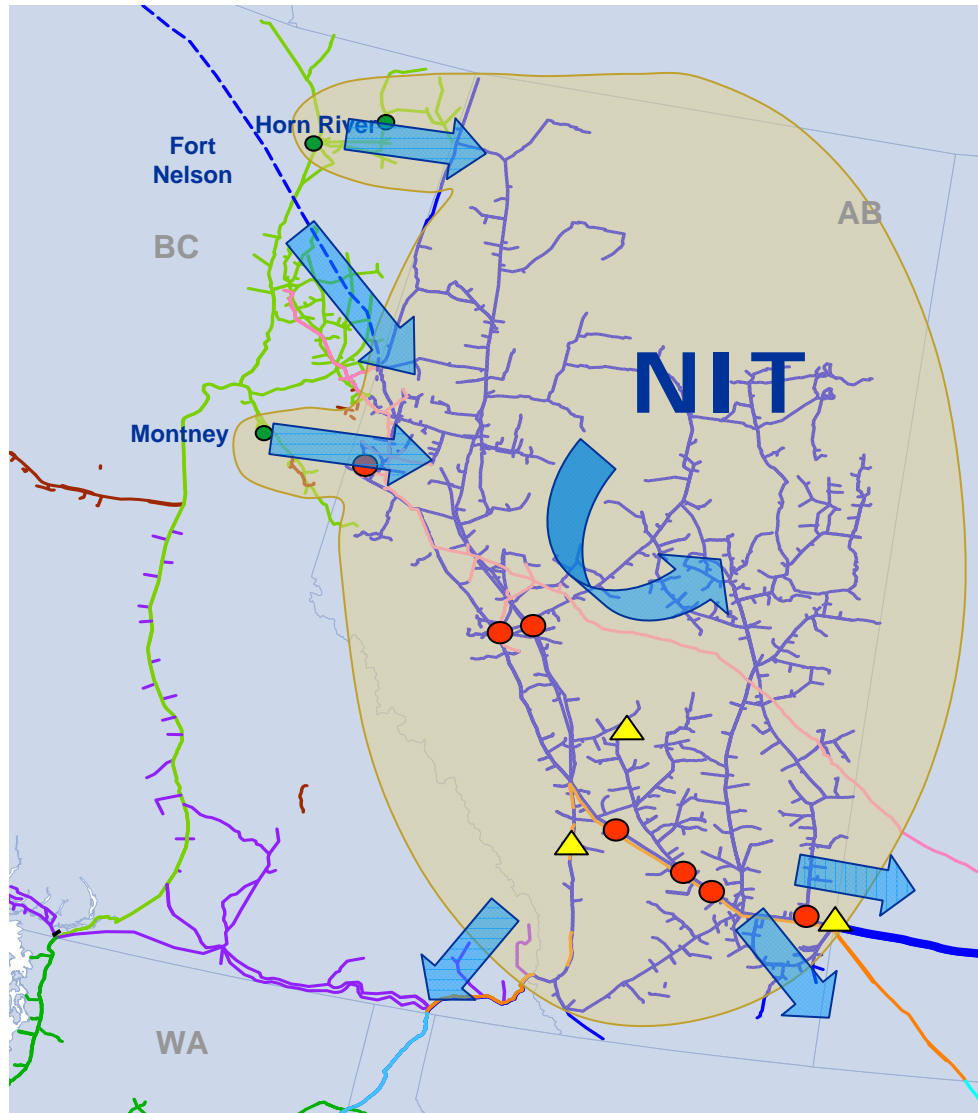
# Alberta System: General Information



- Services are non-pathed (except FT-P)
- Separate Receipt and Delivery Services
- No charge Inventory Transfers
- Deliveries contracted in Energy
- Receipts contracted in Volume
- Fuel “in kind” from receipt customers
- Daily balancing of customer inventory accounts



# TransCanada's Alberta Hub / NIT



- Multiple paths to/from NIT
- 100's of counterparties
- 10 Bcf/d of supply
- Access to a 16 Bcf/d basin
- Diverse markets
- 70+ Bcf/d NITs
- 340 Bcf Storage

## Legend:

- Alliance Pipeline LP
- Foothills Pipe Lines, Ltd.
- Gas Transmission Northwest Corp.
- Northern Border Pipeline Corp.
- Northwest Pipeline Corp.
- Pacific Coast Energy Corp.
- Pacific Northern Gas Ltd.
- Sumas International Pipeline, Inc.
- Terasen Inc.
- TransCanada PipeLines, Ltd.
- Westcoast Energy, Inc.

- Storage
- ▲ Extraction

# Alberta System: Scope of Services discussion



- **FT-R, FT-RN**
  - Firm Receipt Services (R=Multi-year ; RN= 1 year)
  - no changes to services
- **FT-D (Group 1, 2, and 3)**
  - FT-D1 - Group 1 delivery locations (Ex-Basin)
  - FT-D2 - Group 2 delivery locations (Intra-Basin)
  - FT-D3 - Group 3 delivery locations (Service attributes suitable for LDC customers)
- **FT-P**
  - Points to point service for Intra-Basin Shippers
  - Allows Delivery Shippers to partner with Producers or Marketers to access gas supplies in close proximity to their delivery location
- **IT-R / IT-D**
  - Interruptible (daily) Receipt/Delivery services



# Alberta System: Firm Receipt Services



- **FT-R (Receipt)**

- Renewable
- Receipt point specific demand rates
- Assignable
- Transferable in secondary term
- Minimum Contract
  - 3 years existing stations (secondary term)
  - 4 years for contracts requiring new facilities
    - 1 year (primary) + 3 years (secondary term)
    - Primary term based on cost and contract level

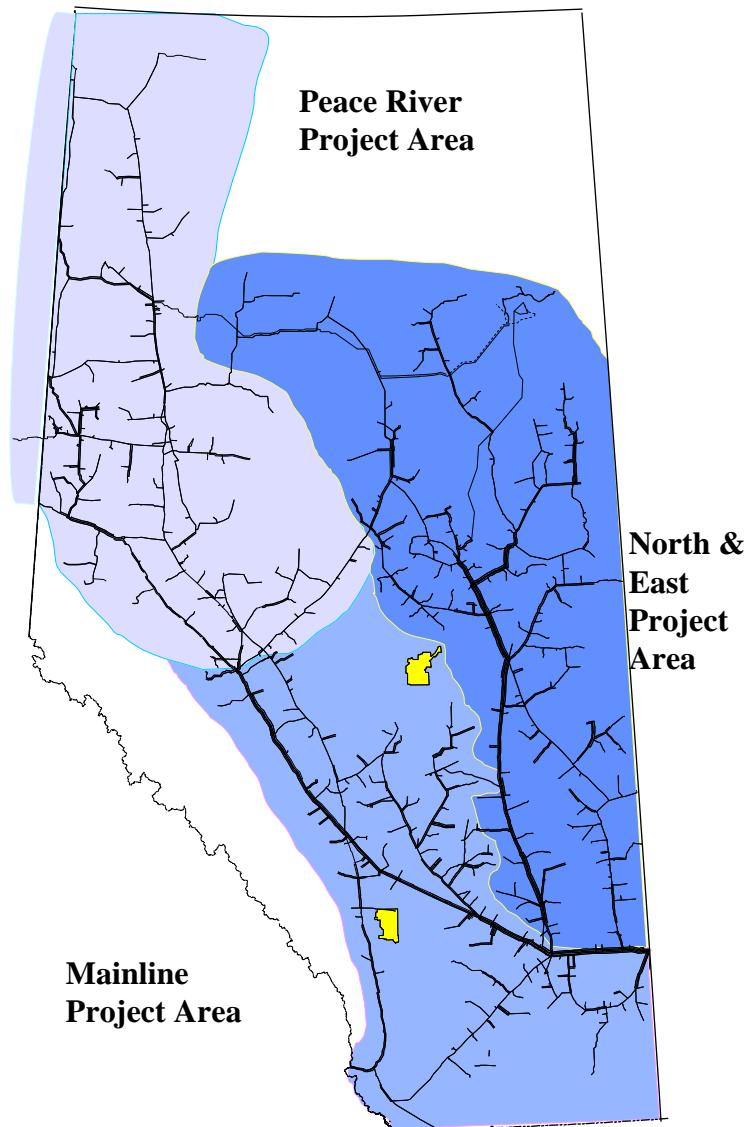
- **FT-RN (Non-Renewable Receipt)**

- Receipt point specific demand rates
- Minimum 1 month
- Maximum 1 year, non-renewable
- Not assignable / transferable (for existing stations only)
- 110% of FT-R 3 year rate

# Alberta System: Receipt Project Areas, Interruptible Receipt Service & Transfers



Figure 2-8  
Alberta System Project Areas



## IT-R (Receipt)

- Lower priority service
- Commodity rate
- Toll is 115% of 3 yr FT- R
- Readily available
- Not assignable

## Transfers

- Allowed in secondary term
- Can be requested at any time
- Additional 3 year secondary if transfer crosses design area

# Alberta System: Firm Delivery Service



- Three Service Groups (Group 1, 2 and 3)
- Minimum Term:
  - No new facilities – 1 year secondary
  - New metering – 2 year primary, 3 year secondary
  - Other new directly attributable facilities
    - 5 year primary, 3 year secondary
- Term differentiated rates available for all Groups
  - 1-2 year term = 100% rate
  - 3-4 year term = 95% of the 1-2 year term rate
  - 5+ year term = 90% of the 1-2 year term rate
- Alt Access available between & within FT-D1 & FT-D2 locations
- Transfers allowed between & within FT-D1 & FT-D2 locations
  - Within FT-D3 locations
- No fuel

# Alberta System: Firm Delivery Service



## FT-D Group 1 & 2 Delivery Points

- Demand rate
- Temporary or Permanent Assignments Allowed
- Invoices based on monthly averaging
- Renewable on 1 year notice
- Group 1 point specific rate
- Group 2 postage stamp rate

## FT-D1 Deliveries to Interconnects:

- Canadian Mainline
- Foothills BC
- Foothills Sask
- Spectra
- Alliance

## FT-D Group 3 Delivery Points

- Demand rate based on Peak Demand
- Higher priority than Group 1 and Group 2 locations
- Demand included in System Design
- Renewable on 1 year notice
- Priced at 120 % of FT-D2 rate
- Customer must be CPO at location
- Only one customer at a D-3 Location
- Only D-3 Service at a D-3 Location

# Alberta System: Delivery Design Areas and Transfers



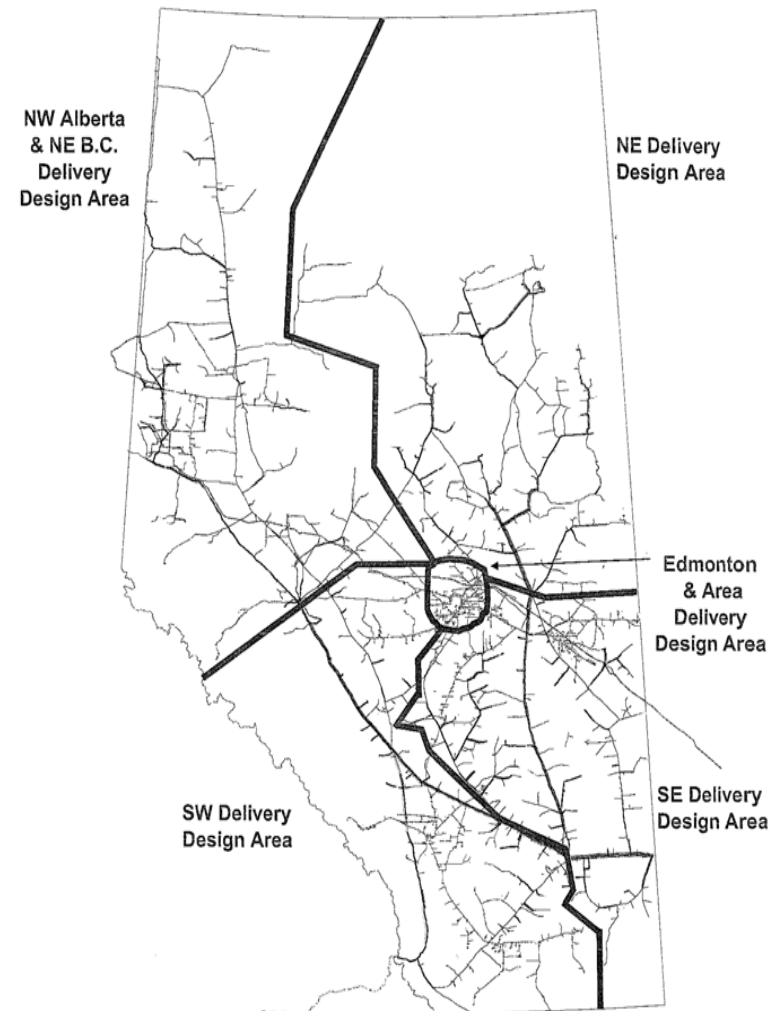
Appendix C: Delivery Design Areas

## Interruptible Delivery Service (IT-D)

- Available at Group 1 and Group 2 delivery locations
- Blanket service - one contract for all locations within group
- 110% of 1-2 year FT-D rate
  - (Group 1 or 2)

## Transfers

- Allowed in secondary term
- Only available for 1<sup>st</sup> of month
- Must be requested on or before 4<sup>th</sup> last business day
- Additional 3 year secondary if transfer crosses design area







## Contract Transition and Elections

# Key Elements/Differences -NGTL Tariff Services



- **Term differentiation (receipt services)**
  - Lower toll for +3 year and +5 year contracts
- **12 month notice for contract renewal**
  - No evergreening
  - For example: Must submit notice by August 1, 2011 for renewal of firm service contracts beyond August 1, 2012
- **Contracting Units**
  - **Receipt** contracts in **Volume** - **Delivery** contracts in Energy
- **Transfers**
  - Primary Term = no transfer; Secondary term = may request transfer
- **Blanket Interruptible Contracts (IT-R and IT-D)**
  - Provide interruptible service at all NGTL receipt / delivery points

# Rate Transition Assumptions



- The approved transition mechanism establishes rates at existing ATCO points by utilizing the ATCO rates in effect at the time of commercial integration as a basis.
- Rates at ATCO receipt points transition to Alberta System receipt point specific rates by 25% per year (starting in 2011)
- Rates at ATCO delivery points will be charged the greater of the applicable ATCO North or South rate at the time of integration or the respective NGTL transition rate (e.g. FT-D2/FT-D3)
- Rates fully transitioned by 2014 per NEB decision August 12/10

Current ATCO Interim Rates in effect	ATCO North (cents/GJ)	ATCO South (cents/GJ)
FSR	12.0	13.1
FSD	10.6	6.2
FSU	13.5	7.7

# Elections- Customer decisions FSR/FSD



- **Obligations**

- ATCO minimum term converts to Alberta System primary term
- New minimum terms ranging from
  - October 31, 2011 to 8 years
- Contract quantities – No change FT-D
- FT-R CDQ converted to volume
  - based on receipt location 12 month average HV (+/- 1%)

- **Opportunities at election**

- Utilize term differentiation (3 yr or 5 yr rates)
- Convert FT-R to FT- P for Nov 1, 2011 (FT-D3 not eligible for FT-P)
- Consolidate contracts
- All customers receive respective blanket IT-R /IT-D

# Election process



- **May 13 – No more ATCO transfers - contracts frozen**
- **June 2 – Election forms to customers**
- **June 16 – Elections made and forms returned**
  - NGTL evaluates and confirms election requests
- **June 30 – Contracts to customers for execution**
- **July 15 – Contracts returned to TransCanada**
  - verifications and input into Alberta systems
- **Aug 1 – ATCO Integration implemented**

# Considerations Prior to Election



- **Incremental requirements (all services)**
  - Request as soon as possible!
- **How to Prepare for Election Period?**
  - Confirm contract levels - FT-D to meet peak requirements?
  - Determine optimal contract term
    - term differentiated rates?
  - FT-P opportunities?
- **Potential Customer issues**
  - Are regulatory approvals required – utility customers
  - What internal authorizations required to sign NGTL contracts?
  - Credit considerations (customer specific)



# Sample Election form - Delivery



## NGTL Election Form - Receipt and Delivery Services

[Click here to go back to the Index](#)

**STEP 1:** In the yellow cells please enter your Elected Service Termination Dates.

**STEP 2:** Please sign and return by June 16, 2011. Email: [alberta\\_contracting@transcanada.com](mailto:alberta_contracting@transcanada.com) or Fax: **403.920.2341**

**Customer Legal Name:** Test Company Oil & Gas (the "Customer")  
**Mnemonic:** TEST

Current Contract Details as of 1-Aug-2011:

Contract Number	Service Type	Receipt/Delivery Point Number and Name	Contract Demand (GJ/day)	Service Start Date	Service Termination Date
111111	FSD	1460:Adrian Lake	500	1-Nov-2009	Evergreen
222222	FSD	1460:Adrian Lake	300	1-Nov-2009	31-Oct-2013
333333	FSU	4657:Beaumont Tap	1,000	1-Nov-2009	31-Oct-2020

New Contract Details Start Date: 1-Aug-2011

Contract Number	Service Type	Receipt/Delivery Point Number and Name	Contract Demand (GJ/day)/(10 <sup>3</sup> m <sup>3</sup> /day)	Elected Contract Demand (GJ/day)/(10 <sup>3</sup> m <sup>3</sup> /day)	Primary Term Start Date	Primary Term End Date	Secondary Term Start Date	Minimum Service Termination Date	Elected Service Termination Date	Price Point
TBD	FT-D2	31508:Adrian Lake APN	500	500			1-Aug-2011	31-Oct-2011	31-Oct-2016	X - 90%
TBD	FT-D2	31508:Adrian Lake APN	300	300	1-Aug-2011	31-Oct-2013		31-Oct-2013	31-Oct-2013	Z - 100%
TBD	FT-D3	31509:Beaumont Tap APN	1,000	1,000	1-Aug-2011	31-Jul-2016	1-Aug-2016	31-Aug-2019	31-Aug-2019	X - 90%
TBD	IT-D:	Blanket Service includes all Delivery Points								

Customer hereby agrees to the elections and the conversion of its existing transportation service contracts as set out herein, and shall enter into the new service documents related thereto on or before July 15th, 2011.

Test Company Oil & Gas

Per: \_\_\_\_\_

Per: \_\_\_\_\_



# Sample Election form - Receipt



## NGTL Election Form - Receipt and Delivery Services

[Click here to go back to the Index](#)

**STEP 1:** In the yellow cells please enter your Elected Receipt Contract Demand ( $10^3\text{m}^3/\text{day}$ ) and your Elected Service Termination Dates.

**STEP 2:** Please sign and return by June 16, 2011. Email: [alberta\\_contracting@transcanada.com](mailto:alberta_contracting@transcanada.com) or Fax: **403.920.2341**

**Customer Legal Name:** Test Company Oil & Gas (the "Customer")  
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### Current Contract Details as of 1-Aug-2011:

Contract Number	Service Type	Receipt/Delivery Point Number and Name	Contract Demand (GJ/day)	Service Start Date	Service Termination Date
111111	FSR	1482:Acheson B	10,000	1-Nov-2009	Evergreen

### New Contract Details Start Date: 1-Aug-2011

Contract Number	Service Type	Receipt/Delivery Point Number and Name	Contract Demand (GJ/day)/(10 <sup>3</sup> m <sup>3</sup> /day)	Elected Contract Demand (GJ/day)/(10 <sup>3</sup> m <sup>3</sup> /day)	Primary Term Start Date	Primary Term End Date	Secondary Term Start Date	Minimum Service Termination Date	Elected Service Termination Date	Price Point
TBD	FT-R	30200:Acheson B APN	260.6 - 265.8	265.8			1-Aug-2011	31-Oct-2011	31-Oct-2011	C - 105%
RENEW	FT-R	30200:Acheson B APN		125.8			1-Nov-2011		31-Oct-2012	C - 105%
	FT-P	<a href="#">Click Here to Request FT-P Service</a>								
TBD	IT-R:	Blanket Service includes all Receipt Points								

Customer hereby agrees to the elections and the conversion of its existing transportation service contracts as set out herein, and shall enter into the new service documents related thereto on or before July 15th, 2011.

Test Company Oil & Gas

Per: \_\_\_\_\_

Per: \_\_\_\_\_

+/- 1% variance

# Sample Election form – Multiple services



## NGTL Election Form - Receipt and Delivery Services

[Click here to go back to the Index](#)

**STEP 1:** In the yellow cells please enter your Elected Receipt Contract Demand ( $10^3\text{m}^3/\text{day}$ ) and your Elected Service Termination Dates.

**STEP 2:** Please sign and return by June 16, 2011. Email: [alberta\\_contracting@transcanada.com](mailto:alberta_contracting@transcanada.com) or Fax: **403.920.2341**

**Customer Legal Name:**

Test Company Oil & Gas

(the "Customer")

**Mnemonic:** TEST

Current Contract Details as of 1-Aug-2011:

Contract Number	Service Type	Receipt/Delivery Point Number and Name	Contract Demand (GJ/day)	Service Start Date	Service Termination Date
111111	FSR	1482:Acheson B	10,000	1-Nov-2009	Evergreen
222222	FSD	1460:Adrian Lake	300	1-Nov-2009	31-Oct-2013
333333	FSU	4657:Beaumont Tap	1,000	1-Nov-2009	31-Oct-2020

New Contract Details Start Date: 1-Aug-2011

Contract Number	Service Type	Receipt/Delivery Point Number and Name	Contract Demand (GJ/day)/(10 <sup>3</sup> m <sup>3</sup> /day)	Elected Contract Demand (GJ/day)/(10 <sup>3</sup> m <sup>3</sup> /day)	Primary Term Start Date	Primary Term End Date	Secondary Term Start Date	Minimum Service Termination Date	Elected Service Termination Date	Price Point
TBD	FT-R	30200:Acheson B APN	260.6 - 265.8	265.8			1-Aug-2011	31-Oct-2011	31-Oct-2011	C - 105%
RENEW	FT-R	30200:Acheson B APN		125.8			1-Nov-2011		31-Oct-2012	C - 105%
	FT-P	<a href="#">Click Here to Request FT-P Service</a>		140.0						
TBD	FT-D2	31508:Adrian Lake APN	300	300	1-Aug-2011	31-Oct-2013		31-Oct-2013	31-Oct-2013	Z - 100%
TBD	FT-D3	31509:Beaumont Tap APN	1,000	1,000	1-Aug-2011	31-Jul-2016	1-Aug-2016	31-Aug-2019	31-Aug-2019	X - 90%
TBD	IT-R:	Blanket Service includes all Receipt Points								
TBD	IT-D:	Blanket Service includes all Delivery Points								

Customer hereby agrees to the elections and the conversion of its existing transportation service contracts as set out herein, and shall enter into the new service documents related thereto on or before July 15th, 2011.

Test Company Oil & Gas

Per: \_\_\_\_\_

Per: \_\_\_\_\_

FT-P election at RENEWAL

+/- 1% variance

## Next Steps



- **Operational workshops for ATCO Shippers**
  - April / May
  - End of May – Final preparations before elections
    - dependent on feedback from customers
- **TransCanada to initiate election process June 2, 2011**

# Questions?



## Contact Information



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