


MADE at the City of Calgary, in the Province of Alberta, on  31st day of July 2006.	 ALBERTA ENERGY AND UTILITIES BOARD
NOVA Gas Transmission Ltd. TTFP Resolution T2006-04 CO2 Service Fees	Application No. 1465379

## **1 BACKGROUND**

On June 13, 2006, the Alberta Energy and Utilities Board (the Board or EUB) received Application No. 1465379 (the Application) from NOVA Gas Transmission Ltd. (NGTL) requesting, pursuant to Part 4 of the *Gas Utilities Act*, R.S.A. 2000, c. G-5, as amended, approval of a change to the methodology for determining the rates for Carbon Dioxide (CO<sub>2</sub>) Management Service to include a mid-year review of CO<sub>2</sub> Management Service rates. NGTL submitted a revised Table of Rates, Tolls and Charges for the Gas Transportation Tariff (Tariff) with revised CO<sub>2</sub> Management Service rates determined in accordance with the proposed mid-year review of CO<sub>2</sub> Management Service rates.

CO<sub>2</sub> Management Service was approved by the Board in Decision 2002-084. The fuel component of the CO<sub>2</sub> Management Service rates is currently calculated annually, based on the forward-looking NYMEX gas price for the upcoming year. The fuel component of the current CO<sub>2</sub> Management Service rates was based on a forecast gas price for 2006 of \$10.808/MMBtu (USD). NGTL submitted that since the current CO<sub>2</sub> Management Service rates were determined forward-looking gas prices had decreased significantly.

A Notice of Application was issued via email, on July 6, 2006, to parties (on the NGTL 2005 GRA Phase I and Phase II distribution lists) and was posted on the EUB and NGTL websites. Submissions from interested parties were requested by July 13, 2006. The Board received a submission in support of the Application from the Office of the Utilities Consumer Advocate (UCA).

## **2 DETAILS OF THE APPLICATION**

On April 11, 2006, the Tolls, Tariffs, Facilities & Procedures Committee (TTFP) adopted Issue T2006-004 for the purpose of addressing the fuel component of the CO<sub>2</sub> Management Service rates. This resulted in an unopposed vote by the TTFP on Resolution T2006-04 on June 13, 2006, supporting a change to the methodology for determining CO<sub>2</sub> Management Service rates to include a mid-year review. With this proposed change in methodology, NGTL submitted that the gas price incorporated in the rates for CO<sub>2</sub> Management Service would be revisited early each May. The review would begin by calculating the three tiers of CO<sub>2</sub> Management Service

rates using the forward-looking gas price available in May for the 12 month period beginning in July. If using these rates resulted in a +/- 10% or greater change in the CO<sub>2</sub> Management Service rate for at least one tier of CO<sub>2</sub> Management Service, NGTL would file revised CO<sub>2</sub> Management Service rates for all three tiers to reflect the more recent forward-looking gas prices. These new rates would be effective July 1 of that year. NGTL noted that this change would have no effect on the practice of determining CO<sub>2</sub> Management Service rates for January 1 of each year.

In the Application, NGTL filed revised rates for CO<sub>2</sub> Management Service for the remainder of 2006. NGTL submitted that given the timing of this initial filing under this new methodology, the forward-looking gas price for the 12 forecast months beginning August 2006 was used for the 2006 mid-year review. The reduction in gas price from \$10.808/MMBtu to \$8.616/MMBtu (USD) caused a decrease of more than 10% in the Tier 3 CO<sub>2</sub> Management Service rate from \$390.43/10<sup>3</sup>m<sup>3</sup> to \$344.56/10<sup>3</sup>m<sup>3</sup>, therefore the rates for all three tiers have been revised subject to approval of the new methodology.

NGTL attached to its Application, a copy of Resolution T2006-04, along with an updated Table of Rates, Tolls and Charges with revised rates for CO<sub>2</sub> Management Service.

### **3 BOARD FINDINGS**

The Board notes that shippers potentially affected by the proposed amendments related to the CO<sub>2</sub> Management Service rates had the opportunity to discuss this issue at a meeting of the TTFP, and that Resolution T2006-04 was passed through an unopposed vote. The Board also notes that the UCA endorsed the resolution as being consistent with consumers' interests. The Board notes that no parties filed an objection with regard to the Application.

The Board considers that the proposed methodology allows for the CO<sub>2</sub> Management Service rates to more closely reflect gas prices on a forward looking basis. The Board notes that NGTL has a deferral account for CO<sub>2</sub> Management Service and is of the view that the proposed mid-year review may reduce the overall CO<sub>2</sub> Management Service deferral amounts on an annual basis. The Board considers both of these outcomes to be in the public interest.

Based on the above noted reasons, and the absence of objections to the Application, the Board finds that the requested revisions to the Table of Rates, Tolls and Charges for the Gas Transportation tariff with revised CO<sub>2</sub> Management Service rates determined in accordance with the proposed mid-year review of CO<sub>2</sub> Management Service rates are reasonable.

### **4 ORDER**

THEREFORE, it is hereby ordered that NOVA Gas Transmission Ltd.:

- (1) Amend relevant sections of its Table of Rates, Tolls and Charges for the Gas Transportation Tariff related to the methodology for determining the rates for Carbon Dioxide (CO<sub>2</sub>) Management Service to include a mid-year review of CO<sub>2</sub> Management Service rates as attached to the Application and as Appendix 1 to this Order, effective on August 1, 2006.

END OF DOCUMENT

Effective August 1, 2006

## APPENDIX 1 - CO<sub>2</sub> MANAGEMENT SERVICE RATES EFFECTIVE AUGUST 1, 2006

TABLE OF RATES, TOLLS & CHARGES

Service	Rates, Tolls and Charges		
1. Rate Schedule FT-R	Refer to Attachment "1" for applicable FT-R Demand Rate per month & Surcharge for each Receipt Point Average Firm Service Receipt Price (AFSRP) \$141.42/10 <sup>3</sup> m <sup>3</sup>		
2. Rate Schedule FT-RN	Refer to Attachment "1" for applicable FT-RN Demand Rate per month & Surcharge for each Receipt Point		
3. Rate Schedule FT-D	FT-D Demand Rate per month (Apr – Oct) \$141.42/10 <sup>3</sup> m <sup>3</sup> FT-D Demand Rate per month (effective November 1, 2006) \$ 3.74/GJ		
4. Rate Schedule STFT	STFT Bid Price. Minimum bid of 100% of FT-D Demand Rate		
5. Rate Schedule FT-DW	FT-DW Bid Price. Minimum bid of 125% of FT-D Demand Rate		
6. Rate Schedule FT-A	FT-A Commodity Rate \$ 0.48/10 <sup>3</sup> m <sup>3</sup>		
7. Rate Schedule FT-P	Refer to Attachment "2" for applicable FT-P Demand Rate per month		
8. Rate Schedule LRS	<u>Contract Term</u>	<u>Effective LRS Rate (\$/10<sup>3</sup>m<sup>3</sup>/day)</u>	
	1-5 years	9.69	
	6-10 years	8.10	
	15 years	7.26	
	20 years	6.45	
9. Rate Schedule LRS-2	LRS-2 Rate per month \$50,000		
10. Rate Schedule LRS-3	LRS-3 Demand Rate per month (Jan – April) \$196.32/10 <sup>3</sup> m <sup>3</sup> LRS-3 Demand Rate per month (effective May 1, 2006) \$129.55/10 <sup>3</sup> m <sup>3</sup>		
11. Rate Schedule IT-R	Refer to Attachment "1" for applicable IT-R Rate & Surcharge for each Receipt Point		
12. Rate Schedule IT-D	IT-D Rate (Apr – Oct) \$ 5.12/10 <sup>3</sup> m <sup>3</sup> IT-D Rate (effective November 1, 2006) \$ 0.1354/GJ		
13. Rate Schedule FCS	The FCS Charge is determined in accordance with Attachment "1" to the applicable Schedule of Service		
14. Rate Schedule PT	<u>Schedule No</u>	<u>PT Rate</u>	<u>PT Gas Rate</u>
	9005-01000-0	\$ 164.91/d	0.0 10 <sup>3</sup> m <sup>3</sup> /d
	9006-01000-0	\$ 15.05/d	1.0 10 <sup>3</sup> m <sup>3</sup> /d
15. Rate Schedule OS	<u>Schedule No.</u>	<u>Charge</u>	
	2003004522-2	\$ 83,333.00 / month	
	2003034359-2	\$ 899.00 / month	
	2004168619-1	\$ 437.50 / month	
	2006222805-2	\$ 8.00 / month	
	2006222973-1	\$ 856.00 / month	
	2006222974-1	\$ 66.00 / month	
	2006223044-1	\$ 171.00 / month	
	2006223045-1	\$ 1,576.00 / month	
	2006223046-1	\$ 294.00 / month	
	2006223047-1	\$ 68.00 / month	
	2006224148-1	\$ 92.00 / month	
	2006224149-1	\$ 536.00 / month	
	2006224337-1	\$ 66.00 / month	
	2006224475-1	\$ 111.00 / month	
	2006224607-1	\$ 3,588.00 / month	
16. Rate Schedule CO <sub>2</sub>	<u>Tier</u>	<u>CO<sub>2</sub> Rate (\$/10<sup>3</sup>m<sup>3</sup>)</u>	
	1	<del>674.38</del> 620.40	
	2	<del>532.41</del> 495.37	
	3	<del>390.43</del> 344.56	