

TOLLS, TARIFF, FACILITIES & PROCEDURES COMMITTEE	
Resolution: <i>T2018-03A: NGTL FT Transfers to Storage Pilot Program</i>	Issue: <i>T2018-03: NGTL Access to Storage</i>
Date of Resolution Vote: <i>2021.02.19</i>	Issue Adoption Date: <i>2018.02.13</i>
Issue Sponsor: NOVA Gas Transmission Ltd. ("NGTL")	

Resolution

NGTL FT Transfers to Storage Pilot Program

The Tolls, Tariff, Facilities and Procedures Committee ("TTFP") agrees to implement a pilot program ("the Pilot") for transfers to storage for Firm Transportation – Delivery and Firm Transportation – Receipt services ("FT Transfers to Storage"). The Pilot will allow customers to transfer service from either a Group 1 Delivery Point or Group 2 Delivery Point to a Storage Delivery Point for the purpose of injection, as well as from a Receipt Point to a Storage Receipt Point for the purpose of withdrawal. FT Transfers to Storage will be subject to the provisions outlined in the new FT Transfers to Storage Procedure ("the Procedure"), to which the November 2, 2020 version has been attached for reference.

The Pilot will commence as soon as possible following the completion of required administrative system changes. The Pilot start date, which will occur on the first business day of a month, may be as early as January 1, 2021, but will be no later than April 1, 2021. NGTL will provide at least 30 calendar days notice of the commencement of the Pilot and notice will be provided to all NGTL System customers via a Bulletin. Throughout the Pilot, NGTL will publish a daily report on the Company website summarizing transfer to storage activity. The report will be published by 9:00 a.m. Mountain Standard Time on the last Banking Day prior to the effective gas day, and will include:

- FT Transfers to Storage requests that were approved (total number of requests and aggregated energy or volume) broken down by FT-D and FT-R, and
- Allowed usage of Transferred to storage contracts by storage location expressed as a percentage.

During the Pilot, NGTL may make improvements to the Procedure based on experience gained during the Pilot. If necessary, and as discussed with the Access to Storage Task Force ("Task Force"), NGTL may file a Tariff amendment whereby the toll applied to FT Transfers to Storage is the higher of the home location and the Storage location, if NGTL observes the usage of FT Transfers to Storage as a means of toll avoidance. Notwithstanding, customers are not bound by their vote regarding any future position they may take should NGTL enact this tariff amendment. If at any time during the Pilot NGTL determines that the Pilot has resulted in negative unintended consequences, including, but not limited to, negative impacts on the operations or integrity of the NGTL System, NGTL may immediately suspend or terminate the Pilot. NGTL invites and will consider all input from customers in making such a decision.

Absent termination, NGTL will prepare a report to the TTFP with the following information based on data to the end of March 2022:

- FT Transfers to Storage that have occurred, by day, quantity and location,
- A comparison to IT availability at each storage location,
- An assessment of any operational impacts,
- An assessment of any unintended consequences,
- Any changes made that affect the Pilot,
- Any other relevant matters in assessing the Pilot, and
- A proposal for how to proceed (ie. whether to end the Pilot, extend the Pilot with or without amendment or end the Pilot and continue the Procedure indefinitely).

The report will be provided to the TTFP by May 15, 2022. NGTL will work with the TTFP in good faith to determine how to proceed by August 30, 2022. During this period of review (March 31, 2022 to August 30, 2022), the Pilot will remain in place.

At the time the Pilot commences, the FT-D2 to FT-D1 (and vice versa) pilot program (addressed in Resolution T2018-04) will be revised to permit daily transfers between FT-D Group 1 Delivery Points and FT-D Group 2 Delivery Points (and vice versa).

Vote Results

Unopposed

Background

On February 13, 2018, the TTFP adopted Issue T2018-03. In order to ensure that the discussions were inclusive of all interested and potentially affected parties, NGTL posted a letter on the TC Customer Express website to all NGTL System customers, TTFP members and additional stakeholders inviting them to participate in the discussions.

A task force of the TTFP was established to examine ways in which access to storage could be enhanced on the NGTL System. The first meeting of the Task Force took place on February 22, 2018 with a total of six Task Force meetings taking place in 2018, and one meeting in 2019. Between 2018 and 2020, NGTL and customers also took part in other industry discussions related to identifying, developing and assessing potential alternatives to enhance access to storage. In June 2020, NGTL invited additional stakeholders to participate in the Task Force. Between June and October 2020, six task Force Meetings took place, primarily focussed on discussing the FT Transfers to Storage Pilot.

Pursuant to Section 15.11 of the General Terms and Conditions, NGTL may establish procedures, including procedures for carrying out and evaluating any pilot projects NGTL determines to be necessary or desirable, respecting or relating to or affecting any Service or any term, condition or provision contained within the Tariff.

NGTL FT TRANSFERS TO STORAGE PROCEDURE

I. APPLICATION OF TARIFF TO FT TRANSFERS TO STORAGE

This document describes the Procedure for FT Transfers to Storage. All other relevant Tariff provisions with respect to transfers of Service remain applicable to FT Transfers to Storage, including any provisions applicable to the crossing of a Project Area or Delivery Design Area.

II. DEFINITIONS

Unless otherwise defined in this Procedure, the capitalized terms used in this FT Transfer to Storage Procedure (“**Procedure**”) have the meaning attributed to them in the NOVA Gas Transmission Limited (“**NGTL**”) Tariff.

“**All Other Transfers to Storage**” means any FT Transfer to Storage:

- i) between a Receipt Point and Storage Receipt Point within the same Project Area;
- ii) between a Receipt Point and Storage Receipt Point in a different Project Area; or
- iii) between a Group 1 or Group 2 Delivery Point and Storage Delivery Point in a different Delivery Design Area.

“**Automated Transfer Process**” or “**ATP**” is existing functionality within the Company contracting system that can be utilized to automatically approve transfers that meet automation criteria.

“**Cushion Gas**” means the volume of gas required in a storage reservoir to maintain adequate pressure and deliverability rates throughout the withdrawal season.

“**Design Based Hydraulic Impact and Capacity Assessment**” means the assessment undertaken by Company set out in ParagraphV(2).

“**Effective Gas Day**” means the gas day on which an FT Transfer to Storage, as approved in accordance with this Procedure, is effective.

“**FT Contract**” means a contract for Service for either FT-D1, FT-D2, FT-D3 or FT-R, as applicable, excluding Transferred to Storage Contracts.

“**FT-D1**” means Service under Rate Schedule FT-D at a Group 1 Delivery Point.

“**FT-D2**” means Service under Rate Schedule FT-D at a Group 2 Delivery Point.

“**FT-D3**” means Service under Rate Schedule FT-D at a Group 3 Delivery Point.

“FT-D Transfer to Storage Within a DDA” means an FT Transfer to Storage between, either a Group 1 Delivery Point or a Group 2 Delivery Point, and a Storage Delivery Point within the same Delivery Design Area.

“FT-R” means Service under Rate Schedule FT-R.

“FT Transfer to Storage” means a transfer of an FT Contract that is eligible to transfer to either a Storage Receipt Point or Storage Delivery Point, as applicable, in accordance with this Procedure.

“Home Location” means the Receipt Point or Delivery Point of an FT Contract prior to any FT Transfer to Storage.

“NGTL Storage Inventory” as defined in NGTL’s IT-S Procedure, means total volume of gas including NGTL toll paid Cushion Gas, at any point in time, contained within a commercial storage facility, which is eligible to be returned to NGTL under Rate Schedule IT-S (receipt). When returned to NGTL, this gas will be destined for a Delivery Point and tolled under the appropriate service.

“Operational Capacity Assessment and Contract Usage Determination” means the assessment undertaken by Company pursuant to Paragraph V(3).

“Out and Back” means a transfer request that consists of a pair of transfers that are assessed at the same time, where the out transfer is from location A to location B and the back transfer is a future dated request from location B back to location A.

“Minimum FT-R Aggregate Usage” means the minimum aggregate FT-R usage that will be authorized on a daily basis at each NGTL-connected commercial storage facility and allocated pro-rata among all applicable Transferred to Storage Contracts in Accordance with Paragraph V(3)(B).

“Storage Operator” means the operator of an NGTL-connected commercial storage facility.

“Transferred to Storage Contract” means all or a portion of Service under an eligible FT Contract for which a request for an FT Transfer to Storage has been submitted by a Customer and approved by Company in accordance with this Procedure.

III. PURPOSE

This Procedure sets out the process that applies for Company to ensure that sufficient capacity exists to accommodate FT Transfers to Storage such that other firm services on the NGTL system are not impacted.

IV. ELIGIBILITY FOR FT TRANSFERS TO STORAGE

The following sets out the eligibility requirements for requests for FT Transfers to Storage:

1. A Customer that holds FT-D1 or FT-D2 Service may request the transfer of all or a portion of its Service that is in its Secondary Term to a Storage Delivery Point.
2. A Customer that holds FT-R Service may request the transfer of all or a portion of its Service that is in its Secondary Term to a Storage Receipt Point.
3. Customers that hold FT-D3 Service are not eligible to request an FT Transfer to Storage.
4. All FT Transfer to Storage requests must be Out and Back requests of a minimum of one day to a maximum of 39 days.
5. All FT Transfer to Storage requests may be submitted up to 39 days in advance of, and including, the requested Effective Gas Day.
6. Whether the assignee of an FT Contract that would otherwise be eligible for an FT Transfer to Storage has the right to request an FT Transfer to Storage will be determined in accordance with Company procedures applicable to assignments.
7. An FT Transfer to Storage cannot be requested for an FT Contract that has been temporarily relocated to a different location as part of an Out and Back transfer prior to the return of the contract to its Home Location.
8. All FT Transfer to Storage requests must be submitted through Company's contracting system.
9. FT Transfers to Storage are only available at storage locations that qualify for IT-S service, and for gas that meets the requirements to be considered NGTL Storage Inventory.

V. FT TRANSFERS TO STORAGE ASSESSMENT

1. Assessment Steps

All FT Transfers to Storage requests are first subject to a Design Based Hydraulic Impact and Capacity Assessment as outlined in Paragraph V(2), followed by an Operational Capacity Assessment and Contract Usage Determination as outlined in Paragraph V(3).

2. Design Based Hydraulic Impact and Capacity Assessment

Each eligible FT Transfer to Storage request submitted in accordance with this Procedure will be evaluated to determine the design based hydraulic impact to the system. Local area facility capacity (laterals) and meter station capacity will also be considered to determine whether the transfer request can be accommodated. ATP will be used where applicable for FT Transfer to Storage requests.

Subject to the applicable assessment and notification process set out in this Procedure, FT Transfer to Storage requests that are hydraulically neutral (system capacity remains the same) or positive (system capacity increases) and within applicable capacity limits, will be approved. An automated message from the Company contracting system will be sent to the Customer and the applicable Storage Operator to confirm that the request has been approved.

FT Transfer to Storage requests that are hydraulically negative (system capacity decreases) will be denied. Company will provide an e-mail notification of the denial including a brief rationale for why the request was denied.

3. Operational Capacity Assessment and Contract Usage Determination

A) Operational Capacity Assessment

Operational capacity will be assessed by Company by 8:30 a.m. Calgary Time one Banking Day prior to the Effective Gas Day. Company's determination of the available operational capacity will be extended as required across weekends or other days that are not Banking Days. The operational capacity assessment will include consideration of any planned or unplanned interruptions known at the time of assessment.

B) Usage Determination for Transferred to Storage Contracts

Once the operational capacity is determined for the Effective Gas Day, Company will first allocate the available capacity to the expected system utilization of the FT Contracts at Home Locations, taking into account the potential changes in utilization due to Transferred to Storage Contracts.

A Minimum FT-R Aggregate Usage of 100 TJ/d will be available at each NGTL-connected commercial storage facility and allocated on a pro-rata basis to all applicable Transferred to Storage Contracts at that Storage location.

Company will allocate the remaining capacity to applicable Transferred to Storage Contracts to determine their allowed usage. If the operational capacity is not sufficient to accommodate 100% usage of the aggregate Contract Demand of all applicable Transferred to Storage Contracts, Company will allocate the capacity on a pro-rata basis to all applicable Transferred to Storage Contracts to determine their allowed usage.

Notwithstanding, FT-D Transfers to Storage Within a DDA have a pre-authorized usage of 100%.

4. FT-D Transfer to Storage Within a DDA

A) Assessment of Requests and Notification Process

Customer may submit an FT-D Transfer to Storage Within a DDA request prior to, and on, the requested Effective Gas Day.

For an FT-D Transfer to Storage Within a DDA request that can be approved and for which ATP is applicable, notification of approval will be sent to the Customer and the applicable Storage Operator immediately.

If ATP is not applicable to the FT-D Transfer to Storage Within a DDA request, Company will conduct the Design Based Hydraulic Impact and Capacity Assessment and will notify Customer and the applicable Storage Operator if the request is approved on a best efforts basis, where notification may be issued during the Effective Gas Day such that Customer is able to nominate its Transferred to Storage Contract on the next nomination cycle.

The allowed usage for Transferred to Storage Contracts approved in accordance with this Section will be 100%.

A Transferred to Storage Contract approved in accordance with this Section will be allowed to return to its Home Location at any time, subject to capacity availability at the Home Location.

B) Priority of Service During Interruptions

Transferred to Storage Contracts approved in accordance with this Section will have the same priority of service as other firm services on the system during planned or unplanned interruptions.

5. All Other Transfers to Storage

A) Assessment of Requests and Notification Process

For All Other Transfer to Storage requests submitted by 10:00 a.m. Calgary time two Banking Days in advance of the Effective Gas Day, Company will conduct the Design Based Hydraulic Impact and Capacity Assessment and will notify Customer and the applicable Storage Operator if the request is approved, no later than 4:00 p.m. Calgary Time two Banking Days in advance of the requested Effective Gas Day.

For All Other Transfer to Storage requests submitted after 10:00 a.m. Calgary time two Banking Days in advance of the Effective Gas Day, Company will conduct the Design Based Hydraulic Impact and Capacity Assessment on a best efforts basis and may provide notification of approval or denial of the request by 7:00 a.m. Calgary time one Banking Day in advance of the Effective Gas Day. If the Company does not provide notification of the approval of these requests to the Customer and the applicable Storage Operator by 7:00 a.m. Calgary time one Banking Day in advance of the Effective Gas Day, the FT Transfer to Storage will not be approved for the Effective Gas Day.

A Transferred to Storage Contract approved in accordance with this Section will not be allowed to return to its Home Location for the Effective Gas Day after 7:00 a.m. Calgary time one Banking Day in advance of the requested Effective Gas Day. All other requests to return a Transferred to Storage Contract to its Home Location at any other time will be accommodated, subject to capacity availability at the Home Location.

B) Notification of Allowed Usage of Transferred to Storage Contracts

Company will notify Customers of their allowed usage of their Transferred to Storage Contracts approved under this Section by 9:00 a.m. Calgary Time one Banking Day prior to the Effective Gas Day. Allowed usage will be used to determine authorized quantities as per the nomination cycles.

C) Priority of Transferred to Storage Contracts During Interruptions

Planned or unplanned interruptions that are known at the time of the Operational Capacity Assessment and Usage determination, outlined in Paragraph V(3)(B), will be factored into the total allowable usage of the Transferred to Storage Contract.

In the event of interruptions that were not known at the time of the Operational Capacity Assessment and Usage Determination, Transferred to Storage Contracts approved in accordance with this Section will have the same priority of service as other firm services on the system.

Notwithstanding anything in this Paragraph V(3)(C), the Minimum FT-R Aggregate Usage will have the same priority of service as other firm services on the system during planned or unplanned interruptions.

VI. Confidentiality of Notifications

Storage Operators that are in receipt of notifications for the approval or denial of FT Transfers to Storage must maintain confidentiality of those notifications and must not disclose the notifications to any other party, unless the Customer to whom the notification applies consents to such disclosure.

VII. Rejection of FT Transfers to Storage

Company may reject an FT Transfer to Storage or send it back to the Home Location early if Company determines the FT Transfer to Storage was not requested for the purpose of accessing storage.

VIII. Improvements as Required

Company may revise or amend this Procedure as required.