

THE PROVINCE OF ALBERTA
GAS UTILITIES ACT
ALBERTA ENERGY AND UTILITIES BOARD

IN THE MATTER of Storage
Accountability and the Amendment
to NGTL's Gas Transportation
Tariff.

ORDER U2003-376

Application No. 1313424
File 5631-13

1 BACKGROUND

Nova Gas Transmission Ltd. (NGTL), a wholly owned subsidiary of TransCanada Pipelines Limited, by letter dated September 10, 2003, applied to the Alberta Energy and Utilities Board (Board) under Part 4 of the *Gas Utilities Act*, R.S.A. 2000, c. G-5, as amended, for approval of tariff amendments to the Rate Schedule for Facility Connection Service (FCS) to incorporate changes to customer storage accountability (the Application). NGTL suggested these changes would increase customer accountability for facilities at a storage delivery point through the use of a Minimum Annual Volume (MAV) requirement. NGTL requested that the Board consider and approve this Application by October 1, 2003.

In Decision 2003-051, the Board directed NGTL to provide an update regarding appropriate customer accountability for facilities at Storage Delivery Points as part of Phase 2 of its 2004 General Rate Application (GRA). The Board noted that, if the matter could not be resolved for 2003 to the Board's satisfaction, the Board would address customer accountability for facilities at storage delivery points as part of NGTL's 2004 GRA.

2 DETAILS OF THE APPLICATION

On September 9, 2003, NGTL's Tolls, Tariff and Procedures Committee (TTP) supported the proposed storage accountability tariff amendments from the TTP Storage Task Force through an unopposed vote on Resolution T2003-05.

The following summarizes the specific TTP Storage Task Force recommendations:

- A 100% increase in MAV requirements compared to the MAV currently in place, by basing the MAV on a firm transportation unit cost;

- Retaining the amount of capital cost that will be rolled into NGTL's rate base to the lesser of the capital cost of the connecting facilities or \$300,000/Bcf of newly connected working gas capacity;
- 'Actual physical volumes' used to determine the FCS Charge are to be adjusted positively for any offsetting volumes which paid an NGTL receipt toll (e.g., native production which occurs during injection mode).

The TTP Storage Task Force considered that this proposal represented a balance of interests and provided for a reasonable amount of accountability for storage facilities by ensuring that the NGTL facilities are used and useful while still accounting for system costs. NGTL stated that the recommendations were a result of extensive industry collaboration resulting in the proposal as set out in the Application.

NGTL recommended that storage accountability set no precedent for future rate design and pipeline accountability discussions. Further, NGTL recommended that future rate design and pipeline accountability discussions set no precedent for future storage accountability discussions. NGTL noted that the TTP Storage Task Force expected and recommended the proposal to be reviewed and revised as necessary should storage accountability be adversely impacted by changes to rate design.

On September 18, 2003 the Board issued its Notice of Application summarizing the particulars of the filing and requested that any objections be filed with the Board by September 25, 2003. Industrial Gas Consumers Association of Alberta (IGCAA) filed a letter in support of the Application. IGCAA stated that storage facilities, if properly utilized, provided a range of benefits to shippers. In IGCAA's view, the recommendation balanced the value of storage to all shippers against the potential costs of new storage capacity. The Board did not receive any objections to the Application.

3 BOARD FINDINGS

The Board is satisfied that customers and interested parties, through the TTP and NGTL's bulletin board, were aware of the proposed storage recommendations, and any impacts these recommendations may have.

The Board recognizes that the need for increased storage accountability on the NGTL system was an issue of concern in Decision 2003-051, whereby the Board indicated that it would address customer accountability for facilities at storage delivery points as part of NGTL's 2004 GRA if resolution was not reached in 2003 to the Board's satisfaction.

The Board is satisfied that approval of the Application is appropriate and in the public interest, and is prepared to grant the order applied for by NGTL. However, the Board notes that NGTL recommended that storage accountability set no precedent for future rate design and pipeline accountability discussions. The Board agrees with NGTL that approval of this application should not preclude future discussions or review of storage accountability in either the 2004 GRA proceeding or the proposed module that is expected to address intra-Alberta pipeline competition.

Therefore the Alberta Energy and Utilities Board, pursuant to Part 4 of the *Gas Utilities Act*, R.S.A 2000, c. G-5, as amended, hereby orders as follows:

NGTL's Tariff amendments to the Rate Schedule for Facility Connection Service (FCS) that incorporate changes to customer storage accountability are approved.

Dated in Calgary, Alberta on September 29, 2003.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

R.D. Heggie