

**TRANSCANADA - ALBERTA SYSTEM
Tolls, Tariff & Procedures Committee**

RESOLUTION

Gas Delivery Quality - Gas Quality at Utility Tap Facilities Process

Resolution T2000-16

The Tolls, Tariff & Procedures Committee (“TTP”) agrees to the creation of a Utility Tap Facility (“UTF”) deferral account to address concerns with gas quality at UTFs connected to the NOVA Gas Transmission Ltd. (“NGTL”) system. Details of the Gas Quality at UTF Process is attached.

Background

Certain intra-Alberta consumers expressed concerns that NGTL does not have gas quality specifications for gas delivered from the Alberta System at intra-Alberta UTF facilities connected to Local Distribution Companies (“LDC”), and that gas did not always meet the NGTL Tariff specifications for receipt gas. An issue was adopted at the December 12, 2000 TTP meeting and a task force was struck.

The work of the task force found that most gas quality issues at these UTF locations are caused by plant upsets, which are unplanned and not necessarily avoidable by producers, NGTL or LDCs. It is not practical to design, operate and maintain a system, by any of these parties, that would eliminate all gas quality impacts. The task force landed a two-part process to resolve the issue in mid-2001. The process included training for Common Stream Operators (“CSO”) on the impact to downstream parties of gas quality issues and reparation of the delivery point’s metering and associated pipeline facilities to bring them back into service. The resolution to support this process was discussed at two TTP meetings but was never voted due to unresolved issues. The issue was put into abeyance once discussions ended in the latter part of 2001.

In March of 2003 the issue was taken out of abeyance and the task force was reconvened to review the unresolved issues and develop a revised process to address them. The process described in the attached process document is the result of those discussions.

Next Steps

Once the resolution is accepted, apply to the Alberta Energy and Utilities Board (“EUB”) to establish a deferral account for costs associated with gas quality incidents as described in the attached process starting on January 1, 2004. The maximum aggregate amount charged in any one year is not to exceed \$50,000. NGTL will monitor and report on an annual basis to the TTP all incidents reviewed and charges made against the deferral account.

Description and Attributes of the *Gas Delivery Quality - Gas Quality at Utility Tap Facilities Process* (“Process”)

NGTL continues to administer Section 3.0 Quality of Gas of the NGTL Tariff. Gas quality issues will be dealt with by NGTL and the CSO as required. If NGTL determines a gas quality off-spec condition has occurred that could result in contamination of a UTF, NGTL will notify the LDC of the condition as soon as possible.

The LDC that is affected by gas quality related incidents including those noted above will take steps to mitigate any detrimental effect to the extent possible. If an incident results in an outage including unexpected costs being incurred by the LDC in order to bring the UTF back into service, the LDC must quantify those costs and submit these along with a report of the incident to NGTL. Only those LDCs that have a valid executed Connecting Operator Agreement with NGTL will be eligible to receive costs as outlined below from the UTF deferral account.

NGTL will use these reports as an aid in administering Section 3.0 Quality of Gas of the NGTL Tariff. NGTL will administer this process and will validate the costs submitted by the LDC. These validated costs will be paid to the LDC and charged against the UTF deferral account. This cost validation pertains to the following criteria:

- The cleaning and return to normal service of the affected LDC facility which means all facilities owned by the LDC that are immediately downstream of the custody transfer point including, but not beyond, the first measurement equipment. In a case where a gas quality incident is an extraordinary circumstance as determined by NGTL whereby further contamination of the LDC facility past the first meter requires clean-up beyond what is considered normal accumulation, then this additional cost may also be included;
- Incidents where the NGTL Tariff gas specs were exceeded at the Receipt Point(s); and
- Temporary facility costs for the LDC to maintain service including staff and contracted services.

Costs not recoverable from the UTF deferral account include the following:

- integrity of downstream pipelines and facilities;
- replacement commodity costs (e.g., propane);
- interconnecting facilities that have not been adequately constructed or maintained;
- claim, demand, suit or action; and
- business loss, loss of profits, or indirect, consequential or punitive damages.

NGTL will administer the UTF deferral account on an annual basis. The annual aggregate maximum is set at \$50,000.

All incidents including their follow-up, costs and payments will be tracked and reported on a minimum annual basis or more frequently if the conditions warrant to the TTP. NGTL will make any recommendations deemed necessary for approval by the TTP.

This Process can be reviewed in any year by any TTP member through sponsorship of an issue related to this process and its subsequent adoption within the TTP.