

Tolls, Tariff, Facilities & Procedures Committee

Resolution T2007-02: FT-P Demand and Commodity Alignment

Resolution

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) agrees to amendments to the Tariff for Rate Schedule Points to Point (FT-P) to align commodity and demand charges for billing purposes.

Background

On July 11, 2006, the TTFP supported a resolution to implement a new industry calendar to allow for alignment of commodity and demand charges. The implementation took place in September 2006 and was reflected on the invoices that were issued in October. However, FT-P charges were not aligned at that time because the service was manually processed and programming changes could not be accelerated to meet the new calendar timelines.

TransCanada is now automating FT-P service, which creates an opportunity to align the commodity and demand charges.

Next Steps

TransCanada will file the Resolution and the amended Tariff with the EUB for approval. Upon EUB approval, TransCanada will implement FT-P commodity and demand alignment for the September billing month (reflected on the invoice issued in October 2007). The August commodity charges (month behind) will be included in the September billing.

An amendment to the NGTL Tariff is currently being proposed resulting from TTFP 2007-02. This summary has been provided for information only and is not intended to form part of the Tariff.

Summary of Amendments

1. Rate Schedule FT-P

- (i) Article 4.3: [Customer's Monthly Receipt Points Over-Run Gas Charges] Deleted "the month preceding" to align demand and commodity charges.
- (ii) Article 4.4: [Customer's Monthly Delivery Point Over-Run Gas Charges] Deleted "the month preceding" to align demand and commodity charges.
- (iii) Article 4.5: Deleted "the month preceding" to align demand and commodity charges.
- (iv) Article 4.6 [Charge for Gas Used and Gas Lost] Deleted "the month preceding" to align demand and commodity charges.

2. General Terms and Conditions

- (i) 1.14 [Company's Gas Use Price] Deleted "the month preceding" to align demand and commodity charges.
- (ii) 1.31 [Eligible Points to Point Volume] Deleted "the month preceding" to align demand and commodity charges.

Over-Run Gas for each of Customer's Schedule of Service under Rate Schedule FT-P, determined as follows:

$$\text{MOC} = V \times Z$$

Where:

"MOC" = the monthly charge for such Over-Run Gas under such Schedule of Service;

"V" = total volume of gas allocated to Customer by Company as Over-Run Gas in accordance with paragraph 4.8 for Service under such Schedule of Service for Rate Schedule FT-P for ~~the month~~ ~~preceding~~ such Billing Month; and

"Z" = the highest IT-R Rate at the Receipt Points set out in such Schedule of Service.

4.4 Customer's Monthly Delivery Point Over-Run Gas Charge

Customer's charges for Delivery Point Over-Run Gas in a Billing Month for Service under Rate Schedule FT-P shall be equal to the sum of the monthly charges for such Over-Run Gas for each of Customer's Schedule of Service under Rate Schedule FT-P, determined as follows:

$$\text{MOC} = V \times Z$$

Where:

“MOC” = the monthly charge for such Over-Run Gas under such Schedule of Service;

“V” = total volume of gas allocated to Customer by Company as Delivery Over-run Gas in accordance with paragraph 4.9 for Service under such Schedule of Service for Rate Schedule FT-P for ~~the month preceding~~ such Billing Month; and

“Z” = the FT-A Rate.

4.5 The calculation of Customer's charge for Over-Run Gas in paragraphs 4.3 and 4.4 shall not take into account Customer's Inventory on the last day of the ~~month preceding the~~ Billing Month.

4.6 Charge for Gas Used and Gas Lost

The aggregate of Customer's charges for Gas Used and Gas Lost in a Billing Month for Service under Rate Schedule FT-P shall be equal to the sum of the monthly charges for Gas Used and Gas Lost for each Schedule of Service under Rate Schedule FT-P determined as follows:

$$GU = [E \times (H \times 0.5) + (ROG \times H)] \times P$$

Where:

“GU” = the monthly charge for Gas Used and Gas Lost under such Schedule of Service;

“E” = Customer's Eligible Points to Point Volume for such Schedule of Service for the ~~month preceding the~~ Billing Month;

“H” = Company’s system fuel percentage for Gas Used and Gas Lost for the
~~month preceding the~~ Billing Month;

“ROG”= The amount of gas determined by Company to be Customer’s Over-Run
Gas for the month as determined in paragraph 4.8; and

“P” = Company’s Gas Use Price.

4.7 Aggregate Charge For Service

Customer shall pay for each Billing Month the sum of the amounts calculated in
accordance with paragraphs 4.1, 4.2, 4.3, 4.4 and 4.6.

4.8 Allocation of Gas Received

Notwithstanding any other provision of this Rate Schedule, any Service Agreement or the
General Terms and Conditions of the Tariff, and without regard to how gas may have
been nominated for each FT-P Customer Account, the aggregate volume of gas received
from Customer at the Receipt Points shall be allocated for billing purposes as follows:

- (i) first to service to Customer under Rate Schedule FT-P to a maximum of such
Customer's Eligible Points to Point Volume under such Rate Schedule FT-P; and
- (ii) secondly as Over-Run Gas and charged in accordance with paragraph 4.3.

4.9 Allocation of Gas Delivered

Notwithstanding any other provision of this Rate Schedule, any Service Agreement or the
General Terms and Conditions of the Tariff, and without regard to how gas may have
been nominated for each FT-P Customer Account, the aggregate volume of gas delivered

- 1.14** “Company’s Gas Use Price” shall mean the monthly weighted average of the “AECO/NGX Intra-Alberta Same Day Index Values” for every day of the month recorded by the Natural Gas Exchange Inc. (or its successor) as published on its website (or any replacement thereof) for ~~the month preceding~~ the Billing Month multiplied by the average heating value of all physical gas received by Company for ~~the month preceding~~ the Billing Month.
- 1.15** “Connecting Pipeline Operator” or “CPO” shall mean the person who, with respect to a Delivery Point, places Nominations with Company on behalf of Customers.
- 1.16** “Criteria for Determining Primary Term” shall mean the procedure for determining the Primary Term, as set out in Appendix “E” of the Tariff.
- 1.17** “Cubic Metre of Gas” shall mean that quantity of gas which, at a temperature of fifteen (15) degrees Celsius and at an absolute pressure of one hundred one and three hundred twenty-five thousandths (101.325) kiloPascals occupies a volume of one cubic metre.
- 1.18** “Customer” shall mean any Person named as a Customer in a Service Agreement or Schedule of Service.
- 1.19** “Customer Account” shall mean an account established by Company for Customer to record Customer’s transactions related to Service under one or more Rate Schedules.
- 1.20** “Customer’s Inventory” shall mean, for each Customer Account at a given time on a day, an estimated energy amount determined by Company as follows:

$$CI = (A + B) - (C + D) - E \pm F$$

Where:

“CI” = the Customer’s Inventory;

“A” = the gas received by Company from Customer at all of Customer’s Receipt Points;

- 1.21** “Daily Open Season” shall have the meaning attributed to it in subparagraph 2.6.1 of Appendix “A” of the Tariff.
- 1.22** “Daily Open Season Bid Form” shall have the meaning attributed to it in subparagraph 2.6.2(a) of Appendix “A” of the Tariff.
- 1.23** “Day” shall mean a period of twenty-four (24) consecutive hours, beginning and ending at eight hours (08:00) Mountain Standard Time.
- 1.24** “Delivery Demand Charge” shall have the meaning attributed to it in subparagraph 4.2.2 (ii) of Rate Schedule LRS.
- 1.25** “Delivery Point” shall mean the point where gas may be delivered to Customer by Company under a Schedule of Service and shall include but not be limited to Export Delivery Point, Alberta Delivery Point, Extraction Delivery Point and Storage Delivery Point.
- 1.26** “EBB” shall mean Company’s electronic bulletin board.
- 1.27** “Effective LRS Rate” shall mean the Effective LRS Rate set forth in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule LRS.
- 1.28** “Eligible LRS Contract Demand” shall have the meaning attributed to it in subparagraph 4.2.1 of Rate Schedule LRS.
- 1.29** “Eligible LRS-3 Contract Demand” shall have the meaning attributed to it in subparagraph 4.2.1 of Rate Schedule LRS-3.
- 1.30** “Eligible LRS-2 Volume” shall have the meaning attributed to it in subparagraph 4.3.2 of Rate Schedule LRS-2.
- 1.31** “Eligible Points to Point Volume” shall mean for each Schedule of Service under Rate Schedule FT-P, the lesser of:

- (i) the sum of each Points to Point Contract Demand in effect for all or a portion of ~~the month preceding~~ the Billing Month multiplied by the number of days that the Customer was entitled to such Points to Point Contract Demand under such Schedule of Service in such month;
- (ii) the actual volume of gas received by Company from Customer at the Receipt Points under such Schedule of Service; or
- (iii) the actual volume of gas delivered by Company to Customer at the Alberta Delivery Point under such Schedule of Service.

1.32 “ERC Adjustment” shall have the meaning attributed to it in Appendix “G” of the tariff.

1.33 “ERC Event” shall have the meaning attributed to it in Appendix “G” of the Tariff.

1.34 “Existing Capacity” shall have the meaning attributed to it in paragraph 2.1 of Appendix “A” of the Tariff.

1.35 Existing Capacity Open Season” shall have the meaning attributed to it in paragraph 2.1 of Appendix “A” of the Tariff.

1.36 “Expansion Capacity” shall have the meaning attributed to it in paragraph 3.1 of Appendix “A” of the Tariff.

1.37 “Expansion Capacity Open Season” shall have the meaning attributed to it in paragraph 3.1 of Appendix “A” of the Tariff.

1.38 “Expansion Closing Date” shall have the meaning attributed to it in subparagraph 3.1(c) of Appendix “A” of the Tariff.

1.39 “Export Delivery Contract Demand” shall mean the maximum quantity of gas, expressed in GJ or as converted to GJ pursuant to paragraph 15.12, Company may be required to deliver to Customer at the Export Delivery Point on any Day, as set forth in the Schedule of Service.