

Tolls, Tariff, Facilities & Procedures Committee

Resolution

T2011-02: FT-P Utilization

Resolution

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) agrees to modify FT-D and FT-P service to allow temporary conversion from FT-D to FT-P service to provide enhanced customer flexibility as detailed in the attached tariff amendments. Customers with eligible FT-D Group 2 contracts that are maintained at a specific location and have a minimum 5 year non-transferable term can convert all or a portion of the contract to FT-P service with one month notice. FT-D renewal provisions will apply to the temporarily converted contracts. When the temporary conversion ends, service will revert back to the original FT-D contract.

Background

FT-P service is a firm service between designated receipt point(s) and a designated Group 2 FT-D delivery point. FT-P service was conceived and structured as a firm, renewable service with a minimum term of one year. There are practical issues with FT-P service functioning as intended in areas on the Alberta System where capacity is fully contracted (under firm service).

Due to supply uncertainty and reductions in supply productivity, customers have reported they are unable to contract for FT-P service for terms longer than one year (this eliminates the renewal rights for the FT-P contract). As a result, the practice has been for customers to replace existing FT-P contracts with new FT-P contracts on an annual basis.

In an area where requests for new service exceed capability and new facilities are required, customers holding non-renewed one-year FT-P contracts are then subject to the queue in order to replace their capacity. This eliminates the customer's ability to continue with the current practice of replacing their non-renewed FT-P contracts annually.

As an example, in January 2011 NGTL provided an NrG Bulletin notifying customers of a capacity constraint in the Kirby area. NGTL initiated a queue process for capacity related to proposed new facilities to meet future demand. As a result, customers with existing FT-P service in the Kirby Area were unable to replace their existing FT-P service with new FT-P service.

TransCanada raised the issue with the TTFP to provide a solution to enable shippers to continue to utilize FT-P service in areas of constraint or in areas where new facilities are required.

Next Steps

TransCanada will file the adopted Resolution and Tariff amendments with the National Energy Board (NEB) for approval. Subject to NEB approval, implementation is targeted for November 1, 2011.

1.14 “Connecting Pipeline Operator” or “CPO” shall mean the person who, with respect to a Delivery Point, places Nominations with Company on behalf of Customers.

1.15 “Conversion Eligible Schedule of Service” shall mean any Schedule of Service Rate Schedule FT-D with a minimum Primary Term of five (5) consecutive years for any new Service or any renewed or extended Service under Rate Schedule FT-D.

1.151.16 “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.

1.161.17 “Customer” shall mean any Person named as a Customer in a Service Agreement or Schedule of Service.

1.171.18 “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.

1.181.19 “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;

“B” = the gas received by Customer from another Customer through title transfers;

1.1151.116 “Service Termination Date” shall mean the last Day in a month upon which Service shall terminate, as set forth in a Schedule of Service and subject to any renewal thereof.

1.1161.117 “Storage Delivery Point” shall mean the point where gas may be delivered to the Storage Facility by Company for Customer for ultimate receipt from such Storage Facility at the Storage Receipt Point under a Schedule of Service.

1.1171.118 “Storage Facility” shall mean any commercial facility where gas is stored, that is connected to the Facilities and is available to all Customers.

1.1181.119 “Storage Receipt Point” shall mean the point where gas may be received from the Storage Facility by Company for Customer that was previously delivered to such Storage Facility at the Storage Delivery Point under a Schedule of Service.

1.1191.120 “Surcharge” shall mean a Surcharge set forth in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under a Rate Schedule.

1.1201.121 “Table of Rates, Tolls and Charges” shall mean the Table of Rates, Tolls and Charges setting forth rates, tolls and charges that have been fixed by Company or the Board to be imposed, observed and followed by Company.

1.122 “Temporary Conversion” shall mean the ability to temporarily convert a Conversion Eligible Schedule of Service to a Schedule of Service Rate Schedule FT-P, in accordance with Article 11 of Rate Schedule FT-D.

1.1211.123 “Tariff” shall mean this Gas Transportation Tariff, including the Table of Rates, Tolls and Charges, the Rate Schedules, the Service Agreements, Schedules of Service, these General Terms and Conditions and the Appendices.

1.1221.124 “Tier” shall mean the Tier 1, Tier 2 or Tier 3 CO₂ Rate as set forth in the Table of Rates, Tolls and Charges.

- (iii) such Customer is not entitled to any other Service at such Group 3 Delivery Point; and
- (iv) the aggregate Delivery Contract Demand at such Group 3 Delivery Point shall not be less than Customer's Group 3 Peak Day Demand Requirement for such Group 3 Delivery Point.

2.4 If at any time, Company determines that:

- (a) the aggregate daily quantity of gas delivered at the FT-D3 Sub-Group Delivery Points exceeds the aggregate FT-D3 Sub-Group Delivery Contract Demand; or
- (b) the daily quantity of gas delivered at a Group 3 Delivery Point exceeds the aggregate Delivery Contract Demand at such Group 3 Delivery Point and such excess utilizes capacity in the Facilities required by Company to provide any other Service;

then Customer shall execute a Schedule of Service for such excess on terms and conditions determined by Company.

3.0 PRICING

3.1 Subject to paragraph 3.2, the rate used in calculating Customer's monthly demand charge under each of Customer's Schedules of Service for Service under Rate Schedule FT-D is the FT-D Demand Rate.

3.2 If the Primary Term plus the Secondary Term of any of Customer's Schedules of Service for any new Service or any renewed or extended Service under Rate Schedule FT-D is:

- (i) five (5) years or greater the Price Point shall be 90% (Price Point "X");
- (ii) at least three (3) years but less than five (5) years the Price Point shall be 95% (Price Point "Y"); and

- (ii) secondly to Service to Customer under Rate Schedule FT-DW and Rate Schedule STFT to a maximum of such Customer's allocated FT-DW Capacity and STFT Capacity for such Delivery Point under each such Rate Schedule FT-DW and Rate Schedule STFT;
- (iii) thirdly to Service to Customer under Rate Schedule FT-D to a maximum of such Customer's Delivery Contract Demand for such Delivery Point under such Rate Schedule FT-D; and
- (iv) fourthly to Service to Customer under Rate Schedule IT-D at such Delivery Point. If Customer is not entitled to Service under Rate Schedule IT-D at such Delivery Point, gas shall be allocated as Over-Run Gas and charged in accordance with paragraph 4.3.

4.7.2. At Group 3 Delivery Points:

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, the aggregate quantity of gas delivered to Customer at a Group 3 Delivery Point shall be allocated for billing purposes to Service to Customer under Rate Schedule FT-D.

5.0 TERM OF SERVICE**5.1 Term of a Schedule of Service**

If, in the provision of new Service, Company determines that:

- (i) no new Facilities are required that are directly attributable to Customer's request for such Service, the term of the Schedule of Service shall be a Secondary Term

equal to the term requested by Customer with the minimum term being one (1) year;

- (ii) new metering Facilities are required to be installed or constructed at any Delivery Point to provide the Service requested, the term of the Schedule of Service shall be equal to the sum of:
 - (a) a Primary Term of two (2) years; and
 - (b) a Secondary Term equal to the Secondary Term requested by Customer with the minimum Secondary Term being three (3) years; or
- (iii) other new Facilities are required that are directly attributable to Customer's request for such Service, the term of the Schedule of Service shall be equal to the sum of:
 - (a) a Primary Term of five (5) years; and
 - (b) a Secondary Term equal to the Secondary Term requested by Customer with the minimum Secondary Term being three (3) years.

5.2 The Price Point for the term shall be determined in the manner described in paragraph 3.2.

5.3 Change of Secondary Term

Customer may change all or a portion of the Secondary Term to a Primary Term for all Service under a Schedule of Service Rate Schedule FT-D by providing Notice to Company of its request specifying the number of months of the Secondary Term to change to Primary Term.

5.4 Extension of Primary Term

- (i) Customer may extend the Primary Term for all Service under any Schedule of Service Rate Schedule FT-D that has no remaining Secondary Term by providing Notice to Company in accordance with paragraph 5.4(ii).

- (ii) A Notice to extend the Primary Term under any Schedule of Service Rate Schedule FT-D shall:
 - (a) be provided to Company at least one (1) year prior to the Service Termination Date; and
 - (b) specify the requested extended Service Termination Date;

- (iii) The Price Point for the Schedule of Service extended under this paragraph 5.4 shall be determined in the manner described in paragraph 3.2 using the extended Service Termination Date.

5.35.5 Term of Service Agreement

Customer's Service Agreement shall terminate on the latest Service Termination Date of Customer's Schedules of Service for Service under Rate Schedule FT-D.

6.0 CAPACITY RELEASE

- 6.1** If Customer desires a reduction of Customer's Delivery Contract Demand for all or any portion of its Service under a Schedule of Service under Rate Schedule FT-D, Customer shall notify Company of its request for such reduction specifying the particular Delivery Point, Schedule of Service and the Delivery Contract Demand available to any other

8.0 TERM SWAPS

8.1 A Customer entitled to receive Service under Rate Schedule FT-D shall not be entitled to swap the Service Termination Date of any Schedules of Service under Rate Schedule FT-D with the Service Termination Date under any Schedule of Service.

9.0 TITLE TRANSFERS

9.1 A Customer entitled to receive Service under Rate Schedule FT-D may transfer all or a portion of Customer's Inventory to another Customer or may accept a transfer of all or a portion of Customer's Inventory from another Customer provided such Customer is entitled to receive service under any Rate Schedule that permits title transfers and such title transfer is in accordance with the Terms and Conditions of Service Respecting Title Transfers in Appendix "C" of the Tariff.

10.0 RENEWAL OF SERVICE

10.1 Renewal Notification

Customer shall be entitled to renew all or any portion of Service under a Schedule of Service under Rate Schedule FT-D, if Customer gives Notice to Company of such renewal at least one (1) year prior to the Service Termination Date. If Customer does not provide such Notice, the Service shall expire on the Service Termination Date.

10.2 Irrevocable Notice

Customer's Notice to renew pursuant to paragraph 10.1 shall be irrevocable one (1) year prior to the Service Termination Date.

Any renewal of Service is subject to the Financial Assurances provisions in Article 10 of the General Terms and Conditions.

10.3 Renewal Term

Customer's Notice shall specify a renewal term of not less than one (1) year consisting of increments of whole months. The Price Point for the renewal term shall be determined in the manner described in paragraph 3.2 based on the length of the renewal term requested by Customer.

11.0 TEMPORARY CONVERSION OF SERVICE

- (i) Customer may request a Temporary Conversion provided that:
 - (a) at the time of the request, the Schedule of Service Rate Schedule FT-D is a Conversion Eligible Schedule of Service with at least one (1) year Primary Term remaining;
 - (b) the Temporary Conversion:
 - (i) commences on the first day of a month, which is a least thirty (30) days following written request for Temporary Conversion; and
 - (ii) ends on the last day of a month which is at least one (1) year after the Temporary Conversion commencement date;
 - (c) all conditions set out in paragraphs 2.1 and 2.2 of Rate Schedule FT-P have been satisfied; and

(d) Company determines, in its sole discretion, it is able to accommodate the Temporary Conversion.

(ii) The Temporary Conversion shall revert back to Service under Rate Schedule FT-D at the end of the term of the Temporary Conversion.

(iii) Rate Schedule FT-P shall apply during Temporary Conversion, excluding however paragraphs 10.1 to 10.3, in which case paragraphs 10.1 to 10.3 of Rate Schedule FT-D shall apply.

11.012.0 APPLICATION FOR SERVICE

11.112.1 Applications for Service under this Rate Schedule FT-D shall be in such form as Company may prescribe from time to time.

12.013.0 GENERAL TERMS AND CONDITIONS

12.113.1 The General Terms and Conditions of the Tariff and the provisions of any Service Agreement for Service under Rate Schedule FT-D are applicable to Rate Schedule FT-D to the extent that such terms and conditions and provisions are not inconsistent with this Rate Schedule.

10.0 RENEWAL OF SERVICE**10.1 Renewal Notification**

Customer shall be entitled to renew all or any portion of Service under a Schedule of Service under Rate Schedule FT-P as Service under either Rate Schedule FT-P or Rate Schedule FT-R, provided Customer gives Notice to Company of such renewal at least one (1) year prior to the Service Termination Date. If Customer does not specify which Rate Schedule the Service is to be renewed under, the Service shall be renewed under Rate Schedule FT-P. If Customer does not provide such Notice, the Service shall expire on the Service Termination Date.

10.2 Irrevocable Notice

Customer's Notice shall be irrevocable one (1) year prior to the Service Termination Date.

Any renewal of Service is subject to the Financial Assurances provisions in Article 10 of the General Terms and Conditions.

10.3 Renewal Term

Customer's Notice shall specify a renewal term of not less than one (1) year consisting of increments of whole months. The Price Point for the renewal term shall be determined in the manner described in paragraph 3.2 based on the length of the renewal term requested by Customer.

10.4 Temporary Conversion

Paragraphs 10.1 to 10.3 shall not apply during a Temporary Conversion and paragraphs 10.1 to 10.3 of Rate Schedule FT-D shall apply.

11.0 ACCOUNT BALANCE

11.1 Notwithstanding paragraph 4 and 5 of the “Terms and Conditions Respecting Customer’s Inventories and Related Matters” in Appendix “D” of the Tariff, Company will (if required) once each Day and once each month balance each FT-P Customer Account to zero.

12.0 APPLICATION FOR SERVICE

12.1 Applications for Service under this Rate Schedule FT-P shall be in such form as Company may prescribe from time to time.

13.0 GENERAL TERMS AND CONDITIONS

13.1 The General Terms and Conditions of the Tariff and the provisions of any Service Agreement for Service under Rate Schedule FT-P are applicable to Rate Schedule FT-P to the extent that such terms and conditions and provisions are not inconsistent with this Rate Schedule.