

Emergency Restriction Procedure

Industry feedback to TransCanada regarding the Edson Mainline Linebreak of February 7, 1999 on the Alberta system indicated that customers want consistent behaviour from TransCanada during emergency events.

Emergency events are unique in nature, timing and magnitude which makes it difficult to standardize one procedure to fit every event.

The procedure below will be followed whenever practical. Pipeline safety and integrity takes precedence in all cases and may result in deviations from the procedure.

TransCanada is willing to address any concerns you have about this procedure. Currently, there is an Industry Focus group discussing the border nomination process (including ranking) on the Alberta and Mainline systems. If you would like to participate in these discussions, please contact Bill Webb at 403-920-6840.

ALBERTA SYSTEM EMERGENCY RESTRICTION PROCEDURES

The purpose of these procedures is to provide customers with information about how TransCanada Alberta system will manage an emergency event on the system.

Emergency Receipt Restrictions

1. A critical NrG Highway bulletin will be posted indicating an emergency event occurred and receipt of gas onto the Alberta system will be affected. Bulletins will continue to be posted on a regular basis as more information becomes available. NrG Highway bulletins will be one of the primary methods of communication to industry.
2. Producing plants in the area of impact will be contacted by phone and emergency cuts to shut in or reduce flow enforced. No increases in nominations at Receipt Points in the area of impact will be accepted.
3. TransCanada will request emergency assistance from connecting operators in order to deliver as much gas as possible out of the area of impact. Operating Balance Agreements (OBA's) will be used to mitigate the impact to the effected area(s) whenever possible. TransCanada will simultaneously assess the situation to determine an allowable level of flow (Firm Service Receipt Restriction) for the area of impact. When an acceptable FSR level is determined, customers will be made aware of their allowable flows in the area (via NrG Highway bulletin) and flow instructions/nominations entered into NrG Highway by TransCanada will be sent to the field. Once nominations are entered, future revisions for pooling will be allowed. The process of determining the level of restriction typically takes 12 - 18 hours.
4. Supply/Demand Balancing is in effect at all times.
5. System Tolerance changes will be used throughout this process when required but typically, tolerance changes will not be implemented until the level of FS restriction has been communicated to customers.
6. Emergency Response Compensation will be calculated (once the ERC procedure has been adopted formally).

Emergency Delivery Restrictions

1. A critical NrG Highway bulletin will be posted indicating an emergency event occurred and deliveries of gas off the Alberta system will be affected. Bulletins will continue to be posted on a regular basis as more information becomes available. NrG Highway bulletins will be one of the primary methods of communication to industry.
2. During the initial hours of the event, any delivery shortfalls will be accumulated in the Operating Balance Agreements (OBA's). **Each event must be evaluated on a stand-alone basis.** As a general rule, TransCanada will attempt to manage any physical imbalances with the connecting pipeline operators for up to 24 hours in situations where the event occurs upstream of the James River, Hussar A or Princess A (on the North Lateral) compressor stations. Events downstream of these locations will most likely require same-day border restrictions. Once a border capability/allowable and an effective time have been determined, a bulletin will be posted on NrG Highway. Connecting pipeline nominations received at the effective time of the restriction or at any point during the restriction that do not reflect the border capability will be reduced by TransCanada to the allowable Firm Service levels. This reduction will be an equal proration among all Firm Service shippers.
3. From this point, Customer Activities bulletins will be posted every morning indicating the border capability as negotiated with the downstream pipelines including a pipeline imbalance recovery rate for the next gas day(s) until the restriction has been lifted.
4. Supply/Demand Balancing is in effect at all times.
5. System Tolerance changes will be used throughout this process when required but typically, tolerance changes will not be implemented until the level of FS restriction has been communicated to customers.

GENERAL GUIDELINE TABLE

THE FOLLOWING TABLE IS PROVIDED AS A GUIDELINE ONLY. THE TABLE ILLUSTRATES A "RULE OF THUMB" PROCESS THAT NGTL WILL ATTEMPT TO FOLLOW IN THE CASE OF AN EMERGENCY EVENT ON THE ALBERTA SYSTEM. IT IS IMPERATIVE TO REMEMBER THAT EVERY EMERGENCY SITUATION IS UNIQUE AND THE GUIDELINES BELOW MAY CHANGE DEPENDING ON THE SEVERITY OF THE SITUATION, THE CONDITION OF PIPELINE PRIOR TO THE EVENT, AND THE ABILITY OF CONNECTING PIPELINES AND STORAGE FACILITIES TO ABSORB ANY IMBALANCES.

DURING AN EMERGENCY EVENT, TRANSCANADA RESERVES THE RIGHT TO DEVIATE FROM THE FOLLOWING GUIDELINE TABLE AND IMPLEMENT RECEIPT/DELIVERY RESTRICTIONS AND TOLERANCE CHANGES WHEN REQUIRED TO MAINTAIN THE SAFETY AND INTEGRITY OF THE PIPELINE. SUPPLY/DEMAND BALANCING IS IN EFFECT AT ALL TIMES BASED ON THE BEST DATA AVAILABLE.

Rule of Thumb: Typically, lines 1, 2, and 3 are for events upstream of the James River, Hussar A and Princess A (on the North Lateral) compressor stations. Line 4 is for events downstream of these points.

	Magnitude of Impact	Emergency Plant cuts	Receipt Restriction	Tolerance Change	Delivery Restriction	Supply / Demand Balancing
1	< 500 MMCF/D	X	X		Possible Next Day Restriction	X
2	< 1500 MMCF/D	X	X	Possible	Possible Next Day Restriction	X
3	> 2500 MMCF/D	X	X	X	Possible Same Day Restriction	X
4	Major Border Events	X	X	X	Same Day Restriction	X
5	Major Downstream Pipeline Events	X		Possible	Possible Same Day Restriction*	X
*TransCanada would expect the downstream pipeline to implement a same day restriction as appropriate to the situation.						