

ALBERTA SYSTEM

IT DELIVERY RESTRICTION PROCEDURE

INTRODUCTION:

This paper outlines the NOVA Gas Transmission Ltd. (NGTL) procedure (the "Procedure") for allocating interruptible (IT) delivery capacity for services under Rate Schedule IT-D (interruptible export delivery) and Rate Schedule IT-S (commercial gas storage injections) during periods of restriction on NGTL's system.

IT DELIVERY RESTRICTION PROCEDURE

This Procedure will be invoked when the total requests for commercial gas storage injections under Rate Schedule IT-S and Export Deliveries under Rate Schedule IT-D (IT delivery requests) exceed NGTL's capacity available for IT service. The relative transportation service priority, between Firm Service, IT-S, and IT-D deliveries is addressed in NGTL's Gas Transportation Tariff under the General Terms and Conditions. Please note that during an IT delivery restriction, IT capacity will be allocated in proportion to the Net Storage Injection request/s and Customer's IT-D Export Delivery requests. The delivery requests authorized will not be transferable between delivery points.

Following is a sequence of activities, which occur during a restriction:

1. NGTL determines the total physical capacity of its system relative to a gate (i.e. encompasses more than a single delivery point) or delivery point. After receiving requests for delivery, NGTL identifies and confirms a need for restricting the requests. If an IT restriction is required, NGTL will declare an IT restriction (see Step 8).
2. NGTL, to determine the Customer's IT delivery request, will subtract the Customer's firm service contract demand from the Customer's total delivery request at each affected Export Delivery Point. At each affected commercial gas storage facility, the Net Storage Injection request will be considered as the IT delivery request for that facility.
3. NGTL, to determine the amount of IT capacity available, will subtract the total firm service request from the total delivery capacity for the affected delivery points. Receipt requests at the affected facilities are taken into account to determine the total delivery capacity.
4. Each affected delivery point (export and/or storage) is allocated an amount of the available IT capacity prorata to the IT delivery requests. To determine the allocated amount of IT capacity for each delivery point, a "Delivery Point Allocation Factor" is calculated by taking the total IT delivery request for the delivery point and dividing it by the total of the IT delivery requests from all of the affected delivery points. The Delivery Point Allocation Factor is then multiplied by the total available IT capacity to determine the amount of IT capacity allocated to the delivery point.
5. Hydraulic Equivalency Factors (HEF) will be used during steps 3 and 4 to allow for hydraulic interdependency and to ensure the allocation of the available IT capacity is maximized. These will be determined by NGTL and are specific to the nature of the restriction. An HEF is a ratio applied to storage facilities within Alberta to reflect their individual impact on border capability during periods of curtailment. This ratio is determined by comparing border capability with and without storage facility injection.

6. For each commercial gas storage facility (if any), NGTL advises the Connecting Pipeline Operator (CPO) of an authorized capacity for IT-S delivery (Net Storage Injection). The CPO will then submit a new delivery request (comprised of individual Customer requests) which does not exceed the authorized capacity for Net Storage Injection delivery. In the event a new delivery request is not submitted by the CPO, NGTL will reduce all Customer delivery requests prorata until the desired Net Storage Injection value is achieved.
7. For each Customer at the Export Delivery Point, NGTL will authorize an amount of the available IT capacity prorata to the total IT-D delivery requests at the Export Delivery Point. To determine the allocated amount of IT capacity for each Customer, a "Customer Factor" is calculated by taking the IT-D request for the Customer and dividing it by the total of the IT-D requests at the Export Delivery Point. The Customer Factor is then multiplied by the IT capacity that was allocated to the Export Delivery Point to determine the amount of the Customer IT-D delivery that NGTL will authorize.
8. When a capacity restriction is anticipated due to projected increasing delivery requests, or NGTL facilities are known to be out of service and facility utilization is typically in excess of the forecasted capacity, notification will be provided to NGTL Customers and affected CPOs by way of a bulletin on the TransCanada EBB. CPOs with a commercial gas storage facility may need to prepare for Step 6 of this process. Once a restriction has been invoked, this Procedure will be used at each nomination cycle until the restriction is ended.