



450 – 1 Street SW
Calgary, Alberta T2P 5H1

Tel: (403) 920-2603
Fax: (403) 920-2347
Email: bernard_pelletier@tcenergy.com

May 31, 2021

Filed Electronically

Canada Energy Regulator
Suite 210, 517 Tenth Avenue SW
Calgary, AB T2R 0A8

Attention: Mr. Jean-Denis Charlebois, Secretary of the Commission

Dear Mr. Charlebois:

**Re: NOVA Gas Transmission Ltd. (NGTL)
Firm Transportation-Linked North Montney [FT-L (NM)] Service Application
(Application)**

NGTL encloses for filing pursuant to Parts 1 and 3 of the *Canadian Energy Regulator Act* an Application for an order by the Commission approving a new FT-L (NM) Service on the NGTL System, the tolling methodology for the service, Rate Schedule FT-L (NM) that includes the proforma Service Agreement and proforma Schedule of Service and consequential amendments to the NGTL Gas Transportation Tariff (Tariff).

FT-L (NM) Service will provide linked receipt and delivery service from receipt points along the North Montney Mainline (NMML) to the proposed Willow Valley Interconnect (WVI) delivery point, where the NGTL System will connect to the Coastal GasLink (CGL) pipeline. The tolling methodology for the service includes an initial fixed rate that would apply to the base service the year the service is approved. For subsequent years, the rate will be indexed annually based on the average change in Firm Transportation – Receipt (FT-R) and Firm Transportation – Delivery (FT-D) service rates on the NGTL System.

NGTL negotiated the FT-L (NM) Service with PETRONAS Canada Ltd. (PETRONAS) to attract PETRONAS to use the NGTL System to transport supply to the LNG Canada Project. Through FT-L (NM) Service, NGTL was able to attract 65 MMcf/day of long-term commitments from PETRONAS associated with Phase 1 of the LNG Canada Project and 510 MMcf/day associated with Phase 2 (subject to a positive final investment decision), both for an initial term of 25 years that may be extended up to 40 years.

The FT-L (NM) Service was developed in response to a credible alternative to the NGTL System for PETRONAS to transport supply to the LNG Canada Project, and will attract incremental volumes, revenues and associated net benefits to the NGTL System over the long-term that would not otherwise be realized absent the development of the service. The FT-L (NM) Service allows NGTL to compete with the alternative available to PETRONAS by providing competitively priced transportation from the North Montney area to the CGL pipeline. Absent the FT-L (NM) Service, this load would not utilize the NGTL System.

Timely approval of FT-L (NM) Service is required to provide PETRONAS with a reasonable level of certainty regarding its transportation service and to avoid triggering PETRONAS' contractual termination rights. Approval of the service in 2021 would maximize the benefits associated with the service by ensuring the annual indexing of the applicable rate commences in 2022 and reflects the average change in FT-R and FT-D service rates from 2021 to 2022, as well as the average change for subsequent years.

Additional Relief Requests Sought in the Application

In addition to the proposed FT-L (NM) Service, NGTL is seeking two additional relief requests that, while independent of the proposed Service, were combined into the current Application for regulatory efficiency purposes. The additional requests are the designation of the WVI delivery point as a Group 1 delivery point and an affirmation that the NMML Tolling Methodology for existing NGTL System services that utilize the NMML will be maintained.

Group 1 Designation for the WVI delivery point

NGTL will also offer its suite of existing delivery services at the WVI delivery point, including FT-D and Interruptible Transportation – Delivery (IT-D) services. Because the WVI delivery point interconnects with a major downstream pipeline, NGTL proposes to designate the WVI delivery point as a Group 1 delivery point for the purpose of FT-D service under the NGTL Tariff and requests an order of the Commission for this designation. Timely approval of this designation will provide needed clarity to all market participants interested in FT-D service at the WVI delivery point.

NGTL held an open season for FT-D service at the WVI delivery point between January 25, 2021 and February 5, 2021. In total, NGTL awarded 323,474 GJ/day of FT-D service contracts. Customers who executed FT-D service contracts in that open season have a termination right if the WVI delivery point is not designated as a Group 1 delivery point subject to the same tolling methodology applicable at other Group 1 delivery points.

NMML Tolling Methodology

NGTL is also addressing a direction contained in Order TG-002-2020 requiring NGTL to re-apply to the Commission if, over the operating life of the NMML, some or all of the gas transported on the NMML is delivered to new large markets. Specifically, NGTL seeks an affirmation that the NMML Tolling Methodology approved in the RH-001-2019 Decision and Order TG-002-2020 for existing NGTL System services that utilize the NMML will be maintained. NGTL submits that this relief is appropriate as the facts and circumstances that led to the approval of the NMML Tolling Methodology will continue to apply, as further explained in the Application.

Time is of the Essence

NGTL respectfully requests that the Commission issue a decision on the Application no later than December 31, 2021 to provide PETRONAS with a reasonable level of certainty regarding its transportation service and clarity to all market participants over the terms and conditions applicable to FT-D service at the WVI delivery point, and to ensure the maximum benefits associated with the FT-L (NM) Service can be achieved.

May 31, 2021
Mr. Charlebois
Page 3

NGTL will notify its customers and the Tolls, Tariff, Facilities & Procedures Committee (TTFP) of the filing of this Application. NGTL respectfully requests that any party that would like to comment on the Application file a letter of comment with the Commission and serve a copy to NGTL on or before noon, Calgary time, on Tuesday, June 15, 2021.

If the Commission has questions about the Application, please contact the undersigned or NGTL's representatives listed in the Application.

Yours truly,
NOVA Gas Transmission Ltd.

Original signed by

Bernard Pelletier
Director, Regulatory Tolls and Tariffs
Canadian Natural Gas Pipelines

Enclosure

cc: TTFP Members
NGTL Customers
Parties to the RH-001-2019 Proceeding