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December 7, 2005

National Energy Board  
444 Seventh Avenue S.W.  
Calgary, Alberta  
T2P 0X8

Filed Electronically

Attention: Mr. Michel L. Mantha, Secretary

Dear Sir:

**Re: TransCanada Pipelines Limited (TransCanada)  
Application for Approval of Energy Deficient Gas Allowance (EDGA) Service**

TransCanada applies to the National Energy Board (Board) for approval of a new service, the EDGA Service, that will allow the TransCanada Mainline to receive gas that has a gross heating value that is lower than the value specified in TransCanada's General Terms and Conditions.

The EDGA service is supported by unopposed TTF Resolution 25.2005 as voted on December 6, 2005 in Calgary. TransCanada proposes that the service become effective upon Board approval. Enclosed for Board approval are the EDGA Toll Schedule, the EDGA Pro-Forma Contract, and amendments to the List of Tolls.

Also enclosed for the Board's information is TTF Resolution 25.2005, the Term Sheet for the EDGA Service, the 2005 TTF Report No. 8 and the 2005 TTF Index.

Should the Board require additional information on the new service, please contact Gordon Betts at (403) 920-6834 or Ben Leung at (403) 920-2275.

Yours truly,

Céline Bélanger  
Vice President, Regulatory Services

Attachments

cc: Tolls Task Force (on-line notification)  
Mainline Customers (by fax)

## EDGA Toll Schedule

**ENERGY DEFICIENT GAS ALLOWANCE SERVICE  
(EDGA) TOLL SCHEDULE**

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**DEFINITIONS**

1.1. For the purposes of the Energy Deficient Gas Allowance Service (EDGA Service) Toll Schedule, the following terms shall be defined as:

- (a) "Daily Energy Deficiency Quantity" shall mean an amount calculated on any day where the average Gross Heating Value of gas received from IFO is less than the Gross Heating Value as set out in Section V (2) of the General Terms and Conditions of TransCanada's Transportation Tariff as follows:

$$\text{DEDQ} = [A/B * C] - C$$

where:

"DEDQ" = the Daily Energy Deficiency Quantity for such day;

"A" = the minimum Gross Heating Value of gas as set out in Section V (2) of the General Terms & Conditions of TransCanada's Transportation Tariff;

"B" = the average Gross Heating Value of gas received from IFO at the receipt point pursuant to service under this EDGA Toll Schedule for such day; and

"C" = the quantity of gas received at the receipt point in GJs for such day.

- (b) "Deadline" shall mean 5:00 PM CCT on the 31<sup>st</sup> day of May of any year.

- (c) "Gas Price" shall mean an amount equal to the NGX AECO C/N.I.T. One-Month Spot average price in \$Canadian/GJ as specified in the Canadian Gas Price Reporter (CGPR) plus the daily equivalent of the applicable Firm Transportation Delivery (FT-D) demand rate on the Nova Gas Transmission pipeline system at the Empress border.

- (d) "IFO" shall mean the operator of a facility interconnecting with a TransCanada receipt point;
- (e) "Integrated System" shall mean TransCanada's Mainline gas transmission system and TransCanada's transportation service entitlements on the Great Lakes Gas Transmission system, the Union Gas Limited system, and the Trans Quebec and Maritime Pipelines Inc. system.
- (f) Maximum Daily Energy Deficiency shall have the meaning ascribed thereto in sub-section 2.1 of the IFO's EDGA Contract.
- (g) "Monthly Energy Deficiency Quantity" shall mean the sum of the Daily Energy Deficiency Quantities for each day of such month.

**2. AVAILABILITY**

- 2.1 Any IFO shall be eligible to receive service under this EDGA Toll Schedule provided such IFO:
- (a) has entered into an EDGA Contract for a period not to exceed 1 year and ending on the last day of a year;
  - (b) has provided for any additional facilities required to provide service under this EDGA Toll Schedule at the receipt point; and
  - (c) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions of TransCanada's Transportation Tariff.
- 2.2 If at any time TransCanada determines, in its sole discretion, that it is no longer able to provide service under this EDGA Toll Schedule for any reason whatsoever, TransCanada may terminate this service by providing 6 months prior written notice of such termination.
- 2.3 Notwithstanding sub-section 2.2 TransCanada may at any time, in its sole discretion, immediately and without notice to the IFO suspend service under this EDGA Toll Schedule if TransCanada determines that:
- (a) continuation of such service may cause injury, damage to or compromise the operation or integrity of the Integrated System; or

- (b) the Gross Heating Value of gas received from IFO at the receipt point is less than the minimum Gross Heating Value as set out in sub-section 3.2 (a); or
- (c) the Daily Energy Deficiency Quantity exceeds the Maximum Daily Energy Deficiency Quantity set out in the EDGA Contract; or
- (d) continuation of such service interferes with TransCanada's ability to meet any of its delivery obligations.

Suspension of service under this EDGA Toll Schedule shall not relieve IFO from any obligation to pay any rate, toll, charge or other amount payable to TransCanada.

- 2.4 TransCanada may in its sole discretion choose not to suspend or may lift the suspension of service under this EDGA Toll Schedule if the IFO pays TransCanada for any and all charges and expenses incurred or which may be incurred by TransCanada to remedy any of the reasons for suspension set out in sub-section 2.3.

### **3. APPLICABILITY AND CHARACTER OF SERVICE UNDER THIS EDGA TOLL SCHEDULE**

- 3.1 Subject to the terms of this EDGA Toll Schedule and the EDGA Contract as each may be amended from time to time, an IFO shall be entitled to provide gas with a minimum Gross Heating Value as set out in sub-section 3.2 for transportation on the Integrated System.

- 3.2 Upon the Date of Commencement of an EDGA Contract, an IFO may provide TransCanada with gas with a Gross Heating Value less than the Gross Heating Value set out in Section V (2) of the General Terms & Conditions, provided that:

- (a) such gas has a minimum Gross Heating Value of 34 MJ/m<sup>3</sup>; and
- (b) the Daily Energy Deficiency Quantity does not exceed the Maximum Daily Energy Deficiency Quantity set out in the EDGA Contract.

### **4. MONTHLY BILL**

- 4.1 The monthly bill payable to TransCanada for service under this EDGA Toll Schedule shall be the sum of a capacity charge and a fuel charge each determined as follows:

- (a) **Capacity Charge**

For each month the capacity charge shall be equal to the product of the applicable Monthly Energy Deficiency Quantity and the applicable EDGA Capacity Charge specified in TransCanada's List of Tolls.

(b) **Fuel Charge**

For each month the fuel charge shall be equal to the product of the applicable Monthly Energy Deficiency Quantity, the applicable fuel ratio specified in TransCanada's List of Tolls and the Gas Price.

**5. OBTAINING ENERGY DEFICIENT GAS ALLOWANCE**

5.1 An IFO may request service under this EDGA Toll Schedule by submitting a completed EDGA Service Bid Form, included as Appendix "A" to this EDGA Toll Schedule, on or before the Deadline for service commencing on the first day of January of the next calendar year.

5.2 TransCanada shall evaluate all requests received by the Deadline and allocate service under this EDGA Toll Schedule as follows:

(a) First, to IFOs who have a valid EDGA Contract for the current year, a Maximum Daily Energy Deficiency Quantity equal to the least of:

- (i) the IFO's highest actual Daily Energy Deficiency Quantity of the previous 12 months;
- (ii) the requested Maximum Daily Energy Deficiency Quantity set out in the IFO's EDGA Service Bid Form; or
- (iii) the Maximum Daily Energy Deficiency Quantity set out in the IFO's current EDGA Contract.

(b) Second, to IFO's requesting service under this EDGA Toll Schedule who do not currently have an EDGA Contract and to any request for EDGA Service by a current EDGA Contract holder that was only partially met in sub-section 5.2(a).

5.3 If TransCanada, in its sole discretion, determines that TransCanada cannot meet the total requested Maximum Daily Energy Deficiency Quantity in either sub-section 5.2(a) or 5.2(b), TransCanada shall allocate service on a pro rata basis based on the requested Maximum Daily Energy Deficiency Quantity.

5.4 Any EDGA Contract received by TransCanada after the Deadline or that has not been fully completed may, in TransCanada's sole discretion, be rejected.

**6. MISCELLANEOUS PROVISIONS**

- 6.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff, as amended from time to time, are applicable to this Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this Toll Schedule and the General Terms & Conditions, the provisions of this Toll Schedule shall prevail.
- 6.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereof or substitution therefor.
- 6.3 This Toll Schedule together with the provisions of the General Terms and Conditions supercedes and replaces all previous Toll Schedules applicable to the EDGA Contract.



**APPENDIX "A": EDGA SERVICE BID FORM**

Receipt point: \_\_\_\_\_

Date of Commencement: \_\_\_\_\_

**ESTIMATED GROSS HEATING VALUE**

Estimated average Gross Heating Value \_\_\_\_\_ MJ/m<sup>3</sup>

Estimated minimum Gross Heating Value \_\_\_\_\_ MJ/m<sup>3</sup>

**ESTIMATED DAILY QUANTITY OF GAS**

Estimated daily maximum quantity of gas at receipt point \_\_\_\_\_ GJ/d

Estimated daily average quantity of gas at receipt point \_\_\_\_\_ GJ/d

**DAILY ENERGY DEFICIENCY QUANTITY**

Requested Maximum Daily Energy Deficiency Quantity \_\_\_\_\_ GJ

**EDGA Service Applicant Contact**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Telecopy: \_\_\_\_\_

The EDGA Service Bid Form shall be subject to the General Terms and Conditions, the EDGA Toll Schedule and List of Tolls of TransCanada's Tariff.

Dated this \_\_\_\_\_ Day of \_\_\_\_\_, \_\_\_\_\_.

Service Applicant:

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EDGA *Pro Forma* Contract**

**ENERGY DEFICIENT GAS ALLOWANCE SERVICE (EDGA) CONTRACT**

THIS CONTRACT, made for an ENERGY DEFICIENT GAS ALLOWANCE SERVICE as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BETWEEN: TRANSCANADA PIPELINES LIMITED  
a Canadian corporation  
("TransCanada")

OF THE FIRST PART

and

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
("Interconnecting Facility Operator" or "IFO")

OF THE SECOND PART

WITNESSES THAT:

WHEREAS the IFO has requested and TransCanada has agreed to allow the IFO an Energy Deficient Gas Allowance Service pursuant to the EDGA Toll Schedule; and

WHEREAS the IFO has satisfied in full, or TransCanada has waived, each of the conditions precedent set out in sub-sections 2.1(b) and (c) of the EDGA Toll Schedule, and any other conditions precedent.

NOW THEREFORE THIS EDGA CONTRACT WITNESSES THAT, in consideration of the covenants and agreement herein contained, the parties hereto covenant and agree as follows:

**ARTICLE I – DEFINITIONS**

1.1 Capitalized terms used but not defined in this EDGA Contract shall have the meanings ascribed to such terms in the General Terms & Conditions and the EDGA Toll Schedule, as each may be amended from time to time.

**ARTICLE II – MAXIMUM DAILY ENERGY DEFICIENCY QUANTITY**

2.1 An IFO's Daily Energy Deficiency Quantity shall not exceed \_\_\_\_\_ GJ (the Maximum Daily Energy Deficiency Quantity).

**ARTICLE III – RECEIPT POINT**

3.1 The receipt point hereunder is the point of interconnection between the pipeline facilities of TransCanada and \_\_\_\_\_ which are located at \_\_\_\_\_.

**ARTICLE IV - TERM OF CONTRACT**

4.1 This EDGA Contract shall be effective from the \_\_\_\_\_ Day of \_\_\_\_\_, \_\_\_\_\_ and shall continue in force and effect until the 31<sup>st</sup> Day of December, \_\_\_\_\_ unless terminated in accordance with the provisions of the EDGA Toll Schedule or the General Terms and Conditions.

**ARTICLE V – TOLLS**

5.1 IFO shall pay for all charges hereunder from the Date of Commencement in accordance with TransCanada's EDGA Toll Schedule, List of Tolls, and the General Terms and Conditions set out in TransCanada's Transportation Tariff as the same may be amended or approved from time to time by the National Energy Board.

**ARTICLE VI – NOTICES**

6.1 Any notice, request, demand, statement or bill (for the purpose of this paragraph, collectively referred to as "Notice") to or upon the respective parties hereto shall be in writing and shall be directed as follows:

**IN THE CASE OF TRANSCANADA:**

(i) mailing address:

TransCanada PipeLines Limited

P.O. Box 1000  
Station M  
Calgary, Alberta  
T2P 4K5

- (ii) delivery address: TransCanada Tower  
450 – 1<sup>st</sup> Street S.W.  
Calgary, Alberta  
T2P 5H1  
  
Attention: Director, Customer Service  
Telecopy: \_\_\_\_\_
- (iii) nominations: Attention: Manager, Nominations & Allocations  
Telecopy: \_\_\_\_\_
- (iv) bills: Attention: Manager, Contracts & Billing  
Telecopy: \_\_\_\_\_
- (v) other matters: Attention: Director, Customer Service  
Telecopy: \_\_\_\_\_

**IN THE CASE OF SHIPPER:**

- (i) mailing address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (ii) delivery address: \_\_\_\_\_  
\_\_\_\_\_
- (iii) nominations: Attention: \_\_\_\_\_  
Telecopy: \_\_\_\_\_
- (iv) bills: Attention: \_\_\_\_\_  
Telecopy: \_\_\_\_\_  
E-mail address: \_\_\_\_\_
- (v) other matters: Attention: \_\_\_\_\_  
Telecopy: \_\_\_\_\_

Notice may be given by telecopier or other telecommunication device and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) days after mailing, Saturdays, Sundays and statutory holidays excepted. In the event regular mail service, courier service, telecopier or other telecommunication service shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any service that has not been so interrupted to deliver such Notice. Each party shall provide Notice to the other of any change of address for the purposes hereof. Any Notice may also be given by telephone followed immediately by personal delivery, courier, prepaid mail, telecopier or other telecommunication, and any Notice so given shall be deemed to be given as of the date and time of the telephone notice.

**ARTICLE VII - MISCELLANEOUS PROVISIONS**

7.1 The EDGA Toll Schedule, and the General Terms & Conditions are all by reference made a part of this EDGA Contract and EDGA Service hereunder shall, in addition to the terms and conditions of this EDGA Contract, be subject to the provisions thereof. TransCanada shall notify IFO at any time that TransCanada files with the National Energy Board revisions to the EDGA Toll Schedule, or the General Terms & Conditions (the "Revisions") and shall provide the IFO with a copy of the Revisions.

7.2 The headings used throughout this EDGA Contract, the EDGA Toll Schedule, the List of Tolls and the General Terms & Conditions are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms or provisions thereof nor to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

7.3 This EDGA Contract shall be construed and applied, and be subject to the laws of the Province of Alberta, and, when applicable, the laws of Canada, and shall be subject to the rules, regulations and orders of any regulatory or legislative authority having jurisdiction.

7.4 This EDGA Contract and all terms, conditions and provisions incorporated herein by reference, constitute the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, representations and understandings, written or oral, pertaining thereto. Except as otherwise provided for herein, no modification, amendment or variation to this EDGA Contract shall be effective unless such modification, amendment or variation is in writing and signed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this EDGA Contract as of the date first above written.

TRANSCANADA PIPELINES LIMITED

INTERCONNECTING FACILITY OPERATOR

per \_\_\_\_\_

per \_\_\_\_\_

per \_\_\_\_\_

per \_\_\_\_\_

## **EDGA - Amendments to List of Tolls**

ENERGY DEFICIENT GAS ALLOWANCE (EDGA) SERVICE  
 FOR THE TEST YEAR ENDING JANUARY 1, 2006

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LINE NO.	PARTICULARS (a)	Capacity Charge (\$/GJ) (b)	Energy (GJ) (c)	Revenue (\$) (d)
1	Western Section	0.85007	0	0
2	Total		0	0

Note: The EDGA Service charge is the effective Empress to North Bay Junction toll (100% Load Factor) and is based on Tolls Task Force Resolution 25.2005 as approved by the National Energy Board in 2006.

The fuel ratio applicable to EDGA Service quantities is the effective monthly Empress to North Bay Junction fuel ratio and is based on Tolls Task Force Resolution 25.2005 as approved by the National Energy Board in 2006.



**TTF Resolution 25.2005**  
**Energy Deficient Gas Allowance**

# Tolls Task Force



2005 TOLLS TASK FORCE ISSUE	
<b>Date Accepted As Issue:</b> June 9, 2005	<b>Resolution:</b> 25.2005
<b>Date Issue Originated:</b> June 3, 2005	<b>Sheet Number:</b> 1 of 3
<b>Issue Originated By:</b>	TransGas Limited
<b>Individual to Contact:</b> Vern Gorr	<b>Telephone Number</b> (306) 777-9556

## ISSUE: Energy Deficient Gas Allowance (EDGA)

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### RESOLUTION:

The Tolls Task Force agrees to establish an Energy Deficient Gas Allowance service that allows the TransCanada Mainline to receive Gas that has a Gross Heating Value below the TransCanada Mainline tariff specification.

The terms and conditions of the Energy Deficient Gas Allowance service are summarized in the attached term sheet and specified in the attached TransCanada Mainline Tariff inclusion. The Tolls Task Force agrees that any difference between the revenues collected for EDGA and the forecasted revenues for the EDGA will be placed into the Non-Discretionary Miscellaneous Revenue deferral account.

The Tolls Task Force agrees that TransCanada will review the appropriateness of the fuel and toll charge originating from Empress, for the approximate average distance of haul, when a request is received for a receipt point other than in Alberta or Saskatchewan (short-haul receipt point).

The Energy Deficient Gas Allowance service will be available upon the approval by the National Energy Board.

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### BACKGROUND

Today, the TransCanada Mainline Tariff General Terms and Conditions Section V paragraph 2 specifies that the minimum gross heating value of gas to be provided by shippers at the point of receipt and delivered by TransCanada shall be 36 MJ/m<sup>3</sup>.

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## Tolls Task Force



With respect to receipt of gas, this section provides TransCanada the right to refuse to accept gas that is below 36 MJ/m<sup>3</sup>. TransCanada Tariff management approach does try to accommodate shippers whose receipts drop outside of the specifications as a result of unforeseen short-term disruptions.

The Shackleton production area in Saskatchewan is an example of a location with a gross heating value lower than that specified by TransCanada's Mainline tariff General Terms and Conditions Section V. Whereas TransGas was originally able to commingle Shackleton production with other Saskatchewan production and raise the heating value to at least 36.0 MJ/m<sup>3</sup>, by the end of 2003 increased Shackleton production required the addition of the Shackleton receipt point on the Mainline. As a result of the new receipt point, Shackleton production is no longer commingled with other Saskatchewan production at this receipt point, and its gross heating value does not meet TransCanada's tariff specifications without remedial measures (enrichment). TransCanada has indicated that it cannot allow relief for lower than tariff specification gross heating value gas into the system on a long-term basis.

The premise of the service is that TransCanada will charge for the extra volume to be moved across the system to each and every downstream delivery point in the commingled gas stream. For the Fuel Charge and for the Capacity Charge an assumption is made about the approximate average distance of haul. The Empress to North Bay Junction toll will be used to represent the approximate average distance of haul for the system. The charge will be applied to the Interconnecting Facility Operator independently of the Transportation services used at that receipt point where the energy deficient gas is received. The Energy Deficiency Quantity, which represents the additional volume occupied by gas with a gross heating value below tariff specification, is applied to a fuel charge and a capacity charge which equates to the system cost.

The Fuel Charge will include a gas price proxy for fuel based on an index. This gas price is designed to represent an Empress price. To arrive at that gas price the cost of acquiring gas from a publicly reported market index (AECO / N.I.T. ) and the cost of moving that gas to Empress, of the TransCanada Mainline system, will be used. The Energy Deficiency Quantity is a daily calculation and it would be optimal to use a daily gas price however, it has been agreed, for simplicity, to use a monthly price index.

TransCanada will review the appropriateness of the fuel and toll charge originating from Empress for the approximate distance of haul when a request is received for a receipt point other than in Alberta or Saskatchewan (short-haul receipt point).

If TransCanada decides to grant the requested EDGA contract(s) TransCanada will provide notice to the requesting party of the EDGA contract and, forthwith thereafter, to TTF members of such decision.

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This Service is intended to allow the receipt of gas with a gross heating value below the amount specified in the TransCanada Mainline Tariff General Terms and Conditions Section V paragraph 2. However, with respect to deliveries, TransCanada will continue to rigorously maintain the gas quality to meet the TransCanada tariff specifications.

### **VOTING RESULTS**

The above resolution was approved as an unopposed resolution at the December 6<sup>th</sup>, 2005 TTF meeting in Calgary.

# **Energy Deficient Gas Allowance**

## **Term Sheet**

# Tolls Task Force



## Energy Deficient Gas Allowance service Term Sheet

### Service Applicability

- This will be a Tariff Service contracted by any Interconnecting Facility Operator (IFO) and TransCanada.
- All existing and new receipt points on the TransCanada Mainline would be eligible for the service.
- An IFO would apply for the service to TransCanada.
- The service would be provided where such receipts would have a negligible impact on the quality of the commingled gas flows, would not jeopardize TransCanada's obligation to deliver gas meeting tariff specification and would not cause operational problems on the TransCanada pipeline system.
- On site instrumentation and control equipment to provide the Energy Deficient Gas Allowance (EDGA) must be in place at the contracted receipt point. Any additional facilities or equipment to facilitate the EDGA service will require a full contribution in aid from the IFO.

### Gas Quality

- TransCanada would grant an exemption to the heating value specified in the Tariff for the IFO at the contracted receipt point, but no less than 34.00 MJ/m<sup>3</sup>.
- TransCanada would grant an exemption to the total inert limitation (i.e. N<sub>2</sub>) anticipated being introduced in the Interim Gas Inter-changeability Guidelines, to the extent that there is a negligible impact on the quality of the commingled gas flows, will not jeopardize TransCanada's obligation to deliver gas meeting tariff specification, will not cause operational or other problems on the TransCanada pipeline system.

### Gas Quality Recourse

- If, during the term of service there becomes an impact, as described above, TransCanada has the right to "fix" the Energy Deficient gas, addressing the identified impacts and charge for the costs.
- These costs may include the cost to TransCanada to install facilities or contract to a third party for processing. To the extent these costs are fixed, the customer would be required to pay these costs up front or enter a fixed commitment to cover these costs.

# Tolls Task Force



- Customer will receive six (6) months notice before the “fix” solution is implemented.
- Notwithstanding the 6 month notice before “fix” TransCanada may at any time in its sole discretion suspend an IFO’s EDGA service if TransCanada determines that continuation of such service interferes with TransCanada’s ability to meet its delivery obligations under Section V, sub-section 2 of the General Terms and Conditions of TransCanada’s Mainline Tariff.

## **Basis of Charge**

- EDGA impacts the system by introducing gas that occupies a larger volume for its heat content than is otherwise received from gas at 36.00 MJ/m<sup>3</sup>.
- System impact is two fold:
  - » Additional fuel is required for compressors to push additional volume through the system (Fuel Charge).
  - » Additional capacity using facilities (Capacity Change), which represents the owning and operating costs of the mainline.
- The “Energy Deficiency” represents the energy which would be contained in the extra volume.
- Daily Energy Deficiency Quantity (GJ)

$$= [\text{System Minimum Gross Heating Value (MJ/m}^3\text{)} / \text{Actual Gross Heating Value (MJ/m}^3\text{)} \times \text{Quantity of gas received (GJ)}] - \text{Quantity of gas received (GJ)}$$

## **Determination of Charge**

- The premise of the charge is that the extra volume will be moved from the point of receipt to each and every downstream point of delivery in the commingled gas stream.
- For the Capacity Charge and for the Fuel Charge an assumption is made about the distance.
  - » The North Bay Junction Toll represents the approximate average distance of haul for the system.
- Capacity Charge

$$= \text{NBj 100 \% load factor FT Toll (from Empress)}$$

- Fuel Charge

$$= \text{NBj Fuel Ratio (from Empress)} \times \text{Gas Price}$$



# Tolls Task Force



- » TransCanada will review the appropriateness of the Fuel and Capacity charge originating from Empress for the approximate average distance of haul when a request is received for a receipt point other than in Alberta or Saskatchewan.

- Monthly Bill

- » The monthly bill for the EDGA service will be the sum of all the Daily Energy Deficiency Quantities multiplied by the sum of the Capacity Charge and the Fuel Charge.

### Example of Typical Charge

Assumed for Example in October for a Shackleton receipt point

- » A = TransCanada's min. Gross Heating Value = 36 MJ/m<sup>3</sup>
- » B = Actual Gross Heating Value = 35.5 MJ/m<sup>3</sup>
- » C = Quantity of gas Received = 52,895 GJ/d
- » Fuel Ratio (Empress to NBJ) = 6.21%
- » 100% Load Factor Toll (Empress to NBJ) = \$0.8601/GJ
- » NGTL FT-D toll<sup>1</sup> (daily equivalent toll<sup>2</sup>) = \$0.150/GJ
- » AECO one-month Spot price = \$12.0770/GJ
- » Gas Price = \$0.15 + \$12.0770 = \$12.2270/GJ

Daily Energy Deficiency Quantity =  $[A/B \times C] - C$

$$= [36.0 \text{ MJ/m}^3 / 35.5 \text{ MJ/m}^3 \times 52,876 \text{ GJ}] - 52,876 \text{ GJ} = 745 \text{ GJ}$$

Monthly Energy Deficiency Quantity

$$= 745 \text{ GJ} \times 31 = 23,095 \text{ GJ}$$

Capacity Charge

$$= \$0.8601/\text{GJ}$$

Fuel Charge

$$= 6.21\%/\text{GJ} \times (\$12.2270) = \$0.7593/\text{GJ}$$

Resulting Monthly Bill

$$= (23,095) \times (\$0.8601/\text{GJ} + \$0.7593/\text{GJ}) = \$37,400$$

<sup>1</sup> NGTL FT-D toll for October is \$173.09/10<sup>3</sup>m<sup>3</sup>/month

<sup>2</sup> daily equivalent toll is calculated with a rate of 37.8 MJ/m<sup>3</sup> to convert \$/10<sup>3</sup>m<sup>3</sup> to ¢/GJ



# Tolls Task Force



## Payment

- » The Fuel Charge is converted to a dollar amount and rolled in with the Capacity Charge
  - Gas price for Fuel Charge will represent an Empress equivalent price (Aeco C/ NGX One-Month Spot average as reported in the CGPR plus the NGTL export FT-D daily equivalent toll in \$/GJ)
- » The Energy Deficiency is calculated each day using actual quantity of gas received and actual gross heating values of the gas received.
- » The Capacity and Fuel Charge would be billed in dollars.
- » A deferral account will be used to track the variances between revenues forecasted and actual revenues collected for the year.

## Term of Agreement

- The EDGA contract “Term” will be for a period not exceeding one year and, ending on December 31.
- Any IFO desiring the EDGA service for the next year, or another Term, will submit a request to TransCanada by May 31 of each year providing forecasts of average Heating Value, and average flow for the following year.
- Another Term, being of less than a one year period, will be used to facilitate the initial year of the EDGA service. TransCanada will also provide notice for EDGA service, subject to Board approval, on the TransCanada.com website. Any IFO request will be eligible for service as per the section 2 of the EDGA service toll schedule, with exception to the deadline for the initial EDGA service year.
- TransCanada shall evaluate all requests received by the Deadline and allocate the EDGA service to IFOs in a manner that first, serves the daily Energy Deficiency of an IFO holding a valid EDGA Contract for the current year. Second, to all other IFO’s seeking an EDGA Contract who do not currently hold an EDGA Contract and to any remaining amount requested for the EDGA service by a current EDGA Contract holder that was only partially met in the first round. If TransCanada cannot meet the IFOs’ total requested Daily Energy Deficiency Quantity in the second round, TransCanada shall pro-rate based on the specified Daily Energy Deficiency Quantity in the IFO’s requested EDGA Contract.
- TransCanada will accept the request provided these requests will have a negligible impact on the quality of the commingled gas flow, will not jeopardize TransCanada’s obligations to deliver gas meeting Tariff specifications and will not cause operational or other problems on the TransCanada pipeline system.
- TransCanada will notify the requesting IFO whether the request was confirmed by June 30 of each year.

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- If TransCanada decides to grant the requested EDGA contract(s) TransCanada will provide notice to TTF members, of such decision, at the next scheduled TTF meeting.



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2005 TOLLS TASK FORCE

## REPORT NO. 8

The 2005 Tolls Task Force is filing its eighth report together with one resolutions approved by unopposed Resolution at the Tolls Task Force meeting in Calgary on December 6<sup>th</sup>, 2005 as follows:

25.2005      Energy Deficient Gas Allowance (EDGA)

The Issue Sheet and Term Sheet for the above resolution is included as background to the issue and outlines the purpose of the resolution.

The Energy Deficient Gas Allowance Toll Schedule and Contract have also been attached.

This report is respectfully submitted on behalf of the 2005 Tolls Task Force, this 7<sup>th</sup> day of December, 2005.

S. Meilleur  
Secretary, Tolls Task Force

December 7, 2005

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13.2005	Amendment to the 2005 Discretionary Revenue forecast <sup>vi</sup>
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18.2005	Elimination of Foreign Exchange Exposure on US Senior Debt-Extension
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22.2005	Tariff Clean Up
25.2005	Energy Deficient Gas Allowance (EDGA)

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<sup>i</sup> Correction to Report #2 from *February 10, 2005 to January 27, 2005*.  
<sup>ii</sup> Filed under separate cover  
<sup>iii</sup> Filed under separate cover  
<sup>iv</sup> Filed under separate cover  
<sup>v</sup> Filed under separate cover  
<sup>vi</sup> Filed under separate cover  
<sup>vii</sup> Filed under separate cover