

# Modification Proposal 0363 – Commercial Arrangements for NTS Commingling Facilities

Second Workgroup Meeting  
7 April 2011

# Key Issues Arising from the First Workgroup Meeting

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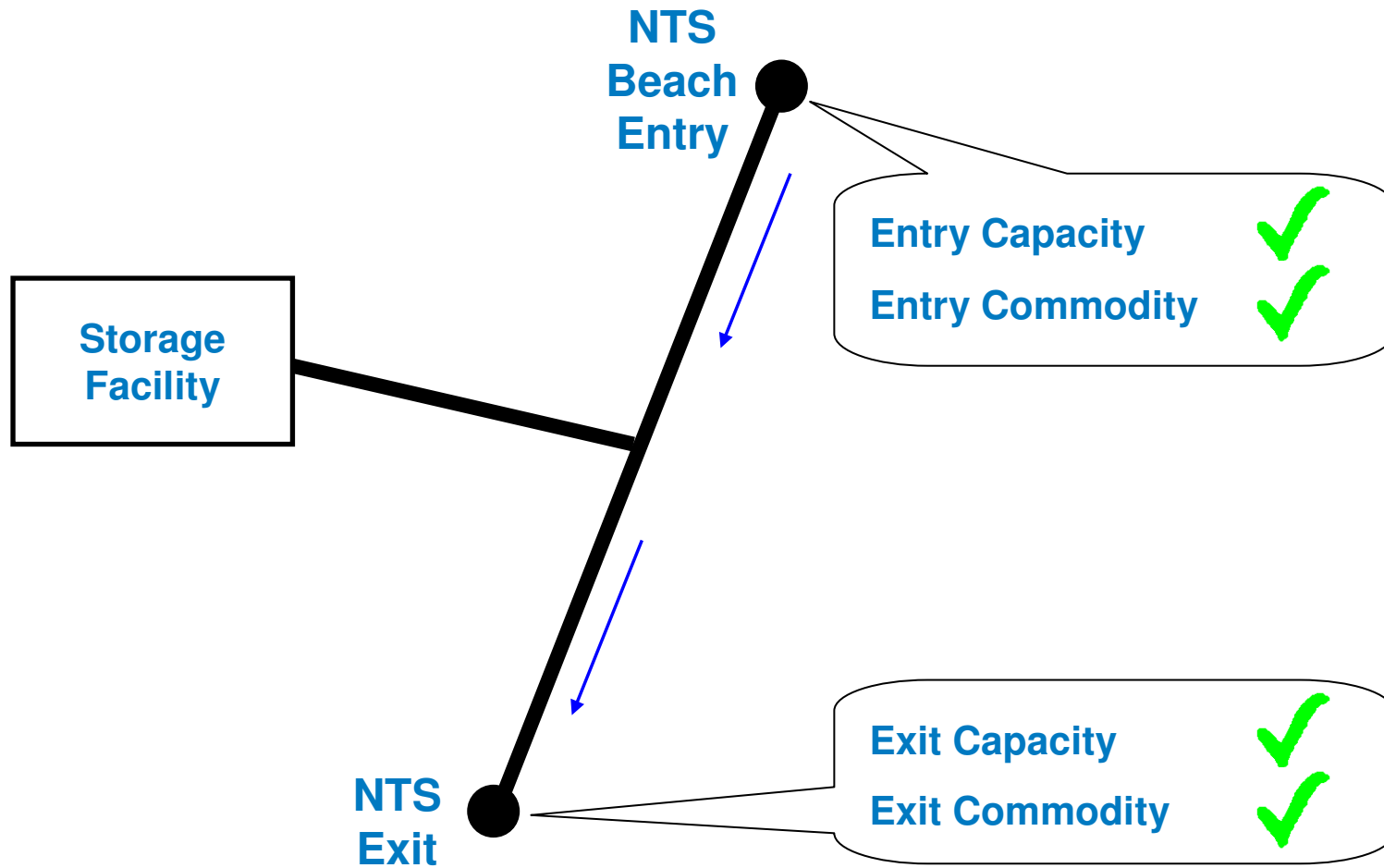
- What are the characteristics that distinguish this type of facility from other similar facilities?
- Do these distinctions justify different commercial treatment?
- How does the Modification better facilitate the Relevant Objectives?
- Advantages and Disadvantages of the Modification

# What makes an NTS Commingling Facility Unique?

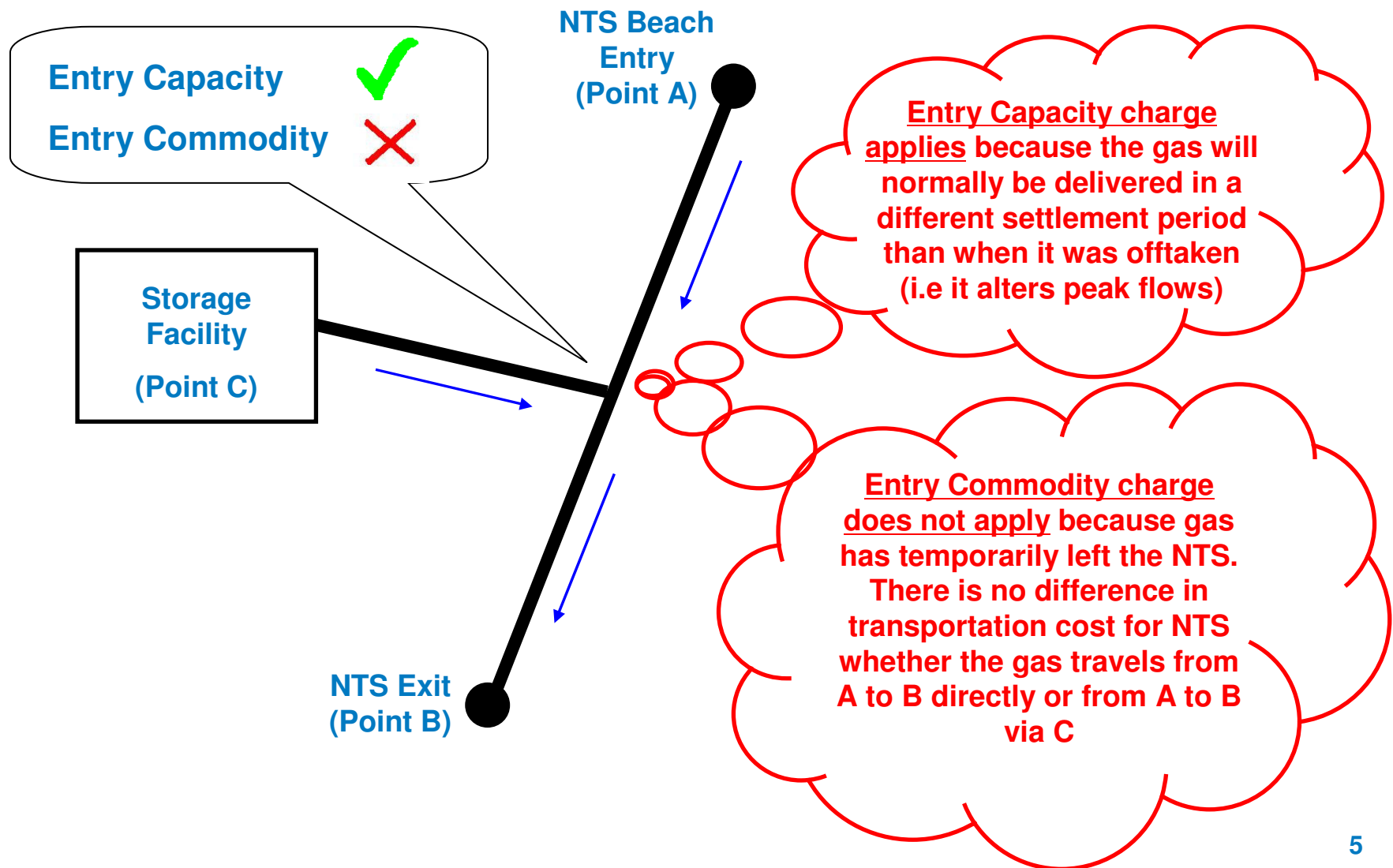
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- 1) Simultaneous entry and exit flow
  - 2) Guaranteed within day re-delivery of NTS gas offtaken, every day
  - 3) Operation is dependant upon prevailing NTS gas flow / quality conditions
- Other bi-directional facilities (storage and interconnectors) do not exhibit these characteristics
  - Do these differences warrant different charging arrangements?

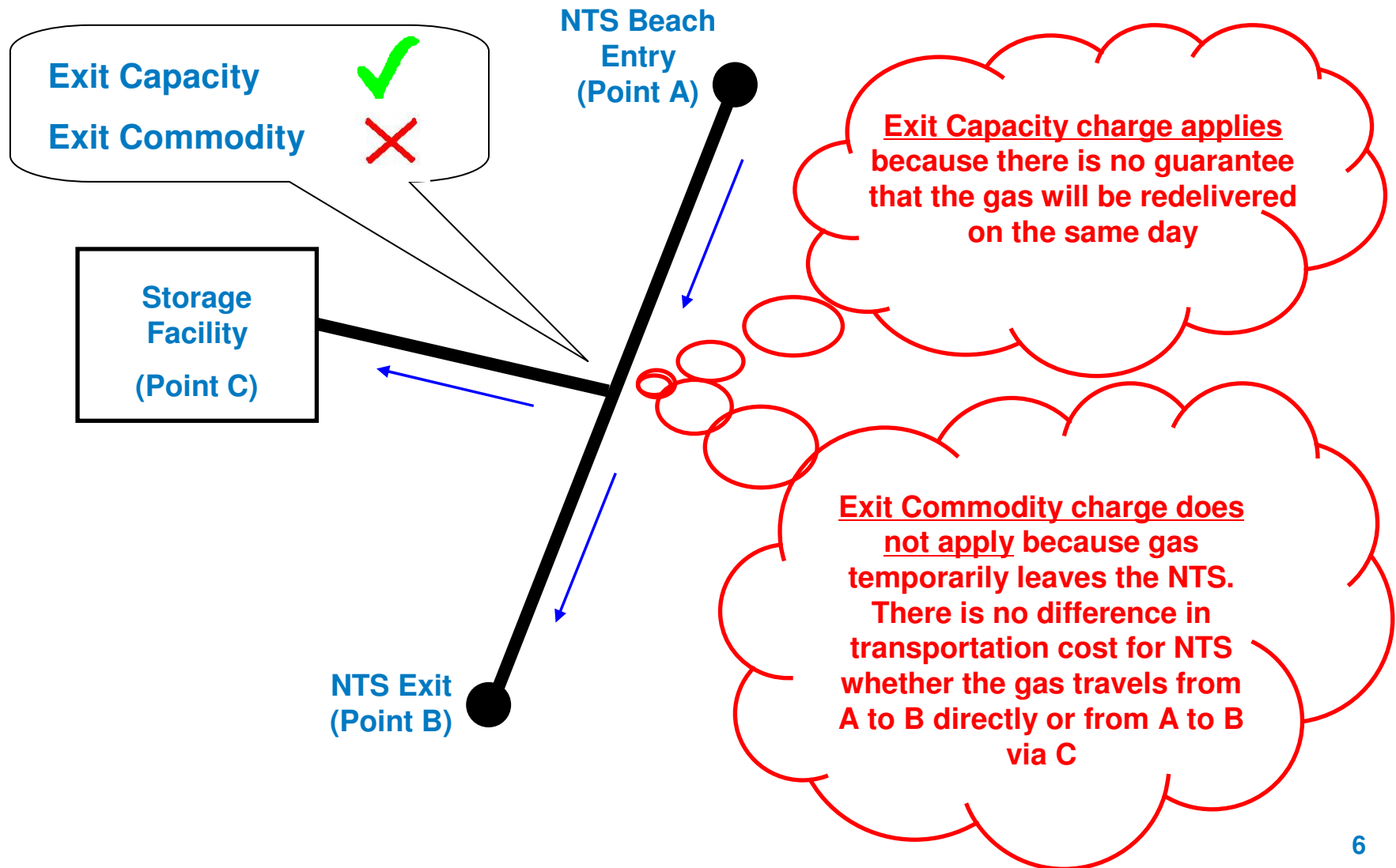
# Charging Arrangements for Storage Facilities



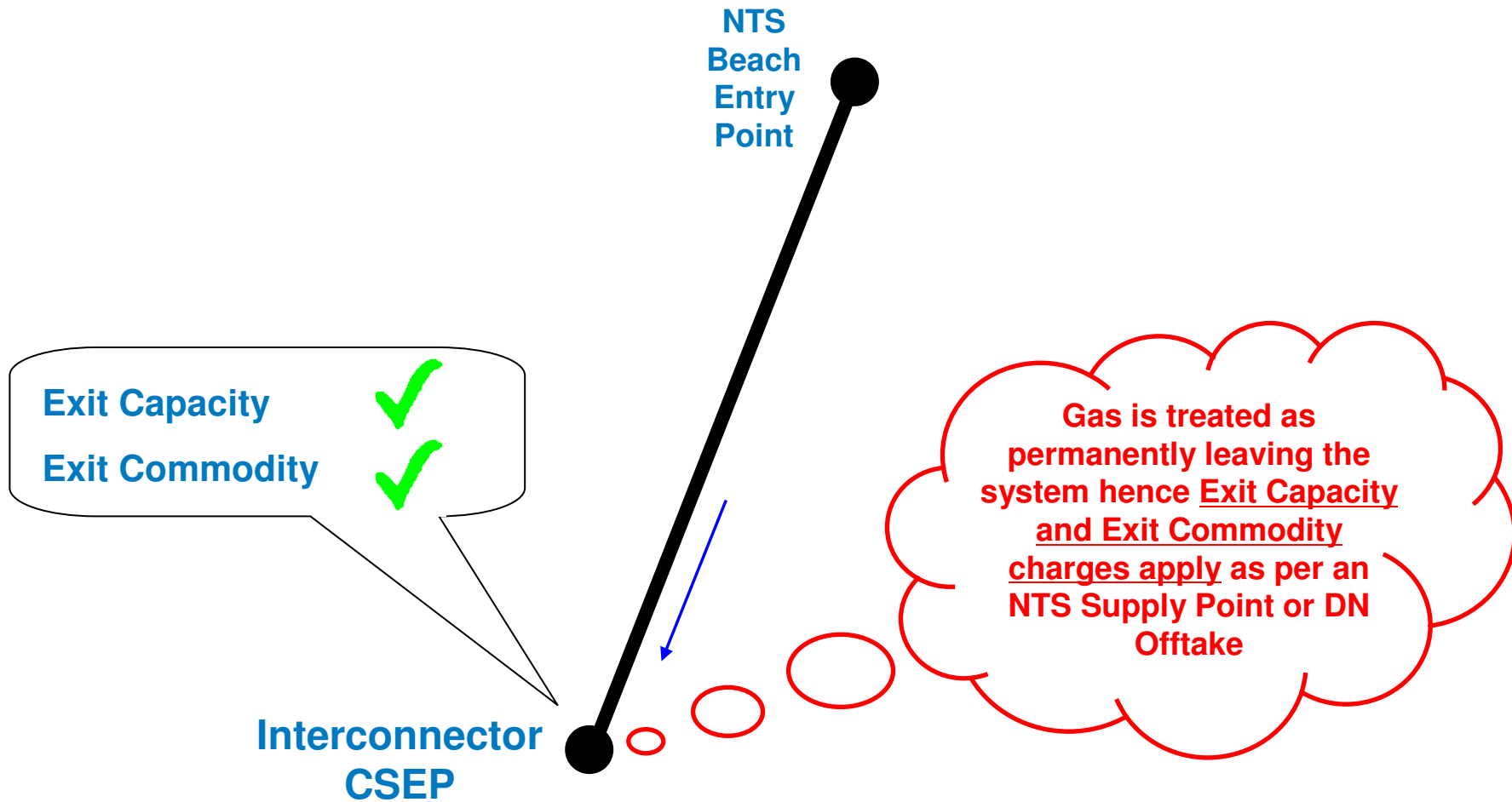
# Charging Arrangements for Storage Facilities: NTS Entry



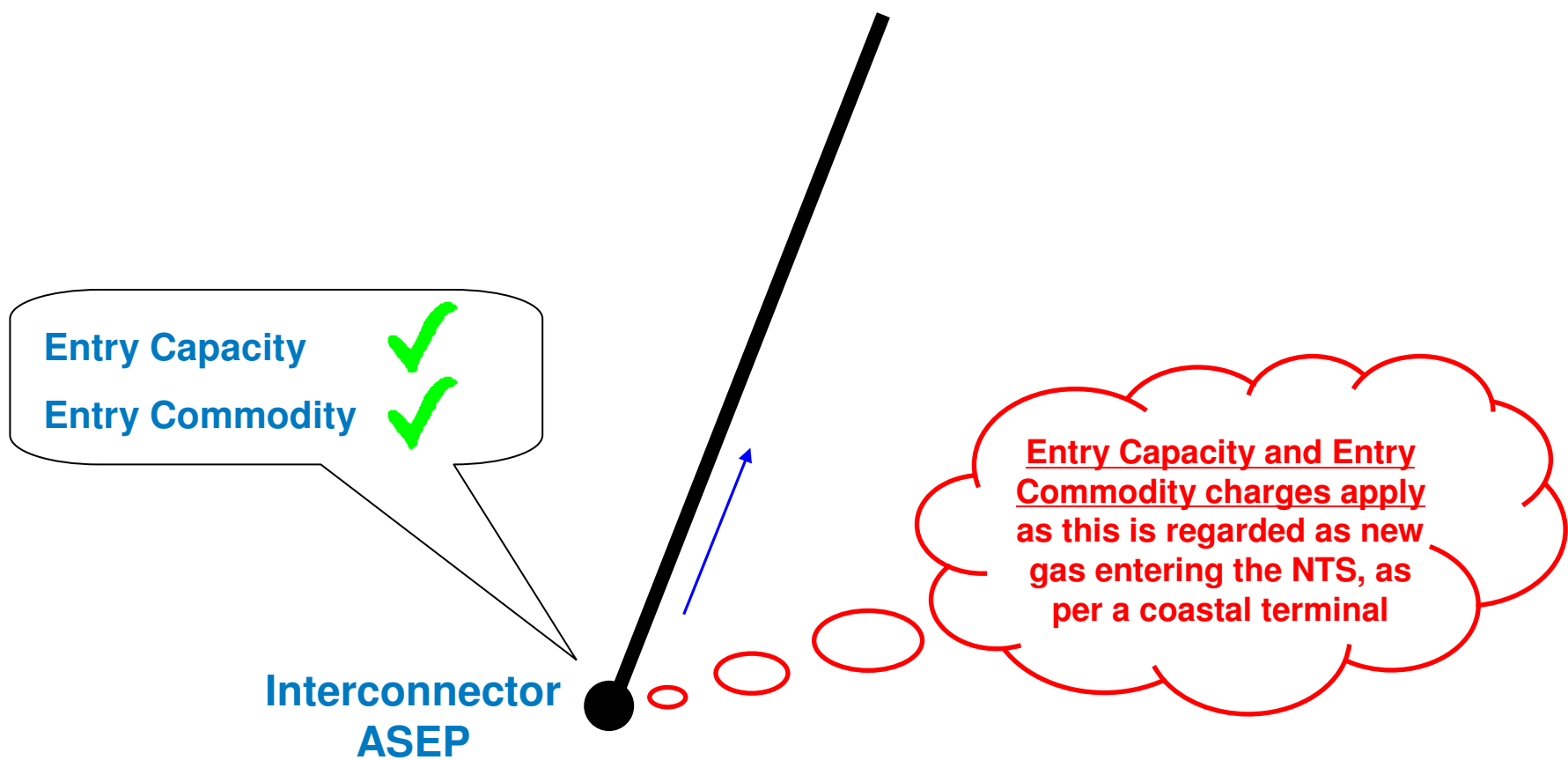
# Charging Arrangements for Storage Facilities: NTS Exit



# Charging Arrangements for Interconnectors: NTS Exit

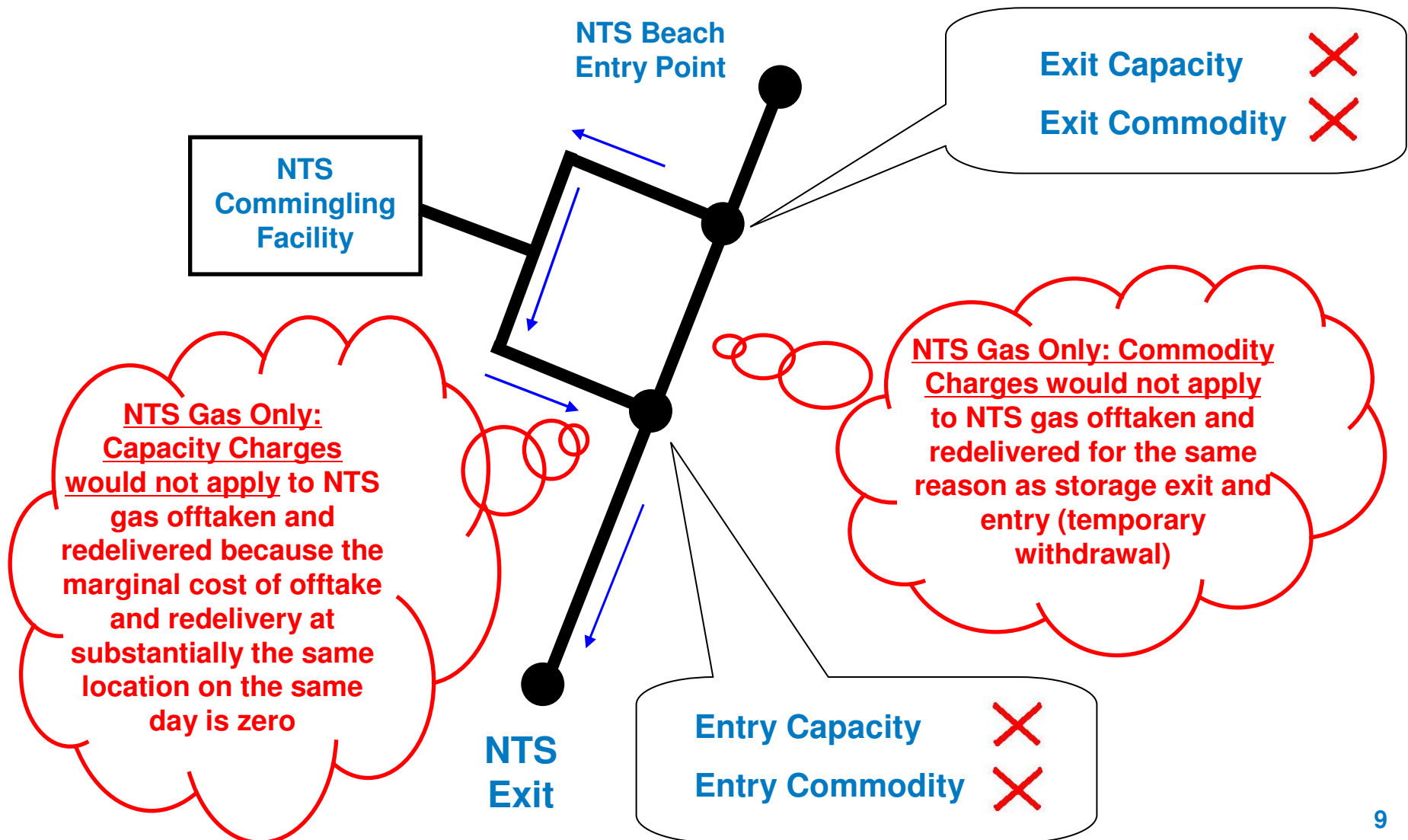


# Charging Arrangements for Interconnectors: NTS Entry

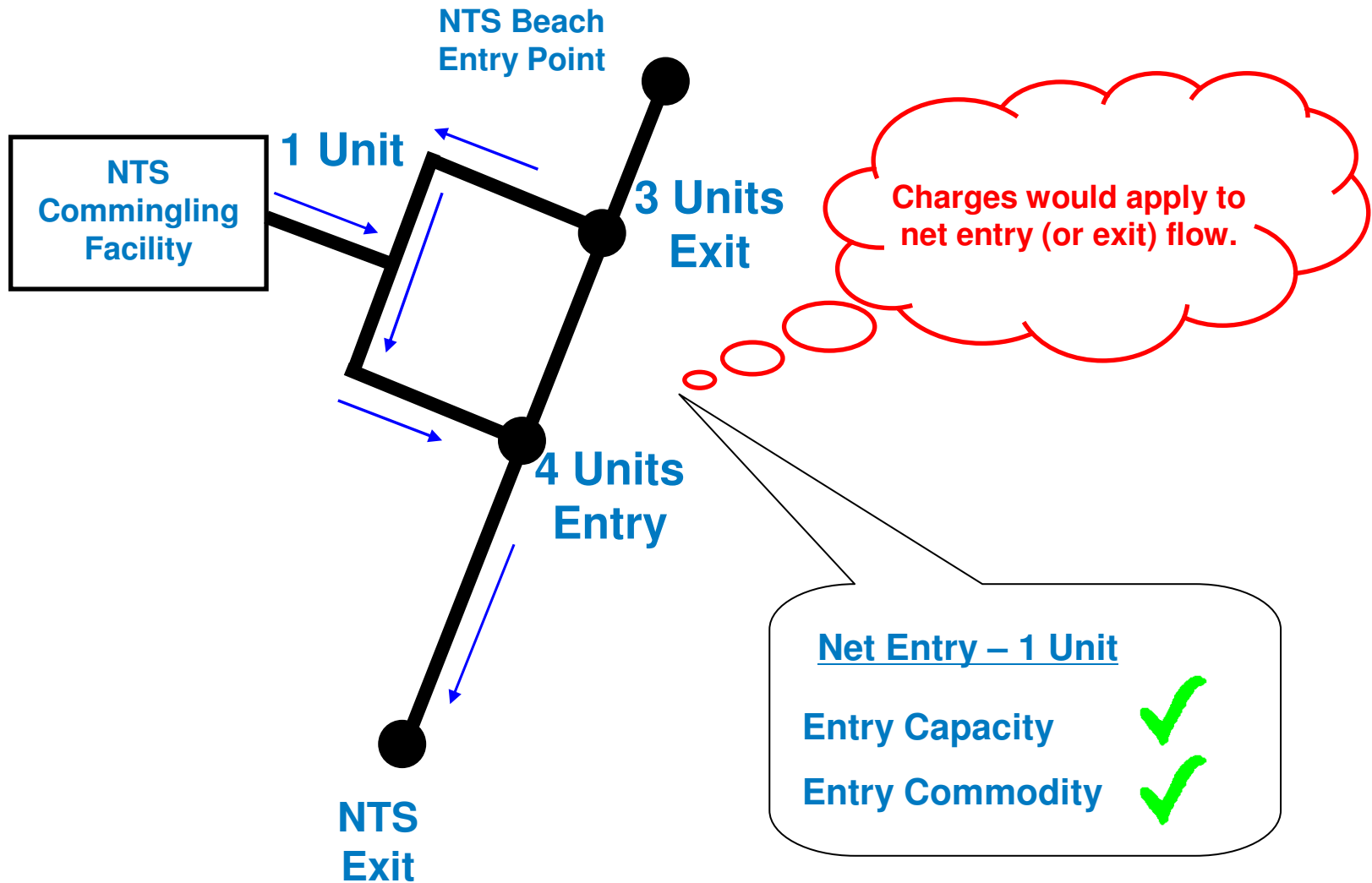




# Proposed Charging Arrangements for NTS Commingling Facilities



# Proposed Charging Arrangements for NTS Commingling Facilities



# Summary of NTS Charging Principles

	<b>Storage (Current Arrangements)</b>	<b>Interconnector (Current Arrangements)</b>	<b>NTS Commingling Facility (Proposed Arrangements)</b>
<b>Exit Commodity</b>	No - gas treated as temporarily leaving the system	Yes - gas treated as permanently leaving the system	No- gas treated as temporarily leaving the system
<b>Entry Commodity</b>		Yes - gas treated as new gas delivered to the system	
<b>Exit Capacity</b>	Yes - no guarantee that gas will be re-delivered on the same day, hence there is a capacity provision cost as there is a potential to alter peak flows	Yes - gas treated as permanently leaving the system	No charge would apply for NTS gas offtaken as the gas is treated as being redelivered on the same day at substantially the same location.  Charges would apply to new production gas which is akin to a terminal
<b>Entry Capacity</b>		Yes - gas treated as new gas delivered to the system (akin to coastal terminal)	

## Relevant Objectives

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- “the efficient discharge of the licensee’s obligations”
- “the securing of effective competition between relevant shippers”
- Rationale is included within “Relevant Objectives” document published for this meeting

## Advantages and Disadvantages

Advantages	Disadvantages
Facilitates development of unconventional sources of gas	Greater dilution of network CV than a processing solution
Enhances Security of Supply	Marginal risk to Security of Supply if mixing stream unavailable
Potential environmental benefit	

## Summary

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- There are three key differences between an NTS Commingling Facility and other bi-directional facilities
- Those differences result in different cost drivers for NTS transportation
- Modification Proposal 0363 is designed to address those distinct cost drivers and ensure that charges reflect them
- All other proposed UNC rule changes (allocations, nominations etc.) flow from this