

1 **REFERENCE:**

2 Labonte Evidence p. 2

3 **PREAMBLE:**

4 **QUESTION:**

5 a) Please summarize the contractual requirements, along with the associated daily
6 balance tolerance, imposed by TransCanada on the Manitoba T-Service customers
7 managed by France Financial Consulting.

8 b) File excerpts of the contracts between France Financial Consulting or its clients and
9 TransCanada (or other parties providing transportation to these clients on the
10 Mainline) that pertain to balancing requirements, making any required redactions to
11 protect customer-specific or commercially sensitive information.

12 c) File excerpts of the contracts between France Financial Consulting's T-service clients
13 and Centra that pertain to balancing requirements, making any required redactions to
14 protect customer-specific or commercially sensitive information.

15 **ANSWER:**

16 Preamble to responses:

17 In an effort to provide transparency in the overall procurement process France Financial
18 Consulting ("FFC") implements on behalf of its T-Service clients to secure reliable natural
19 gas supply and to manage our customer's individual Centra T-Service accounts, the
20 following provides an overview of contractual, operational and balancing activities FFC
21 provides for its Centra T-Service clients.

22 • FFC works with each client to determine the appropriate daily quantity of
23 TransCanada Energy ("TCE") Empress (Alberta Export Point) to Centram MDA
24 (Manitoba Receipt Point) firm mainline capacity to hold for estimated plant
25 consumption levels (i.e. – 1,000 GJ/Day) and the appropriate length of term for
26 such firm contracts (i.e. – 1 to 5 years). FFC secures TCE firm capacity
27 agreements with required capacity and term on behalf of our clients, with such
28 agreements executed between our clients and TCE. FFC ensures these
29 transportation agreements remain in good standing with TCE and makes

30 recommendations on any renewals. At no time, past or present, has FFC been a
31 signatory to these agreements.

32 • Upon execution of any agreement by an FFC client with TCE for firm pipeline
33 capacity from Empress to Manitoba, our clients must then secure natural gas
34 supply to fill the contracted TCE mainline pipeline capacity on a daily basis for the
35 term of any agreement. FFC utilizes its expertise within natural gas markets as
36 well as our long-term experience with various natural gas suppliers to make
37 recommendations to each of our clients on the selection of a company to deliver
38 such natural gas supply. In addition to price considerations, and more importantly,
39 natural gas suppliers must also have a demonstrated track record of delivering
40 secure supply and managing any TCE mainline capacity held by our clients within
41 National Energy Board (NEB) regulatory approved tariffs for TCE's mainline
42 pipeline.

43 • On behalf of our clients the selected service provider procures daily physical
44 natural gas requirements to fill our client's firm TCE mainline capacities as well as
45 balancing such capacities in accordance with NEB approved tariffs and policies.
46 Selected supplier is able to efficiently provide these services through a TCE
47 temporary assignment form, where FFC clients assign their TCE Empress to
48 Manitoba mainline service capacity to its selected natural gas supplier for a term
49 negotiated between the parties. At no time past or present has FFC managed our
50 current client's TCE firm mainline capacities.

51 • Past and current suppliers for FFC T-Service clients have at the time, and currently
52 hold and/or manage significant TCE mainline capacities well in excess of our
53 client's requirements (other North American customers/business) and to markets
54 across North America (outside of Manitoba). The scope and scale of selected
55 service providers ensures maximum flexibility when delivering FFC clients natural
56 gas requirements into Manitoba.

57 • FFC provides intermediary services for each client and its selected supplier to
58 manage the daily differences between natural gas supply delivered by the
59 aforementioned service provider at Centram MDA and actual natural gas
60 consumed at its plant located within the province of Manitoba.

61 • On a daily basis, for each day during the year including weekends and holidays,
62 FFC reviews the Centra account balance for each client and executes required
63 buys and sells between each client and its natural gas supplier to balance each
64 clients accounts.

- 65 • Prior to the fall 2016 at which time Centra introduced its currently proposed and
66 to-date unapproved balancing tolerance bands, FFC for the most part managed its
67 client's accounts to our understanding of the current Centra balancing tolerance
68 bands of +/- 2,000 GJ's which we presume are PUB approved. FFC on several
69 occasions agreed to Centra requests to either buy or sell natural gas quantities to
70 assist in balancing their pipeline system, with no obligation to do so under the
71 current balancing tolerance bands.
- 72 • I am not certain if the current tolerance threshold was approved by the PUB or
73 implied by Centra for T-Service customers historically. To my knowledge our
74 existing T-Service Clients have never been assessed imbalance fees under the
75 current balancing policy of +/- 2,000 GJ.
- 76 • Within separate emails sent by Centra's Ms. Laurie MacDonald on November 1,
77 2016 to FFC providing our current T-Service client's individual theoretical daily
78 balancing historical data under the proposed and unapproved tolerance bands for
79 the period October 1, 2015 to September 30, 2016, Centra's data clearly shows
80 that FFC's client Centra accounts were well within current tolerance band of +/-
81 2,000 GJ's. See below for data summary provided by Centra, which for
82 confidentiality purposes is reported as an average for our existing T-Service
83 clients.

GJ's	October 1, 2015 to September 30, 2016		
	Average - Existing FFC Clients	Average	Minimum
Daily Imbalance	(1)	(765)	630
Cummulative Imbalance	15	(843)	834

- 84
- 85 • Post 2016, and in response to Centra's presentations on their currently proposed
86 and to-date unapproved balancing fee structure, FFC recognized Centra's
87 concerns regarding the current +/- 2,000 GJ tolerance band. Without any obligation
88 to do so under the current balancing policy, FFC worked with its clients to
89 implement appropriate levels of communication from each of our client's plant
90 personnel to provide consumption estimates as well as immediate notice of
91 unscheduled operational disruptions. These communications providing
92 consumption estimates have been refined since implementation in 2017.
- 93 • FFC manages daily imbalances by advising selected supplier of an intra-day
94 purchase or sale of natural gas from/to a T-Service client, followed by and intra-

- 95 day notification to Centra advising of any such transaction. These balancing
96 transactions occur during business days, weekends and holidays.
- 97 • The threshold levels for Centra's proposed balancing fee are for the PUB to
98 approve in this GRA. Centra's position in this proceeding has been that customers
99 have not been meeting these proposed and unapproved thresholds. Respectfully,
100 Centra's position of measuring T-Service customers performance since late 2016
101 early 2017 to a proposed and unapproved standard is not appropriate.
 - 102 • Under the current T-Service balancing requirements, as to my knowledge none of
103 FFC's T-Service current clients have been charged imbalance penalties under
104 what we presume are current PUB approved policies, it follows that our Clients
105 hold appropriate agreements to effectively manage such service under current
106 policy.
 - 107 • Following conclusion of the GRA and a ruling by the PUB on balancing fees to be
108 implemented, FFC will ensure that its T-Service Clients negotiate with its supplier
109 any changes required to existing contractual arrangements to balance to any PUB
110 approved balancing standard, presuming such approval represents an industry
111 standard balancing mechanism.
- 112 a)
- 113 TCE's current NEB approved Mainline Pipeline System contractual requirements are
114 detailed within its Transportation Tariff for Firm Transportation Service and can be found
115 at:
116 http://www.tccustomerexpress.com/docs/ml_regulatory_tariff/05_FT_Toll_Schedule.pdf
- 117 TCE's current NEB approved Mainline Pipeline System General Terms and Conditions
118 and can be found at:
119 http://www.tccustomerexpress.com/docs/ml_regulatory_tariff/General%20Terms%20and%20Conditions%20-%20NOVEMBER%201%202017.pdf
120
- 121 Daily and Cumulative Balancing Fees are set out in Section XXII. Nominations and
122 Unauthorized Quantities of TCE's General Terms and Conditions document, linked above
123 (Sheet No. 35 - 38).
- 124 Section XXII, subsections 7 and 8 of the TCE's General Terms and Conditions outlines
125 requirements for balancing, provided below (Sheet No. 39 – 43).

126 With respect to allowable intra-day nominations provided by TCE for its mainline shippers,
127 details can be found at:

128 [http://www.tccustomerexpress.com/docs/ml_nominations/mainline-nomination-timelines-
april-2016.pdf](http://www.tccustomerexpress.com/docs/ml_nominations/mainline-nomination-timelines-
129 april-2016.pdf)

130 As noted above in the preamble for this response, FFC relies on its suppliers to manage
131 FFC T-Service client's TCE mainline capacities in accordance with TCE's NEB approved
132 rules and regulations.

133 b)

134 A redacted contract summary for one of FFC's clients for Firm Transportation Service with
135 TransCanada has been provided as Attachment PUB/IGU-Labonte-1(b).

136 The contract itself does not provide details regarding balancing requirements, which are
137 addressed in the General Terms and Conditions, with link and relevant excerpts provided
138 in response to PUB/IGU-Labonte-1(a) above. Collectively, TCE's Firm Transportation
139 Service, General Terms and Conditions and Contract Summary govern all activities
140 including nomination and balancing requirements on the Mainline Pipeline System.

141 FFC has never executed a pipeline capacity agreement directly with TCE.

142 c)

143 FFC clients to my knowledge have never executed contracts or agreements directly with
144 Centra, and I could not find any such agreement in a review of my client's records.

145 To my knowledge there is no such formal agreement for balancing requirements and T-
146 Service customers are governed by the Terms and Conditions, which Centra has provided
147 on the record with proposed black-lined amendments as Appendix 12.1.

CONTRACT SUMMARY

TransCanada PipeLines Limited

Shipper:	[REDACTED]
Class of Service:	Firm Transportation (FT)
Contract Date:	[REDACTED]
Contract Demand:	[REDACTED] GJ' s per day
Contract Number:	[REDACTED]
Date of Commencement:	[REDACTED] day of [REDACTED], [REDACTED]
Date of Expiry:	[REDACTED] day of [REDACTED], [REDACTED]
Receipt Point and Interconnecting Pipeline:	Empress - NOVA Gas Transmission Ltd.
Delivery Point and Interconnecting Pipeline:	Centram MDA - Centra Gas Manitoba Inc.
Domestic/Export Contract:	Domestic
Note:	[REDACTED]
Prepared by:	Matthew Wharton / Gordon Betts

1 **REFERENCE:**

2 Labonte Evidence p. 3

3 **PREAMBLE:**

4 **QUESTION:**

5 Identify the nomination windows available to France Financial Consulting and any
6 limitations or constraints on its ability to adjust nominations in order to balance actual
7 consumption with nominations.

8 **ANSWER:**

9 Based on Centra's current system allowances for T-Service customers, any nomination
10 provided by FFC to Centra on behalf of its T-Service clients at Centram MDA must be
11 initiated with TCE on their mainline system. FFC clients rely on their natural gas supplier,
12 who has accepted temporary assignment of our client's TCE firm Empress to Centram
13 MDA mainline capacity, to ensure such capacity is managed in accordance with NEB
14 approved terms and conditions.

15 TCE nomination windows can be found at:

16 [http://www.tccustomerexpress.com/docs/ml_nominations/mainline-nomination-timelines-](http://www.tccustomerexpress.com/docs/ml_nominations/mainline-nomination-timelines-april-2016.pdf)
17 [april-2016.pdf](http://www.tccustomerexpress.com/docs/ml_nominations/mainline-nomination-timelines-april-2016.pdf)

18 FFC's responsibility is to place next day, and any required intra-day nominations required
19 to resolve any account imbalance on behalf of our clients. Such nominations are placed
20 with consideration given to both TCE terms and conditions as well as Centra's current +/-
21 2,000 GJ tolerance band. Any limitation or constraints on FFC's ability to adjust
22 nominations to balance our client's Centra accounts under the currently approved Centra
23 tolerance bands is directly related to NEB approved TCE rules and regulations.

1 **REFERENCE:**

2 Labonte Evidence p. 3

3 **PREAMBLE:**

4 **QUESTION:**

5 Please explain the frequency at which France Financial Consulting receives updated gas
6 consumption estimates from its Manitoba T-Service clients. For example, do these
7 clients provide updated consumption estimates multiple times per day?

8 **ANSWER:**

9 As mentioned in the pre-ambled answer to PUB/IGU-Labonte-1, under the current
10 understanding of Centra's balancing requirements for T-Service customers (+/- 2,000
11 GJ's) it was not been necessary to implement daily consumption estimates for FFC clients
12 to stay within these tolerance band requirements, and FFC clients have never incurred a
13 penalty.

14 However, in response to Centra's balancing fee proposal, which was first presented to
15 customers in 2016, FFC voluntarily implemented a daily estimate process with T-Service
16 clients to reduce imbalances. This process includes consumption estimates provided daily
17 by client's plant personnel to allow FFC to make any required same day changes and to
18 accurately nominate for next day's consumption estimates.

1 **REFERENCE:**

2 Labonte Evidence pp. 3 and 5

3 **PREAMBLE:**

4 **QUESTION:**

- 5 a) Please explain whether France Financial Consulting or its Manitoba T-Service clients
6 have access to, and have made use of, TCPL's Park & Loan service. Why or why not?
- 7 b) Please explain whether France Financial Consulting or its Manitoba T-Service clients
8 can execute, or have executed, gas market purchases and sales with other TCPL
9 Mainline shippers, including other T-Service customers in Manitoba, to improve daily
10 balancing performance. Why or why not?

11 **ANSWER:**

12 a) and b)

13 To date there has been no requirement for FFC T-service clients to make use of TCPL's
14 Park & Loan service or to execute purchases and/or sales with other TCPL Mainline
15 shippers to improve daily balancing performance for Manitoba operations under the
16 current +/- 2,000 GJ tolerance band. Our client's natural gas supplier, through its extensive
17 pipeline asset base holds gas market purchase and sales agreements with other TCPL
18 Mainline shippers to manage client balancing to the extent possible, I am not certain if this
19 includes TCPL's Park and Loan service capacity.

20 Details on TransCanada's PALS service that the selected supplier may or may not hold is
21 available online at: <http://www.tccustomerexpress.com/2839.html>

22 For reasons detailed above FFC has not undertaken a review of anticipated costs and
23 benefits of TCPL's Pals service.

24 As discussed in the pre-ambled response to PUB/IGU-Labonte-1 and in response to
25 PUB/IGU-Labonte-1(a), FFC client's natural gas suppliers hold significant TCE mainline
26 capacities well in excess of our client's requirements (other North American
27 customers/business) and to markets across North America (outside of Manitoba). The
28 scope and scale of selected service providers ensures maximum flexibility when delivering
29 FFC clients natural gas requirements into Manitoba.

1 **REFERENCE:**

2 Labonte Evidence p. 4

3 **PREAMBLE:**

4 **QUESTION:**

5 Please explain how many times in the last three years did France Financial Consulting's
6 Manitoba T-Service clients experience instances such as those described in item 9.b of
7 the pre-filed evidence.

8 **ANSWER:**

9 For FFC's current T-service clients, each instance has occurred at least once in the past
10 three to five years collectively between clients. For most instances listed, our clients
11 typically would experience these disruptions to their operations multiple times each year.
12 Instances such as roof failure due to snow loads and water supply disruptions are much
13 less frequent.

1 **REFERENCE:**

2 Labonte Evidence pp. 5, 7, and 8, PUB/Centra II-57a-d

3 **PREAMBLE:**

4 “FFC manages natural gas supply and pipeline nomination functions for numerous clients
5 on many pipelines across Canada and the United States. The proposed Centra imbalance
6 fee structure provides the lowest quantity of daily tolerance [...] with the least amount of
7 flexibility to offset imbalances prior to assessment of fees when compared to any other
8 jurisdiction.”

9 **QUESTION:**

- 10 a) Please describe the balancing tolerances that must be exceeded on other pipelines
11 used by France Financial Consulting before balancing fees apply (including the name
12 of the applicable jurisdiction).
- 13 b) Please explain whether the other jurisdictions referenced by France Financial
14 Consulting also have a lack of local storage options or whether the applicable gas
15 distribution area is served by a single interprovincial or interstate gas transmission
16 pipeline.
- 17 c) Please provide Mr. Labonte’s recommended balancing tolerances for each category
18 of daily consumption as outlined in PUB/Centra II-57(a).

19 **ANSWER:**

20 a) and b)

21 Page 6 of my evidence provides two other jurisdictions I am familiar with through FFC’s
22 client operations. For reference this includes:

- 23 • TransGas pipeline system targeted thresholds of +/-1,000 GJ/day per day
24 regardless of consumption levels. There are no penalties for imbalances but the
25 utility expects customers to trend back to within tolerances.
- 26 • TransCanada’s NGTL Alberta pipeline system – has a tolerance band equal to the
27 greater of +/-2,000 GJ or +/-4% of deliveries. Customers also have the ability to
28 buy and sell with other shippers to manage imbalances.

29 FFC also provides services to clients with operation in other jurisdictions, see below for
30 details on each jurisdiction's balancing procedures.

- 31 • Union Gas (Ontario) requires our clients to provide both a twelve (12) month
32 average estimated monthly consumption profile as well as twelve (12) months of
33 firm monthly average nominations prior to the start of each gas year (November to
34 October). Upon commencement of such gas year Union Gas generates a monthly
35 report showing the difference between quantities delivered under the firm
36 nomination and actual plant consumption for a given month. Any imbalance at the
37 end of a given month is carried over to the following month. FFC, on behalf of its
38 clients may decide to offset any month-end imbalance via a purchase or sale with
39 the selected supplier or decide to carry-over such imbalance to the following
40 month. If the imbalance is deemed excessive by Union Gas at the end of a given
41 month it will request client to offset the imbalance, which FFC executes on behalf
42 of our clients. In the event a client ignores the Union Gas request to balance its
43 account Union Gas will buy (account pack) or sell (account draft) at punitive pricing
44 relative to market pricing.
- 45 • Xcel Energy (North Dakota) accepts daily nominations from our client, with on-line
46 reporting showing the difference between natural gas quantities delivered
47 (nomination) and actual plant consumption for each day during a given month. Xcel
48 Energy does not impose fees for any imbalance arising during a given month,
49 regardless of the quantity of such imbalance. For each month end Xcel Energy will
50 buy (account pack) or sell (account draft) at punitive pricing relative to market
51 pricing. FFC is able, on behalf of its client, manage any month end balance to
52 close to zero (0).

53 All referenced pipelines have direct or indirect access to storage facilities. As noted by
54 Centra Gas in response to IGU/CENTRA I-24a&b TransGas Limited is directly
55 interconnected with 5 other pipeline systems. Centra notes in response to PUB/CENTRA
56 I-149(d) that it also has access to the Park and Loan Service ('PALS') which is used as
57 required and when available, similarly to other Mainline shippers.

58 c)

59 Prior to providing FFC's recommendation balancing on tolerances for each category
60 outlined in PUB/Centra II-57(a), it would be useful to review Centra's interactions with
61 current FFC clients since the fall of 2016 that has led to Centra's currently proposed
62 balancing fee structure currently before the PUB.

- 63 • Centra presentations to its T-Service clients during the fall of 2016 and early 2017
64 detailing Centra’s proposed imbalance fee structure showed a tolerance band of
65 +/- zero (0) for all T-Service customers regardless of consumption levels.
- 66 • Upon objection by T-Service customers Centra increased the band to +/- 50 GJ’s
67 sometime in early 2017 for all T-Service customers regardless of consumption
68 levels. My recollection is Centra communicated the increase via an email note.
- 69 • Centra once again revised its tolerance bands as detailed in the table below,
70 without to my recollection of any communication to FFC or its current T-Service
71 clients of such revision.

Average Daily Consumption (GJ/day)	Number of Customers	Absolute Daily Tolerance	Absolute Cumulative Tolerance
Less than 1,000	4	+/- 50 GJ	+/- 100 GJ
1,000 to less than 1,700	4	+/- 100 GJ	+/- 200 GJ
1,700 to less than 2,500	3	+/- 150 GJ	+/- 300 GJ
2,500 to less than 5,000	3	+/- 250 GJ	+/- 500 GJ
	1	+/- 500 GJ	+/- 1,000 GJ

- 72
- 73 • Since Centra’s original presentation proposing a new balancing fee structure most
74 of Centra’s communication to FFC’s current T-Service clients has been a monthly
75 report emailed by Centra to our clients detailing theoretical penalties each client
76 would have occurred if the proposed and unapproved fee structure were in place.
77 To my knowledge there has been no consultation between Centra and FFC’s
78 current T-Service clients on the proposal since early 2017 when Centra increased
79 their tolerance band from +/- 0 GJ’s to +/- 50 GJ’s.

80 At this time, FFC’s recommendation for all unredacted T-Service customers in the table
81 above is for daily +/- 500 GJ tolerance bands. FFC proposes that development of a tiered
82 structure based on usage and/or lowering of the GJ tolerance bands below 500 GJ may
83 be possible but would require consultations with Centra to develop tools to enable T-
84 Service customers to offset imbalances prior to assessment of fees by Centra.

1 **REFERENCE:**

2 Labonte Evidence p. 7

3 **PREAMBLE:**

4 “There is no other pipeline that I work with that does not allow customers to balance via
5 buy/sells with other shippers.”

6 **QUESTION:**

- 7 a) Please describe the nature of the other pipelines referenced. Are these major
8 interprovincial, or interstate transmission pipelines, or are they distribution pipeline
9 systems downstream of major pipelines?
- 10 b) Please identify who oversees and manages these interactions in other jurisdictions. In
11 Manitoba, would Centra have to facilitate these types of transfers between all T-
12 Service customers? Why or why not?
- 13 c) Please describe how Centra prevents, or proposes to prevent, its T-Service
14 customers, as shippers on the Mainline with deliveries to the Manitoba Delivery Area
15 (MDA), from buying and selling amongst each other to balance their own daily
16 nominations to the MDA.
- 17 d) Confirm whether Manitoba T-service customers can balance via buys and sells with
18 each other and whether this can occur when gas markets are closed.

19 **ANSWER:**

20 a)

21 My expertise does not extend to detailed knowledge of individual pipeline systems and
22 operations and so I have limited my response to the extent I am able to provide comment
23 based on my understanding.

24 The pipeline systems that FFC clients use include:

- 25 • ***TransGas Pipelines*** - Intra-Provincial with major connections to Alberta (NGTL),
26 TCE (Mainline)
- 27 • ***NOVA Gas Transmission*** – Intra-Provincial with major connections to TCE export
28 capacities (east & west)

- 29 • **Union Gas** – No detailed knowledge
30 • **Xcel Energy** – To my knowledge a distribution pipeline only with a major
31 connection to the Viking Pipeline (believe and inter-state pipeline)

32 b)

33 One of the balancing tools provided by certain pipelines listed in part (a) above allows
34 customers to balance their accounts via buy and sell transactions with other customers.
35 These transactions are typically referred to as “Title Transfers” and allow customers of a
36 particular pipeline company to execute transfers of natural gas quantities with other
37 customers to assist in balancing each of their accounts prior to implementation of
38 applicable imbalance fees. It is my experience that only the pipeline company is able to
39 execute Title Transfers between its customers.

40 c) and d)

41 It is FFC’s understanding that Centra will not facilitate Title Transfers as described within
42 b) above under its current proposal. For example, Centra T-Service Customer A cannot
43 request Centra to directly transfer a quantity of natural gas from/to its Centra account
44 from/to Centra T-Service Customer’s B account. A Title Transfer option would provide
45 each T-Service customer with 13 other T-Service customers as counter-parties to balance
46 its Centra account.

47 Without Title Transfers, a T-Service customer is only able to transact with one counter-
48 party, its supplier, to balance its Centra account.

49 To FFC’s knowledge it is not industry practice within any North American natural gas
50 market jurisdiction for end use customers to execute after hours buy and sell transactions
51 to balance accounts. Manitoba T-Service customers are not able to transact after hours.

52 However, it is my understanding that many utilities across North America hold after hours
53 agreements directly with capable suppliers to manage their overall pipeline systems during
54 significant and sudden demand swings.