

1 **REFERENCE:**

2 Brown Evidence pp. 2, 6, and 7

3 **PREAMBLE:**

4 **QUESTION:**

- 5 a) For the Koch Fertilizer plant, identify the nomination windows available to Koch
6 Canada Energy Services and any limitations or constraints on its ability to adjust
7 nominations in order to balance actual consumption with nominations.
- 8 b) Please provide additional explanation of the Elapsed Pro-rated Scheduled Quantity
9 (EPSQ) and how EPSQ constrains adjustments to nominations. If possible, provide a
10 numerical example.

11 **ANSWER:**

12 a)

13 Nomination Deadlines – all times MCT:

- 14 • Timely: 1200 for FERC pipelines, 1230 for TCPL, day before flow
- 15 • Evening: 1700, day before flow
- 16 • Intra-day 1: 0900, day of flow
- 17 • Intra-day 2: 1330, day of flow
- 18 • Intra-day 3: 1800, day of flow

19 Nomination deadlines cannot be changed, and if nominations are entered after the
20 deadline, the pipeline will reject changes. To balance the Koch Fertilizer plant it can take
21 a number of nominations on a number of pipelines to move gas away from the Manitoba
22 Delivery Area (MDA). Schedulers generally need at least 30 minutes before a nomination
23 window deadline to ensure all nominations and counterpart nominations are adequately
24 submitted to each pipelines EBB (Electronic Bulletin Board).

25 b)

26 EPSQ is part of TCPL's tariff. Based on the number of hours of flow remaining in the gas
27 day, Shippers are limited by EPSQ when reducing flow. Increasing a nomination is not
28 subject to EPSQ. As such, EPSQ limitations reductions for each cycle are limited to:

- 29 • Timely: 100%
- 30 • Evening: 100%
- 31 • Intra-day 1: 79.16%
- 32 • Intra-day 2: 62.50%
- 33 • Intra-day 3: 45.83%

1 **REFERENCE:**

2 Brown Evidence pp. 3-4, PUB/Centra II-57a-d

3 **PREAMBLE:**

4 **QUESTION:**

5 a) Please describe the balancing tolerances that must be exceeded on other pipelines
6 used by KCES before balancing fees apply (including the name of the applicable
7 jurisdiction).

8 b) Please provide the balancing tolerances recommended by Mr. Brown for each
9 category of daily consumption as outlined in PUB/Centra II-57(a).

10 c) File excerpts of the contract between KCES or Koch Fertilizer and TransCanada (or
11 other parties providing transportation to KCES or Koch on the Mainline) that pertain to
12 balancing requirements, making any required redactions to protect commercially
13 sensitive information.

14 d) File excerpts of the contract between Koch Fertilizer and Centra that pertain to
15 balancing requirements, making any required redactions to protect commercially
16 sensitive information.

17 **ANSWER:**

18 a)

19 KCES primarily uses TransCanada pipelines including TCPL Mainline which has the
20 following imbalance tolerance schedule. Based on the below schedules, assuming that
21 Koch burns on average 50,000 GJ/day in the month, the minimum imbalance quantity
22 would be 1,000 GJ/day, before fees apply.

23 The below table excerpt is from TransCanada Mainline Tariff, Terms & Conditions showing
24 the calculation for Daily balancing fees¹:

¹ TCPL General Terms and Conditions, Effective November 1, 2017, Sheet No 36, Available online at:
http://www.tccustomerexpress.com/docs/ml_regulatory_tariff/General%20Terms%20and%20Conditions%20-%20NOVEMBER%201%202017.pdf

Transportation Tariff

TransCanada PipeLines Limited

GENERAL TERMS and CONDITIONS

Where:

(a) Tier 1, 2, 3, 4 Fees and Quantities are set out in the following Table:

	Tier 1	Tier 2	Tier 3	Tier 4
Minimum Quantity	Greater of: 2% of TAQ, or 2% of AAQ or 75 GJ	Greater of: 4% if TAQ, or 4% of AAQ, or 150 GJ	Greater of: 8% of TAQ, or 8% of AAQ, or 302 GJ	Greater of: 10% of TAQ, or 10% of AAQ, or 377 GJ
Maximum Quantity	Greater of: 4% of TAQ, or 4% of AAQ, or 150 GJ	Greater of: 8% of TAQ, or 8% of AAQ, or 302 GJ	Greater of: 10% of TAQ, or 10% of AAQ, or 377 GJ	∞ (Infinity)
Standard Fee	0.2 times FTD	0.5 times FTD	0.75 times FTDC	1.0 times FTD
EOC Draft Fee	1.0 times Index	1.25 times Index	1.50 times Index	2.0 times Index
EOC Pack Fee	0	0	0	0

25

26 The below table provides the TransCanada Mainline Tariff, Terms & Conditions for
27 Cumulative balancing fees:

Where:

(a) Tier 1, 2 Fees and Quantities are set out in the following Table:

	Tier 1	Tier 2
Minimum Quantity	Greater of: 4% of TAQ, or 4% of AAQ, or 150 GJ	Greater of: 6% of TAQ, or 6% of AAQ, or 225 GJ
Maximum Quantity	Greater of: 6% of TAQ, or 6% of AAQ, or 225 GJ	∞ (Infinity)
Standard Fee	0.15 times FTD	0.25 times FTD
EOC Draft Fee	0.15 times FTD	0.25 times FTD
EOC Pack Fee	0	0

28

29 b)

30 Mr. Brown has not recommended specific tolerances at this time, as it would require further
31 discussions with Centra to develop fair standards that work for both customers and Centra.

32 However, given the wide range of daily usage for T-Service customers, a model that
33 incorporates a reasonable level of flexibility and tools to assist in eliminating imbalances
34 would be needed.

35 c)

36 Imbalances between KCES or KF and TransCanada are managed according to
37 TransCanada's tariff provisions regarding imbalances. Described in Section XXII:
38 Nominations and Unauthorized Quantities, beginning on Sheet No. 31, of the General
39 Terms and Conditions in the link below:

40 [http://www.tccustomerexpress.com/docs/ml_regulatory_tariff/General%20Terms%20and](http://www.tccustomerexpress.com/docs/ml_regulatory_tariff/General%20Terms%20and%20Conditions%20-%20NOVEMBER%201%202017.pdf)
41 [%20Conditions%20-%20NOVEMBER%201%202017.pdf](http://www.tccustomerexpress.com/docs/ml_regulatory_tariff/General%20Terms%20and%20Conditions%20-%20NOVEMBER%201%202017.pdf)

42 d)

43 Below is the requested contract excerpt:

44



1 **REFERENCE:**

2 Brown Evidence pp. 3-4, PUB/Centra II-57a-d

3 **PREAMBLE:**

4 **QUESTION:**

5 a) Does the TCPL Mainline tariff allow shippers to trade imbalances within a specific local
6 delivery area? If so, why would such trading or pooling need to be offered by Centra?

7 b) Do the balancing services offered on other pipelines allow the trade of imbalances
8 outside of normal intraday gas nomination windows?

9 c) By what mechanism does Mr. Brown propose to allow T-service customers to trade
10 imbalances?

11 d) Can trades of imbalances between customers occur through purchases and sales
12 between T-service customers? Are such purchases and sales between customers in
13 the same delivery area possible when gas markets are closed? Are such purchases
14 and sales between customers in the same delivery area possible after the final
15 nomination window closes?

16 **ANSWER:**

17 a)

18 Yes, TCPL does have a number of active and liquid trading points that allow for shippers
19 to manage their balances on a daily basis. If Centra had the same option, then parties on
20 Centra could manage their imbalances more effectively on the Centra system.

21 b)

22 Other pipelines do generally offer imbalance trading outside daily activity.

23 c)

24 Mr. Brown has not proposed a specific mechanism at this time for T-service customers to
25 trade imbalances. This would require input from both Centra and T-service customers to
26 understand what the possibilities are, which has not occurred in consultations with Centra
27 to date.

28 d)

- 29 Yes, purchases and sales between customers can be used to manage imbalances but
30 ONLY on TCPL, not the Centra system.

1 **REFERENCE:**

2 Brown Evidence p. 4

3 **PREAMBLE:**

4 “Aside from service options to manage imbalances, most transporters allow agents to
5 aggregate imbalances across many customers to manage at a higher level.”

6 **QUESTION:**

7 Please explain whether Centra’s existing Terms and Conditions of Service for
8 Transportation Service currently prevent “agents to aggregate imbalances across many
9 customers”.

10 **ANSWER:**

11 Nominations on Centra’s system are done via a paper nomination by account, and
12 currently are not allowed to be aggregated.

1 **REFERENCE:**

2 Brown Evidence p. 5; PUB/Centra I-145(d)

3 **PREAMBLE:**

4 “Centra can provide hourly consumption reports to T-Service customers and nominating
5 agents as frequently as 24 times per day.” [PUB/Centra I-145(d)]

6 Koch appears to receive consumption reports from Centra three times daily.

7 **QUESTION:**

8 Please explain whether KCES or Koch Fertilizer have requested, or could benefit from,
9 more frequent gas consumption reports from Centra.

10 **ANSWER:**

11 When the plant consumption is changing or coming back online from a turnaround, we
12 receive the consumption data more frequently throughout the day, but due to nomination
13 deadline constraints hourly reports do not provide more opportunities to manage
14 imbalances.

15 Based on EPSQ limitations and nomination deadlines, there are times when a customer
16 simply is not able to fully adjust the nominations to perfectly match what a plant is
17 physically able to take or consume, so there will be an imbalance regardless of any amount
18 of reporting.

1 **REFERENCE:**

2 Brown Evidence p. 7

3 **PREAMBLE:**

4 **QUESTION:**

5 Confirm whether KCES can balance via buys and sells with other Manitoba customers
6 and whether these transactions are constrained by TCPL restrictions or market
7 restrictions. Can these buys and sells with Manitoba customers occur when gas markets
8 are closed?

9 **ANSWER:**

10 KCES often buys and sells gas from and to other Manitoba customers and from and to
11 Centra Manitoba specifically, but only on the TCPL system, not the Centra pipeline
12 system. Transactions are constrained by the nomination cycle timeline. Currently, KCES
13 only does deals with customers on the TCPL system, not on the Manitoba system.