

REFERENCE:

PUB/ATRIUM S-1 – Allocation of Storage Costs.

PREAMBLE TO IR (IF ANY):

In response to PUB/ATRIUM S-1(b), Atrium states: “Atrium recommends that the allocation of transportation capacity contracted for the purpose of injection and redelivery of gas from storage should be consistent with the allocation method selected for the corresponding storage resources.”

QUESTION:

Please provide supporting justification for Atrium’s recommendations, taking into consideration the purposes (i.e. capacity or deliverability) of each contract element of the transportation and storage portfolio.

RESPONSE:

Atrium’s referenced statement from our response to PUB/ATRIUM S-1 does not represent a capacity versus deliverability alternative. The contracted capacity of the pipelines that transport the storage gas must be compatible with the maximum withdrawal deliverability of the storage contracts.

As stated in Atrium’s response to PUB/ATRIUM S-1 part a), Atrium did not perform an analysis of the referenced contracts and the basis upon which the respective capacities were determined. Atrium’s scope of work with Centra included a review of the current method(s) for the allocation of upstream pipeline and storage capacity resource costs.

Based on that review, Atrium recommended that Centra conduct a seasonal resource stack-based analysis of each pipeline and storage capacity resource’s contribution to the seasonal and peak day demands of its customers. The analysis should include modeling the use of pipeline capacity for serving the seasonal customer demands vis-a-vis storage injections as well as peak day.