

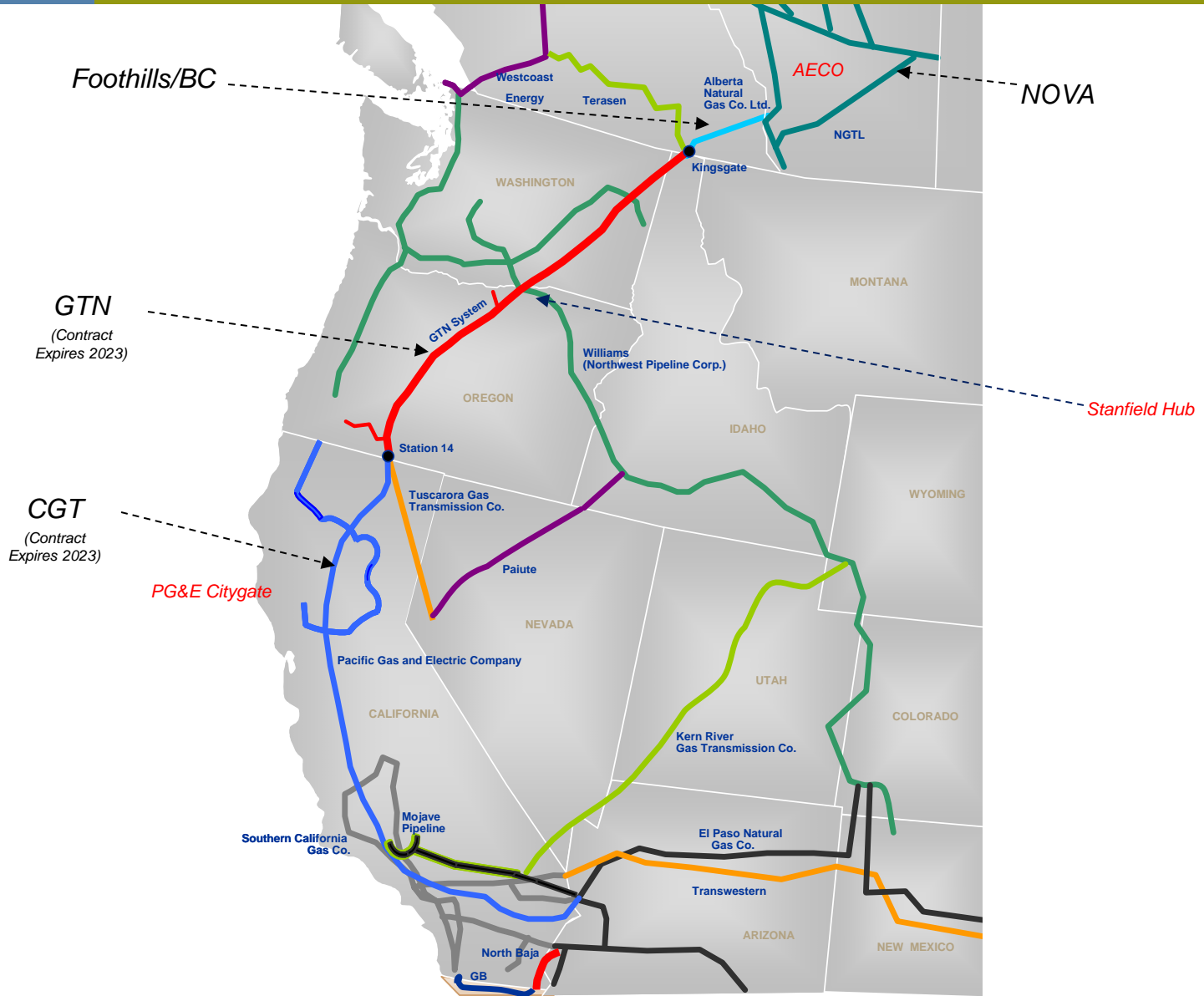
Extension of Natural Gas Pipeline Transportation Contracts NGTL and Foothills BC System

Facilities Committee

October 5, 2016

Background

- In 1991 NCPA contracted for firm natural gas pipeline capacity from AECO to PG&E Citygate
- The natural gas pipeline capacity was acquire on behalf of the STIG Project
- Transport path made up of:
 - NGTL or NOVA Transport System (Alberta to BC Border)
 - Foothills Transport System (BC to Kingsgate)
 - GTN Transport System (Kingsgate to Malin)
 - PG&E CGT Transport System (Malin to PG&E Citygate)



Natural Gas Pipeline Contracts

- Natural Gas Pipeline Transportation Contract Terms
 - United States segments (GTN & CTG)
 - 30 Years or through October 31, 2023
 - Canadian segments (NOVA and Foothills)
 - Initial Term of 15 Years or through October 31, 2008
 - Contract extended on a year-to-year basis; currently effective through October 31, 2016
- Pursuant to NOVA and Foothills Tariff
 - Contract renewal requests must be submitted one (1) year prior to date of termination
 - Therefore, to renew contracts for Canadian segments beyond October 31, 2017 a request for extension must be submitted by October 31, 2016

Potential Benefits of Contract Renewal

- Renewal of the NOVA and Foothills Natural Gas Pipeline Transportation Contracts will:
 - Ensure a contiguous transport path between AECO to PG&E Citygate;
 - Maintain NCPA's first right to firm transportation capacity on the NOVA and Foothills transportation systems; and
 - Enable NCPA to receive the full value of the pipeline capacity release payments made to NCPA under the Asset Management Agreement
- The Released Capacity Payment is equal to the price spread between the cost of natural gas at AECO as compared to PG&E Citygate, less any variable and/or shrinkage costs associated with the pipeline nomination and scheduling process

Pipeline Fixed Cost and Released Capacity Payment

Reserved for Net Cost Table

Recommendation

- NCPA staff recommends and requests the Facilities Committee to recommend Commission approval and authorization for NCPA to extend the natural gas pipeline transportation contracts to maintain NCPA's natural gas pipeline transport volume rights on the NOVA and Foothills transportation system for one (1) year through October 31, 2018.

Questions / Comments