

## CHAPTER 1 – THE ANNUAL PLAN PROCESS

### 1.1 Introduction

This chapter provides background information to the Annual Plan and gives an overview of how industry participates with NGTL to understand and influence the buildup of the Alberta System.

### 1.2 Background to Annual Plan

NGTL seeks and receives authorization for construction and operation of pipeline and related facilities from the Alberta Energy and Utilities Board (Board) pursuant to the provisions of the *Pipeline Act*.

The Board has periodically met with NGTL and industry participants to review and revise the procedures and criteria used in assessing NGTL's facility applications. The Board's conclusions following such reviews have been set forth in Informational Letters. These letters function as directives respecting information that must be included in facility applications and as guidelines for NGTL, Customers, the Board, and other interested parties in the review and assessment of NGTL's facility applications.

NGTL follows Board Informational Letter IL 90-8, a copy of which is provided in Appendix 2, in seeking authorization from the Board to construct and operate pipeline and related facilities. A requirement of IL 90-8, as outlined below, is that NGTL follows a two-stage application process:

“The first stage is the filing with the Board of an annual preliminary overall system plan (Annual Plan) containing all planned facility additions and major modifications. The second stage is the filing of the final technical, cost, routing/siting, land,

environmental and other information required to complete the application for each facility contained in the Annual Plan.”

(IL 90-8, Paragraph C)

The Annual Plan provides the Board and industry participants with an understanding of how specific facility applications fit into the overall long term development of the Alberta System. The December 2003 Annual Plan includes descriptions of NGTL’s design assumptions and criteria, as well as the long term outlook for field deliverability, FS productive capability, gas deliveries, facilities requirements, capital expenditures, revenue requirements and firm transportation demand rates.

NGTL and those affected by the facility applications work together early in the planning process to exchange information and provide appropriate opportunity for input and comment. The Board participates in this process by ensuring NGTL’s applications meet the technical, environmental, economic, and safety criteria set out in the *Pipeline Act* and associated regulations. The Board also acts as a catalyst to ensure there is appropriate dialogue between NGTL and those interested in and affected by NGTL’s facility applications. A major benefit of this dialogue has been the small number of facility hearings in recent years. In the event of a facility hearing, the Board makes a determination, based on the evidence presented to it, as to whether or not a permit for the facility application will be granted.

### **1.3 Annual Plan Scope**

The December 2003 Annual Plan contains facilities requirements for the 2004/05 Gas Year commencing on November 1, 2004 and ending on October 31, 2005 and the winter season of the 2005/06 Gas Year commencing on November 1, 2005 and ending on March 31, 2006.

## 1.4 Annual Plan Assumptions

The facilities requirements in the December 2003 Annual Plan are based on the assumption that:

- the acquisition of the pipeline facilities presently owned by Simmons; and
- a new TBO with Ventures

are approved by the Board in 2004.

The acquisition of the Simmons pipeline facilities and the new TBO arrangement with Ventures were included in NGTL's 2004 General Rate Application - Phase 1 which was filed with the Board on September 30, 2003.

## 1.5 July 2003 Design Forecast

NGTL's July 2003 design forecast of gas delivery and FS productive capability was used in the preparation of NGTL's 2004 General Rate Application, Phase 1. The December 2003 Annual Plan is based on the July 2003 design forecast of gas delivery and FS productive capability. In preparing the December 2003 Annual Plan, NGTL has also taken into consideration the following events which have occurred since July 2003:

- Export Delivery Point contract renewals;
- FS productive capability reduction in the Upstream Bens Lake Design Area due to the Board's policy and conservation requirements in the Wabiskaw-McMurray formation as set out in EUB General Bulletins 2003-16 and 2003-28; and
- an estimate of potential FS productive capability reduction in the Medicine Hat Design Area due to off-loading by a local competitor.

## 1.6 Industry Participation

It is clear from Board Informational Letter IL 90-8 that the Board intends that concerns of interested parties be addressed directly with NGTL or through the various industry committees and subcommittees that have been established for that purpose (IL 90-8, Paragraph H). The Board's objectives are to ensure an appropriate forum exists for input and comment prior to the finalization of specific facility applications and to ensure NGTL's facility applications are assessed in an informed, timely and cost effective manner.

To facilitate a more participative and consultative role for industry participants in policy formation and system design, NGTL uses:

- committees;
- discussion papers or proposals which target specific issues;
- information circulars;
- industry presentations; and
- NrG Highway.

The Facilities Liaison Committee (FLC) was formally established in May 1990 and has been an important forum for reviewing NGTL's plans with industry. In 2004, the FLC will become a standing task force, the Facilities Task Force (FTF), of a broader industry committee, the Tolls, Tariff, Facilities and Procedures Committee (TTFP). Participation on the TTFP and the FTF is open to any party that would directly experience implications of importance due to outcomes achieved by this committee including facility related decisions of NGTL. The TTFP will provide for the timely exchange of information among interested parties and provides a significant opportunity for parties to influence NGTL's facility proposals and long term planning. Since the filing of the December 2002 Annual Plan, NGTL has made presentations to the FLC on a number of topics. The design forecast, design flows

and facility requirements were presented to the FLC on November 12, 2003, prior to the finalization of this Annual Plan.

Periodic updates on the Alberta System expansion plans and capital program, and the impact of the plans and program on the cost of transportation are provided to all Customers. These updates provide opportunity for Customer input. NGTL also makes presentations to other industry committees and government agencies, and offers to meet with any association or Customer on system design or any other issue. Over the last year NGTL has participated in meetings with various Customers, and a broad range of consumers, marketers, and distributors in which the pipeline system facilities requirements and capital programs have been discussed.

The FLC will be advised if additional facilities are identified to be placed in-service for the 2004/05 Gas Year and the winter season of the 2005/06 Gas Year after the filing of this Annual Plan and prior to the issuance of the next Annual Plan.

A copy of the December 2003 Annual Plan can also be accessed on TransCanada's Web site located at:

[http://www.transcanada.com/Alberta/regulatory\\_info/facilities/index.html](http://www.transcanada.com/Alberta/regulatory_info/facilities/index.html)