

> THE NEXT MODEL



The NEXT Model

TransCanada proposes to replace the NGL extraction rights convention that is used on the Alberta System with the NEXT model, providing receipt shippers with a more direct link to the value of the NGL components contained in the gas they transport on the Alberta System. >>

> SUMMER SUPPLY / DEMAND OUTLOOK



TransCanada recently posted our [Western Canada Summer 2008 Supply and Demand Outlook](#). >>

> PATHFINDER TO CONNECT ROCKIES GAS



[TransCanada is proposing](#) a natural gas pipeline project from the Rockies supply basins to connect with markets in the U. S. Midwest. >>

> TRANSCANADA PROFILE: GEOFF WARD



In our ongoing series of features on TransCanada's leaders, *Update* Magazine spent some time this month with Geoff Ward, Gas Control Manager. >>

> CALENDAR

M	T	W	T	F	M	T	W	T	F
MAY					JUNE				
			1	2	2	3	4	5	6
5	6	7	8	9	9	10	11	12	13
12	13	14	15	16	16	17	18	19	20
19	20	21	22	23	23	24	25	26	27
26	27	28	29	30	30				

> PAST ISSUES

> THIS MONTH'S LINKS

- >> NEXT MODEL KEY DATES
- >> SUPPLY / DEMAND OUTLOOK
- >> PATHFINDER OPEN SEASON
- >> PATHFINDER SIGNED MOU

> CONTACTS



> HOME

> The NEXT Model

TransCanada proposes to replace the natural gas liquids (NGL) extraction rights convention that is used on the Alberta System (NGTL) with the NEXT model.

The NEXT (**N**GL **E**xtraction Rights) model is a receipt-based, NGL extraction rights allocation model that provides receipt shippers with a more direct link to the value of the NGL components contained in the gas they transport on the Alberta System. Information on the evolution of the NEXT Model can be found in the Links Section, under [NEXT Model Key Dates](#).

The NEXT model recognizes the diverse gas compositions that enter the pipeline as well as the value of NGL components. It is designed to attract incremental and retain existing volumes on the Alberta System, resulting in higher throughput and lower tolls for all shippers. The proposed model is relatively simple and cost-effective to implement and will have no impact on the operation of NIT (NOVA Inventory Transfer).



"It's important for our customers to understand the NEXT model and how they could be affected should the model be approved," says Steve Clark, Vice-President, Commercial-West, Canadian Pipelines. "We continue to meet with customers to show them how this receipt-based model will affect them and make the Alberta System a more attractive gas transmission system."

NGL Inquiry Background

The Alberta natural gas and petrochemical markets have evolved significantly since the current convention for NGL extraction rights on the Alberta System was established. This includes the deregulation of the natural gas market, changes to services on the Alberta System, and the development of NIT. These have all contributed to the change in the type and amount of services held by shippers on the Alberta System. However, the convention utilized to determine who is entitled to the value associated with NGL's contained in natural gas transported on the Alberta System has not changed to reflect the market.

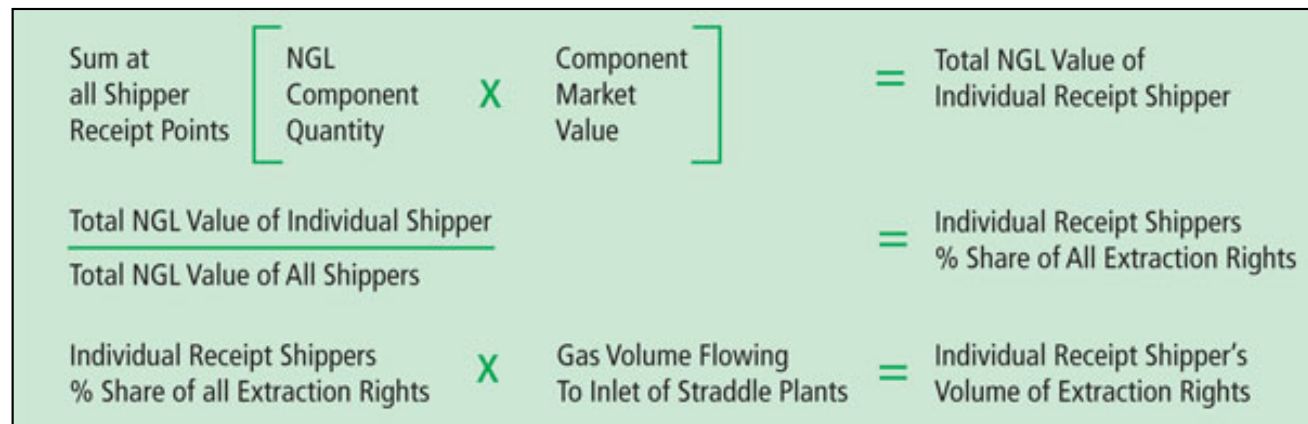
- > CALENDAR
- > PAST ISSUES
- > TRANSCANADA LINKS
- > CONTACTS
- > THIS MONTH'S ARTICLES
 - >> THE NEXT MODEL
 - >> SUMMER SUPPLY/DEMAND
 - >> PATHFINDER ROCKIES GAS
 - >> TC PROFILE: GEOFF WARD



In Decision [2004-006](#), the Alberta Energy and Utilities Board (EUB) directed the affected parties to resolve inequities of the current extraction rights convention through TransCanada's TTFP (Tolls, Tariff, Facilities, and Procedures) committee collaborative process. The result of the collaborative process was the NGL Extraction Convention Task Force (NECTF) report that outlined several alternatives but provided no specific recommendation on how to address the perceived inequities. As a result, the EUB established an NGL Inquiry to examine the issues in more detail; one of which is the potential replacement of the convention with the NEXT model.

NEXT Methodology

The NEXT model allocates extraction rights to receipt shippers based on their proportion of the total value of NGL received on the Alberta System. The individual receipt shipper volume of extraction rights is calculated as follows:



To calculate each receipt shipper's NGL value placed onto the Alberta System, the quantity of each NGL component is multiplied by the market value of that component and the result is summed for all components to determine that shipper's total NGL value. This value is divided by the total NGL value of all receipt shippers. This ratio becomes the individual receipt shipper's percentage share of all available extraction rights for the next month. On a daily basis, each receipt shipper's volume of extraction rights is determined by multiplying the percentage share of extraction rights by the volume of gas flowing to the inlet of all straddle plants.

Moving Forward

We expect the NGL Inquiry final decision to be announced by the end of 2008. If the NEXT model is approved, TransCanada would file for a tariff change and move forward with changes to the existing process including an adapted IT system and the corresponding education for customers.

For further information on the NEXT model, please contact [Mark Mulder](#) at 403.920.5333 or your [Customer Sales Representative](#).

> HOME

> Summer Supply / Demand Outlook

TransCanada recently posted our [Western Canada Summer 2008 Supply and Demand Outlook](#). The following is a summary and update to that outlook.

Natural gas prices at NIT have risen significantly in recent months from the low levels of last fall. The increased gas prices, however, are not expected to have a material impact on the level of Western Canada Sedimentary Basin (WCSB) gas supply this year. Last year's 27 per cent decline in gas well drilling has resulted in a 19 per cent decline in gas well connections to the end of February 2008.

"The decline in drilling activity is expected to contribute to a WCSB supply decline of between 600 and 700 MMcf/d this summer over last summer," says Craig Yano, Senior Supply Specialist, TransCanada. "As a result, we expect an average Alberta System summer flow range from 10.4 – 10.7 Bcf/d."

Gas well drilling in the WCSB continues to decline this year with a 12 per cent drop to the end of March.

With the increase in gas prices, there could be some recovery in activity this summer. Gas prices will be dependent on many factors including summer temperatures, the level of liquefied natural gas (LNG) imports into the U.S., hurricane activity, U.S. domestic gas supply growth and the decline in Canadian exports to the U.S.

Western Canada demand is expected to increase by 200 MMcf/d due to several new oil sands projects coming on line. Combined with an increased storage refill requirement of 200 MMcf/d, WCSB exports are forecast to decline by about 1 Bcf/d this summer with the vast majority of the decline expected to be on the Canadian Mainline.

If you have any questions or comments on the Outlook, please contact [Craig Yano](#) at 403.920.2255 or your [Customer Sales Representative](#).



- > CALENDAR
- > PAST ISSUES
- > TRANSCANADA LINKS
- > CONTACTS
- > THIS MONTH'S ARTICLES
 - >> THE NEXT MODEL
 - >> SUMMER SUPPLY/DEMAND
 - >> PATHFINDER ROCKIES GAS
 - >> TC PROFILE: GEOFF WARD



> HOME

> Pathfinder To Connect Rockies Gas

[TransCanada is proposing](#) a natural gas pipeline project from the Rockies supply basins to connect with markets in the U.S. Midwest. The pipeline is being developed in response to forecast supply growth in the U.S. Rockies gas basins that is anticipated to exceed existing Rockies export transportation capacity in the 2010 to 2012 timeframe.



- > CALENDAR
- > PAST ISSUES
- > TRANSCANADA LINKS
- > CONTACTS

> THIS MONTH'S ARTICLES

- >> THE NEXT MODEL
- >> SUMMER SUPPLY/DEMAND
- >> PATHFINDER ROCKIES GAS
- >> TC PROFILE: GEOFF WARD



"The proposed Pathfinder Pipeline would provide customers with access to the growing U.S. Midwest market and potentially to Eastern markets and gas storage facilities using existing infrastructure," says Todd Johnson, Director, U.S. Pipeline Development. "Pathfinder Pipeline will connect to pipeline systems that serve the U.S. Midwest, Northeast U.S. and Eastern Canada, providing customers with increased flexibility and market optionality."

The proposed Pathfinder Gas Pipeline project is an approximate 500-mile (800-kilometre), 42-inch diameter pipeline that will move gas northeast from the Rockies connecting Wamsutter, Wyoming to the Northern Border Pipeline Company system for delivery into the Ventura and Chicago area markets. The project will

include an option for an approximate 140-mile (225-kilometre) pipeline connecting Meeker, Colorado to Wamsutter. The initial capacity for the pipeline is 1.2 Bcf/d, with an ultimate capacity of 2.0 Bcf/d. The expected in-service date is late 2010.

To meet further growth in Rockies gas supply, a potential future phase would extend the Pathfinder pipeline approximately 275 miles (440 kilometres) from the Northern Border Pipeline to Emerson, Manitoba (Noyes, Minnesota), where gas can be shipped to Eastern markets or storage facilities using the Great Lakes Gas Transmission system and TransCanada's Canadian Mainline system. This future extension could be available for service as early as the fourth quarter of 2011.

Memorandum of Understanding

On May 12, 2008, TransCanada Corporation, affiliates of Enterprise Products Partners L.P., and Quicksilver Gas Services LP [announced](#) they have signed a Memorandum of Understanding ("MOU") regarding the proposed Pathfinder Pipeline project. Pursuant to the MOU, Enterprise and Quicksilver Gas Services would acquire up to an aggregate 50 per cent ownership in the proposed Pathfinder Pipeline project and commit to ship a total of 500 MMcf/d for a 10-year term, on the Pathfinder Pipeline, subject to the execution of definitive agreements. Upon execution of Enterprise's and Quicksilver Gas Services' option to acquire ownership, TransCanada's ownership in Pathfinder would be reduced, but will continue to be responsible for developing, constructing and operating Pathfinder.

Binding Open Season Currently Underway

Parties interested in securing capacity on the pipeline are invited to participate in a binding Open Season that expires on May 30, 2008 at 4:00pm MST. TransCanada will accept binding bids from parties for firm natural gas transportation capacity from Meeker and from Wamsutter to Northern Border's compressor station #6. TransCanada also is seeking non-binding expressions of interests for the possible future 275-mile (440-kilometre) extension of the proposed Pathfinder Pipeline project from Northern Border Pipeline Company to Noyes, Minnesota, and Emerson, Manitoba.

For more information on the Open Season contact:

- [Todd Johnson](#) at 403.920.2070
- [Eric Kaul](#) at 403.920.2248

The proposed [Pathfinder Pipeline project web page](#) provides additional information about the project, including [Open Season guidelines](#) and a map of the proposed pipeline corridor.

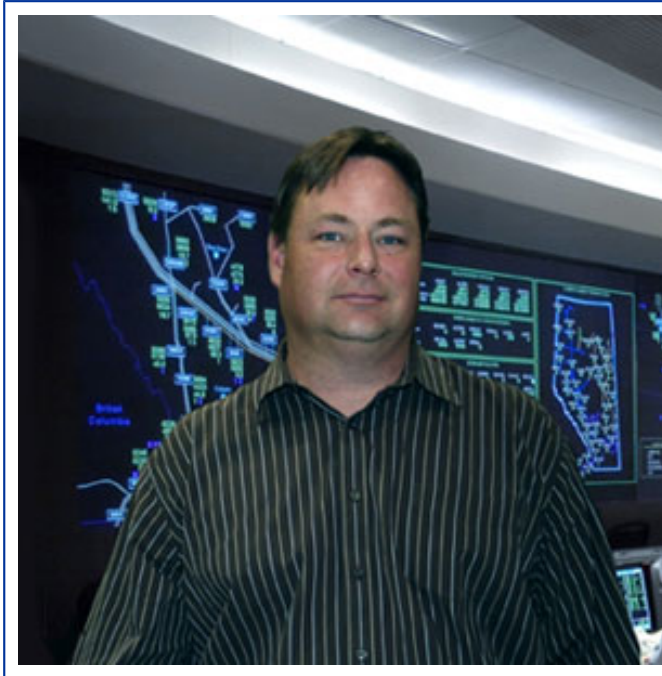
> HOME

> TransCanada Profile: Geoff Ward

In our ongoing series of features on TransCanada's leaders, Update Magazine spent some time this month with Geoff Ward, Gas Control Manager.

Geoff Ward became Gas Control Manager in July 2007. As a 20-year veteran of TransCanada, he brings valuable perspective and solid frontline operational knowledge and expertise to Gas Control and Commercial Operations. Geoff is responsible for the nerve center at the heart of TransCanada's pipeline business. It's his job to make sure the right volumes of natural gas get to the right customers every day. He sets the overall direction for Gas Control, managing 34 gas controllers who monitor and control gas flows on 43,000 kilometres (26,000 miles) of pipeline.

"Reliability is key to our pipeline operations," says Geoff. "Our team uses advanced systems and analysis tools to provide the 24 hours x 365 days service required to ensure safety, efficiency, and continuous improvement in managing our operations."



Geoff brings energy and commitment to the team, along with business knowledge and leadership skills. His previous role as Senior Technical Advisor for the Alberta side of Gas Control provided him a solid understanding of how TransCanada's systems work and how to manage them successfully.

He was also responsible for the implementation of policies, programs, and procedures to ensure safety, reliability, and continuous improvement in Gas Control. He played a key role in the development and implementation of the Gas Control Quality Management system and led many gas control integration projects, including the Northern Border Pipeline Gas Control integration in 2007.

Throughout his two decades with TransCanada, Geoff has been exposed to a wide variety of roles including Field Operations, Operations Planning, and Gas Control as well as assignments internationally in Mexico and Indonesia.

For information on Gas Control, please refer to the article on [Reliability and Efficiency: Gas Control](#) in our

> CALENDAR

> PAST ISSUES

> TRANSCANADA LINKS

> CONTACTS

> THIS MONTH'S ARTICLES

>> THE NEXT MODEL

>> SUMMER SUPPLY/DEMAND

>> PATHFINDER ROCKIES GAS

>> TC PROFILE: GEOFF WARD



February issue or please contact [Geoff](#) directly at 403.920.6809.

Copyright © 2008 | Legal Notice

Get Acrobat Reader 

DATE: May 22, 2008