

## Description

RAM is a service feature applicable to the Mainline's Firm Transportation (FT) service, Storage Transportation Service (STS), and Storage Transportation Service — Linked (STS-L). It allows for the mitigation of unutilized demand charges and is intended to give shippers increased confidence in contracting for long-haul FT service on the Mainline.

Under RAM, credits are applied against a Mainline shipper's Interruptible Transportation (IT) service invoice at the end of each month, regardless of the path(s) used for IT service, based on any eligible unutilized demand charges (UDCs) from that shipper's long-haul FT, "linked" short-haul FT, STS and STS-L contracts. A shipper's monthly IT invoice will however be subject to a minimum charge (please see the RAM formulas below for more information).

The RAM credit is a dollar amount and is designed to allow a shipper to transport a quantity of IT equal to the quantity of unutilized FT (for example) if used over the same path, for no additional charge beyond the minimum commodity charge, assuming the IT is bid at the IT floor price. For example, a shipper's eligible FT contract with UDCs that has a daily demand toll of \$1.00/GJ would generate a RAM credit of approximately \$1.10/GJ towards that shipper's monthly IT invoice.

The RAM service feature does not change the nomination or allocation processes for FT, STS, STS-L or IT service. Shippers still access those services in their usual manner.

---

## Contracts Eligible for RAM Credits

### Long-haul FT Contracts

These are FT contracts which have primary receipt points originating in Alberta and Saskatchewan.

### Short-haul FT Contracts "linked" to a Long-haul FT Contract at a Common Location

Short-haul FT contracts are eligible for RAM credits as long as the shipper that holds the short-haul contract also holds a long-haul FT contract that has a delivery point at the same location as the receipt point of the shipper's short-haul contract.

### STS and STS-L Contracts

For markets downstream of storage:

- STS and STS-L RAM credits will only be generated during the firm Winter Withdrawal period; and only if the STS Balance or STS-L Balance is above zero;
- Injection and withdrawal nominations, except STS overrun, will be considered as usage of the STS and STS-L contracts; and
- The maximum amount of STS or STS-L RAM credits which can be generated each day will be capped by the withdrawal contract demand.

For markets upstream of storage:

- STS and STS-L RAM credits will only be available during the firm Summer Injection period;
- Injection and withdrawal nominations, except STS overrun, will be considered as usage of the STS and STS-L contracts; and
- The maximum amount of STS or STS-L RAM credits which can be generated each day will be capped by the injection contract demand.

## Key Points about RAM

### RAM credits:

- Are dollar credits, not quantity credits
- Are calculated daily from Unutilized Demand Charges (UDCs)
- Are accumulated in a month and are applied against that shipper's Interruptible Transportation (IT) invoice for that month
- Cannot be carried over to another month
- Are not assignable to third parties
- Are non-refundable
- Are not path specific
- Are not eligible if a contract is terminated or suspended
- Apply to the assignee's account commencing on the date the assignment takes effect, if all or a portion of a qualifying contract is assigned

## RAM Formulas & Examples

Note: Formulas are for the applicable primary contract path calculated on a daily basis

### Long-haul FT RAM Formula

Long-haul FT RAM credit = (Unutilized Daily Quantity) x [(100% load factor long-haul FT toll x 1.1) – FT long-haul Commodity]

### Example:

Assume long-haul FT Contract:

- Contract Demand = 100 GJ/d
- Tolls: Daily Demand = \$1.00/GJ, Commodity = \$0.05/GJ
- Utilization on a day = 0 GJ

RAM credit for that day =

- (Unutilized Daily Quantity) x [(100% load factor long-haul FT toll x 1.1) – FT long-haul Commodity]
- (100 – 0) x [(\$1.00 + \$0.05) x 1.1 – \$0.05]
- \$110.50

## RAM Formulas & Examples *continued*

### Linked Short-haul FT RAM Formula

$$\text{Linked Short-haul FT RAM credit} = (\text{Short-haul Allocation Factor}) \times (\text{Unutilized Daily Quantity}) \times \\ [(100\% \text{ load factor short-haul FT toll} \times 1.1) - \text{FT short-haul Commodity}]$$

Where:

$$\text{Short-haul Allocation Factor} = \frac{(\text{Sum of all shipper's long-haul contract demand to the common location})}{(\text{Sum of all shipper's short-haul contract demand from the common location})}$$

Note: Short-haul Allocation Factor cannot be greater than 1.

Example:

Assume linked long-haul FT Contract:

- Contract Demand = 50 GJ/d
- Tolls: Daily Demand = \$1.00/GJ, Commodity = \$0.05/GJ
- Utilization on a day = 30 GJ

Assume linked short-haul FT Contract:

- Contract Demand = 100 GJ/d
- Tolls: Daily Demand = \$0.60/GJ, Commodity = \$0.02/GJ
- Utilization on a day = 40 GJ

Long-haul RAM credit for that day =

- (Unutilized Daily Quantity) x [(100% load factor long-haul FT toll x 1.1) – FT long-haul Commodity]
- (50 – 30) x [(\$1.00 + \$0.05) x 1.1 – \$0.05]
- \$22.10

Short-haul RAM credit for that day =

- (Short-haul Allocation Factor) x (Unutilized Daily Quantity) x [(100% load factor short-haul FT toll x 1.1) – FT short-haul Commodity]
- (50/100) x (100 – 40) x [(\$0.60 + \$0.02) x 1.1 – \$0.02]
- \$19.86

### STS RAM Formula

$$\text{STS RAM Credit} = (\text{STS Unutilized Daily Quantity}) \times [(100\% \text{ load factor STS toll} \times 1.1) - \text{STS Commodity}]$$

### STS-L RAM Formula

$$\text{STS-L RAM Credit} = (\text{STS-L Unutilized Daily Quantity}) \times [(100\% \text{ load factor STS toll} \times 1.1) - \text{STS Commodity}]$$

**Minimum Monthly IT Invoice** =  $\sum$  (IT quantity) x (FT Commodity Toll), for each IT path nominated and authorized within the month

**IT Floor Price** = 1.1 x 100% load factor FT toll for service over the applicable path

## Frequently Asked Questions Concerning RAM

### 1. How does the RAM enhancement work?

RAM takes the form of a credit for your unutilized demand charges under your long-haul FT, linked short-haul FT, STS and STS-L contracts, which is applied to your monthly invoice for Interruptible Transportation (IT) service provided by TransCanada. You access these credits simply by using IT service.

### 2. Why has RAM been structured as a credit to IT, instead of a separate, nominated RAM service?

A RAM credit mechanism offers a number of important benefits to shippers, including:

- a) The credit mechanism can be implemented more quickly and at far less cost.
- b) The credit mechanism will be simple for shippers to use. Shippers can nominate IT service as done today. A new type of nominated service would have required new contracts, new nominations groups, additional daily nominations, new priority of service and allocations rules, etc. . .
- c) A credit mechanism offers unparalleled flexibility to capture the value of the services. You can use your credits to purchase IT service on any path on the system, either long-haul or short-haul. A separate nominated RAM service would typically limit the RAM to the primary path of your contract.

Further, you have greater choice on when you use your RAM credits. You can choose to nominate for a steady amount of IT during the month, or you can use your credits by nominating for a large amount of IT on a single day in the month.

### 3. Will I get RAM credits if my FT diversion or alternate receipt point nomination is not authorized?

Under the RAM feature, FT contract diversion and alternate receipt point nominations that are authorized are considered "usage" of those FT contracts.

If your diversion or alternate receipt point nomination is not authorized, you get to use those unutilized demand charges to purchase IT. That way, you do not lose capacity and dollars if your diversion or alternate receipt point is not authorized.

### 4. Can I use my credits for Interruptible Backhaul service?

No. The credits can only be used to reduce your invoice for IT service.

### 5. Will credits be given for FT Delivery Pressure charges?

No. Credits are not available for FT Delivery Pressure Charges. As well, RAM credits cannot be applied against Delivery Pressure Charges on IT service.

### 6. If I do not use all my credits in one month, can I use the credits in the following month?

No. Credits accumulate and are used within each particular month. Credits that are not used within the month expire and cannot be used in subsequent months.

### 7. Do I have to sign an IT contract to make use of the credits?

Yes. A single "master" IT contract can give you the ability to nominate for IT service on all paths.

### 8. In order to use RAM credits, do I need a separate IT contract for each FT, STS or STS-L contract?

You only need a single master IT contract. TransCanada can automatically pool the credits under all of your FT, STS and STS-L contracts and apply the total credit against your IT transportation charges. However, the IT contract must be held by the same legal entity as the FT, STS or STS-L contract. If your contracts are held in different legal names, you will need a separate IT contract for each name.

### 9. Do I have to use the RAM credits for IT service over the same path as my FT, STS or STS-L contract?

No. Credits can be used for IT over any path on the system. For example, a long-haul FT shipper could use the credits to purchase short-haul IT.

## Frequently Asked Questions Concerning RAM *continued*

### *10. Can my Agent nominate for IT on my behalf to make use of the credits?*

Yes. If you have a nominating Agent for your contracts, you can designate that Agent to nominate under your IT contract.

### *11. How will I know how many credits I've got each day?*

Each shipper will be responsible for tracking their credits and IT usage within the month. TransCanada will also provide a daily report via the web to assist shippers in tracking their credits. The Shipper Operational Report called RAM Credits Status Report will provide details on how credits were calculated and then applied to your IT charges. You can track, on a daily basis, the amount of credits available and used during the month. Also, at month end you can use this report to verify against the credits that appear on your IT invoice.

### *12. Who gets the credits if I assign my FT contract?*

The credits are calculated each day and are the "property" of the holder of the contract on each day. If an FT contract is assigned on the 11th day of a month, the original shipper receives the credits for the first 10 days of the month. The assignee receives the credits for the remaining days in the month starting on the 11th.

### *13. Can I assign my RAM credits to another shipper?*

No. The credits can only be applied against the IT transportation charges of the holder of each particular FT, STS or STS-L contract.

### *14. How will RAM credits be calculated if I am authorized a FT contract shift by TransCanada?*

The credit will be calculated based on the FT primary contract path that you are billed on. For contract shifts, you are billed on the "higher of" the original primary contract path or the shifted contract path (subject to certain provisions). The Credits Status Report will indicate which primary contract path (original or shifted) was used in calculating your credit.

### *15. Why is there a minimum IT charge applied in the RAM calculation?*

The minimum IT charge is to ensure recovery of all commodity charges for transportation used. Without the minimum charge, shippers who transported gas would not be contributing to the variable cost of transportation (commodity toll) on the system, which would cause an under-collection of commodity revenues.

### **For further information about RAM:**

The Pipe Line: **403.920.PIPE (7473)**

E-mail: **customer\_express@TransCanada.com**