INFORMATION BULLETIN 95-01

Re: Clarification of APMC Reporting Policy for Gas Removed from Alberta

The purpose of this Information Bulletin is to clarify the reporting of natural gas removals from the Province of Alberta on the APMC 600-series forms, pursuant to the Natural Gas Marketing Act and Regulation.

Ownership of Gas Removed

The owner of Alberta gas at the point the gas is removed from Alberta is required to report on the APMC-633, as well as the APMC-631 and/or APMC-632 where appropriate.

- A starting point for the reporting company is a review of its gas sale or purchase contracts to ascertain which party has title to the gas when it crosses the Alberta border. The contract may contain a Contract Delivery Point which clarifies the exact point of title transfer as intra-Alberta or ex-Alberta. The APMC will recognize an agreement between the parties regarding the point of title transfer if the Contract Delivery Point is not specific.

- If an agreement is not reached, the APMC will consider the company which owns the gas delivered into the ex-Alberta pipeline as the party which must report to the APMC.

Listed below are two natural gas transactions which require special attention when ownership of gas removed must be established.

Transported Gas - A shipper of gas to an ex-Alberta pipeline may, from time to time, agree to move gas on behalf of others.

- If the shipper is the owner of the gas being removed from Alberta, then the shipper should report the removal. Otherwise, the owner of the gas being moved by the shipper should report the removal.

Handshakes - These transactions typically occur between the point of delivery on the intra-Alberta pipeline and the receipt point on the ex-Alberta pipeline.

- In most cases handshakes occur within Alberta and the last party receiving the handshake gas and delivering it to the ex-Alberta pipeline is the owner of the gas when it leaves Alberta. The exceptions occur if the handshake parties have a written contract or agreement specifying a delivery point outside of Alberta.
Reporting Ex-Alberta Dispositions on the APMC-631, 632 and 633

If a reporting company has a supply pool serving an ex-Alberta market and that pool consists of gas that is removed from Alberta and gas that is sourced from outside Alberta, it has a choice of two reporting methods for the APMC-631, 632 and 633:

- The first option is to report only those gas dispositions on the APMC-631 and 632 that have been allocated to the Alberta gas removed from Alberta and reported as Removals in Delivery Month on the APMC-633 in that delivery month.

- A second option is to report on the APMC-631 and 632 all ex-Alberta dispositions sourced from both Alberta and non-Alberta gas. On the APMC-633 form, this approach results in the total of the APMC-631 and 632 column(s), by Removal Point, exceeding the column Removals in Delivery Month for the same Removal Point and this difference is shown as a negative entry in the Balancing Entry column.

- Note that removals reported on the APMC-633 are the same under either option.

A sample border removal reconciliation (Exhibit A) is attached for your information. Should you have further questions regarding the reporting of gas removals from Alberta, please telephone your Natural Gas Operations contact in Calgary or call (403) 297-5514 for a referral.

Determining non-Alberta Gas Removals from a Supply Pool of Alberta and non-Alberta Sourced Gas

For purposes of reporting on the APMC-633, specifically under the heading Removals in Delivery Month, a company may use the allocation methodology outlined in Exhibit B, for determining the non-Alberta gas component of a supply pool of Alberta and non-Alberta gas at a removal point. The non-Alberta gas component is to be deducted from total removals to arrive at the Alberta gas component, which is reported under the heading Removals in Delivery Month on the APMC-633.

W.A. Zanewick
Director, Natural Gas Operations  
August 14, 1995
An analyst in Natural Gas Operations is comparing the Empress Border APMC–633 removal figures, reported by Company A, to the TransCanada (extra-provincial pipeline) shipper total for Company A. The 633 removals exceed the TransCanada shipper figure by 150,000 gigajoules (GJ). Why are Company A’s removals higher than the TCPL number? When this question is asked of Company A’s representative, a review is undertaken to discover the reason for the variance. It is a good idea for the company representative to perform this reconciliation regularly to ensure reporting is accurate and complete.

Now, we will attach some numbers to this example (only GJ will be shown for simplicity).

Company A reported that 1,100,000 GJ were removed at Empress Border.
The TransCanada Shipper total for Company A was 950,000 GJ.
The NOVA Border Delivery total for Company A was 1,050,000 GJ.
What is the explanation for the differences?

Company A reviews its contracts and transactions for the month:

There are ten ex-Alberta sales for a total of 1,200,000 GJ.

In one of the above ten sales, Company A contracted another party to transport 100,000 GJ out of Alberta on its behalf. Company A retained ownership of the gas.

One of the above sales consisted of commingled B.C. and Alberta–produced gas and totaled 200,000 GJ. The B.C. gas quantity was 100,000 GJ and the Alberta gas quantity was the remaining 100,000 GJ. This non-Alberta gas must not be included in the Empress gas removals from Alberta (Refer to Exhibit B for method of determining non-Alberta gas). However, Company A does have the option of reporting the entire 200,000 GJ on the 631 or just the portion relating to the Alberta gas removed in the month, as discussed on Page 2 of the Information Bulletin. In this example, Company A has chosen to report the entire quantity on the 631.

And, the following are further details pertaining to Company A’s gas activity at Empress:

- Two handshake purchases from other companies for a total of 250,000 GJ and the contract delivery point for each handshake purchase was Empress, Alberta.

- One handshake sale to another company in Saskatchewan for 350,000 GJ. This handshake took place in Saskatchewan because the handshake agreement specified a contract delivery point which was downstream of the inlet to the TCPL system. Company A in fact owned the gas at the point that it was removed so it must include this quantity to its removal figure for the month.

- Company A provided a transportation service to other companies and transported 200,000 GJ to the TransCanada system on their behalf. It did not take title to the transported gas. This quantity of gas will appear on Company A’s TransCanada shipper account, even though it did not own the gas. This amount must not be included in Company A’s 633 removals at Empress.

When Company A’s representative adds up the gas owned and removed, the total is 1,100,000 GJ.

Now, all transactions have been reviewed and the explanation for the variance can be provided.

.../2
TCPL RECONCILIATION:

Upstream Actual (equal to the NOVA Border Delivery Quantity)  1,050,000 GJ

Plus: All Handshakes From Other Companies (per TCPL Stmt.)  250,000

Minus: All Handshakes To Other Companies (per TCPL Stmt.)  (350,000)

TCPL Shipper Quantity  950,000

Note: The NGO Analyst makes use of the TCPL Border Variance Report as a starting point to reconcile Company A’s 633 removals and this report treats all Handshake To and Handshake From activity as occurring on the Alberta side of Empress. For a delivery month, the TCPL Shipper Quantity should equal the APMC-633 Removal Quantity except where any of the following situations exist. Some of these transactions may not be shown on Company A’s TCPL Statement, yet these must still be included in the Removals calculation.

Minus: Handshakes From Others – Contract Del. Pt is in Sask.  (0)

Plus: Handshakes To Others – Contract Del. Pt. is in Sask.  350,000

Plus: Gas Transported by Others, where your company retains ownership  100,000

Minus: Gas Transported for Others, with no title transfer to your company  (200,000)

Plus: Other Gas Owned and Removed from Alberta  0

Minus: Other Gas Dispositions inside Alberta  (0)

Minus: Non-Alberta Produced Gas Removed at Empress  (100,000)

633 Removal Quantity  1,100,000 GJ

Note: The APMC-631 total for this example will be 1,200,000 GJ and the 633 entry will be as follows:

<table>
<thead>
<tr>
<th>Removal Point</th>
<th>Removals in Del. Month</th>
<th>Total Sales APMC-631</th>
<th>Total APMC-632</th>
<th>Bal. Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>207</td>
<td>1,100,000</td>
<td>1,200,000</td>
<td>0</td>
<td>-100,000</td>
</tr>
</tbody>
</table>
Exhibit B  Methodology for Determining Non-Alberta Gas Removed at a Removal Point

**Step 1:** Calculate the quantity of non-Alberta gas in the non-dedicated Supply Pool (General Supply Pool)

\[
\text{Total non-Alberta Gas in General Supply Pool} = \text{Total non-Alberta Gas Acquired in Alberta (Includes Imports)} - \text{Dedicated Dispositions of non-Alberta Gas (intra and ex-Alta)}
\]

**Step 2:** Calculate the total quantity of Alberta and non-Alberta Gas in the General Supply Pool

\[
\text{Total General Supply Pool} = \text{Total Gas Acquired in Alberta (Includes Imports)} - \text{Dedicated Dispositions of Gas (intra and ex-Alta)}
\]

**Step 3:** Calculate the percentage of non-Alberta gas in the General Supply Pool

\[
\% \text{ of non-Alberta gas in General Supply Pool} = \frac{\text{Total non-Alberta gas in General Supply Pool}}{\text{Total General Supply Pool}} \text{ (ignore fuel gas or measurement variance if convenient)}
\]

**Step 4:** Calculate the total Alberta and non-Alberta gas removed from the General Supply Pool at a removal point

\[
\text{Total gas removed from a General Supply Pool at a removal point} = \text{Total gas removed at a removal point} - \text{Total removals of dedicated supply}
\]

**Step 5:** Calculate the non-Alberta gas component of gas removed from a General Supply Pool at a removal point

\[
\text{non-Alberta gas removed from a General Supply Pool at a removal point} = \text{Total gas removed from a General Supply Pool at a removal point} \times \% \text{ of non-Alberta gas in General Supply Pool}
\]

**Step 6:** Calculate the total non-Alberta gas removed at a removal point (includes dedicated and non-dedicated supply)

\[
\text{non-Alberta gas removed at a removal point} = \text{non-Alberta gas removed from dedicated supply at a removal point} + \text{non-Alberta gas removed from a General Supply Pool at a removal point}
\]

**NOTE:** The General Supply Pool is the remaining gas in the Supply Pool after it is adjusted for Dedicated Dispositions of gas, where dedicated dispositions are those resulting from contracts requiring gas from a specific province or other source of supply.