

June 26, 2002

## **INFORMATION BULLETIN 2002-02**

### **SUBJECT: APMC – 630 SERIES FORMS CLARIFICATION OF REPORTING POLICY FOR GAS REMOVED FROM ALBERTA**

The purpose of this Information Bulletin is to provide further clarification relating to reporting of natural gas removals from the Province of Alberta on the APMC-630 series forms. This Information Bulletin expands upon procedures identified in Information Bulletins 97-01, 01-01 and 2002-01 (copies attached). Reporting of the APMC-630 series forms is required under 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. The following removal points require special attention when trying to determine ownership of gas removed.

#### **Empress (Removal Point 207)**

The Empress border point is a significant market area with many buyers and sellers. To assist those companies that are uncertain as to whether they are required to report on the APMC-630 series forms for gas delivered at Empress, we suggest that you review the situations provided in the attached example no. 1.

#### **Gordondale (Removal Point 208)**

Currently, companies use either removal point 208 (Nova/Westcoast (Alta)) or removal point 215 (Bonanza/Westcoast (Alta)) to report their removals at Gordondale, as a proxy for gas leaving Alberta. However, since changes of ownership are occurring with more frequency before the gas leaves Alberta, the owner of the gas leaving Alberta may no longer be the owner of the gas at the Bonanza/Westcoast (Alta) interconnect, or at the Nova/Westcoast (Alta) interconnect. To resolve this situation, the removal point at Gordondale is now restated as the point of interconnect between the pipelines of

Westcoast Transmission (Alberta) Ltd. and Westcoast Energy Inc. *Therefore, the owner of Alberta gas delivered from Westcoast (Alta) to Westcoast Energy is the owner of Alberta gas leaving Alberta and should be reporting on the APMC-630 series of forms, using **removal point code 208**.* The Bonanza/Westcoast interconnect (Removal Point no. 215) becomes inactive for APMC-600 series reporting purposes. Prior period amendments are not required for this change prior to delivery month 0206.

#### APMC-651 Form - Gas Imported Into Alberta

Consistent with the above change identified for removals, the import point is restated to be the point of interconnect between the Westcoast Energy Inc. and Westcoast Transmission (Alberta) Ltd. pipeline systems. *Therefore, the owner of any gas delivered from Westcoast Energy to Westcoast (Alta) is the owner of gas imported into Alberta and should be reporting on the APMC-651, using **import point code 251**.* Prior period amendments are not required for this change prior to delivery month 0206.

#### **Burstall, Saskatchewan (Encana Suffield Gas Pipeline Inc. - Removal Point 225)**

This pipeline connects to the TransCanada Mainline System at Burstall, Saskatchewan which is located 2.5 km inside Saskatchewan. The quantities of gas delivered by Encana to their delivery meter at Burstall, Saskatchewan are considered quantities removed from Alberta. *The owner of Alberta gas delivered by Encana to Burstall, Saskatchewan is the owner of gas leaving Alberta and should be reporting on the APMC-630 series of forms, using **removal point code 225**.*

#### **Alliance Pipeline (Removal Point 260)**

The Alliance Pipeline extends from British Columbia, through Alberta to Chicago, Illinois. If you are the owner of non-Alberta gas being transported across the Alberta/B.C. border you are required to report import information on the APMC-651 form. If you are the owner of Alberta gas being transported across the Alberta/Saskatchewan border you are required to complete the APMC-630 forms. Refer to the Information Bulletin 01-01 for more reporting details. Also refer to example no. 2.

#### **REPORTING EX-ALBERTA DISPOSITIONS ON THE APMC-631, 632, 633 FORMS**

The owner of Alberta gas at the point the gas is removed from Alberta is required to report the disposition of the Alberta gas on forms APMC-631 and/or APMC-632, as well as the removal quantity on the APMC-633. Any difference between the total quantities reported on the APMC-631 and/or APMC-632, and the quantity removed at a border point, is reported as a balancing entry on APMC-633. The balancing entry includes fuel gas/line loss and pipeline inventory changes, but can also include non-Alberta supply if the company chooses this option. Refer to 'Disposition from General Supply Pool' in Information Bulletin 97-01 for more information.

The attached Appendix A, describes an acceptable process of determining the appropriate sales, dispositions, related transportation costs and fuel gas/line loss, relating to the gas reported as removed from Alberta on the APMC-633. Also refer to example no. 3.

### **Buy/Sells, Exchanges, Swaps**

A Buy/Sell is a contract or arrangement under which a person purchases and resells Alberta natural gas to the same party. Wash transactions also fall into this category. The consideration in a Buy/Sell is based on the net of both transactions. Therefore, neither the buy price nor the selling price is truly arm's length. For this reason these transactions are deemed to be non-arm's length and are reported on the APMC-632 form by the owner removing the Alberta gas from Alberta.

Exchanges and swaps are transactions where the parties exchange a quantity of gas at one location for a quantity of gas at another location. These types of dispositions are also deemed to be non-arm's length and are reported on the APMC-632 form by the owner removing the Alberta gas from Alberta.

Should you have any questions, contact your Gas Valuation Analyst or call our general number (403) 297-5514.

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## **List of Attachments**

Appendix A

Example No. 1 – Empress Removal Point 207

Example No. 2 – Alliance Pipeline Removal Point 260

Example No. 3 – Reporting Ex-Alberta Dispositions on Forms APMC-631 and APMC-632

Information Bulletin 97-01

Information Bulletin 01-01

Information Bulletin 2002-01

**Appendix A -APMC-631 and APMC-632 Forms**  
**Methodology for Determining Ex-Alberta Sales, Dispositions,**  
**and Related Transportation Costs and Fuel gas/Line loss**

1. Identify the gas that moved from the Alberta border (Alberta supply) to each delivery point after the Alberta border. Use the pipeline statements for this purpose.
2. At each delivery point, calculate the Alberta supply ratio by dividing the Alberta supply at the delivery point by the Total Supply (Alta and non-Alta gas) at the delivery point. To determine the quantity of Alberta supply moving from delivery point A to delivery point B, apply the Alberta supply ratio of delivery point A to the quantities moved.
3. Determine the arm's length sales and non-arm's length dispositions at a delivery point (excluding fuel gas/line loss and pipeline inventory). Allocate each arm's length sale (quantity and sale's value) and each non-arm's length disposition (quantity), at a delivery point to the Alberta supply using the Alberta supply ratio of the delivery point.
4. Determine the total transportation costs and fuel gas/line loss to move the Alberta supply from the Alberta border to the final points of disposition. Use the following steps:
  - (i) Identify the transportation costs and fuel gas/line loss to move Alberta supply to each point of delivery after the Alberta border. Use the Alberta supply ratio as determined under 2 above to determine the amounts of transportation costs and fuel gas/line loss that should be allocated to Alberta supply.
  - (ii) If Alberta supply moves through a series of delivery points to the final delivery point, ensure to include the total allocated transportation costs and fuel gas/line loss from the Alberta border to the final delivery point.
  - (iii) Allocate the transportation costs and fuel gas/line loss proportionately to the arm's length sales and non-arm's length dispositions of Alberta supply. Remember that non-arm's length dispositions exclude fuel gas/line loss and pipeline inventory.

**Things to Remember**

1. Transportation charges should include demand, commodity and diversion costs associated with each transportation contract.
2. In addition to diversion charges, transportation costs for a delivery point should also include a prorata allocation of the firm service charges.
3. Offset transportation costs by revenues received from third parties for use of the unutilized capacity.
4. TransCanada IT credits that have been offset against IT billings should be applied to the costs of the firm service contracts that generated the credits. Refer to Information Bulletin 02-01 for further information regarding TCPL AOS and Make-Up credits.