

ATCO Gas South Imbalances

The Alberta Utilities Commission (AUC) approved ATCO Gas' (AG's) Retailer Service in Order U2008-290 and it was implemented on October 1, 2008. Retailer Service implementation included the transition of load balancing from Direct Energy Regulated Services (DERS) to AG. The load balancing transition included the discontinuance of daily load balancing AG's Firm Service Utility accounts by DERS, the performance of that balancing function by AG and the transition of High Use (HU) and Low Use (LU) account imbalances.

For this application, AG has assumed the two-year limitation period is February 2007 to January 2009 because the next affected GCFR month is February 2009.

The two components of the load balancing transition, HU/LU Account Imbalances and FSU Account Adjustments, are described in greater detail in the following sections.

HU/LU Account Imbalances

HU/LU account imbalance energy transitioning between DERS' load balancing and AG's load balancing applicable to the month of December '08 is shown in the table below. The entry shown is required to keep both DERS and AG whole for the transition (which will be complete with the September '08 Final Settlement (S3) for the HU/LU accounts).

September HU/LU S1-S2 Variance	GJ	19,788
July HU/LU S2-S3 Variance	GJ	1,410
HU/LU Imbalances pack/(draft)	GJ	21,198
CGPR December '08 Daily Index	\$/GJ	\$6.2733
HU/LU Imbalances charge/(refund)	\$	\$132,981.41

where:

- S1, S2, S3 means Gas Settlement 1, 2 and 3 as described in the Natural Gas Settlement System Code approved in Decision 2008-075.
- Variance means the difference between the previous settlement and the current one.
- CGPR Daily Index is the total weighted average of the Same Day Index published Canadian Gas Price Reporter that has been used to value imbalances energy.

FSU Account Adjustments

In Decision 2008-105 issued October 28, 2008 (“Rider D Decision”), the AUC approved that FSU adjustments applicable to periods prior to October 1, 2008 dealt with in AG’s load balancing should be charged or refunded to DERS on a going forward basis:

- (6) *ATCO Gas has approval to charge or pay to Direct Energy Regulated Services the effect of any future measurement adjustments which result in changes to ATCO Gas’s FSU accounts applicable to the period prior to October 1, 2008 and are dealt with by AG in its LBDA subject to the limitations outlined in this Decision.*¹

The table below is for adjustments applicable to periods prior to October 1, 2008 that were processed in AG’s FSU account in December 2008. An adjustment is also shown in the table to correct the monthly price previously used to value the October 2008 energy. These entries are required to keep both DERS and AG whole for the load balancing transition.

Recovery Month¹	Price² \$/GJ	South FSU Account 1405 GJ³	Dollars⁴
Oct '08 initial price ⁵	\$5.7241	414,305	\$2,371,523.25
Oct '08 corrected price ⁵	\$6.4081	<u>414,305</u>	<u>\$2,654,907.87</u>
Oct '08 Adjustment⁵		0	\$283,384.62
Dec '08	\$6.2733	<u>(303,710)</u>	<u>(\$1,905,263.94)</u>
FSU Gas Recovery pack/(draft) ^{3, 4, 5}		(303,710)	(\$1,621,879.32)
FSU Imbalances charge/(refund)^{3, 4, 5}		303,710	\$1,621,879.32

Notes:

1. The Gas Recovery energy shown is the sum of the daily energy occurring within each calendar month shown. ATCO Pipelines’ Gas Recovery period commences in approximately the third week of each month and continues each day for approximately 25 days, carrying into the following calendar month.
2. CGPR Daily Index is the total weighted average of the Same Day Index published by the Canadian Gas Price Reporter and has been used to value imbalances energy.
3. Positive Gas Recovery energy in the FSU account is the quantity that DERS would have sold had it continued to load balance AG’s gas distribution system. Negative Gas Recovery energy is the quantity that DERS would have had to purchase if it had continued to load balance.
4. Positive FSU Gas Recovery energy is valued at the Weighted Average Daily Index price and the dollars are refunded to DERS. Negative FSU Gas Recovery energy is valued at the Weighted Average Daily Index price and the dollars are charged to DERS.
5. The Oct '08 dollars filed in the January '09 GCFR were based on an incorrect monthly gas price. The correct price is shown above and the adjustment dollars are included in the charge/(refund).

¹ Decision 2008-105 at page 13

The energy adjustments reported in the FSU account's Gas Recovery are categorized in the table below. The adjustment related to new measurement correction is discussed in greater detail in the Measurement Adjustments section.

South FSU Account 1405¹		
<u>Category of adjustment</u>	(in Gigajoules)	<u>Dec '08</u>
Update SCADA with meter-read consumption ²		0
Balance of previous updated settlement ³		19,490
New updated settlement consumption ³		8,991
Balance of previous measurement correction ⁴		(249,850)
New measurement correction ⁴		(82,341)
	FSU Gas Recovery pack/(draft) GJ	(303,710)

Notes:

1. Positive Gas Recovery energy in the FSU account is the quantity that DERS would have sold had it continued to load balance AG's gas distribution system. Negative Gas Recovery energy is the quantity that DERS would have purchased if it had continued to load balance.
2. SCADA consumption is reported in the FSU account each day and is replaced by meter-read consumption after the end of each month. The difference between the SCADA and meter-read consumption is addressed in the FSU account's Gas Recovery. The SCADA updates applicable to DERS have been previously reported. SCADA updates for the months subsequent to September 2008 are not applicable to DERS.
3. AG provides Backcast gas settlement consumption each day for the non-SCADA sites included in its FSU account. The Backcast consumption is updated with Initial, Interim and Final Settlement consumptions. The difference between the previous and current settlement consumptions is addressed in the FSU account Gas Recovery. For clarity, the portion of the updated gas settlement applicable to Dec. 1-18 in the November 24th to December 18th Gas Recovery period has been separated from the portion applicable to Dec. 23-31 in the December 23rd to January 16th Gas Recovery period. The total settlement update for the December 23rd to January 16th Gas Recovery period is 24,979 GJ.
4. The measurement corrections were processed equally each day in the FSU account's Gas Recovery. The Gas Recovery energy shown is for the periods Dec. 1-18 inclusive and Dec. 23-31 inclusive. The detail on the measurement correction for Dec. 1-18 was reported in the previous application. The detail on the measurement correction for the Gas Recovery period December 23rd to January 16th is provided in the "Measurement Adjustments" section.

Imbalances Reported in Schedules M-1 and M-2

The total energy and dollars applicable to the load balancing transition are shown in the tables below. The dollars are reported in Schedule M-1 line 5 and the energy in Schedule M-2 line 3.

Description	Units	Dec '08
HU/LU Imbalances	\$,000	133
Oct '08 FSU price correction	\$,000	(283)
FSU Imbalances	\$,000	1,905
Imbalances (line 5, Schedule M-1)	\$,000	1,755

Description	Units	Dec '08
HU/LU Imbalances	TJ	21
Oct '08 FSU price correction	TJ	0
FSU Imbalances	TJ	304
Imbalances (line 3, Schedule M-2)	TJ	325

Measurement Adjustments

The measurement adjustments identified in the table below are applicable to the period when DERS performed load balancing and are chargeable or refundable to DERS.

South Station Name	Adjustment Period	Adjustment¹ (GJ)
Calgary Control Gate ⁴	April - May 2008	405,374
Banff Gate ⁵	July 2008	39,306
Rimrock FTU ⁶	March - April 2008	(103,748)
Okotoks Gate ⁷	June - August 2008	3,160
Raymond Gate ⁸	July 2008	933
Canmore East Gate ⁹	May - June 2008	311
Calgary Discovery Ridge ¹⁰	May 2008	(116,735)
Patton Kleyson Ind. Gate ¹¹	January 2008	6,701
Chestemere North Gate ¹²	July 2008	(226)
Shaughnessy West ¹³	February 2007 - June 2008	(6,352)
South Total Station Adjustment¹		228,724
Energy included in Gas Recovery from Dec 23 – Jan 16 ²		(228,724)
Gas Recovery energy from Dec 23 – 31 ³		(82,341)

Notes:

1. A positive adjustment means the original station measurement was too low and should be corrected to a higher quantity. A negative adjustment means the original station measurement was too high and should be corrected to a lower quantity.
2. The Gas Recovery energy is the opposite sign of the station adjustment energy. An increase in station consumption (positive station adjustment) creates a deficiency in the FSU account (negative gas recovery).
3. The FSU Gas Recovery amount is divided evenly in each day in the period. The portion of the station adjustment energy addressed in December is for the period Dec. 23-31 inclusive.
4. Calgary Control Gate Meter Run #1 meter was found to have failed so the energy flowing through the station was estimated.
5. Banff Gate meter was found to have failed so the energy flowing through the station was estimated.
6. Rimrock FTU was found to have been double counted in the FSU account because the energy was reported in two different measurement groups so the excess energy was removed from one group. Rimrock was also adjusted from November 2006 to January 2007 inclusive by (21,416) GJ. This adjustment to AG's FSU account has been excluded from the amounts refunded to DERS because of the 2 year limitation period applicable to adjustments in deferred gas accounts. Rimrock FTU was also adjusted in October 2008 by (4,911) GJ but this adjustment has been excluded from the amounts refunded to DERS because DERS did not perform load balancing in October 2008.
7. Okotoks Gate remote terminal unit failed so the energy flowing through the station was estimated.
8. Raymond Gate meter was bypassed while construction was underway at the station so the energy flowing through the station was estimated.
9. Canmore East Gate remote terminal unit failed so the energy flowing through the station was estimated.
10. Calgary Discovery Ridge was found to have an incorrect meter factor so the energy flowing through the station was recalculated with the correct factor.
11. Patton Kleyson Ind. Gate meter was found to have failed so the energy flowing through the station was estimated.
12. Chestemere North Gate instrument was found to have failed so the energy flowing through the station was estimated.
13. Shaughnessy West double counted in the FSU account because the energy was reported in two different measurement groups so the excess energy was removed from one group. Shaughnessy West was also adjusted from April 2006 to January 2007 inclusive by (4,174). This adjustment to AG's FSU account has been excluded from the amounts refunded to DERS because of the 2 year limitation period applicable to adjustments in deferred gas accounts.

These adjustments have been processed and addressed in AG's FSU account's Gas Recovery for the period December 23, 2008 to January 16, 2009 inclusive, which spans the calendar months December '08 and January '09. The portion of the measurement adjustment addressed from December 23rd to 31st inclusive is (82,341) GJ. This energy quantity has been included in the December 2008 new measurement correction shown in the "Category of Adjustment" table above. The remainder of the new measurement adjustment of (146,383) GJ will be addressed in January 2009 (to be included in the March 2009 GCFR).

Response to Commission Directions

Commission Direction 1 – Valuation of FSU Account Adjustments

Reference: AUC's letter dated December 24, 2008 acknowledging DERS' South GCFR for the month of January 2009 (Application No. 1600149) at page 1:

However, as part of the February 2009 GCFR filing, DERS is directed to provide, after discussing the matter with ATCO Gas, the reasons why it is appropriate to value the FSU account adjustments, including the proposed measurement adjustments, using the same method that has been recently used to value imbalances energy.

Response to Commission Direction 1

The FSU account adjustments have the identical impact to the load balancing requirement as imbalances energy from retailer accounts. Retailer account imbalances are offset by retailers changing their gas supply. Since all gas supply provided to AG's systems must flow through its FSU account, a change to retailer gas supply that addresses a prior period imbalance in the current period creates a load balancing requirement in the current period. This concept was depicted in the 2008/2009 Rider D Application.²

In the same manner, a FSU account adjustment applicable to a prior period also creates a load balancing requirement in the current period. This is because the adjustment represents an excess or deficiency of delivery from the FSU account relative to the current delivery and it must be offset by load balancing. This concept was depicted in the 2008/2009 Rider D Application.³

Since both retailer imbalances energy and FSU account adjustment energy have the same impact to load balancing, it is appropriate that they both be valued in the same way. That is, to "calculate the revenue or expense dollars as the sum of the daily resultant of multiplying the daily gas recovery energy for the adjustment by the AECO C/NIT Daily Index (as published by the Canadian Gas Price Reporter)."⁴

Commission Direction 2 – Updated Settlement Consumption

Reference: AUC's letter dated December 24, 2008 acknowledging DERS' South GCFR for the month of January 2009 (Application No. 1600149) at page 1:

Further explanation is also requested with respect to the fairly large "updated settlement run consumption" for the non-SCADA sites for October 2008 (522,721 GJ) and November 2008 (153,962 GJ).

² ATCO Pipelines and ATCO Gas (Divisions of ATCO Gas and Pipelines Ltd.) 2008 - 2009 Unaccounted For Gas/Fuel Gas Rates Application No. 1583677, Proceeding ID. 96 AUC-ATCO-9(f)

³ 2008/2009 Rider D Application AUC-ATCO-9(b)

⁴ 2008/2009 Rider D Application AUC-ATCO-22(a)

Response to Commission Direction 2

The August 2008 B1-S1 settlement variance for the non-SCADA sites accounts for 387,181 GJ or 74% of the 522,271 GJ reported in October 2008. The September 2008 B1-S1 settlement variance for non-SCADA sites accounts for 114,047 GJ or 74% of the 153,962 GJ reported in November.

AG is currently using a less sophisticated manual forecasting system to estimate and report daily consumptions for the non-SCADA sites. AG expects to transfer the non-SCADA sites to the Daily Forecasting and Settlement System effective February 1, 2009. After this change is made, AG anticipates the B1-S1 settlement variances of the magnitude evidenced in August and September will not re-occur in the normal course.