

Notice: WINS Update

February 26, 2018

Effective March 1 a few updates will be applied to WINS with respect to imbalance return and the calculation of the premium surcharge. Please note these updates only affect daily balanced groups. Marketers managing monthly balanced groups do not have access to imbalance return and are not subject to the premium surcharge.

Imbalance Return

As many of you are aware, when a group is allocated a portion of imbalance return, it enables the group to use their banked inventory as a source of supply on a given day. When Marketers draw from their banked inventory using imbalance return, it means they are incurring a draft on the system. On a normal day, Fortis authorizes 40,000 of imbalance return at the Lower Mainland and Interior locations. The 40,000 is allocated to Marketers managing daily balanced groups.

If a marketer is allocated 5,000 of imbalance return for example, it means the group can use a maximum of 5,000 from their banked inventory on a given day. The marketer's draw from inventory (or draft) cannot exceed the allocated quantity of imbalance return. The update made to the system effectively enforced this maximum rule based on the quantity of imbalance return allocated.

The system will also check to see if the group actually has inventory on the previous day to draw from. If, for example, a group was allocated 5,000 of imbalance return, and the previous day's ending inventory is 3,000, then the lesser of rule will apply. Simply put, in spite of the authorized amount of 5,000, the system will check and determine that only 3,000 is available to add to the direct daily supply brought on to meet demand.

If direct supply plus the supply from imbalance return is LESS than the burn on the day, (in other words an under-delivery), the system will sell balancing gas to balance the group. Balancing gas is sold at the Sumas Gas Daily Midpoint price – and applies to daily groups located in the Interior and Lower Mainland.

When imbalance return is eliminated, this means that Marketers cannot use their inventory as a source of supply. Under these circumstances, Marketers must then bring on sufficient direct supply at the inter-connect to meet demand, and if under-deliveries occur, daily balancing gas will apply. If under-deliveries exceed the 20% tolerance, the premium surcharge will ALSO apply. In other words, a marketer can incur both daily balancing gas and the premium surcharge on a given day if a marketer under-delivers and exceeds the 20% tolerance. (See the example on the second page.)

Premium Surcharge

The premium surcharge is calculated based on the daily supply plus supply from imbalance return (if it is available) and daily demand. Daily supply can consist of the following: physical direct supply brought on at the inter-connect, and SCP Peaking gas. If imbalance return is authorized, then the maximum amount from imbalance return would also be added to the daily supply quantity. If the total daily supply is less than demand beyond the 20% tolerance, premium surcharges would apply.

Below is an example when both **Balancing Gas** and the **Balancing Surcharge** was incurred based on under-deliveries relative to demand.

Direct Supply	7,000	← Gas the marketer delivered to the interconnect
SCP Peaking Gas	500	← SCP Peaking supply
Imbalance Return Supply	3,000 +	← Authorized imbalance return supply (max)
Total Daily Supply	10,500	
Actual Demand	15,000	
(Under)/Over Delivery	(4,500)	← FEI will sell balancing gas* to balance the under-delivery

20% SURCHARGE THRESHOLD (takes into account the greater of the below)		
Total Daily Supply x 120%	12,600	← 10,500 x 120% = 12,600
OR		
Total Daily Supply + 100	10,100	← 10,500 + 100 = 10,100

Revised Supply	12,600	← Revised supply based on greater of threshold calculation
Actual Demand	15,000	
(Under)/Over Threshold	(2,400)	← Balancing Surcharge applied to this shortfall quantity

Surcharges Incurred	2,400GJ
Winter Charge - \$1.10/GJ	\$2,640
Summer Charge - \$0.30/GJ	\$720

*Balancing gas sold at the Sumas Gas Daily Midpoint price.

Summary

The above described charges are not new – these balancing provisions and associated charges are included in the existing Rate Schedule 22. There have been no changes to the charges themselves. The adjustments made to WINS effectively implemented and enforced a maximum rule around imbalance return so that Marketers cannot draft beyond their allocated amount, and, the calculation of the surcharge corrected. These updates will take affect March 1, 2018. To note, if any measurement adjustments are made for previous months, i.e. a prior period adjustment, these rules will apply to those days affected.

If you have any questions or concerns, please email us at TransportationServices@fortisbc.com or call the Hotline at 604-592-7799.

All information postings are located in the news flash section of our web site:

<https://www.fortisbc.com/NaturalGas/Business/TransportationServiceOption/TransportMarketersActivities/Pages/default.aspx>

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