

Notice: Winter Ahead...

October 15, 2012

With November 1 just around the corner, I wanted to take the opportunity to review some processes and events which will come into play during the winter.

Imbalance Return

Imbalance return is a tool for daily balanced groups. It must be nominated 2 days prior to the effective date by the timely cycle deadline.

Imbalance return essentially allows daily balanced groups to use their inventory as a source of supply. FortisBC typically sets a limit of up to 40,000 GJs of available imbalance return in the Interior and another 40,000 GJs in Lower Mainland.

All marketers that have a daily balanced group have the ability to place a nomination to request imbalance return. If requests at the Lower Mainland or Interior locations in aggregate exceed the 40,000Gjs, requests will be pro-rated. See your nominations screen for scheduled amounts.

As colder weather approaches, imbalance return may be reduced or eliminated. If it is eliminated, then you will not be able to use your inventory as a source of supply. This means you must bring on enough physical supply to meet or exceed your group's consumption or you will be sold balancing gas.

You will be alerted of a reduction or elimination of imbalance return through an email and posting on our web site.

Balancing Gas and Balancing Premium Surcharge

If a daily balanced group has no inventory, and measurement on a day exceeds supply brought onto the system, daily balancing gas will be sold at the Sumas Gas Daily price.

In the case where a daily balanced group does have inventory, and measurement on a day exceeds supply brought onto the system a balancing premium surcharge can also be incurred.

Inventory levels

We request marketers maintain a **2-3 pack/draft** inventory level at the Lower Mainland and Interior locations. The "days of inventory" is based on the average consumption of the group divided by the total inventory held. For example, if your average burn or consumption for the group is 5,000 and the total ending inventory for a given day is 15,000Gjs, then the group is holding a 3 day pack on our system.

If you have a daily and a monthly group at one location, your inventory level should account for the net effect of both groups.

Please make your best efforts to adhere to this guideline.

SCP Peaking & EKE Receipt Service

SCP Peaking allocations and EKE receipt service notifications have been issued on October 9. This

calculation is based on the firm, non-bypass customers in your groups.

Your peaking gas quantity is available for use up to 15 times during the year and this is considered as a source of supply. The peaking gas must be returned within six business days on which it was authorized.

The EKE Receipt service is available for use every day throughout the year.

Notice of a Supply Restriction

Supply restrictions come into play when the region experiences cold weather or near design day temperatures. Plant outages off our system can also cause a supply restriction to be imposed.

Notice of a supply restriction can be issued intraday or for the following business day; we will make every effort to give you as much notice as possible.

A supply restriction applies to **all groups**, either daily or monthly balanced.

Under these conditions, the marketer is responsible to bring in sufficient supply to meet or exceed the customer/group demand on each and every day while this condition exists. Charges will apply if supply is insufficient relative to the measured quantities under these conditions.

Failure to meet customer/group demand during this period will result in Unauthorized Overrun charges.

The 1st 5% of the unauthorized overrun will be charged at the daily index price. The quantities over and above the 5% tolerance will be charged at the greater of 1.5 times the daily index price OR \$20.00/GJ.

Curtailement

A “curtailement” is very different scenario from a “supply restriction”; often these terms are confused or used inter-changeably. A *supply restriction* applies to a region and therefore all groups in that region are impacted. A *curtailement* applies to a specific customer, typically either a Rate 22 or Rate 27 customer.

In the event a specific customer is required to reduce their consumption or be curtailed or interrupted completely, FortisBC Gas Control and/or Kevin Hodgins will contact the customer directly. Capacity curtailments occur at a 25 degree day, or minus 7 Celsius.

Transportation Services will alert the marketer representing the customer as quickly as possible.

As the above situations come into play throughout the winter, you will be notified via email and a notice will be posted a notice in the “News Flash” section of our web site. Please follow up with me if you want to confirm or add someone to the notification list.

If you have questions, please let me know.

Regards,
Stephanie Salbach

Transportation Services

604-576-7056

TransportationServices@fortisbc.com