

C A N A D A

RÉGIE DE L'ÉNERGIE

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PROVINCE OF QUEBEC

District of Montreal

No. R-3732-2010

**GAZ MÉTRO LIMITED PARTNERSHIP**,  
company duly incorporated, having its main  
place of business at 1717, rue du Havre, in the  
city and district of Montreal, province of  
Quebec,

(hereinafter the “Applicant” or “Gaz Métro”),

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**AMENDED MOTION TO AUTHORIZE THE ESTABLISHMENT OF A RECEIPT  
RATE FOR NATURAL GAS PRODUCED IN GAZ METRO'S TERRITORY, TO  
SET FORTH GENERAL PRINCIPLES FOR DETERMINING AND APPLYING  
SUCH A RATE, TO APPROVE METHODS FOR ESTABLISHING CERTAIN  
PRICES AND TO SET CERTAIN PRICES**

[Sections 32(3), 48, 49 and 52 of the *Law on the Régie de l'énergie*,  
L.R.Q. c. R-6.01 (hereinafter the “Law”)]

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**THE APPLICANT RESPECTFULLY DECLARES THE FOLLOWING:**

**I. INTRODUCTION**

1. It is a distributor of natural gas and, as such, is subject to the jurisdiction of the Régie de l'énergie (hereinafter the “Régie”), pursuant to the provisions of the Law;
2. In the context of its distribution activities, all natural gas delivered originates outside the province of Quebec;
3. However, it appears more and more likely that natural gas will soon be produced in Gaz Métro's territory of, allowing for, among other things, diversification of Gaz Métro's supply sources;
4. The receipt rate for natural gas, proposed in the context of this application, will in particular allow Gaz Métro to recover the costs of new investments required in order to inject this natural gas into its system;
5. Gaz Métro therefore comes before the Régie to:

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- a) authorize the establishment of a new receipt rate for natural gas as well as the terms and conditions related thereto,
  - b) set forth general principles for the determination and application of this receipt rate,
  - c) approve methods for establishing certain prices, and
  - d) set certain prices;
6. Once these elements will have been established by the Régie, Gaz Métro shall be able to submit, from time to time, requests, pursuant to Section 73 of the Law, to authorize investments that are necessary for the connection of producers' facilities to its system;

## II. BRIEF OUTLINE OF THE RECEIPT SERVICE AND USEFUL DEFINITIONS

7. Receipt service will be offered to a new category of customer: any applicant wishing to inject natural gas produced within the territory served by Gaz Métro in the gas system and thereby allow the transportation and distribution of said natural gas (hereinafter "producer");
8. In order to serve this clientele, Gaz Métro will install new infrastructures, as described in exhibit Gaz Métro-1, Document 1, Section 2.1;
9. Receipt service will include the following conditions and definitions in particular:
  - a) Producers' facilities will be connected to the existing gas system by means of new pipelines (hereinafter "connection pipelines"), the installation, operation and maintenance of which will be the responsibility of Gaz Métro,
  - b) The location where the producers' facilities attach to the connection pipelines for purposes of moving the natural gas to the existing gas system is called the "receipt point," and is where a measuring station will be installed to quantify the natural gas injected into the system,
  - c) The location where the connection pipelines attach to Gaz Métro's existing gas system is called the "interconnect point with Gaz Métro's system",
  - d) The point at which the Gaz Métro's system is attached to the TCPL/TQM transmission system is called the "interconnect point with TCPL/TQM's system",

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e) Once the gas is injected at the receipt point, the producers will have the opportunity to deliver the gas to two “delivery points”:

i) Within Gaz Métro’s territory, when the natural gas is intended for “consumption zones” located within the Gaz Métro’s system (these consumption zones correspond to segments of the Gaz Métro’s system that are connected to interconnect points with TCPL/TQM’s system),

ii) Outside Gaz Métro’s territory, the natural gas will be delivered to an interconnect point with TCPL/TQM’s system,

the whole as more fully described in exhibit Gaz Métro-1, Document 1, Section 2.1;

### III. RECEIPT RATE

10. The receipt rate is designed to recover the following costs, grouped into four categories:

a) Costs related to the investments required to install connection pipelines (“Category A costs”),

b) Costs of the existing distribution system (“Category B costs”), corresponding in particular to the costs of the Gaz Métro transmission pipelines used by the producers,

c) Distribution costs not related to the gas system (“Category C costs”), corresponding, without limitation, to expenses associated with operations, amortization (excluding amortization of the gas system), amortization of deferred charges, as well as taxes, duties, income taxes and return,

d) Additional costs of using the TCPL/TQM transmission system (“Category D costs”), corresponding to the costs associated with the producers’ use of the TCPL/TQM transmission system to move natural gas between different consumption zones,

the whole as more fully described in exhibit Gaz Métro-1, Document 1, Section 2.2;

11. The receipt rate will be structured as to include: 1) pricing at receipt points and 2) pricing at delivery points (within and outside Gaz Métro’s territory);

12. Pricing at receipt points is designed to recover the costs generated by injecting natural gas into the gas system;

13. Pricing at delivery points is designed to recover the additional costs that Gaz Métro incurs when using the TCPL/TQM transmission system for gas deliveries within its territory and

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also to allocate to producers their share of the cost of using the existing Gaz Métro distribution system for gas deliveries outside its territory;

14. Gaz Métro requests that the Régie approve the structure of the new receipt rate for natural gas, as described in exhibit Gaz Métro-1, Document 1, Section 3.3;

**i) Pricing at receipt points**

15. Pricing at receipt points is designed to recover categories A and C costs;
16. These costs will vary by receipt point, particularly since connection pipelines differ in their characteristics, their length and diameter varying from project to project;
17. The prices applicable to pricing at receipt points cannot be set in the context of this application since the distribution costs associated with the investments of the connection pipelines (Category A costs) will only be known after the investment requests that will be submitted pursuant to Section 73 of the Law have earned the Régie's approval;
18. Gaz Métro nevertheless requests that the Régie, within the context of this application, approve the method for establishing prices applicable to pricing at receipt points;
19. This method corresponds to a financial calculation based on the revenue requirement, which itself is a function of Categories A and C costs, as more fully described in exhibit Gaz Métro-1, Document 1, Sections 3.4.1, 3.4.1.2 and 3.4.1.3;
20. Gaz Métro further requests that the Régie, as of this moment, set the ratio of distribution costs unrelated to the existing gas system (Category C costs) at 4% (which is in addition to fees payable to the Régie de l'énergie and the Régie du bâtiment), as more fully described in exhibit Gaz Métro-1, Document 1, Section 3.4.1.1;
21. Finally, the producer must subscribe to a maximum contractual capacity to be injected into the gas system and be subject to a minimum daily obligation and to the variable unit prices by injected volumes, the whole as more fully described in exhibit Gaz Métro-1, Document 1, Sections 3.1.2 and 3.1.3;

**ii) Pricing at delivery points within Gaz Métro's territory**

22. At delivery points within Gaz Métro's territory, additional TCPL/TQM transportation costs may be incurred when a producer injects natural gas into a consumption zone unable to absorb the delivery and thus makes it necessary to transfer this quantity of natural gas to another consumption zone;

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23. TCPL/TQM transportation costs will fluctuate based on the distance that the gas injected by the producer travels as it moves between consumption zones;
  24. Gaz Métro requests, in the context of this application, that the Régie approve the methodology for establishing prices applicable to pricing at delivery points within its territory;
  25. The proposed method is designed to establish a price per consumption zone and consists of dividing the annual cost of the additional TCPL/TQM transportation capacities by the volumes expected to be delivered within Gaz Métro's territory by producers of a single consumption zone;
  26. This method will allow to establish prices according to applicable consumption zone and recover Category D costs [...], the whole as more fully described in exhibit Gaz Métro-1, Document 1, Sections 3.2.1 and 3.4.2.1;

**iii) Pricing at delivery points outside Gaz Métro's territory**

27. When a producer chooses a delivery point outside Gaz métro's territory, charges for using the existing Gaz Métro distribution system will apply;
28. A charge for use, corresponding to the share of the existing system costs attributable to the producers (category B costs), will be billed;
29. In the context of this application, Gaz Métro requests that the Régie set a price applicable to the pricing at delivery points outside its territory, as described in exhibit Gaz Métro-1, Document 1, Sections 3.2.2 and 3.4.2.2;
30. The basis of this price is a share of the transportation costs of the existing distribution system, which share is to be determined by allocating the costs associated with said transportation pipelines, as more fully described in exhibit Gaz Métro-1, Document 1, Sections 3.2.2 and 3.4.2.2;

**iv) Differences between Nominated Volumes and Injected Volumes**

31. A tolerance margin shall be set for differences between the nominated volumes by a producer and the volumes actually injected;
32. However, these differences must be governed by rules since Gaz Métro itself is committed to TCPL to observe a daily tolerance margin of 2% and a cumulative tolerance margin of 4%;

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33. Therefore, Gaz Métro requests that the Régie approve the application of rules governing daily and cumulative imbalances applicable to those customers that are subject to the receipt rate, as more fully described in exhibit Gaz Métro-1, Document 1, Section 3.5.2.2;
34. Gaz Métro also requests that the Régie set prices for daily and cumulative imbalances according to TCPL tolls that are in force at the time the Régie renders its decision thus until the next time the transporter's tolls are modified, as more fully described in exhibit Gaz Métro-1, Document 1, Section 3.5.2.2;

**IV. TEXT OF *CONDITIONS OF NATURAL GAS SERVICE AND TARIFF***

35. Gaz Métro also requests that the Régie approve modifications to the *Conditions of natural gas service and Tariff*, as proposed in exhibits [...] Gaz Métro-2, Document 1 and Gaz Métro-2, Document 2;

[...]

36. This motion is well founded in fact and in law;

**FOR THESE REASONS, MAY IT PLEASE THE RÉGIE:**

**TO AUTHORIZE** the establishment of a receipt rate, according to the structure, terms and conditions set forth in exhibit Gaz Métro-1, Document 1;

**TO SET FORTH** the general principles that it deems necessary for determining and applying the receipt rate;

**TO APPROVE** the structure of the new receipt rate for natural gas, as described in exhibit Gaz Métro-1, Document 1, Section 3.3;

**TO SET**, for purposes of establishing prices applicable to pricing at receipt points, the ratio of distribution costs unrelated to the gas system at 4%, as described in exhibit Gaz Métro-1, Document 1, Section 3.4.1.1;

**TO APPROVE** the method of establishing prices applicable to receipt points, as described in exhibit Gaz Métro-1, Document 1, Sections 3.4.1, 3.4.1.2 and 3.4.1.3;

**TO APPROVE** the method of establishing prices applicable to pricing at delivery points within Gaz Métro's territory, as described in exhibit Gaz Métro-1, Document 1, Sections 3.2.1 and 3.4.2.1;

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**TO SET** at 0.70¢/m<sup>3</sup> the price applicable to pricing at delivery points outside Gaz Métro's territory, as described in exhibit Gaz Métro-1, Document 1, Sections 3.2.2 and 3.4.2.2;

**TO APPROVE** the method of establishing prices applicable to the daily and cumulative imbalances, as described in exhibit Gaz Métro-1, Document 1, Section 3.5.2.2;

**TO SET** the prices applicable to daily and cumulative imbalances according to the TCPL tolls in force at the time the Régie renders its decision thus until the next time the TCPL tolls are modified;

**TO APPROVE** modifications to the Conditions of natural gas service and Tariff, as proposed in exhibits [...] Gaz Métro-2, Document 1 and Gaz Métro-2, Document 2;

[...]

Montreal, August 6, 2010

*(s) Hugo Sigouin-Plasse*

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