

# TEAM Energy Tips

## Natural Gas 101

by Linda Wainewright (905) 829-2710

From an historical perspective, natural gas was produced in Alberta and transported east to the consuming provinces. Now, your natural gas can be produced from many regions of North America, but most commonly, it still comes from the Western Canadian Sedimentary Basin (WCSB).

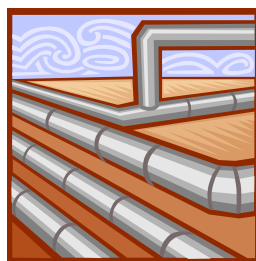
There are 3 discreet components to purchasing natural gas for your facilities—commodity, transportation and distribution.

If you are purchasing your commodity in the traditional manner, you will be buying your gas at the largest trading hub in Alberta, AECO. Then you will need to move your volume to Empress where

it enters the transportation system.

You must deliver compressor fuel volumes into the transportation pipeline in addition to the volume you wish to consume. This extra volume is then used to provide operating fuel to the compressor stations along the pipeline which is how the gas moves through the pipeline.

Once in the consuming region, the gas is delivered from the transportation pipeline into the distribution pipeline. At this point, the local distribution company (LDC) delivers your volumetric requirement to your facilities.



Gas today can be delivered into the consuming provinces from US pipeline companies or, if you are in Ontario and elected turnback, you can purchase some or all of your requirements at the delivery point to the LDC. In this case, the supplier has purchased volume from a trading hub and transported it to your LDC on your behalf. You then only have the additional expense of the costs incurred under your distribution contract.

## What is Turnback?

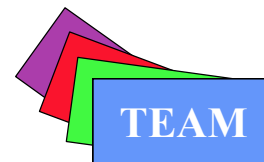
by Bruce Fraser (905) 842-1949

As the long-term transportation contracts with TransCanada began to expire, Enbridge and Union South offered their customers the choice of electing to “not renew” or to “turn back” the transportation.

This allowed customers the ability to purchase their transportation requirements in the unregulated secondary market.

At the time these decisions were being made,

there was often a significant savings available if you purchased your transportation in the secondary market. However, more recently, we have seen a decrease in level of savings available in the secondary market.



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### Natural Gas Quick Facts:

- *Commodity purchases are not regulated.*
- *Transportation costs are regulated unless you purchase in the secondary market.*
- *Distribution costs are regulated.*
- *Suppliers are able to offer bundled product offerings to their clients. These services are not regulated.*

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*Comments or questions can be directed to the author or to:*

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