

# TEAM Energy Tips

## A Fine Balancing Act

by Linda Wainewright (905) 829-2710

Most direct purchase customers understand that the amount of natural gas they deliver under their Bundled Transportation (BT) contract with the LDC and the amount of gas they consume must be balanced to within a certain degree of tolerance over a defined period.

Enbridge requires that each BT customer balance within 20 times the customers Mean Daily Volume (MDV). In Union South the tolerance is 4% of the annual forecast consumption and in Union North, the LDC manages the daily delivery values to correspond as closely as possible to the actual consumption values. Any



## Checkpoint Balancing

by Bruce Fraser (905) 842-1949

Effective November 1, 2004, Bundled-T direct purchase customers in Union South will need to manage two mid-contract BGA variances. These checkpoints will be the last day of February and Sept 30<sup>th</sup>. The contract holder will agree to the BGA checkpoint balances at the time the contract is executed. If, during the winter season, the expected

year-end imbalances are then managed through financial settlements with the LDC.

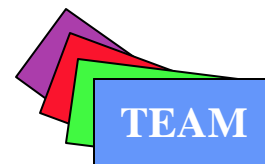
Most Ontario Direct Purchase (DP) customers use a form of BT service to deliver gas to the LDC. Under BT contracts, the end-use customer is currently required to balance before their anniversary date each year. Union Gas is introducing checkpoint balancing effective November 1, 2004 (see the article below for more information).

Direct purchase customers in Quebec are balanced on an on-going basis as the LDC compares the forecast versus actual consumption and changes the daily delivery requirement if the variance is 5% or more.

For many direct purchase customers, their transpor-

tation arrangements are managed solely by their agent or marketer and the customer simply pays the costs or reaps any benefits from these transactions. However, there are a great number of customers who make their own purchasing decisions including under what circumstances to balance their contracts immediately or to wait for a different set of market signals before balancing.

The most important aspects of balancing include ensuring no penalties are incurred, understanding your consumption patterns and why they differ from forecast, defining your corporate objectives with regards to cost variances, and how to balance in a financially appropriate manner that meets your needs.



**Total Energy Advice & Management Ltd.**

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### Quick Facts

#### Heating Degree-Days (HDD)

The gas industry uses a base temperature of 65 degrees F or 18 degrees C to calculate HDDs. The number of HDDs for a single day is the difference between the base temperature and the day's average temperature, if the daily average is less than the base. If the daily average is equal to or higher than the base, then the HDD value is zero for that day.

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