

**CENTRA GAS MANITOBA INC.**

**PROCESS FOR REVIEW OF GAS SUPPLY, STORAGE  
AND TRANSPORTATION ARRANGEMENTS**

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| 9  | <b><i>Attachments</i></b>  |   |
| 10 |  |   |
| 11 | 1. Review of Natural Gas Supply Portfolio Options for Centra Gas |   |
| 12 | <i>ICF International, June 2011</i>                              |   |
| 13 | 2. Technical Conference Agenda                                   |   |

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1 **Introduction**

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3 Centra Gas Manitoba Inc. ("Centra") has a mandate is to acquire, manage and distribute  
4 supplies of natural gas to meet Manitoba market requirements in a safe, cost-effective,  
5 reliable and environmentally appropriate manner.

6

7 Centra holds contracts for gas transportation on the TransCanada Pipelines Mainline  
8 system (TCPL) in Canada and the Great Lakes Gas Transmission (GLGT) system and  
9 ANR Pipeline (ANR) gas transmission system in the United States. In addition, Centra  
10 contracts for gas storage with ANR in Michigan. The GLGT and ANR transportation and  
11 storage contracts expire on March 31, 2013 and Centra previously advised the PUB of  
12 its plans to examine the design of its gas transportation and storage portfolio prior to the  
13 expiry of the existing arrangements.

14

15 There are three key questions to be addressed in the assessment of Centra's future  
16 supply, storage and transportation portfolio:

17

18 1. Supply - Should the current supply configuration of natural gas shipped mainly  
19 from Alberta with seasonal injections and withdrawals from Michigan storage be  
20 maintained?

21 2. Storage - Should Centra maintain, increase or decrease the amount of storage

1 currently contracted and if storage is still required, where should it be located?

2 3. Transportation - Should Centra continue to rely solely on TCPL to deliver natural  
3 gas to the Centra service territory?

4

5 Centra proposed a public consultation process to be employed in the course of  
6 examining the future design of its gas transportation and storage portfolio, one which  
7 would utilize the resources of an outside consultant to prepare a report that would  
8 identify portfolio options for Centra to consider within the context of the North American  
9 natural gas market. A technical conference would follow the distribution of the  
10 consultant report.

11

12 In Order 55/10, the PUB agreed with Centra's plan to develop a discussion paper that  
13 would be circulated to stakeholders. In addition, the PUB directed Centra to provide the  
14 PUB with a timeline of the process for replacing or renewing its gas transportation and  
15 storage assets. On October 28, 2010, Centra filed a Timeline of the Process for  
16 Replacing Transportation and Storage Arrangements.

17

18 The PUB in Order 65/11 directed Centra to amend the process and timeline to include  
19 an information request process to occur after the technical conference. In addition,  
20 stakeholders would then be afforded the opportunity to provide feedback, comment and  
21 suggestions for Centra's consideration by way of a written submission to be prepared  
22 after the completion of the information request process. Furthermore, the PUB directed  
23 Centra to arrange for an oral public hearing before the PUB prior to the finalization of  
24 any new contracting arrangements.

25

1 In response to this direction, Centra amended the process and filed a draft timetable with  
2 the PUB on May 19, 2011. The amended process includes the provision of a discussion  
3 paper, followed by a technical conference on July 8, 2011. Centra has scheduled a  
4 round of information requests to address the gas supply, storage and transportation  
5 matters and the information contained in the discussion paper. Stakeholders are to  
6 provide information requests to Centra by July 21, 2011 and Centra is scheduled to  
7 provide responses on August 12, 2011. After the submission of the responses,  
8 intervenors would be expected to provide written submissions to clearly identify any  
9 concerns or other alternatives that Centra should consider in its evaluation of  
10 alternatives. Parties would also be entitled to provide other comments pertinent to the  
11 replacement of the expiring arrangements. Stakeholders would be expected to provide  
12 their written submissions to Centra and the PUB by August 25, 2011.

13  
14 The PUB responded to Centra's letter on May 26, 2011 and found the proposed  
15 schedule and timetable to be acceptable. The PUB circulated the letter to all Registered  
16 Intervenors and to date no comments were forthcoming.

17  
18 **Consultant Report**

19  
20 Attachment 1 to this submission is a report prepared by ICF International titled "Review  
21 of Natural Gas Supply Portfolio Options for Centra Gas". The purpose of this report is to  
22 provide Centra and interested stakeholders with an overview of the concepts and issues  
23 associated with a wide array of gas supply portfolio options in the context of the North  
24 American natural gas market. The consultant report provides an overview of such  
25 matters as:

- 1       • the North American natural gas market and the significant changes that have
- 2       occurred in recent years;
- 3       • the load characteristics of the Manitoba market and the current gas supply
- 4       portfolio that Centra employs in serving that market;
- 5       • the nature of the uncertainty facing Centra regarding the TCPL Mainline; and
- 6       • the gas supply portfolio options that Centra may consider.

7

8       **Technical Conference**

9

10      A technical conference is proposed to be held on Friday, July 8, 2011 at Manitoba

11      Hydro's head office at 360 Portage Avenue in Winnipeg. The purpose of the technical

12      conference is to allow a comprehensive discussion and exploration of the issues,

13      matters and terminology applicable in the examination of the various gas supply, storage

14      and transportation alternatives.

15

16      This technical conference is to be conducted "without prejudice", to better facilitate and

17      achieve a more open and complete dialogue in an informal setting. Centra is not yet in a

18      position to make an Application to the PUB on these matters, but views the technical

19      conference as an important way to allow stakeholders to freely ask questions or seek

20      clarification from Centra, encourage meaningful dialogue, and for stakeholders to

21      provide input and feedback to Centra for consideration of potential alternatives to be

22      pursued.

23

24      The agenda for the Technical Conference is found in Attachment 2 to this submission,

25      and is being distributed to registered intervenors of past record, registered gas

1 marketers, large volume customers and the PUB. Centra requests that interested parties  
2 confirm their intention to attend, either in person or by way of teleconference, by July 5,  
3 2011.

4  
5 **Information Request Process**  
6

7 As noted above Centra views the discussions that take place at the technical conference  
8 to be without prejudice and not formally part of the record for any subsequent Application  
9 in regard to these matters. Centra views the information request process as the  
10 originating point for the evidentiary portion of the regulatory Application process.

11  
12 Stakeholders will have the opportunity to submit information requests to Centra on the  
13 matters associated with the gas supply, storage and transportation portfolio and the  
14 content of the consultant report. These information requests are to be received by  
15 Centra by July 21, 2011 and Centra will provide responses to the stakeholders by  
16 August 12, 2011.

17  
18 **Stakeholder Submissions**  
19

20 With the consultant report and ensuing technical conference, stakeholders will have  
21 been provided the opportunity to gain a common understanding of the North American  
22 natural gas market, the various gas supply, storage and transportation options and the  
23 issues facing Centra in its examination of those options. Stakeholders will have the  
24 opportunity to ask questions on the written record on these matters through the  
25 information request process. After those steps have been completed, Centra will

request that stakeholders provide their feedback and input by way of written submissions by August 25, 2011.

It is important to note that at this stage, Centra has not drawn any conclusions regarding its preferred gas supply, storage and transportation arrangements post March, 2013. Centra has engaged in discussions with many parties that provide transportation and storage services, and continues to hold discussions with a number of parties and to evaluate portfolio options. However, no conclusions will be reached on these matters until later in 2011.

Stakeholders therefore have the opportunity to provide their perspectives on Centra's gas supply, storage and transportation portfolio by way of written submission to be provided as per the above noted schedule. It is proposed that stakeholder submissions would constitute part of the formal regulatory record for the subsequent public review process for Centra's Application.

### **Regulatory Application Process**

Centra will continue its discussions with storage and transportation providers regarding its portfolio options. Centra's economic and operational analysis of its portfolio options will be based on its ongoing discussions and will also consider stakeholder input. Upon completing its analysis, Centra will make Application to the PUB for approval of its preferred portfolio design, complete with the justification to support the preferred portfolio.

- 1 The date and procedural steps for the review of Centra's forthcoming Application have
- 2 not been determined at this time. It is expected that Centra will be in a position to
- 3 propose an appropriate regulatory review process, including an oral public hearing, in
- 4 due course.