



Centra Gas

A subsidiary of Manitoba Hydro

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October 26, 2012

Secretary of the National Energy Board
444 Seventh Ave S.W.
Calgary, AB
T2P 0X8

Dear Ms. Young:

**RE: Your File: Ad-GA-ActsLeg-Fed-NEBA-Amend 0101,
Part VI Oil and Gas Consultation**

Centra is providing comments on the portion of the Board consultation re: reporting requirements under the National Energy Board Export and Import Reporting Regulations. Centra holds Short-Term Gas Export Order GO-37-2011, the term of which commenced on 12 April 2011 and ends on 31 March 2013.

By way of background, the portfolio of assets on which Centra relies to meet the Manitoba market requirement for natural gas consists of Western Canadian natural gas supplies and the TransCanada Pipeline ("TCPL") Mainline which are used on a daily basis; and storage and transportation assets with Great Lakes Gas Transmission Limited Partnership ("GLGT") and ANR Pipeline Company ("ANR") in the United States ("US") which are used as required. During the months of April through October of each year, Centra transports natural gas from Alberta to Manitoba on TCPL's Mainline. Some of this natural gas is consumed in Manitoba while the remaining energy is moved to Emerson, MB on TCPL and onto the GLGT and ANR pipelines to its ultimate destination in natural gas storage facilities in the State of Michigan. Additionally, in April through October to assist in refilling storage, Centra holds Firm Transportation Service on ANR's southwest pipeline system to transport Oklahoma supplies to storage, and on ANR's southeast pipeline system to refill storage with Louisiana supplies. The natural gas that Centra stores in the ANR storage facilities is intended for use by Centra for its Manitoba customers during the winter months of November to March. Centra does not sell this natural gas in the United States. Centra does not own the storage facility in Michigan; rather, it contracts with ANR for a storage service.

Centra has two concerns with the existing reporting process:

- 1) At present Centra reports exports on a monthly basis during the storage injection season (April – October) associated with Centra's storage arrangement with ANR. Centra reports these volumes on its understanding that the NEB's Authorizations are focused on the physical rather than the notional movement of natural gas. From April 1, 2012 to the end of September 2012, Centra has reported 175,647 10 3m3 of "exports" at Point of Export - Emerson II to Export Customer – Centra Gas Manitoba Inc. Storage. Because

these volumes are not typically re-delivered across the U.S./Canadian border, rather they're delivered via displacement on the TCPL Mainline (i.e., gas destined for customers downstream of Centra is delivered to the Manitoba Delivery Area while Centra's storage gas is used to meet the delivery requirements of these downstream customers), the picture being provided to the Board is one that suggests Centra is a true "exporter" of natural gas when this is not the case.

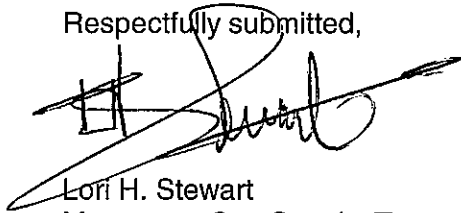
- 2) Given the recent changes in historical flow patterns on a number of North American pipelines, including TCPL's Mainline, Centra can no longer assume that its storage gas is always being delivered via displacement. By way of Undertaking U-39 filed by TransCanada PipeLines Limited in the RH-003-2011 Hearing currently underway, Centra became aware of three days when

"there was a physical reversal of gas flow on the GLGT system; i.e. both physical deliveries from the Mainline to the GLGT system at St. Clair and physical deliveries from the GLGT system to the Mainline at Emerson occurred on the same day This situation has occurred only on three days (January 19, 20 and 21 of 2012). In addition, there have been seven days when there were physical receipts from the GLGT system to the Mainline at Emerson without corresponding physical deliveries at St. Clair from the Mainline to the GLGT system. The above-noted information refers only to the **physical** movement of gas in a westerly direction at St. Clair and Emerson. However, there have been numerous **nominations** under TransCanada's backhaul TBO contract from St. Clair to Emerson"

As a result of becoming aware of the information provided in the above-cited response to U-39 in RH-003-2011, Centra can no longer assume that its storage gas is always delivered as it traditionally was, through displacement.

Centra therefore recommends that the NEB require reporting by pipelines that have interconnections at international borders, and that the current reporting requirements for shippers such as Centra, which is not a true exporter of natural gas, be dispensed with. In Centra's respectful view, this may result in better information being provided to the NEB.

Respectfully submitted,



Lori H. Stewart
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Centra Gas Manitoba Inc.