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March 11, 2008

Ms. Rae McQuade, Director

North American Energy Standards Boards
1301 Fannin
Suite 2350
Houston, Tx 77002

Re: Wholesale Gas Quadrant, Business Practices Subcommittee – Nomination Timelines

Dear Ms. McQuade:

TransCanada PipeLines Limited Mainline System ("TransCanada") wishes to submit the following workpaper to NAESB for consideration in its Wholesale Gas Quadrant Business Practices Subcommittee discussions of the above referenced topic. Attached are slides which include diagrams and tables for 2 models for consideration.

Before NAESB makes changes to the current nomination model (which includes nomination cycles and associated timelines), TransCanada encourages NAESB to take a step back and consider the following questions:

- Does the current nominations model meet the needs of customers? What are the issues? Are any of the issues structural? What changes could be reasonably made?
- What are the longer term needs? What is the next logical step?
- What criteria would be used to evaluate all models being considered?

From TransCanada's perspective, some issues with the current model include:

- Nomination timelines are between 7 and 21.5 hours in advance of flow time for 3 of the 4 nomination cycles, which makes it difficult to forecast and nominate for volatile, unpredictable or weather sensitive loads.
- The Timely and Evening cycles are duplicates. It is not efficient to consume a total of 9 hours of processing time for 1 flow time. Only 1 nomination cycle should be required for each flow time.
- Overlapping cycles (eg. processing Timely and Intraday 1 cycles during same period) adds complexity.

Given the above, changes, such as adding a cycle or two, and/or minor realignment of cycles, may not address the issues, or could perhaps add complexity and/or widen the business hours for scheduling for little benefit.

TransCanada has identified the following criteria for evaluating nomination models:

- Reduce the time between nomination deadline and flow time to improve nominating efficiency and accuracy.
- Simplify the structure of the model by minimizing overlap and eliminating duplicates.
- Critical start of day and end of day nomination cycles are within or close to normal business hours across the grid.

TransCanada submits 2 models for discussion purposes:

Model 1:
The gas day in this model would remain as is, and the timelines are restructured to address some of the issues.

Model 2:
The gas day in this model would be modified to be 1500-1500 CCT. The rationale for selecting this gas day was to:

- Start the gas day outside the morning and evening peak hourly gas deliveries;
- Enable scheduling within or close to normal business hours; and
- Enable effective beginning of day and end of day cycles.

TransCanada encourages NAESB to consider the concepts in these models and compare all models using a standard set of evaluation criteria.

Please post this letter and the attachment to the NAESB WGQ Business Practices Subcommittee webpage for the March 12 & 13, 2008 meeting.

Regards

K.R. (Ken) Schubert
Sr. Business Analyst, Customer Service
TransCanada Pipelines Limited

Nomination Timelines Workpaper

For Discussion Purposes

For Consideration By NAESB Wholesale Gas Quadrant, Business Practices Subcommittee:

Submitted March 11, 2008 by:

TransCanada PipeLines Limited

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Nomination Timelines

Before Making Changes …

- Regarding the current model:
  - Any issues?
  - Are any of these structural?
- Regarding a future model:
  - What is the longer term vision?
  - What is the next logical step?
  - What evaluation criteria will be used?

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Challenges with Current Model

- 3 cycles have nom deadlines 7 or more hrs from flow time
  - Not aligned with volatile or unpredictable markets
  - Current business hours don't enable the nom deadline to be close to the start of gas day (0900 CCT)
- Inefficiency of duplicate cycles
  - Timely & Evening are for same flow time
- Complexity of overlapping cycles
  - Timely cycle for next day & ID 1 for current day
  - Evening cycle for next day & ID 2 for current day

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2 Models Submitted - For Discussion Purposes

Criteria used for following 2 models:

- Reduce the time between nom deadline & flow time
  - Model 1: 3.5 hrs for all intraday cycles
  - Model 2: 3.5-4 hrs for all cycles
- Simplify the structure of the model
  - Improve consistency, minimize overlap, no duplicates
- Start & end of day cycles are within or close to normal business hours

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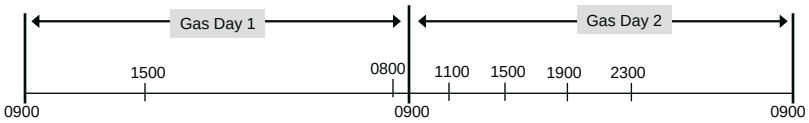
Model 1
- Diagram



Gas Day 2 Flow Activity

Cycle 1	Nom Cycle	Flow
Cycle 2	Nom Cycle	Flow
Cycle 3	Nom Cycle	Flow
Cycle 4	Nom Cycle	Flow
Cycle 5	Nom Cycle	Flow

Gas Day 3 Flow Activity

Cycle 1	Nom Cycle

[Central Time]

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Model 1
- Features

Cycle	Nom*	SQ*	Flow Time*
1	1500	1900	0900 next day
2	0730	1100	1100 same day
3	1130	1500	1500 same day
4	1530	1900	1900 same day
5	1930	2300	2300 same day

- Benefits:
  - 5 cycles (1 before Day; 4 intraday)
  - No duplicates (delete Timely cycle)
  - Reduced overlap
  - Some nominations are closer to flow time

* = Central Time

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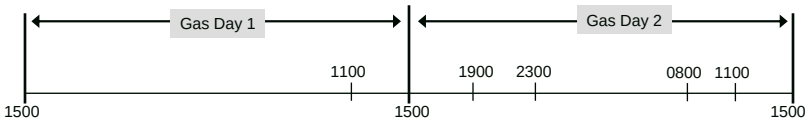
Model 2
- Diagram



Gas Day 2 Flow Activity

Cycle 1	Nom Cycle	Flow
Cycle 2	Nom Cycle	Flow
Cycle 3	Nom Cycle	Flow
Cycle 4	Nom Cycle	Flow

Gas Day 3 Flow Activity

Cycle 1	Nom Cycle

[Central Time]

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Model 2
- Features

Cycle	Nom*	SQ*	Flow Time*
1	1100	1500	1500 next day
2	1530	1900	1900 same day
3	1930	2300	2300 same day
4	0730	1100	1100 same day

Gas Day modified to 1500-1500

Benefits

- 4 cycles (1 start of day, 3 intraday)
- Start & end of day cycles more aligned with Business Hours
- Facilitates 'late in the Day' balancing
- Nominations closer to flow time
- No duplicates

* = Central Time

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