



450-1st Street S.W.
Calgary, Alberta T2P 5H1
Direct Phone: (403) 920-7184
Fax: (403) 920-2347
E-mail: celine_belanger@transcanada.com

June 26, 2003

Alberta Energy and Utilities Board
640 - 5th Avenue S.W.
Calgary, Alberta
T2P 3G4

By Courier and E-mail

Attention: Terry Abel, P.Eng.
Applications Branch

Dear Sirs:

**Re: NOVA Gas Transmission Ltd. ("NGTL")
Submission with respect to the Proposed Conservation Policy Affecting
Gas Production in Athabasca Wabiskaw-McMurray Oil Sands Areas
EUB General Bulletin 2003-16**

On June 3, 2003, the Alberta Energy and Utilities Board (Board) issued General Bulletin 2003-16 outlining further steps to review and revise its conservation policy respecting gas production from the Wabiskaw-McMurray in the Athabasca Oil Sands Area. The EUB invited further submissions from interested parties by June 26, 2003. NGTL takes no position on the proposed conservation policy but it does wish to inform the Board of the potential impact on NGTL and its stakeholders of shutting in gas production under the policy.

NGTL receives supply onto its system from meter stations connected to Wabiskaw-McMurray production. Any reduction to that supply base will translate to reduced receipts onto NGTL. The loss of these receipts will impact the tolls on the NGTL system and give effect to the need for incremental facilities to meet the gas demand in the Fort McMurray area.

NGTL is not yet in a position to quantify the extent of throughput loss, however, any loss of receipt volumes would translate to an increase in system tolls. As a rule of thumb, the result of a loss of 100 MMcf/d of throughput is an increase in NGTL's tolls in the order of 0.32 cents/Mcf, 0.16 cents/Mcf for receipts and 0.16 cents/Mcf for ex-Alberta deliveries.

NGTL satisfies demand for natural gas in the Fort McMurray market area with supplies from local sources and from the NGTL system as a whole. Shut in of local gas as proposed under the policy will affect NGTL's ability to meet the market demand in the Fort McMurray area. Replacement supply to satisfy demand in the Fort McMurray area will need to be transported from other production areas, creating the need for additional pipeline infrastructure to serve this area. To meet the expected aggregate April 2004 local gas demand, NGTL foresees the need to accelerate up to \$30 million of incremental capital expenditures, relative to what will otherwise be required to meet growing demand in the Fort McMurray area.

Page 2
June 26, 2003
T. Abel, Applications Branch

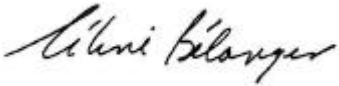
NGTL also notes that since the shut in gas is expected to be replaced from other production areas, there may be a reduction in gas supply available to ex-Alberta markets, thereby affecting throughput on other pipelines. For example, a 100 MMcf/d reduction in Firm Transportation volume to TransCanada Mainline's Eastern Zone increases the Eastern Zone toll by 3.1 cents/GJ.

Although NGTL's analysis on the impact of the proposed policy on its pipeline system is at a preliminary stage, it trusts that the Board will find this information useful in determining this important issue.

Yours truly,

NOVA Gas Transmission Ltd.

A wholly owned subsidiary of TransCanada PipeLines Limited



Céline Bélanger
Senior Vice President
Regulatory Services