

POLICIES & GUIDELINES

Policy #: 05-DP-DCC-010

Subject: Delivery Commitment Credit (DCC)	Effective: August 1, 2005
Applies to: Customers who deliver firm obligated gas to Union Gas under an existing Direct Purchase contract (Bundled-T, T1, T3) in Union Gas's Southern Operations Area. Obligated is defined in the General Terms and Conditions of the customer's contract.	
Purpose: To define when the DCC is paid to a customer and when DCC is repaid to Union Gas.	
Background: <i>(Not to limit the applicability of the policy)</i> Bundled direct purchase customers in Union Gas's Southern Operations Area, who deliver obligated quantities of gas on a firm basis to Union Gas's system, are paid a Delivery Commitment Credit (DCC). The DCC is an Ontario Energy Board (OEB) approved rate. Union Gas relies on these obligated deliveries when designing and operating distribution, transmission, and storage facilities. Customer repays the DCC payment on any delivered direct purchase quantities that are subsequently moved off Union Gas's system (ex-franchise). This practice eliminates a financial incentive/bias that would otherwise exist with the ex-franchise balancing option. As ordered by the OEB, the DCC is being phased out over 5 year period beginning in 2003.	
Policy: <ul style="list-style-type: none">• OEB approved DCC is paid on firm Obligated deliveries to Union Gas's system made under BT, T1, or T3 contracts. The credit is stipulated in Union Gas's R-1 Rate Schedule.• DCC payments are being phased out starting July 2003 as per the OEB's RP-2002-0130 Decision and subsequent Rate Orders. DCC payments will be reduced 20% each year until 2007 when these payments will cease.• Any direct purchase gas received by Union Gas and subsequently removed from the franchise shall be charged an amount equal to the then current DCC payment times the quantity of gas removed as well as other applicable fees/charges	

Supersedes:

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Procedures

1. Delivery Commitment Credit Payment
 - a. Contractual obligated delivery requirements are identified in Schedule 1 of the customer's contract.
 - b. Actual obligated deliveries received by Union Gas are identified at the end of each month on the Monthly Direct Purchase Financial Statement as part of the Transportation Services associated with the Bundled-T contract.
 - c. The DCC rate in effect in the month that the gas was delivered is multiplied by the actual obligated deliveries to determine customer's associated monthly DCC credit
 - d. The credit is included on the customer's invoice the month after the gas is delivered to Union Gas's system.

2. Repayment of the Delivery Commitment Credit
 - a. Any direct purchase gas previously received by Union Gas and subsequently removed ex-franchise (off Union Gas's system) shall be charged an amount equal to the then current DCC payment times the quantity of gas removed as well as other applicable fees/charges.
 - b. The DCC rate in effect in the month that the gas is removed is multiplied by the quantity of gas being removed ex-franchise to determine the amount owing to Union Gas.
 - c. The DCC charge is reflected on the customer's invoice the month after the gas is taken out of Union Gas's system.