



Northern Border Pipeline Company

August 1, 2018

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E. Washington,
D.C. 20426

Northern Border Pipeline Company
700 Louisiana Street, Suite 700
Houston, Texas 77002-2700

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Re: Northern Border Pipeline Company
Change in FERC Gas Tariff
Docket No. RP18-____-_____

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act and Section 154 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations,¹ Northern Border Pipeline Company ("Northern Border") submits for filing revised tariff Sections 6.26.4 and 6.37.3 to be part of its FERC Gas Tariff, Second Revised Volume No. 1 ("Tariff"),² as more fully described below. Northern Border respectfully requests that the Commission accept revised Sections 6.26.4 and 6.37.3, included herein as Appendix A, to become effective September 1, 2018.

¹ 18 C.F.R. Part 154 (2018).

² Section 6.26.4 – GT&C, Awarding of Available and Planned Pipeline Capacity, Selection of Best Bid ("Section 6.26.4") and Section 6.37.3 – GT&C, Negotiated Rates, Best Bid Evaluation ("Section 6.37.3").

Correspondence

The names, titles, mailing addresses, and telephone numbers of those persons to whom correspondence and communications concerning this filing should be addressed are as follows:

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Statement of the Nature, Reasons and Basis for Filing

In the instant filing Northern Border is proposing revisions to certain sections of its Tariff in order to update its bid evaluation process. Specifically, in Section 6.26.4(a), Northern Border is removing the requirement to use Method A³ as the sole basis for determining the best bid for available firm capacity posted by Northern Border, and replacing it with a net present value (“NPV”) calculation that takes into account the price, term, or any other criteria specified by Northern Border in a posting for available firm capacity on its system.

Additionally, Northern Border is adding sub-section 6.26.4(a)(i), which sets forth possible relevant factors upon which the NPV calculation may be based. The proposed sub-section also reiterates that all determinative factors will be defined in any posting for available capacity.

Furthermore, Northern Border is adding sub-section 6.26.4(a)(ii), which clarifies that Northern Border must define the method of evaluation in each posting for available capacity when opting to aggregate two or more bids for one or more bid packages and clarifies that for

³ Method A is a specific net present value formula set forth in Section 6.27.6.1(a) of the General Terms and Conditions (“GT&C”) of Northern Border’s Tariff. (“Method A”)

bidders proposing a reservation charge or other revenue guarantee that exceeds Northern Border's existing recourse rate during any portion of the term, the NPV calculated for the bid may not exceed an NPV that is calculated assuming that the recourse rate shall be in effect during the full term proposed by the bidder.

Currently, Section 6.26.4(c) specifies how capacity will be allocated in the event there is more than one best bid. To provide for greater flexibility, Northern Border proposes to remove the specific methodology currently set forth in Section 6.26.4(c), and instead, provide that each posting will define the method to be employed for allocating capacity in the event there is more than one best bid.

The proposed revisions to Sections 6.26.4(a) and (c) are consistent with tariff provisions previously approved by the Commission.⁴

Finally, for consistency, Northern Border is revising Section 6.37.3 to reflect that acceptable negotiated rate bids will be evaluated pursuant to revised Section 6.26.4(a).

Motion to Place Tariff into Effect

Northern Border respectfully requests that the proposed tariff sections, included as Appendix A, be accepted without addition, modification, or deletion and be placed into effect on September 1, 2018.

Other Filings Which May Affect This Proceeding

There are no other filings before the Commission that may significantly affect tariff Sections 6.26.4 and 6.37.3 proposed herein.

⁴ See *Columbia Gas Transmission, LLC*, FERC Gas Tariff, Fourth Revised Volume No. 1, Sections VII.4.4(b) and (e), Availability of Capacity for Firm Services; *Columbia Gulf Transmission, LLC*, FERC Gas Tariff, Third Revised Volume No. 1, Sections VII.4.4(b) and (f), Availability of Capacity for Firm Services; *Crossroads Pipeline Company*, FERC Gas Tariff, Second Revised Volume No. 1, Sections 4.4(b) and (e), Availability of Capacity for Firm Services; and *Millennium Pipeline Company*, FERC Gas Tariff, First Revised Volume No. 1, Sections 4.4(b) and (e), Availability of Capacity for Firm Services.

Contents of Filing

In accordance with Section 154.7 of the Commission’s regulations, Northern Border is submitting the following via its electronic tariff filing:

- 1) This transmittal letter;
- 2) The clean tariff sections (Appendix A); and
- 3) A marked version of the tariff sections (Appendix B).

Certificate of Service

As required by Section 154.7(b) and Section 154.208 of the Commission’s regulations, copies of this filing are being served on all of Northern Border’s existing customers and upon any interested state regulatory agencies. A copy of this letter, together with any attachments, is available during regular business hours for public inspection at Northern Border’s principal place of business.

Pursuant to Section 385.2005 and Section 385.2011(c)(5), the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of his knowledge and belief. The undersigned possesses full power and authority to sign such filing.

Any questions regarding this filing may be directed to David Brown at (832) 320-5512.

Respectfully submitted,

NORTHERN BORDER PIPELINE COMPANY
BY: TRANSCANADA NORTHERN BORDER INC., ITS OPERATOR



John A. Roscher
Director, Rates & Tariffs

Enclosures

Appendix A

Northern Border Pipeline Company FERC Gas Tariff, Second Revised Volume No. 1

Clean Tariff

Tariff Section

Version

6.26.4 – GT&C – Selection of Best Bid

v.2.0.0

6.37.3 – GT&C – Best Bid Evaluation

v.2.0.0

6.26.4 Selection of Best Bid.

- (a) For purposes of determining the Best Bid(s), Company shall evaluate Bids using net present value (“NPV”), taking into account the price, term, and any other criteria specified in the posting. Company shall award capacity to Shippers whose bids, based upon Company’s determination, have the highest NPV.
 - (i) The NPV is the discounted cash flow of incremental revenues to Company produced, lost or affected by the request for service and may be based upon such factors as the term, quantity, the date on which the requested service is requested to commence, the cost of facilities required by Company to provide the service, and other factors determined to be relevant by Company. All determinative factors will be defined in the posting. The NPV shall also include only revenues generated by the reservation charge, or other form of revenue guarantee, as proposed by bidder(s).
 - (ii) For purposes of its NPV evaluation and as defined in the posting, Company may aggregate two or more Bids for one or more bid packages. For bidders proposing a reservation charge or other form of revenue guarantee which exceeds the Recourse Rate during all or any portion of the term proposed by the bidder, the NPV calculated for the Bid may not exceed an NPV that is calculated assuming that the Recourse Rate shall be in effect during the full term proposed by the bidder, in place of the reservation charge(s) or other revenue guarantee(s) proposed by the bidder.
- (b) Company will evaluate Bids received and allocate capacity to the Best Bid(s) no later than the business day following the Bid Closing Date except as noted in Section 6.26.3(b) above.
- (c) The posting will define the method for allocating capacity to be employed in the event there is more than one Best Bid.

6.37.3 Best Bid Evaluation.

1. If Company determines that it is willing to accept Negotiated Rate bids for capacity that is available pursuant to Section 6.37.2 above, it will state in its posting, that bids will be evaluated as described in Section 6.26.4(a) of the General Terms and Conditions.

If Company's posting specifies that it will accept Negotiated Rate bids tied to an index or indices, Company will post an assumed value for such index or indices, where such assumed value is based on both historical and projected index prices. This assumed value will be used to compare Negotiated Rate bids with Recourse Rate and discounted Recourse Rate bids; provided, however, that if a Shipper with a Negotiated Rate bid tied to an index or indices is awarded the capacity, such Shipper will pay according to the actual value of the index or indices at the time service is rendered.

2. The NPV of a Negotiated Rate bid pursuant to Section 6.26.4(a) of the General Terms and Conditions will be capped at the value of a Recourse Rate bid under comparable terms.

Appendix B

Northern Border Pipeline Company FERC Gas Tariff, Second Revised Volume No. 1

Marked Tariff

Tariff Section

Version

6.26.4 – GT&C – Selection of Best Bid

v.2.0.0

6.37.3 – GT&C – Best Bid Evaluation

v.2.0.0

6.26.4 Selection of Best Bid.

- (a) ~~(a)~~—For purposes of determining the Best Bid(s), Company ~~will use Method A, as detailed in Section 6.27.6 paragraph 1(a) of the General Terms and Conditions~~ shall evaluate Bids using net present value (“NPV”), taking into account the price, term, and any other criteria specified in the posting. Company shall award capacity to Shippers whose bids, based upon Company’s determination, have the highest NPV.
- (i) The NPV is the discounted cash flow of incremental revenues to Company produced, lost or affected by the request for service and may be based upon such factors as the term, quantity, the date on which the requested service is requested to commence, the cost of facilities required by Company to provide the service, and other factors determined to be relevant by Company. All determinative factors will be defined in the posting. The NPV shall also include only revenues generated by the reservation charge, or other form of revenue guarantee, as proposed by bidder(s).
- (ii) For purposes of its NPV evaluation and as defined in the posting, Company may aggregate two or more Bids for one or more bid packages. For bidders proposing a reservation charge or other form of revenue guarantee which exceeds the Recourse Rate during all or any portion of the term proposed by the bidder, the NPV calculated for the Bid may not exceed an NPV that is calculated assuming that the Recourse Rate shall be in effect during the full term proposed by the bidder, in place of the reservation charge(s) or other revenue guarantee(s) proposed by the bidder.
- (b) Company will evaluate Bids received and allocate capacity to the Best Bid(s) no later than the business day following the Bid Closing Date except as noted in Section 6.26.3(b) above.
- (c) ~~The posting will define the method for allocating capacity to be employed in~~ In the event there is more than one Best Bid ~~for Bids of five months or more, the firm capacity shall be allocated on a pro rata basis to the shippers submitting a Best Bid, subject to the condition that a shipper must specify when making its Bid whether it is willing to accept a pro rata portion of its Bid capacity. In the event there is more than one Best Bid for Bids of less than five months, the capacity will be awarded on a first-come, first-served basis.~~

6.37.3 Best Bid Evaluation.

1. If Company determines that it is willing to accept Negotiated Rate bids for capacity that is available pursuant to Section 6.37.2 above, it will state in its posting, that bids will be evaluated ~~using Method A, as described in Section 6.27.6 paragraph 1(a), wherein the Maximum Reservation Rate shall be the reservation rate and/or other guaranteed revenue stream of the Negotiated Rate bid not exceeding the Maximum Rate applicable to such capacity~~ as described in Section 6.26.4(a) of the General Terms and Conditions.

If Company's posting specifies that it will accept Negotiated Rate bids tied to an index or indices, Company will post an assumed value for such index or indices, where such assumed value is based on both historical and projected index prices. This assumed value will be used to compare Negotiated Rate bids with Recourse Rate and discounted Recourse Rate bids; provided, however, that if a Shipper with a Negotiated Rate bid tied to an index or indices is awarded the capacity, such Shipper will pay according to the actual value of the index or indices at the time service is rendered.

2. The ~~present value-NPV~~ of a Negotiated Rate bid ~~under Method A~~ pursuant to Section ~~6.27.6 paragraph 1(a)~~ 6.26.4(a) of the General Terms and Conditions will be capped at the value of a Recourse Rate bid under comparable terms.