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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-163-11

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by FortisBC Energy Inc.
for Approval of a Gas Supply Mitigation Incentive Program
for the November 1, 2011 to October 31, 2013 Period

BEFORE: L.F. Kelsey, Commissioner September 22, 2011
D.A. Cote, Commissioner

O R D E R

WHEREAS:

A. The British Columbia Utilities Commission (Commission) by Order G-26-11:

- denied FortisBC Energy Inc.'s (FEI) application for a revised Gas Supply Mitigation Incentive Program (GSMIP) for the November 1, 2010 to October 31,2013 three-year period;
- continued the 2009/10 GSMIP for the November 1, 2010 to October 31, 2011 period;
- directed FEI to establish a working group (Working Group) to discuss the objectives, guiding principles, structure and parameters of a GSMIP to commence November 1, 2011 and to explore ways to demonstrate, quantify and measure the extent to which the GSMIP objectives are achieved in order to determine the amount of future GSMIP payments;

B. FEI established a Working Group that included representatives from FEI, Commission staff, Commercial Energy Consumers Association of British Columbia (CEC), and British Columbia Public Interest Advocacy Centre on behalf of the British Columbia Old Age Pensioners Organization et al (BCOAPO). In addition, a consultant was retained by FEI to assist the Working Group;

C. As directed in Order G-26-11 FEI filed, on April 1, 2011, the terms of reference and a work plan for the Working Group;

D. The Working Group held extensive consultations over the period from March 22 through to the end of July, 2011;

E. On September 14, 2011, FEI filed an application for approval of a GSMIP (2011-2013 GSMIP) for the November 1, 2011 to October 31, 2013 period (the Application);

F. The Application included written acknowledgements of support of the 2011-2013 GSMIP as described in Appendix B of the Application (Term Sheet) from each of the Working Group participants;

G. In the Application as amended by letter dated September 20, 2011, FEI requested that Appendix D remain confidential given that it contains details of historical FEI transactions which have been filed confidentially pursuant to section 71(5) of the *Utilities Commission Act*;

H. The Commission has reviewed the filing as amended and is satisfied that the 2011-2013 GSMIP should be approved.

NOW THEREFORE the Commission approves for FortisBC Energy Inc. the Gas Supply Mitigation Incentive Program described in the Term Sheet attached as Appendix A to this Order, for the November 1, 2011 to October 31, 2013 period. The information contained within Appendix D to the Application will be treated as confidential.

DATED at the City of Vancouver, In the Province of British Columbia, this 22nd day of September 2011.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner

Attachment

September 14, 2011

2011-2013 GSMIP TERM SHEET

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2011-2013 GSMIP TERM SHEET

A. MODEL DESIGN AND TERM

The Gas Supply Mitigation Incentive Program (GSMIP) model design incorporates a blended approach of eligible mitigation revenue and a comparison to a base benchmark. FortisBC Energy Inc.'s (FEI's) total incentive payment amount is a function of the mitigation revenue achieved as well as the performance of FEI compared to a base benchmark for those mitigation activities where a benchmark applies.

The payment of an incentive payment for any gas contract year under this program is subject to FEI meeting the firm load requirements of its core customers during that year. A gas contract year is from November 1 to the following October 31. The incentive payment the Company receives under the GSMIP will continue to be reviewed and approved annually by the Commission.

The 2011- 2013 GSMIP will be in effect from November 1, 2011 through October 31, 2013, and so will apply for the 2011/12 and 2012/13 gas contract years.

B. TOTAL MITIGATION DESCRIPTION

FEI has surplus gas supply and surplus transportation and storage capacity to sell at certain times of the year when customer demand is less than the amount of resources available. Throughout the contract year, FEI forecasts what resources will be needed for customer demand and then mitigates the remaining assets. FEI mitigates costs for customers by focusing on opportunities to optimize asset utilization for transportation, storage and off-system supply sales. The new model breaks down the transactions associated with the aforementioned activities into the following categories: Benchmarked Mitigation Activities, Non-Benchmarked Mitigation Activities, and New Mitigation Activities. Combined, these activities are referred to as Total Mitigation.

C. TRANSACTION DESCRIPTIONS – BENCHMARKED ACTIVITIES

Benchmarked Activities are those cost mitigation activities for which a reasonable benchmark has been established to measure the relative performance of FEI's cost mitigation efforts against. Current Benchmarked Activities include:

1. Spot Commodity Resale Mitigation: The Commodity Resale transaction only occurs when surplus supply has been purchased in excess of what is needed to serve core load. When FEI has excess purchased supply, it has the option to sell it back at the same market hub, or transport it to sell to a downstream market. FEI will look for transactions that yield the highest expected net-back value, given the constraints on what is operationally feasible.

The total cost recovery revenue associated with Spot Commodity Resale is the Actual Sales Volume multiplied by the Actual Sales Price. Nevertheless, the Spot Commodity Resale Mitigation Revenue booked to GSMIP is calculated as follows:

*Actual Sales Volumes * Actual Sales Prices*

minus

*Deemed Purchase Volumes * Deemed Purchase Price @ relevant hub*

minus

Transportation Variable Charges

equals

Spot Commodity Resale Mitigation Revenue

The Deemed Purchase Volume is the actual sales volume plus the applicable pipeline fuel volume for transportation from where the gas is available to the sales point.

The Deemed Purchase Price is the reported Platts Gas Daily Common High price on the date of sale at the relevant hub where the surplus gas is available, which is normally Station 2 or NOVA Inventory Transfer in Alberta.

The Platts Gas Daily Common High is the Platts Midpoint plus 50% of the Absolute Range. The Platts Gas Daily Midpoint is the volume-weighted average of all deals reported to Platts at a given market location, excepting any outliers that are not used, and which is reported in Platts *Gas Daily*, a daily industry publication that provides pricing data at major North American interstate and intrastate pipeline market hubs and pooling points. The Absolute Range is the range between the absolute low and absolute high of deals reported, excluding the outliers that are not used.

2. Benchmarked Transportation Mitigation: FEI can mitigate unutilized transportation capacity by entering into a supply purchase from others at an upstream market and entering into a corresponding sale to others at a downstream market. Benchmarked Transportation Mitigation transactions are those conducted on Spectra T-South, Foothills, Southern Crossing Pipeline (SCP) and Intra-Alberta NOVA. Only SCP transportation mitigation revenue that is recorded in the Midstream Cost Reconciliation Account is eligible for GSMIP. The Transportation Mitigation transactions could be a spot market transaction or a forward market transaction. Actual sales volumes are net of pipeline fuel. Transportation Mitigation Revenue for each transaction is calculated as shown below:

*Actual Sales Volumes * Actual Sales Prices*

minus

*Actual Purchase Volumes * Actual Purchase Prices*

minus

Transportation Variable Charges

equals

Transportation Mitigation Revenue

3. Capacity Release Mitigation: FEI may also mitigate unutilized transportation capacity by entering into Capacity Release transactions, whereby FEI releases its capacity to a third party who then pays FEI for the right to use its transportation capacity. In a Capacity Release transaction, FEI is not responsible for any variable costs when a third party uses the transportation capacity. The Capacity Release transactions could be a spot market transaction or a forward market transaction. Capacity Release transactions are conducted on Spectra T-South, Foothills and Intra-Alberta Nova. Capacity Release Mitigation Revenue is calculated for each transaction as the total amount of revenue received for release of the capacity, as shown below:

*Actual Capacity Release Volumes * Actual Capacity Release Prices*

equals

Spot or Forward Capacity Release Mitigation Revenue

4. Total Benchmarked Mitigation Revenue: The Total Benchmarked Mitigation Revenue is calculated as follows:

Spot Commodity Resale Mitigation Revenue

plus

Benchmarked Transportation Mitigation Revenue

plus

Capacity Release Mitigation Revenue

equals

Total Benchmarked Mitigation Revenue

D. TRANSACTION DESCRIPTIONS – NON-BENCHMARKED ACTIVITIES

Non- Benchmarked Activities are those cost mitigation activities for which no reasonable benchmark has been established to measure the relative performance of FEI's cost mitigation efforts against. Current Non-Benchmarked Activities include:

1. Storage Mitigation or Park and Loan Activity: If FEI has available gas storage capacity and the near price is lower than the forward market price, FEI will enter into a purchase in the nearby month and a sale for a higher price in the forward month. This is referred to as a Park transaction.

   An example of a Park: If June gas prices are $4.50 Cdn/GJ and August prices are $4.80 Cdn/GJ, then FEI can purchase gas in June and forward sell August, to lock in a spread of $.30. FEI would contemplate the transaction so long as it didn't negatively impact its ability to fill storage for serving winter customer load, and if the storage carrying costs were less than the value of the price spread between the June purchase and the August sale transactions.

   If at any time that FEI has surplus storage capacity relative to its projected loads, it may elect to sell its inventory to a third party who will pay a premium, and return the inventory to FEI at a future date. This is referred to as a Loan transaction.

   The Cost to Carry is the time value of money difference of holding the gas in storage for the given time period, which could be positive or negative.

   Storage transactions are conducted using the Aitken Creek storage facility and FEI's Alberta storage assets. Storage transactions can be a single transaction of the difference paid for the Park and Loan exchange or it could be a separate purchase and sale.

   For a Park and Loan transacted as a single transaction, the calculation of storage mitigation revenue is shown below.

   *Actual Park or Loan Volumes * Actual Park or Loan Prices*

   minus

   Cost to Carry

   equals

   Storage Mitigation Revenue

   For a storage transaction that is composed of a purchase and sale transaction, the calculation of storage mitigation revenue is shown below:

*Actual Sales Volumes * Actual Sales Prices*

minus

*Actual Volumes Purchased * Actual Purchase Prices*

minus

Cost to Carry

equals

Storage Mitigation Revenue

2. T-North Transportation and Capacity Release Mitigation: From time to time, FEI may have additional T-North Transportation capacity, which could be mitigated or released. Because there are not significant transactions reported for supply arrangements on T–North, there is no reliable index to use for benchmarking purposes. As a result, transportation mitigation and capacity release transactions on T-North are part of the Non-Benchmarked Activities. The T-North Transportation Mitigation Revenue is calculated using the same methodology as the Benchmarked Transportation Mitigation Revenue. The T-North Capacity Release Mitigation Revenue calculation uses the same methodology as the Capacity Release Mitigation Revenue in the Benchmarked Activities.
3. Liquids Extraction: From time to time, FEI may be able to enter into transactions where a party will pay a portion of the proceeds of the sale of natural gas liquids (such as ethane and propane) that can be extracted from company-owned gas. These transactions occur at processing plants for which there is not reliable index pricing data. As a result, Liquids Extraction is part of the Non-Benchmarked Activities. The Liquids Extraction Mitigation Revenue is the total revenue received by FEI from the natural gas Liquids Extraction contracts that FEI has negotiated.
4. Forward Commodity Resale Mitigation: At times, when FEI has surplus supply and surplus storage capacity, and forward market prices exceed the spot market price and the Cost to Carry, FEI will forward sell surplus commodity. Because of the difficulty in benchmarking storage, and because a Forward Commodity Resale Mitigation transaction utilizes storage capacity, this transaction is similar to a Storage Mitigation transaction and is part of the Non-Benchmarked Activities. The calculation of Forward Commodity Resale Mitigation Revenue for each transaction is as follows:

*Actual Forward Sales Volumes * Actual Sales Prices*

minus

*Deemed Volumes Purchased * Deemed Purchase Prices*

minus

Net Transportation Costs and Cost to Carry

equals

Forward Commodity Resale Mitigation Revenue

Deemed Volumes Purchased and Deemed Purchase Prices have the same meaning as for the calculation of Spot Commodity Resale Mitigation Revenue, except that the Deemed Purchase Prices will be determined as of the date when the Forward Commodity Resale was entered into.

5. Total Non-Benchmarked Mitigation Revenue: Total Non-Benchmarked Mitigation Revenue is calculated as follows:

Storage Mitigation Revenue

plus

T-North Transportation Mitigation Revenue

plus

T-North Capacity Release Mitigation Revenue

plus

Liquids Extraction Revenue

plus

Forward Commodity Resale Mitigation Revenue

equals

Total Non-Benchmarked Mitigation Revenue

E. TRANSACTION DESCRIPTION - NEW ACTIVITY

New Activity includes mitigation transactions of surplus gas supply resources that are related to the sale, or use by others which FEI does not currently undertake in its management of the portfolio of gas supply contracts, pipeline contracts, storage capacity and liquids extraction transactions. As a result, New Activity refers to mitigation activities that have not been developed yet. New Activity does not include opportunities created by changes to gas supply purchases or pipeline or storage capacities or changes to pipeline or storage tariffs that do not create new services offerings. The Mitigation Revenue from a New Activity will be calculated in a way that is consistent with the calculation of Mitigation Revenue for other GSMIP activities.

A New Activity must be approved as such by the Commission to be included in GSMIP. The Mitigation Revenue from a New Activity will be calculated from the date that the New Activity transaction first occurred and after a twelve consecutive month period each New Activity will be reclassified to either the Benchmarked or Non-Benchmarked categories as appropriate.

F. BASE BENCHMARK

The Base Benchmark is designed to measure how FEI performed relative to a conservative base utility for the Benchmarked Activities. FEI's performance relative to the Base Benchmark impacts the percentage amount it earns of the Total Benchmarked Mitigation Revenue booked to GSMIP achieved in the Gas Year. The more FEI can outperform the Base Benchmark, the greater the potential incentive payment. The prices used in determining the Base Benchmark are as follows:

- Spot market transactions to sell will be benchmarked against the reported Platts Common Low price, and spot market transactions to purchase will be benchmarked against the reported Platts Common High prices, at the market point on the date of the transaction. Forward market transactions to sell will be benchmarked against the Bid prices and forward market transactions to purchase will be benchmarked against the Offer prices, as reported by OneX for the market point on the date that the transaction took place. Conversions such as for currency exchange, heating value and quantity will be calculated consistent with conventional gas industry practice.

  As described in the Commodity Resale section above, the Platts Common High is the Platts Midpoint plus 50% of the Absolute Range. The Platts Common Low is the Platts Midpoint less 50% of the Absolute Range. The Absolute Range is the range between the absolute low and absolute high of deals reported, excluding the outliers that are not used.

  Bid is the price on the forward market that a buyer is willing to buy gas and Offer is the price on the forward market that a seller is willing to sell gas. OneX is an independent broker who brings parties together to transact energy forward market transactions among market participants, including utilities, traders, marketers, banks and producers.

- Market Concentration Adjustment: A Market Concentration Adjustment may be used for spot transactions. In the event that FEI's market share in any given season at any market hub exceeds 40% of the reported traded volume in Platts *Gas Daily*, the prices used to determine the Base Benchmark will be the Platts Midpoint price for spot transactions at the market hub. FEI's market share will be calculated as the volume of its reported transactions to Platts compared to the total transactions reported by Platts *Gas Daily* at each of the 4 major hubs: Station 2, Sumas, AECO and Kingsgate. FEI reports all fixed price transactions to Platts.

G. BASE BENCHMARK CALCULATION

1. Spot Commodity Resale Base Benchmark: The Spot Commodity Resale Base Benchmark is calculated as follows:

*Actual Sales Volumes * Platts Common Low @ relevant hub*

minus

*Deemed Purchase Volumes * Platts Common High*

minus

Transportation Variable Charges

equals

Spot Commodity Resale Base Benchmark

The Deemed Purchase Volumes has the same meaning as for the calculation of the Spot Commodity Resale Mitigation Revenue, and the Platts Common High is for the point where the surplus gas is available, corresponding to the Deemed Purchase Prices.

2. Spot Transportation Mitigation Base Benchmark: The Transportation Mitigation Base Benchmark is calculated as follows:

*Actual Sales Volume * Platts Common Low @ sales hub*

minus

*Actual Purchase Volume * Platts Common High @ purchase hub*

minus

Transportation Variable Charges

equals

Spot Transportation Mitigation Base Benchmark

3. Forward Transportation Mitigation Base Benchmark: The Transportation Mitigation Base Benchmark is calculated as follows:

*Actual Sales Volume * Bid Price @ sales hub*

minus

*Actual Purchase Volume * Offer Price @ purchase hub*

minus

Transportation Variable Charges

equals

Forward Transportation Mitigation Base Benchmark

4. Spot Capacity Release Base Benchmark: The Spot Capacity Release Base Benchmark is calculated as follows:

Actual Capacity Released Volumes Platts Common Low @ relevant sales hub*

minus

*(Actual Capacity Released Volume+ relevant pipeline fuel volume) * Platts Common High @ relevant purchase hub*

minus

Transportation Variable Charges

equals

Spot Capacity Release Base Benchmark

5. Forward Capacity Release Base Benchmark: The Forward Capacity Release Base Benchmark is calculated as follows:

Actual Capacity Released Volume Bid price @ relevant sales hub*

minus

*(Actual Capacity Released + relevant pipeline fuel volume) * Offer price @ relevant purchase hub*

minus

Transportation Variable Charges

equals

Forward Capacity Release Base Benchmark

6. Total Base Benchmark: Total Base Benchmark is calculated as follows:

Spot Commodity Resale Base Benchmark

plus

Spot Transportation Mitigation Base Benchmark

plus

Forward Transportation Mitigation Base Benchmark

plus

Spot Capacity Release Base Benchmark

plus

Forward Capacity Release Base Benchmark

equals

Total Base Benchmark

H. CAPACITY FACTOR ADJUSTED TOTAL BENCHMARKED MITIGATION REVENUE

To insure that FEI will be focused on utilizing excess transportation through commodity resales downstream, transportation mitigation or capacity releases, a volumetric benchmark has been established. A Capacity Factor Penalty will be assessed on transportation transactions on a given pipeline for a given season, if the FEI Capacity Factor on that pipeline falls below the overall Benchmarked Pipeline Capacity Factor for that season. The seasonal periods are November-March and April-October. The two pipelines for which there are publicly available capacity factors measuring the flow of gas volumes across the pipeline are Spectra's T-South segment and TransCanada's Foothills system.

In the event FEI's Capacity Factor falls below the capacity factor on either of those pipelines for a particular season, FEI's penalty would be a reduction in revenue eligible for an incentive payment equal to the difference between the Transportation Mitigation Revenue and the corresponding Base Benchmarks for that particular pipeline and season.

The Benchmarked Pipeline Capacity Factor is calculated as the total reported flows on the pipeline segment during the seasonal period divided by the corresponding maximum available flow capacity.

The FEI Capacity Factor is calculated as FEI's total actual flows on the pipeline segment during the seasonal period divided by FEI's total contracted capacity excluding capacity released on the pipeline segment.

In the event that the FEI Capacity Factor for a particular season on an applicable pipeline segment is less than the corresponding Benchmarked Pipeline Capacity Factor, a Capacity Factor Penalty for the applicable pipeline segment and season will be calculated as:

Applicable Benchmarked Transportation Mitigation Revenue

minus

Applicable Spot Transportation Mitigation Base Benchmark

minus

Applicable Forward Transportation Mitigation Base Benchmark

equals

Capacity Factor Penalty for specific pipeline segment and season

The Capacity Factor Adjusted Total Benchmarked Mitigation Revenue is then calculated as:

Total Benchmarked Mitigation Revenue

minus

All Capacity Factor Penalties for the applicable time period

equals

Capacity Factor Adjusted Total Benchmarked Mitigation Revenue

An example of the application of the Capacity Factor Penalty where FEI's Benchmarked Revenue is not impacted for T-South capacity for the April 2010 – October 2010 is shown below:

- April 2010 – October 2010 T-South FEI Capacity Factor = 76.36%
- April 2010 – October 2010 T-South Benchmarked Pipeline Capacity Factor = 64.71%

The FEI Capacity Factor is greater than the Benchmarked Pipeline Capacity Factor, so there is no adjustment to the Total Benchmarked Mitigation Revenue.

An example of the application of the Capacity Factor Penalty where FEI's Benchmarked Mitigation Revenue is impacted for T-South capacity for the April 2009 – October 2009 is shown below:

- April 2009 – October 2009 T-South FEI Capacity Factor = 64%
- April 2009 – October 2009 T-South Benchmarked Pipeline Capacity Factor = 66%

The T-South Pipeline Benchmarked Capacity Factor is greater than the corresponding T-South FEI Capacity Factor. Therefore, for April through October 2009, a Capacity Factor Penalty is calculated as shown below and then applied to the Total Benchmarked Mitigation Revenue.

Applicable T-South Transportation Mitigation Revenues

minus

Applicable T-South Transportation Base Benchmarks

equals

T-South Capacity Factor Penalty

I. INCENTIVE PERCENTAGE:

1. Benchmarked Activity Incentive Percentage: The Benchmarked Activity Incentive Percentage is determined from the Market Performance Factor.

   i. Market Performance Factor: The Market Performance Factor is calculated as follows:

Capacity Factor Adjusted Total Benchmarked Mitigation Revenue

divided by

Total Base Benchmark

multiplied by 100 percent

equals

Market Performance Factor

The Market Performance Factor is expressed as a percentage to one decimal place (e.g. 128.2 percent).

The Market Performance Factor (MPF) is used to determine the Benchmarked Activity Incentive Percentage (BAIP) as detailed below:

For MPF between 100 and 131 %, BAIP = 2.45 % + 0.05 % * (MPF-100)

For MPF between 131 and 136 %, BAIP = 4.00 %

For MPF of 136 and greater, BAIP = 4.00 + 0.04 % * (MPF -136)

The Benchmarked Activity Incentive Percentage is expressed as a percentage to two decimal places.

2. Non-Benchmarked Incentive Percentage:

For FEI's Non-Benchmarked Activities, a constant 4% incentive percentage is applied to the related mitigation revenue.

3. New Activity Incentive Percentage:

For any new mitigation activities that FEI develops and which the Commission determines is a New Activity, a constant 12% incentive percentage is applied to the related mitigation revenue.

4. Fixed Adjustment

The Total Incentive Payment will include a fixed $150,000 reduction each year in order to align the incentive payments under the new GSMIP model with the historical incentive payments under the previous GSMIP model.

J. INCENTIVE PAYMENT:

The Incentive Payment for each gas contract year is calculated as follows:

*Capacity Factor Adjusted Total Benchmarked Mitigation Revenue * Benchmarked Activity Incentive Percentage*

plus

*Total Non-Benchmarked Mitigation Revenue * 4 percent*

plus

*Total New Activity Mitigation Revenue * 12 percent*

minus

$150,000

equals

Total Incentive Payment

K. REPORTING REQUIREMENTS

The Company will continue to provide two reports per annum to the Commission. The Reports will also be made available to the other Working Group members on a confidential basis.

- The first report will follow the winter period which ends March of each year. This report will consist of all transactions to date with a GSMIP summary to date. There will be a high level summary of any activities that the Company deems to be "New".
- In the second report, also referred to as the "Year End" report, the Company will provide all transaction data, a GSMIP Summary, and a written report of the market changes from the previous year. "New Activities" will be explained in detail along with a comprehensive plan to transition the activity to a "Benchmarked Activity" if possible. New Activities must be approved by the Commission in the annual review of the GSMIP. Any modifications to the GSMIP model for the upcoming year would need to be presented in the Year End report of the previous year. Capacity Factor adjustments and Market Concentration measurements will be detailed in the Year End report as well.

In order to maintain the confidence of all parties involved with the redesigned model, a full review of the mechanism is required if there is a difference during either of the two years in the test period of plus or minus $500,000 from the historical GSMIP payout of $1.1 Million. Once FEI is aware that a $500,000 or greater variance is likely to occur, stakeholders and the Commission will be informed in order to have a timely review of the model. A variance of this magnitude does not mean that the model is not working in its expected capacity; however, a review will be conducted to explain the variances.

Any incentive payment would be subject to review and approval by the Commission.

L. STORAGE BENCHMARK REVIEW

FEI receives a 4.0% share of the storage mitigation, as this is a Non-Benchmarked activity. For tracking and monitoring purposes only, FEI will calculate a volumetric benchmark for storage based upon an estimation of potential transactions at the time of the approval of FEI's Annual Contracting Plan (ACP). This storage benchmark estimation relies on an internal determination of potential transactions, based on the monthly load forecasts and the necessary storage injections or withdrawals to accommodate the load which produces the volumes possible to transact Park and Loan storage activity.

For example, if forecasted injections for the month of April are 130 TJ per day and the max injection capability is 150 TJ per day, then there is 20 TJ per day of available injection capability for a Park transaction. This 20 TJ per day Park would be held in the ground until the corresponding sale obligation would occur.

These sales would most likely occur in late summer, as the sale of winter withdrawal capability is not possible as it is required for core load. Based on the timing of these deals, prices are calculated using the forward curve at that point in time. Time Spreads are the difference between the market prices at the two points in time for the Park and Loan transactions. Time Spreads do not include the Cost to Carry.

For the 2011/2012 contract year, FEI will file a schedule of forecast storage injections with the Commission by November 1, 2011. For the 2012/2013 contract year, FEI will include a schedule of forecast storage injections in the ACP.

The Storage Benchmark will be calculated as follows:

*projected storage activity volumes * Time Spreads on review date*

equals

Storage Benchmark

FEI will include a reporting on the storage benchmark in the winter and yearend reports to the Commission for the 2011-2013 GSMIP for tracking purposes only.