



June 29, 2018

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

North Baja Pipeline, LLC
700 Louisiana Street, Suite 700
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John A. Roscher
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Re: North Baja Pipeline, LLC
Change in FERC Gas Tariff
Docket No. RP18-_____ - _____

Dear Ms. Bose:

Pursuant to Section 154 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations,¹ North Baja Pipeline, LLC ("North Baja") hereby submits for filing and acceptance new Section 6.8.4² to be part of its FERC Gas Tariff, First Revised Volume No. 1 ("Tariff"). North Baja requests that the Commission accept these tariff revisions to become effective August 1, 2018.

Correspondence

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this filing should be directed are as follows:

¹ 18 C.F.R. Part 154 (2018).

² Part 6.8.4 – GT&C, Extension/Recontracting of Service Agreements ("Section 6.8.4").

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Statement of the Nature, Reasons, and Basis for Filing

Section 6.8 of North Baja’s currently effective Tariff includes, among other things, provisions that govern the sale of available capacity. In the instant filing, North Baja is proposing to add tariff provisions in the new Section 6.8.4 that will allow North Baja and a shipper to mutually agree to either extend the term of an existing service agreement or repurpose an existing service agreement. Specifically, North Baja is proposing to provide two enhancements to its sale of capacity provisions.

First, subsection 6.8.4(a) is being added to provide that “[p]rior to the expiration of the term of a Service Agreement, [North Baja] and [s]hipper may mutually agree to an extension of the term of the Service Agreement with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner).” The proposed subsection 6.8.4(a) goes on to state that “[i]f a Service Agreement has a right of first refusal, the mutual agreement to extend must be reached prior to initiation of the right of first refusal posting/bidding procedure pursuant to Section 6.10....”

Second, subsection 6.8.4(b) is being added to provide for the early termination of a service agreement with mutual agreement by North Baja and a shipper “...in exchange for [s]hipper making use of either some portion of its underlying capacity or generally available unsubscribed capacity under terms that are mutually agreeable.” This provision enables North Baja and a shipper to determine if it is in the best interest of both parties to renegotiate or repurpose an existing service agreement. Such arrangement could involve one or more existing agreements between the parties. In each instance, however, the parties must mutually agree to the early termination. Thus, the shipper’s interest is protected because it cannot be required to terminate any of its agreements early.

Subsection 6.8.4(b) further provides that in the event of an early termination of a service agreement, a shipper may make use of some portion of its underlying capacity without such capacity first being subject to an open season posting or posted as unsubscribed, available capacity. In this situation, an open season is unnecessary because North Baja will mutually agree to an early termination only in the event that it can realize a better use of its capacity by entering into a new arrangement with the incumbent shipper. Making the underlying capacity available to other shippers before recontracting with the incumbent shipper is unwarranted because the incumbent shipper is currently entitled to the use of its underlying capacity through the term of its existing agreement(s). Any such underlying capacity remaining after recontracting with the incumbent shipper will be posted as unsubscribed, available capacity.

The Commission has previously approved tariff language for other natural gas pipelines that allows for similar contracting flexibility.³ The Commission has found these types of provisions to be a reasonable way to provide firm shippers with security as to their transportation rights, consistent with the pipeline's needs for operational planning.⁴ Moreover, if the parties are unable to mutually agree to extend their service agreement(s) or repurpose some or all of the underlying capacity, shippers will still retain their existing contracts and associated rights as they currently exist, including any applicable right of first refusal under Section 6.10 of North Baja's Tariff.

Effective Date

North Baja requests that the Commission accept the tariff section filed herein and listed in Appendix A to become effective August 1, 2018.

Other Filings That May Affect This Proceeding

There are no other filings before the Commission that may significantly affect the changes proposed herein.

³ See, e.g., *Portland Natural Gas Transmission System*, RP18-891-000 (June 30, 2016) (unpublished Director's letter order). See also, *Tennessee Gas Pipeline Company*, 119 FERC ¶ 61,126, order on reh'g and compliance filing, 121 FERC ¶ 61,149 (2007); *Northern Natural Gas Company*, 118 FERC ¶ 61,053 (2007); and *ANR Pipeline Company*, 116 FERC 61,201 (2006).

⁴ See *Natural Gas Pipeline Company of America*, 48 FERC ¶ 61,306 (1989) at p. 62,001.

Contents of Filing

In accordance with Section 154.7 and 154.201 of the Commission's regulations, and Order No. 714,⁵ North Baja is submitting the following XML filing package, which includes:

1. This transmittal letter;
2. A clean tariff section (Appendix A); and
3. A marked tariff section (Appendix B).

Certificate of Service

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

Pursuant to Section 385.2005 and Section 385.2011, 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. Additionally, 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,

A handwritten signature in black ink that reads "John A. Roscher". The signature is written in a cursive style with a long horizontal flourish extending to the right.

John A. Roscher
Director, Rates & Tariffs

Enclosures

⁵ *Electronic Tariff Filings*, 124 FERC ¶ 61,270 (2008) ("Order No. 714").

Appendix A

*North Baja Pipeline, LLC
FERC Gas Tariff, First Revised Volume No. 1*

Clean Tariff

Tariff Section

Version

6.8.4 – GT&C, Extension/Recontracting of Service Agreements

0.0.0

6.8.4 Extension/Recontracting of Service Agreements.

- (a) Prior to the expiration of the term of a Service Agreement, NBP and Shipper may mutually agree to an extension of the term of the Service Agreement with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner).

If a Service Agreement has a right of first refusal, the mutual agreement to extend must be reached prior to initiation of the right of first refusal posting/bidding procedure pursuant to Section 6.10 below.

- (b) NBP and Shipper may mutually agree to the early termination of one or more Service Agreements in exchange for Shipper making use of either some portion of its underlying capacity or generally available unsubscribed capacity under terms that are mutually agreeable. Any such use of the underlying capacity must be based upon NBP's currently applicable pro forma Service Agreement. To the extent that NBP and Shipper have mutually agreed to such an arrangement, Shipper need not participate in an open season for any recontracted underlying capacity nor must the recontracted underlying capacity be posted on NBP's Internet website as unsubscribed, available capacity.

Appendix B

*North Baja Pipeline, LLC
FERC Gas Tariff, First Revised Volume No. 1*

Marked Tariff

Tariff Section

Version

6.8.4 – GT&C, Extension/Recontracting of Service Agreements

0.0.0

6.8.4 Extension/Recontracting of Service Agreements.

(a) Prior to the expiration of the term of a Service Agreement, NBP and Shipper may mutually agree to an extension of the term of the Service Agreement with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner).

If a Service Agreement has a right of first refusal, the mutual agreement to extend must be reached prior to initiation of the right of first refusal posting/bidding procedure pursuant to Section 6.10 below.

(b) NBP and Shipper may mutually agree to the early termination of one or more Service Agreements in exchange for Shipper making use of either some portion of its underlying capacity or generally available unsubscribed capacity under terms that are mutually agreeable. Any such use of the underlying capacity must be based upon NBP's currently applicable pro forma Service Agreement. To the extent that NBP and Shipper have mutually agreed to such an arrangement, Shipper need not participate in an open season for any recontracted underlying capacity nor must the recontracted underlying capacity be posted on NBP's Internet website as unsubscribed, available capacity.