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|--|----------------------------------|-----------------------------------|
| Category: GAS | Bulletin: G-14 (rev. 4) | Page: 1 of 8 |
| Document(s): EGI Act, subsection 9(2); NGTSR Recommendation 10(b) | Issue Date: 2009-06-08 | Effective Date: 2009-06-08 |
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Policy on granting conditional permission for using gas meters in service without verification and sealing at the low intervention trade transaction level of the natural gas market

1.0 Purpose

The purpose of this bulletin is to communicate the requirements for granting of conditional permission for the use of gas meters without verification and sealing, at the Low Intervention Trade Transaction level of the natural gas market.

2.0 Scope

2.1 This bulletin applies to all gas meters used in metering installations where the average meter pressure equals or exceeds 100 psia and where the requirements of section 6.0 of this Bulletin have been met.

2.2 The requirements of this bulletin apply retroactively to any gas meters that were previously granted an exemption (i.e. conditional permission) from verification and sealing under earlier versions of this bulletin.

3.0 Authority

A conditional permission issued by Measurement Canada (MC) in accordance with this bulletin will be granted under the authority of subsection 9(2) of the *Electricity and Gas Inspection Act*.

| | | |
|--|----------------------------------|-----------------------------------|
| Category: GAS | Bulletin: G-14 (rev. 4) | Page: 2 of 8 |
| Document(s): EGI Act, subsection 9(2); NGTSR Recommendation 10(b) | Issue Date: 2009-06-08 | Effective Date: 2009-06-08 |
| | Supersedes: G-14 (rev. 3) | |

4.0 References

Electricity and Gas Inspection Act (R.S. 1985, c. E-4), s.s. 9(2)

Electricity and Gas Inspection Regulations (SOR/86-131), s.s. 11(2)

Measurement Canada's Senior Management Committee (SMC) Decisions on the Natural Gas Trade Sector Review (NGTSR) Recommendations (2003-01-22), Recommendation 10(b): Low Intervention

5.0 Terminology

Average meter pressure - The time weighted or the volume weighted average of the pressures exerted by the gas within a meter during the period a volume of gas is measured by the meter.

Large industrial end-user - Natural gas end-use customers or purchasers that can generally be described or classified as "large industrial" or "large institutional", which are covered by a contract or a tariff agreement. The associated gas meters may be located at either of the metering points illustrated by the letters "C" and "E" in Appendix A.

Note: Some large industrial end-users may also be a seller or purchaser of natural gas at an upstream transmission receipt point, or may own/operate a co-generation power plant. Gas contractors may use differing names and criteria for the classification of these customers. For the purposes of this bulletin, the intended meaning of the term "large industrial end-user" includes users of raw stock, power plants, steel mills, smelters, fertilizer plants, pulp and paper operations, sugar and grain processing plants, mining operations, glass manufacturing plants, cement plants, large universities, large hospitals, and other similar establishments.

Local distribution company receipt point - The point of measurement where natural gas, which is of the composition suitable for retail sale, enters the distribution pipeline system of a local distribution company (LDC). This metering point is illustrated by the letter "D" in Appendix A.

Low intervention trade transactions - Trade transactions where the basis of the charge, for the gas supplied, is obtained from a meter falling within the scope of this Bulletin, for which conditional permission was granted under the subject requirements for use without verification and sealing.

Transmission receipt point - The point of measurement where natural gas, which is of the composition suitable for retail sale, enters a transportation pipeline for the purpose of distribution between another transmission company, a local distribution company, or an end-user. This metering point is illustrated by the letter "B" in Appendix A.

| | | |
|--|----------------------------------|-----------------------------------|
| Category: GAS | Bulletin: G-14 (rev. 4) | Page: 3 of 8 |
| Document(s): EGI Act, subsection 9(2); NGTSR Recommendation 10(b) | Issue Date: 2009-06-08 | Effective Date: 2009-06-08 |
| | Supersedes: G-14 (rev. 3) | |

Verification - All of the operations carried out by an inspector or an accredited meter verifier (authorized service provider), having the object of ascertaining and confirming that a meter entirely satisfies specified requirements. It also includes the application of a verification mark. Any reference to "verification" includes both the initial verification and subsequent reverification of a meter, whether performed by 100% inspection or through the use of statistical sampling methods authorized by MC.

6.0 Policy - conditional permission

6.1 General

Subject to the requirements of section 6.2, permission may be requested from MC for placing gas meters into service without verification and sealing, under the following conditions:

6.1.1 Compliance with all requirements of this bulletin will be ascertained by MC prior to granting a conditional permission under this policy.

6.1.2 The metering used for the Low Intervention Trade Transactions is located at either a transmission receipt point, a local distribution company receipt point, or a large industrial end-user metering point.

6.1.3 Subject to clauses 6.1.4, 6.1.5, and 6.1.6, a contractual agreement or a tariff agreement shall exist between the parties involved in the Low Intervention Trade Transactions, and shall contain the following information:

- a) A statement which explains that the Low Intervention Trade Transactions are to be subject to the provisions and conditions listed in MC Bulletin G-14, and that a copy of this bulletin may be viewed on MC's Web site.
- b) A statement that the subject meters will be initially calibrated and periodically recalibrated (and reprogrammed where necessary) in accordance with a process and procedures acceptable to both parties.
- c) A description of the process to be followed for resolving any measurement disputes arising between the parties.
- d) A statement acknowledging that the conditional permission being requested may restrict MC's ability to successfully conclude a measurement dispute investigation, if MC involvement were to be requested.
- e) A statement that the parties involved have agreed to the implementation of Low Intervention Trade Transactions in accordance with MC Bulletin G-14, plus a statement that either party has the right to request a revocation of the conditional permission for Low Intervention Trade Transactions, and that any request for revocation shall be presented in writing and include the reason(s) for requesting the revocation.

| | | |
|--|----------------------------------|-----------------------------------|
| Category: GAS | Bulletin: G-14 (rev. 4) | Page: 4 of 8 |
| Document(s): EGI Act, subsection 9(2); NGTSR Recommendation 10(b) | Issue Date: 2009-06-08 | Effective Date: 2009-06-08 |
| | Supersedes: G-14 (rev. 3) | |

6.1.4 Where Low Intervention Trade Transactions are to be implemented between parties for whom there already exists a contractual agreement or tariff agreement, the wording of that agreement need not be amended to meet the requirements of clause 6.1.3, provided that the information listed in clause 6.1.3 is formally communicated in writing to each affected party. Upon subsequent revision or renewal of the contractual agreement or tariff agreement, the information required by clause 6.1.3 shall then be added to the agreement.

6.1.5 For trade transactions at LDC Receipt Points and Large Industrial End-user metering points, the applicant, prior to making application to MC for the conditional permission available under this bulletin, shall first obtain written consent from each of the parties with whom the applicant intends to implement Low Intervention Trade Transactions.

6.1.6 The requirements of 6.1.5 are not applicable to applications for conditional permission which concern trade transactions occurring at Transmission Receipt Points, nor to trade transactions occurring at Large Industrial End-user metering points where the party receiving the gas is also a party delivering gas at a Transmission Receipt Point.

6.1.7 A gas meter used in Low Intervention Trade Transactions shall:

- a) Be a model which has been approved under a MC Notice of Approval, and any installed software/firmware shall be of a version that is approved in the meter's Notice of Approval.
- b) Be installed and used in accordance with the requirements or conditions in the meter's Notice of Approval and any applicable MC Specification(s) for meter installation and use.
- c) Subject to all of the applicable requirements in the *Electricity and Gas Inspection Act* and *Regulations*, with the exception of those requirements related to meter verification, reverification, and sealing.
- d) Not have its readings used for trade transactions with parties downstream of the Transmission Receipt Point that are not named in the contractual agreement or tariff agreement, or with parties not subject to Low Intervention Trade Transactions.
- e) Be calibrated and periodically recalibrated using standards which are certified and traceable to national reference standards owned by MC or National Research Council Canada (NRC), or, be calibrated and periodically recalibrated using standards which have been certified by organizations that have met MC's conditions for delegation of authority prescribed in C-D-01: "Conditions for the Delegation of Authorities for the Calibration and Certification of Standards, Measuring Apparatus and Test Equipment Pursuant to the *Electricity and Gas Inspection Act*, or, be calibrated and periodically recalibrated at a test facility recognized in Bulletin G-16, done in accordance with the requirements of [bulletin G-16](#)^[link 1]. Records of these certified test results shall be retained on file by the meter owner.

| | | |
|--|----------------------------------|-----------------------------------|
| Category: GAS | Bulletin: G-14 (rev. 4) | Page: 5 of 8 |
| Document(s): EGI Act, subsection 9(2); NGTSR Recommendation 10(b) | Issue Date: 2009-06-08 | Effective Date: 2009-06-08 |
| | Supersedes: G-14 (rev. 3) | |

6.2 Requests for conditional permission

6.2.1 An applicant seeking conditional permission(s) under this policy shall make application in writing to the local MC District Office, and shall include the following information:

- a) The name and principal place of business (i.e. head office) of the applicant.
- b) The address of each metering site where the Low Intervention Trade Transactions will be taking place.
- c) The name of each metered party involved in the Low Intervention Trade Transactions.
- d) A list of the meters installed at the Low Intervention Trade Transaction metering sites which are not included in the scope of the permission being requested for those sites, including identification of the meter's type, manufacturer, model, operating range(s), serial number, and inspection number (i.e. the unique identification number assigned by the meter owner).
- e) A written attestation confirming compliance with the requirements of this bulletin.

6.2.2 The MC District Office will review the application for completeness and then forward it to MC's Program Development Directorate (PDD) for final review and written response to the applicant.

6.3 Granting of a conditional permission

Where MC's review of the application for conditional permission has ascertained that the requirements of this bulletin have been satisfied, conditional permission will be granted in writing by PDD, identifying the parties involved and the conditions applicable to the permission being granted.

6.4 Revocation of a conditional permission

6.4.1 Non-compliance by any party with the terms and conditions under which the conditional permission was granted, may result in the revocation of the permission, pursuant to section 11 of the *Electricity and Gas Inspection Act*.

6.4.2 Submission to MC of a request from either party for revocation of the conditional permission, will result in revocation of the conditional permission for Low Intervention Trade Transactions between the requesting party and the other party, subject to clause 6.5.

| | | |
|--|----------------------------------|-----------------------------------|
| Category: GAS | Bulletin: G-14 (rev. 4) | Page: 6 of 8 |
| Document(s): EGI Act, subsection 9(2); NGTSR Recommendation 10(b) | Issue Date: 2009-06-08 | Effective Date: 2009-06-08 |
| | Supersedes: G-14 (rev. 3) | |

6.5 Request for revocation of a conditional permission

Any party seeking revocation of the conditional permission associated with Low Intervention Trade Transactions shall notify in writing the other party to the transactions, and likewise shall notify the local MC District Office. Such notification shall identify:

- a) The name of the party requesting the revocation.
- b) The address of the metering site(s) for which the revocation is being sought.
- c) The scope of the request (i.e. all gas meters or only some at the identified metering site(s)).
- d) The reason(s) or rationale for requesting the revocation.

7.0 Revisions

The purpose of revision 4 is to:

- Redefine the scope of the bulletin to express it in terms of the average meter pressure value above which the conditional permission policies of the bulletin apply.
- Widen the scope of the bulletin by reducing the average meter pressure value from 200 psia to 100 psia, so as not to exclude metering installations where the meter pressure is less than 200 psia but the delivery pressure downstream of the meter is being boosted to a higher value.
- Amend the definition of Low Intervention Trade Transactions to account for the revisions made to the scope of the bulletin.
- Define the term “Large Industrial End-user”.
- Amend clause 6.1.3 to communicate that the existence of a tariff agreement is acceptable as an alternative to the requirement for having a contractual agreement between parties.
- Add a requirement to obtain advance written consent from the parties with whom the applicant intends to implement Low Intervention Trade Transactions.
- Revise the list of information items that must be included in the contractual agreement or tariff agreement, and/or be communicated by some other means.
- Provide for the right of any party to request revocation of a conditional permission for Low Intervention Trade Transactions.
- Clarify that a gas meter for which the conditional permission is being requested, must be of a model or type that has been granted type approval by MC.

| | | |
|--|----------------------------------|-----------------------------------|
| Category: GAS | Bulletin: G-14 (rev. 4) | Page: 7 of 8 |
| Document(s): EGI Act, subsection 9(2); NGTSR Recommendation 10(b) | Issue Date: 2009-06-08 | Effective Date: 2009-06-08 |
| | Supersedes: G-14 (rev. 3) | |

- Explain how to meet the requirement for using certified traceable standards to calibrate the gas meters for which the conditional permission has been granted.
- Add an appendix containing a diagram of the Natural Gas Trade Sector with identified trade transaction metering points.

The purpose of revision 3 (2006-07-01) was to clarify that the requirements of this bulletin apply retroactively to any gas meters that were previously exempted from verification and sealing under earlier versions of this bulletin.

The purpose of revision 2 (2005-10-27) was to amend the requirements for listing the gas meters located at the metering location for which permission is being requested, and to clarify that these meters cannot be used for revenue metering of parties not included in the contractual agreement.

The purpose of revision 1 (2005-07-01) was to clarify administrative requirements for granting of the conditional permission available under this bulletin.

[link 1] <http://www.ic.gc.ca/eic/site/mc-mc.nsf/eng/lm00037.html>

| | | |
|--|----------------------------------|-----------------------------------|
| Category: GAS | Bulletin: G-14 (rev. 4) | Page: 8 of 8 |
| Document(s): EGI Act, subsection 9(2); NGTSR Recommendation 10(b) | Issue Date: 2009-06-08 | Effective Date: 2009-06-08 |
| | Supersedes: G-14 (rev. 3) | |

Appendix A - Diagram of the Natural Gas Trade Sector

