

EQUALIZATION STEERING COMMITTEE

To: All Shippers Participating in the Equalization Process

From: Equalization Steering Committee
Matthew Dixon and Nitesh Patel, Co-Chairs

Date: May 6, 2020

Subject: **Changes to Condensate Equalization Density Penalty Model – Change in Condensate Equalization Procedures to Address Impact of Negative Pricing**

On April 30, 2020, the Equalization Steering Committee, as a response to the potential for negative pricing and its impact on Condensate Equalization, requested that Shippers vote on proposed adjustments to the equalization procedures to address the effects of negative Allowance pricing, and to ensure continued stability in the equalization process.

In the event of negative Condensate allowance price and/or negative condensate/heavy price differential:

1. **Deemed Butane:** in any month, if the calculated Deemed Butane penalty is a negative value, the penalty for that month will be set at zero.
2. **Condensate Density Penalty:** in any month, if the calculated density penalty is less the zero, the density penalty will be set at zero for that month.

These changes were approved by Shippers and they will take effect for the **May 2020** production month. The density penalty calculation will be issued early in **June 2020**.

The penalty calculator and the density penalty model on the industryeq.ca will be updated as soon as possible to reflect these changes. Changes to the procedures will be issued at a later date.

If you have any questions about this, please contact

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or

any Equalization Committee Member

see Committee Member list at www.industryeq.ca