

Attachments 1 through 8

Undertaking 4

TRANSPORTATION ACCESS PROCEDURE

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TRANSPORTATION ACCESS PROCEDURE**1. PURPOSE**

- 1.1 The purpose of the Transportation Access Procedure contained herein (the "Procedure") is to set forth the process by which TransCanada shall administer requests for service to ensure fair and equitable treatment to all shippers seeking FT, FT-NR, STS-L and STS service (these shippers or other parties that submit either an Existing or New Capacity Bid Form ("Bid Form") in accordance with sub-Section 3.2 or sub-Section 4.2, or a signed Daily Open Season Bid Form in accordance with sub-Section 3.6, are hereinafter referred to as "Service Applicant") with TransCanada for the transportation of natural gas utilizing TransCanada's pipeline facilities and TransCanada's contractual entitlement on the pipeline systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Quebec and Maritimes Pipeline Inc. (collectively, TransCanada's "System Capacity").

2. APPLICABILITY

- 2.1 This Procedure is applicable to all requests for FT, FT-NR, STS-L and STS transportation services and to all requests for any increases to the Contract Demand under existing FT, STS-L and STS Contracts, provided however Section 4 shall not be applicable to any request for FT-NR transportation service.

3. ACCESS TO EXISTING SYSTEM CAPACITY**3.1 Posting of Existing Capacity**

If at any time prior to or during an open season TransCanada determines it has sufficient excess existing System Capacity available, TransCanada may at any time, notify Service Applicants and prospective Service Applicants by notice on TransCanada's electronic bulletin board, and by fax or email (the "Notice") of:

- (a) all or a portion of such System Capacity on each segment of the TransCanada's System Capacity, each such segment being defined by reference to the receipt point and the export delivery point or delivery area applicable thereto (the "System Segment"); such System Capacity on each System Segment is hereinafter referred to as the "Posted Capacity";

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- (b) the Date of Commencement (as defined in the FT, FT-NR, STS-L, and STS Contracts) for such Posted Capacity, provided that TransCanada is not obligated to offer Date of Commencement two (2) or more years from the date of the notice;
- (c) the type of service available;
- (d) in the case of FT-NR the term the service will be available for; and
- (e) the date(s) the Existing Capacity Open Season as defined in sub-Section 3.2(a) will commence and end.

3.2 The Open Season

- (a) TransCanada shall hold an open season for the Posted Capacity (an "Existing Capacity Open Season") commencing on or about May 5 in each calendar year (unless it has no Posted Capacity). The Existing Capacity Open Season shall be for a period of time determined by TransCanada which shall not be less than five (5) Banking Days after the commencement of such Existing Capacity Open Season. TransCanada may hold an additional Existing Capacity Open Season at any time it determines necessary. Service Applicant may during the Existing Capacity Open Season submit by fax or mail a Bid Form for all or a portion of the Posted Capacity for a minimum term of one (1) year. Bids with a term greater than 1 year shall be in full month increments. TransCanada must receive all Bid Forms before the end of such Existing Capacity Open Season.
- (b) Service Applicant shall submit a separate Bid Form for all or a portion of the capacity for each Posted Capacity. TransCanada shall accept a Bid Form for the purposes of evaluation and allocation in accordance with sub-Section 3.4 hereof for:
 - (i) capacity from a specified receipt point to a specified delivery point or area within the System Segment;
 - (ii) a different Date of Commencement;
 - (iii) a different type of service; or

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- (iv) a Bid Form which is subject to the condition that another specified Bid Form(s) has been accepted.
- (c) If TransCanada determines in its sole discretion that a Bid Form is incomplete or does not conform to the requirements herein, such Bid Form shall be rejected by TransCanada.
- (d) TransCanada shall advise Service Applicant whether or not its Bid Form has been rejected within two (2) Banking Days of its receipt.
- (e) Information on the Bid Forms will be kept confidential by TransCanada, however, TransCanada shall provide the information to the NEB if required or requested to do so by the NEB.
- (f) Within 2 Banking Days of the end of the Existing Capacity Open Season for each Bid Form, Shipper shall provide to TransCanada a deposit (the "Deposit") equal to the lesser of:
 - (i) one (1) month demand charges for the maximum capacity setout on the Bid Form; or
 - (ii) \$10,000.

3.3 Pricing of Posted Capacity

The toll applicable to the Posted Capacity shall be the toll approved by the NEB and set forth in the List of Tolls in the TransCanada Tariff.

3.4 Allocation of Posted Capacity

- (a) At the close of the Existing Capacity Open Season, TransCanada shall rank the submitted Bid Forms and TransCanada shall, subject to sub-Section 3.4(b), allocate the Posted Capacity among Service Applicants in the following descending priority:
 - (i) the demand toll multiplied by the Contract term for each Bid Form or combination of Bid Forms, with the bid(s) yielding the highest overall product having the highest priority;

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- (ii) the requested Date of Commencement, with the earliest requested Date of Commencement having the highest priority, provided that TransCanada will have no obligation to award any capacity to a Bid Form with a service to commence two or more years from the close of the Existing Capacity Open Season.
- (b) If two (2) or more Bid Forms or combinations of Bid Forms have the same ranking, determined in sub-Sections 3.4(a) and the available Posted Capacity is not sufficient to provide service for the quantities requested in those Bid Forms or combination Bid Forms, then the available Posted Capacity shall be allocated (rounded to the nearest GJ) on a pro-rata basis based on the maximum capacity requested in each Bid Form.
- (c) If the pro-rata share of remaining Posted Capacity allocated to a Bid Form pursuant to sub-Section 3.4(b) is less than the minimum capacity specified in such Bid Form, that Bid Form shall be deemed to be rejected by TransCanada and the remaining Posted Capacity shall be reallocated under sub-Section 3.4(b) excluding such Bid Form.
- (d) TransCanada shall allocate capacity to the Bid Forms with the highest rankings, until all the Bid Forms have been processed or until all available capacity has been allocated. If an offer of capacity is withdrawn, pursuant to sub-Section 3.5(d) then this capacity will be reallocated sequentially to the remaining Bid Forms according to the procedures in sub-Sections 3.4(a), (b), and (c).

3.5 Notification to Shippers

- (a) TransCanada will use reasonable efforts to notify, as soon as possible but in no event longer than two (2) Banking Days of the close of the Existing Capacity Open Season, by telephone, fax or otherwise, all Service Applicants who have been allocated any Posted Capacity.
- (b) Service Applicant shall provide TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions of TransCanada's Tariff, within one (1) Banking Day from the time

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TransCanada sends notice to Service Applicant pursuant to subsection 3.5(a). Such assurances would cover the transportation agreement resulting from the successful bid, as well as all other transportation agreements between TransCanada and Service Applicant (including those provided in relation to existing capacity, and those which were used to backstop TransCanada capacity expansions.) TransCanada may, at any time in its sole discretion, waive the requirement for Service Applicant to provide financial assurances or extend the period for providing such financial assurances.

- (c) Upon satisfaction of the financial assurances requirements in sub-Section 3.5(b), TransCanada shall forward to Service Applicant for execution a proforma transportation service contract for the Posted Capacity allocated to the Service Applicant (the "Transportation Contract"). Service Applicant, within ten (10) Banking Days from the Day TransCanada sends the Transportation Contract to the Service Applicant, shall execute and return to TransCanada for execution by TransCanada, the Transportation Contract.
- (d) If Service Applicant does not execute and return to TransCanada the Transportation Contract within ten (10) Banking Days, or if Service Applicant fails to provide financial assurances as required in sub-Section 3.5 (b), the offer to the Service Applicant for the Posted Capacity allocated to the Service Applicant shall be withdrawn and TransCanada shall keep the Deposit. TransCanada may in its sole discretion extend the ten (10) Day period for which Service Applicant can execute the Transportation Contract. If the Transportation Contract is signed, then the Deposit will be credited by TransCanada to the bill(s) for the first month(s) of service or returned to the Shipper, if requested.
- (e) TransCanada will return the Deposit provided by an unsuccessful Service Applicant within five (5) banking days from the date the Transportation Contracts are executed for all Posted Capacity for that Existing Capacity Open Season.

3.6 Daily Open Seasons

- (a) If not all Posted Capacity is allocated pursuant to sub-Section 3.4 above, TransCanada will post all or a portion of the remaining Posted Capacity (the

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“Available Capacity”) on its electronic bulletin board, and TransCanada will offer the Available Capacity for FT, FT-NR, STS-L or STS service in open seasons held on each normal business Day (“Daily Open Season”) for TransCanada’s head office (a “Business Day”). The Available Capacity on any System Segment to be posted will be determined as follows:

<u>Remaining Posted Capacity at Close of Existing Capacity Open Season</u>	<u>Available Capacity for Daily Open Season</u>
Greater than or equal to 20,000 GJ/Day	50 percent of remaining Posted Capacity
10,000 to 20,000 GJ/Day	10,000 GJ/Day
Less than 10,000 GJ/Day	100 percent of remaining Posted Capacity

- (b) TransCanada shall post the Available Capacity on its electronic bulletin board by 11:00 hours CCT on each Day that a Daily Open Season is held. Capacity will be awarded according to bids received by 16:00 hours CCT.
- (c) TransCanada shall post on its electronic bulletin board a summary of all new operating FT, FT-NR STS-L or STS Contracts entered into that reduce the Available Capacity, and an explanation of why other changes are made to the Available Capacity.
- (d) Service Applicants will bid in a Daily Open Season by submitting a signed Daily Open Season Bid Form, as well as any financial assurances required by TransCanada. All Daily Open Season Bid Forms once received by TransCanada shall be deemed to be irrevocable and cannot be withdrawn or amended by

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Service Applicant unless such Daily Open Season Bid Form is subject to the condition that another Daily Open Season Bid Form as set out in the Daily Open Season Bid Form has been accepted.

- (e) TransCanada shall not be obligated to accept any bid if the Service Applicant has not provided Financial Assurances requested by TransCanada on any other transportation agreements between TransCanada and that Service Applicant (including those provided from existing capacity, and those which were used to backstop TransCanada capacity expansions).
- (f) TransCanada is not obligated to offer Date of Commencement two (2) or more years from the date of the Daily Open Season.
- (g) TransCanada shall not be obligated to accept in any Daily Open Season any bid for service to start within 5 Banking Days of the date on which the bid is made.
- (h) The Daily Open Season bids will be evaluated according to the criteria for Existing Capacity Open Season bids as outlined in sub-Section 3.4.
- (i) If a Daily Open Season Bid Form is accepted by TransCanada, TransCanada shall provide a Transportation Contract to Service Applicant. Service Applicant shall then have 1 Banking Day to execute and return such Transportation Contract.
- (j) TransCanada will not hold a Daily Open Season under any of the following circumstances:
 - (i) on any Day other than a Business Day; or
 - (ii) if TransCanada has no Available Capacity to offer; or
 - (iii) if TransCanada has given notice that it will be holding either an Existing Capacity Open Season pursuant to sub-Section 3.2 hereof, or a New Capacity Open Season pursuant to sub-Section 4.1 hereof. No Daily Open Season would be held from the date of such notice until after the Existing Capacity Open Season, or the New Capacity Open Season, as the case may be, has concluded, and the requested capacity has been

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allocated, provided however TransCanada may continue to offer capacity in a Daily Open Season if TransCanada determines in its sole discretion such capacity does not reduce the capacity offered in the Existing Capacity Open Season and/or New Capacity Open Season

- (j) After all Available Capacity has been allocated in the Daily Open Season held pursuant to sub-Section 3.6, the portion of the remaining Posted Capacity not offered in the Daily Open Season shall be made available in the next Existing Capacity Open Season and/or New Capacity Open Season.

4. ACCESS TO NEW SYSTEM CAPACITY

4.1 The New Capacity Open Season

- (a) When TransCanada determines, in its sole discretion, that there is a reasonable expectation of a long term requirement for an expansion of TransCanada's System Capacity (the "New Capacity") and that it intends to prepare and to submit to the NEB an application pursuant to Part III of the National Energy Board Act for authorization to construct facilities or otherwise obtain additional System Capacity (the "Facilities Application"), TransCanada shall place a notice on its electronic bulletin board and otherwise notify potential Service Applicants by fax or email that it will hold an open season (the "New Capacity Open Season"). Such notice shall:
- (i) identify the minimum term of service required by TransCanada for bids in support of the Facilities Application (the "Minimum Term");
 - (ii) request that Service Applicants provide to TransCanada;
 - A. Bid Form(s) by the end of the New Capacity Open Season; and
 - B. By the date referred to in sub-Section 4.4(c)(i), all applicable supporting documentation set out in the National Energy Board's Filing Manual, determined by TransCanada to be necessary for submission to the NEB in support of TransCanada's Facilities Application pursuant to Part III of the NEB Act and which evidence

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supports the Service Applicant's need for transportation service in the timeframe contemplated in the Service Applicant's Bid Form;

- (iii) identify the expected date by which such additional capacity might first be offered for service (the "New Service Start Date");
- (iv) identify the dates on which the New Capacity Open Season will commence and end;
- (v) indicate the System Segments which are being offered; and
- (vi) identify any System Segments where TransCanada determines in its sole discretion that TransCanada may be limited as to the total capacity that may be made available and the time such capacity may be available.

4.2 Bidding in the New Capacity Open Season

- (a) Service Applicant shall submit a separate Bid Form, and other documentation as described in sub-Section 4.1(a)(ii) for each separate request. TransCanada shall accept a Bid Form and documentation for the purposes of evaluation and allocation in accordance with sub-Section 4.3 hereof for:
 - (i) capacity from a specified receipt point to a specified delivery point or area within the System Segment; or
 - (ii) a different Date of Commencement; or
 - (iii) a different service; or
 - (iv) a Bid Form which is subject to the condition that another specified Bid Form(s) has been accepted.

Each Bid Form once received by TransCanada shall be irrevocable.

- (b) TransCanada shall not be obligated to accept any bid if Service Applicant has not provided financial assurances requested by TransCanada on any other transportation agreements between TransCanada and Service Applicant .

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- (c) Information on the Bid Forms and in the supporting documentation provided pursuant to sub-Section 4.4(c)(i) will be kept confidential. However, TransCanada shall provide the information to the NEB if required or requested to do so by the NEB, including as needed to support a Facilities Application. Any information submitted by a Service Applicant who has not been allocated capacity pursuant to sub-Section 4.3 shall be destroyed by TransCanada.
- (d) Within 2 Banking Days of the end of the New Capacity Open Season, for each Bid Form Shipper shall provide to TransCanada a deposit (the "New Capacity Deposit") equal to the lesser of:
 - (i) one (1) month demand charges for the maximum capacity set out on the Bid Form, calculated based on the tolls in place when the Bid Form was submitted; or
 - (ii) \$10,000.

4.3 Allocation of Capacity

- (a) At the close of the New Capacity Open Season TransCanada shall rank the accepted Bid Forms and TransCanada shall, subject to sub-Section 4.3(b), allocate the New Capacity among Service Applicants in the following descending priority:
 - (i) the demand toll in effect for the service at the time the New Capacity Open Season closes, multiplied by the Contract term for each Bid Form or combination of Bid Forms, with the bid(s) resulting in the highest overall total product having the highest priority;
 - (ii) the requested Date of Commencement, with the earliest requested Date of Commencement having the highest priority, provided that such commencement date is not earlier than the New Service Start Date.
- (b) If two (2) or more Bid Forms or combinations of Bid Forms have the same ranking, as determined by the procedure set in sub-Section 4.3(a) and the Additional Capacity is not sufficient to provide service for the quantities requested in those Bid Forms or combination of Bid Forms, then the Additional

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Capacity shall be allocated (rounded to the nearest GJ) on a pro-rata basis based on the maximum capacity requested in each Bid Form.

- (c) If the pro-rata share of remaining Additional Capacity allocated to a Bid Form pursuant to sub-Section 4.3(b) is less than the minimum capacity specified in such Bid Form, that Bid Form shall be deemed to be rejected by TransCanada and the remaining Additional Capacity shall be reallocated under sub-Section 4.3(b) excluding such Bid Form.
- (d) TransCanada shall allocate capacity to the Bid Forms with the highest rankings until all the Bid Forms have been processed or until all Available Capacity has been allocated. If an offer of capacity is deemed to be withdrawn or rejected, pursuant to sub-Sections 4.4(c) or 4.5, then this capacity will be reallocated sequentially to the remaining Bid Forms according to the procedures in sub-Sections 4.3(a), (b), and (c).

4.4 Notification to Shippers

- (a) TransCanada will use reasonable efforts to notify, as soon as possible but in no event longer than fifteen (15) Banking Days of the close of the Open Season, by telephone, fax or otherwise, all Service Applicants who have been allocated any Additional Capacity (the "Successful Bidders").
- (b) TransCanada shall return the New Capacity Deposit to each Service Applicant not offered any Additional Capacity.
- (c) TransCanada shall prepare and forward to each Successful Bidder:
 - (i) a binding transportation service precedent agreement for the service requested pursuant to their Bid Form ("TransCanada's Offer"), which precedent agreement shall set forth the terms and conditions, including the conditions precedent, upon which the service is offered to Service Applicant (the "Precedent Agreement"). TransCanada's Offer shall be subject to the following condition:

The Successful Bidder has provided the supporting documentation, referred to in sub-Section 4.1(a)(ii), to TransCanada within 5 Banking

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Days (or such longer period agreed to by TransCanada) of receipt of the Precedent Agreement and such supporting documentation is complete, conforms to the requirements herein and is in a form satisfactory to TransCanada.

If TransCanada determines in its sole discretion that the condition is not satisfied, TransCanada shall notify in writing the Successful Bidder. The Successful Bidder shall have 5 Banking Days following receipt of such notification to satisfy the condition, or TransCanada's Offer shall be deemed to be withdrawn. TransCanada will have the option of allocating any capacity arising from withdrawn offers to any accepted Bid Forms that were not allocated capacity, pursuant to sub-Section 4.3.

- (ii) an agreement which sets forth the financial assurances which the Service Applicant will be required to provide to TransCanada prior to TransCanada's execution of the Transportation Contract for the service which is the subject of the Precedent Agreement (the "Financial Assurances Agreement").

Service Applicant may accept TransCanada's Offer by executing and returning the Precedent Agreement, and the Financial Assurances Agreement within thirty (30) calendar Days of Service Applicant's receipt thereof (the "Return Period") and Service Applicant's service request (the "Accepted Bid") shall then be included in support of TransCanada's Facilities Application ("Service Applicant's Acceptance"). The Return Period may be extended at TransCanada's discretion, if so requested by Service Applicant.

- (d) Upon inclusion of an Accepted Bid in support of TransCanada's Facilities Application, Service Applicant shall then be obligated to provide to TransCanada any additional information that the NEB may require in accordance with NEB procedural orders and information requests in respect of TransCanada's Facilities Application.
- (e) Upon Service Applicant's Acceptance, if TransCanada provides service as set out in the Precedent Agreement (as it may be amended), the New Capacity

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Deposit will be credited to Service Applicant in the first month(s) bill(s) for service, or returned to Service Applicant if Service Applicant so requests. If TransCanada is unable to provide the service as set out in the Precedent Agreement the New Capacity Deposit will be returned to Service Applicant by TransCanada.

4.5 Non-Acceptance of Offers

- (a) If Service Applicant does not execute and return both the Precedent Agreement and Financial Assurances Agreement, and such other documents that TransCanada determines to be necessary within the Return Period, Service Applicant will have been deemed to have rejected TransCanada's offer (the "Rejected Offer"). In such case TransCanada will have no obligation to return the New Capacity Deposit provided by Service Applicant.
- (b) TransCanada will have the option of allocating any capacity arising from Rejected Offers to any accepted Bid Forms that were not allocated capacity, pursuant to sub-Section 4.3.

4.6 Inclusion of Existing Capacity

- (a) If TransCanada's determines in its sole discretion that prior to or during the New Capacity Open Season excess existing System Capacity is or becomes available, TransCanada shall:
 - (i) include such excess existing System Capacity in the New Capacity Open Season; or
 - (ii) change the New Capacity Open Season to include such excess existing System Capacity;

provided that such change is made no less than 5 Banking Days prior to the end of a New Capacity Open Season;

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- (b) If TransCanada includes such excess existing System Capacity in a New Capacity Open Season, Service Applicant can apply for service pursuant to Section 3 or Section 4; and
 - (c) If TransCanada includes such excess existing System Capacity in the New Capacity Open Season, TransCanada shall allocate such excess existing System Capacity to all Service Applicants for New Capacity and existing System Capacity pursuant to sub-section 3.4. If there remain Service Applicants for New Capacity whose requests were not satisfied, or only satisfied in part, such Service Applicants for New Capacity will be allocated New Capacity for such unsatisfied or partially satisfied requests pursuant to sub-section 4.3.
 - (d) If such excess existing System Capacity is allocated to New Capacity requests with Dates of Commencement in the future such System Capacity shall be made available to Shippers, firstly as service under the FT-NR Toll Schedule, and secondly as service under the STFT Toll Schedule, during the period commencing on the date such existing System Capacity is available or becomes available and ending on the Day immediately prior to the requested Date(s) of Commencement.
- 5. MISCELLANEOUS PROVISIONS**
- a) This Procedure is subject to the provisions of the National Energy Board Act and any other legislation passed in amendment thereof or substitution therefore.
 - b) Any upper cased term not defined herein shall have the meaning attributed thereto in the General Terms & Conditions of TransCanada's Tariff as amended from time to time.

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APPENDIX "A"

EXISTING OR NEW CAPACITY OPEN SEASON BID FORM

System Segment: _____

The Delivery Point: _____ The Receipt Point: _____

Date of Commencement: _____

Service Termination Date: _____

Maximum Capacity: _____ GJ/Day Minimum Capacity: _____ GJ/Day

Type of Service Requested: FT____ FT-NR____ STS-L____ STS____

Allocated Posted Capacity: _____ GJ's/Day

Service Applicant Contact

Name: _____

Address: _____

Telephone: _____ Telecopy: _____

Is this Bid Form conditional upon another bid form(s)?

Yes ___ **No** ___ If **Yes**, the Bid Form(s), upon which this Bid Form is conditional must be attached. Indicate number of bid forms attached:_____.

The Bid Form shall be subject to the General Terms and Conditions, the applicable Toll Schedule and List of Tolls of TransCanada's Tariff.

Dated this _____ Day of _____, _____.

Service Applicant:

By: _____

By: _____

Title: _____

Title: _____

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APPENDIX "B"

DAILY CAPACITY OPEN SEASON BID FORM

System Segment: _____

The Delivery Point: _____ The Receipt Point: _____

Date of Commencement: _____ Service Termination Date: _____

Maximum Capacity: _____ GJ/Day Minimum Capacity: _____ GJ/Day

Type of Service Requested: FT___ FT-NR___ STS-L___ STS___

Allocated Posted Capacity: _____ GJ's/Day

Service Applicant Contact

Name: _____

Address: _____

Telephone: _____ Telecopy: _____

Is this Bid Form conditional upon another bid form(s)?

Yes ___ **No** ___ If **Yes**, the Bid Form(s), upon which this Bid Form is conditional must be attached. Indicate number of bid forms attached: _____.

Service Applicant agrees that:

1. This Bid Form once received by TransCanada shall be irrevocable and cannot be withdrawn or amended by Service Applicant unless such Daily Open Season Bid Form is subject to the condition that another Daily Open Season Bid Form as set out in the Daily Open Season Bid Form has been accepted and shall be subject to the General Terms and Conditions, the applicable Toll Schedule and List of Tolls of TransCanada's Tariff; and
2. Service Applicant shall execute the Transportation Contract within 1 Banking Day from the Day TransCanada provides such Transportation Contract.

Dated this _____ Day of _____, _____.

Service Applicant:

By: _____

By: _____

Title: _____

Title: _____

Signed: _____

Signed: _____

**APPENDIX “A”
TO
GAS TRANSPORTATION TARIFF
OF
NOVA GAS TRANSMISSION LTD.**

**TERMS AND CONDITIONS RESPECTING
ACCESS TO TRANSPORTATION SERVICE AT EXPORT DELIVERY
POINTS**

**TERMS AND CONDITIONS RESPECTING
ACCESS TO TRANSPORTATION SERVICE AT EXPORT DELIVERY POINTS**

1.0 DEFINITIONS

1.1 Capitalized terms used in this Appendix have the meanings attributed to them in the Tariff unless otherwise defined in this Appendix.

2.0 PROCEDURES FOR ACCESS TO FT-D EXISTING CAPACITY

2.1 Posting of Existing Capacity

If Company determines that capacity is available or may become available for Service under Rate Schedule FT-D that does not require new Facilities (“Existing Capacity”), Company shall provide notice on its website of the open season for such Existing Capacity (the “Existing Capacity Open Season”). At least 3 Banking Days (excluding statutory holidays in the United States) after such notice, Company shall post on its website:

- (a) the quantity of Existing Capacity available at the Export Delivery Point;
- (b) the date such Existing Capacity will be available; and
- (c) the Closing Date for such Existing Capacity Open Season.

2.2 Existing Capacity Bid Process

If Company posts Existing Capacity pursuant to paragraph 2.1, prospective customers may bid for such Existing Capacity, on any Banking Day up to and including the Closing Date, as follows:

- (a) Prospective customers shall submit a completed and unedited bid form, in the form set out in article 6.0 (the “Open Season Bid Form”);

- (b) The requested term of Service, as established by the requested Service Commencement Date and requested Service Termination Date, each set out on the Open Season Bid Form, shall be a minimum term of one year;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Closing Date;
- (d) Within 2 Banking Days of the Closing Date, prospective customers shall provide to Company for each Open Season Bid Form, a deposit equal to the lesser of:
 - (i) one month demand charges for the Export Delivery Contract Demand set out on the Open Season Bid Form; or
 - (ii) \$10,000.

The deposit shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements and Schedules of Service under Rate Schedule FT-D are executed for all Existing Capacity posted in the Existing Capacity Open Season.

If Company awards Existing Capacity to a prospective customer and such customer executes the Service Agreement and Schedule of Service under Rate Schedule FT-D for such Existing Capacity, the deposit will be credited to the bill for the first month of Service or returned to the Customer if requested;

- (e) A prospective customer and/or its affiliate, either together or individually, shall not submit an Open Season Bid Form for a quantity greater than the Existing Capacity being offered or submit multiple bids where the aggregate Export Delivery Contract Demand of the multiple bids exceeds the Existing Capacity being offered; and
- (f) Company shall not be obligated to accept any bid if:

- (i) the Service Commencement Date is within 5 Banking Days of the Closing Date;
- (ii) the Service Commencement Date is more than 12 months from the Closing Date; and
- (iii) the prospective customer has not met the criteria set forth in article 2.0.

2.3 Conditional Bids

2.3.1 If a prospective customer's bid is subject to the condition set out in paragraph 8 of the Open Season Bid Form that such prospective customer has been awarded capacity through a direct interconnecting pipeline open season process (the "Interconnecting Pipeline Open Season"), Customer shall within 2 Banking Days from the Existing Capacity Open Season Closing Date provide written notice to Company that either the condition has been satisfied or waived. If such prospective customer fails to provide Company with such notice, the condition shall be deemed satisfied and Company may award Existing Capacity to such prospective customer pursuant to paragraph 2.4.

2.3.2 If the capacity awarded to a prospective customer through an Interconnecting Pipeline Open Season is less than the requested Export Delivery Contract Demand set out in the Open Season Bid Form, prospective customer may reduce the Export Delivery Contract Demand to a quantity not less than the capacity awarded through such Interconnecting Pipeline Open Season.

2.4 Awarding of Existing Capacity

Subject to paragraphs 2.3 and 2.5, Existing Capacity shall be awarded to the prospective customers whose bids are accepted by Company as follows:

- (a) Company shall rank the bids in descending priority based on the following criteria:

- (i) first, on the basis of the per unit product of the current FT-D Demand Rate multiplied by the requested term (where the bid with the highest per unit product shall have the higher priority); and
 - (ii) second, by the Service Commencement Date (where the bid with the earlier Service Commencement Date shall have the higher priority).
- (b) Subject to subparagraph 2.4(d), Company shall award Existing Capacity to the bids in sequential order, based on the priority established pursuant to subparagraph 2.4(a), until all the bids have been processed or until all Existing Capacity has been awarded;
- (c) Subject to subparagraph 2.4(d), if two or more bids have the same priority and the Existing Capacity is not sufficient to provide the total Export Delivery Contract Demand, then the Existing Capacity shall be awarded to such bids on a pro rata basis based on the Export Delivery Contract Demand of each bid;
- (d) If the Existing Capacity to be awarded to a bid as determined by Company in either subparagraph 2.4(b) or subparagraph 2.4(c) is less than the minimum Export Delivery Contract Demand as set out in such Open Season Bid Form, that bid shall be deemed to be rejected by Company and no Existing Capacity shall be awarded to such bid. The remaining Existing Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subparagraph 2.4(a), until all the bids have been processed or until all Existing Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of prospective customers when Company awards Existing Capacity to such prospective customers. Company shall notify such prospective customers who have been awarded Existing Capacity within 3 Banking Days from the Closing Date.

2.5 Requirements for Existing Capacity

Where Company awards Existing Capacity to a prospective customer pursuant to paragraph 2.4, such prospective customer shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Service Agreement and Schedule of Service under Rate Schedule FT-D for such Existing Capacity;
- (b) provide sufficient financial information to demonstrate its creditworthiness; and
- (c) provide a Financial Assurance to Company pursuant to paragraph 10.1 of the General Terms and Conditions.

2.6 Daily Open Season

2.6.1 Posting of Existing Capacity for Daily Open Season

If on any Banking Day (excluding statutory holidays in the United States), Company determines there is Existing Capacity available that has not been awarded by Company pursuant to paragraph 2.4, Company shall post on its website (the “Daily Open Season”) the following:

- (a) the quantity of Existing Capacity available at the Export Delivery Point;
and
- (b) the date such Existing Capacity will be available.

If all or a portion of such Existing Capacity has not been awarded pursuant to subparagraph 2.6.3, such Existing Capacity shall be deemed to be re-posted by Company on each subsequent Banking Day (excluding statutory holidays in the United States) until such Existing Capacity is awarded pursuant to subparagraph 2.6.3 or until Company holds an Existing Capacity Open Season pursuant to paragraph 2.1 or an Expansion Capacity Open Season pursuant to paragraph 3.1.

If, at any time, Company determines that it will hold an Existing Capacity Open Season pursuant to paragraph 2.1 or an Expansion Capacity Open Season pursuant to paragraph 3.1, Company may reduce all or a portion of the Existing Capacity available for the Daily Open Season. Company shall provide notice on its website, at least 3 Banking Days in advance, of any such reduction. If all Existing Capacity has not been awarded pursuant to 2.6.3, Company may offer any remaining Existing Capacity as Expansion Capacity pursuant to paragraph 3.1.

2.6.2 Daily Open Season Bid Process

If Company posts Existing Capacity pursuant to subparagraph 2.6.1, prospective customers may bid for such Existing Capacity on the day that the Existing Capacity is posted or deemed to be re-posted as follows:

- (a) Prospective customers shall submit a completed and unedited bid form, in the form set out in article 7.0 (the “Daily Open Season Bid Form”);
- (b) The requested term of Service, as established by the Service Commencement Date and requested Service Termination Date, each set out on the Daily Open Season Bid Form, shall be a minimum term of one year;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the day the Existing Capacity is posted or deemed re-posted;
- (d) No deposit is required to accompany the prospective customer’s bid;
- (e) A prospective customer and/or its affiliate, either together or individually, shall not submit a Daily Open Season Bid Form for a quantity greater than the Existing Capacity being offered or submit multiple bids where the

aggregate Export Delivery Contract Demand of the multiple bids exceeds the Existing Capacity being offered; and

- (f) Company shall not be obligated to accept any bid if:
 - (i) the Service Commencement Date is within 5 Banking Days of the date such Existing Capacity is posted or deemed re-posted;
 - (ii) the Service Commencement Date of such bid is more than 12 months from the date such Existing Capacity is posted or deemed re-posted; and
 - (iii) the prospective customer has not met the criteria set forth in paragraph 2.6.

2.6.3 Awarding of Existing Capacity for Daily Open Season

Subject to subparagraph 2.6.4, Existing Capacity shall be awarded each day to the prospective customers whose bids are accepted by Company as follows:

- (a) Company shall rank the bids in descending priority based on the following criteria:
 - (i) first, on the basis of the per unit product of the current FT-D Demand Rate multiplied by the requested term (where the bid with the highest per unit product shall have the higher priority); and
 - (ii) second, by the Service Commencement Date (where the bid with the earlier Service Commencement Date shall have the higher priority).
- (b) Subject to subparagraph 2.6.3(d), Company shall award Existing Capacity to the bids in sequential order, based on the priority established pursuant

to subparagraph 2.6.3(a), until all the bids have been processed or until all Existing Capacity has been awarded;

- (c) Subject to subparagraph 2.6.3(d), if two or more bids have the same priority and the Existing Capacity is not sufficient to provide the total Export Delivery Contract Demand, then the Existing Capacity shall be awarded to such bids on a pro rata basis based on the Export Delivery Contract Demand of each bid;
- (d) If the Existing Capacity to be awarded to a bid as determined by Company in either subparagraph 2.6.3(b) or paragraph 2.6.3(c) is less than the minimum Export Delivery Contract Demand as set out in such Daily Open Season Bid Form, that bid shall be deemed to be rejected by Company and no Existing Capacity shall be awarded to such bid. The remaining Existing Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subparagraph 2.6.3(a), until all the bids have been processed or until all Existing Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of prospective customers when Company awards Existing Capacity to such prospective customers. Company shall notify such prospective customers who have been awarded Existing Capacity within 2 Banking Days from the date such Existing Capacity is posted or deemed re-posted.

2.6.4 Requirements for Existing Capacity

Where Company awards Existing Capacity to a prospective customer pursuant to subparagraph 2.6.3, such prospective shipper shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Service Agreement and Schedule of Service under Rate Schedule FT-D, for such Existing Capacity;
- (b) provide sufficient financial information to demonstrate its creditworthiness; and
- (c) provide a Financial Assurance to Company pursuant to paragraph 10.1 of the General Terms and Conditions.

3.0 PROCEDURES FOR ACCESS TO FT-D EXPANSION CAPACITY

3.1 Posting of Expansion Capacity

If Company determines that demand for Service under Rate Schedule FT-D may be sufficient to consider expansion of existing Facilities (“Expansion Capacity”), Company shall provide notice on its website of the open season for such Expansion Capacity (the “Expansion Capacity Open Season”). At least 3 Banking Days after such notice (excluding statutory holidays in the United States), Company shall post on its website:

- (a) the date such Expansion Capacity may be available; and
- (b) the closing date for such Expansion Capacity Open Season (the “Expansion Closing Date”).

3.2 Expansion Capacity Bid Process

If Company posts Expansion Capacity pursuant to Paragraph 3.1, prospective customers may bid for such Expansion Capacity, on any Banking Day up to and including the Expansion Closing Date, as follows:

- (a) Prospective customers shall submit a completed and unedited Open Season Bid Form set out in article 6.0;

- (b) The requested term of Service, as established by the Service Commencement Date and the requested Service Termination Date, each set out in the Open Season Bid Form, shall be a minimum term of 10 years;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Expansion Closing Date;
- (d) Within 2 Banking Days of the Expansion Closing Date, prospective customers shall provide to Company for each Open Season Bid Form, a deposit equal to the lesser of:
 - (i) one month demand charges for the Export Delivery Contract Demand set out on the Open Season Bid Form; or
 - (ii) \$10,000.

The deposit shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements and Schedules of Service under Rate Schedule FT-D are executed for all Expansion Capacity posted in the Expansion Capacity Open Season.

If Company awards Expansion Capacity to a prospective customer and such customer executes the Service Agreement and Schedule of Service under Rate Schedule FT-D for such Expansion Capacity, the deposit will be credited to the bill for the first month of Service or returned to the Customer if requested;

- (e) Company shall not be obligated to accept any bid if:
 - (i) the Service Commencement Date is different from the date such Expansion Capacity may be available, as set out by Company in subparagraph 3.1(a); and
 - (ii) the prospective customer has not met the criteria set forth in article 3.0.

3.3 Conditional Bids

3.3.1 If a prospective customer's bid is subject to the condition set out in paragraph 8 of the Open Season Bid Form that such prospective customer has been awarded capacity through an Interconnecting Pipeline Open Season, Customer shall within 5 Banking Days from the Expansion Closing Date provide written notice to Company that either the condition has been satisfied or waived. If such prospective customer fails to provide Company with such notice, the condition shall be deemed satisfied and Company may award Expansion Capacity to such prospective customer pursuant to paragraph 3.4.

3.3.2 If the capacity awarded to a prospective customer through an Interconnecting Pipeline Open Season is less than the requested Export Delivery Contract Demand set out in the Open Season Bid Form, prospective customer may reduce the Export Delivery Contract Demand to a quantity not less than the capacity awarded through such Interconnecting Pipeline Open Season.

3.4 Awarding of Expansion Capacity

Subject to paragraphs 3.3 and 3.5, Expansion Capacity shall be awarded to the prospective customers whose bids are accepted by Company as follows:

- (a) Company shall rank the bids in descending priority on the basis of the per unit product of the current FT-D Demand Rate multiplied by the requested term (where the bid with the highest per unit product shall have the higher priority);
- (b) Subject to subparagraph 3.4(d), Company shall award Expansion Capacity to the bids in sequential order, based on the priority established pursuant to subparagraph 3.4(a), until all the bids have been processed or until all Expansion Capacity has been awarded;
- (c) Subject to subparagraph 3.4(d), if two or more bids have the same priority and the Expansion Capacity is not sufficient to provide the total Export Delivery Contract

Demand, then the Expansion Capacity shall be awarded to such bids on a pro rata basis based on the Export Delivery Contract Demand of each bid;

- (d) If the Expansion Capacity to be awarded to a bid as determined by Company in either subparagraph 3.4(b) or subparagraph 3.4(c) is less than the minimum Export Delivery Contract Demand as set out in such Open Season Bid Form, that bid shall be deemed to be rejected by Company and no Expansion Capacity shall be awarded to such bid. The remaining Expansion Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subparagraph 3.4(a), until all the bids have been processed or until all Expansion Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of prospective customers when Company awards Expansion Capacity to such prospective customers. Company shall notify such prospective customers who have been awarded Expansion Capacity within 10 Banking Days from the Expansion Closing Date.

3.5 Requirements for Expansion Capacity

Where Company awards Expansion Capacity to a prospective customer pursuant to paragraph 3.4, such prospective shipper shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Service Agreement and Schedule of Service under Rate Schedule FT-D, for such Expansion Capacity;
- (b) provide sufficient financial information to demonstrate its creditworthiness; and
- (c) provide a Financial Assurance to Company pursuant to paragraph 10.1 of the General Terms and Conditions.

4.0 PROCEDURES FOR ACCESS TO FT-DW CAPACITY

4.1 Posting of FT-DW Capacity

If Company determines that capacity is available or may become available for Service under Rate Schedule FT-DW that does not require new Facilities (“FT-DW Capacity”), Company shall provide notice on its website of the open season for such FT-DW Capacity (the “FT-DW Capacity Open Season”). At least 3 Banking Days (excluding statutory holidays in the United States) after such notice, Company shall post on its website:

- (a) the quantity of FT-DW Capacity available at the Export Delivery Point;
- (b) the date such FT-DW Capacity will be available; and
- (c) the Closing Date for such FT-DW Capacity Open Season.

4.2 FT-DW Capacity Bid Process

If Company posts FT-DW Capacity pursuant to paragraph 4.1, prospective customers may bid for such FT-DW Capacity, on any Banking Day up to and including the Closing Date, as follows:

- (a) Prospective customers shall submit a bid for such FT-DW Capacity in the form of a completed and unedited FT-DW Service Agreement and Schedule of Service attached as Exhibit “A” to the FT-DW Service Agreement;
- (b) The term of Service shall be the term as set out in Rate Schedule FT-DW;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Closing Date;
- (d) No deposit is required to accompany the prospective customer’s bid;

- (e) A prospective customer and/or its affiliate, either together or individually, shall not submit a Schedule of Service for a quantity greater than the FT-DW Capacity being offered or submit multiple bids where the aggregate maximum FT-DW Capacity of the multiple bids exceeds the FT-DW Capacity being offered; and
- (f) Company shall not be obligated to accept any bid if:
 - (i) the Service Commencement Date does not match the date such FT-DW Capacity is available as set out in the FT-DW Capacity Open Season notice; and
 - (ii) the prospective customer has not met the criteria set forth in article 4.0.

4.3 Awarding of FT-DW Capacity

Subject to paragraph 4.4, FT-DW Capacity shall be awarded to the prospective customers whose bids are accepted by Company as follows:

- (a) Company shall rank the bids in descending priority on the basis of the FT-DW Bid Price (where the bid with the highest bid price shall have the higher priority);
- (b) Subject to subparagraph 4.3(d), Company shall award FT-DW Capacity to the bids in sequential order, based on the priority established pursuant to subparagraph 4.3(a), until all the bids have been processed or until all FT-DW Capacity has been awarded;
- (c) Subject to subparagraph 4.3(d), if two or more bids have the same priority and the FT-DW Capacity is not sufficient to provide the total maximum FT-DW Capacity, then the FT-DW Capacity shall be awarded to such bids on a pro rata basis based on the maximum FT-DW Capacity of each bid;
- (d) If the FT-DW Capacity to be awarded to a bid as determined by Company in either subparagraph 4.3(b) or subparagraph 4.3(c) is less than the minimum FT-

DW Capacity as set out in such Schedule of Service, that bid shall be deemed to be rejected by Company and no FT-DW Capacity shall be awarded to such bid. The remaining FT-DW Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subparagraph 4.3(a), until all the bids have been processed or until all FT-DW Capacity has been awarded; and

- (e) Company shall be deemed to have accepted the bids of prospective customers when Company awards FT-DW Capacity to such prospective customers. Company shall notify such prospective customers who have been awarded FT-DW Capacity within 3 Banking Days from the Closing Date.

4.4 Requirements for FT-DW Capacity

Where Company awards FT-DW Capacity to a prospective customer pursuant to paragraph 4.3, such prospective customer shall, at the request of Company:

- (a) provide sufficient financial information to demonstrate its creditworthiness; and
- (b) provide a Financial Assurance to Company pursuant to paragraph 10.1 of the General Terms and Conditions.

5.0 PROCEDURES FOR ACCESS TO STFT CAPACITY

5.1 Posting of STFT Capacity

If Company determines that capacity is available or may become available for Service under Rate Schedule STFT that does not require new Facilities (“STFT Capacity”), Company shall provide notice on its website of the open season for such STFT Capacity (the “STFT Capacity Open Season”). At least 3 Banking Days (excluding statutory holidays in the United States) after such notice, Company shall post on its website:

- (a) the quantity of STFT Capacity available at the Export Delivery Point;
- (b) the date such STFT Capacity will be available;
- (c) the Months such STFT Capacity is available; and
- (d) the Closing Date for such STFT Capacity Open Season.

5.2 STFT Capacity Bid Process

If Company posts STFT Capacity pursuant to paragraph 5.1, prospective customers may bid for such STFT Capacity, on any Banking Day up to and including the Closing Date, as follows:

- (a) Prospective customers shall submit a bid for such available STFT Capacity in the form of a completed and unedited Schedule of Service attached as Exhibit "A" to the STFT Service;
- (b) The requested term of Service, as established by the requested Service Commencement Date and requested Service Termination Date, each set out on the Schedule of Service, shall be a minimum term of 7 days and a maximum term of one year less one day and shall end on the last day of a Month;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Closing Date;
- (d) No deposit is required to accompany the prospective customer's bid;
- (e) A prospective customer and/or its affiliate, either together or individually, shall not submit a Schedule of Service for a quantity greater than the STFT Capacity being offered or submit multiple bids where the aggregate maximum STFT Capacity of the multiple bids exceeds the STFT Capacity being offered; and
- (f) Company shall not be obligated to accept any bid if:

- (i) the Service Commencement Date is within 5 Banking Days of the Closing Date;
- (ii) the prospective customer has not met the criteria set forth in article 5.0.

5.3 Awarding of STFT Capacity

Subject to paragraph 5.4, STFT Capacity shall be awarded to the prospective customers whose bids are accepted by Company as follows:

- (a) Company shall rank the bids in descending priority based on the following criteria:
 - (i) first, on the basis of the per unit product of the STFT Bid Price multiplied by the requested term (where the bid with the highest per unit product shall have the higher priority); and
 - (ii) second, by the Service Commencement Date (where the bid with the earlier Service Commencement Date shall have the higher priority).
- (b) Subject to subparagraph 5.3(e), Company shall award STFT Capacity to the bids in sequential order, based on the priority established pursuant to subparagraph 5.3(a), until all the bids have been processed or until all STFT Capacity has been awarded;
- (c) Subject to subparagraph 5.3(e), if two or more bids have the same priority and the STFT Capacity is not sufficient to provide the total maximum STFT Capacity, then the STFT Capacity shall be awarded to such bids on a pro rata basis based on the maximum STFT Capacity of each bid;
- (d) No deposit is required to accompany the prospective customer's bid;
- (e) If the STFT Capacity to be awarded to a bid as determined by Company in either subparagraph 5.3(b) or subparagraph 5.3(c) is less than the minimum STFT

Capacity as set out in such Schedule of Service, that bid shall be deemed to be rejected by Company and no STFT Capacity shall be awarded to such bid. The remaining STFT Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subparagraph 5.3(a), until all the bids have been processed or until all STFT Capacity has been awarded; and

- (f) Company shall be deemed to have accepted the bids of prospective customers when Company awards Capacity to such prospective customers. Company shall notify such prospective customers who have been awarded Capacity within 3 Banking Days from the Closing Date.

5.4 Requirements for STFT Capacity

Where Company awards STFT Capacity to a prospective customer pursuant to paragraph 5.3, such prospective customer shall, at the request of Company:

- (a) provide sufficient financial information to demonstrate its creditworthiness; and
- (b) provide a Financial Assurance to Company pursuant to paragraph 10.1 of the General Terms and Conditions.

5.5 STFT Daily Open Season

5.5.1 Posting of Capacity for STFT Daily Open Season

If on any Banking Day (excluding statutory holidays in the United States), Company determines there is STFT Capacity available that has not been awarded by Company pursuant to paragraph 5.3, Company shall post on its website (the “STFT Daily Open Season”) the following:

- (a) the quantity of STFT Capacity available at the Export Delivery Point;
- (b) the date such STFT Capacity will be available; and

- (c) the Months such STFT Capacity is available.

If all or a portion of such STFT Capacity has not been awarded pursuant to subparagraph 5.5.3, such STFT Capacity shall be deemed to be re-posted by Company on each subsequent Banking Day (excluding statutory holidays in the United States) until such STFT Capacity is awarded pursuant to subparagraph 5.5.3 or until Company holds an Existing Capacity Open Season pursuant to paragraph 2.1 or a STFT Capacity Open Season pursuant to paragraph 5.1.

If, at any time, Company determines that it will hold an Existing Capacity Open Season pursuant to paragraph 2.1 or a STFT Capacity Open Season pursuant to paragraph 5.1, Company may reduce all or a portion of the STFT Capacity available for the STFT Daily Open Season. Company shall provide notice on its website, at least 3 Banking Days in advance, of any such reduction.

5.5.2 STFT Daily Open Season Bid Process

If Company posts STFT Capacity pursuant to subparagraph 5.5.1, prospective customers may bid for such STFT Capacity on the day that the STFT Capacity is posted or deemed to be re-posted as follows:

- (a) Prospective customers shall submit a bid for such available STFT Capacity in the form of a completed and unedited Schedule of Service attached as Exhibit “A” to the STFT Service Agreement;
- (b) The requested term of Service, as established by the requested service commencement date (the “Service Commencement Date”) and requested Service Termination Date, each set out on the Schedule of Service, shall be a minimum term of one week and a maximum of one year less one day and shall end on the last day of a Month;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the day the STFT Capacity is posted or deemed re-posted;

- (d) No deposit is required to accompany the prospective customer's bid;
- (e) A prospective customer and/or its affiliate, either together or individually, shall not submit a Schedule of Service for a quantity greater than the STFT Capacity being offered or submit multiple bids where the aggregate maximum STFT Capacity of the multiple bids exceeds the STFT Capacity being offered; and
- (f) Company shall not be obligated to accept any bid if:
 - (i) the Service Commencement Date is within 5 Banking Days of the date such Existing Capacity is posted or deemed re-posted;
 - (ii) the prospective customer has not met the criteria set forth in paragraph 5.5.

5.5.3 Awarding of Capacity for STFT Daily Open Season

Subject to subparagraph 5.5.4, STFT Capacity shall be awarded each day to the prospective customers whose bids are accepted by Company as follows:

- (a) Company shall rank the bids in descending priority based on the following criteria:
 - (i) first, on the basis of the per unit product of the STFT Bid Price multiplied by the requested term (where the bid with the highest per unit product shall have the higher priority); and
 - (ii) second, by the Service Commencement Date (where the bid with the earlier Service Commencement Date shall have the higher priority).
- (b) Subject to subparagraph 5.5.3(d), Company shall award STFT Capacity to the bids in sequential order, based on the priority established pursuant to

subparagraph 5.5.3(a), until all the bids have been processed or until all STFT Capacity has been awarded;

- (c) Subject to subparagraph 5.5.3(d), if two or more bids have the same priority and the STFT Capacity is not sufficient to provide the total maximum STFT Capacity, then the STFT Capacity shall be awarded to such bids on a pro rata basis based on the maximum STFT Capacity of each bid;
- (d) If the STFT Capacity to be awarded to a bid as determined by Company in either subparagraph 5.5.3(b) or paragraph 5.5.3(c) is less than the minimum STFT Capacity as set out in such Schedule of Service, that bid shall be deemed to be rejected by Company and no STFT Capacity shall be awarded to such bid. The remaining STFT Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subparagraph 5.5.3(a), until all the bids have been processed or until all STFT Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of prospective customers when Company awards STFT Capacity to such prospective customers. Company shall notify such prospective customers who have been awarded STFT Capacity within 2 Banking Days from the date such Existing Capacity is posted or deemed re-posted.

5.5.4 Requirements for STFT Capacity

Where Company awards Existing Capacity to a prospective customer pursuant to subparagraph 5.5.3, such prospective shipper shall, at the request of Company:

- (a) provide sufficient financial information to demonstrate its creditworthiness; and

- (b) provide a Financial Assurance to Company pursuant to paragraph 10.1 of the General Terms and Conditions.

6.0 EXISTING CAPACITY / EXPANSION CAPACITY OPEN SEASON BID FORM

1. Customer: _____
2. Export Delivery Point: _____
3. Export Delivery Contract Demand: _____ $10^3\text{m}^3/\text{d}$
4. Minimum Export Delivery Contract Demand: _____ $10^3\text{m}^3/\text{d}$
5. Service Commencement Date: _____
(YYYY / MM / DD)
6. Requested Service Termination Date: _____
(YYYY / MM / DD)
7. Deposit Amount: \$ _____ (CDN)
8. Is this bid subject to the following condition? yes / no

This bid is subject to the condition that customer has been awarded at least _____ $10^3\text{m}^3/\text{d}$ through the _____
Interconnecting Pipeline Open Season held _____ to _____.

CUSTOMER: _____
(signature)

(name/title)

(signature)

(name/title)

7.0 DAILY OPEN SEASON BID FORM

1. Customer: _____
2. Export Delivery Point: _____
3. Export Delivery Contract Demand: _____ $10^3\text{m}^3/\text{d}$
4. Minimum Export Delivery Contract Demand: _____ $10^3\text{m}^3/\text{d}$
5. Service Commencement Date: _____
(YYYY / MM / DD)
6. Requested Service Termination Date: _____
(YYYY / MM / DD)

CUSTOMER: _____
(signature)

(name/title)

(signature)

(name/title)

8.0 GENERAL TERMS AND CONDITIONS

8.1 These terms and conditions are subject to the terms and conditions of Service set forth in the Tariff.

PROCEDURES FOR ACCESS TO TRANSPORTATION SERVICE

TAB 2

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2 PROCEDURES FOR ACCESS TO TRANSPORTATION SERVICE

2.1 General

An open season procedure for expansion capacity pursuant to section 2.2 shall apply to all requests for firm service where Company determines that demand for service may be sufficient to consider expansion of existing facilities.

Open season and daily open season procedures for Existing Capacity pursuant to section 2.3 and for Short Term Firm Service pursuant to section 2.4 shall apply to all requests for firm service where capacity is available, or will become available without construction of Company Facilities, for receipt of gas at the Alberta-BC Receipt Point and delivery of such gas at the Kingsgate Delivery Point.

Company also provides service for interruptible shippers, pursuant to section 2.5. There shall be no open season process for interruptible service and Company shall not expand the capacity of its pipeline system to provide interruptible service.

2.2 Procedure for Access to Expansion Capacity

2.2.1 Posting of Expansion Capacity

If Company determines that demand for Service under Service Schedule FS-1 may be sufficient to consider expansion of existing Facilities (“Expansion Capacity”), Company shall provide notice on its website of the open season for such Expansion Capacity (the “Expansion Capacity Open Season”). At least 3 Banking Days after such notice (excluding statutory holidays in the United States), Company shall post on its website:

- (a) the date such Expansion Capacity may be available; and
- (b) the closing date for such Expansion Capacity Open Season.

2.2.2 Expansion Capacity Bid Process

If Company posts Expansion Capacity pursuant to Paragraph 2.2.1, prospective shippers may bid for such Expansion Capacity, on any Banking Day up to and including the Expansion Closing Date, as follows:

- (a) Prospective shippers shall submit a completed and unedited bid form, a copy of which is included as Section 2.5 Existing Capacity / Expansion Capacity bid form;
- (b) The requested term of service, as established by the requested Service Availability Date and the requested Service Termination Date, each set out in the bid form, shall be a minimum term of 15 years;
- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Expansion Closing Date;
- (d) Within 2 Banking Days of the Expansion Closing Date, prospective shippers shall provide to Company for each bid form, a deposit equal to the lesser of:
 - (i) one month demand charges for the Maximum Daily Delivery Quantity set out on the bid form; or
 - (ii) \$10,000.

The deposit shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements under Service Schedule FS-1 are executed for all Expansion Capacity posted in the Expansion Capacity Open Season.

If Company awards Expansion Capacity to a prospective shipper and such shipper executes the Service Agreement under Service Schedule FS-1 for such Expansion Capacity, the deposit will be credited to the bill for the first month of Service or returned to the Shipper if requested;

- (e) Company shall not be obligated to accept any bid if:

- (i) the Service Availability Date is different from the date such Expansion Capacity may be available, as set out by Company in subparagraph 2.2.1(a); and
- (ii) the prospective shipper has not met the criteria set forth in article 2.2.

2.2.3 Conditional Bids

- (a) If a prospective shipper's bid is subject to the condition set out in paragraph 13 of the bid form that such prospective shipper has been awarded capacity through a direct interconnecting pipeline open season process (the "Interconnecting Pipeline Open Season"), shipper shall within 2 Banking Days from the Existing Capacity Open Season Closing Date provide written notice to Company that either the condition has been satisfied or waived. If such prospective shipper fails to provide Company with such notice, the condition shall be deemed satisfied and Company may award Existing Capacity to such prospective shipper pursuant to paragraph 2.2.4.
- (b) If the capacity awarded to a prospective shipper through an Interconnecting Pipeline Open Season is less than the requested Maximum Daily Delivery Quantity set out in the bid form, prospective shipper may reduce the Maximum Daily Delivery Quantity to a quantity not less than the capacity awarded through such Interconnecting Pipeline Open Season.

2.2.4 Awarding of Expansion Capacity

Subject to paragraphs 2.2.3 and 2.2.5, Expansion Capacity shall be awarded to the prospective shippers whose bids are accepted by Company as follows:

- (a) Company shall rank the bids in descending priority on the basis of the per

unit product of the current FS-1 Demand Rate multiplied by the requested term (where the bid with the highest per unit product shall have the higher priority);

- (b) Subject to subparagraph 2.2.4(d), Company shall award Expansion Capacity to the bids in sequential order, based on the priority established pursuant to subparagraph 2.2.4(a), until all the bids have been processed or until all Expansion Capacity has been awarded;
- (c) Subject to subparagraph 2.2.4(d), if two or more bids have the same priority and the Expansion Capacity is not sufficient to provide the total Maximum Daily Delivery Quantity, then the Expansion Capacity shall be awarded to such bids on a pro rata basis based on the Maximum Daily Delivery Quantity of each bid;
- (d) If the Expansion Capacity to be awarded to a bid as determined by Company in either subparagraph 2.2.4(b) or subparagraph 2.2.4(c) is less than the Minimum Daily Delivery Quantity as set out in such bid form, that bid shall be deemed to be rejected by Company and no Expansion Capacity shall be awarded to such bid. The remaining Expansion Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subparagraph 2.2.4(a), until all the bids have been processed or until all Expansion Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of prospective shippers when Company awards Expansion Capacity to such prospective shippers. Company shall notify such prospective shippers who have been awarded Expansion Capacity within 10 Banking Days from the Expansion Closing Date.

2.2.5 Requirements for Expansion Capacity

Where an expansion of Company's Facilities had been determined to be required pursuant to subsection 2.2.1, the prospective shipper shall, in order to support applications to regulatory authorities relating to Company's Facilities, at the request of Company:

- (a) provide evidence of long term supply and market;
- (b) provide evidence that the prospective shipper will obtain the requisite governmental and regulatory authorizations in a timely manner;
- (c) provide sufficient financial information to demonstrate its creditworthiness;
- (d) provide an agreement which sets forth the Financial Assurances that may be requested by Company pursuant to Section 10.15 of the General Terms and Conditions (the "Financial Assurances Agreement");
- (e) provide a Financial Assurance to Company if requested pursuant to subsection 10.15.1 of the General Terms and Conditions; and
- (f) execute, in a timely manner, a Firm Service Agreement, including Schedule A to that agreement, for the provision of the transportation service requested for a minimum term of 15 years. Such Firm Service Agreement may be made subject to the fulfilment of conditions precedent as agreed to between the prospective shippers and the Company in a precedent agreement.

2.2.6 Regulatory and Governmental Authorizations

- (a) Company shall proceed in a timely manner to apply for the necessary regulatory and government authorizations and to construct such facilities after their approval, provided such action will not impose any undue economic hardship on Company.
- (b) Company may require a prospective shipper to provide evidence before service commences, and from time to time thereafter, that valid gas removal

and export authorizations, as applicable, are in force respecting the gas to be transported.

2.3 Procedure For Access To Existing Capacity

2.3.1 Posting of Existing Capacity

If Company determines that Existing Capacity is available or will become available on Company's Facilities, Company shall provide notice on its website, within a reasonable period of time after such determination, regarding the availability of such Existing Capacity (the "Existing Capacity Open Season"). At least three (3) Business Days after such notice, Company shall post on its website (or by any other alternative method determined by Company, if Company's website is inoperable) on a Business Day (excluding statutory holidays in the United States):

- (a) the quantity of Existing Capacity which is available for such open season;
- (b) the Service Availability Date(s) for such Existing Capacity which shall be no later than 12 months from the date such Existing Capacity is posted;
and
- (c) the closing date for such Existing Capacity Open Season.

2.3.2 Existing Capacity Bid Process

If Company posts Existing Capacity pursuant to paragraph 2.3.1, prospective shippers may bid for such Existing Capacity, on any Banking Day up to and including the Closing Date, as follows:

- (a) Prospective shippers shall submit a completed and unedited bid form, a copy of which is included as Section 2.5 Existing Capacity / Expansion Capacity bid form;
- (b) The requested term of Service, as established by the requested Service Availability Date and requested Service Termination Date, each set out on

the bid form, shall be a minimum term of one year and a maximum of 15 years;

- (c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Closing Date;
- (d) Within 2 Banking Days of the Closing Date, prospective shippers shall provide to Company for each bid form, a deposit equal to the lesser of:
 - (i) one month demand charges for the Maximum Daily Delivery Quantity set out on the bid form; or
 - (ii) \$10,000.

The deposit shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements under Service Schedule FS-1 are executed for all Existing Capacity posted in the Existing Capacity Open Season.

If Company awards Existing Capacity to a prospective shipper and such shipper executes the Service Agreement under Service Schedule FS-1 for such Existing Capacity, the deposit will be credited to the bill for the first month of Service or returned to the Shipper if requested;

- (e) A prospective shipper and/or its affiliate, either together or individually, shall not submit a bid form for a quantity greater than the Existing Capacity being offered or submit multiple bids where the aggregate Maximum Daily Delivery Quantity of the multiple bids exceeds the Existing Capacity being offered; and
- (f) Company shall not be obligated to accept any bid if:
 - (i) the Service Availability Date is within 5 Banking Days of the Closing Date;

- (ii) the Service Availability Date is more than 12 months from the Closing Date; and
- (iii) the prospective shipper has not met the criteria set forth in article 2.3

2.3.3 Conditional Bids

If a prospective shipper's bid is subject to the condition set out in paragraph 13 of the bid form that such prospective shipper has been awarded capacity through a direct interconnecting pipeline open season process (the "Interconnecting Pipeline Open Season"), Shipper shall within 2 Banking Days from the Existing Capacity Open Season Closing Date provide written notice to Company that either the condition has been satisfied or waived. If such prospective shipper fails to provide Company with such notice, the condition shall be deemed satisfied and Company may award Existing Capacity to such prospective shipper pursuant to paragraph 2.3.4.

If the capacity awarded to a prospective shipper through an Interconnecting Pipeline Open Season is less than the requested Maximum Daily Delivery Quantity set out in the bid form, prospective shipper may reduce the Maximum Daily Delivery Quantity to a quantity not less than the capacity awarded through such Interconnecting Pipeline Open Season.

2.3.4 Awarding of Existing Capacity

Subject to paragraphs 2.3.3 and 2.3.5, Existing Capacity shall be awarded to the prospective shipper whose bids are accepted by Company as follows:

- (a) Company shall rank the bids in descending priority based on the following criteria:
 - (i) first, on the basis of the per unit product of the current FS-1 Demand Rate multiplied by the requested term (where the bid with the highest per unit product shall have the higher priority); and

- (ii) second, by the Service Availability Date (where the bid with the earlier Service Availability Date shall have the higher priority).
- (b) Subject to subparagraph 2.3.4(d), Company shall award Existing Capacity to the bids in sequential order, based on the priority established pursuant to subparagraph 2.3.4(a), until all the bids have been processed or until all Existing Capacity has been awarded;
- (c) Subject to subparagraph 2.3.4(d), if two or more bids have the same priority and the Existing Capacity is not sufficient to provide the total Maximum Daily Delivery Quantity, then the Existing Capacity shall be awarded to such bids on a pro rata basis based on the Maximum Daily Delivery Quantity of each bid;
- (d) If the Existing Capacity to be awarded to a bid as determined by Company in either subparagraph 2.3.4(b) or subparagraph 2.3.4(c) is less than the Minimum Daily Delivery Quantity as set out in such bid form, that bid shall be deemed to be rejected by Company and no Existing Capacity shall be awarded to such bid. The remaining Existing Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subparagraph 2.3.4(a), until all the bids have been processed or until all Existing Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of prospective shippers when Company awards Existing Capacity to such prospective shippers. Company shall notify such prospective shippers who have been awarded Existing Capacity within 3 Banking Days from the Closing Date.

2.3.5 Requirements for Existing Capacity

Where Company awards Existing Capacity to a prospective shipper pursuant to subsection 2.3.3, such prospective shipper shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Firm Service Agreement, including Schedule A to that agreement, for the provision of the transportation service awarded;
- (b) provide sufficient financial information to demonstrate its creditworthiness; and
- (c) provide a Financial Assurance to Company if requested pursuant to subsection 10.15.1 of the General Terms and Conditions.

2.3.6 Daily Open Season

2.3.6.1 Posting of Existing Capacity for Daily Open Season

If on any Banking Day (excluding statutory holidays in the United States), Company determines there is Existing Capacity available that has not been awarded by Company pursuant to paragraph 2.3.4, Company shall post on its website (the “Daily Open Season”) the following:

- (a) the quantity of Existing Capacity available; and
- (b) the date such Existing Capacity will be available.

If all or a portion of such Existing Capacity has not been awarded pursuant to paragraph 2.3.6.3, such Existing Capacity shall be deemed to be re-posted by Company on each subsequent Banking Day (excluding statutory holidays in the United States) until such Existing Capacity is awarded pursuant to paragraph 2.3.6.2 or until Company holds an Existing Capacity Open Season pursuant to paragraph 2.3.1 or an Expansion Capacity Open Season pursuant to paragraph 2.2.1.

If, at any time, Company determines that it will hold an Existing Capacity Open Season pursuant to paragraph 2.3.1 or an Expansion Capacity Open Season pursuant to paragraph 2.2.1, Company may reduce all or a portion of the Existing Capacity available for the Daily Open Season. Company shall provide notice on

its website, at least 3 Banking Days in advance, of any such reduction. If all Existing Capacity has not been awarded pursuant to 2.3.6.3, Company may offer any remaining Existing Capacity as Expansion Capacity pursuant to paragraph 2.2.1

2.3.6.2 Daily Open Season Bid Process

If Company posts Existing Capacity pursuant to subsection 2.3.6.1, prospective shippers may bid for such Existing Capacity on the Business Day that the Existing Capacity is posted or deemed re-posted as follows:

- (a) Prospective shippers shall submit a completed, unedited and unconditional “Daily Open Season Bid Form”, a copy of which is included as section 2.6, in accordance with the terms of such daily open season as posted by Company pursuant to subsection 2.3.6.1;
- (b) The requested term of the bid, as established by the requested Service Availability Date and requested Service Termination Date on such bid, shall be in increments of whole years with a minimum of one year and a maximum of 15 years;
- (c) Prospective shippers’ bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Business Day that the Existing Capacity is posted or deemed re-posted;
- (d) No deposit is required to accompany the prospective shipper’s bid;
- (e) A prospective shipper and/or its affiliate(s), either together or individually, shall not submit a bid for a quantity greater than the Existing Capacity being offered or submit multiple bids where the aggregate MDDQ of the multiple bids exceeds the Existing Capacity being offered; and
- (f) Company shall not accept any bid if:

- (i) the requested Service Availability Date is within five (5) Business Days of the date such Existing Capacity is posted or deemed re-posted;
- (ii) the requested Service Availability Date of such bid is more than 12 months from the date such Existing Capacity is posted or deemed re-posted; and
- (iii) the prospective shipper has not met any of the criteria set forth in section 2.3.6.

2.3.6.3 Awarding of Existing Capacity for Daily Open Season

Subject to subsection 2.3.6.4, Existing Capacity shall be awarded each day to the prospective shippers, whose bids are accepted by Company, as follows:

- (a) Company shall rank the bids in descending priority, based on the following criteria:
 - (i) firstly, on the requested term (where the longer term shall have the higher priority); and
 - (ii) secondly, by the requested Service Availability Date (where the bid with the earlier requested Service Availability Date shall have the higher priority).
- (b) Subject to subsection 2.3.6.3(d), Company shall award Existing Capacity to the bids in sequential order, based on the priority established pursuant to subsection 2.3.6.3(a), until all the bids have been processed or until all Existing Capacity has been awarded;
- (c) Subject to subsection 2.3.6.3(d), if two or more bids have the same priority and the Existing Capacity is not sufficient to provide the combined requested service, then the Existing Capacity shall be awarded to such bids on a pro rata basis based on the MDDQ of each bid;

- (d) If the Existing Capacity to be awarded to a bid as determined by Company in either subsection 2.3.6.3(b) or subsection 2.3.6.3(c) is less than the Minimum Daily Delivery Quantity specified in such bid, that bid shall be deemed to be rejected by Company and no Existing Capacity will be awarded to such bid. The remaining Existing Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subsection 2.3.6.3(a), until all the bids have been processed or until all Existing Capacity has been awarded; and
- (e) Company shall be deemed to have accepted the bids of prospective shippers when Company awards Existing Capacity to such prospective shippers. Company shall notify such prospective shippers who have been awarded Existing Capacity within two (2) Business Days from the date such Existing Capacity is posted or deemed re-posted.

2.3.6.4 Requirements for Existing Capacity

Where Company awards Existing Capacity to a prospective shipper pursuant to subsection 2.3.6.3, such prospective shipper shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Service Agreement under Service Schedule FS-1, including Schedule A to that agreement, for the provision of the transportation service awarded;
- (b) provide sufficient financial information to demonstrate its creditworthiness; and
- (c) provide a Financial Assurance to Company if requested pursuant to subsection 10.15.1 of the General Terms and Conditions.

2.4 Procedure for Access to Short Term Firm Service

2.4.1 Posting of Available Service under Service Schedule STFS-1

If Company determines that STFS Capacity is available or will become available on Company's Facilities, Company shall post on its website (or by any other alternative method determined by Company, if Company's website is inoperable):

- (a) the available service under Service Schedule STFS-1 for such STFS open season;
- (b) the period the STFS Capacity is available; and
- (c) the closing date for the STFS open season.

2.4.2 STFS Open Season

If Company posts available service under Service Schedule STFS-1 pursuant to subsection 2.4.1, prospective shippers may bid for such service on any Business Day that such service is posted as follows:

- (a) Prospective shippers shall submit a completed and unedited Schedule A to the Service Agreement STFS-1 in accordance with the terms of such STFS open season as posted by Company pursuant to subsection 2.4.1;
- (b) Prospective shippers' bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the closing date of such STFS open season;
- (c) No deposit is required to accompany the prospective shipper's bid;
- (d) A prospective shipper and/or its affiliate(s), either together or individually, shall not submit a bid for a quantity greater than the available service under Service Schedule STFS-1 being offered or submit multiple bids where the aggregate MDDQ of the multiple bids exceeds the available service under Service Schedule STFS-1 being offered;
- (e) Company shall not be obligated to accept any bid if the prospective shipper has not met any of the criteria set forth in section 2.4.

2.4.3 Awarding of Service under Service Schedule STFS-1

Subject to subsection 2.4.4, service under Service Schedule STFS-1 shall be awarded to the prospective shippers, whose bids are accepted by Company, as follows:

- (a) Company shall rank the bids in descending priority, based on the product of the STFS Bid Price and the requested term as established by the requested Service Availability Date and requested Service Termination Date (where the higher product shall have the higher priority);
- (b) Subject to subsection 2.4.3(d), Company shall award service under Service Schedule STFS-1 to the bids in sequential order, based on the priority established pursuant to subsection 2.4.3(a), until all the bids have been processed or until all available service under Service Schedule STFS-1 has been awarded;
- (c) Subject to subsection 2.4.3(d), if two or more bids have the same priority and the available service under Service Schedule STFS-1 is not sufficient to provide the combined requested service, then the available service under Service Schedule STFS-1 shall be awarded to such bids on a pro rata basis based on the MDDQ specified in each bid;
- (d) If the service under Service Schedule STFS-1 to be awarded to a bid as determined by Company in either subsection 2.4.3(b) or subsection 2.4.3(c) is less than the Minimum Daily Quantity specified in such bid, that bid shall be deemed to be rejected by Company and no service under Service Schedule STFS-1 will be awarded to such bid. The remaining available service under Service Schedule STFS-1 shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subsection 2.4.3(a), until all the bids have been processed or until all available service under Service Schedule STFS-1 has been awarded; and

- (e) Company shall be deemed to have accepted the bids of prospective shippers when Company awards service under Service Schedule STFS-1 to such prospective shippers. Company shall notify such prospective shippers who have been awarded service under Service Schedule STFS-1 within (1) Business Day after the closing date for such STFS open season.

2.4.4 Requirements for Service under Service Schedule STFS-1

Where Company awards service under Service Schedule STFS-1 to a prospective shipper pursuant to subsection 2.4.3, such prospective shipper shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Service Agreement under Service Schedule STFS-1, including Schedule A to that agreement, for the provision of the transportation service awarded;
- (b) provide sufficient financial information to demonstrate its creditworthiness; and
- (c) provide a Financial Assurance to Company if requested pursuant to subsection 10.15.1 of the General Terms and Conditions.

2.4.5 Daily Open Season for Service under Service Schedule STFS

If some or all of the STFS Capacity has not been awarded pursuant to subsection 2.4.3, Company may, in its sole discretion, continue to post STFS Capacity on a daily basis. The closing date for such daily open season shall be deemed 11:00 CCT on the day following the day the STFS Capacity is posted or deemed re-posted.

2.5 TRANSCANADA PIPELINES LIMITED

EXISTING CAPACITY / EXPANSION CAPACITY BID FORM FOR THE B.C. SYSTEM

To: TransCanada PipeLines Limited
450 - 1st Street S.W.
Calgary, AB, Canada
T2P 5H1

Attention: Manager, Western End-Users and Interconnects
Sales and Marketing

Fax: (403) 920-2383

Dear Sir/Madam:

_____ (Applicant) hereby requests gas transportation service from TransCanada PipeLines Limited and concurrently provides the following information relative to this request:

1. Name, address, telephone, E-mail address and telecopier numbers of Applicant:

2. Name, title, address, telephone, E-mail address and telecopier numbers of Applicant's representative:

3. Applicant's status (check one):

Producer	_____	Gatherer	_____
LDC	_____	End-User	_____
Broker	_____	Pipeline	_____
Other (please describe)	_____		

4. Type of service required:

New Service _____
Amendment to Existing Contract _____

5. Requested Service Availability Date: _____

6. Requested Service Termination Date: _____

7. Transportation Quantities: (GJ/d)

	<u>Summer</u>	<u>Winter</u>
Maximum Day Delivery Quantity	_____	_____
Estimated average daily quantity	_____	_____
Minimum Day Delivery Quantity	_____	_____

8. Receipt Point(s): _____

9. Delivery Point(s): _____

10. Name(s) of upstream transporter(s) of the gas to be delivered to TransCanada PipeLines Limited at the Receipt Point(s):

11. Name(s) of downstream transporter(s) of the gas to be delivered by TransCanada PipeLines Limited at each Delivery Point(s):

12. Are special facilities, such as a delivery meter station, in addition to an expansion of Company's Facilities required to provide the requested service? Please describe:

13. Is this bid subject to the following condition? yes / no

This bid is subject to the condition that Shipper has been awarded at least _____ through the _____ Interconnecting Pipeline Open Season held _____ to _____.

14. Applicant covenants that it will make timely arrangements for upstream and downstream transportation, gas supply and markets and all necessary governmental authorizations and that it will advise the upstream and downstream transporters of the Receipt Points and Delivery Points under this bid form.

Applicant understands that this bid form, complete and unrevised as to format, must be received by TransCanada PipeLines Limited before its transportation request will be accepted and processed.

Applicant agrees, by the submittal of this bid form, to abide by the terms of the TransCanada PipeLines Limited Gas Transportation Service Documents, including the applicable Service Schedule and the General Terms and Conditions. In addition, Applicant acknowledges receipt of Company's procedures for access to transportation service and agrees to be bound by it.

Applicant's Authorized Signature

Typed Name and Title

Date and Time Request Delivered

2.6 Daily Open Season Bid Form

1. Shipper: _____

2. Receipt Point: Alberta-BC

3. Delivery Point: Kingsgate

4. Maximum Day Delivery Quantity (MDDQ): _____ GJ/d

5. Minimum Day Delivery Quantity (MinDQ): _____ GJ/d

6. Requested Service Availability Date: _____
(YYYY / MM / DD)

7. Requested Service Termination Date: _____
(YYYY / MM / DD)

8. Daily Open Season Posting Number: _____

9. Date of Daily Open Season Bid: _____
(YYYY / MM / DD)

SHIPPER: _____
(signature)

(name/title)

(signature)

(name/title)

CAPACITY ALLOCATION PROCEDURES

1. GENERAL

- 1.1** The purpose of these Capacity Allocation Procedures is to establish the procedures by which a potential Shipper requesting firm service, or an existing Shipper requesting an increase in Maximum Daily Receipt Quantity, or an existing Shipper who does not have renewal rights pursuant to section 10 of Rate Schedule T-1, Firm Service (all hereinafter referred to as “Prospective Shipper”) shall each be afforded the rights to obtain firm service under Rate Schedule T-1, Firm Service or Rate Schedule STFT, Short Term Firm Transportation Service.
- 1.2** In Zones 6, 7 and 8 of Company’s system, Available Capacity will be offered sequentially by date and time to Prospective Shippers in the queue until the capacity is fully committed. In Zone 9, Available Capacity, STFT Capacity and service on new facilities will be offered to successful Bidders in a bidding process (an “Open Season”) as outlined in section 4.
- 1.3** When new facilities are required to meet the requests for service by Prospective Shippers and such Prospective Shippers have met or have entered into binding agreements to meet the criteria in section 5, Company will, in a timely manner, apply for and, if approved and subject to obtaining the necessary financing, construct such facilities.
- 1.4** Subject to the procedure set out in subsection 3.3, Prospective Shipper’s position in the queue shall not be affected by the volume, date of commencement of service, term of service or distance along Company’s transportation system the gas is to be transported.
- 1.5** Company will make available to any party, upon request, a copy of the current firm service queue in Zones 6, 7 and 8 which will contain the following information:
- (a) The name of each Prospective Shipper in the queue;
 - (b) The position in the queue of each Prospective Shipper;
 - (c) The date Prospective Shipper’s request for service was received by Company;

- (d) The Maximum Daily Receipt Quantity of gas to be transported for each Prospective Shipper; and
- (e) The term of service, including the commencement and termination dates for each Prospective Shipper.

1.6 Positions in the queue are not transferable or assignable to any person.

2. APPLICABILITY

Subject to section 10 of Rate Schedule T-1, Firm Service, these Capacity Allocation Procedures are applicable to all requests by Prospective Shipper for firm service under Rate Schedule T-1, Firm Service and Rate Schedule STFT, Short Term Firm Transportation Service.

3. PROCEDURES FOR ZONES 6, 7 AND 8

3.1 General

3.1.1 There will be a single queue for Prospective Shippers requesting firm service under Rate Schedule T-1, Firm Service for Zones 6, 7 and 8 of Company's transportation system.

3.1.2 To enter the queue, Prospective Shipper shall make a request in writing ("Request for Service") to Company stating:

- (a) The name, address and authorized representative of Prospective Shipper;
- (b) The proposed Maximum Daily Receipt Quantity;
- (c) The term for which firm service is requested, including the commencement and termination dates; and

(d) The proposed Receipt and Delivery Points.

3.1.3 Prospective Shippers will be accepted into the queue in the order of the date and time that a Request for Service containing all of the information set out in subsection 3.1.2 is received by Company. Company's determination shall be final both as to the date and time the Request for Service is received by Company and as to whether a Request for Service contains all of the information set out in subsection 3.1.2. Company will, within 10 days of receipt of Shipper's request, notify Prospective Shipper in writing of either the date and time of its acceptance into the queue or any deficiency required to be remedied prior to acceptance into the queue.

3.2 Available Capacity

Where Company determines that Available Capacity is available in Zones 6, 7 or 8, Company shall offer to Prospective Shipper in the queue a portion of the Available Capacity equal to the lesser of the balance of the Available Capacity remaining, after taking into consideration offers to be made to Prospective Shippers having a higher priority in the queue, and the Maximum Daily Receipt Quantity set forth in such Prospective Shipper's Request for Service, and shall include with such offer, within 10 days of the notification of acceptance into the queue set out in subsection 3.1.3, copies of a Precedent Agreement for execution by such Prospective Shipper. Company's offer is subject to the terms and conditions set forth in the Precedent Agreement. Prospective Shipper may accept Company's offer by completing, duly executing and returning to Company all copies of the Precedent Agreement, incorporating only such amendments as may have been made with Company's prior agreement, within 60 days of the date such Prospective Shipper receives an offer of Available Capacity from Company. The failure by Prospective Shipper to return all copies of the Precedent Agreement fully executed by Prospective Shipper within the time limited above shall be deemed to be a rejection by Prospective Shipper of Company's offer. In the event that Prospective Shipper rejects or is deemed to have rejected Company's offer of Available Capacity, such Prospective Shipper will be removed from the queue unless acceptance of Company's offer would have required such Prospective Shipper to commence service prior to the service

commencement date specified in such Prospective Shipper's Request for Service or the capacity or term offered was less than that specified in such Prospective Shipper's Request for Service, in which case such Prospective Shipper shall maintain its position in the queue. Prospective Shipper that fails to meet the conditions precedent set forth in the Precedent Agreement and execute a Service Agreement, Firm Service within the time period provided in the Precedent Agreement shall move to the last position in the queue. Any unallocated capacity will be offered to the next Prospective Shipper in the queue.

3.3 Expansion Capacity

3.3.1 Where Company determines that the Available Capacity is insufficient to meet the Request for Service from Prospective Shippers in the queue and that the demand for service is sufficient to consider an expansion of existing facilities ("New Facilities"), Company shall advise each Prospective Shipper in the queue of the minimum term required for service through the New Facilities ("Minimum Term") which shall, unless circumstances dictate otherwise, be 12 years. Company may request each Prospective Shipper in the queue to complete and return to Company, within 30 days of the receipt by Prospective Shipper, a Project Status Summary in the form set forth in Appendix A to these Capacity Allocation Procedures. Any Prospective Shipper whose Request for Service does not indicate that such Prospective Shipper requires service for the Minimum Term will be required to confirm in writing to Company, within the time period provided for completing and returning the Project Status Summary, that such Prospective Shipper agrees to take service for a term not less than the Minimum Term. Prospective Shippers who fail within the time period provided to complete and return a Project Status Summary and, if applicable, provide confirmation that such Prospective Shippers agree to take service for a term not less than the Minimum Term will move to the bottom of the queue. In the event that two or more Prospective Shippers fail to complete and return the Project Status Summary and Minimum Term confirmation, if applicable, within the time period provided, such Prospective Shippers shall retain the same priority each had in relation to the other, on the date Company advises Prospective Shippers of the Minimum Term,

when such Prospective Shippers are moved to the bottom of the queue.

- 3.3.2** Subsequent to receipt by Company of a completed Project Status Summary and, if applicable, confirmation that Prospective Shipper agrees to take service for a term not less than the Minimum Term, Company shall forward to Prospective Shipper copies of a Precedent Agreement setting forth the terms and conditions, including conditions precedent, upon which service is offered to such Prospective Shipper through the New Facilities. Prospective Shipper may accept Company's offer by completing, duly executing and returning all copies of the Precedent Agreement, incorporating only such amendments as have been made with Company's prior agreement, within 60 days of the receipt of the Precedent Agreement by Prospective Shipper. The failure by Prospective Shipper to return all copies of the Precedent Agreement, fully executed by Prospective Shipper within the time period provided above, shall be deemed to be a rejection by Prospective Shipper of Company's offer. In the event that Prospective Shipper rejects or is deemed to have rejected Company's offer, such Prospective Shipper will be removed from the queue. Prospective Shipper that fails to meet the conditions precedent set forth in the Precedent Agreement and execute a Service Agreement, Firm Service within the time period provided in the Precedent Agreement shall move to the last position in the queue. Company reserves the right at any time to reconsider a proposal to proceed to add New Facilities in the event that Company determines that the addition of New Facilities is no longer justified in view of changed circumstances.

4. PROCEDURES FOR ZONE 9

4.1 Available Capacity

Where Company determines that Available Capacity is available in Zone 9, an Open Season process will be used to allocate capacity. Company will use reasonable efforts to adhere to the following procedures in conducting an Open Season:

- 4.1.1** Company will provide public notice of Available Capacity through recognized industry publications. Company will specify the available volume, available receipt and delivery points, commencement date and, where applicable, termination date of such service. The bid notice may also identify the procedure for handling credit issues.
- 4.1.2** Within the period specified by Company in the notice, Bidder will advise Company in writing of its bid, which will include the desired Maximum Daily Receipt Quantity, receipt and delivery points, the commencement date if later than the term posted by Company, and the termination date, for a minimum term of one year.
- 4.1.3** All bids shall be final upon the close of the bid period. However, bids may be withdrawn until the end of the 7th business day following the close of the bid period whereupon Company will conduct its bid evaluation.
- 4.1.4** Bids will be evaluated on the basis of net present value per unit being the current T-1 Rate over the term and distance specified by the Bidder in the bid and using an appropriate discount rate. The Available Capacity will be awarded to the bid with the highest net present value per unit. Any unallocated capacity will be awarded to the bid with the next highest net present value and so on. If the net present values of two or more bids are equal, Company will award the Available Capacity to the bid with the earliest start date.
- 4.1.5** In the event a tie cannot be broken, Company will offer tied Bidders each a pro rata share of the Available Capacity in respect of which a tie exists. Bidders may

accept or decline the pro rata share within 5 business days of Company making the offer.

4.1.6 A Bidder that is awarded capacity (or accepts service under subsection 4.1.4 hereof) is irrevocably bound to take that service. Company will forward successful Bidders a Service Agreement which must be executed and returned to Company within a specified number of days of being delivered by Company, along with all necessary Financial Assurances requested by Company.

4.1.7 A joint open season may be held with any upstream or downstream pipelines using the above procedures or by using other procedures filed with and approved by the Board.

4.2 STFT Capacity

4.2.1 Where Company determines that STFT Capacity is available or will become available on Company's gas transportation system, Company shall post on its website (or by any other alternative method determined by Company if Company's website is inoperable):

- (a) the available service under Rate Schedule STFT, Short Term Firm Transportation Service for such Open Season;
- (b) the period that the STFT Capacity is available; and
- (c) the closing date for the Open Season.

4.2.2 If Company posts available service under Rate Schedule STFT, Short Term Firm Transportation Service pursuant to subsection 4.2.1, Prospective Shippers may bid for such service on any business day that such service is posted as follows:

- (a) Prospective Shippers shall submit a completed and unedited Appendix A to Service Agreement, Short Term Firm Transportation Service in accordance with the terms of such Open Season as posted by Company pursuant to 4.2.1;

- (b) Prospective Shippers' bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the closing date of such Open Season;
- (c) No deposit is required to accompany the Prospective Shipper's bid;
- (d) A Prospective Shipper and/or its affiliate(s), either together or individually, shall not submit a bid for a quantity greater than the available service under Rate Schedule STFT, Short Term Firm Transportation Service being offered or submit multiple bids where the aggregate Maximum Daily Receipt Quantity of the multiple bids exceeds the available service under Rate Schedule STFT, Short Term Firm Transportation Service being offered; and
- (e) Company shall not be obligated to accept any bid if the Prospective Shipper has not met any of the criteria set forth in section 4.2.

4.2.3 Subject to subsection 4.2.4, service under Rate Schedule STFT, Short Term Firm Transportation Service shall be awarded to Prospective Shippers, whose bids are accepted by Company, as follows:

- (a) Company shall rank the bids in descending priority, based on the product of the STFT Bid Price and the requested term as established by the requested Service Availability Date and requested Service Termination Date (where the higher product shall have the higher priority);
- (b) Subject to subsection 4.2.3(d), Company shall award service under Rate Schedule STFT, Short Term Firm Transportation Service to the bids in sequential order, based on the priority established pursuant to subsection 4.2.3(a), until all the bids have been processed or until all available service under Rate Schedule STFT, Short Term Firm Transportation Service has been awarded;
- (c) Subject to subsection 4.2.3(d), if two or more bids have the same priority and the available service under Rate Schedule STFT, Short Term Firm

Transportation Service is not sufficient to provide the combined requested service, then the available service under Rate Schedule STFT, Short Term Firm Transportation Service shall be awarded to such bids on a pro rata basis based on the Maximum Daily Receipt Quantity specified in each bid;

- (d) If the service under Rate Schedule STFT, Short Term Firm Transportation Service to be awarded to a bid as determined by Company in either subsection 4.2.3(b) or subsection 4.2.3(c) is less than the Minimum Daily Receipt Quantity specified in such bid, that bid shall be deemed to be rejected by Company and no service under Rate Schedule STFT, Short Term Firm Transportation Service will be awarded to such bid. The remaining available service under Rate Schedule STFT, Short Term Firm Transportation Service shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subsection 4.2.3(a), until all the bids have been processed or until all available service under Rate Schedule STFT, Short Term Firm Transportation Service has been awarded; and
- (e) Company shall be deemed to have accepted the bids of Prospective Shippers when Company awards service under Rate Schedule STFT, Short Term Firm Transportation Service to such Prospective Shippers. Company shall notify such Prospective Shippers who have been awarded service under Rate Schedule STFT, Short Term Firm Transportation Service within one business day after the closing date for such Open Season.

4.2.4 Where Company awards service under Rate Schedule STFT, Short Term Firm Transportation Service to a Prospective Shipper pursuant to subsection 4.2.3, such Prospective Shipper shall, at the request of Company:

- (a) execute, within the time period specified by Company, a Service Agreement, Short Term Firm Transportation Service, including Appendix

A to that agreement, for the provision of the transportation service awarded;

- (b) provide sufficient financial information to demonstrate its creditworthiness; and
- (c) provide a Financial Assurance to Company if requested pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff.

4.2.5 If some or all of the STFT Capacity has not been awarded pursuant to subsection 4.2.3, Company may, in its sole discretion, continue to post STFT Capacity on a daily basis. The closing date for such daily open season shall be deemed 11:00 CCT on the day following the day the STFT Capacity is posted or deemed re-posted.

4.3 Expansion Capacity

Where Company determines that the demand for service may be sufficient to consider an expansion of existing facilities, Company will use all reasonable efforts to adhere to the following procedures in conducting an Open Season:

- 4.3.1** Company will provide public notice of its intention to expand its existing facilities through recognized industry publications. Company's notice may specify a volume amount.
- 4.3.2** Company will forward to each potential Bidder an information package, (the "Bid Package") including a Precedent Agreement. In the Bid Package, Company will advise each Bidder of the terms of the Open Season including the Minimum Term required for service through the New Facilities pursuant to subsection 3.3.1 hereof.
- 4.3.3** Within the period specified by Company in the notice, Bidder will advise Company of its bid which will include desired Maximum Daily Receipt Quantity,

anticipated receipt and delivery points, desired commencement date of such service, and desired Service Agreement term by executing and returning the Precedent Agreement.

- 4.3.4** Bids will be evaluated by Company on the basis of net present value per unit being the current T-1 Rate over the term and distance specified by the Bidder in the bid and using an appropriate discount rate. The capacity will be awarded to the bid with the highest net present value per unit. Any unallocated capacity will be awarded to the bid with the next highest net present value and so on.
- 4.3.5** In the event of a tie, Company will offer tied Bidders each a pro rata share of the capacity. Bidders may accept or decline the pro rata share within a specified period designated by Company in the offer. If Bidder does not accept a pro rata share of the capacity, the pro rate share will go to the next highest net present value.
- 4.3.6** For bids which are accepted, Company will execute and return the Precedent Agreement to Bidder. For bids that are rejected, Company will advise Bidder that the bid was not accepted.
- 4.3.7** If a volume was initially specified by Company in accordance with subsection 4.2.1 and if Company determines, in its sole discretion, that a change in expansion capacity is warranted, Company will amend the expansion accordingly.
- 4.3.8** Company will execute the Precedent Agreement and apply to the appropriate regulatory authorities for the necessary approvals to construct the expansion facilities. If for any reason approval is not granted, Company will notify all successful bidders.
- 4.3.9** If Company determines in its sole discretion that the construction of the New Facilities is not warranted because of a change in circumstances, then Company may, at its option, give all successful Bidders notice of termination of the expansion plans whereupon all rights and obligations of the parties shall cease and

neither Company or any Bidder shall have any further liability except as expressly set forth in the Precedent Agreement.

4.3.10 A joint open season may be held with connecting pipelines using the above procedures or by using other procedures filed with and approved by the Board.

5. ACCESS CRITERIA

5.1 Prior to execution of a Service Agreement, Firm Service and during the term of the Firm Service Agreement, Prospective Shipper must satisfy the following criteria:

- (a) Where there is Available Capacity to provide the requested level of service under Rate Schedule T-1, Firm Service, Prospective Shipper shall:
 - (i) Demonstrate to the satisfaction of Company that it has appropriate upstream and downstream transportation arrangements;
 - (ii) Provide financial information to Company to demonstrate Prospective Shipper's creditworthiness; and
 - (iii) Provide a Financial Assurance, if requested by Company, pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and
- (b) Where New Facilities are required to provide the requested firm service, in addition to the requirements in subsection 5.1(a), Prospective Shipper shall:
 - (i) Provide evidence to the satisfaction of Company that Prospective Shipper's intended market is secure and long term and that Prospective Shipper's gas sales arrangements are sufficient to enable financing of the New Facilities;

- (ii) Provide evidence to the satisfaction of Company that Prospective Shipper has a secure and long term source of supply sufficient to permit Prospective Shipper to fulfill its obligations under its gas sales arrangements during the term of firm service requested;
- (iii) Provide evidence to the satisfaction of Company that Prospective Shipper has obtained or will be able to obtain all associated regulatory approvals for the full term of firm service requested; and
- (iv) Provide an agreement which sets forth the Financial Assurances that may be requested by Company pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff (the “Financial Assurances Agreement”).

5.2 Prior to the commencement of service and during the term of a Service Agreement:

- (a) Prospective Shipper or Shipper shall provide evidence satisfactory to Company that it has a valid removal permit from the province of production prior to commencement of service, and as Company may require from time to time during the term of the Service Agreement; and
- (b) Prospective Shipper or Shipper shall forthwith advise Company of the termination of a removal permit or any action commenced to suspend a removal permit from the province of production.

APPENDIX A
(SHIPPER NAME)
PROJECT STATUS SUMMARY

Description of Activity	Completion Dates	
	<u>Expected</u>	<u>Actual</u>
1. Gas Sales Precedent Agreement(s) <ul style="list-style-type: none"> • letter of intent • precedent agreement 		
2. Gas Supply Contract(s)		
3. Upstream Transporter(s) <ul style="list-style-type: none"> • letter of intent • transportation contract • facilities 		
4. Application for gas removal permit (Province _____ docket no. _____) <ul style="list-style-type: none"> • filed • approved 		
5. Application to NEB for export licence (Board file no. _____) <ul style="list-style-type: none"> • filed • approved 		
6. Application to downstream authority(ies) <ul style="list-style-type: none"> • Office of the Fossil Energy (OFE) (docket no. _____) • filed • approved • FERC (docket no. _____) • filed • approved • other • filed • approved 		
7. Downstream Transporter(s) <ul style="list-style-type: none"> • letter of intent • transportation contract • facilities 		
8. Other Information Supporting Shipper's Request		

GENERAL TERMS AND CONDITIONS

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APPENDIX I
FORM OF TRANSPORTATION SERVICE AGREEMENT

APPENDIX II
FORM OF INTERRUPTIBLE TRANSPORTATION SERVICE
AGREEMENT

GENERAL TERMS AND CONDITIONS

ARTICLE 1: DEFINITIONS AND INTERPRETATION

1.1 Except where expressly stated otherwise, the following terms, when used in these General Terms and Conditions shall have the following meaning:

"**10³m³**" means 1000 cubic metres of Gas.

"**Accepted Volume**" has the meaning ascribed to it in Article 11 hereof.

"**Affiliate**", when used to indicate a relationship with a specific Person, means another Person that directly, or indirectly through one or more intermediaries or otherwise, controls, or is controlled by, or is under common control with such specific Person. A corporation shall be deemed to be an Affiliate of another corporation if one of them is directly or indirectly controlled by the other or if each of them is directly or indirectly controlled by the same Person.

"**Authorized Overrun Service**" or "**AOS**" means the right of Firm Shippers to be allocated a pro rata share of capacity on the pipeline that is not, from time to time, contracted for as Transporter's Contracted Capacity with any allocation to Firm Shippers to be made pursuant to Article 2.7 and Article 2.8 of the Toll Schedule Firm Transportation Service and subsequent to such allocation means the Shipper's share of such capacity.

"**Business Day**" or "**business day**" means any day on which Transporter's main office in Calgary, Alberta is customarily open for business.

"**Canadian Receipt Pool**" is a deemed location immediately downstream of the Receipt Points, maintained for each Shipper, forming itself a Receipt Point from which volumes may be scheduled for Transportation or nominated to or from for purposes of effecting Title Transfers, as defined in Article 11.1.

"**Canadian Delivery Pool**" is a deemed location immediately upstream of the Delivery Point, maintained for each Shipper, forming itself a Delivery Point from which volumes may be scheduled for Transportation or nominated to or from for purposes of effecting Title Transfers, as defined in Article 11.1.

"**Central Clock Time**" or "**CCT**" means Central Daylight time when Daylight Savings time is in effect and Central Standard time when Daylight Savings time is not in effect.

"**Commodity Charge**" means the Commodity Charge set out in "Schedule A" to the Toll Schedule Firm Transportation Service.

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"**Contracted Capacity**" means the daily volume of Gas contracted for by a Shipper and for which the Shipper has agreed to pay the Demand Charge in accordance with the terms of a Transportation Service Agreement.

"**Cubic Metre**" or "**m³**" means the volume of Gas occupying one cubic metre at a temperature of fifteen degrees Celsius (15°C), and at a pressure of 101.325 kilopascals absolute.

"**Daily Demand Charge**" means the quotient obtained by dividing the Demand Charge by the number of days in the relevant Month.

"**Daily Demand Charge Surcharge**" means the quotient obtained by dividing the Demand Charge Surcharge by the number of days in the relevant Month.

"**Day**" or "**day**" means a period of twenty-four (24) consecutive hours beginning and ending at 9:00 CCT or such other period of twenty-four (24) consecutive hours agreed to by Transporter and Shipper.

"**Delivery Point**" means the point of interconnection between Transporter's pipeline system and the pipeline system of U.S. Pipeline.

"**Demand Charge**" means the Demand Charge set out in Schedule "A" to the Toll Schedule Firm Transportation Service.

"**Demand Charge Credit**" means a Demand Charge Credit determined pursuant to Article 4 of the Toll Schedule Firm Transportation Service.

"**Demand Charge Surcharge**" means the Demand Charge Surcharge set out in Schedule "A" to the Toll Schedule Firm Transportation Service.

"**Demand Charge Surcharge Credit**" means a Demand Charge Surcharge Credit determined pursuant to Article 4 of the Toll Schedule Firm Transportation Service

"**Firm Service**" means Transportation provided pursuant to Toll Schedule Firm Transportation Service.

"**Firm Shipper**" means a shipper that enters into a Transportation Service Agreement and is eligible to receive Firm Service.

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"**Force Majeure**" means any act of God, war, civil insurrection or disobedience, acts of public enemy, strikes, lockouts or other industrial disturbances, accidents, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, explosions, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, breakage or accidents to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of lines of pipe, inability to obtain materials, supplies, permits or labour, or other cause whether of the kind enumerated or otherwise which is beyond the control of any applicable party and which by the exercise of due diligence such party is unable to prevent or overcome. The settlement of strikes, lockouts or other labour disputes shall be entirely within the discretion of the party having the difficulty. The following shall not be events of Force Majeure: (i) insufficiency of Shipper's Gas supplies, (ii) inadequate or uneconomic markets for Shipper's Gas, (iii) Shipper's lack of funds, or (iv) curtailment or disruption of service, for any reason whatsoever, on facilities upstream of Receipt Points or downstream of the Delivery Point; for greater certainty, "upstream of Receipt Points" shall mean beyond the inlet side of Transporter's measuring stations, and "downstream of the Delivery Point" shall mean beyond the outlet side of Transporter's Delivery Point.

"**Fuel Requirement**" has the meaning ascribed to it in Article 14 hereof.

"**Gas**" or "**Natural Gas**" means methane, and such other hydrocarbon constituents, or a mixture of two or more of them which, in any case, meets the quality specifications of the Tariff.

"**Gross Heating Value**" means the total Joules expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of Gas with air, with the Gas free of water vapour and the temperature of the Gas, air and products of combustion to be at standard temperature and all water formed by combustion reaction to be condensed to the liquid state.

"**Imbalance**" has the meaning ascribed to it in Article 13 hereof.

"**Interruptible Revenue Credit**" means an Interruptible Revenue Credit to be calculated and allocated to Firm Shippers in accordance with Article 21 hereto.

"**Interruptible Service**" means Transportation provided pursuant to Toll Schedule Interruptible Transportation Service.

"**Interruptible Service Toll**" means the toll set out in Schedule "A" to the Toll Schedule Interruptible Transportation Service.

GENERAL TERMS AND CONDITIONS

"Interruptible Shipper" means a Shipper that enters into an Interruptible Transportation Service Agreement and is eligible to receive Interruptible Service.

"Interruptible Transportation Service Agreement" or **"ITSA"** means an agreement pursuant to which Transporter provides Interruptible Service to a Shipper.

"Joule" or **"J"** shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force.

"Liquids Receipt Point" means a Receipt Point where the Gross Heating Value may exceed 60 MJ/m³ and for which there is an executed Liquids Receipt Point Operating Agreement.

"Liquids Receipt Point Operating Agreement" means the agreement, in a form prescribed by Transporter, between Transporter and common stream operator which is intended to address operational issues specific to a Liquids Receipt Point, including physical flow procedures, nominations and confirmation procedures, and protocols designed to protect the commingled stream from potentially disruptive changes to the commingled liquid content.

"Maximum Daily Transportation Quantity" means the maximum volume of Gas as specified in an Interruptible Transportation Service Agreement that Transporter agrees to receive from Shipper for Transportation under Toll Schedule Interruptible Transportation Service.

"Month" means a period extending from 9:00 am CCT on the first Day in a calendar Month and ending at 9:00 am CCT on the first Day of the next succeeding calendar Month, or at such hour as Shipper and Transporter agree upon.

"Monthly Bill" means the amount that Shipper is required to pay to Transporter for each Month in accordance with the terms of the applicable Toll Schedule.

"Person" means an individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.

"Primary Receipt Point" means a Receipt Point that is designated by a Firm Shipper as a Primary Receipt Point as set out in Schedule "A" to the Shipper's Transportation Service Agreement.

GENERAL TERMS AND CONDITIONS

"**Primary Receipt Point Capacity**" has the meaning ascribed to it in Article 6.1 (a) of the Toll Schedule Firm Transportation Service and "Primary Receipt Point Capacities" means each of them.

"**Prime Rate**" means, at any time, the per annum rate of interest then designated by the main branch of The Bank of Nova Scotia in Calgary, Alberta as its reference rate of interest for Canadian dollar commercial loans in Canada and which is announced by such Bank as its Prime Rate. A rate of interest payable pursuant hereto shall change automatically without notice to any party on each occasion upon which the Prime Rate is varied. Interest accruing due hereunder shall be calculated using the nominal rate method and shall be compounded monthly.

"**Receipt Point**" means a point on Transporter's pipeline system as set out in Schedule "A" hereto at which a shipper may in accordance with a Service Agreement tender Gas for Transportation and includes Liquids Receipt Points, where applicable.

"**Secondary Receipt Point**" has the meaning ascribed to it in Article 2.9 of the Toll Schedule Firm Transportation Service.

"**Service Agreement**" means, as the context requires, a Transportation Service Agreement or an Interruptible Transportation Service Agreement.

"**Shipper**" means any Person who enters into a TSA with Transporter, or, if the context so requires, a person who enters into an ITSA with Transporter.

"**Shipper's Authorized Volume**" has the meaning ascribed to it in Article 11 hereof.

"**Shipper's Contracted Capacities**" means the aggregate of the Contracted Capacities under all Transportation Service Agreements to which Shipper is a party.

"**Shipper's Nomination**" has the meaning ascribed to it in Article 11 hereof.

"**Shipper's Revised Nomination**" has the meaning ascribed to it in Article 11 hereof.

"**Tariff**" includes the Toll Schedule Firm Transportation Service, the Toll Schedule Interruptible Transportation Service, and the General Terms and Conditions, as amended and approved from time-to-time.

"**Taylor-Aitken Creek Receipt Point**" or "**TAC Receipt Point**" means a Receipt Point designated as a Taylor-Aitken Creek Receipt Point on Schedule "A" hereto.

GENERAL TERMS AND CONDITIONS

"**Transportation**" means the receipt of Gas for Shipper's account at Receipt Points that are available to Shipper pursuant to Shipper's Service Agreements and the transport and delivery of Gas for Shipper's account at the Delivery Point.

"**Transportation Service Agreement**" or "**TSA**" means an agreement pursuant to which Transporter provides Firm Service to a Shipper.

"**Transporter**" means Alliance Pipeline Limited Partnership.

"**Transporter's Contracted Capacities**" means the aggregate of the Contract Capacities under all Transportation Service Agreements to which Transporter is a party.

"**U.S. Pipeline**" means Alliance Pipeline L.P.

"**U.S. Fuel Requirement**" has the meaning ascribed to it in Article 14.

"**Year**" means a period of three hundred sixty-five (365) consecutive days except where the year contains the date 29 February in which case it shall consist of three hundred sixty-six (366) consecutive days.

ARTICLE 2: QUALITY

2.1 Unless otherwise authorized by Transporter, Gas tendered to Transporter at Receipt Points shall, subject to Article 2.2, conform to the following specifications:

- (a) shall have a Gross Heating Value of no less than thirty-six (36) MJ/m³ and shall have a Gross Heating Value of no greater than 60MJ/m³ unless a Liquids Receipt Point Operating Agreement is in effect for such Receipt Point;
- (b) shall be commercially free at prevailing pressure and temperature in Transporter's pipeline from sand, dust, gums, hydrocarbons liquefiable at temperature in excess of minus ten degrees Celsius (-10°C) and at the prevailing operating pressure, impurities, other objectionable substances which may become separated from the Gas, and other solids or liquids which will render it unmerchantable or cause injury to or interference with proper operation of the lines, regulators, meters or other facilities through which it flows; and shall not contain any substance not normally contained in Gas, other than traces of those materials and chemicals necessary for the transportation and delivery of the Gas and which do not cause it to fail to meet any of the quality specifications herein set forth;

GENERAL TERMS AND CONDITIONS

- (c) shall contain no more than 23 milligrams of hydrogen sulphide per cubic metre and no more than 115 milligrams of total sulphur per cubic metre of Gas unless such Receipt Point is a Liquids Receipt Point in which case the Gas tendered shall contain no more than 30 parts per million by weight of hydrogen sulphide and no more than 150 parts per million by weight of total sulphur, in each instance as determined by standard methods and testing;
 - (d) shall contain no more than two percent (2%) by volume of carbon dioxide;
 - (e) shall contain no more than sixty-five (65) milligrams of water vapour per cubic metre of Gas unless such Receipt Point is a Liquids Receipt Point in which case the Gas tendered shall contain no more than 85 parts per million by weight of water vapour;
 - (f) shall not exceed a temperature of fifty degrees Celsius (50°C);
 - (g) shall be as free of oxygen as practicable and shall in any event contain no more than four tenths of one percent (0.4%) by volume of oxygen; and
 - (h) shall in no event, contain any mix of components that will cause the presence of any liquids in the pipeline under normal operating conditions.
- 2.2** Gas tendered at Receipt Points designated as AB 05 Boundary Lake, AB 06 Boundary Lake - IOL, and AB 07 Boundary Lake South shall conform to the relevant specifications set out in the relevant tariff of Westcoast Energy Inc. as such tariff may be amended from time to time.
- 2.3** In the event gas tendered to Transporter by or on behalf of Shipper fails to meet the specifications in Article 2.1 or Article 2.2 as applicable, Transporter may refuse to receive the gas, in which case, Transporter will as soon as possible inform the Shipper to allow Shipper to promptly remedy any deficiency in quality.
- 2.4** Waiver: Transporter reserves the right to waive any or all such gas quality provisions, in a not unduly discriminatory manner, if it is determined by Transporter that such waiver can be granted without, in any way, jeopardizing the integrity of its system or violating any requirement of U.S. Pipeline.
- 2.5** In the event that Transporter determines that the projected Gross Heating Value of the commingled gas stream at any location on Transporter's system is approaching or is expected to approach the maximum acceptable level, based on the design of Transporter's system, Transporter will implement the energy capacity allocation procedure described in Article 2.6. For large diameter pipeline segments of Transporter's system, under normal

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operating conditions, the anticipated limit for the Gross Heating Value of the commingled gas stream is approximately 44.3 MJ/m³.

2.6 Transporter shall take the following steps to allocate energy capacity on Transporter's system when required pursuant to Article 2.5.

- (a) Transporter shall identify the affected part of its system, and specifically those Receipt Points for which these energy capacity allocation procedures are being invoked.
- (b) Transporter will first take all actions authorized under other portions of this Article 2, and specifically Article 2.4, to eliminate or avoid the identified problem.
- (c) If necessary, Transporter will determine the temporary maximum Gross Heating Value that will be acceptable for Gas nominated at Receipt Points to ensure that the commingled gas stream will not exceed the limit determined pursuant to Article 2.5.
- (d) Transporter will notify Shippers of the situation and the temporary maximum Gross Heating Value for Gas nominated at affected Receipt Points.

2.7 Nominations not in compliance with the temporary maximum Gross Heating Value will be rejected as not complying with the governing quality requirements. Transporter's actions will reflect Transporter's ability to reject Secondary Receipt Point nominations prior to rejecting, if necessary, Primary Receipt Point nominations for the affected Receipt Points, as a mechanism to alleviate the identified circumstance. Transporter will update the temporary maximum Gross Heating Value as required, with the objective of maximizing the flexibility afforded to Shippers.

ARTICLE 3: MEASUREMENT

3.1 A unit of volume for purposes of reporting shall be one thousand (1000) cubic metres (10³m³) of Gas.

3.2 The volume of the Gas received from Shipper shall be determined in accordance with the *Electricity and Gas Inspection Act (Canada)* and the Regulations thereunder.

3.3 The absolute atmospheric pressure used for volume calculations shall be assumed to be a specific pressure determined by calculations based on the actual elevation above sea level at the site of the meter, regardless of variations in actual barometric pressure. The formula used to calculate the atmospheric pressure shall be in accordance with the methodology

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prescribed pursuant to the *Electricity and Gas Inspection Act (Canada)* and the Regulations thereunder.

- 3.4** The determination of Gross Heating Value of Gas received or delivered shall be performed in a manner approved under the *Electricity and Gas Inspection Act (Canada)* and the Regulations thereunder or, if a manner for such determination is not set out in that Act, in accordance with industry accepted standards, and, in any event, in a manner to ensure that the Gross Heating Value so determined is representative of the Gas received or delivered at the Receipt or Delivery Point.

ARTICLE 4: MEASURING EQUIPMENT

- 4.1** All meters and measuring equipment for the determination of volume, Gross Heating Value or relative density shall be approved pursuant to, and installed and maintained in accordance with, the *Electricity and Gas Inspection Act (Canada)* and the Regulations thereunder. Notwithstanding the foregoing, all installation of equipment applying to or effecting deliveries of Gas shall be made in a manner permitting accurate determination of the quantity of Gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by Transporter and by Shipper in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume of Gas delivered under the Service Agreement.
- 4.2** Transporter shall verify the accuracy of its measuring equipment once each month or at such longer intervals as agreed to by the parties. Transporter will verify the accuracy of measuring equipment whenever requested by Shipper, provided requests do not require verification more than once in any month. If upon a requested verification, the measuring equipment is found to be registering correctly (which shall include any inaccuracy of two percent (2%) or less as mentioned below), the cost of such requested verification shall be charged to and borne by the requesting party; otherwise the cost of all requested verifications shall be borne by Transporter. If, upon any test, measuring equipment is found to be inaccurate but not by more than two percent (2%), previous readings of the equipment shall be considered correct in computing deliveries, but the equipment shall be adjusted properly at once to record accurately. If, upon any tests, any measuring equipment is found to be inaccurate by an amount exceeding two percent (2%) then the previous readings of the equipment shall be corrected to zero error for any period which is known definitely or can be agreed upon, but if the period is not known definitely or cannot be agreed upon, such corrections shall be for a period covering the last half of the time elapsed since the date of the last test.
- 4.3** Each party shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's equipment used in measuring receipts and deliveries hereunder. The records from

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such measurement equipment shall remain the property of their owner, but, upon request, each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within thirty (30) days after receipt thereof. Each party shall preserve for a period of at least two (2) years all test data, charts, and other similar records or such longer period as may be required by a responsible authority having jurisdiction.

ARTICLE 5: FORCE MAJEURE

- 5.1** If either Transporter or Shipper fails to perform any obligations under the Tariff or any Service Agreement due to an event of Force Majeure or any other event beyond its reasonable control then, subject to the provisions of the Tariff or such Service Agreement, such failure shall be deemed not to be a breach of such obligations. A party that fails to perform any obligation under the Tariff or Service Agreement where such failure is caused by such an event shall promptly remedy the cause thereof so far as it is reasonably able to do so, provided that the terms of the settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the party claiming suspension of its obligations hereunder by reason thereof.
- 5.2** Notwithstanding the provisions of Article 5.1, no event referred to therein shall: (i) relieve any party from any obligation or obligations pursuant to the Tariff or Service Agreement unless such party gives notice with reasonable promptness of such event to the other party, or (ii) relieve any party from any obligation or obligations pursuant to the Tariff or Service Agreement after the expiration of a reasonable period of time within which, by the use of due diligence, such party could have remedied or overcome the consequences of such event or (iii) except as expressly provided in Article 4 of the Toll Schedule Firm Transportation Service relieve any party from its obligations to make any Demand Charge, Demand Charge Surcharge or other payments to the other.
- 5.3** Where the failure by either party to perform any obligation under the Tariff or Service Agreement is, by virtue of the provisions of Article 5.1, deemed not to be a breach of such obligation, then the time for the performance of such obligation shall be extended by a number of days equal to the number of days during which the relevant event existed.

GENERAL TERMS AND CONDITIONS**ARTICLE 6: RECEIPT AND DELIVERY PRESSURE**

- 6.1** All gas tendered by or on behalf of Shipper to Transporter shall be tendered at a Receipt Point at the pressure requested by Transporter from time to time. Shipper shall not be required to tender gas at a receipt pressure in excess of that specified for the specific Receipt Point in Schedule "A".
- 6.2** All Gas delivered by Transporter to the facilities of U.S. Pipeline at the Delivery Point shall be delivered at the pressure agreed to by Transporter and U.S. Pipeline.

ARTICLE 7: BILLING AND PAYMENT

- 7.1** On or before the ninth (9th) day of each Month, Transporter shall deliver to Shipper by electronic or other means a statement of the amount payable by Shipper to Transporter for the preceding Month. Transporter will also deliver to Shipper by electronic or other means a statement of any charges calculated in accordance with Article 13. If actual quantities are unavailable in time to prepare the billing, such charges shall be based on estimated quantities and Transporter shall provide, in the succeeding Month's billing, an adjustment based on any differences between actual quantities and estimated quantities. Any required invoice backup data will accompany the invoice.
- 7.2** At the reasonable request of Transporter, Shipper shall provide to Transporter in a timely manner any information or data required by Transporter to calculate and verify the volume, quality and Gross Heating Value of Shipper's actual deliveries to Transporter.
- 7.3** All payments under a Service Agreement or a Toll Schedule shall be made in Canadian funds to a depository designated by Transporter via electronic funds transfer on or before the later of the twenty-fifth (25th) day of the Month and the fifth (5th) Business Day following receipt by Shipper of the monthly statement. If the payment due date falls on a day that the designated depository is not open in the normal course of business to receive Shipper's payment, then Shipper's payment shall be made on the first day after the payment due date that such depository is open in the normal course of business. If Shipper fails to pay in accordance with this Article 7.3 all or any portion of the amount shown as payable by Shipper on a monthly statement, interest thereon shall accrue daily at a rate equal to the daily equivalent of the Prime Rate plus one percent (1%). If the failure to pay continues for ten (10) days after payment is due, Transporter, in addition to any other remedy it may have, may suspend further transport and delivery of Gas for Shipper without further notice. Such suspension of transport and delivery of gas shall not constitute a failure by Transporter to perform any of its obligations under this Tariff or any Service Agreement.

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- 7.4** Provided that a claim is made within sixty (60) days of discovery of a billing error, and in any event within twenty-four (24) months from the date on the statement claimed to be in error, a billing error shall be adjusted within thirty (30) days from the date of receipt by the other party of a notice claiming discovery of the billing error, as follows:
- (a) Where Shipper has been overcharged and has paid the statement, the amount of the overpayment will be refunded to Shipper with interest at a rate equal to the sum of the Prime Rate and one percentage point (1%) from the date of the overpayment to the date of the refund. Where the refund is provided to Shipper by way of credit on another Transporter invoice, the overpayment will be deemed to have been refunded on the date the credited invoice is received by the Shipper.
 - (b) Where Shipper has been undercharged by Transporter, Shipper will pay the amount of the undercharge without interest provided the undercharge is paid within thirty (30) days. Interest shall accrue daily on undercharge amounts not paid within thirty (30) days at a rate equal to the daily equivalent of the Prime Rate plus one percent (1%) from the date of the statement.
- 7.5** Transporter or Shipper shall have the right at reasonable times to examine the books, records and charts of the other party, to the extent necessary to verify the accuracy of any statement or any claim for underpayment or overpayment.
- 7.6** (a) Transporter shall not be entitled to suspend further delivery of Gas pursuant to Article 7.3 if Shipper in good faith:
- (i) disputes the amount of any such bill or part thereof;
 - (ii) provides Transporter with a written notice including a full description of the reasons for the dispute, together with copies of supporting documents; and
 - (iii) pays to Transporter such amounts as it concedes to be correct.
- (b) Shipper shall not off-set any disputed amounts against the Demand Charge, or Demand Charge Surcharge portion of its bill.
- (c) In the event of a good faith billing dispute, Transporter may demand, and Shipper, within ten (10) days of such demand, shall furnish a good and sufficient surety bond guaranteeing payment to Transporter of all disputed amounts for any bills that are or will be affected by such dispute. If Shipper fails to provide a bond to Transporter guaranteeing payment, or if Shipper defaults in the conditions of such bond, then Transporter shall have the right to suspend or terminate Shipper's Service Agreement.

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- (d) Any good faith billing dispute shall be submitted to arbitration pursuant to the *Arbitration Act* of Alberta within sixty (60) days of Transporter's receipt of Shipper's written notice under Article 7.6 (a).

7.7 In the event that Shipper does not pay the full amount due Transporter in accordance with this Article 7, Transporter, without prejudice to any other rights or remedies it may have, shall have the right to withhold or set off payment or credit of any amounts of monies due or owing by Transporter to Shipper, whether in connection with Shipper's Service Agreement or otherwise, against any and all amounts of monies due or owing by Shipper to Transporter.

ARTICLE 8: PRIORITY OF SERVICE

- 8.1** (a) Transporter shall have the right to curtail or discontinue Transportation, in whole or in part, on all or a portion of its system at any time for reasons of Force Majeure or when, in Transporter's sole judgement, capacity or operating conditions so require, or it is desirable or necessary to make modifications, repairs or operating changes to its system. Transporter shall provide Shipper such notice of curtailment as is reasonable in the circumstances.
- (b) Transporter shall have the unqualified right to interrupt Interruptible Service at any time to provide Firm Service to any Shipper.
- (c) In the event of curtailment pursuant to Article 8.1 (a), Transportation shall be curtailed in the following order:
- (i) Interruptible Service will be curtailed first, pro rata, based on the Interruptible Service scheduled in accordance with Article 12;
 - (ii) AOS will be curtailed next, pro rata, based on Shipper's relative rights to AOS as determined pursuant to Article 2.7 of the Toll Schedule Firm Transportation Service with nominations for AOS made after the time for nominations set out in Article 11 being curtailed fully before timely nominations; and
 - (iii) Firm Service other than AOS will be curtailed next, pro rata, based on the Firm Service scheduled for each Shipper in accordance with Article 12.

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- 8.2** In the event of curtailment pursuant to Article 8.1(a) at a specific Receipt Point, or a subset of Receipt Points, Transportation at such Receipt Point(s) shall be curtailed in the following order:
- (a) Interruptible Service at the Receipt Point(s) will be curtailed first and such Interruptible Service that is available at the Receipt Point(s) shall be allocated, pro rata, based on the ratio of the Interruptible Service scheduled for the Interruptible Shipper at the Receipt Point(s) in accordance with Article 12 to the aggregate Interruptible Service scheduled at the Receipt Point(s) in accordance with Article 12;
 - (b) Firm Service (including AOS quantities) to Firm Shippers for which the Receipt Point(s) is not a Primary Receipt Point and Firm Shippers nominating quantities greater than the Shipper's Primary Receipt Point Capacity at the Receipt Point(s) will be curtailed next. Such Firm Service that is available to such Shippers at the Receipt Point(s) shall be allocated among such Shippers, pro rata, based on and up to each Shipper's scheduled quantity above Primary Receipt Point Capacity at each Receipt Point. If the Receipt Point(s) is a TAC Receipt Point, Firm Service (including AOS quantities) to Firm Shippers for which the TAC Receipt Point is not a Primary Receipt Point and Firm Shippers nominating volumes above their Primary Receipt Point Capacity at that TAC Receipt Point, to the extent that such Shipper's aggregate Primary Receipt Point nominations at all TAC Receipt Points are less than the Shipper's aggregate Primary Receipt Point Capacity at all TAC Receipt Points, shall be excluded from this curtailment;
 - (c) Firm Service (including AOS quantities) at TAC Receipt Points to Firm Shippers for which the TAC Receipt Point is not a Primary Receipt Point and Firm Shippers nominating volumes above their Primary Receipt Point Capacity at that TAC Receipt Point, to the extent that such Shipper's aggregate Primary Receipt Point nominations at all TAC Receipt Points are less than the Shipper's aggregate Primary Receipt Point Capacity at all TAC Receipt Points, will be curtailed next. Such Firm Service that is available shall be allocated among such Firm Shippers, pro rata, based on and up the volume of Gas scheduled for each shipper pursuant to Article 12.2(b) at the Receipt Point; and
 - (d) Firm Service (including AOS quantities) at all Receipt Points to Firm Shippers to the extent the Receipt Point(s) is a Primary Receipt Point will be curtailed last and such Firm Service that is available to such Shippers at the Receipt Point shall be allocated among such Shippers, pro rata, based on and up to the volume of Gas scheduled for each Shipper pursuant to Article 12.2(a) at the Receipt Point.

GENERAL TERMS AND CONDITIONS**ARTICLE 9: NON-WAIVER AND FUTURE DEFAULT**

9.1 No waiver by either Transporter or Shipper of any one or more defaults by the other in the performance of any provisions of the Service Agreement shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or different character.

ARTICLE 10: REQUESTS FOR TRANSPORTATION SERVICE

10.1 Valid requests for Transportation under Toll Schedule Firm Transportation Service and Toll Schedule Interruptible Transportation Service shall be made by providing the following information in writing to Transporter at the following address:

Alliance Pipeline Limited Partnership
Suite 400
605 - 5th Avenue S.W.
Calgary, Alberta
Canada T2P 3H5
Attention: Manager, Tariff Administration

- (a) Identification of Shipper:
 - (i) Shipper's legal name and principal place of business.
 - (ii) Shipper's business address for notices and billing.
 - (iii) Shipper's telephone number, including at least one telephone number at which an authorized employee or agent of Shipper can be contacted on a 24 hour, 7 day a week basis.
- (b) Character of service requested (Firm or Interruptible).
- (c) Requested Contracted Capacity for Firm Service or Maximum Daily Transportation Quantity for Interruptible Service, stated in 10^3m^3 per day.
- (d) Requested date of commencement of service.
- (e) Requested term of service.
- (f) Requested Primary Receipt Point(s) from the Receipt Points listed in Schedule A to the General Terms and Conditions and requested Primary

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Receipt Point Capacities at each receipt point if request is pursuant to toll Schedule Firm Transportation Service.

- (g) Whether any party to the transaction is an Affiliate of Transporter, either as shipper, supplier, or as the person for whom service is provided and, if so, the extent of that affiliation.
- (h) If Shipper requests service on behalf of a third party, Shipper shall submit a copy of an executed agreement between Shipper and the third party which authorized Shipper to act on behalf of the third party to secure the Transportation requested. Shipper shall provide the name, address, telephone number and status (e.g. Local Distribution Company, producer, etc.) of the third party.

GENERAL TERMS AND CONDITIONS**ARTICLE 11: NOMINATIONS**

- 11.1** (a) For service required on any day under each Service Agreement, Shipper shall provide Transporter with a nomination indicating the Receipt Points, Delivery Points, the applicable Toll Schedule, the volume of Gas, Gross Heating Value or total number of Joules (“Shipper Nomination”) that Shipper desires to be received, transported and delivered, and such other information as Transporter reasonably determines as necessary.
- (b) Nominations are to be provided to Transporter in writing or by electronic means agreed to between Transporter and the Shipper so as to be received by Transporter in accordance with the timelines established in conjunction with U.S. Pipeline, which reflect the Gas Industry Standards Board (“GISB”) standard nomination cycles.
- (c) In addition to the Receipt Points listed in Schedule “A”, Shippers may, as part of a Nomination, request transfers to and from the Canadian Receipt Pools of other Shippers. Shippers may also nominate for transfer to or from Shipper’s Canadian Delivery Pool to the Canadian Delivery Pool of other Shippers. Transfers to and from the Canadian Delivery Pools of other parties and transfers to and from the Canadian Receipt Pools of other parties are collectively referred to as “Title Transfers”.
- (d) If such Title Transfers are confirmed through matching and equal nominations by both parties, all remaining nominations, scheduling, and curtailment procedures will be implemented based on the parties aggregate Nominations net of such Title Transfers.
- 11.2** (a) If Transporter accepts Shipper’s Nominations, Shipper’s Nomination including Fuel Requirement and U.S. Fuel Requirement, shall be “Shipper’s Authorized Volume”.
- (b) If Transporter determines that it will not accept Shipper's Nomination (for reasons of Force Majeure, failure of Shipper to comply with Shipper's Service Agreements, or any reason whatsoever consistent with the Tariff) Transporter shall advise Shipper on the day immediately preceding the day for which service was requested of the reduced volume (if any) that Transporter is prepared to transport and deliver under Shipper’s Service Agreements (the "Accepted Volume"). Shipper shall provide a revised nomination ("Shipper's Revised Nomination") to Transporter. Shipper's Revised Nomination shall be no greater than the Accepted Volume.

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- (c) If Shipper does not re-nominate, Shipper's Nomination will be assumed to be the Accepted Volume and shall become Shipper's Authorized Volume. If Shipper's Revised Nomination is less than the Accepted Volume, then the sum of (1) Shipper's Revised Nomination, (2) Fuel Requirement, and (3) U.S. Fuel Requirement shall become Shipper's Authorized Volume.
- 11.3** Transporter shall permit Shipper to revise Shipper's Nomination under Transporter's Toll Schedule Firm Transportation Service at any time prior to the end of a Day being scheduled, provided: (a) such revision may be implemented, in Transporter's reasonable judgement, by Transporter without detriment to Transporter's service to any other Firm Shipper; (b) such revision is not inconsistent with any term or condition of Transporter's Toll Schedule Firm Transportation Service or TSA; and (c) such revision can be confirmed in a timely manner with Shipper's upstream transportation operators and other operators of connecting facilities and U.S. Pipeline. Such change in nominated and scheduled deliveries shall be made prospectively only. Notwithstanding Article 11.2, if Transporter permits Shipper to revise Shipper's Nomination under this Article 11.3 then the sum of (1) such revised Shipper's Nomination, (2) Fuel Requirement, and (3) U.S. Fuel Requirement shall become Shipper's Authorized Volume.
- 11.4** Transporter may allow, but shall not be obligated to allow, Shipper to revise its nominations under Transporter's Toll Schedule Interruptible Transportation Service at any time prior to the end of the Day being scheduled, provided: (a) such revision may be implemented, in Transporter's reasonable judgement, by Transporter without detriment to Transporter's service to any other Firm or Interruptible Shipper; (b) such revision is not inconsistent with any term or condition of Transporter's Toll Schedule Interruptible Transportation Service and the ITSA; and (c) such revision can be confirmed in a timely manner with Shipper's upstream transportation operators and other operators of connecting facilities and U.S. Pipeline. Such change in nominated and scheduled deliveries shall be made prospectively only. Notwithstanding Article 11.2, if Transporter permits Shipper to revise Shipper's Nomination under this Article 11.4 then the sum of (1) such revised Shipper's Nomination, (2) Fuel Requirement, and (3) U.S. Fuel Requirement shall become Shipper's Authorized Volume.
- 11.5** All Nominations are subject to adjustment by Transporter in accordance with Article 13 hereof.

GENERAL TERMS AND CONDITIONS**ARTICLE 12: SCHEDULING**

- 12.1** Transporter shall schedule all Firm Service for each Shipper prior to the scheduling of any Interruptible Service. Transportation shall be scheduled in accordance with the following order of declining priority:
- (a) Firm Service (excluding AOS) up to Shipper's Contracted Capacities under the Toll Schedule Firm Transportation Service, pro rata, based on each Shipper's Contracted Capacities.
 - (b) AOS under Toll Schedule Firm Transportation Service, allocated in accordance with Article 2.7 of Toll Schedule Firm Transportation Service.
 - (c) Interruptible Service under Toll Schedule Interruptible Transportation Service, pro rata, based on the nominations of all shippers seeking Interruptible Service.
- 12.2** Scheduling at specific Receipt Points, or a subset of Receipt Points shall be in accordance with the following order of declining priority:
- (a) Scheduling of Firm Service (including AOS quantities) at all Receipt Points will accord priority to Firm Shippers for which the Receipt Point is a Primary Receipt Point, to the extent of the Shipper's Primary Receipt Point Capacity for such Receipt Point;
 - (b) Scheduling of Firm Service (including AOS quantities) at a TAC Receipt Point will afford priority to Firm Shippers for which the TAC Receipt Point is not a Primary Receipt Point and Firm Shippers nominating volumes above their Primary Receipt Point Capacity at that TAC Receipt Point, to the extent that such Shipper's aggregate Primary Receipt Point nominations at all TAC Receipt Points are less than the Shipper's aggregate Primary Receipt Point Capacity at all TAC Receipt Points. Such Firm Service shall be allocated among such Firm Shippers, pro rata, based on and up to each Shipper's unnominated aggregate Primary Receipt Point Capacity for all TAC Receipt Points. Capacity at TAC Receipt Points that is not allocated in accordance with this Article 12.2(b) shall be allocated in accordance with Articles 12.2(c) and 12.2(d);
 - (c) Remaining Firm Service (including AOS quantities) at Receipt Points shall be allocated among Firm Shippers for which the Receipt Point is not a Primary Receipt Point and Firm Shippers nominating quantities greater than Shipper's Primary Receipt Point Capacity at the Receipt Point. Such Firm Service shall be allocated among such Firm Shippers, pro rata, based on and up to each such Shipper's Firm Service nomination above their Primary Receipt Point Capacity at that Receipt

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Point; and

- (d) Interruptible Service shall be allocated among Interruptible Shippers, prorata, based on the ratio of the volume of Interruptible Service nominated at the Receipt Point by the Interruptible Shipper to the aggregate volume of Interruptible Service nominated at the Receipt Point by all Interruptible Shippers.
- (e) In addition to the above, all Liquids Receipt Points with the same designated liquids component shall be considered as a subset for purposes of scheduling receipts within the limits of the capacity of the system to receive the specific component. Prior to scheduling such subset of Liquids Receipt Points, Transporter will take into account the volume of the specific liquids component received from all Receipt Points (excluding Liquids Receipt Points). Transporter will advise Shipper of changes to the estimated capacity available for the average day for each liquids component in the prior month.

12.3 Until Transporter has informed Shipper that Shipper's Nomination, whether monthly, daily or intraday, is accepted, such volumes will not be deemed scheduled.

ARTICLE 13: UNAUTHORIZED VOLUMES AND IMBALANCES

- 13.1** Shipper shall use reasonable efforts to minimize variances from scheduled quantities under each Toll Schedule. Notwithstanding such efforts, it is acknowledged that such variances are likely to occur. However, under certain circumstances, pursuant to the provisions of this Article, Shipper may be subject to penalties for failure to operate reasonably in this regard. Transporter shall, in good faith, assist Shipper in avoiding such penalties. Under no circumstances shall the payment of such penalties relieve Shipper from the obligation to take all required actions to resolve outstanding Imbalances.
- 13.2** Transporter shall use all reasonable efforts to tolerate Shipper variances because of temporary limitations of the physical capability of Transporter's system, giving due consideration to flexibility available to Transporter by fluctuating line pack levels and exploitation of permissible use of any operational balancing agreements with interconnecting facilities. Under no circumstance shall Transporter tolerate Shipper Imbalances which have a deleterious and discriminatory effect upon the capacity available to Firm Shippers.
- 13.3** Shipper shall use all reasonable efforts to at all times maintain balance, based on the best available information, between:
- (a) volume of gas scheduled for receipt to Shipper's account from each Receipt Point and actual volume received to Shipper's account from each Receipt Point ("Volume Receipt Variance");

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- (b) total energy scheduled for receipt to Shipper's account from each Receipt Point and actual energy received to Shipper's account from each Receipt Point ("Energy Receipt Variance");
 - (c) aggregate volume received to Shipper's account and aggregate volume of gas delivered by Transporter from Shipper's account at the Delivery Point ("Volume Imbalance"); and
 - (d) aggregate energy received to Shipper's account and aggregate energy delivered by Transporter from Shipper's account at the Delivery Point ("Energy Imbalance").
- 13.4** All imbalances or variances defined in Article 13.3 (collectively "Imbalances") shall be held in the Shipper's account in the Shipper's Receipt Pool. Transporter shall make available in advance of the time for timely nominations each Day the best available estimate of the various Imbalances to Shipper's account.
- 13.5** Shipper shall not be subject to any penalty for prevailing Imbalances, provided at all times:
- (a) Shipper's account is within acceptable tolerance levels, as specified by Transporter from time-to-time, based on the best available information; and
 - (b) Shipper takes all reasonable actions to eliminate any Imbalances, as required by the provisions of this Article, including complying with all reasonable directions of Transporter to address prevailing Imbalances, with Transporter giving due consideration to avoiding potential impacts on other Shippers in identifying reasonable courses of action in specific circumstances.
- 13.6** Transporter shall communicate to all Shippers, as part of the nomination procedures, the current acceptable level of tolerance for Imbalances. Transporter shall use all reasonable efforts to operate its system so as to permit tolerance of periodic Imbalances by each Shipper, subject to compliance with the requirements of this Article 13, up to 4% of the volume authorized by Transporter. However, Transporter reserves the right to impose more stringent Imbalance tolerance levels, based on the need to maximize throughput or to protect the integrity of Transporter's facilities.
- 13.7** Daily allocations by operators of interconnecting systems upstream of the Alliance Receipt Points ("Upstream Operators") shall only give rise to Imbalance penalties, if Shipper fails to take immediate action to reduce any identified Imbalances within tolerance levels specified by Transporter at that time. In the event such actions are not taken, Transporter may adjust new or standing nominations so as to bring Shipper's account within specified tolerance levels.
- 13.8** Any month-end allocation adjustments by Upstream Operators shall not give rise to Imbalance penalties, except to the extent the month-end allocations confirm Imbalances indicated by the corresponding daily allocations. For the purpose of establishing final Imbalances and imposing associated penalties, if any, differences between the month-end allocation and the aggregate of the individual daily allocations shall be prorated across

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each Day in the Month based upon the daily allocations confirmed by the Upstream Operators.

- 13.9** Any cumulative Imbalance confirmed by month-end allocation adjustments by Upstream Operators, if applicable, shall be eliminated by Shipper by immediately implementing one of the following courses of action:
- (a) Effecting Title Transfer(s) to or from Shipper's Receipt Pool sufficient to eliminate any such Imbalance (provided this does not create an Imbalance for the account of another Shipper); or
 - (b) Adjusting Shipper's nomination over a period no greater than 25 Days, as agreed to by Transporter (accomplished by reductions of no less than one-twenty fifth of the original cumulative Imbalance on any Day), to eliminate any such Imbalance.
- 13.10** In the event Shipper does not take either of the actions in Article 13.9(a) and (b) in sufficient quantity, Transporter may decrease Shipper's Receipt or delivery nomination to eliminate the outstanding Imbalance in a timely and an orderly fashion.
- 13.11** If, based on month-end allocations of Upstream Operators prorated across each Day in the Month in accordance with this Article 13 (where relevant), the Volume Imbalance exceeds the Imbalance tolerance level specified by Transporter on any Day, and such data confirms the best available data available at the time the Imbalance was originally identified, and Shipper failed to take action, Shipper shall be subject to a charge ("Volume Imbalance Penalty"). The Volume Imbalance Penalty shall be the product obtained by multiplying the absolute amount of the Imbalances in excess of the stated tolerance level on each Day in the Month, by ten times the Daily Demand Charge for the Month.

GENERAL TERMS AND CONDITIONS**ARTICLE 14: FUEL**

- 14.1** Shipper shall nominate for and tender or cause to be tendered to Transporter, in addition to the Gas that Shipper desires to be delivered for Shipper's account at the Delivery Point, a volume of Gas determined on the basis of the applicable monthly fuel ratio established by Transporter, a volume of gas equal to Transporter's reasonable determination of estimated line losses and unaccounted for Gas, and the required operational variance in linepack for the month, (collectively the "Fuel Requirement"). Transporter will advise Shipper of the applicable Fuel Requirement by no later than the twenty-fifth (25th) day of the Month for the following Month, or, in the absence of such notification, Shipper shall use the last monthly Fuel Requirement established by Transporter.
- 14.2** Shipper shall nominate for and tender or cause to be tendered to Transporter as part of the Gas that Shipper desires to be delivered for Shipper's account at the Delivery Point a volume of Gas determined on the basis of the applicable monthly fuel ratio established by U.S. Pipeline, a volume of gas equal to U.S. Pipeline's reasonable determination of estimated line losses and unaccounted for Gas, and the required operational variance in linepack (collectively the "U.S. Fuel Requirement"). Shippers shall not be required to pay Transporter any toll for Transportation of the U.S. Fuel Requirement.
- 14.3** Transporter is not required to accept any nomination; (a) that does not include a nomination for the Fuel Requirement and the U.S. Fuel Requirement, or (b) if Transporter is not satisfied, in its sole discretion, that the Fuel Requirement and U.S. Fuel Requirement will actually be tendered to Transporter in accordance with the nomination. In the event Transporter refuses the nomination for the reasons set out in this Article 14.3, Transporter shall advise Shipper to revise its nomination for the Fuel Requirement and U.S. Fuel Requirement and Shipper shall revise its Fuel Requirement and U.S. Fuel Requirement nomination.
- 14.4** The Fuel Requirement and U.S. Fuel Requirement will be calculated on an energy basis and expressed in GJ per 10^3m^3 of Gas to be transported.

GENERAL TERMS AND CONDITIONS

ARTICLE 15: PRIORITY OF RECEIPTS

15.1 Gas shall be deemed to be transported from Shipper's Canadian Receipt Pool on Shipper's behalf in the following order:

- (i) Fuel Requirement;
- (ii) U.S. Fuel Requirement;
- (iii) Firm Service (excluding AOS) up to Shipper's Contracted Capacities;
- (iv) AOS; and
- (v) Interruptible Service.

ARTICLE 16: RIGHT TO COMMINGLE

16.1 Transporter shall have the right at all times to commingle Shipper's Gas with other Gas in the pipeline. Gas delivered by Transporter at the Delivery Point shall have the quality that results from Gas having been transported and commingled in the pipeline.

GENERAL TERMS AND CONDITIONS

ARTICLE 17: NOTICES OF CHANGES IN OPERATING CONDITIONS

17.1 Transporter and Shipper shall notify each other from time to time as necessary of expected changes in the rates of delivery or receipt of Gas, or in the pressures or other operating conditions, and the reason for such expected changes, to the end that the other party may be prepared to meet them when they occur.

ARTICLE 18: POSSESSION AND CONTROL OF GAS

18.1 Transporter shall be deemed to be in possession of, in control of and responsible for all Gas received by it until the Gas is delivered by it at the Delivery Point.

GENERAL TERMS AND CONDITIONS**ARTICLE 19: SHIPPER WARRANTY AND INDEMNITY**

- 19.1** Shipper warrants to Transporter that it will at the time of tendering have title to or right to tender all Gas tendered by it or on its behalf to Transporter for Transportation free and clear of liens and encumbrances and adverse claims of every kind, except that the option granted pursuant to Article 5 (Option to Extract and Purchase Liquids) of a TSA or Article 5 (Option to Extract and Purchase Liquids) of an ITSA shall not constitute an encumbrance or adverse claim hereunder.
- 19.2** Shipper represents and warrants to Transporter that it has and will maintain all authorizations for the removal of Gas from the province of production, export of Gas from Canada and import of Gas into the United States and any other authorization required to permit its Gas to be transported hereunder.
- 19.3** Transporter warrants that, subject to Article 5 of the TSA or Article 5 of the ITSA, as applicable, at the time of delivery of Gas for Shipper's account at the Delivery Point such Gas will be free and clear of all liens and encumbrances arising under or by virtue of Transporter.
- 19.4** Shipper shall indemnify Transporter and save it harmless against all claims, actions or damages arising from any adverse claims by third parties claiming ownership or an interest in the Gas tendered to Transporter for Transportation.
- 19.5** Transporter and Shipper shall each indemnify the other and save it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising out of the adverse claim of any person or persons for any taxes, licenses, fees, royalties or charges which are applicable prior to the time of delivery of such Gas to such other party.
- 19.6** Shipper shall indemnify Transporter and save it harmless from all taxes and assessments levied and assessed upon the sale and delivery of such Gas prior to and upon delivery of such Gas to Transporter for Transportation.

GENERAL TERMS AND CONDITIONS**ARTICLE 20: FINANCIAL ASSURANCES**

20.1 Shipper shall at all times comply with one of the following creditworthiness requirements:

- (i) Shipper (or an Affiliate which guarantees Shipper's obligations under the Transportation Service Agreement or Interruptible Transportation Service Agreement) has an investment grade rating for its long term senior unsecured debt from a recognized rating agent.

The schedule below sets out the minimum acceptable rating from each of the indicated rating agencies:

Acceptable Credit Ratings*
(Long-term Senior Unsecured Debt)

Moody's	Baa ³ or better
Standard & Poors	BBB- or better
Dominion Bond Rating Service	BBB or better
Canadian Bond Rating Service	BBB or better
National Association of Insurance Commissioners	NAIC 1 or NAIC 2

* Or other equivalent ratings from recognized rating agencies, as determined by Transporter.

A Shipper who qualifies under this category initially but is later downgraded below investment grade will be required to qualify under another category below.

- (ii) A Shipper whose long term senior unsecured debt does not have an acceptable rating as outlined in the schedule above will be accepted as creditworthy if Transporter and its lenders determine that, notwithstanding the absence of an acceptable rating, the financial position of the Shipper (or an Affiliate which guarantees the Shipper's obligations under the Transportation Service Agreement or Interruptible Transportation Service Agreement) is acceptable to Transporter and the lenders. Application for acceptance as creditworthy may be made at any time. Shipper will not be subject to having its acceptance under this category revoked unless there has been a material adverse change in the financial criteria relied on at the time of acceptance in the sole opinion of Transporter and its lenders.

GENERAL TERMS AND CONDITIONS

- (iii) A Shipper who, at the time of execution and delivery of its Transportation Service Agreement or Interruptible Transportation Service Agreement or at any time thereafter while it is bound thereby, is not eligible under (i) or (ii) above, must provide security for its obligation by either:
- (a) posting a letter of credit or pledging a cash deposit, in an amount equal to the amount of the letter of credit, as set forth below; or
 - (b) by providing other security acceptable to Transporter.

A letter of credit or cash deposit under (a) above shall be in the following amounts: (i) with respect to a Shipper under a Transportation Service Agreement, an amount equal to 12 months of estimated Demand Charges and Demand Charge Surcharges if applicable, such security to be adjusted annually to reflect any change in the estimated Demand Charges and Demand Charge Surcharge if applicable, for the succeeding 12 months; (ii) with respect to a Shipper under an Interruptible Transportation Service Agreement, such security shall be equal to the product obtained by multiplying the Maximum Daily Transportation Quantity in Shipper's Interruptible Transportation Service Agreement by the Interruptible Service Toll and that product multiplied by thirty (30); and shall be adjusted from time to time to reflect any changes to Shipper's Maximum Daily Transportation Quantity and the Interruptible Service Toll.

- (iv) Transporter reserves the right to require any Shipper who does not qualify under paragraph (i) above and who has not been accepted pursuant to paragraph (ii) above to provide the security required by paragraph (iii) above. Any Shipper who qualifies under paragraphs (i) or (ii) above by virtue of an Affiliate guaranteeing the obligations of the Shipper shall provide an unconditional and irrevocable guarantee from the Affiliate, in Transporter's usual form, and shall provide the guarantee concurrently with the execution of the Transportation Service Agreement or Interruptible Transportation Service Agreement.

GENERAL TERMS AND CONDITIONS

ARTICLE 21: CREDITING OF REVENUE FROM INTERRUPTIBLE TRANSPORTATION

21.1 For each Month Transporter shall calculate and credit to each Firm Shipper a share of an aggregate Interruptible Revenue Credit determined and allocated as follows:

- (a) The aggregate Interruptible Revenue Credit shall be equal to the product obtained by multiplying (1) the total volume of Gas transported by Transporter under Interruptible Service for all Shippers in the preceding Month by (2) the Interruptible Service Toll.
- (b) Each Firm Shipper shall be allocated, by way of deduction from the Monthly Bill otherwise payable by such Shipper for the Month following the Month for which the aggregate Interruptible Revenue Credit has been determined, a pro rata share of the aggregate Interruptible Revenue Credit determined based on Contracted Capacities as at the first day of the Month for which the aggregate Interruptible Revenue Credit has been determined.

ARTICLE 22: INCORPORATION IN TOLL SCHEDULES AND CONTRACTS

22.1 These General Terms and Conditions are incorporated in and are part of all Toll Schedules and Service Agreements.

22.2 These General Terms and Conditions, the Toll Schedules and all Service Agreements are subject to the provisions of all valid present and future laws, rules, regulations and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction over the subject matter thereof.

GENERAL TERMS AND CONDITIONS**ARTICLE 23: TRANSPORTATION SERVICE AGREEMENTS**

- 23.1** Shipper shall enter into a Transportation Service Agreement or Interruptible Transportation Service Agreement with Transporter under Transporter's appropriate standard form of Transportation Service Agreement or Interruptible Transportation Service Agreement, as presented in Appendix I and Appendix II hereto respectively.
- 23.2** The term of an Interruptible Transportation Service Agreement shall be agreed upon between Shipper and Transporter at the time of the execution thereof.

ARTICLE 24: NOTICES

- 24.1** Except as otherwise provided, any request, demand, statement, or bill, or any notice (collectively "a notice") which either party desires to give to the other, must be in writing and shall be validly communicated by the delivery thereof to its addressee, either personally or by courier or by telecopier, and will be considered duly delivered to the party to whom it is sent at the time of its delivery if personally delivered or if sent by telecopier during normal business hours, or on the day following transmittal thereof if sent by courier (provided that in the event normal courier service, or telecopier service shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the notice shall utilize any service that has not been so interrupted or shall personally deliver such notice) to the other party at the address set forth below. Each party shall provide notice to the other of any change of address for the purposes hereof.

(i) Operator: To be advised

(ii) Transporter:

Alliance Pipeline Limited Partnership
c/o Alliance Pipeline Ltd.
Ste 400, 605-5 Avenue S.W.
Calgary, AB, Canada T2P 3H5

Attention: Manager, Tariff Administration

Fax: (403) 266-4495

(iii) Shipper: At the address set out in a Service Agreement.

Routine communications, including monthly statements, will be considered duly delivered when mailed by either registered, certified, or ordinary mail.

GENERAL TERMS AND CONDITIONS**ARTICLE 25: OPERATOR**

25.1 Transporter shall have the right to designate any Person or Persons to function as “Operator” of its pipeline system with respect to, but not limited to, the management of facilities, receipt and disposition of nominations, scheduling of receipts and deliveries, administration of Service Agreements and accounting. If Transporter designates an Operator, references to Transporter in a Service Agreement, Toll Schedule or these General Terms and Conditions shall be read to include Operator acting on behalf of Transporter, to the extent applicable.

ARTICLE 26: LIABILITY AND INDEMNITY

26.1 In no event will either Transporter or Shipper be liable to the other for any indirect, special or consequential loss, damage, cost or expense whatsoever based on breach of contract, negligence, strict liability or otherwise including, without limitation, loss of profits or revenues, cost of capital, loss or damages for failure to deliver Gas, cost of lost, purchased or replacement Gas, cancellation of permits or certificates and the termination of contracts.

26.2 Except as set out in Article 4 of the Toll Schedule Firm Transportation Service, Transporter shall have no liability to Shipper, nor obligation to indemnify and save harmless Shipper, in respect of Transporter’s failure for any reason whatsoever to accept receipt of, or deliver Gas pursuant to any Service Agreement between Transporter and Shipper.

GENERAL TERMS AND CONDITIONS

ARTICLE 27: MISCELLANEOUS

27.1 Transporter and Shipper each assume responsibility and liability for the installation, maintenance and operation of its respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all losses, damages, claims or actions, including injury to or death of persons, arising from any act or accident resulting from the installation, presence, maintenance and operation of the property and equipment of the indemnifying party.

GENERAL TERMS AND CONDITIONS**SCHEDULE A****RECEIPT POINTS AND RECEIPT PRESSURES**

RECEIPT POINT NO.	RECEIPT POINT MNEMONIC	RECEIPT POINT NAME	METER LOCATION	TAC RECEIPT POINT (Yes/No)	RECEIPT PRESSURE kPa (psi)
BC 01	HIWAY	HIGHWAY	d-37-I 94-B-16	Yes	7450 (1080)
BC 01A	HWAY2	HIGHWAY 2	d-37-I 94-B-16	Yes	8275 (1200)
BC 02	ATKCK	AITKEN CREEK	d-44-L 94-A-13	Yes	8065 (1170)
BC 02-1	ATKCK	AITKEN CREEK	d-44-L 94-A-13	Yes	8065 (1170)
BC 02A	AKCK2	AITKEN CREEK 2	d-44-L 94-A-13	Yes	8275 (1200)
BC 03	MCMAN	McMAHON	NE25-82-18W6	Yes	5380 (780)
BC 04	YUNGR	YOUNGER	4-10-83-17W6	Yes	5380 (780)
AB 05	BDLYK	BOUNDARY LAKE	11-24-84-15W6	No	¹
AB06	BDLK2	BOUNDARY LAKE – IOL	08-02-85-14W6	No	¹
AB 07	BDLKS	BOUNDARY LAKE SOUTH	01-14-85-13W6	No	6895 (1000)
AB 09	FTKCK	FOURTH CREEK	14-11-82-09W6	No	6895 (1000)
AB 10	JOSEP	JOSEPHINE	08-01-83-10W6	No	6550 (950)
AB 11	PCOUP	POUCE COUPE	11-34-79-12W6	No	7240 (1050)
AB 13	GRDL1	GORDONDALE	16-02-79-12W6	No	8275 (1200)
AB 14	GRDL2	GORDONDALE	11-24-79-11W6	No	6725 (975)
AB 16	PROGR	PROGRESS	01-01-78-10W6	No	7585 (1100)
AB 17	VALH1	VALHALLA	12-21-76-09W6	No	7585 (1100)
AB 20	VALH2	VALHALLA	16-20-75-09W6	No	7585 (1100)
AB 21	TEECK	TEEPEE CREEK	07-02-74-04W6	No	6895 (1000)
AB 22	CLRMT	CLAIRMONT	08-35-73-06W6	No	1200 (8275)
AB 23	SEXSM	SEXSMITH	01-07-75-07W6	No	7585 (1100)
AB 24	HYTHZ	HYTHE/BRAINARD	14-18-74-12W6	No	7930 (1150)
AB 25	KNOPK	KNOPCIK	NE10-74-11W6M	No	7930 (1150)
AB 27	WMBLY	WEMBLEY	06-19-73-08W6	No	7240 (1050)
AB 27A	ELMWH	ELMWORTH	01-08-70-11W6	No	5860 (850)
AB 29	WAPTI	WAPITI	03-08-69-08W6	No	7240(1050)
AB 30	GLDCK	GOLD CREEK	14-26-67-05W6	No	5515 (800)
AB 31	KARRZ	KARR	10-10-65-02W6	No	6550 (950)
AB32	SMOKY	SMOKY	02-13-63-01W6	No	6550 (950)
AB33	SIMET	SIMONETTE	09-06-63-25W5	No	6550 (950)
AB33A	SHLCK	SHELL CREEK	09-06-63-25W5	No	6550 (950)
AB 35	WASKA	WASKAHIGAN	11-07-64-23W5	No	5860 (850)
AB 36	BIGST	BIGSTONE WEST	14-28-59-22W5	No	7585 (1100)
AB 38	TWOCK	TWO CREEKS	02-04-63-16W5	No	6205 (900)

¹ The receipt pressure for these Receipt Points are determined pursuant to the provisions of the Tariff of Westcoast Energy Inc.

continued...

GENERAL TERMS AND CONDITIONS**SCHEDULE A (cont.)****RECEIPT POINTS AND RECEIPT PRESSURES**

RECEIPT POINT NO.	RECEIPT POINT MNEMONIC	RECEIPT POINT NAME	METER LOCATION	TAC RECEIPT POINT (Yes/No)	RECEIPT PRESSURE kPa (psi)
AB 40	KABOB	KAYBOB	02/03-10-64-19W5	No	5800 (841)
AB 41	KBOBS	KAYBOB SOUTH 1& 2	05-12-62-20W5	No	5900 (856)
AB 44	EDSOZ	EDSON	03-11-53-18W5	No	6205 (900)
AB 44A	WOLFS	WOLF SOUTH	11-01-51-15W5	No	6550 (950)
AB 44B	EDSZ2	EDSON 2	03-11-53-18W5	No	6205 (900))
AB 45	KBOS3	KAYBOB SOUTH #3	13-15-59-18W5	No	5500 (798)
AB 46	WWCRT	WEST WHITECOURT	02-17-60-15W5	No	5515 (800)
AB 47	CARCK	CARSON CREEK	16-15-61-12W5	No	6500 (943)
AB 48	WTCRT	WHITECOURT	11/12-26-59-11W5	No	5860 (850)
AB 49	PADRV	PADDLE RIVER	12-06-57-08W5	No	5515 (800)
AB 52*	ELKLP	ELK ISLAND Propane	08-14-55-22W4	No	1200 (1740)
AB 52*	ELKLB	ELK ISLAND Butane	08-14-55-22W4	No	1200 (1740)
AB 53*	FSAKP	FORT SASKATCHEWAN Propane	08-14-55-22W4	No	12000 (1740)
AB54	VRNLK	VERNON LAKE	13-2-47-09W4M	No	3700 (537)
AB 55*	SCOTP	SCOTFORD Propane	08-14-55-22W4	No	1930 (280)
AB55*	SCOTB	SCOTFORD Butane	08-14-55-22W4	No	1930 (280)
SK 56*	STLME	STEELMAN Ethane	03-18-04-02W2	No	12000 (1740)

* designates liquids receipt points

GENERAL TERMS AND CONDITIONS

APPENDIX I

FORM OF TRANSPORTATION SERVICE AGREEMENT

GENERAL TERMS AND CONDITIONS

APPENDIX II

FORM OF INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT

Alliance Pipeline Limited Partnership

Transportation Tariff

TOLL SCHEDULE
FIRM TRANSPORTATION SERVICE

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FIRM TRANSPORTATION SERVICE**ARTICLE 1: AVAILABILITY OF SERVICE**

- 1.1** Any Shipper shall be eligible to receive service hereunder provided that Shipper:
- (a) is a party to a subsisting Transportation Service Agreement;
 - (b) has arranged for firm transportation on U.S. Pipeline for a volume and term equal to that of all Shipper's TSAs, and has made arrangements, suitable to Transporter, for Transportation on upstream carriers if applicable; and
 - (c) has met the requirements of Article 20 (Financial Assurances) of the General Terms and Conditions.

ARTICLE 2: NATURE OF SERVICE

- 2.1** Service under this Toll Schedule is available on any Day as provided herein, in Shipper's TSA and in the General Terms and Conditions. Nominations for service shall be made pursuant to Article 11 (Nominations) of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided herein or in the General Terms and Conditions.
- 2.2** Transporter is entitled to refuse service hereunder if, and for so long as, Shipper is in default hereunder, under any TSA or under the General Terms and Conditions.
- 2.3** Transporter will receive for Shipper's account for Transportation hereunder daily quantities of gas up to Shipper's Contracted Capacity, plus AOS allocated to Shipper, plus the Fuel Requirement and U.S. Fuel Requirement at Receipt Point(s) in accordance with nominations accepted under Article 11 (Nominations) of the General Terms and Conditions.
- 2.4**
- (a) Transporter will transport and deliver for Shipper's account at the Delivery Point a volume of Gas equal to the volume of Gas received by Transporter at Receipt Points from or on behalf of Shipper in accordance with Article 2.3 less the portion of such volume that contains the Fuel Requirement.
 - (b) Transporter will transport and deliver for Shipper's account at the Delivery Point Gas containing a number of Joules equivalent to the number of Joules contained in the Gas received by Transporter at Receipt Points from or on behalf of Shipper in accordance with Article 2.3 less the Fuel Requirement.
- 2.5** Transporter shall not be obligated to add any facilities or expand the capacity of its pipeline system in any manner in order to provide service hereunder to any Shipper.
- 2.6** Transporter shall determine and advise Firm Shippers on a periodic basis as to the anticipated amount of capacity available for AOS. Actual capacity available for AOS will vary daily depending upon Shipper nominations for Firm Service and the capability of Transporter's system to provide Transportation.

FIRM TRANSPORTATION SERVICE

- 2.7** Firm Shippers may nominate for AOS in accordance with Article 11 (Nominations) of the General Terms and Conditions. AOS will be allocated daily as follows:
- (a) Each Shipper will be allocated AOS, equal to the lesser of:
 - (i) a pro rata portion of AOS according to the ratio of Shipper's Contracted Capacities and Transporter's Contracted Capacities; and
 - (ii) the AOS nominated by the Shipper.
 - (b) Each Shipper not already being allocated under Article 2.7 (a) sufficient AOS to satisfy Shipper's AOS nomination will be additionally allocated a portion of any unallocated AOS equal to the lesser of:
 - (i) a pro rata share of unallocated AOS determined according to the ratio of Shipper's Contracted Capacities and the Contracted Capacities of all Shippers not already being allocated sufficient AOS to satisfy their AOS nominations; and
 - (ii) the deficiency between Shipper's AOS nomination and the AOS previously allocated to Shipper under Article 2.7 (a) above.
 - (c) In the event additional unallocated AOS remains following the allocation procedure described in Article 2.7 (b), the remaining unallocated AOS will be allocated among Shippers, if any, not already being allocated sufficient AOS to satisfy their AOS nominations, through a replication of the allocation procedure described in Article 2.7 (b). If all AOS nominations have been satisfied through the allocation process, remaining unallocated AOS will be made available as Interruptible Service.
- 2.8** Transporter will use its reasonable efforts to make available to Shippers AOS in accordance with nominations made after the time for nominations set out in Article 11 (Nominations) of the General Terms and Conditions provided that AOS allocated to Shippers making timely nominations under Article 11 (Nominations) of the General Terms and Conditions shall not be apportioned to accommodate such late nominations.
- 2.9** In addition to tendering Gas at its Primary Receipt Point(s) for Transportation up to Shipper's Primary Receipt Point Capacity, Shipper may tender Gas at such Receipt Point above Shipper's Primary Receipt Point Capacity, or at any other Receipt Point ("Secondary Receipt Point") for Transportation. Transporter may, but will not be obligated to, receive Gas at a Secondary Receipt Point for Transportation.

ARTICLE 3: MONTHLY BILL

- 3.1** For each Month, Transporter shall charge and Shipper shall pay an amount equal to the sum of:

FIRM TRANSPORTATION SERVICE

- (a) the product obtained by multiplying (1) the Contracted Capacity by (2) the Demand Charge;
- (b) the product obtained by multiplying (1) the sum of Primary Receipt Point Capacities designated by Shipper for TAC Receipt Points in accordance with Article 6 (as recorded in paragraph C of Schedule A to each of Shipper's TSA's or in any Primary Receipt Point Capacity allocation notification form) by (2) the Demand Charge Surcharge;
- (c) the product obtained by multiplying (1) the Commodity Charge by (2) the volume of Gas received in the Month by Transporter from or on behalf of Shipper in accordance with Article 2.3 less the portion of such volume that contains the Fuel Requirement and the portion of such volume that contains the U.S. Fuel Requirement;
- (d) any interest on late payments payable by Shipper in accordance with Article 7.3 of the General Terms and Conditions;
- (e) any charges payable by Shipper in accordance with Article 13 in respect of any Imbalances; less
- (f) (1) Shipper's allocated share of available Interruptible Revenue Credit, determined in accordance with Article 21 (Crediting of Revenue from Interruptible Transportation) of the General Terms and Conditions; (2) any Demand Charge Credit to which Shipper is entitled in accordance with Article 4; and (3) any Demand Charge Surcharge Credit to which Shipper is entitled in accordance with Article 4.

3.2 Nothing in this Article 3 shall be construed as in any way relieving Shipper from its obligations to pay any adjustments, charges, interest or penalties calculated in accordance with the General Terms and Conditions.

FIRM TRANSPORTATION SERVICE**ARTICLE 4: DEMAND CHARGE CREDITS AND DEMAND CHARGE SURCHARGE CREDITS**

- 4.1** (a) If on any day (“the Under Receipt Day”) Transporter is unable, for any reason, including Force Majeure suffered by Transporter, that relates solely to the physical capability of Transporter’s system to provide Firm Service, to receive Gas from or on behalf of Shipper at Shipper’s Primary Receipt Points then, subject to Articles 4.1 (b), (c) and (d) and Article 4.3, Shipper shall be entitled to receive a credit (“Demand Charge Credit”) for the Under Receipt Day as set out in Article 4.2.
- (b) Shipper shall only be entitled to receive a Demand Charge Credit as set out in Article 4.2 to the extent Transporter’s inability to provide Firm Service at Shipper’s Primary Receipt Points prevents Shipper from having aggregate volumes transported at least equal to the Shippers Contracted Capacity, on the Under Receipt Day.
- (c) Shipper shall only be entitled to receive a Demand Charge Credit as set out in Article 4.2 in respect of a volume of Gas (“the Nominal Volume”) that, if it had been nominated, would have been (1) scheduled for the Under Receipt Day in accordance with Article 12 (Scheduling) of the General Terms and Conditions and (2) tendered at Shipper’s Primary Receipt Points for Transportation hereunder by or on behalf of Shipper, up to Shipper’s Contracted Capacity, in the absence of the reason making Transporter unable to receive Gas from or on behalf of Shipper as set out in Article 4.1 (a).
- (d) Refusal by Transporter to receive gas failing to comply with the Gas Quality, Receipt Pressure, or account Imbalance Tolerance requirements of this Tariff, shall not give rise to any Demand Charge Credit or Demand Charge Surcharge Credit. Similarly, Shippers ineligible to receive service under a TSA, for whatever reason, are not eligible for a Demand Charge Credit or Demand Charge Surcharge Credit.
- 4.2** Notwithstanding that Transporter is unable to receive Gas from or on behalf of Shipper as set out in Article 4.1 (a), there shall be no reduction in respect thereof to Shipper’s Monthly Bill for the Month in which the Under Receipt Day occurs (“the Under Receipt Month”). Subject to Article 4.10(a), Shipper’s Monthly Bill for the subsequent Month shall be reduced by a Demand Charge Credit in an amount equal to the product obtained by multiplying (1) the Daily Demand Charge for the Under Receipt Month by (2) the difference (“the Under Received Volume”) between (a) the volume of Gas received by Transporter from or on behalf of Shipper on the Under Receipt Day, minus Fuel Requirement and U.S. Fuel Requirement, and (b) the lesser of: (i) Shipper’s Contracted Capacity; or (ii) the Nominal Volume.
- 4.3** If Transporter and Shipper agree, Transporter may either allow Shipper to:
- (a) tender for Transportation make-up Gas in amounts not exceeding the Under Received Volume within a mutually acceptable time in which event Shipper shall

FIRM TRANSPORTATION SERVICE

not be entitled to receive a Demand Charge Credit in respect of any make-up Gas received for Transportation under this Article 4.3 (a); or

- (b) tender for Transportation on the Under Receipt Day Gas in amounts not exceeding in the aggregate the Under Received Volume at one or more Secondary Receipt Points in which event Shipper shall not be entitled to receive a Demand Charge Credit in respect of any Gas received for Transportation under this Article 4.3 (b).

4.4 (a) If on any day (“the TAC Under Receipt Day”) Transporter is unable, for any reason, including Force Majeure suffered by Transporter, that relates solely to the physical capability of Transporter’s system to provide Firm Service, to receive Gas from or on behalf of Shipper at a TAC Receipt Point then, subject to Articles 4.4 (b), (c) and Article 4.1(d) and Article 4.6, Shipper shall be entitled to receive, in addition to any other Demand Charge Credit that Shipper may be entitled to receive, a credit (“Demand Charge Surcharge Credit”) for the TAC Under Receipt Day as set out in Article 4.5.

- (b) Shipper shall only be entitled to receive a Demand Charge Surcharge Credit as set out in Article 4.5 in respect of volumes of Gas up to Shipper’s Primary Receipt Point Capacity for the TAC Receipt Point that Transporter is unable to receive at the TAC Receipt Point on the TAC Under Receipt Day.

- (c) Shipper shall only be entitled to receive a Demand Charge Surcharge Credit as set out in Article 4.5 in respect of a volume of Gas (“the TAC Nominal Volume”) that, if it had been nominated, would have been (1) scheduled in accordance with Article 12 (Scheduling) of the General Terms and Conditions and (2) tendered at the TAC Receipt Point for Transportation hereunder by or on behalf of Shipper, up to Shipper’s Primary Receipt Point Capacity at the TAC Receipt Point, in the absence of the reason making Transporter unable to receive Gas from or on behalf of Shipper as set out in Article 4.4 (a).

4.5 Notwithstanding that Transporter is unable to receive Gas from or on behalf of Shipper as set out in Article 4.4 (a), there shall be no reduction in respect thereof to Shipper’s Monthly Bill for the Month in which the TAC Under Receipt Day occurs (“the TAC Under Receipt Month”). Subject to Article 4.10(b), Shipper’s Monthly Bill for the subsequent Month shall be reduced by a Demand Charge Surcharge Credit in an amount equal to the product obtained by multiplying (1) the Daily Demand Charge Surcharge for the TAC Under Receipt Month by (2) the difference (“the TAC Under Received Volume”) between (a) the volume of Gas received by Transporter from or on behalf of Shipper at the TAC Receipt Point on the TAC Under Receipt Day, minus associated the Fuel Requirement and associated U.S. Fuel Requirement, and (b) the lesser of: (i) Shipper’s Primary Receipt Point Capacity at the TAC Receipt Point; or (ii) the TAC Nominal Volume.

4.6 If Transporter and Shipper agree, Transporter may either allow Shipper to:

- (a) tender for Transportation at the TAC Receipt Point make-up Gas in amounts not exceeding the TAC Under Received Volume within a mutually acceptable time in

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which event Shipper shall not be entitled to receive a Demand Charge Surcharge Credit in respect of any make-up Gas received for Transportation under this Article 4.6 (a); or

- (b) tender for Transportation on the TAC Under Receipt Day Gas in amounts not exceeding in the aggregate the TAC Under Received Volume at one or more Receipt Points other than the TAC Receipt Point in which event Shipper shall not be entitled to receive a Demand Charge Surcharge Credit in respect of any Gas received for Transportation under this Article 4.6 (b).

4.7 If, on any day (“the Under Delivery Day”) Transporter is unable, for any reason, including Force Majeure suffered by Transporter, that relates solely to the physical capability of Transporter’s system to provide Firm Service, to transport and deliver for Shipper’s account at the Delivery Point the volume of Gas that Transporter is required to deliver in accordance with Article 2.4 (a) there shall be no reduction in respect thereof to Shipper’s Monthly Bill for the Month in which the Under Delivery Day occurs (“the Under Delivery Month”). Subject to Article 4.10(a), Shipper’s Monthly Bill for the subsequent Month shall be reduced by a Demand Charge Credit in an amount equal to the product obtained by multiplying (1) the Daily Demand Charge for the Under Delivery Month by (2) the difference (“the Under Delivered Volume”) between:

- (a) the lesser of the volume of Gas that Transporter is required to transport and deliver in accordance with Article 2.4 (a) and the Shipper’s Contracted Capacity;

and

- (b) the volume of Gas delivered by Transporter on the Under Delivery Day.

4.8 If Transporter and Shipper agree, Transporter may allow Shipper to tender make-up Gas in the amounts not exceeding the Under Delivered Volume for Transportation within an agreed-upon period of time, in which event Shipper shall not be entitled to receive a Demand Charge Credit or, notwithstanding Article 4.9, a Demand Charge Surcharge Credit in respect of any make-up gas transported and delivered by Transporter under this Article 4.8. The tendering of make-up Gas will in no way impact the availability of Firm Service.

4.9 If:

- (a) Shipper is entitled to receive a Demand Charge Credit in accordance with Article 4.7; and
- (b) Shipper’s Monthly Bill for the Under Delivery Month includes an amount payable under Article 3.1(b);

then, subject to Article 4.10(b), in addition to being reduced by the amount of the Demand Charge Credit determined under Article 4.7, Shipper’s Monthly Bill for the Month following the Under Delivery Month shall be reduced by a Demand Charge Credit in an

FIRM TRANSPORTATION SERVICE

amount equal to the product obtained by multiplying (1) a portion of the Daily Demand Charge Surcharge for the Under Delivery Month that is equivalent to the ratio of the Primary Receipt Point Capacity designated by Shipper at TAC Receipt Points to the total Primary Receipt Point Capacity designated by Shipper at all Receipt Points by (2) the Under Delivered Volume.

- 4.10** (a) In no event shall the reductions to Shipper's Monthly Bill resulting under Articles 4.2 or 4.7 exceed in aggregate the amount otherwise payable by Shipper for the relevant Month in accordance with Article 3.1(a).
- (b) In no event shall the reductions to Shipper's Monthly Bill resulting under Articles 4.5 and 4.9 exceed in aggregate the amount otherwise payable by Shipper for the relevant Month in accordance with Article 3.1(b).

ARTICLE 5: CAPACITY ALLOCATION OR RELEASE

- 5.1** Shipper may allocate to third parties its transportation entitlement for its Contracted Capacity or portion thereof and its share of AOS, however, notwithstanding such allocation, Shipper will remain responsible for all of its obligations under the TSA and the Tariff.

FIRM TRANSPORTATION SERVICE**ARTICLE 6: PRIMARY RECEIPT POINT DESIGNATION**

- 6.1**
- (a) Shipper may, subject to Articles 6.1 (b) and (c), designate in its TSA one (or more) Receipt Point(s) as a Primary Receipt Point(s) and the capacity (“the Primary Receipt Point Capacity”) that shipper wishes to designate for each such Primary Receipt Point.
 - (b) Subject to Article 6.1(f), Shipper may designate Primary Receipt Point Capacities totalling, in the aggregate, no more than 125% of Shipper’s Contracted Capacity.
 - (c) Shipper may designate a Primary Receipt Point under Article 6.1 only if Transporter determines that sufficient capacity exists at the Receipt Point to accommodate Shipper’s designation and the similar designations made by other Firm Shippers.
 - (d) If Transporter determines in accordance with Article 6.1 (c) that a Primary Receipt Point designation cannot be accommodated then Transporter shall allocate the available capacity among all Shippers seeking to designate the Receipt Point as a Primary Receipt Point at that time, based on the relative valid requested capacity.
 - (e) Primary Receipt Point Capacity at new Receipt Points will be made available in a not unduly discriminatory manner, giving due consideration to the terms under which such new facilities are constructed and financed.
 - (f) Shipper may allocate (and thereby change its aggregate designation) all or a portion of its entitlement to Primary Receipt Point Capacity to another Shipper (the “Allocated Shipper”). Where such allocation includes a TAC Receipt Point, the Allocated Shipper shall be responsible for, and Alliance will bill the Allocated Shipper for the Demand Charge Surcharge associated therewith. Notwithstanding such allocation, the original Shipper will remain responsible for all of its obligations under the TSA, the Tariff and ultimately any Demand Charge Surcharge for any TAC Receipt Point that is not paid by the Allocated Shipper. The allocation will automatically terminate if the Allocated Shipper ceases to have Contracted Capacity.
- 6.2**
- (a) Shipper may, by notice in writing to Transporter, request to add or delete a Primary Receipt Point or increase or reduce the Primary Receipt Point Capacity at a Primary Receipt Point and Transporter shall, subject to Article 6.2(c), use its reasonable efforts to accommodate the request provided that it shall be in the sole discretion of Transporter whether to grant the request.
 - (b) If two Shippers, by notice in writing to Transporter, simultaneously request the exchange of Primary Receipt Point Capacities between the two shippers, Transporter will make all reasonable efforts to give effect to such transfers.

FIRM TRANSPORTATION SERVICE

- (c) Transporter shall maintain a queue or queues of requests from Shippers wishing to either add Primary Receipt Points or increase the Shipper's designated Primary Receipt Point Capacity at a Receipt Point. Such queue or queues shall establish the priority in which Transporter will endeavor to accommodate requests in accordance with Article 6.2(a) in instances when Primary Receipt Point Capacity becomes available as a result of a Shipper reducing the Primary Receipt Point Capacity designated at that Receipt Point or an upstream Receipt Point.
- (d) If Transporter agrees pursuant to Article 6.2 (a) to delete a TAC Receipt Point as a Primary Receipt Point, or reduce the Primary Receipt Point Capacity at a TAC Receipt Point, Shipper shall, notwithstanding that the Receipt Point has been deleted or the Primary Receipt Point Capacity has been reduced, remain obligated to pay the Demand Charge Surcharge in respect of the TAC Receipt Point for the Primary Receipt Point Capacity as though no such deletion or reduction had occurred. In such instances, the Shipper will be entitled to increase the Primary Receipt Point Capacity designated at that TAC Receipt Point up to the Primary Receipt Point Capacity for which Shipper is obligated to pay the Demand Charge Surcharge in respect of that TAC Receipt Point, unless Transporter has agreed to transfer such Primary Receipt Point Capacity to another TAC Receipt Point.

ARTICLE 7: MISCELLANEOUS

- 7.1**
- (a) The General Terms and Conditions, as amended from time to time, are applicable to and hereby incorporated in this Toll Schedule. In the event of conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
 - (b) The terms used herein shall have the same meanings as are ascribed to corresponding terms in the General Terms and Conditions unless otherwise defined herein.

FIRM TRANSPORTATION SERVICE

SCHEDULE A

FIRM TRANSPORTATION SERVICE TOLLS

Demand	\$862.10/10 ³ m ³ /mo
Commodity	Nil
Demand Charge Surcharge	\$42.95/10 ³ m ³ /mo

Alliance Pipeline Limited Partnership

Transportation Tariff

TOLL SCHEDULE

**INTERRUPTIBLE TRANSPORTATION
SERVICE**

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INTERRUPTIBLE TRANSPORTATION**ARTICLE 1: AVAILABILITY OF SERVICE**

- 1.1** Any Shipper shall be eligible to receive service hereunder provided that Shipper:
- (a) is a party to a subsisting Interruptible Transportation Service Agreement;
 - (b) has met the requirements of Article 20 (Financial Assurances) of the General Terms and Conditions; and
 - (c) has satisfied Transporter as to the service available from U.S. Pipeline.

ARTICLE 2: NATURE OF SERVICE

- 2.1** Service under this Toll Schedule is available on any Day, and will be interruptible, as provided herein, in Shipper's ITSA or in the General Terms and Conditions.
- 2.2** Transporter is entitled to refuse service hereunder if, and for so long as, Shipper is in default hereunder or under any Service Agreement or under the General Terms and Conditions.
- 2.3** Service hereunder shall be subject to curtailment or interruption at any time that Transporter determines in its sole discretion that deliveries hereunder would in any way interfere with or restrict Transporter's ability to make deliveries of Gas under Firm Service, including AOS.
- 2.4** Transporter will receive for Shipper's account for Transportation hereunder daily quantities of gas up to Shipper's Maximum Daily Transportation Quantity plus the Fuel Requirement and U.S. Fuel Requirement, at Receipt Point(s) in accordance with nominations accepted under Article 11 (Nominations) of the General Terms and Conditions.
- 2.5**
- (a) Transporter will transport and deliver for Shipper's account at the Delivery Point a volume of Gas equal to the volume of Gas received by Transporter at Receipt Points from or on behalf of Shipper in accordance with Article 2.4 less the portion of such volume that contains the Fuel Requirement.
 - (b) Transporter will transport and deliver for Shipper's account at the Delivery Point Gas containing a number of Joules equivalent to the number of Joules contained in the Gas received by Transporter at Receipt Points from or on behalf of Shipper in accordance with Article 2.4 less the Fuel Requirement.
- 2.6** Transporter shall not be obligated to add any facilities or expand the capacity of its pipeline system in any manner to provide service hereunder to any Shipper.

INTERRUPTIBLE TRANSPORTATION**ARTICLE 3: MONTHLY BILL**

- 3.1** For each Month, Transporter shall charge and Shipper shall pay an amount equal to the product obtained by multiplying (1) the Interruptible Service Toll by (2) the volume of Gas received in the Month from or on behalf of Shipper in accordance with Article 2.4 less the portion of such volume that contains the Fuel Requirement and the U.S. Fuel Requirement.
- 3.2** If on any day Shipper fails to tender or cause to be tendered Shipper's Authorized Volume for Transportation hereunder or tenders gas which Transporter refuses to receive pursuant to Article 2 (Quality) of the General Terms and Conditions, Shipper shall pay to Transporter, in addition to any other amount payable to Transporter under Article 3.1 or otherwise, an amount equal to twenty-five percent (25%) of the difference between: (a) the product obtained by multiplying the Interruptible Service Toll by Shipper's Authorized Volume; and (b) the product obtained by multiplying the Interruptible Service Toll by the total volume of Gas tendered by Shipper or on Shipper's behalf for Transportation hereunder.
- 3.3** Nothing in this Article 3 shall be construed as in any way relieving Shipper from its obligations to pay any adjustments or penalties calculated in accordance with the General Terms and Conditions.

INTERRUPTIBLE TRANSPORTATION

ARTICLE 4: NO ASSIGNMENT

4.1 Shipper may not assign its rights and obligations, or any part thereof, under an ITSA.

ARTICLE 5: NOMINATIONS

5.1 Shippers shall nominate for Interruptible Service, including the Fuel Requirement and U.S. Fuel Requirement, in accordance with Article 11 (Nominations) of the General Terms and Conditions.

5.2 If nominations exceed available Interruptible Service, the nominations shall be apportioned pro rata based on the ratio of the volume nominated by each Shipper seeking Interruptible Transportation to the total volume nominated by all Shippers seeking Interruptible Service.

5.3 If nominations exceed available Interruptible Service at a specific Receipt Point, the nominations at that Receipt Point shall be apportioned pro rata, based on the ratio of the volume nominated at the Receipt Point by each Shipper seeking Interruptible Transportation at the Receipt Point to the total volume nominated by all Shippers seeking Interruptible Service at the Receipt Point.

INTERRUPTIBLE TRANSPORTATION

ARTICLE 6: MISCELLANEOUS

6.1 (a) The General Terms and Conditions, as amended from time to time, are applicable to and hereby incorporated in this Toll Schedule. In the event of conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.

(b) The terms used herein shall have the same meanings as are ascribed to corresponding terms in the General Terms and Conditions unless otherwise defined herein.

INTERRUPTIBLE TRANSPORTATION

SCHEDULE A

INTERRUPTIBLE SERVICE TOLL

Interruptible Service Toll \$28.36/10³m³

**TRANSPORTATION
SERVICE REGULATIONS**

Effective April 1, 2006

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ARTICLE 1 - INTRODUCTION

These Transportation Service Regulations have been approved by the Alberta Energy and Utilities Board (hereinafter referred to as "the Board") and may not be changed without the approval of the Board. Notice of any application to change these Regulations will be given in such manner as the Board from time to time directs.

These Transportation Service Regulations are common to ATCO Pipelines North and South Zones and form part of the Rate Schedules and apply to ATCO Pipelines and to every Customer supplied with Gas transportation service under Agreements, except as may be varied by Agreement and approved by the Board. ATCO Pipelines' Business Policies and Practices provide a more detailed description of the application of the Transportation Service Regulations and Rate Schedules.

In the event that either the Customer or ATCO Pipelines are concerned that the strict application of any of these terms and conditions will cause particular hardship or inconvenience to such party, either may apply to the Board for modification of such terms and conditions provided that such modification will not result in the Customer receiving service under terms which are unjustly discriminatory or unduly preferential.

1.1 Definitions

The following words or terms when used in these Transportation Service Regulations, the Rate Schedules, ATCO Pipelines' Business Policies & Practices, or in an application, contract or Agreement for Gas service shall, unless the context otherwise requires, have the meanings given below:

- (a) "Account Transfer" means the deemed delivery of quantities of Gas to, and deemed receipt of quantities of Gas from, one Customer Account and another Customer Account.
- (b) "Act" means the Gas Utilities Act of the Province of Alberta, as amended from time to time and any legislative enactment in substitution or replacement thereof and, without limitation, any other applicable governmental regulation or order or direction of the Board.
- (c) "Actual Variance" means the difference between the previous Month Actual and the previous month estimated Cumulative Imbalance Quantity.
- (d) "Agent" mean a person, firm, partnership, corporation or organization who acts on behalf of the Customer as specified in Article 2 hereof.
- (e) "Agreement" means the Gas transportation Agreement between ATCO Pipelines and Customer and includes all Schedules attached thereto and the Regulations.
- (f) "Alliance" means the Alliance Pipeline system, or its successor.
- (g) "Allocation Method" means the procedure used to assign portions of the Gas flows at a Point of Receipt or Point of Delivery to the various Customer Agreements and Rate Schedules.
- (h) "Application for Service" means the Customer application described in Section 2.2, Request for Service.
- (i) "Billing Commencement Date" means the commencement date for invoicing the tariffs and charges as set forth in Article 10; provided

- however that the Billing Commencement Date shall be adjusted by ATCO Pipelines if ATCO Pipelines is unable to commence the receipt or delivery of Gas under the Agreement on such date.
- (j) "Billing Demand" means the maximum Industrial Gas flow in any twenty-four (24) hour period during the month subject to a minimum amount of 90% of the Nominated Demand and a maximum amount of 110% of the Nominated Demand.
- (k) "Board" means the Alberta Energy and Utilities Board.
- (l) "Business Policies & Practices" or "BP&P" means those general business policies and practices of ATCO Pipelines, which are filed for acknowledgement with the Board from time to time, and which apply to transportation service provided by ATCO Pipelines.
- (m) "Common Stream Operator" means the operator of a facility at a Point of Receipt who, or which:
- (i) provides ATCO Pipelines with estimated quantities of Gas;
 - (ii) provides ATCO Pipelines with the allocation of estimated, or actual, quantities of Gas to each Customer Account receiving Gas;
 - (iii) accepts or rejects Nominations issued by ATCO Pipelines;
 - (iv) implements, or coordinates the implementation, of the intended flow change specified in the Nomination;
 - (v) acts on behalf of other upstream parties who deliver Gas to the Gas Pipeline System.
- (n) "Commodity Charge" shall mean a charge which is based on throughput.
- (o) "Contract Demand" means the maximum quantity of Gas in a Day that ATCO Pipelines shall be obligated to receive at the Point of Receipt, as specified in the Agreement.
- (p) "cubic metre of Gas" or "m³" means the quantity of Gas which at a temperature of fifteen degrees Celsius (15°C) and at a pressure of one hundred one and three hundred twenty-five one-thousandths (101.325) kPa absolute occupies one (1) cubic metre.

- (q) "Cumulative Imbalance Quantity" means the accumulated sum of the Daily Imbalance Quantity and prior period adjustments when applicable for each Day in the current Month.
- (r) "Curtailement" shall have the meaning described in Article 7, Curtailement.
- (s) "Customer" means a person, firm, partnership, corporation or organization who or which uses ATCO Pipelines' Gas transportation services.
- (t) "Customer Account" means the record(s), as maintained by ATCO Pipelines, of the aggregate of Customer's receipt and delivery quantities of Gas, inclusive of adjustments for Unaccounted For Gas, Fuel Gas, and Actual Variance.
- (u) "Daily Account Tolerance Zone" means the allowable deviation from a zero balanced position that the Cumulative Imbalance Quantity of each Customer Account must reside within.
- (v) "Daily Imbalance Quantity" means the difference, each Day, between the total energy (GJ) contained in the Gas which was received by a Customer Account in such Day, and the total energy (GJ) contained in the Gas which was delivered from that Customer Account in such Day, inclusive of adjustments for Unaccounted For Gas, Fuel Gas, previous Day closing imbalance, and Actual Variance. The Daily Imbalance Quantity may be qualified as "Estimated" when some, or all, estimated data are used in the calculation, or "Actual" when only actual data are used in the calculation.
- (w) "Day" means a period of twenty-four (24) consecutive hours, beginning at eight hours (08:00), Mountain Standard Time.
- (x) "Distributing Companies" means those parties whose function is to receive gas from ATCO Pipelines and redistribute such gas to their residential and commercial customers.
- (y) "Exchange" means the mechanism by which ATCO Pipelines delivers to Customer, quantities of Gas destined to an Other Pipeline by exchange

- with Gas sourced from the Other Pipeline, subject to conditions set out in the Rate Schedules.
- (z) "Firm Service" means service under an Agreement to which Customer anticipates no curtailment except for Force Majeure, subject to conditions set out in the Rate Schedules.
- (aa) "Fuel Gas" means Customer's share of ATCO Pipelines' transmission compressor fuel, as specified in Article 9 hereof.
- (bb) "Gas" means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons.
- (cc) "Gas Pipeline System" means all those facilities, including the Specific Facilities, owned or used by ATCO Pipelines in the receipt, delivery, transportation, measurement and testing of Gas.
- (dd) "GJ" means gigajoules or one billion (1 000 000 000) joules.
- (ee) "Gross Heating Value" means the number of megajoules obtained from the combustion of a cubic metre of Gas at a temperature of fifteen degrees Celsius (15°C), with the Gas free of water vapor, and at a pressure of one hundred one and three hundred twenty-five one-thousandths (101.325) kPa absolute and with the products of combustion cooled to the initial temperature of the Gas and the water formed by the combustion condensed to the liquid state.
- (ff) "Industrial" means a party whose predominant requirement for Gas is for process or manufacturing use, or whose primary requirement is for space and water heating, but where the operation is one of manufacturing or processing.
- (gg) "Interruptible Service" means service under an Agreement to which Customer anticipates and permits interruption on short notice at the discretion of ATCO Pipelines, subject to conditions set out in the Rate Schedules.

- (hh) "J" means joule.
- (ii) "kPa" means kilopascals of gauge pressure unless otherwise specified.
- (jj) "Maximum Contract Pressure" shall have the meaning ascribed thereto in Article 8.
- (kk) "Maximum Design Quantity" shall mean the maximum one hour energy requirements of a Distributing Company expressed in GJ.
- (ll) "Minimum Term Date" means the date, if any, specified as such in Schedule "A" of the Agreement.
- (mm) "MIPL/TransGas" means Many Islands Pipeline Limited/TransGas Limited, or its successor.
- (nn) "Must-flow" shall have the meaning described in Rate Schedule OPDM.
- (oo) "MJ" means megajoules or one million (1 000 000) joules.
- (pp) "Month" means a period beginning at eight hours (08:00), Mountain Standard Time, on the first Day of a calendar month and ending immediately before eight hours (08:00), Mountain Standard Time, on the first Day of the next succeeding calendar month.
- (qq) "NGTL" means NOVA Gas Transmission Ltd. or its successor.
- (rr) "Nominated Demand" means the maximum instantaneous Gas flow expressed on a twenty-four (24) hour basis as set forth in the Agreement.
- (ss) "Nomination" means a request in electronic, other written form or verbal for Gas to flow at a Point of Receipt, a Point of Delivery to or from Other Pipelines or for receipt into or delivery out of a Customer's Account at a specified rate of flow and commencing at a specified time, or quantity on a specified date.
- (tt) "Non-Compliance" means a Customer action or inaction that contravenes an instruction given, upon notice, by ATCO Pipelines.

- (uu) "Non-Compliance Period" means the duration of Non-Compliance.
- (vv) "Non-Compliance Quantity" means the quantity of Gas, in each Day, by which a Customer exceeds the quantity of Gas contained in an instruction given, upon notice, by ATCO Pipelines.
- (ww) "Other Pipeline" means a rate regulated pipeline facility not owned or operated by ATCO Pipelines and which is used to deliver or receive merchantable quantities of Gas to or from a facility owned or operated by ATCO Pipelines. The isolated NGTL systems interconnecting with ATCO Pipelines Chip Lake and Coaldale areas are not considered Other Pipelines.
- (xx) "Overrun" means Gas at a Point of Receipt or Point of Delivery, which on a monthly basis exceeds the Contract Demand or Nominated Demand of the Firm Service Agreement, and which is Interruptible.
- (yy) "Oversupply Delivery Costs" means the costs incurred to deliver supplies which exceed markets. It includes costs incurred due to pipeline capacity restrictions on segments of the Gas Pipeline System.
- (zz) "Point of Delivery" means the point on ATCO Pipelines' system at which ATCO Pipelines delivers Gas from the Gas Pipeline System to Customer under the Agreement. It excludes deliveries from an Other Pipeline.
- (aaa) "Peak Billing Demand" shall mean the maximum consecutive four hour energy requirements of a Distributing Company multiplied by six, in order to express the amount on a twenty-four hour basis.
- (bbb) "Point of Receipt" means the point on ATCO Pipelines' system at which Customer delivers Gas to the Gas Pipeline System under the Agreement. It excludes receipts from an Other Pipeline.
- (ccc) "Pressure Guarantee" means that ATCO Pipelines will make all reasonable efforts to provide a specified customer with a specified pressure as defined in Section 8.3, Receipt and Delivery Pressure.

- (ddd) "Prime Rate" means the rate of interest, expressed as an annual rate of interest, announced from time to time by the main branch of the Bank of Montreal in Calgary, Alberta as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada
- (eee) "Producer" means a party receipting gas from a gas well, battery, or gas plant into the Gas Pipeline System. It excludes receipts first receipted to an Other Pipeline.
- (fff) "Rate" means the charges specified on the Rate Schedule, Transportation Service Regulations, or Business Policies and Practices.
- (ggg) "Rate Schedule" means the rate schedule for the Rate specified in and applicable to the transportation service provided under the Agreement, or such other rate schedule in replacement thereof, as approved by the Board and determined by ATCO Pipelines to be in effect from time to time.
- (hhh) "Regulations" means these Transportation Service Regulations.
- (iii) "Specific Facilities" means those facilities, other than general system facilities, installed by ATCO Pipelines for the benefit of Customer and required to receive or deliver Gas under the Agreement.
- (jjj) " 10^3m^3 " means one thousand (1 000) cubic metres of gas.
- (kkk) "Termination Date" means the date, if any, specified as such in Schedule "A" of the Agreement.
- (lll) "Unaccounted For Gas" or "UFG" means Customer's share of ATCO Pipelines' line loss and unaccounted for Gas, as specified in Article 9.
- (mmm) "Unauthorized Services" shall have the meaning described in the Rate Schedules and Section 7.3, Curtailment.
- (nnn) "Year" means a period of twelve (12) consecutive months commencing on the Billing Commencement Date.

ARTICLE 2 - GENERAL

2.1 Regulations Prevail

No employee, agent or representative of ATCO Pipelines has authority to make any representation or agreement on behalf of ATCO Pipelines, which is inconsistent with these Regulations, unless such agreement is approved by the Board.

2.2 Requests for Service

Each application for Gas transportation service shall provide such information as ATCO Pipelines reasonably requires to assess the request for Gas transportation service. ATCO Pipelines' Business Policies & Practices (Requests For Service And Queue Procedure) sets out ATCO Pipelines' service application procedures. Upon receipt of a request for Gas transportation service, ATCO Pipelines shall notify the applicant of any conditions which must be satisfied before an Agreement can be accepted and service commenced. ATCO Pipelines may reject requests for service if other than standard conditions are sought by the applicant, or if facilities are not available to provide safe and adequate service.

2.3 Applicable Rate and Service Agreement

Upon acceptance of an Application for Service, ATCO Pipelines shall designate the Rate Schedule options which will apply to the Customer's service requirements. Specific Rates may not be available if that Rate has been closed, if physical capacity does not exist, or in the case of Producer receipts, if the incremental benefit is less than the resultant incremental costs.

Each Customer shall be required to sign an Agreement. The Transportation Service Regulations and Rate Schedules, as they may be from time to time amended by ATCO Pipelines and approved by the Board, shall form part of each Agreement.

In the case where the Gas received by ATCO Pipelines under an Agreement is commingled with other Gas prior to receipt of the Gas at the Point of Receipt, Customer shall be responsible for all common stream arrangements.

2.4 **Agency**

The Agent, on behalf of each Customer for which it acts in connection with such Customer's obligations under the Agreement, shall be responsible for Customer's performance of its obligations under the Agreement, including, unless otherwise specified in writing and without limiting the generality of the foregoing, giving and receiving Nominations; purchasing or selling the amounts under Article 6, Balancing; making any payments due ATCO Pipelines under Article 6, Balancing; paying administration fees as per the applicable Rate Schedule, Transportation Service Regulations or Business Policies and Practices and giving to and receiving from ATCO Pipelines, notices under the Agreement.

Any Nomination or notice given or made by ATCO Pipelines to Agent under the Agreement shall be deemed for all purposes under the Agreement as having been given or made by ATCO Pipelines to Customer and any notice given by Agent to ATCO Pipelines or any act or omission by Agent in connection with Customer's performance of its obligations under the Agreement shall be deemed for all purposes of the Agreement as having been given or done for and on behalf of, and with the approval and authority of, Customer.

Customer may change its Agent by giving ATCO Pipelines seven days advance written notice to that effect indicating the time and date when the change of Agent shall be effective.

2.5 **Title or Interest in the Gas**

The Agreement is solely for the receipt, transportation, and delivery of Gas and Customer shall not acquire any title or interest in the Gas Pipeline System of ATCO Pipelines and ATCO Pipelines shall not acquire any title or interest in the Gas being transported under the Agreement.

Gas received by ATCO Pipelines from Customer shall be under the exclusive control of ATCO Pipelines from the time such Gas is received until it is delivered.

ATCO Pipelines does not dedicate the Gas Pipeline System or any segment thereof to Customer, and accordingly the routing and facilities used in the movement of Gas for Customer shall be at ATCO Pipelines' discretion and may change from time to time.

ATCO Pipelines may in the course of receiving and delivering Gas in the Gas Pipeline System commingle such Gas with or exchange for Gas owned by or transported for others, or remove certain hydrocarbon components present in the Gas. As commingling, exchanging, or the removal of certain hydrocarbon components may alter the Gross Heating Value or constituent parts of the Gas received by ATCO Pipelines at the Point of Receipt, ATCO Pipelines shall not be required to deliver Gas with the same Gross Heating Value or containing the same constituent parts as Gas received and ATCO Pipelines shall make whatever compensating adjustments to volume and Gross Heating Value as may be warranted. In the event, and to the extent, that any hydrocarbon components in the Gas received at the Point of Receipt are absent from the Gas delivered as the result of commingling, exchanging or removal of such hydrocarbon components in the course of transporting the Gas, title to such hydrocarbon components shall, notwithstanding anything to the contrary otherwise contained in the Agreement, be deemed conclusively to have passed to ATCO Pipelines.

2.6 **Facilities, Rights-of-Way and Access to Facilities**

2.6.1 **Facilities**

Customer and ATCO Pipelines mutually undertake to operate and maintain their respective pipeline systems and equipment safely and in such a manner as not to interfere with the system or equipment owned by each of them. Each of them undertakes and agrees to consult with the other before commencing construction or operation of any new equipment or facilities which it reasonably expects might interfere with or affect the operation of the other's pipeline system or equipment and to make modifications to the design or construction of any such equipment or facilities as practically may be requested of it to minimize any interference with the other's pipeline system or equipment.

A Customer may be required to pay a Customer contribution for Specific Facilities required to provide service. ATCO Pipelines' Business Policies & Practices (Investment Policy and Contract Term) set out ATCO Pipelines' investment practice for any Specific Facilities.

2.6.2 **Easements**

An applicant for service, as a Customer, shall grant or cause to be granted to ATCO Pipelines without cost to ATCO Pipelines, such easement or right-of-way in and upon the property owned or controlled by the applicant, upon which is situated the applicant's installation or complex requiring service, as ATCO Pipelines reasonably requires for its Gas line required to serve the applicant including extensions thereof, and other facilities necessary or incidental to the supply of service from such Gas line and extensions thereof.

2.6.3 Right of Entry

ATCO Pipelines shall have the right through its employees or agents to enter upon the installation or complex of the Customer at all reasonable times for the purpose of installing, maintaining and removing its facilities, reading, inspecting, repairing or removing metering devices of ATCO Pipelines, and for all other purposes incident to the supplying or discontinuance of service.

In the event that any of ATCO Pipelines' equipment is situated within a Customer's installation or complex, ATCO Pipelines may require the Customer to ensure that ATCO Pipelines can obtain access to such equipment when required by ATCO Pipelines.

ARTICLE 3 - QUALITY OF GAS

- 3.1 All Gas received under an Agreement shall be of merchantable quality and, without restricting the generality of the foregoing;
- (a) shall not contain sand, dust, gums, crude oil, impurities and other substances which may be injurious to pipelines or which may interfere with its transmission through pipelines or its commercial utilization; and
 - (b) shall not have a hydrocarbon dewpoint in excess of minus ten degrees Celsius (-10°C) at an absolute pressure of five thousand five hundred (5 500) kPa; and
 - (c) shall not contain more than six milligrams per cubic metre (6 mg/m³) of hydrogen sulphide; and
 - (d) shall not contain more than five milligrams per cubic metre (5 mg/m³) of mercaptan sulphur; and
 - (e) shall not contain more than twenty-three milligrams per cubic metre (23 mg/m³) of total sulphur; and
 - (f) shall not contain more than two percent (2%) by volume of carbon dioxide; and
 - (g) shall not contain more than sixty-four milligrams per cubic metre (64 mg/m³) of water vapor; and
 - (h) shall not exceed fifty degrees Celsius (50°C) in temperature; and
 - (i) shall be as free of oxygen as can be achieved through the exercise of all reasonable precautions, and shall not in any event contain more than four-tenths percent (0.4%) by volume of oxygen; and
 - (j) shall have a Gross Heating Value of not less than thirty-six megajoules per cubic metre (36.0 MJ/m³); provided however that with the prior written consent of ATCO Pipelines, Gas of a lower Gross Heating Value may be delivered.

- If in ATCO Pipelines' sole opinion Gas received by ATCO Pipelines at the Point of Receipt fails to be of merchantable quality or fails to meet any one or more of the quality specifications set forth in this Article, ATCO Pipelines may at any time and from time to time immediately and without prior notice cease to receive Gas at the Point of Receipt pending the Customer remedy such failure to the satisfaction of ATCO Pipelines. ATCO Pipelines may install, at Customer's expense, such Specific Facilities including any Gas quality control, monitoring and/or shutdown equipment deemed necessary, in ATCO Pipelines' sole opinion, to ensure that Gas received by ATCO Pipelines at the Point of Receipt meets the quality specifications set forth in this Article.
- 3.2 Should ATCO Pipelines receive Gas from an Other Pipeline and the quality of Gas received fails to meet the quality specifications set forth in this Article, ATCO Pipelines may from time to time, and at its sole discretion, grant temporary relief from such quality of Gas specifications set forth in this Article.
- 3.3 All Gas delivered by ATCO Pipelines to Customer at the Point of Delivery shall have the Gross Heating Value and quality that results from the Gas having been commingled in ATCO Pipelines' Gas Pipeline System.
- 3.4 Customer shall notify ATCO Pipelines as soon as practicable in the event of any adverse change in Gas quality that is determinable by Customer and which may be delivered into the Gas Pipeline System at the Point of Receipt.
- 3.5 ATCO Pipelines shall notify Customer or their Agent as soon as practicable in the event of any adverse changes in Gas quality that is determined by ATCO Pipelines and which may be delivered from the Gas Pipeline System at the Point of Delivery.

ARTICLE 4 - MEASUREMENT

- 4.1 All measurements, calculations and procedures used in determining the quantities of Gas received at the Point of Receipt or delivered at the Point of Delivery, shall be in accordance with the Electricity and Gas Inspection Act being Chapter 87 of the Statutes of Canada, 1982, as amended and all applicable regulations issued pursuant thereto. ATCO Pipelines Business Policies & Practices (Measurement Practices) set out ATCO Pipelines measurement practices.
- 4.2 If at any time any of the measuring equipment is found to be registering inaccurately by an amount exceeding two percent (2%), or such other amount as mutually agreeable between Customer and ATCO Pipelines, the measured quantity shall be adjusted. The measuring equipment shall be adjusted at once to read as accurately as possible.

The quantity adjustment shall be calculated using a reading corresponding to the average hourly rate of flow for any period definitely known or agreed upon, or for a period of one-half (1/2) of the elapsed time since the last test.

If the measuring equipment is found to be out of service, the quantity of Gas received or delivered during such period shall be determined:

- (i) by using the data recorded by any check measuring equipment registering accurately; or
- (ii) if such check measuring equipment is not registering accurately but the percentage of error is ascertainable by a calibration test, by using the data recorded and adjusted to zero error; or
- (iii) if neither of the methods provided in (i) or (ii) above can be used, by estimating the quantity, by reference to quantities under similar conditions during a period when ATCO Pipelines' equipment was registering accurately.

- 4.3 If there are any compression facilities upstream of the Point of Receipt or downstream of the Point of Delivery, Customer shall provide sufficient pulsation dampening equipment to ensure that the compression facilities do not interfere with the operation of ATCO Pipelines' facilities.
- 4.4 In the event Customer's facilities interfere with ATCO Pipelines' ability to provide accurate measurement at the Point of Receipt or the Point of Delivery, ATCO Pipelines may immediately and without prior notice cease to receive or deliver Gas pending the remedy by Customer of the cause of such interference to the satisfaction of ATCO Pipelines.
- 4.5 ATCO Pipelines and Customer hereby agree that notwithstanding anything contained elsewhere in the Agreement, that where Other Pipelines, not ATCO Pipelines', measuring equipment is used or relied on by ATCO Pipelines for measuring Gas received or delivered under the Agreement, Other Pipeline's measurement and testing of Gas procedures shall apply.

ARTICLE 5 - QUANTITY OF GAS

- 5.1 Subject to the other provisions of this Article, ATCO Pipelines will receive from Customer, at the Point of Receipt or interconnection point with an Other Pipeline, the quantity of Gas, which Customer tenders for transportation.
- 5.2 Subject to the other provisions of this Article, ATCO Pipelines agrees to deliver to Customer, at the Point of Delivery or interconnection point with an Other Pipeline specified in the Agreement, the quantity of Gas which Customer tenders for transportation.
- 5.3 Customer who has selected firm service for a minimum contractual term, shall, upon expiration of the minimum term of the Agreement, have the option to reduce the Contract Demand, Nominated Demand, or Peak Billing Demand of the said Agreement, provided one (1) year's prior written notice has been provided to ATCO Pipelines.
- 5.4 If by reason of the causes set forth in this Article, ATCO Pipelines is unable, in whole or in part, to receive or deliver the quantities of Gas provided for in the Agreement, then ATCO Pipelines shall be relieved of liability for not receiving or delivering such quantities, and ATCO Pipelines may curtail or discontinue receipts or deliveries of Gas under the Agreement during the continuance and to the extent of the inability; provided however that ATCO Pipelines shall endeavor to give reasonable notice of any curtailment or discontinuance of receipts or deliveries arising by virtue of such causes and shall promptly endeavor to remedy the cause of any curtailment or discontinuance of receipts or deliveries as soon as reasonably possible. Such notice shall specify ATCO Pipelines' estimate of the duration of any such curtailment or discontinuance of receipts or deliveries under the Agreement. The causes above referred to shall include but not be limited to:
- (a) the necessity, in ATCO Pipelines' sole opinion, of making modifications or improvements to the Gas Pipeline System; provided however that ATCO Pipelines shall, when practicable,

endeavor to effect such modifications or improvements, which are not emergency in nature, at a time and in a manner which shall not unduly interfere with or interrupt receipts or deliveries of Gas; or

- (b) the necessity of making repairs to the Gas Pipeline System used to transport Gas; or
- (c) the operating conditions of the Gas Pipeline System.

ARTICLE 6 - BALANCING OF CUSTOMER ACCOUNT

- 6.1 Customer Account(s) shall be accumulated and recorded by ATCO Pipelines, inclusive of the Daily Imbalance Quantity and Cumulative Imbalance Quantity, and made available to Customer in accordance with ATCO Pipelines' Business Policies & Practices (Customer Accounts And Imbalance Management).
- 6.2 Customer shall at all times endeavor to maintain each Customer Account within the Daily Account Tolerance Zone.
- 6.3 ATCO Pipelines has the right to require Customer to take corrective action to balance the Customer Account to within the Daily Account Tolerance Zone, and Customer shall, upon receiving out of tolerance notice from ATCO Pipelines, promptly comply with such request.
- 6.4 In the event the Customer does not take corrective action provided for in this Article, ATCO Pipelines may take any reasonable action whatsoever to restrict or curtail the quantity of Gas received at the Point of Receipt or delivered at the Point of Delivery or the quantity of Gas received or delivered from Other Pipelines, to maintain each Customer Account within the Daily Account Tolerance Zone.
- 6.5 In the event the Customer Account Cumulative Imbalance Quantity for the Day exceeds the Daily Account Tolerance Zone, as specified in the General Conditions Applying to Rate Schedules, the Customer shall upon receiving a Customer Account out of tolerance notice from ATCO Pipelines, take corrective action to return each Account to within the Daily Account Tolerance Zone as specified in the General Conditions Applying to Rate Schedules. At the time of termination of the Agreement, the outstanding Customer Account Cumulative Imbalance Quantity shall be settled by the Customer transferring the outstanding Customer Account Cumulative Imbalance Quantity to another Customer Account.

ARTICLE 7 - CURTAILMENT

- 7.1 In the event ATCO Pipelines has provided notice to Customer to restrict or curtail, as provided for in Article 5 - Quantity of Gas, the quantity of Gas received at the Point of Receipt or delivered at the Point of Delivery, or has provided notice to Customer to take corrective action, as provided for in Article 6, to zero the Daily Imbalance Quantity, and Customer does not comply with such notice(s), ATCO Pipelines may serve Customer with notice of Non-Compliance in accordance with ATCO Pipelines' Business Policies & Practices (Curtailed Practice and/or Customer Accounts And Imbalance Management).
- 7.2 In the event Customer is in Non-Compliance, ATCO Pipelines shall, at its sole discretion, take any reasonable action whatsoever to restrict or curtail the quantity of Gas received at the Point of Receipt or delivered at the Point of Delivery, or to zero the Daily Imbalance Quantity by restricting receipts into, or deliveries out of, the Customer Account(s).
- 7.3 Customer shall pay to ATCO Pipelines charges as specified in with the General Conditions Applying to Rate Schedules, applicable to the Non-Compliance Quantity as incurred during the Non-Compliance Period.

ARTICLE 8 - RECEIPT AND DELIVERY PRESSURE

- 8.1 Customer will deliver Gas, or cause Gas to be delivered, to ATCO Pipelines at the Point of Receipt or point of interconnection with an Other Pipeline at such pressures as ATCO Pipelines may require from time to time at the Point of Receipt or point of interconnection with an Other Pipeline up to the Maximum Contract Pressure.
- 8.2 The Maximum Contract Pressure of the Gas at the Point of Receipt or point of interconnection with an Other Pipeline shall be nine thousand nine hundred and thirty-six (9 936) kPa. ATCO Pipelines at its sole discretion may grant relief from the Maximum Contract Pressure at the Point of Receipt or point of interconnection with an Other Pipeline to permit receipt of Gas at a reduced pressure and such relief shall continue from the Day relief is granted until such time as ATCO Pipelines, upon twelve (12) Months prior written notice, revises the reduced pressure then in effect to a pressure not in excess of the Maximum Contract Pressure.
- 8.3 ATCO Pipelines agrees to deliver the Gas, or cause the Gas to be delivered, to Customer at the Point of Delivery or point of interconnection with an Other Pipeline at such pressures as are available in the Gas Pipeline System from time to time provided however, any Pressure Guarantee of a delivered pressure will be provided for in the Customer's Agreement.

ARTICLE 9 GAS LOST, UNACCOUNTED-FOR-GAS, AND FUEL GAS

- 9.1 Subject to Article 14, ATCO Pipelines shall not be responsible for Gas lost by pipeline rupture, explosion, fire or other similar calamity, but shall maintain and provide to Customer a record of Customer's proportionate share of any such loss and co-operate with all reasonable requests of Customer's insurers or their agents during the course of the investigation of any claim arising from any such loss.
- 9.2 Customer shall be responsible to ATCO Pipelines for Customer's share of ATCO Pipelines' Unaccounted For Gas and Fuel Gas (excluding Gas lost referred to in Clause 9.1 of this Article) as indicated on the applicable Rate Schedule.

ARTICLE 10 - RATES AND OTHER CHARGES

- 10.1 Customer shall pay to ATCO Pipelines, for transportation service provided under the Agreement, commencing on the Billing Commencement Date, the Rates and charges set forth in the Agreement.
- 10.2 Customer shall not be relieved by Force Majeure as described in Article 12 from the obligation to pay the Rates and charges set forth pursuant to this Article unless Force Majeure has been invoked by ATCO Pipelines, for a period of thirty (30) consecutive Days or longer and for more than fifty percent (50%) of the Contract Demand, Nominated Demand, or Peak Billing Demand whereupon the Customer's monthly demand charges shall be reduced on a pro-rata basis for the number of Days Force Majeure, as invoked by ATCO Pipelines, is in effect.
- 10.3 Customer shall provide ATCO Pipelines with any financial information ATCO Pipelines reasonably requests in order that ATCO Pipelines may establish Customer's credit worthiness in accordance with ATCO Pipelines' Business Policies and Practices (Credit Policy).

ARTICLE 11 - BILLINGS AND PAYMENTS

- 11.1 **Billing:** On or before the twentieth (20th) Day of each Month, ATCO Pipelines shall provide a bill to Customer for service provided during the preceding Month.
- 11.2 **Payment:** Customer agrees to pay ATCO Pipelines on or before the tenth (10th) Day following the rendering of the bill by ATCO Pipelines to Customer, the total amount payable by Customer as set forth in the bill. Each such payment shall be made in Canadian funds by cheque drawn in ATCO Pipelines' favour and delivered to ATCO Pipelines at the address stated in the Agreement or by such other method as may be acceptable to ATCO Pipelines.
- 11.3 **Late Billing:** If ATCO Pipelines provides a bill after the twentieth (20th) Day of a Month, then the date for payment shall be that Day which is ten (10) Days after the Day that such bill was rendered.
- 11.4 **Interest on Unpaid Bills:** ATCO Pipelines shall have the right to charge interest on the unpaid portion of any bill from the date payment is due until the date payment is actually made, at a rate of interest which is two percent (2%) per annum above the Prime Rate, which is in effect as of the period that such payment is unpaid, from the date when such payment is due until the same is paid.
- 11.5 **Disputes:** In the event Customer disputes any part of any bill, Customer shall nevertheless pay to ATCO Pipelines the full amount of the bill when payment is due.
- 11.6 **Overpayment:** In the event Customer disputes any part of a bill and it is finally determined that any final bill prepared pursuant to this Article was incorrect and an overpayment has been made, Customer shall be entitled to interest on the amount of any such overpayment at a rate of interest which is two percent (2%) per annum above the Prime Rate, which is in effect as of the period that such overpayment exists, from the date of any

- such overpayment until the date ATCO Pipelines makes reimbursement of such overpayment to Customer.
- 11.7 Billing Adjustments: Neither Customer nor ATCO Pipelines shall be entitled to interest for any adjustment to the bill which is the result of a reallocation by the Common Stream Operator or a change in the quantity of Gas measured.
- 11.8 Failure to Pay: In the event Customer fails to pay the full amount of any bill within sixty (60) Days after payment is due, ATCO Pipelines, in addition to any other remedy it may have, may suspend the receipt of or delivery of Gas until full payment is made. Such suspension shall not terminate or otherwise affect Customer's obligations to ATCO Pipelines.

ARTICLE 12 - FORCE MAJEURE

- 12.1 Subject to the other provisions of this Article, if either party to the Agreement fails to observe or perform any of the covenants or obligations herein imposed upon it and such failure shall have been occasioned by, or in connection with, or in consequence of Force Majeure, as hereinafter defined, such failure shall be deemed not to be in breach of such covenants or obligations.
- 12.2 For the purposes of the Agreement, "Force Majeure" shall mean any acts of God, including therein, but without restricting the generality thereof, lightning, earthquakes and storms, and, in addition, shall mean any strikes, lockouts or other industrial disturbances, acts of the Queen's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, floods, fires, washouts, arrests and restraints, civil disturbances, explosions, breakages of or accidents to machinery or lines of pipe, hydrate obstructions of lines of pipe, temporary failures of Gas supply, freezings of wells or delivery facilities, well blowouts, craterings, the orders of any court or governmental authority, any acts or omissions (including failure to take Gas) of a purchaser of Gas from, or a transporter of Gas to or for ATCO Pipelines, which are excused by any event or occurrence whether or not of the character or kind herein defined as constituting Force Majeure, lack of exchange capacity or pressure at interconnections with Other Pipelines, or any other causes, excepting financial, whether of the character or kind herein enumerated or otherwise, and not within the control of the party claiming suspension and whether or not arising out of or resulting from an event, cause or occurrence under the Agreement or otherwise, which, by the exercise of due diligence, such party could not have prevented or is unable to overcome.

- 12.3 Neither party shall be entitled to the benefit of the provisions of Clause 12.1 of this Article under any or all of the following circumstances:
- (a) to the extent that the failure was caused by the sole negligence of the party claiming suspension; or
 - (b) to the extent that the failure was caused by the party claiming suspension having failed to remedy the condition where it is within that party's ability alone to do so and to resume the performance of such covenants or obligations, with reasonable dispatch; or
 - (c) if the failure was caused by lack of funds or with respect to the payment of any amount or amounts then due under the Agreement; or
 - (d) unless as soon as possible after the happening of the occurrence relied upon or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under the Agreement, the party claiming suspension shall have given to the other party notice, either in writing or by facsimile, to the effect that such party is unable by reason of Force Majeure (the nature whereof shall be therein specified) to perform the particular covenants or obligations.
- 12.4 The party claiming suspension shall likewise give notice, as soon as possible after the Force Majeure condition is remedied, to the effect that the same is remedied and that such party has resumed, or is then in a position to resume, the performance of such covenants or obligations.
- 12.5 Notwithstanding anything to the contrary in this Article expressed or implied, the parties agree that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the particular party involved therein and such party may make settlement thereof at such time and on such terms and conditions as it may deem to be advisable and no delay in making such settlement shall deprive such party of the benefit of Clause 12.1 of this Article.

ARTICLE 13 - TERMINATION ON DEFAULT

13.1 If either party shall fail to perform any of the covenants or obligations imposed upon it under and by virtue of the Agreement (the "Defaulting Party"), then in any such event, the other party (the "Non-Defaulting Party") may at its option terminate the Agreement by proceeding as follows:

- (a) The Non-Defaulting Party shall cause a notice in writing to be given to the Defaulting Party advising as to the nature of any default and declaring it to be the intention of the Non-Defaulting Party to terminate the Agreement.
- (b) The Defaulting Party shall have ninety (90) Days after receiving any such notice to remedy the default specified and if, within the said period of ninety (90) Days, the Defaulting Party does remedy any such default to the satisfaction of the Non-Defaulting Party then the notice given pursuant to Clause 13.1(a) of this Article shall be deemed to be withdrawn and the Agreement shall continue in full force and effect.
- (c) In the event that Customer does not remedy any default of which it has been given notice by ATCO Pipelines to the reasonable satisfaction of ATCO Pipelines within the said ninety (90) Day period, then the Agreement shall thereafter terminate after the said ninety (90) Day period and the appropriate charges for all Specific Facilities, as well as the present value of all system tariffs that would be in effect until the termination of the Agreement, discounted at the rate as specified in ATCO Pipelines' Business Policies and Practices (Investment Policy), shall become due and payable. All other rights and obligations of the parties under the Agreement shall cease upon termination of the Agreement; provided however that any such termination shall not affect any other remedy ATCO Pipelines may have at law or in equity.

- (d) In the event that ATCO Pipelines does not remedy any default of which it has been given notice by Customer to the reasonable satisfaction of Customer within the said ninety (90) Day period, then Customer shall have the right to terminate the Agreement. All other rights and obligations of the parties hereunder shall cease upon the termination of the Agreement; provided however that any such termination shall not affect any other remedy Customer may have at law or in equity.

ARTICLE 14 - INDEMNITY

- 14.1 Customer agrees to indemnify and save ATCO Pipelines harmless from and against any and all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatsoever nature or kind and howsoever and by whosoever made or incurred arising out of or in any way connected, either directly or indirectly, with any act, omission or default on the part of Customer under the Agreement; provided however that in no event, whether as a result of alleged negligence on the part of Customer or otherwise, shall Customer be liable to ATCO Pipelines for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of ATCO Pipelines' customers for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims whatsoever.
- 14.2 ATCO Pipelines agrees to indemnify and save Customer harmless from and against all claims, demands, suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses of whatsoever nature or kind and howsoever and by whosoever made or incurred arising out of the gross negligence or willful misconduct of ATCO Pipelines under the Agreement; provided however that in no event, whether as a result of alleged gross negligence on the part of ATCO Pipelines or otherwise, shall ATCO Pipelines be liable to Customer for loss of profits or revenues, cost of capital, loss for failure to deliver Gas, cost of purchased or replacement Gas, claims of Customer's customers for failure to deliver Gas, cancellation of permits, termination of contracts or other similar special or consequential damages or claims whatsoever.

ARTICLE 15 - NOTICES

- 15.1 Every notice, request, statement or bill provided for by the Agreement or any notice which either ATCO Pipelines or Customer may desire to give to the other shall be in writing to the address stated in the Agreement, or as mutually agreed between Customer and ATCO Pipelines.
- 15.2 Any notice may be given by mailing the same, postage prepaid, in an envelope properly addressed to the person to whom the notice is being given and shall be deemed to be given four (4) business Days after the mailing thereof, Saturdays, Sundays and statutory holidays excepted. Any notice may also be given by facsimile or other electronic communication addressed to the person to whom such notice is to be given at such person's address for notice, and any such notice so served shall be deemed to have been given twenty-four (24) hours after transmission of the same, Saturdays, Sundays and statutory holidays excepted. Any notice may also be delivered by hand to the person, or his representative, to whom such notice is to be given at such person's address for notice, and such notice shall be deemed to have been given when received by such person or his representative. Any notice may also be given by telephone followed immediately by letter, facsimile or other electronic communication and any notice so given shall be deemed to have been given of the date and time of the telephone notice.
- 15.3 In the event of disruption of regular mail every payment shall be personally delivered and every notice, demand, statement or bill shall be given by one of the alternative means set out in Clause 15.2 of this Article.

ARTICLE 16 - ALLOCATIONS

- 16.1 For the purpose of administering transportation Agreements, Gas flows at the Point of Receipt or Point of Delivery shall be allocated to determine the daily flow to be billed under the appropriate Rate Schedule. ATCO Pipelines' Business Policies & Practices (Allocation Practice) sets out ATCO Pipelines' allocation practice.
- 16.2 At locations where a portion of the Gas flowing belongs to parties other than Customer and ATCO Pipelines, all parties must agree in writing on the Allocation Method used between those parties at that location, and provide a copy to ATCO Pipelines prior to the effective date, if different than which is provided for in ATCO Pipelines' Business Policies & Practices (Allocation Practices).
- 16.3 If a Customer requests a change in the Allocation Method at a Point of Receipt or Point of Delivery other than which is provided for in ATCO Pipelines' Business Policies & Practices (Allocation Practices), such revised Allocation Method must be agreed to by all parties and be confirmed in a letter agreement. In the event Customer and ATCO Pipelines are unable to agree on an acceptable revised Allocation Method, ATCO Pipelines reserves the right to decide on the revised Allocation Method which will be used.
- 16.4 At locations where the Gas flowing is at an interconnection with an Other Pipeline, then the allocation procedures as agreed to between ATCO Pipelines and the Other Pipeline shall apply.

ARTICLE 17 - MISCELLANEOUS

- 17.1 In the interpretation of the Agreement, words in the singular shall be read and construed in the plural or words in the plural shall be read and construed in the singular where the context so requires.
- 17.2 The Agreement and the rights and obligations of the parties to the Agreement are subject to all applicable present and future laws, rules, regulations and orders of any legislative body or duly instituted authority now or hereafter having jurisdiction.
- 17.3 The Agreement contains the complete agreement between the parties and supersedes any prior agreement between the parties, whether written or verbal, with respect only to the transportation service rendered by ATCO Pipelines.
- 17.4 The parties hereto shall from time to time and at all times do all such further acts and execute and deliver all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of the Agreement.
- 17.5 The definitions of all units of measurement and their prefixes used throughout the Agreement shall be in accordance with the International System of Units.
- 17.6 No waiver by ATCO Pipelines or Customer of any default by the other under the Agreement shall operate as a waiver of a future default whether of a like or different character.
- 17.7 The Agreement shall apply mutatis mutandis to each Point of Receipt, Point of Delivery, deliveries to Other Pipelines, receipts from Other Pipelines, or Account Transfers.
- 17.8 The Agreement shall bind and inure to the respective successors and assigns of the parties thereto; provided however that no assignment shall release either party from such party's obligations under the Agreement

- without the written consent of the other party to such release, which consent shall not be unreasonably withheld.
- 17.9 Nothing herein contained shall prevent any party to the Agreement from pledging or mortgaging its rights under the Agreement as security for its indebtedness.
- 17.10 The headings used throughout the Agreement are inserted for reference purposes only, and are not be considered or taken into account in construing the terms or provisions of any Article, Clause or Schedule nor to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.
- 17.11 The Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.
- 17.12 Customer shall provide to ATCO Pipelines, for planning purposes, such forecasts of future Monthly volumes to be received or delivered under the Agreement as ATCO Pipelines may request from time to time.



Maritimes & Northeast Pipeline - Canada

- The Maritimes & Northeast Pipeline main pipeline was built in 1999 to bring natural gas to markets in the Maritimes and Northeastern United States from six developed natural gas fields 160 kilometres off the East Coast of Nova Scotia. The Canadian portion of the mainline stretches 568 kilometres from Goldboro, Nova Scotia to St. Stephen, New Brunswick. Maritimes & Northeast Pipeline has offices in Halifax, Nova Scotia and Boston, Mass.

Overview:

- Maritimes & Northeast Pipeline operates the 1,051-kilometre natural gas pipeline through the Maritimes and northeast United States. The main pipeline and the lateral pipelines are designed to transport Sable offshore natural gas to markets in Nova Scotia, New Brunswick and New England. M&N interconnects with the existing North American pipeline grid at Dracut, Mass.
- The Sable gas projects have brought a whole new industry to Atlantic Canada, including the potential for future natural gas exploration, development and production. With this new industry comes a new source of safe, reliable, economic, efficient and environmentally friendly energy to customers in Atlantic Canada. M&N currently delivers over 25 percent of the natural gas transported on its system to markets in Nova Scotia and New Brunswick.
- The 110 km, combination 4" and 16" diameter Saint John Lateral pipeline transports natural gas from the main transmission pipeline near Big Kedron Lake to the City of Saint John.

Laterals:

- **Point Tupper Lateral**
Approximately 59 km long and includes associated metering, control and pressure regulation facilities. The first 55 km of the pipeline, from the main pipeline, is 8" in diameter and was installed at the same time as the Sable Offshore Energy Inc. natural gas liquids pipeline. The remaining 4 km of the pipeline is 6" in diameter.
- **Halifax Lateral**
At 124 km, and 12" diameter, the Halifax Lateral pipeline transports natural gas from the main transmission pipeline near Stellarton to the Halifax Regional Municipality.
- **Saint John Lateral**
The 110 km, combination 4" and 16" diameter Saint John Lateral pipeline transports natural gas from the main transmission pipeline near Big Kedron Lake to the city of St. John and the town of St. George.

Current and future projects:

- M&N Phase III extension; Phase IV expansion; M&N continues to assess the potential for additional pipeline laterals as market interest and gas supply in the region continues to grow.

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**ARTICLE 9
CAPACITY ALLOCATION**

- 9.01 Application. The provisions of this Article apply to the allocation of all Firm Transportation Service which becomes available for any reason, including the failure of a Shipper to exercise renewal rights in respect of such service in accordance with Section 2.06, but does not apply to the allocation of Firm Transportation Service which becomes available through the construction of new facilities or to the temporary relocation of Firm Transportation Service in Zone 3 in accordance with Westcoast's Short Term Relocation of Firm Service Policy.
- 9.02 Notification by Westcoast. Westcoast will post on its public bulletin board all available Firm Transportation Service to which this Article applies, and will specify the Contract Demand and other parameters which define the scope of the Firm Transportation Service being posted, including available Receipt Points and Delivery Points and the commencement and termination dates of the Firm Transportation Service.
- 9.03 Bids. Bids for available Firm Transportation Service shall be posted to the public bulletin board prior to 1700 hours CCT on the tenth business day following the day on which Westcoast posted such Firm Transportation Service. Each such bid shall be unconditional and shall specify the parameters required to define the bid, including:
- (a) the Contract Demand the bidder desires to secure;
 - (b) the minimum Contract Demand the bidder is prepared to accept;
 - (c) the term for which the bidder requires the Firm Transportation Service and the commencement date of that term if it is different than the commencement date specified by Westcoast; and
 - (d) the Receipt Point and the Delivery Point for the Firm Transportation Service.
- All bids will be deemed to have been made at the currently applicable Demand Toll for Transportation Service. A bidder shall not submit multiple bids for Firm Transportation Service having the same Receipt Point and Delivery Point. Except for the name of the bidder, all bids posted to the public bulletin board shall be open to public examination.
- 9.04 Withdrawal of Bids. A bidder may withdraw a bid posted to the public bulletin board at any time prior to the time specified in Section 9.03. Thereafter, a bid shall be irrevocable. Where a bidder withdraws a bid, the bidder cannot submit a new bid for the same Firm Service having a lower economic value than the bid which it has withdrawn.
- 9.05 Evaluation of Bids. Westcoast will evaluate each bid submitted in compliance with Section 9.03 on the basis of its unit economic value. The unit economic value of each bid shall be the net present value of the currently applicable Demand Toll for Transportation Service over the term of that service specified in the bid, discounted at the Discount Rate.

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9.06 Award of Firm Transportation Service. Following evaluation of the bids submitted in accordance with Section 9.03, Westcoast will award the available Firm Transportation Service on the basis of the economic value of the bids received by allocating it to the bid having the highest economic value and to other bids in descending order of economic value until all the Firm Transportation Service has been allocated or until all valid bids have been accepted by Westcoast. If the economic values of two or more bids are equal, Westcoast will determine the priority of those bids by applying one or more of the following criteria:

- (a) the bid with the earliest commencement date will be given the highest priority;
- (b) the bid with the longest term will be given the highest priority; and
- (c) any bid which is contingent upon obtaining service in another Zone will be given the lowest priority.

Westcoast will notify each successful bidder of the Firm Transportation Service awarded to it.

9.07 Allocation Between Equal Bids. If, following the application of the criteria in Section 9.06, Westcoast determines that two or more bids remain equal, Westcoast will so notify each of the affected bidders. If those bidders can agree upon a method of allocating the available Firm Transportation Service amongst them, they may give notice to Westcoast of the method of allocation agreed to, provided such notice is given within five business days of the notification given by Westcoast. If the affected bidders cannot agree, Westcoast will allocate the available Firm Transportation Service in accordance with the following procedures:

- (a) Westcoast will offer the available Firm Transportation Service to the affected bidders pro rata on the basis of the Contract Demands specified in their bids;
- (b) affected bidders which accept or are deemed to have accepted the Firm Transportation Service offered by Westcoast will be offered a pro rata share in any Firm Transportation Service not accepted by another bidder, until they have been allocated the entire Contract Demand specified in their respective bids; and
- (c) any remaining Firm Transportation Service which has not been awarded in accordance with Subsection (b) will be allocated by way of lottery to those affected bidders which rejected the allocation of Firm Transportation Service made in accordance with Subsection (a). Firm Transportation Service up to the Contract Demand specified in their bids given in accordance with Section 9.03 will be offered sequentially to those bidders in the order in which they are selected by lottery.

9.08 Acceptance by Bidder. If Westcoast awards or offers Firm Transportation Service to a bidder pursuant to this Article and if that Firm Transportation Service is for a Contract Demand which is less than the minimum Contract Demand specified in the bid submitted in accordance with Section 9.03, the bidder shall notify Westcoast of its acceptance of that Firm Transportation Service within two business days of the day on which Westcoast gives notice of the award or offer, failing which the bidder shall be deemed conclusively to have declined the award or offer. If the Firm Transportation Service awarded or offered to a

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bidder by Westcoast is equal to or exceeds the minimum Contract Demand specified in the bid submitted, the bidder shall be deemed conclusively to have accepted the award or offer.

- 9.09 Service Agreements. A bidder which accepts or which is deemed to have accepted Firm Transportation Service in accordance with Section 9.08 shall be bound to take up and pay for that Firm Transportation Service and, if so required by Westcoast, to provide security for payment in accordance with Section 10.08. Westcoast will forward to each such bidder a Service Agreement providing for the Firm Transportation Service so accepted for the term specified in the bid given pursuant to Section 9.03. The bidder shall be obligated to execute and return the Service Agreement, without modification or amendment, together with the security required by Westcoast in accordance with Section 10.08, within five business days of its receipt thereof, but in any event no later than two business days prior to the commencement of the Firm Transportation Service. If Westcoast provides the Firm Transportation Service to the bidder prior to receipt of the executed Service Agreement and security for payment required in accordance with this Section, then:
- (a) the bidder shall be deemed conclusively, without further act or formality, to have entered into a Service Agreement with Westcoast for the Firm Transportation Service which the bidder accepted or was deemed to have accepted; and
 - (b) if the bidder fails to provide the security for payment required by Westcoast within three days of the commencement of the Firm Transportation Service, Westcoast may, notwithstanding any of the provisions of these General Terms and Conditions, suspend the authorization and delivery of gas to the Shipper until the required security for payment has been provided or terminate the Service Agreement.
- 9.10 Designation of Bid Recipient. If Westcoast determines that it may not be able to receive and post bids made for Firm Transportation Service in accordance with Section 9.03 by means of its public bulletin board, Westcoast may designate an independent third party (the "Bid Recipient") as Westcoast's agent to receive all bids to be submitted in accordance with Section 9.03. Where Westcoast designates a Bid Recipient to receive bids in accordance with this Section, the following provisions shall apply:
- (a) Westcoast will specify in the notification posted in accordance with Section 9.02 the name and electronic mail address of the Bid Recipient to whom bids are to be submitted;
 - (b) notwithstanding Section 9.03 a bidder may submit one or more bids for Firm Transportation Service having the same Receipt Point and Delivery Point;
 - (c) bidders who wish to obtain any Firm Transportation Service posted by Westcoast shall, by means of an electronic mail system, submit to the Bid Recipient one or more bids, each of which shall conform with the requirements of Section 9.03, prior to the date and time specified in the notification posted by Westcoast in accordance with that Section;
 - (d) Westcoast will cause the Bid Recipient to record the time at which each bid was received by the Bid Recipient by means of its electronic mail system, to assign an identification number to each such bid and to send a confirmation of receipt,

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together with the bid identification numbers, by means of its electronic mail system to the bidder;

- (e) a bidder who has submitted one or more bids to the Bid Recipient in accordance with this Section may withdraw any or all of those bids by giving notice of withdrawal, specifying the applicable bid identification numbers, to the Bid Recipient within the time prescribed in Section 9.04 for the withdrawal of bids;
- (f) Westcoast will cause the Bid Recipient to promptly, by means of the electronic mail system, notify a bidder if any of the bids submitted by it is unintelligible or otherwise cannot be understood;
- (g) Westcoast will cause the Bid Recipient to provide Westcoast with a written report setting out, in the order in which they were received, each of the individual bids made by the bidder, the bid identification number assigned to each such bid and the time at which each such bid was received by the Bid Recipient, together with the information respecting each of those bids submitted by the bidder in accordance with Section 9.03; and
- (h) Westcoast will cause the Bid Recipient to monitor Westcoast's evaluation of the bids submitted in accordance with Section 9.05, the awarding of Firm Transportation Service by Westcoast in accordance with Sections 9.06 and 9.07 and, if so requested by Westcoast, certify that the Firm Transportation Service was awarded in accordance with the requirements of this Article.