

**EB-2010-0155**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an Application by Union Gas  
Limited for approval of its tariffs for its M12, C1 and M16  
transportation services;

**AND IN THE MATTER OF** the Storage Transportation and  
Access Rule.

## **NOTICE OF APPLICATION AND PROCEDURAL ORDER NO. 1**

On December 9, 2009 the Ontario Energy Board (the “Board”) issued a Notice of Issuance of a New Rule, under section 44(1) of the *Ontario Energy Board Act, 1998* (the “Act”). The new rule, known as the Storage and Transportation Access Rule (“STAR”) comes into effect on June 16, 2010. All materials related to the STAR are available on the Board’s website.

On April 1, 2010, in accordance with sections 2.3.3 and 2.4.3 of the STAR Union Gas Limited (“Union”) filed with the Board an application seeking Board approval of tariffs for its M12, C1 and M16 transportation services to be effective as of June 16, 2010. The Board has assigned Board File No EB-2010-0155.

Union has determined that revisions are required to the tariffs for its M12, C1 and M16 transportation services in order for those tariffs to be compliant with the STAR.

A copy of Union’s application, including the proposed tariffs for Union’s M12, C1 and M16 transportation services is attached as Appendix A to this Notice.

### **How to Participate**

Registered participants in the development of the STAR (EB-2008-0052) and all shippers taking M12, C1 or M16 transportation services from Union are automatically deemed registered intervenors in this proceeding. A list of registered intervenors is attached as Appendix B to this Notice.

The Board may order costs in this proceeding. Timeline for filing the cost eligibility requests and any objections by Union to these requests is set below.

### **How to Contact Us**

In responding to this Notice, please include Board file number EB-2010-0155 in the subject line of your e-mail or at the top of your letter. It is also important that you provide your name, postal address and telephone number and, if available, an e-mail address and fax number. All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

The Board intends to proceed in this matter by way of a written hearing.

At this time the Board considers it necessary to make provision for the following procedural matters. Please be aware that this procedural order may be amended, and further procedural orders may be issued from time to time.

### **THE BOARD THEREFORE ORDERS THAT:**

1. Intervenor intending to seek cost eligibility status in this proceeding must indicate in a letter to the Board the grounds for eligibility for costs award by **Monday, April 19, 2010**. A copy of the letter seeking cost eligibility must be sent to Union.
2. Union may object to cost eligibility requests by filing a letter with the Board and serving a copy to the intervenor by **Monday, April 26, 2010**.
3. Intervenor who wish to make written submissions on the application shall file the submissions with the Board and deliver them to Union and other intervenors by **Friday, April 23, 2010**.
4. Union may reply to any submissions received by filing reply submissions with the Board and serving a copy on all intervenors by **Friday, May 7, 2010**.

All filings to the Board must quote file number EB-2010-0155, be made through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca), and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address.

Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca). If the web portal is not available you may email your document to the [BoardSec@oeb.gov.on.ca](mailto:BoardSec@oeb.gov.on.ca). Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file seven paper copies. If you have submitted through the Board's web portal an e-mail is not required.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

### **ADDRESSES**

**The Board:**

Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Attention: Board Secretary  
Filings: <https://www.errr.oeb.gov.on.ca/>

E-mail: [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca)  
Tel: 1-888-632-6273 (Toll free)  
Fax: 416-440-7656

**The Applicant:**

Union Gas Limited  
50 Keil Drive North  
Chatham ON N7M 5M1  
Attention: Ms. Karen Hockin  
Manager, Regulatory Initiatives

Email: [KHockin@uniongas.com](mailto:KHockin@uniongas.com)  
Tel: 519-436-5473  
Fax: 519-436-4641

**Counsel of the Applicant:**

Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
199 Bay Street  
Suite 2800, Commerce Court West  
Toronto ON M5L 1A9  
Attention: Sharon Wong

email: [sharon.wong@blakes.com](mailto:sharon.wong@blakes.com)  
Tel: 416-863-4178  
Fax: 416-863-2653

**DATED** at Toronto, April 9, 2010

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

## **APPENDIX A**

### **Application**

**EB-2010-0155**

April 1, 2010

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Storage and Transportation Access Rule (STAR) – Union Gas Compliance Plan  
(Board File No. EB-2008-0052)**

The purpose of this submission is to document Union's compliance with the Ontario Energy Board's ("the Board") Storage and Transportation Access Rule ("STAR" or "the Rule") issued on December 9, 2009. Union is also seeking a Board Order approving the proposed STAR-compliant tariff for its transportation services.

### **Background**

On November 7, 2006 the Board issued its Natural Gas Electricity Interface Review ("NGEIR") decision. As part of this decision, the Board stated that it was necessary to ensure customer protection within the competitive storage market and to ensure non-discriminatory access to transportation services for storage providers and customers. It was this decision that initiated the STAR process and ultimately led to the creation of rules of conduct and reporting requirements for natural gas transmitters, integrated utilities and storage companies.

### **Working Towards Compliance**

As defined in section 1.1.1 of the Rule, in addition to establishing reporting requirements, the purpose of STAR is to establish operating requirements to ensure open and non-discriminatory access to transportation services for shippers and storage companies. The Rule is also intended to ensure consumer protection within the competitive storage market.

Following the issuance of the Rule, Union reviewed each section of the Rule and determined its current state of compliance. There are a number of sections of STAR where Union believes it is already compliant, as well as areas where work and/or approval is required to meet the Board's deadline of June 16, 2010. This submission addresses the required changes to Union's transportation tariffs as a result of STAR. Further, this submission responds to the requirement for the Board to approve Union's revised tariffs as a result of STAR specific to its transportation services. The tariffs impacted by STAR are Union's M12, C1 and M16 transportation tariffs.

Sections 2.3.3 and 2.3.4 of STAR require that a transmitter include specific terms of service within its tariff for each of its transportation services. STAR also requires that the revised or STAR-compliant tariff be filed with the Board for approval and that the approved tariff be posted on the transmitter's website. As defined in STAR, the tariff consists of a transmitter's standard terms of service, a transmitter's allocation methods and a transmitter's rate schedule and/or handbook. It does not include the standard contract. The standard contract forms have been included in this submission for the Board's information and as directed by STAR, will be posted on Union's website.

With respect to its M12 and C1 transportation services, Union initiated a detailed review of its existing standard contract and related tariff for each of these services. It was evident from this review that, for the most part, STAR compliance could be attained by shifting text from the current standard contract to the General Terms & Conditions ("GT&C") for each of these transportation services. The GT&C are at Schedule A of the Rate Schedule. These changes result in a shorter contract document which, in Union's view, is not only easier to understand and administer but also provides greater consistency across its transportation contracts. The proposed changes are necessary to comply with STAR and have no impact on Union's M12 and C1 transportation services.

The shifting of text from the contract to the GT&C also resulted in the need for various wording changes (i.e. section titles and numbering) to existing clauses to allow for proper sentence structure and overall flow in the revised documents. These changes do not impact the meaning or intent of the sections of text moved from the standard contract to the GT&C, rather they provide added clarity.

In cases where STAR required the inclusion of wording that had not been previously addressed in either the existing standard contract or in the GT&C, Union has proposed new language to comply with STAR. To be specific, in section 2.3.4, Union was required to draft new language for service curtailment. This new language is found at section XVIII of the STAR-compliant M12 GT&C and section XVIII of the STAR-compliant C1 GT&C. Union was also required, under section 2.1.1 of STAR, to draft new language defining its methods for allocating transportation capacity for inclusion in the GT&C. This language is at section XVI of the STAR-compliant M12 GT&C and section XVI of the STAR-compliant C1 GT&C.

Similarly, renewal rights, nominations and receipt and delivery points and pressures are required by section 2.3.4 of the Rule to be included in the tariff. Prior to STAR, renewal rights and receipt and delivery points and pressures were included in Union's standard M12 and C1 contracts while nominations were already included in the tariff. In addition to ensuring these terms are included in the new STAR-compliant tariff, Union is also proposing to add new wording for clarity and to be consistent with its current and accepted practices. Renewal rights are addressed at section XVII in the STAR-compliant M12 GT&C and these rights are addressed in section XVII of the C1 STAR-compliant GT&C. Nominations information is found at Schedule B 2010 of the STAR-compliant M12 Rate Schedule and Schedule B 2010 of the STAR-compliant C1 Rate Schedule.

With regards to receipt and delivery points and pressures, this information is now included as Schedule D 2010 of the STAR-compliant M12 Rate Schedule and Schedule C 2010 of the STAR-compliant C1 Rate Schedule. Receipt and Delivery point specific pressure figures

previously noted in the standard contracts have been removed and pressure information will now be maintained in the interconnecting pipeline operating agreements.

In addition to the tariff changes noted above, the shift to STAR compliance also created the need for minor changes to Union's M12 and C1 Rate Schedules. Specifically, these changes are necessary to accommodate transition issues raised as a result of section 1.6.2 of the Rule. Section 1.6.2 states that for transportation contracts in place before June 16, 2010, section 2.3.4 will not apply until the end of the initial term of the contract. Since Union has existing contracts that will not expire prior to June 16, 2010, Union needs to change its Rate Schedules to manage the applicability of STAR to both pre-STAR (existing) contracts and post-STAR (new) contracts.

Accordingly, for its M12 Rate Schedule Union is proposing to add wording in section F ("Terms of Service") that points to two GT&C; one GT&C that will apply to shippers with contracts entered into prior to June 16, 2010 and one GT&C that will apply to shippers with contracts entered into on or after June 16, 2010. Union is proposing similar wording in section G ("Nominations") of its M12 Rate Schedule to point to two (pre and post STAR) Nominations Schedules. Union is also proposing to add a new section "I" to its M12 Rate Schedule that points to a new Schedule D 2010 referenced above which shows receipt and delivery points for contracts in effect on or after June 16, 2010.

For its C1 transportation service, Union is proposing to add similar wording as that proposed for section F and section G of the M12 Rate Schedule to section D ("Terms of Service") and section E ("Nominations") of the C1 Rate Schedule. As noted earlier in this submission, Union is proposing a new section F to the C1 Rate Schedule pointing to a new Schedule C 2010 which shows receipt and delivery points specific to the C1 transportation service for contracts in effect on or after June 16, 2010.

With respect to the M16 transportation service, section 2.4 requires Union to meet certain posting requirements. STAR does not mandate any changes to the M16 contract and/or related tariff (section 2.1.5). However, Union is proposing some minor wording changes to its M16 contract and tariff. For example, consistent with the approach taken for M12 and C1, Union is proposing to add wording to section C ("Terms of Service") of the M16 Rate Schedule that points to two GT&C, one that applies to contracts in effect prior to June 16, 2010 and one that applies to contracts in effect on or after June 16, 2010. Union is also proposing a change to Section II, part 2(h) and 7(h) of the M16 GT&C to update the water content figure of the gas quality section to align it with the figure noted in the M12 and C1 GT&C. These changes do not alter the M16 transportation service.

In addition to the changes required to comply with STAR, Union is also proposing an additional change to its M12 and C1 transportation tariff that is not mandated by STAR. Specifically, this proposed change includes revised wording in Section IX, part 4 of the GT&C to allow for changes to future tax legislation. Union has discussed this change with shippers and no concerns were expressed. In an effort to create a more efficient review process, Union is proposing this change be considered and approved by the Board as part of the STAR process.

A clean copy of Union's proposed STAR-compliant tariff for each of its M12, C1 and M16 transportation services is attached for the Board's review and approval (see Attachment A). For information purposes and to assist the Board, Attachment B is a clean copy of Union's revised STAR-compliant standard contract specific to each of these same services. To further assist the

Board in its review, Attachment C is a delta-view copy of the combined contract and tariff for each service which highlights the various changes to these documents resulting from STAR. A colour coded index can be found at the end of each delta-view. Also included in Attachment C are black-lined versions of the revised rate schedules.

### **Customer Consultations**

Maintaining good customer relations is extremely important to Union. In keeping with this commitment, Union held two transportation shipper meetings to discuss matters specific to STAR. The first was held on March 15, 2010. A follow-up session was conducted by teleconference on March 26, 2010. The purpose of these meetings was to ensure that Union's shippers were aware of STAR; that they were aware of the contract-related changes required as a result STAR; and, that they had an opportunity to discuss and provide feedback on any proposed changes to the tariff. Union considered the feedback provided by shippers when finalizing its proposed changes to its transportation tariffs.

### **Conclusion**

It is Union's view that the attached tariffs for its M12, C1 and M16 transportation services meet the requirements of STAR. Accordingly, Union respectfully requests the Board issue an Order or Orders approving the attached STAR-compliant tariffs effective June 16, 2010. This is consistent with the June 16, 2010 STAR effective date. Should the Board prefer to issue its approval in a later Rate Order effective July 1, 2010 to coincide with the July QRAM Rate Order, it is Union's view that it would require a Board Order either extending the implementation date for those sections of STAR related to the tariff, or an Order allowing Union to use the proposed STAR-compliant tariffs to offer services subject to STAR in the interim until a Rate Order was issued effective July 1, 2010.

Should you have any questions or concerns with respect to this submission, please contact me at 519-436-5473.

Sincerely,

*[original signed by]*

Karen Hockin  
Manager, Regulatory Initiatives

cc: S. Wong (Blakes)  
EB-2008-0052 Intervenors  
L. Klein (Board staff)  
M. Kitchen (Union Gas)



## **ATTACHMENT A**

- i) STAR Compliant M12 Tariff**
- ii) STAR Compliant C1 Tariff**
- iii) STAR Compliant M16 Tariff**



STORAGE AND TRANSPORTATION RATES

(A) **Applicability**

The charges under this schedule shall be applicable to a Shipper who enters into a Storage or Transportation Service Contract with Union.

(B) **Services**

Storage service under this rate schedule shall be for Enbridge Gas Distribution Inc only, contract LST047 expiring March 31, 2010.

Transportation Service under this rate schedule shall be for transportation on Union's Dawn – Oakville facilities.

(C) **Rates**

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

	Monthly Demand Charge (applied to daily contract demand) <u>Rate/GJ</u>	Commodity and Fuel Charges	
		Fuel Ratio %	Commodity Charge Rate/GJ
<u>Storage (1)</u>			
Space – Shipper Providing Deliverability (2)	\$0.010		
Deliverability - Firm	\$1.038		
Injection		0.604%	\$0.007
Withdrawal		0.604%	\$0.007
<u>Firm Transportation (3)</u>			
Dawn to Oakville/Parkway	\$2.366	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall	\$2.014		
Parkway to Dawn	n/a		
<u>Limited Firm/Interruptible Transportation (3)</u>			
Dawn to Parkway – Maximum	\$5.678	Monthly fuel rates and ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall – Maximum	\$5.678		
Parkway (TCPL) to Parkway (Cons) (4)		0.332%	

**(C) Rates (Cont'd)****Authorized Overrun (5)**

Authorized overrun rates will be payable on all quantities in excess of Union's obligation on any day. The overrun charges payable will be calculated at the following rates. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel Commodity Charge Rate/GJ	Commodity and Fuel Charges		Commodity Charge Rate/GJ
		Fuel Ratio %	AND	
Storage Commodity:				
Injection	n/a	1.04%		\$0.041
Withdrawal	n/a	1.04%		\$0.041
Transportation Overrun				
Dawn to Parkway		Monthly fuel rates and ratios shall		\$0.078
Dawn to Kirkwall		be in accordance with schedule "C".		\$0.066
Parkway to Dawn				\$0.078
Parkway (TCPL) Overrun (6)	n/a	0.55%		n/a

**Unauthorized Overrun**

Authorized Overrun rates will be payable on all quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun shall be the higher of the reported daily spot price of gas at either Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

**Overrun of Maximum Storage Balance**

The rate payable shall be \$60/GJ on the Excess Storage Balance during the period of August 1 through to and including December 15. The rate payable shall be \$6/GJ on the Excess Storage Balance during the period of December 16 through to and including July 31.

For any Extension Period, the rate payable shall be \$0.63/GJ times the quantity in the Excess Storage Balance as of the date of such extension.

Union, during any Extension Period, may upon forty-eight (48) hours verbal notice to Shipper (to be followed in writing) take possession of Shipper's gas in storage (which shall be immediately forfeited to Union without further recourse).

These rates will be charged in addition to the normal injection and withdrawal charges.

**Drafted Storage Balance**

The rate payable shall be \$60/GJ on the Drafted Storage Balance during the period of February 1 through to and including April 30.

The rate payable shall be \$6/GJ on the Drafted Storage Balance during the period of May 1 through to and including January 31.

**(C) Rates (Cont'd)**

For any Extension Period, the rate payable shall be \$0.63/GJ times the quantity in the Drafted Storage Balance as of the date of such extension.

Union, during any Extension Period, may upon forty-eight (48) hours verbal notice to Shipper (to be followed in writing), replace the outstanding gas at Shipper's expense (which will include all costs related to replacing such gas, plus a charge equal to 25% of the incremental cost of the gas purchased for each unit so replaced).

These rates will be charged in addition to the normal injection and withdrawal charges.

Overrun of Firm Injections

The rate payable shall be \$60/GJ on the injections in excess of the Injection Demand during the period of August 1 through to and including December 15. The rate payable shall be \$6/GJ on the injections in excess of the Injection Demand during the period of December 16 through to and including July 31.

Overrun on Firm Withdrawals

The rate payable shall be \$60/GJ on the withdrawals in excess of the Withdrawal Demand during the period of February 1 through to and including April 30. The rate payable shall be \$6/GJ on the withdrawals in excess of the Withdrawal Demand during the period of May 1 through to and including January 31.

Nomination Variances

Where Union and the shipper have entered into a Limited Balancing Agreement ("LBA"), the rate for unauthorized parking or drafting which results from nomination variances shall equal the "Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff.

## Notes for Section (C) Rates:

- (1) Storage service under this rate schedule shall be for Enbridge Gas Distribution Inc only, contract LST047 expiring March 31, 2010.
- (2) Deliverability inventory being defined as 25% of storage space.
- (3) The annual transportation commodity charge is calculated by application of the YCRR Formula, as per Section (D). The annual transportation fuel required is calculated by application of the YCR Formula, as per Section (D).
- (4) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) to Parkway (Cons) or Lisgar.
- (5) For purposes of applying the YCRR Formula or YCR Formula (Section (D)) to transportation overrun quantities, the transportation commodity revenue will be deemed to be equal to the commodity charge of the applicable service as detailed in Section (B).
- (6) This ratio will be applied to all gas quantities for which Union is obligated to deliver to Parkway (Cons) or Lisgar and has agreed to deliver to Parkway (TCPL) on an interruptible basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.
- (7) A demand charge of \$0.698/GJ/day/month will be applicable for customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for firm transportation service to either Kirkwall or Parkway



(D) **Transportation Commodity**

The annual fuel charge in kind or in dollars for transportation service in any contract year shall be equal to the sum of the application of the following equation applied monthly for the 12 months April through March (The "YCRR" or "YCR" Formula). An appropriate adjustment in the fuel charges will be made in May for the previous 12 months ending March 31<sup>st</sup> to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.

$$YCR = \sum_{1}^{4} [(0.003317 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.003317 \times (QT1 + Q3)) + (DWFxQT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_{1}^{4} [(0.003317 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}] \times R \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.003317 \times (QT1 + Q3)) + (DWFxQT1) + F_{WT}] \times R \text{ For Oct. 1 to May 31}$$

where: DSF = 0.00000 for Dawn summer fuel requirements  
DWF = 0.0020 for Dawn winter fuel requirements

in which:

YCR Yearly Commodity Required

The sum of 12 separate monthly calculations of Commodity Quantities required for the period from April through March.

YCRR Yearly Commodity Revenue Required

The sum of 12 separate monthly calculations of Commodity Revenue required for the period April through March.

QT1 Monthly quantities in GJ transported easterly hereunder received at Dawn at not less than 4 850 kPa but less than 5 860 kPa (compression required at Dawn).

QT3 Monthly quantities in GJ transported westerly hereunder received at the Parkway (Oakville) Delivery Point.



**(D) Transportation Commodity (cont'd)**

F<sub>WT</sub> The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.

F<sub>ST</sub> The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

R Union's weighted average cost of gas in \$/GJ.

**Notes**

- (i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Storage and Transportation Shippers will be allocated to supply Union's markets on the Dawn-Oakville/Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

**(E) Provision for Compressor Fuel**

For a Shipper that has elected to provide its own compressor fuel.

**Transportation Fuel**

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31<sup>st</sup>.



**(E) Provision for Compressor Fuel (cont'd)**

**Nominations**

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

**(F) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before June 16, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after June 16, 2010.

**(G) Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before June 16, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after June 16, 2010.

**(H) Monthly Fuel Rates and Ratios**

Monthly fuel rates and ratios under this rate schedule shall be in accordance with Schedule "C".

**(I) Receipt and Delivery Points and Pressures**

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "D 2010" for contracts in effect on or after June 16, 2010.

RATE M12  
GENERAL TERMS & CONDITIONS

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

"**Authorized Overrun**" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

"**Available Capacity**" shall mean at any time, Union's remaining available capacity to provide Transportation Services;

"**Eastern Clock Time**" shall mean the local clock time in the Eastern Time Zone on any Day;

"**Contract**" shall refer to the contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

"**Contract Year**" shall mean a period of three hundred and sixty-five (365) consecutive days provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

"**cubic metre**" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**day**" or "**Day**" shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

"**delivery**" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

"**Expansion Facilities**" shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

"**firm**" or "**Firm**" shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

"**gas**" or "**Gas**" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) 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 at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**Interruptible HUB Service Contract**" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"**interruptible service**" or "**Interruptible**" shall mean service subject to curtailment or interruption, after notice, at any time;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline system;

"**joule**" (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. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**Loaned Quantities**" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

"m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;

"month" or "**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**NAESB**" shall mean North American Energy Standards Board.

"**OEB**" means the Ontario Energy Board;

"**Open Season**" or "**open season**" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"**pascal**" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "**kilopascal**" (kPa) shall mean 1,000 pascals;

"**receipt**" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

"**Shipper**", shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);

"**TCPL**" means TransCanada PipeLines Limited.

## II. **GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. **Freedom from objectionable matter:** The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the gas,

- i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure,
- j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,
- k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.

3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Section 2.

4. Quality of Gas Received: The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.

2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), assented to 31 March, 1982 (the "Act") and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto
- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### IV. RECEIPT POINT AND DELIVERY POINT

- 1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "D 2010".

### V. POSSESSION OF AND RESPONSIBILITY FOR GAS

- 1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and

possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.

2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

#### VI. FACILITIES ON SHIPPER'S PROPERTY

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

#### VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring 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 ten days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall

be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.

6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

#### VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

#### IX. PAYMENTS

1. Monthly payments: Shipper shall, unless otherwise directed by Union, pay directly into Union's account at the Canadian Imperial Bank of Commerce, Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the bill provided by Union. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20th) day of the month.
2. Remedies for non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such

bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

4. Taxes and Levies:

In addition to the charges and rates as per the M12 Rate Schedule, Shipper is responsible for any applicable Goods and Services Tax, Harmonized Sales Tax, or other taxes, royalties, charges, duties or levies, (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction.

5. Set Off:

If either party shall, at any time, be in arrears under any of its payment obligations to the other party, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancements to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any Act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. FORCE MAJEURE

1. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any

act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not as soon as possible after determining or within a period within which it should acting reasonably have determined that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the day or days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such day or days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that day the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such day and the quantity of gas which Shipper in good faith nominated on such day. The term "Daily Demand Rate" shall mean the monthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, making it necessary for Union to curtail Shipper's gas receipts to Union hereunder, then Union agrees that the firm Contract Demand for Transportation Services under the Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro-rated. This pro rationing shall be determined by multiplying the daily capability of such facilities, as available downstream of the impairment, by a fraction, the numerator of which is Shipper's firm Contract Demand and the denominator of which is the total of all such firm contract demands, including the firm Contract Demand hereunder and Union's said peak day requirements downstream of the impairment. For the purposes of this Article XI, firm contract demand shall mean all firm services provided by Union, including firm service under Rate Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the future.

**XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

**XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI ALLOCATION OF CAPACITY**

1. Any Shipper may request firm Transportation Services at any time. Any such request must include: Shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, and Contract Demand. This is applicable for service requests for firm transportation with minimum terms of ten (10) years where Expansion Facilities are required and five (5) years for existing capacity
2. If requests for firm Transportation Services cannot be met through existing capacity such that the only way to satisfy the request for service would require the construction of Expansion Facilities which create new capacity, Union shall allocate such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. If requests for long-term firm service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value ("NPV") using the effective rate at the time the capacity is allocated.

5. If Shippers request firm Transportation Services where the firm Transportation Services requested were previously offered in an open season but were not awarded, then the allocation of such capacity shall be carried out by one of Union's methods for allocation of such capacity, which methods include, but are not limited to, "first come, first served" basis, open season, or direct negotiations, provided any such requesting Shipper meets all conditions in Article XXI herein, subject to the remaining Available Capacity.
6. Union is not obligated to accept requests for service where the proposed monthly payment is less than Union's monthly demand charge plus fuel requirements for the applicable service.

## **XVII. RENEWALS**

For contracts with an Initial Term of five (5) years or greater, the Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by Shipper of termination at least two (2) years prior to the expiration thereof.

## **XVIII. SERVICE CURTAILMENT**

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The priority of service guidelines for Union's Transportation Services shall be as follows, with detailed policies and procedures available on Union's website. The highest ranked service has the highest priority and is curtailed last and the lowest ranked service has the lowest priority and is curtailed first:

- a. Any firm ex-franchise transportation service(s), firm in-franchise transportation and distribution service(s)
  - b. Interruptible in-franchise distribution service(s)
  - c. C1/M12 interruptible transportation and exchange(s), balancing activity (ex-franchise/in-franchise), overrun (ex-franchise/in-franchise)
  - d. Late nomination(s)
2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
  3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements,

during the period from April 1 through to November 1.

**XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**");
  - a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
  - b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
  - c. Shipper ceases to be rated by a nationally recognized agency; or,
  - d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business days after receipt of the request.

*The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.*

3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any government taxes or levies and related interest and penalties thereon, made as a result of such change.
4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

**XX. MISCELLANEOUS PROVISIONS**

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.

2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees, or other charges thereon.

## **XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services; and
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Contract (the "Initial Financial Assurances"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "Facilitating Agreement") with Union.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 d or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may,

upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

**RATE M12  
NOMINATIONS**

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with a nomination(s) providing the Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "Nomination").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:
  - a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Quantities Available by Shipper (Day prior to flow).
  - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Quantities Available by Shipper (Day prior to flow).
  - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Quantities Available by Shipper, on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
  - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Quantities Available by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "Quantities Available") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("Revised Nomination") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the Contract.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.
6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.

7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's **"Authorized Quantity"**.
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity shall be deemed **"Unauthorized Overrun"**.
12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

**UNION GAS LIMITED****M12 Monthly Transportation Fuel Ratios and Rates**

Firm or Interruptible Transportation Commodity

Effective January 1, 2010

Month	VT1 Easterly to Parkway (TCPL) With Dawn Compression		VT1 Easterly to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly to Kirkwall, Dawn	
	Fuel Ratio (%)	Fuel Rate (\$/GJ)	Fuel Ratio (%)	Fuel Rate (\$/GJ)	Fuel Ratio (%)	Fuel Rate (\$/GJ)
April	0.772	0.053	0.772	0.053	0.332	0.022
May	0.631	0.043	0.631	0.043	0.332	0.022
June	0.421	0.029	0.332	0.022	0.421	0.029
July	0.361	0.025	0.332	0.022	0.361	0.025
August	0.354	0.024	0.332	0.022	0.354	0.024
September	0.372	0.025	0.351	0.024	0.372	0.025
October	0.754	0.051	0.705	0.048	0.332	0.022
November	0.958	0.065	0.774	0.053	0.332	0.022
December	1.187	0.081	0.961	0.066	0.332	0.022
January	1.321	0.091	1.088	0.075	0.332	0.022
February	1.220	0.083	1.002	0.069	0.332	0.022
March	1.057	0.072	0.863	0.059	0.332	0.022

**UNION GAS LIMITED****M12 Monthly Transportation Authorized Overrun Fuel Ratios and Rates**

Firm or Interruptible Transportation Commodity

Effective January 1, 2010

Month	VT1 Easterly to Parkway (TCPL) With Dawn Compression		VT1 Easterly to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly to Kirkwall, Dawn	
	Fuel Ratio (%)	Fuel Rate (\$/GJ)	Fuel Ratio (%)	Fuel Rate (\$/GJ)	Fuel Ratio (%)	Fuel Rate (\$/GJ)
April	1.384	0.172	1.384	0.161	0.943	0.142
May	1.242	0.163	1.242	0.151	0.943	0.142
June	1.032	0.148	0.943	0.130	1.032	0.148
July	0.973	0.145	0.943	0.130	0.973	0.145
August	0.965	0.144	0.943	0.130	0.965	0.144
September	0.983	0.145	0.963	0.132	0.983	0.145
October	1.365	0.171	1.316	0.156	0.943	0.142
November	1.570	0.185	1.385	0.161	0.943	0.142
December	1.798	0.200	1.573	0.174	0.943	0.142
January	1.932	0.210	1.700	0.183	0.943	0.142
February	1.832	0.203	1.614	0.176	0.943	0.142
March	1.669	0.192	1.475	0.167	0.943	0.142

**RATE M12  
RECEIPT AND DELIVERY POINTS AND PRESSURES**

**1. Receipt and Delivery Points:**

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

R,D	<b><u>DAWN (FACILITIES):</u></b>	Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.
R	<b><u>DAWN (TCPL):</u></b>	At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).
R	<b><u>DAWN (TECUMSEH):</u></b>	At the junction of Union's and Enbridge Gas Distribution Inc.'s (Enbridge) Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).
R	<b><u>DAWN (TSLE):</u></b>	At the junction of Union's and Enbridge Gas Distribution Inc.'s ("Enbridge") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities)
R	<b><u>DAWN (VECTOR):</u></b>	At the junction of Union's and Vector Pipeline Limited Partnership ("Vector") facilities, at or adjacent to Dawn (Facilities).
R,D	<b><u>PARKWAY (TCPL):</u></b>	At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)
D	<b><u>KIRKWALL:</u></b>	At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamorough.
D	<b><u>PARKWAY (CONSUMERS):</u></b>	At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)
D	<b><u>LISGAR:</u></b>	At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.

## 2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.





## CROSS FRANCHISE TRANSPORTATION RATES

### (A) Applicability

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points.

<u>Applicable Points</u>	(1)	(2)
	Ojibway	WDA
	St. Clair	NDA
	Dawn*	SSMDA
	Parkway	SWDA
	Kirkwall	CDA
	Bluewater	EDA

\*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)

### (B) Services

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

### (C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

#### Transportation Service:

	Monthly Demand Charge (applied to daily contract demand) <u>Rate/GJ</u>	Commodity Charges			
		If Union supplies fuel Commodity Charge		If Shipper supplies fuel Fuel Ratio	
		Apr. 1-Oct. 31 <u>Rate/GJ</u>	Nov. 1-Mar. 31 <u>Rate/GJ</u>	Apr. 1-Oct. 31 <u>%</u>	Nov. 1-Mar. 31 <u>%</u>
a) Firm Transportation					
Between					
St. Clair & Dawn	\$0.985	\$0.026	\$0.031	0.356%	0.436%
Ojibway & Dawn	\$0.985	\$0.035	\$0.041	0.502%	0.572%
Bluewater & Dawn	\$0.985	\$0.026	\$0.031	0.356%	0.436%
From:					
Parkway to Kirkwall	\$0.551	\$0.026	\$0.023	0.357%	0.332%
Parkway to Dawn	\$0.551	\$0.026	\$0.023	0.357%	0.332%
Dawn to Kirkwall	\$2.014	\$0.037	\$0.081	0.523%	1.149%
Dawn to Parkway	\$2.366	\$0.037	\$0.081	0.523%	1.149%
b) Interruptible and Short Term (1 year or less) Firm Transportation:					
Maximum		\$75.00	\$75.00		
c) Firm Transportation between two points within Dawn					
Dawn to Dawn-Vector	\$0.043	n/a	n/a	0.207%	n/a
d) Interruptible Transportation between two points within Dawn*					
				0.332%	0.332%

\*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)



## (C) Rates (Cont'd)

### Authorized Overrun:

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel Commodity Charge		Commodity Charges If Shipper supplies fuel Fuel Ratio		Commodity Charge Rate/GJ
	Apr.1-Oct.31 Rate/GJ	Nov.1-Mar.31 Rate/GJ	Apr.1-Oct.31 %	Nov.1-Mar.31 %	
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.058	\$0.064	0.356%	0.436%	\$0.033
Ojibway & Dawn	\$0.068	\$0.075	0.502%	0.572%	\$0.033
Bluewater & Dawn	\$0.058	\$0.064	0.356%	0.436%	\$0.033
From:					
Parkway to Kirkwall	\$0.030	\$0.028	0.958%	0.933%	\$0.018
Parkway to Dawn	\$0.030	\$0.028	0.958%	0.933%	\$0.018
Dawn to Kirkwall	\$0.090	\$0.134	1.124%	1.750%	\$0.066
Dawn to Parkway	\$0.101	\$0.145	1.124%	1.750%	\$0.078
b) Firm Transportation within Dawn					
Dawn to Dawn-Vector	n/a	n/a	0.443%	n/a	\$0.001

Authorized overrun for short-term firm transportation is available at negotiated rates.

### Unauthorized Overrun:

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara, Iroquois or Chicago in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

## (D) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before June 16, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after June 16, 2010.

## (E) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before June 16, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after June 16, 2010.

## (F) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "C 2010" for contracts in effect on or after June 16, 2010.

Effective June 16, 2010  
O.E.B. ORDER # EB-2008-0052

Chatham, Ontario

Supersedes EB-2010-0040 Rate Schedule effective April 1, 2010.

**RATE C1  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

"**Authorized Overrun**" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

"**Available Capacity**" shall mean at any time, Union's remaining available capacity to provide Transportation Services;

"**Eastern Clock Time**" shall mean the local clock time in the Eastern Time Zone on any Day;

"**Contract**" shall refer to the contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

"**Contract Year**" shall mean a period of three hundred and sixty-five (365) consecutive days provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

"**cubic metre**" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**day**" or "**Day**" shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

"**delivery**" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

"**Expansion Facilities**" shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

"**firm**" or "**Firm**" shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

"**gas**" or "**Gas**" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) 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 at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**Interruptible HUB Service Contract**" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"**interruptible service**" or "**Interruptible**" shall mean service subject to curtailment or interruption, after notice, at any time;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline system;

"**joule**" (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. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"Limited Firm" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract.

"Loaned Quantities" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

"m" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas,

"month" or "Month" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"NAESB" shall mean North American Energy Standards Board.

"OEB" means the Ontario Energy Board;

"Open Season" or "open season" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;

"receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

"Shipper", shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);

"TCPL" means TransCanada PipeLines Limited.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,

- h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the gas,
  - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure,
  - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,
  - k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Section 2.
4. Quality of Gas Received: The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), assented to 31 March, 1982 (the "Act") and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "C 2010".

**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

**VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring 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 ten days after receipt thereof.

5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly payments: Shipper shall, unless otherwise directed by Union, pay directly into Union's account at the Canadian Imperial Bank of Commerce, Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the bill provided by Union. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20th) day of the month.
2. Remedies for non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.

- b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

4. Taxes and Levies:

In addition to the charges and rates as per the C1 Rate Schedule, Shipper is responsible for any applicable Goods and Services Tax, Harmonized Sales Tax, or other taxes, royalties, charges, duties or levies, (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction.

5. Set Off:

If either party shall, at any time, be in arrears under any of its payment obligations to the other party, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any Act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not as soon as possible after determining or within a period within which it should acting reasonably have determined that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the day or days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such day or days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that day the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such day and the quantity of gas which Shipper in good faith nominated on such day. The term "Daily Demand Rate" shall mean the monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, making it necessary for Union to curtail Shipper's gas receipts to Union hereunder, then Union agrees that the firm Contract Demand for Transportation Services under the Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro-rated. This pro rationing shall be determined by multiplying the daily capability of such facilities, as available

downstream of the impairment, by a fraction, the numerator of which is Shipper's firm Contract Demand and the denominator of which is the total of all such firm contract demands, including the firm Contract Demand hereunder and Union's said peak day requirements downstream of the impairment. For the purposes of this Article XI, firm contract demand shall mean all firm services provided by Union, including firm service under Rate Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the future.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the C1 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

## **XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

## **XVI. ALLOCATION OF CAPACITY**

1. Any Shipper may request Transportation Services at any time. Any such request must include: Shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand and Type of Transportation Service.
2. If requests for firm Transportation Services cannot be met through existing capacity such that the only way to satisfy the request for service would require the construction of Expansion Facilities which create new capacity, Union shall allocate such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.

3. If requests for long-term service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value ("NPV") using the effective rate at the time the capacity is allocated.
5. If Shippers request Transportation Services where (a) the Transportation Services requested were previously offered in an open season but were not awarded, or (b) the requests for Transportation Services may be served on existing facilities for a term no greater than one year, then the allocation of such capacity shall be carried out by one of Union's methods for allocation of such capacity, which methods include, but are not limited to, "first come, first served" basis, open season, or direct negotiations, provided any such requesting Shipper meets all conditions in Article XXI herein, subject to the remaining Available Capacity.
6. Union is not obligated to accept requests for service where the proposed monthly payment is less than Union's monthly demand charge plus fuel requirements for the applicable service.

#### **XVII. RENEWALS**

For contracts with an Initial Term of five (5) years or greater, with (a) a Receipt Point of Parkway or Kirkwall and a Delivery Point of Dawn (Facilities), or (b) a Receipt Point of Dawn (Facilities) and a Delivery Point of Parkway or Kirkwall, the Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by Shipper of termination at least two (2) years prior to the expiration thereof.

For all other contracts, the Contract will continue in full force and effect until the end of the Initial term, but shall not renew.

#### **XVIII. SERVICE CURTAILMENT**

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The priority of service guidelines for Union's Transportation Services shall be as follows, with detailed policies and procedures available on Union's website. The highest ranked service has the highest priority and is curtailed last and the lowest ranked service has the lowest priority and is curtailed first:

- a. Any firm ex-franchise transportation service(s), firm in-franchise transportation and distribution service(s)
- b. Interruptible in-franchise distribution service(s)
- c. M12/C1 interruptible transportation and exchange(s), balancing activity (ex-franchise/in-franchise), overrun (ex-franchise/in-franchise)
- d. Late nomination(s)

2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

#### **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**");
  - a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
  - b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
  - c. Shipper ceases to be rated by a nationally recognized agency; or,
  - d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business days after receipt of the request.

*The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.*

3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any government taxes or levies and related interest and penalties thereon, made as a result of such change.

4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

## **XX. MISCELLANEOUS PROVISIONS**

1. **Permanent Assignment:** Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. **Temporary Assignment:** Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. **Title to Gas:** Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees, or other charges thereon.

## **XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services; and
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Contract (the "Initial Financial Assurances"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "Facilitating Agreement") with Union.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,

- c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
- 3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
- 4. If any of the conditions precedent in this Article XXI Section 1 d or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

RATE C1  
NOMINATIONS

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with a nomination(s) providing the Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "Nomination").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:
  - a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Quantities Available by Shipper (Day prior to flow).
  - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Quantities Available by Shipper (Day prior to flow).
  - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Quantities Available by Shipper, on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
  - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Quantities Available by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "Quantities Available") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("Revised Nomination") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the Contract.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.
6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.

7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".
12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth ( $1/20^{\text{th}}$ ) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth ( $1/20^{\text{th}}$ ) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

**RATE C1  
RECEIPT AND DELIVERY POINTS AND PRESSURES**

**1. Receipt and Delivery Points:**

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

R, D	<b><u>DAWN (FACILITIES):</u></b>	Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.
R	<b><u>DAWN (TCPL):</u></b>	At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).
R, D	<b><u>DAWN (TECUMSEH):</u></b>	At the junction of Union's and Enbridge Gas Distribution Inc.'s (Enbridge) Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).
R, D	<b><u>DAWN (TSLE):</u></b>	At the junction of Union's and Enbridge Gas Distribution Inc.'s ("Enbridge") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities)
R, D	<b><u>DAWN (VECTOR):</u></b>	At the junction of Union's and Vector Pipeline Limited Partnership ("Vector") facilities, at or adjacent to Dawn (Facilities).
R, D	<b><u>PARKWAY (TCPL):</u></b>	At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)
D	<b><u>KIRKWALL:</u></b>	At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.
D	<b><u>PARKWAY (CONSUMERS):</u></b>	At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)
D	<b><u>LISGAR:</u></b>	At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.
R, D	<b><u>OJIBWAY:</u></b>	At the junction of Union's and Panhandle Eastern Pipe Line Company, LP's ("Panhandle") facilities, located at the International Border between Canada and the United States in the St. Clair River.
R, D	<b><u>ST.CLAIR (MICHCON):</u></b>	At the junction of Michigan Consolidated Gas Company's ("MichCon") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.

R, D      **BLUEWATER:**                      At the junction of Bluewater Gas Storage, LLC ("Bluewater") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.

2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.





## STORAGE AND TRANSPORTATION SERVICES TRANSPORTATION CHARGES

### (A) Availability

The charges under this rate schedule shall be applicable for transportation service rendered by Union for all quantities transported to and from embedded storage pools located within Union's franchise area and served using Union's distribution and transmission assets.

### (B) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

#### a) Charges Applicable to both Firm and/or Interruptible Transportation Services:

Monthly Fixed Charge per customer station (\$ per month) (1)	\$672.33
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Transmission Commodity Charge to Dawn (\$ per GJ)	\$0.025
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	Customers located East of Dawn	Customers located West of Dawn
Transportation Fuel		
Fuel Charges to Dawn:		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.023	\$0.023
Fuel Ratio - customer provides fuel (%)	0.332%	0.332%
Fuel Charge to the Pool		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.030	\$0.035
Fuel Ratio - customer provides fuel (%)	0.428%	0.502%

#### b) Firm Transportation Demand Charges: (2)

	Customers located East of Dawn	Customers located West of Dawn
Monthly Demand Charge applied to contract demand (\$ per GJ)	\$0.736	\$0.985

#### Authorized Overrun:

The authorized overrun rate payable on all quantities transported in excess of Union's obligation any day shall be:

	Customers located East of Dawn	Customers located West of Dawn
Firm Transportation:		
Charges to Dawn		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.073	\$0.081
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.050	\$0.058
Fuel Ratio - customer provides fuel (%)	0.332%	0.332%
Charges to the Pool		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.055	\$0.068
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.024	\$0.033
Fuel Ratio - customer provides fuel (%)	0.428%	0.502%

Overrun will be authorized at Union's sole discretion.



Unauthorized Overrun

Authorized Overrun rates payable on all transported quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

Charges aforesaid in respect of any given month in accordance with General Terms & Conditions shall be payable no later than the twenty-fifth day of the succeeding month.

Notes for Section (B) Rates:

- (1) The monthly fixed charge will be applied once per month per customer station regardless of service being firm, interruptible or a combination thereof.
- (2) Demand charges will be applicable to customers firm daily contracted demand or the firm portion of a combined firm and interruptible service.

**(C) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before June 16, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after June 16, 2010.

Effective

June 16, 2010  
O.E.B. ORDER # EB-2008-0052

Chatham, Ontario

Supersedes EB-2010-0040 Rate Schedule effective April 1, 2010.

**GENERAL TERMS & CONDITIONS  
M16 TRANSPORTATION AGREEMENT**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business.
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Article VI of the Contract and Article XII of Union's C1 Rate Schedule.
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (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. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;

14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) 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 at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's Agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;
17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means Gas Transmission Ltd.;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
24. "GLGT" means Great Lakes Gas Transmission Company;
25. "CMS" means CMS Gas Transmission and Storage Company; and,
26. "Consumers" means The Consumers' Gas Company, Limited.

## II. QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Delivery Locations hereunder,
  - a. shall be merchantable and commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than one hundred (100) milligrams of total sulphur (S) per cubic metre of gas as determined by standard methods of testing;
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
  - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;

- f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas.
  - g. shall not contain more than four point zero (4.0) by volume molar percent of hydrogen in the gas;
  - h. shall not contain more than sixty-five (65) milligrams of water per cubic metre of the gas;
  - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand five hundred (5500) kPa pressure;
  - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas.
  - k. shall at all time be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36;
  - l. shall not exceed forty-three degrees Celsius (43°C);
  - m. shall not be odourized by Shipper.
3. Shipper shall subject any gas delivered hereunder to compression, cooling, cleaning or other processes to such an extent as may be required to obtain the necessary quality and for transmission to the Delivery Locations, provided the quality of the gas continues to comply with the specifications set out in this Contract.
  4. Shipper may extract hydrocarbon and non-hydrocarbon constituents, other than methane except as required in the processing or compression of the gas, prior to delivery at the Delivery Locations hereunder, and shall have the right to remove such methane as is removed by necessity from the gas in removing other constituents, provided that Shipper in such processing shall not reduce the Gross Heating Value below that which is stated in Section II, Clause 1 herein and provided that such extraction will not cause a breach of the quality specifications set forth in this Section II.
  5. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  6. If the Shipper's gas fails at any time to conform to the requirements of this Section II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Delivery Locations hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  7. Freedom from objectionable matter: The gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder,
    - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;
    - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing;
    - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
    - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;

- e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;
- f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;
- g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas;
- h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the gas;
- i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure;
- j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas;
- k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: ("The Unit") The Unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic meter (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under this contract shall be determined in accordance with the Electricity and Gas Inspection Act, assented to 31 March, 1982 and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986, and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article V - Measuring Equipment, of this schedule.

### **IV. POINT OF RECEIPT AND POINT OF DELIVERY**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.

### **V. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations in III 2.a.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by a pipeline company whose facilities interconnect with Union's, then Union and Shipper agree

to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the General Terms & Conditions as incorporated in that pipeline company's gas tariff as approved by their Regulatory Body.

3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under this Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring 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 ten days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Electricity and Gas Inspection Act (1982) and regulations thereunder, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

## **VI. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

## **VII. PAYMENTS**

1. Monthly payments: Shipper shall pay directly into Union's account at the Canadian Imperial Bank of Commerce, 99 King Street W., Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the invoice provided by Union, and pursuant to Article VI above. If the payment date is not a Banking Day, then payment must be received in Union's account on the first Banking Day preceding the twentieth (20th) day of the month.
2. Remedies for nonpayment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal

to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such nonpayment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.

Notwithstanding the foregoing paragraph, this does not relieve Shipper from the obligation to continue its deliveries of gas under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

## VIII. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any Act passed in amendment thereof or substitution therefor, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## IX. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.



## **ATTACHMENT B**

- i) STAR Compliant M12 Standard Contract**
- ii) STAR Compliant C1 Standard Contract**
- iii) STAR Compliant M16 Standard Contract**

**THIS FIRM M12 TRANSPORTATION CONTRACT** dated as of the \_\_\_\_ day of \_\_\_\_, 20\_\_.

UNION GAS LIMITED, a company existing under the laws of the  
Province of Ontario,  
(hereinafter referred to as "Union")

- and -

\_\_\_\_\_, a [type of entity] existing  
under the laws of the (Province, State, Country) of \_\_\_\_\_,  
(hereinafter referred to as "Shipper")

WHEREAS, Union owns and operates a natural gas transmission system in south-western Ontario, through which Union offers "Transportation Services", as defined in Article II herein;

AND WHEREAS, Shipper wishes to retain Union to provide such Transportation Services, as set out herein, and Union has agreed, subject to the terms and conditions of this Contract, to provide the Transportation Services requested;

NOW THEREFORE, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

#### **ARTICLE I - INTERPRETATION AND DEFINITIONS**

1.01 Divisions, Headings and Index: The division of this Contract into Articles, Sections and Subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

1.02 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas have an accepted meaning shall have that meaning.

1.03 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein" and "hereunder" and words of similar import refer to the entirety of this Contract, including the Schedules incorporated into this Contract, and not only to the Section in which such use occurs.

1.04 Conflict: In the event of any conflict between the provisions of the main body of this Contract (including Schedule 1) and Union's M12 Rate Schedule, as defined below, the provisions of Union's M12 Rate Schedule shall prevail over the main body of this Contract.

1.05 Currency: All reference to dollars in this Contract shall mean Canadian dollars.

1.06 Schedules: Refers to the schedules attached hereto which are specifically included as part of this Contract, and include:  
Schedule I – Contract Parameters

1.07 Rate Schedule: “Union’s M12 Rate Schedule” or the “M12 Rate Schedule” or “M12” shall mean Union’s M12 Rate Schedule, (including the Storage and Transportation Rates, Schedule “A 2010” (“**General Terms and Conditions**”), Schedule “B 2010” (“**Nominations**”), Schedule “C” (“**Monthly Fuel Rates and Ratios**”) and Schedule “D 2010” (“**Receipt and Delivery Points and Pressures**”)), or such other replacement rate schedule which may be applicable to the Transportation Services provided hereunder as approved by the Ontario Energy Board, and shall apply hereto, as amended from time to time, and which is incorporated into this Contract pursuant to Section 5.03 hereof.

1.08 Measurements: Units set out in SI (metric) are the governing units for the purposes of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (Metric) shall prevail.

## ARTICLE II - TRANSPORTATION SERVICES

2.01 Transportation Services: Union shall, subject to the terms and conditions herein, transport Shipper’s gas on a firm basis on Union’s system (the “**Transportation Services**”). Shipper agrees to the following upon nomination to Union for the provision of the Transportation Services:

(a) Contract Demand, Term, Receipt Point and Delivery Point shall be as set out in Schedule I.

(b) Gas Transported by Union:

(i) Union agrees, on any day, and subject to Sections (b) ii) and (b) iii), to receive on Shipper’s behalf at the Receipt Point, any quantity of gas which Shipper nominates and which Union has authorized for Transportation Service and to deliver that quantity of gas to Shipper at the Delivery Point;

(ii) Under no circumstances shall Union be required to transport a quantity of gas in excess of the Contract Demand; and,

(iii) Union agrees that it shall, upon the request of Shipper, use reasonable efforts to transport gas in excess of the Contract Demand, as Authorized Overrun, on an interruptible basis.

(c) Fuel:

Shipper shall provide the fuel requirements per the M12 Rate Schedule.

2.02 Accounting for Transportation Services: All quantities of gas delivered to/by Union shall be accounted for on a daily basis.

2.03 Commingling: Union shall have the right to commingle the quantity of gas referenced herein with gas owned by Union or gas being stored and/or transported by Union for third parties.

2.04 Imbalances: The parties hereto recognize that with respect to Section 2.01, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreements and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.

### ARTICLE III - CHARGES AND RATES

3.01 Except as otherwise stated herein, the charges and rates to be billed by Union and paid by Shipper for the Transportation Services provided under this Contract will be those specified in Union's M12 Rate Schedule.

### ARTICLE IV - NOMINATIONS

4.01 Transportation Services provided hereunder shall be in accordance with the prescribed nominations procedure as set out in Schedule "B 2010" of Union's M12 Rate Schedule.

### ARTICLE V - MISCELLANEOUS PROVISIONS

5.01 Notices: All communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the business day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh business day following the day on which it is postmarked.

Notwithstanding the above, nominations shall be made by facsimile or other recorded electronic means, subject to execution of an agreement for use of the secured portion of Union's website (the secured portion of Union's website is known as "*Unionline*") or such other agreement, satisfactory to Union, and will be deemed to be received on the same day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

5.02 Law of Contract: Union and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article X of the General Terms and Conditions, the courts of the Province of Ontario shall have exclusive jurisdiction in all matters contained herein. The parties further agree this Contract shall be construed exclusively in accordance with the laws of the Province of Ontario.

5.03 Entire Contract: This Contract (including Schedule 1 and Union's M12 Rate Schedule) constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

5.04 Time of Essence: Time shall be of the essence hereof.

5.05 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original but all of which together shall constitute one and the same agreement. This Contract may be executed by facsimile.

5.06 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

5.07 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

THIS CONTRACT SHALL BE BINDING UPON and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

IN WITNESS WHEREOF this Contract has been properly executed by the parties hereto by their duly authorized officers as of the date first above written.

**UNION GAS LIMITED**

Per: \_\_\_\_\_  
Authorized Signatory

**[NAME OF SHIPPER]**

Per: \_\_\_\_\_  
Authorized Signatory

Contract No. M12xxx

**CONTRACT PARAMETERS**

**Contract Demand**

Union shall transport a quantity of gas, on a firm basis, on any one day, of:

- up to \_\_\_\_\_ GJ (\_\_\_\_\_ MMBtu) (the “**Contract Demand**”).

**Receipt and Delivery Points**

i) “**Receipt Point**” shall mean the point where Union shall receive gas from Shipper on a firm basis as follows:

- Point 1

ii) “**Delivery Point**” shall mean the point where Union shall deliver gas to Shipper on a firm basis as follows:

- Point 1

which points are more particularly described in the M12 Rate Schedule.

**Term**

This Contract shall be effective as of the date of execution hereof; however, the obligations, terms and conditions for the Transportation Services herein shall commence on the later of:

- Month, Day, Year (the “**Commencement Date**”); and
- the day following the date that all of the conditions precedent set out in Article XXI of Schedule “A 2010” of Union’s M12 Rate Schedule have been satisfied or waived by Union;

*where applicable for Expansion Facilities:*

- and the day following the date that all of the conditions precedent set out in the agreement setting out certain construction and related conditions (“**Precedent Agreement**”) dated Month, Day, Year have been satisfied or waived by the party entitled to the benefit thereof;

and shall continue in full force and effect until Month, Day, Year (the “**Initial Term**”).

**Conditions Date**

As referred to in Article XXI of Schedule “A 2010”: Month, Day, Year

**Contact Information**

Communications to the parties hereto shall be directed as follows:

IF TO SHIPPER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nominations: Attention:

\_\_\_\_\_  
Telephone: \_\_\_\_-\_\_\_\_-\_\_\_\_  
Facsimile: \_\_\_\_-\_\_\_\_-\_\_\_\_

Secondary Contact: Attention:

\_\_\_\_\_  
Telephone: \_\_\_\_-\_\_\_\_-\_\_\_\_  
Facsimile: \_\_\_\_-\_\_\_\_-\_\_\_\_

IF TO UNION:

Union Gas Limited,  
50 Keil Drive North,  
CHATHAM, Ontario N7M 5M1

Nominations: Attention:

Manager, Gas Management Services  
Telephone: 519-436-5360  
Facsimile: 519-436-4635

Secondary Contact: Attention:

Director, Business Development  
Telephone: 519-436-4527  
Facsimile: 519-436-4643

**Shipper's Representations and Warranties**

Check here if Article XIX.3 of Schedule "A 2010" (Point of Consumption Warranty) is applicable: ☐

Check here if Article XIX.4 of Schedule "A 2010" (Non-Resident and Non-GST Registrant) is applicable: ☐

**Special Provisions**

*Here insert any special provisions applicable to this Contract*

**THIS C1 TRANSPORTATION CONTRACT** dated as of the \_\_\_\_ day of \_\_\_\_, 20\_\_\_\_,

**UNION GAS LIMITED**, a company existing under the laws of the  
Province of Ontario,  
(hereinafter referred to as "Union")

- and -

\_\_\_\_\_, a [type of entity] existing  
under the laws of the (Province, State, Country) of \_\_\_\_\_,  
(hereinafter referred to as "Shipper")

WHEREAS, Union owns and operates a natural gas transmission system in south-western Ontario, through which Union offers "Transportation Services", as defined in Article II herein;

AND WHEREAS, Shipper wishes to retain Union to provide such Transportation Services, as set out herein, and Union has agreed, subject to the terms and conditions of this Contract, to provide the Transportation Services requested;

NOW THEREFORE, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

#### **ARTICLE I - INTERPRETATION AND DEFINITIONS**

1.01 Divisions, Headings and Index: The division of this Contract into Articles, Sections and Subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

1.02 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas have an accepted meaning shall have that meaning.

1.03 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein" and "hereunder" and words of similar import refer to the entirety of this Contract, including the Schedules incorporated into this Contract, and not only to the Section in which such use occurs.

1.04 Conflict: In the event of any conflict between the provisions of the main body of this Contract (including Schedule 1) and Union's C1 Rate Schedule, as defined below, the provisions of Union's C1 Rate Schedule shall prevail over the main body of this Contract.

1.05 Currency: All reference to dollars in this Contract shall mean Canadian dollars.

1.06 Schedules: Refers to the schedules attached hereto which are specifically included as part of this Contract, and include:

Schedule 1 – Contract Parameters

1.07 Rate Schedule: “Union's C1 Rate Schedule” or the “C1 Rate Schedule” or “C1” shall mean Union's C1 Rate Schedule, (including the Storage and Transportation Rates, Schedule “A 2010” (“**General Terms and Conditions**”), Schedule “B 2010” (“**Nominations**”), and Schedule “C 2010” (“**Receipt and Delivery Points and Pressures**”)), or such other replacement rate schedule which may be applicable to the Transportation Services provided hereunder as approved by the Ontario Energy Board, and shall apply hereto, as amended from time to time, and which is incorporated into this Contract pursuant to Section 5.03 hereof.

1.08 Measurements: Units set out in SI (metric) are the governing units for the purposes of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (Metric) shall prevail.

## ARTICLE II - TRANSPORTATION SERVICES

2.01 Transportation Services: Union shall, subject to the terms and conditions herein, transport Shipper's gas on Union's system (the “**Transportation Services**”). Shipper agrees to the following upon nomination to Union for the provision of the Transportation Services:

(a) Contract Demand, Term, Type of Transportation Service, Receipt Point and Delivery Point shall be as set out in Schedule 1.

(b) Gas Transported by Union:

(i) Union agrees, on any day, and subject to Sections (b) ii) and (b) iii), to receive on Shipper's behalf at the Receipt Point, any quantity of gas which Shipper nominates and which Union has authorized for Transportation Service and to deliver that quantity of gas to Shipper at the Delivery Point;

(ii) Under no circumstances shall Union be required to transport a quantity of gas in excess of the Contract Demand; and,

(iii) Union agrees that it shall, upon the request of Shipper, use reasonable efforts to transport gas in excess of the Contract Demand, as Authorized Overrun, on an interruptible basis, if applicable under Schedule 1 hereof.

(c) Fuel:

Shipper shall provide the fuel requirements per the C1 Rate Schedule.

2.02 Accounting for Transportation Services: All quantities of gas delivered to/by Union shall be accounted for on a daily basis.

2.03        Commingling: Union shall have the right to commingle the quantity of gas referenced herein with gas owned by Union or gas being stored and/or transported by Union for third parties.

2.04        Imbalances: The parties hereto recognize that with respect to Section 2.01, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreements and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.

### ARTICLE III - CHARGES AND RATES

3.01        Except as otherwise stated herein in Schedule 1 hereof, the charges and rates to be billed by Union and paid by Shipper for the Transportation Services provided under this Contract will be those specified in Union's C1 Rate Schedule.

### ARTICLE IV - NOMINATIONS

4.01        Transportation Services provided hereunder shall be in accordance with the prescribed nominations procedure as set out in Schedule "B 2010" of Union's C1 Rate Schedule.

### ARTICLE V - MISCELLANEOUS PROVISIONS

5.01        Notices: All communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the business day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh business day following the day on which it is postmarked.

Notwithstanding the above, nominations shall be made by facsimile or other recorded electronic means, subject to execution of an agreement for use of the secured portion of Union's website (the secured portion of Union's website is known as "*Unionline*") or such other agreement, satisfactory to Union, and will be deemed to be received on the same day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

5.02        Law of Contract: Union and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article X of the General Terms and Conditions, the courts of the Province of Ontario shall have exclusive jurisdiction in all matters contained herein. The parties further agree this Contract shall be construed exclusively in accordance with the laws of the Province of Ontario.

5.03        Entire Contract: This Contract (including Schedule 1 and Union's C1 Rate Schedule) constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or

discussions, whether oral or written, of the parties in respect of the subject matter hereof.

5.04 Time of Essence: Time shall be of the essence hereof.

5.05 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original but all of which together shall constitute one and the same agreement. This Contract may be executed by facsimile.

5.06 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

5.07 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

THIS CONTRACT SHALL BE BINDING UPON and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

IN WITNESS WHEREOF this Contract has been properly executed by the parties hereto by their duly authorized officers as of the date first above written.

**UNION GAS LIMITED**

Per: \_\_\_\_\_  
Authorized Signatory

**[NAME OF SHIPPER]**

Per: \_\_\_\_\_  
Authorized Signatory

Contract No. C1xxx

**CONTRACT PARAMETERS**

**Type of Transportation Service (as defined in Article I of Schedule "A 2010")**

Please check one: Firm ☐ Limited Firm ☐ Interruptible ☐

Limited Firm description: *Here insert limited number of days of interruption or other details applicable to Limited Firm Service*

**Contract Demand**

Union shall transport a quantity of gas, on any one day, of:

- up to \_\_\_\_\_ GJ (\_\_\_\_\_ MMBtu) (the "Contract Demand").

**Receipt and Delivery Points**

i) "Receipt Point" shall mean the point where Union shall receive gas from Shipper as follows:

- Point 1

ii) "Delivery Point" shall mean the point where Union shall deliver gas to Shipper as follows:

- Point 1

which points are more particularly described in the C1 Rate Schedule.

**Term**

This Contract shall be effective as of the date of execution hereof; however, the obligations, terms and conditions for the Transportation Services herein shall commence on the later of:

- Month, Day, Year (the "Commencement Date"); and
- the day following the date that all of the conditions precedent set out in Article XXI of Schedule "A 2010" of Union's C1 Rate Schedule have been satisfied or waived by Union;

*where applicable for Expansion Facilities:*

- and the day following the date that all of the conditions precedent set out in the agreement setting out certain construction and related conditions ("Precedent Agreement") dated Month, Day, Year have been satisfied or waived by the party entitled to the benefit thereof;

and shall continue in full force and effect until Month, Day, Year (the "Initial Term").

**Conditions Date**

As referred to in Article XXI of Schedule "A 2010": Month, Day, Year

**Contact Information**

Communications to the parties hereto shall be directed as follows:

IF TO SHIPPER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nominations: Attention:

\_\_\_\_\_  
Telephone: \_\_\_\_-\_\_\_\_-\_\_\_\_\_  
Facsimile: \_\_\_\_-\_\_\_\_-\_\_\_\_\_

Secondary Contact: Attention:

\_\_\_\_\_  
Telephone: \_\_\_\_-\_\_\_\_-\_\_\_\_\_  
Facsimile: \_\_\_\_-\_\_\_\_-\_\_\_\_\_

IF TO UNION:

Union Gas Limited,  
50 Keil Drive North,  
CHATHAM, Ontario N7M 5M1

Nominations: Attention:

Manager, Gas Management Services  
Telephone: 519-436-5360  
Facsimile: 519-436-4635

Secondary Contact: Attention:

Director, Business Development  
Telephone: 519-436-4527  
Facsimile: 519-436-4643

**Shipper's Representations and Warranties**

Check here if Article XIX.3 of Schedule "A 2010" (Point of Consumption Warranty) is applicable: ☐

Check here if Article XIX.4 of Schedule "A 2010" (Non-Resident and Non-GST Registrant) is applicable: ☐

**Special Provisions**

*Here insert any special provisions applicable to this Contract*

**Authorized Overrun**

Please check one: Applicable ☐ Not applicable ☐

**SCHEDULE 1**

Page 3 of 3

Contract No. C1xxx

**Rate for Service**

*Here insert details of rate for service if different than posted C1 rate*

**Contract No. M16XXX**

**M16 TRANSPORTATION CONTRACT**

**BETWEEN**

**UNION GAS LIMITED**

**AND**

**[SHIPPER]**

**DATED**

**[Date]**

# M16 TRANSPORTATION CONTRACT

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ARTICLE 13.0	MISCELLANEOUS PROVISIONS

**THIS M16 TRANSPORTATION CONTRACT** (“Contract”) dated as of the [Date]

BETWEEN:

**UNION GAS LIMITED**, a company incorporated under the laws of the Province of Ontario,

(hereinafter referred to as “Union”)

- and -

**[SHIPPER]**, a company incorporated under the laws of the Dominion of Canada,

(hereinafter referred to as “Shipper”)

**WHEREAS**, Union owns and operates a natural gas transmission system in south-western Ontario, through which Union offers the services as more particularly defined in Article 5.0 herein;

**AND WHEREAS** Union is willing to install, own, operate, and maintain the pipeline and measurement facilities necessary to receive and deliver Shipper’s gas;

**AND WHEREAS**, Shipper is a natural gas storage operator in south-western Ontario who is seeking or has obtained permission from the Ontario Energy Board (“OEB”) to inject gas into, store gas in and remove gas from the [Pool Name] gas storage facility located in [Location], (geographic Township of Location), Ontario (the “Pool”);

**AND WHEREAS**, Shipper wishes to retain Union to provide the Services, as set out herein, and Union has agreed, subject to the terms and conditions of this Contract, to provide the Services requested;

**NOW THEREFORE**, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained, the payment and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

## **1.0 ARTICLE I - INTERPRETATION AND DEFINITIONS**

- 1.01 Conflict: In the event of any conflict between the provisions of this Contract and the C1 Rate Schedule or the M16 Rate Schedule, as defined below, the provisions of the C1 Rate Schedule or the M16 Rate Schedule, as the case may be, shall prevail over this Contract, and in the event of a conflict between the C1 Rate Schedule and the M16 Rate Schedule, the M16 Rate Schedule shall prevail.
- 1.02 Currency: All reference to dollars in this Contract shall mean Canadian dollars.
- 1.03 Divisions, Headings and Index: The division of this Contract into articles, sections and subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

- 1.04 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words “herein” and “hereunder” and words of similar import refer to the entirety of this Contract, and not only to the section in which such use occurs.
- 1.05 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas have an accepted meaning shall have that meaning.
- 1.06 Measurements: Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (metric) shall prevail.
- 1.07 Definitions: Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in the M16 Rate Schedule and the C1 Rate Schedule, unless the context hereof otherwise clearly requires. The following definitions shall be read and interpreted as though included in the aforementioned:
- a) **“Authorized Overrun”** shall mean the amount by which the Authorized Quantity exceeds the Contract Demand;
  - b) **“Authorized Quantity”** shall have the meaning given thereto in Schedule “B 2010” of the C1 Rate Schedule;
  - c) **“Contract Demand”** shall mean the maximum quantity of gas which Union shall be obligated on a firm or interruptible basis hereunder to be ready to deliver to or receive from the Shipper on any day;
  - d) **“Daily Demand Rate”** shall mean the Monthly Demand Charge contained in Union’s M16 Rate Schedule divided by the number of days in the month for which such rate is being calculated, applied to the firm Contract Demand;
  - e) **“Dehydration Contract”** shall mean the contract for Dehydration Service dated [Date] between Union and the Shipper;
  - f) (i) **“Delivery Point”** shall mean any one of the points described as follows:
    - i. Dawn (Facilities): Union’s Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn Euphemia, in the County of Lambton;
    - ii. Custody Transfer Point: That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;
  - (ii) **“Receipt Point”** shall mean any one of the points described as follows:
    - i. Dawn (TCPL): At the junction of Union’s and TCPL’s facilities, at or adjacent to Dawn (Facilities);

ii. Dawn (Facilities): Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn Euphemia, in the County of Lambton;

iii. Custody Transfer Point: That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;

- g) **"Interconnecting Pipeline"** shall mean a pipeline that directly connects to the Union pipeline system;
- h) **"Pool Quantity"** shall mean the actual daily quantity of gas delivered to or received from Shipper at the Custody Transfer Point;
- i) **"Pool Station"** shall mean the physical location of Union's measurement and control facilities to the Pool, being **[Pool Name]**;
- j) **"Shipper Quantity"** shall, on any gas day, be equal to the greater of: (i) the Authorized Quantity for that gas day; and (ii) the nomination duly made by Shipper in good faith prior to the nomination deadline for the first nomination window applicable for that gas day; provided that in no event shall the Shipper Quantity exceed the firm Contract Demand;
- k) **"Union's C1 Rate Schedule"** or **"the C1 Rate Schedule"** or **"C1"** shall mean Union's C1 Rate Schedule, (including the applicable Schedules attached thereto), or such other replacement Rate Schedule which may be applicable to the services provided hereunder as approved by the Ontario Energy Board from time to time;
- l) **"Union's M16 Rate Schedule"** or **"the M16 Rate Schedule"** or **"M16"** shall mean Union's M16 Rate Schedule, (including the applicable Schedules attached thereto), or such other replacement Rate Schedule which may be applicable to the services provided hereunder as approved by the Ontario Energy Board from time to time;
- m) **"Union Expansion Facilities"** shall mean any facilities necessary for Union to provide the Services, including without limiting the generality of the foregoing:
  - i. a meter and any associated recording gauges as are necessary;
  - ii. pressure and/or flow control devices, over pressure protection and telemetry equipment as are necessary;
  - iii. a suitable gas odourizing injection facility if Union deems such a facility to be necessary
  - iv. piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;

- v. gas chromatograph, moisture analyzer, piping, fittings, material, filtration facilities, cathodic protection and insulating flanges.

## 2.0 ARTICLE II - GENERAL TERMS AND CONDITIONS

- 2.01 The General Terms & Conditions for the services provided under this Contract will be those specified in Schedule "A 2010" of the M16 Rate Schedule as may be amended from time to time, and in Article XII of Schedule "A 2010" of the C1 Rate Schedule as may be amended from time to time, and Schedule "B 2010" of the C1 Rate Schedule, all of which are hereby incorporated into and form an integral part of this Contract. All references to "Customer" or "customer" in Schedule "A 2010" of Union's M16 Rate Schedule, Article XII of Schedule "A 2010" of Union's C1 Rate Schedule, or Schedule "B 2010" of Union's C1 Rate Schedule shall be deemed to be references to Shipper.

## 3.0 ARTICLE III - CONDITIONS PRECEDENT

- 3.01 The obligations of Union to provide the Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in this Contract:
  - a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to:
    - i. provide the Services; and,
    - ii. construct the Union Expansion Facilities;
  - b) Union shall have obtained all internal approvals that are necessary or appropriate to:
    - i. provide the Services; and,
    - ii. construct the Union Expansion Facilities;
  - c) Union shall have completed and placed into service:
    - i. the Union Expansion Facilities;
  - d) Shipper shall, on or before [Date], have provided Union with the requisite security or financial assurances required by Union, acting reasonably, to ensure Shipper's ability to honour the provisions of this Contract (the "**Initial Financial Assurances**"). Such security or financial assurances will be in a form and amount acceptable to Union;
  - e) Shipper shall, on or before [Date], at Shipper's own cost and expense, have obtained a registered lease or freehold ownership in Union's favour for the Union Expansion Facilities located at the Pool Station satisfactory to Union and sufficient to provide Union with free uninterrupted access to, from, under and above the Pool Station for a term (and extended terms) identical to this Contract, plus sixty (60) days (such land rights being referred to as the "**Pool Station Land**");

Rights”), and shall provide Union with a bona fide copy of such agreements prior to Union commencing the construction of the Union Expansion Facilities;

- f) Shipper shall, on or before [Date], have executed a Hub Contract (the “Facilitating Agreement”) with Union; and
- g) Shipper shall, on or before [Date], have paid any amounts owing pursuant to Section 8.04.

3.02 The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in this Contract:

- a) Shipper shall, on or before [Date], have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under this Contract;
- b) Shipper shall, on or before [Date], have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under this Contract; and,
- c) Shipper shall, on or before [Date], have obtained all internal approvals that are necessary or appropriate for the Shipper to execute this Contract.

3.03 Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in Section 3.01 a), c), d), e), f), g) and Section 3.02 a) and b). Each party shall notify the other forthwith in writing of their respective satisfaction or waiver of each condition precedent for such party’s benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

3.04 If any of the conditions precedent in Sections 3.01 d), e), f), or g) are not satisfied or waived by the party entitled to the benefit of such condition precedent by the date specified in such Section, then either party may terminate this Contract upon written notice to the other party, in which event this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

#### 4.0 ARTICLE IV - TERM OF CONTRACT

- 4.01 This Contract shall be effective as of the date of execution hereof; however, the service obligations, terms and conditions hereunder shall commence on the later of a) **[Date]** and b) the day following the date that all conditions precedent set out in 3.01 and 3.02 have been satisfied or waived by the party entitled to the benefit thereof; (such date being known as the “**Commencement Date**”) and shall continue in full force and effect until **[Date]**, (such period being referred to as the “**Initial Term**”). This Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one year, and every one year thereafter, subject to notice in writing by either party of termination at least two years prior to the expiration thereof.
- 4.02 Without limiting the generality of the foregoing, this Contract may be terminated in accordance with Article XII of Schedule “A 2010” of Union's C1 Rate Schedule.
- 4.03 For the purpose of completing a final determination of the actual quantities of gas handled under this Contract, Union shall have the right to amend its statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three years from the date of termination of this Contract.

#### 5.0 ARTICLE V - SERVICES

- 5.01 Services: Shipper agrees to the terms and conditions set out herein upon nomination to Union for the provision of the following services (the “**Services**”):

a) Transportation Services:

Union agrees upon the commencement of service obligations pursuant to Section 4.0 hereunder, on any day, subject to the terms and conditions herein:

- (1) From April 1 to October 31 (the “**Injection Period**”), Union shall transport from the Receipt Point of Dawn (TCPL) or Dawn (Facilities) to the Delivery Point of Custody Transfer Point, on a firm basis, a quantity of gas on any one gas day of up to **[Quantity]** GJ and on an interruptible basis from April 1 to October 31 up to **[Quantity]** GJ/day and on an interruptible basis from November 1 to March 31 up to **[Quantity]** GJ/day;
- (2) From November 1 to March 31 (the “**Withdrawal Period**”), Union shall transport from the Receipt Point of Custody Transfer Point to the Delivery Point of Dawn (Facilities), on a firm basis, a quantity of gas on any one gas day of up to **[Quantity]** GJ and on an interruptible basis from November 1 to March 31 of **[Quantity]** GJ/day and on an interruptible basis from April 1 to October 31 up to **[Quantity]** GJ/day;
- (3) Union agrees that it shall, upon the request of Shipper, use reasonable efforts to transport gas on an overrun basis (any transported to the pool above **[Quantity]** GJ/d or from the pool

above [Quantity] GJ/day), if authorized by Union in its sole discretion.

b) Limitations: Notwithstanding anything in Section 5.01a) hereof:

- i. The service parameters in Section 5.01 a) (1) and 5.01 a) (2) are subject to compliance with the terms hereof, in particular the pressure restrictions of Section 9.0;
- ii. Union shall under no circumstances be required to authorize delivery on any day, a quantity of gas in excess of the Contract Demand or in any hour a quantity of gas in excess of 5% of the Authorized Quantity;
- iii. Shipper shall use reasonable best efforts to nominate a quantity of gas less than or equal to the maximum quantity of gas Shipper expects it can deliver or receive in any gas day;
- iv. Union shall under no circumstances be required to authorize a nomination that is greater than the maximum station capacity. The station is designed to have a maximum capacity of [Quantity] GJ/day at a design pressure of [Insert Pressure] kPag (XXX Psig) (as measured at the Custody Transfer Point);
- v. Union shall under no circumstances be required to authorize a nomination (which for greater clarity, shall include any nomination for firm Contract Demand) for transportation of gas from the Receipt Point of Custody Transfer Point to the Delivery Point of Dawn (Facilities) on any day that is greater than the forecasted consumption (by Union, acting reasonably) for the [insert name of local transmission system] pipeline system for that day.

c) Balancing Service:

Union and Shipper recognize that on any day the receipt of gas by Union and the delivery of gas by Union may not always be exactly equal. The difference between the Pool Quantity and Authorized Quantity will be handled as though it was delivered to or received from Union at Dawn under the Facilitating Agreement. Shipper further acknowledges that it is impractical for Shipper to nominate the Pool Quantity. Union shall calculate the Pool Quantity on a post-flow basis.

5.02 Accounting for Service: All quantities of gas handled by Union shall be accounted for on a daily basis.

5.03 Commingling: Union shall have the right to commingle the quantity of gas referenced herein with gas owned by Union or gas being stored and/or transported by Union for third parties.

6.0 ARTICLE VI - FORCE MAJEURE

- 6.01 An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure. Such cause or circumstances affecting the performance of this Contract shall not relieve either party from its obligations to make payments of amounts due hereunder. Force majeure shall mean acts of God, or of the Queen's enemies, strikes, lockouts, labour troubles, earthquakes, fire, revolution, wars, riots, epidemics, insurrections, explosions, breakage or accidents to machinery or pipelines, the necessity for making repairs to or alterations of machinery or lines of pipe, inability to obtain materials, interference of any civil or military authority of any government, state or municipality whatsoever, or the unforeseen reduction in natural gas usage and/or capacity of the [insert **name of local transmission system**] pipeline system, regardless of the duration of such unforeseen reduction, or any other cause, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming relief hereunder and which, by the exercise of due diligence, such party is unable to prevent or overcome.
- 6.02 Neither party shall be entitled to the benefit of the provisions of Section 6.01 under any or all of the following circumstances:
- a) to the extent that the failure was caused by the gross negligence of the party claiming force majeure; or
  - b) to the extent that the failure was caused by the party claiming force majeure having failed to remedy the condition and remove the cause or circumstances in a reasonable manner, and to resume the performance of such covenants or obligations, with all reasonable dispatch.
- 6.03 In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of this Contract, such party shall give notice and full particulars of such force majeure to the other party as soon as possible after the occurrence of the cause relied on and subject to the provisions of this Contract. The party claiming force majeure shall give notice to the other party as soon as possible after the force majeure condition has been remedied, to the effect that the same has been remedied and that such party has resumed, or is then in a position to resume, the performance of the suspended covenants or obligations under this Contract.
- 6.04 If on any gas day Union fails to receive or deliver the Shipper Quantity by reason of force majeure on Union's system, then for that gas day Union shall credit to Shipper's invoice an amount equal to the applicable Daily Demand Rate, multiplied by the difference between the Shipper Quantity and the Pool Quantity.
- 6.05 It is understood and agreed that the obligation to settle strikes and lockouts shall be entirely within the discretion of the party whose labour force is on strike, and that Section 6.02 b) shall not require the settlement of strikes or lockouts by acceding to the demands of any opposing person when such course is inadvisable in the discretion of the party whose labour force is on strike.
- 6.06 An event of force majeure, as contemplated under Section 6.01, upstream or downstream of Union's system, shall not relieve Shipper of any charges payable under Article 8.0.

## 7.0 ARTICLE VII - SERVICE CURTAILMENT

- 7.01 Capacity Sharing: Where requests for interruptible Services hereunder exceed the capacity available for such Service, Union will authorize nominations from shippers and allocate capacity as per Union's procedures and policies and shippers shall be so advised. Any interruptible Services provided herein are subordinate to any and all firm services supplied by Union, and subordinate to Union's own operational or system requirements.
- 7.02 Capacity Procedures: Union reserves the right to change its procedures and policies for sharing interruptible capacity and will provide Shipper with two months notice of any such change.
- 7.03 Maintenance: Union's facilities from time to time may require maintenance or construction. In the event that such event occurs and in Union's sole opinion, acting reasonably, may impact its ability to meet Shipper's requirements, Union shall provide at least ten days notice to the Shipper, except in the case of emergencies. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed to be in breach of the Contract. To the extent that Union's ability to receive or deliver gas is impaired, Demand Charge Relief shall be calculated and credited to Shipper's invoice in accordance with Section 6.04 hereof. Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, that can be scheduled and completed, and which would normally be expected to impact on Union's ability to meet its obligations of any contract year, during the period from April 1 through to October 31.
- 7.04 Intentionally deleted.
- 7.05 Shipper's Facilities: Shipper shall complete and maintain a plan which depicts Shipper's production storage facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.

## 8.0 ARTICLE VIII - CHARGES AND RATES

- 8.01 The charges and rates to be billed by Union and paid for by the Shipper for the Services provided under this Contract will be those specified in Union's M16 Rate Schedule for Transportation Services for Shippers located [insert east or west] of Dawn. Shipper under this contract elects [one of Customer supplied fuel or Union supplied fuel].
- 8.02 In addition to the charges and rates as per the M16 Rate Schedule, Shipper is responsible for any applicable Goods and Services Tax, Harmonized Sales Tax, or other taxes, royalties, charges, duties or levies, (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction.

8.03 Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Union under this Contract, then Union shall be entitled to reduce the amount payable by Union to Shipper under this Contract or any other contract by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, take possession of any or all of Shipper's gas under this Contract which shall be deemed to have been assigned to Union, to reduce such arrears to Union.

8.04 Aid to Construction: Shipper agrees to reimburse Union for the cost of the Union Expansion Facilities ("Aid to Construction"). Such Aid to Construction shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of this Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Section 3.01 (including without limitation the construction and placing into service of the Union Expansion Facilities, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union.

The Aid to Construction is estimated to be [Estimate] but the parties agree that this figure is an estimate only and the actual Aid to Construction may be higher or lower, and the Shipper will pay Union's actual costs incurred..

Shipper shall pay to Union [Amount] (the "First Payment") at the time of the execution of this Contract and shall pay an amount every month as invoiced by Union starting one month after the payment of the First Payment until the Aid to Construction is paid in full.

In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the gas metering station prior to being notified by Shipper of Shipper's intention to terminate this Contract, Shipper shall promptly remit to Union such actual costs on presentation to Shipper of an invoice for the same from Union.

All applicable taxes will be applied to all amounts to be paid under this Section. Shipper warrants and represents that no payment to be made by Shipper under this Contract is subject to any withholding tax.

8.05 Any amounts due and payable by Shipper to Union under this Contract shall, if not paid by the due date thereof, be subject to interest pursuant to Article VII of Schedule "A 2010" of the M16 Rate Schedule.

## 9.0 ARTICLE IX - PRESSURES

9.01 Union may in its sole discretion at any time vary the [insert name of local transmission system] system pipeline pressure within the range [insert pressure] kPag (XXXpsig) and [insert pressure] kPag (XXXpsig).

- 9.02 Transportation to the Pool: Notwithstanding anything in Section 5.01, Union shall under no circumstance be obligated to authorize a nomination or transport any quantity of gas under this Contract to the Delivery Point of the Custody Transfer Point if: (a) the pressure at the Custody Transfer Point is greater than [insert pressure] kPag (XXX Psig); or (b) the pressure of deliveries at the Receipt Point of Dawn (TCPL) or Dawn (Facilities) is less than [insert pressure] kPag (XXX Psig).
- 9.03 Transportation to Dawn: Notwithstanding anything in Section 5.01, Union shall under no circumstance be obligated to authorize a nomination or transport any quantity of gas under this Contract to the Delivery Point of Dawn (Facilities) if the pressure at the Custody Transfer Point is less than [insert pressure] kPag (XXX Psig). For deliveries to the Delivery Point Dawn (Facilities), deliveries by Union shall be made at a pressure of not less than 4,825 kPag (700 Psig).
- 9.04 Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries which its existing facilities cannot accommodate or that exceed the Delivery Pressure as Union may set from time to time.

## 10.0 ARTICLE X - MEASUREMENT, QUALITY, AND OPERATION

10.01 For Services provided pursuant to Article 5.0 hereof:

- a) The quality of the gas and the measurement of the gas to be received by Union and delivered to Shipper, or delivered by Shipper to Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in Schedule "A 2010" of Union's M16 Rate Schedule, except that if the water content exceeds the lower of:
- i. 65 mg of water vapour per cubic metre; and
  - ii. the maximum water vapour content set out in Article II of Schedule "A 2010" of the M16 Rate Schedule;
- then Union at Unions sole discretion may either:
- a) refuse to accept gas until such time as the gas is proven to be in compliance with this section or;
  - b) accept the gas subject to Shippers obligations under the Dehydration Contract;
- b) Union may odourize or deliver odourized gas under this Contract;
- c) Upon request by Union, Shipper shall obtain measurement of the total quantity and gross heating value of the gas to be received by Union hereunder from the upstream transporter(s) (or Union where applicable). Such measurement shall be done in accordance with established practices between Union and the upstream transporter(s) (or Union where applicable);
- d) Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under this Contract and shall provide at no cost to Union a

continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

- 10.02 In the event of an error in metering or a meter failure (such error or failure being determined through check measurement, custody transfer measurement by Union or any other available method), then Shipper, upon Union's request, shall enforce its rights as shipper under its contracts with the upstream transporter(s) (or Union where applicable) to remedy such error or failure, including enforcing any inspection and/or verification rights and procedures.
- 10.03 All of the Union Expansion Facilities shall remain the property of Union. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of this Contract. Shipper shall take all necessary steps to ensure Union may enter Pool Station to remove such equipment for a period of sixty (60) days after termination or expiry of this Contract.
- 10.04 Shipper shall, at Shipper's own cost and expense:
- a) obtain the Pool Station Land Rights; and
  - b) furnish, install, set, and maintain suitable pressure and quantity control equipment and such additional equipment as required on Shipper's delivery system, to protect against the over pressuring of Union's facilities as set out in Article 9.0, protect Union from receiving gas not meeting the quality specification as set out in Section 10.01, and to limit the daily flow of gas to the corresponding parameters as set out in Section 5.01 herein.
- 10.05 Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station or any Union Expansion Facilities requested by Shipper, or as required by law or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.
- 10.06 Operation and Maintenance: Subject to Section 10.05, each party shall be fully responsible for the continued operation, maintenance, repair and replacement of its respective facilities. Both parties agree to maintain cathodic protection on their respective facilities.
- 10.07 The Total Heating Value of the gas shall be determined by Union by means of a gas chromatograph or by any other means if mutually agreed upon by the parties. The energy content of the gas transported through the pipeline shall be calculated by multiplying the gas volume by the Total Heating Value. The Total Heating Value of the gas shall be determined hourly and the total energy content of the gas transported through the pipeline shall be calculated daily.
- 10.08 The moisture content shall be determined by Union by means of a moisture analyzer or by any other means if mutually agreed upon by the parties.

- 10.09 Inspection: Each party shall inspect its facilities as required by industry standards or by the appropriate regulatory body.
- 10.10 Each party shall decide, in its sole discretion, whether its facilities need to be repaired or replaced. In the event that repair or replacement is needed, the party undertaking such work will, to the extent possible, give the other party sixty (60) days notice and will ensure that the work be done in a manner so as to minimize the amount of time the Pipeline has restricted flows.
- 10.11 Union and Shipper agree that Union's measurement equipment shall be used for custody transfer metering and billing purposes, notwithstanding any secondary measurement which Shipper may provide.

#### **11.0 ARTICLE XI - NOMINATIONS**

- 11.01 Nominations shall be pursuant to Schedule "B 2010" of Union's C1 Rate Schedule, as the same may be amended from time to time.

#### **12.0 ARTICLE XII - SHIPPER'S REPRESENTATIONS AND WARRANTIES**

- 12.01 Shipper warrants that it will, at the time of delivery of the gas to Union:
- a) possess a valid order to inject gas into, store gas in and remove gas from the Pool; and,
  - b) have good and valid title or legal authority to all gas delivered by it under this Contract, free and clear of all liens, encumbrances and claims. Shipper will indemnify Union and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said gas or to royalties, taxes, licence fees or any charges thereon, which are applicable before the possession of gas passes to Union.
- 12.02 Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, such certificates, permits, licences and authorizations from regulatory bodies or other governmental agencies in the U.S.A. and Canada, as the case may be, as are necessary to enable Shipper, or others designated by Shipper, to deliver to Union at the Receipt Point the quantities of gas to be handled by Union under this Contract. Shipper further warrants that it shall maintain the necessary contracts with Union and/or others to facilitate the Services contemplated herein to a point which is located outside of Union's system and franchise area.
- 12.03 Financial Representations: Shipper represents and warrants that the Initial Financial Assurances (if any) shall remain in place until the Aid to Construction is paid in full. In addition, should Union, acting reasonably, solely determine that Shipper's financial condition warrants such, Shipper shall within fourteen (14) days of receipt of such notice by Union, obtain and provide to Union an additional letter of credit or other security in the form reasonably required by Union (the "Security") equivalent to one year of demand and commodity charges hereunder, in favour of Union, in order to fulfil Shipper's

payment obligations hereunder. In the event that Shipper does not provide to Union such Security, Union may deem a default under the Default and Termination provisions of Article XII of the Schedule "A 2010" of Union's C1 Rate Schedule.

### 13.0 ARTICLE XIII - MISCELLANEOUS PROVISIONS

- 13.01 Assignment: Shipper may not assign this Contract without the written consent of Union and, if required, the approval of the OEB. Should Union consent to the assignment, and if OEB approval is needed, Union will apply for OEB approval with all costs of the application to be paid by Shipper.
- 13.02 Notices: Subject to the express provisions of this Contract, all communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the business day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh business day following the day on which it is postmarked.

Communications to the parties hereto shall be directed as follows:

IF TO SHIPPER:

Notices: [Shipper]  
[Address]  
[City, Province]  
[Postal Code]

Attention:  
Telephone:  
Facsimile:

Nominations: Attention:  
Telephone:  
Facsimile:

Field/Emergency: Attention:  
Telephone:  
Facsimile:

IF TO UNION:

Notices: Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario

N7M 5M1

Attention: Director, Business Development  
Telephone: (519) 436-4527  
Facsimile: (519) 436-4643

Nominations: Attention: Manager, Gas Control  
Telephone: (519) 436-4545  
Facsimile: (519) 436-4635

Notwithstanding the above, nominations shall be made by facsimile or other recorded electronic means, subject to execution of the "Agreement for Use of the Secured Portion of Union Gas Limited's Website," or such other agreement, satisfactory to Union, and will be deemed to be received on the same day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

13.03 Law of Contract: Union and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article VIII of Schedule "A 2010" of the M16 Rate Schedule, the courts of the Province of Ontario shall have jurisdiction in all matters contained herein. The parties further agree this Contract shall be construed in accordance with the laws of the Province of Ontario.

13.04 Possession of Gas:

- a) Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
- b) Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

13.05 Entire Contract: This Contract constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

13.06 Time of Essence: Time shall be of the essence hereof.

13.07 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary in making proof of this Contract to produce all of such counterparts.

13.08 Amendments and Waivers: Subject to Article IX of Union's M16 Rate Schedule, no amendment or waiver of any provision of this Contract nor consent to any departure by either party hereto shall in any event be effective unless the same shall be in writing and

signed by each of the Shipper and Union and then such waiver or consent shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under this Contract shall operate as a waiver thereof. Despite the foregoing, any of the Sections of this Contract (each such Section or portion thereof to be known as a "**Contract Transition Provision**") shall be deemed to be superceded and deleted if a provision dealing with substantially the same matter is added to Union's M16 Rate Schedule or Union's C1 Rate Schedule and such provision is expressed to supercede and replace such Contract Transition Provision, all without the necessity of further notice, action, or documentation.

13.09 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible, and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

13.10 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

**THIS CONTRACT SHALL BE BINDING UPON** and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

**IN WITNESS WHEREOF** this Contract has been properly executed by the parties hereto by their duly authorized officers as of the date first above written.

**UNION GAS LIMITED**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**[SHIPPER]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Contract M16XXX



## **ATTACHMENT C**

- i) STAR Compliant M12 Delta View**
- ii) STAR Compliant C1 Delta View**
- iii) STAR Compliant M16 Delta View**

~~Contract No.~~ THIS FIRM M12 ~~xxx~~

**FIRM TRANSPORTATION CONTRACT**

**TO**

**BETWEEN**

**UNION GAS LIMITED**

**AND**

**(SHIPPER)**

**DATED** **Month, Day, Year**

**Schedule 1 — Points and Receipt and Delivery Pressures**

## **FIRM TRANSPORTATION CONTRACT**

**TO**

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SCHEDULE I	RECEIPT AND DELIVERY PRESSURES

~~THIS FIRM TRANSPORTATION CONTRACT~~ dated as of the \_\_\_\_ day of ~~Month~~, 20 \_\_,

~~BETWEEN:~~

UNION GAS LIMITED, a company existing under the laws of the  
Province of Ontario,  
(hereinafter referred to as "Union")

- and -

\_\_\_\_\_, a ~~company incorporated~~ [type  
of entity] existing under the laws of the (Province, State, Country) of  
\_\_\_\_\_  
(hereinafter referred to as "Shipper")

WHEREAS, Union owns and operates a natural gas transmission system in ~~southwestern~~ south-western Ontario, through which Union offers "Transportation Services", as defined in Article ~~VII~~ VI herein;

AND WHEREAS, Shipper wishes to retain Union to provide such Transportation Services, as set out herein, and Union has agreed, subject to the terms and conditions of this Contract, to provide the Transportation Services requested;

NOW THEREFORE, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

#### ARTICLE I - INTERPRETATION AND DEFINITIONS

1.01 Divisions, Headings and Index: The division of this Contract into Articles, Sections and Subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

1.02 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas have an accepted meaning shall have that meaning.

1.03 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein" and "hereunder" and words of similar import refer to the entirety of this Contract, including the Schedules incorporated into this Contract, and not only to the Section in which such use occurs.

1.04 Conflict: In the event of any conflict between the provisions of the main body of this Contract (including Schedule 1) and Union's M12 Rate Schedule, as defined below, the provisions of Union's M12 Rate Schedule shall prevail over the main body of this Contract.

~~1.05~~ Measurements: Units set out in SI (metric) measurement are the governing units for the purpose of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (metric) shall prevail. ~~1.06~~ Currency: All reference to dollars in this Contract shall mean Canadian dollars.

~~1.07~~ Schedules: Refers to the schedules attached hereto which are specifically included as part of this Contract, and include:

~~Schedule 1 – Points and Receipt and Delivery Pressures – Contract Parameters~~

~~1.08~~ Rate Schedule: “Union’s M12 Rate Schedule” or the “M12 Rate Schedule” or “M12” shall mean Union’s M12 Rate Schedule, (including the Storage and Transportation Rates, Schedule “A 2010”- (“General Terms and Conditions”), Schedule “B” and 2010 (“Nominations”), Schedule “C” (“Monthly Fuel Rates and Ratios”) and Schedule “D 2010” (“Receipt and Delivery Points and Pressures”)), or such other replacement rate schedule which may be applicable to the Transportation Services provided hereunder as approved by the Ontario Energy Board, and shall apply hereto, as amended from time to time, as if and which is incorporated into this Contract pursuant to Section 5.03 hereof.

~~1.09~~ Definitions: Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in Union’s M12 Rate Schedule unless the context hereof otherwise clearly requires. The following definitions shall be read and interpreted as though included in the aforementioned:

(a) “Authorized Overrun” shall mean the amount by which Shipper’s Authorized Quantity exceeds the Contract Demand.

(b) “Contract Year” shall mean a period of three hundred and sixty-five (365) consecutive days provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date.

~~1.08~~ Measurements: Units set out in SI (metric) are the governing units for the purposes of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (Metric) shall prevail.

## ARTICLE II

~~Intentionally blank~~

## ARTICLE III – CONDITIONS PRECEDENT

~~3.01~~ The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in this Contract:

~~(a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, for all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to:~~

~~i) provide the Transportation Services; and,~~

~~ii) construct any facilities necessary to provide the Transportation Services (the "Expansion Facilities"); and,~~

~~(b) Union shall have obtained all internal approvals that are necessary or appropriate to:~~

~~i) provide the Transportation Services; and,~~

~~ii) construct the Expansion Facilities; and,~~

~~(c) Union shall have completed and placed into service the Expansion Facilities; and,~~

~~(d) Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Contract (the "Initial Financial Assurances"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,~~

~~(e) Union shall have received from Shipper an executed Financial Backstopping Agreement, in form and substance reasonably acceptable to the parties; and,~~

~~(f) Shipper and Union shall have entered into the Limited Balancing Agreement or Interruptible HUB Service Contract (the "Facilitating Agreement") with Union.~~

~~3.02 — The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in this Contract:~~

~~(a) Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under this Contract; and,~~

~~(b) Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under this Contract; and,~~

~~(c) Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute this Contract.~~

~~3.03 — Union and Shipper shall each use due diligence and reasonable efforts, to satisfy and fulfil the conditions precedent specified in Section 3.01 (a), (c), (d), (e), (f) and Section 3.02 (a) and (b). Each party shall notify the other forthwith in writing of their respective satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder.~~

~~3.04 — If any of the conditions precedent in 3.01 (d) or 3.02 are not satisfied or waived by the party~~

entitled to the benefit of that condition by ~~Month, Day, Year~~, then either party may, upon written notice to the other party, ~~terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.~~

#### ARTICLE IV TERM OF CONTRACT

4.01 ——— This Contract shall be effective as of the ~~date of execution hereof; however, the Transportation Service obligations, terms and conditions hereunder shall commence on the later of:~~

(a) ~~Month, Day, Year (the "Reference Date"); and~~

(b) ~~the day following the date that all of the conditions precedent set out in Sections 3.01 and 3.02 have been satisfied or waived by the party entitled to the benefit thereof;~~

~~(such later date being referred to as the "Commencement Date"), and shall continue in full force and effect until Month, Day, Year (the "Initial Term").~~

4.02 ——— ~~If this Contract requires Expansion Facilities to satisfy any Transportation Service,~~

(a) ~~then to the extent that such Expansion Facilities are only partially completed and placed in service by the Reference Date or at any time thereafter, then any firm capacity available on such partially completed Expansion Facilities (the "Partial Expansion Capacity") will be allocated in accordance with this Section 4 to all Contracts: (a) which require the same Expansion Facilities for the Contract Demand; and (b) under which all conditions precedent have been satisfied or waived except for such conditions precedent that relate to the completion and placing in service of the Expansion Facilities.~~

(b) ~~Such allocation shall be made in priority of the "Contract Value", such that the Contract with the greatest Contract Value is allocated the entirety of the Contract Demand under such Contract, the Contract with the next greatest Contract Value is allocated the entirety of the Contract Demand under that Contract, and so forth until all the Partial Expansion Capacity has been allocated; provided that if there remains Partial Expansion Capacity that is less than the entirety of the Contract Demand under a Contract, then such Contract shall only receive such lesser remaining Partial Expansion Capacity. If any two or more Contracts have an equivalent Contract Value and insufficient Partial Expansion Capacity remains to satisfy all such Contracts, then the remaining Partial Expansion Capacity will be allocated pro rata based on the contract demand among all such Contracts. For purposes of this Section, "Contract Value" means an amount determined by calculating the monthly demand charges per GJ (as determined in accordance with Section 8.01) multiplied by the Initial Term in months.~~

(c) ~~If, pursuant to this Section, a Contract is allocated any portion of Partial Expansion Capacity, then the conditions precedent that relate to the completion and placing in service of the Expansion Facilities shall be deemed to have been waived such that the Initial Term under the Contract will commence. If a Contract is not allocated the entirety of the Contract Demand under such Contract, then such Contract Demand shall be deemed to be such lower allocated amount (and for greater certainty, the Initial Term shall nevertheless be deemed to have commenced) until such time as the Contract is allocated additional Partial Expansion Capacity~~

~~pursuant to this Section or until the entirety of the Expansion Facilities are completed and placed in service.~~

- ~~(c) The procedure contemplated by this Section will be applicable from time to time on each occasion that the Expansion Facilities are incrementally completed and placed in service.~~

~~4.03 This Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by Shipper of termination at least two (2) years prior to the expiration thereof.~~

~~4.04 For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of this Contract.~~ ARTICLE V - TRANSPORTATION SERVICES

~~5.012.01~~ Transportation Services: Union shall, on a firm basis and subject to the terms and conditions herein, transport Shipper's gas on a firm basis on Union's system (the "Transportation Services"). Shipper agrees to the following upon nomination to Union for the provision of the Transportation Services:

- (a) Contract Demand:

~~Union shall transport, on a firm basis, a quantity of gas on any one day, of up to~~ GJ ~~MMBtu~~ (the "Contract Demand").

- ~~(b) Receipt, Term, Receipt Point and Delivery Point:~~

~~i) "Receipt Point" shall mean the point(s) where Union shall receive gas from Shipper as follows:~~

- ~~• Point 1~~
- ~~• Point 2~~

~~ii) "Delivery Point" shall mean the point(s) where Union shall deliver gas to Shipper as follows:~~

- ~~• Point 1~~
- ~~• Point 2 which points are more particularly described shall be as set out in Schedule 1.~~

- ~~(e)(b)~~ Gas Transported by Union:

~~(i)~~ Union agrees, on any day, and subject to Sections ~~5.01~~ (e)(b) ii) and (e)(b) iii), to receive on Shipper's behalf at the Receipt Point, any quantity of gas which Shipper nominates and which Union has authorized for Transportation Service and to deliver that quantity of gas to Shipper at the Delivery Point;

(ii) Under no circumstances shall Union be required to transport a quantity of gas in excess of the Contract Demand; and,

(iii) Union agrees that it shall, upon the request of Shipper, use reasonable efforts to transport gas in excess of the Contract Demand, as Authorized Overrun, on an interruptible basis.

- (e)(c) Fuel:

Shipper shall provide the fuel requirements per the M12 Rate Schedule.

~~5.022.02~~ Accounting for Transportation Services: All quantities of gas delivered to/by Union shall be accounted for on a daily basis.

~~5.032.03~~ Commingling: Union shall have the right to commingle the quantity of gas referenced herein with gas owned by Union or gas being stored and/or transported by Union for third parties.

~~5.042.04~~ Imbalances: The parties hereto recognize that with respect to Section ~~5.042.01~~, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreements and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.

## ARTICLE VI - FORCE MAJEURE

~~6.01~~ — An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.

~~6.02~~ — Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.

~~6.03~~ — Delay of Firm Transportation Services: Despite Section 6.02, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the day or days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such day or days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Section 6.04 herein.

~~6.04~~ — Demand Charge Relief for Firm Transportation Services: Despite Section 6.02, if on any day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the Contract Demand, then for that day the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such day and the quantity of gas which Shipper in good faith nominated on such day. The term "Daily Demand Rate" shall mean the monthly demand charge or equivalent (as stipulated in Section 8) divided by the number of days in the month for which such rate is being calculated.

~~6.05~~ — If due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, making it necessary for Union to curtail Shipper's gas receipts to Union hereunder, then Union agrees that the Contract Demand for Transportation Service under this Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro rated. This pro rationing shall be determined by multiplying the daily capability of such facilities, as available downstream of the impairment, by a fraction, the numerator of which is Shipper's Contract Demand and the denominator of which is the total of all such firm contract demands, including the Contract Demand hereunder and Union's said peak day requirements downstream of the impairment. For the purposes of this Section, firm contract demand shall mean all firm services provided by Union, including firm service under Rate

Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the future.

## ARTICLE VII - SERVICE CURTAILMENT

7.01 ~~Capacity Sharing: Where requests for interruptible Transportation Services hereunder exceed the capacity available for such Transportation Services, Union will accept nominations from shippers and allocate capacity in the order of pricing for Transportation Services and prior quantities moved, and shippers shall be so advised. Any interruptible services provided herein are subordinate to any and all firm services supplied by Union.~~

7.02 ~~Capacity Procedures: Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.~~

7.03 ~~Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of this Contract.~~

~~To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the monthly demand charge shall be reduced in accordance with Section 6.04 and available capacity allocated in accordance with Section 6.05 herein.~~

~~Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.~~

## ARTICLE VIII - CHARGES AND RATES

~~8.01~~ 8.01 Except as otherwise stated herein, the charges and rates to be billed by Union and paid by Shipper for the Transportation Services provided under this Contract will be those specified in Union's M12 Rate Schedule.

8.02 ~~In addition to the charges and rates, Shipper is responsible for any applicable Goods and Services Tax or other taxes, royalties or levies imposed currently or subsequent to the commencement of this Contract.~~

8.03 ~~Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under this Contract and any enhancements to this Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.~~

## ARTICLE IX - PRESSURES

~~9.01 — Schedule 1 of this Contract shall govern receipt and delivery pressures which may be revised from time to time by Union upon written notice to Shipper.~~

~~Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.~~

## ARTICLE X — QUALITY AND MEASUREMENT

~~10.01 — For Transportation Services provided pursuant to Section 5 hereof:~~

~~(a) The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in the M12 Rate Schedule, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.~~

~~(b) Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.~~

~~10.02 — In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.~~ ARTICLE XII - NOMINATIONS

~~11.01~~ 4.01 Transportation Services provided hereunder shall be in accordance with the prescribed nominations procedure as set out in Schedule "B, 2010" of Union's M12 Rate Schedule.

## ARTICLE XII — SHIPPER'S REPRESENTATIONS AND WARRANTIES

~~12.01 — Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under this Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.~~

~~12.02 — Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under this Contract as a result of one of the following events ("Material Event");~~

~~(a) Shipper is in default, which default has not been remedied, of this Contract or is in default of any other material contract with Union or another party; or,~~

~~(b) Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,~~

~~(c) Shipper ceases to be rated by a nationally recognized agency; or,~~

~~(d) Shipper has exceeded credit available as determined by Union from time to time,~~

~~then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of monthly demand charges (in accordance with Section 8) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Section XII of the General Terms & Conditions.~~

~~In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business days after receipt of the request.~~

#### 12.03 & 12.04 Optional Clauses:

~~(Representation of Consumption in U.S. for Non-Resident, Non-GST Registrant)~~

~~12.03 — Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Leased Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any government taxes or levies and related interest and penalties thereon, made as a result of such change.~~

~~12.04 — Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the GST. Shipper agrees to notify Union within ten (10) working days if it becomes registered. GST shall mean The Government of Canada's Goods and Services Tax as legislated under The Excise Tax Act, as may be amended from time to time. ARTICLE XIII - MISCELLANEOUS PROVISIONS - MISCELLANEOUS PROVISIONS~~

~~13.01 — (a) Permanent Assignment: Shipper may assign this Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Subsection 3.01 (d), herein. Any such assignment will be for the full rights, obligations and remaining term of this Contract as relates to the Capacity Assigned.~~

~~— (b) Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under this Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.~~

~~13.025.01~~ Notices: All communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the business day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh business day following the day on which it is postmarked.

~~Communications to the parties hereto shall be directed as follows:~~

~~IF TO SHIPPER:~~ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

~~Nominations: Attention:~~ \_\_\_\_\_  
~~Telephone:~~ \_\_\_\_\_  
~~Facsimile:~~ \_\_\_\_\_

~~Secondary Contact: Attention:~~ \_\_\_\_\_  
~~Telephone:~~ \_\_\_\_\_  
~~Facsimile:~~ \_\_\_\_\_

~~IF TO UNION:~~ \_\_\_\_\_ ~~Union Gas Limited,~~  
~~50 Keil Drive North,~~  
~~CHATHAM, Ontario N7M 5M1.~~

~~Nominations: Attention:~~ ~~Manager, Gas Control~~  
~~Telephone: 519 436 5217~~  
~~Facsimile: 519 436 4635~~

~~Secondary Contact: Attention:~~ ~~Director, Business Development~~  
~~Telephone: 519 436 4527~~  
~~Facsimile: 519 436 4643~~

Notwithstanding the above, nominations shall be made by facsimile or other recorded electronic means, subject to execution of the ~~“Agreement an agreement for Useuse of the Secured Portionsecured portion of Union Gas Limited’s Website.”’s website (the secured portion of Union’s website is known as “Unionline”)~~ or such other agreement, satisfactory to Union, and will be deemed to be received on the same day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

~~13.035.02~~ Law of Contract: Union and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article X of the General Terms and Conditions, the courts of the Province of Ontario shall have exclusive jurisdiction in all matters contained herein. The parties further agree this Contract shall be construed exclusively in accordance with the laws of the Province of Ontario.

~~13.04 Possession of Gas:~~

~~(a) Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.~~

~~(b) Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.~~

~~13.05 Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees, or other charges thereon.~~

~~13.06~~ 13.02 Entire Contract: This Contract (including ~~the schedules attached hereto~~ Schedule 1 and Union's M12 Rate Schedule) constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

~~13.07~~ 13.04 Time of Essence: Time shall be of the essence hereof.

~~13.08~~ 13.05 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original but all of which together shall constitute one and the same agreement. This Contract may be executed by facsimile.

~~13.09 Amendments and Waivers: Subject to Union's M12 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of this Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union. No waiver of any provision of this Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under this Contract shall operate as a waiver thereof.~~

~~13.10~~ 13.06 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

~~13.11~~ 13.07 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

THIS CONTRACT SHALL BE BINDING UPON and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

IN WITNESS WHEREOF this Contract has been properly executed by the parties hereto by their duly

authorized officers as of the date first above written.

**UNION GAS LIMITED**

By: \_\_\_\_\_

Per: \_\_\_\_\_  
\_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_

**[NAME OF SHIPPER]**

\_\_\_\_\_  
Title:

Per: \_\_\_\_\_  
\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Title:

Contract No. M12xxx

CONTRACT PARAMETERS

Contract Demand

Union shall transport a quantity of gas, on a firm basis, on any one day, of;

- up to \_\_\_\_\_ GJ (\_\_\_\_\_ MMBtu) (the "Contract Demand").

POINTS AND PRESSURES

The following defines each Receipt Point and/or Delivery Point: and Delivery Points

i) "Receipt Point" shall mean the point where Union shall receive gas from Shipper on a firm basis as follows:

- Point 1

ii) "Delivery Point" shall mean the point where Union shall deliver gas to Shipper on a firm basis as follows:

- Point 1

which points are more particularly described in the M12 Rate Schedule.

DAWN (TCPL): \_\_\_\_\_ At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).

Term

DAWN (FACILITIES): \_\_\_\_\_ Union's Compressor Station site situated in the northwest corner of Lot Twenty Five (25), Concession II, in the Township of Dawn Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.

\_\_\_\_\_ This Contract shall be effective as of the date of execution hereof; however, the obligations, terms and conditions for the Transportation Services herein shall commence on the later of:

DAWN (TECUMSEH): \_\_\_\_\_ At the junction of Union's and Tecumseh Gas Storage's, a division of Enbridge Gas Distribution Inc. ("Enbridge") facilities, at or adjacent to Dawn (Facilities).

- Month, Day, Year (the "Commencement Date"); and

- the day following the date that all of the conditions precedent set out in Article XXI of Schedule "A 2010" of Union's M12 Rate Schedule have been satisfied or waived by Union;

DAWN (VECTOR): \_\_\_\_\_ At the junction of Union's and Vector pipeline Limited Partnership

(“Vector”) facilities, at or adjacent to Dawn (Facilities);  
where applicable for Expansion Facilities:

- and the day following the date that all of the conditions precedent set out in the agreement setting out certain construction and related conditions (“Precedent Agreement”), dated Month, Day, Year, have been satisfied or waived by the party entitled to the benefit thereof;

PARKWAY (TCPL): ——— At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession 1X, New Survey, Town of Milton, Regional Municipality of Halton.  
and shall continue in full force and effect until Month, Day, Year (the “Initial Term”).

KIRKWALL: ——— At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.

PARKWAY (CONSUMERS): ——— At the junction of the facilities of Union and Enbridge, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession 1X, New Survey, Town of Milton, Regional Municipality of Halton.

LISGAR: ——— At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.

#### Conditions Date

As referred to in Article XXI of Schedule “A 2010”: Month, Day, Year

Dated: \_\_\_\_\_

#### SCHEDULE 1

Page 2 of 2

Contract No. M12XXX-XXX

#### RECEIPT PRESSURES

DAWN (TCPL): ——— Receipts by Union shall be at a pressure of not less than 4,825 kPa.

DAWN (FACILITIES): ——— Receipts by Union shall be at a pressure of not less than 4,825 kPa.

DAWN (TECUMSEH): ——— Receipts by Union shall be at a pressure of not less than 4,825 kPa.

DAWN (VECTOR): ——— Receipts by Union shall be at a pressure of not less than 4,930 kPa.

#### DELIVERY PRESSURES

#### Contact Information

Communications to the parties hereto shall be directed as follows:

**PARKWAY (TCPL):** ~~Deliveries by Union to TCPL shall be made at a pressure in accordance with the Parkway Operating Agreement between TCPL and Union dated October 1, 1993, as amended or restated from time to time (the "Parkway Operating Agreement").~~

**IF TO SHIPPER:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**KIRKWALL:** ~~Deliveries by Union to TCPL shall be made at Union's prevailing line pressure which shall be in accordance with the Parkway Operating Agreement.~~

**Nominations: Attention:** \_\_\_\_\_  
**Telephone:** \_\_\_\_\_  
**Facsimile:** \_\_\_\_\_

**PARKWAY (CONSUMERS):** ~~Delivery pressures shall be as stated in the Enbridge Operating Agreement between Enbridge (under its former corporate name) and Union dated March 9, 1998 (accepted March 16, 1998), as amended or restated from time to time (the "Enbridge Operating Agreement").~~

**Secondary Contact: Attention:** \_\_\_\_\_  
**Telephone:** \_\_\_\_\_  
**Facsimile:** \_\_\_\_\_

**LISGAR:** ~~Delivery pressures shall be as stated in the Enbridge Operating Agreement as it may be amended from time to time.~~

**IF TO UNION:** Union Gas Limited,  
50 Keil Drive North,  
CHATHAM, Ontario N7M 5M1

**Nominations: Attention:** Manager, Gas Management Services  
**Telephone:** 519-436-5360  
**Facsimile:** 519-436-4635

**Dated:** \_\_\_\_\_

**Secondary Contact: Attention:** Director, Business Development  
**Telephone:** 519-436-4527  
**Facsimile:** 519-436-4643

### **Shipper's Representations and Warranties**

Check here if Article XIX.3 of Schedule "A 2010" (Point of Consumption Warranty) is applicable: [ ]

Check here if Article XIX.4 of Schedule "A 2010" (Non-Resident and Non-GST Registrant) is applicable:  
☐

## Special Provisions

Here insert any special provisions applicable to this Contract  
SCHEDULE "A 2010"

RATE M12

## GENERAL TERMS & CONDITIONS

### I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

"Authorized Overrun" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

"Available Capacity" shall mean at any time, Union's remaining available capacity to provide Transportation Services;

"Eastern Clock Time" shall mean the local clock time in the Eastern Time Zone on any Day;

1. "Contract" shall refer to the contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

"Contract Year" shall mean a period of three hundred and sixty-five (365) consecutive days provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days commencing on November 1 of each year, except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

3. "day" or "Day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time Eastern Clock Time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

"Expansion Facilities" shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

5. "firm" or "Firm" shall mean service not subject to curtailment or interruption except under Articles XI, XII and XIII of this Schedule "A"; XVIII herein;

6. "gas" or "Gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) 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 at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

8. "Interruptible HUB Service Contract" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"interruptible service" or "Interruptible" shall mean service subject to curtailment or interruption, after notice, at any time;

9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;

10. "joule" (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. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;

11. ~~"limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;~~

"Loaned Quantities" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;

13. "month" or "Month" shall mean the period beginning at ~~9:00 a.m. Central Standard time~~Eastern Clock Time on the first day of a calendar month and ending at ~~9:00 a.m. Central Standard time~~Eastern Clock Time on the first day of the following calendar month;

"NAESB" shall mean North American Energy Standards Board.

14. "OEB" means the Ontario Energy Board;

15. "Open Season" or "open season" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;

16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

17. "Shipper", shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);

18. "TCPL" means TransCanada PipeLines Limited;

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.

2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,

a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,

- b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the gas,
  - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure,
  - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,
  - k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Section 2.
4. Quality of Gas Received: ~~The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.~~

### III. MEASUREMENTS

- 1. Storage, Transportation, and/or Sales Unit: ~~("The Unit") The Unit~~ of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
- 2. Determination of Volume and Energy:
  - a. ~~a.~~—The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), assented to 31 March, 1982 (the "Act") and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986, ~~1986~~ (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. ~~b.~~—The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov 1992, at Union's discretion, all as amended from time to time.
  - c. ~~c.~~—The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII - ~~Measuring Equipment, of this schedule~~ herein.

d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

#### IV. RECEIPT POINT AND DELIVERY POINT

~~1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract where Union takes possession of the gas.~~

~~2.~~

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas changes from one party to the other, and as per Schedule "D 2010".

#### V. POSSESSION OF AND RESPONSIBILITY FOR GAS

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.

*Intentionally blank*

2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or willful misconduct.

#### VI. FACILITIES ON SHIPPER'S PROPERTY

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

#### VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III subparagraph 2. herein.

2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring 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 ten days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Electricity and Gas Inspection Act (1982) and regulations thereunder and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly payments: Shipper shall, unless otherwise directed by Union, pay directly into Union's account at the Canadian Imperial Bank of Commerce, Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3381 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the bill provided by Union. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20th) day of the month.
2. Remedies for non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

## 4. Taxes and Levies.

In addition to the charges and rates as per the M12 Rate Schedule, Shipper is responsible for any applicable Goods and Services Tax, Harmonized Sales Tax, or other taxes, royalties, charges, duties or levies, (including but not limited to

charges under any form of cap and trade, carbon tax, or similar system) imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction.

5. Set Off.

If either party shall, at any time, be in arrears under any of its payment obligations to the other party, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancements to the Contract which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

**X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, 1991, or any Act passed in amendment thereof or substitution thereof, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

**XI. FORCE MAJEURE**

1. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not as soon as possible after determining or within a period within which it should acting reasonably have determined that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.

5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the day or days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such day or days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that day the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such day and the quantity of gas which Shipper in good faith nominated on such day. The term "Daily Demand Rate" shall mean the monthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired making it necessary for Union to curtail Shipper's gas receipts to Union hereunder, then Union agrees that the firm Contract Demand for Transportation Services under the Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro-rated. This pro-rating shall be determined by multiplying the daily capability of such facilities, as available downstream of the impairment, by a fraction, the numerator of which is Shipper's firm Contract Demand and the denominator of which is the total of all such firm contract demands, including the firm Contract Demand hereunder and Union's said peak day requirements downstream of the impairment. For the purposes of this Article XI, firm contract demand shall mean all firm services provided by Union, including firm service under Rate Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the future.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof~~herein~~) which has not been waived by the other party, then and in every such case and as often as the same may happen, the ~~Non~~~~non~~-defaulting party may give written notice to the ~~Defaulting~~~~defaulting~~ party requiring it to remedy such default and in the event of the ~~Defaulting~~~~defaulting~~ party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the ~~Non~~~~non~~-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XIII. MODIFICATIONAMENDMENT**

Subject to Union's ~~M12 Rate Schedule, Schedule A, Article XV herein~~ and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

#### XIV. NON-WAIVER AND FUTURE DEFAULT

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No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof

#### XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

#### XVI. ALLOCATION OF CAPACITY

1. Any Shipper may request firm Transportation Services at any time. Any such request must include: Shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, and Contract Demand. This is applicable for service requests for firm transportation with minimum terms of ten (10) years where Expansion Facilities are required and five (5) years for existing capacity.
2. If requests for firm Transportation Services cannot be met through existing capacity such that the only way to satisfy the request for service would require the construction of Expansion Facilities which create new capacity, Union shall allocate such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. If requests for long-term firm service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value ("NPV") using the effective rate at the time the capacity is allocated.
5. If Shippers request firm Transportation Services where the firm Transportation Services requested were previously offered in an open season but were not awarded, then the allocation of such capacity shall be carried out by one of Union's methods for allocation of such capacity, which methods include, but are not limited to, "first come, first served" basis, open season, or direct negotiations, provided any such requesting Shipper meets all conditions in Article XXI herein, subject to the remaining Available Capacity.
6. Union is not obligated to accept requests for service where the proposed monthly payment is less than Union's monthly demand charge plus fuel requirements for the applicable service.

#### XVII. RENEWALS

For contracts with an Initial Term of five (5) years or greater, the Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by Shipper of termination at least two (2) years prior to the expiration thereof.

#### XVIII. SERVICE CURTAILMENT

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The priority of service guidelines for Union's Transportation Services shall be as follows, with detailed policies and procedures available on Union's website. The highest ranked service has the highest priority and is curtailed last and the lowest ranked service has the lowest priority and is curtailed first:

- a. Any firm ex-franchise transportation service(s), firm in-franchise transportation and distribution service(s)
  - b. Interruptible in-franchise distribution service(s)
  - c. C1/M12 interruptible transportation and exchange(s), balancing activity (ex-franchise/in-franchise), overrun (ex-franchise/in-franchise)
  - d. Late nomination(s)
2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

#### XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES

1. Shipper's Warranty. Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.

2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("Material Event"):

a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or

b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or

c. Shipper ceases to be rated by a nationally recognized agency; or

d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business days after receipt of the request.

The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.

3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any government taxes or levies and related interest and penalties thereon, made as a result of such change.

4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

## XX. MISCELLANEOUS PROVISIONS

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.

2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee

fails to do so.

3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees, or other charges thereon.

## XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:

a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services; and,

b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services; and

c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Contract (the "Initial Financial Assurances"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,

d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "Facilitating Agreement") with Union.

2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:

a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,

b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,

c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.

3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.

4. If any of the conditions precedent in this Article XXI Section 1 d or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may

have incurred before such termination shall not thereby be released.

RATE M12

SCHEDULE "B 2010"

NOMINATIONS

a) ~~For Services provided either under this rate schedule or referenced to this rate schedule:~~

1. ~~i) For Transportation Services required on any dayDay under the Contract, Shipper shall provide Union with a nomination (s) providing the "Shipper's Nomination" of the quantity it desires to be handled at the applicable Receipt Point and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business day immediately preceding the day for which service is requested. Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "Nomination").~~
2. All Nominations shall be submitted by electronic means via Unionline. Union, in its sole discretion, may amend or modify the nominating procedures or Unionline at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:
  - a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Quantities Available by Shipper (Day prior to flow).

- b. The Evening Nomination Cycle, 7:00 pm for Nominations leaving control of the nominating party; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Quantities Available by Shipper (Day prior to flow).
- ~~ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.~~
- c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Quantities Available by Shipper on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
- ~~iii) For customers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the contract.~~
- d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Quantities Available by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. ~~b) ——— Union shall determine whether or not all or any portion of Shipper's the Nomination will be accepted- is scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not accept schedule such nomination~~ Nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Quantities Available") for Transportation Services at the applicable points. —Forthwith after as outlined in each nomination cycle. After receiving such advice from Union, but no later than 1800 hours in the Eastern time zone on the same day one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a "revised nomination ("Revised Nomination") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Quantities Available, then the Revised Nomination shall be deemed to be the Quantity Quantities Available. If the Revised Nomination (delivered within with the time allowed as required above) is less than the Quantity Available, then such lesser/lessor amount shall be the Revised Nomination
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the Contract.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.
6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. ~~c) ——— That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) paragraphs 1 and (b) 3 above, which Union shall accept schedule for Transportation Services hereunder, shall be known as Shipper's "Authorized Quantity".~~

11. e) ——— If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun"
12. e) ——— The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth ( $1/20^{\text{th}}$ ) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth ( $1/20^{\text{th}}$ ) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

## SCHEDULE "D 2010"

### RATE M12

### RECEIPT AND DELIVERY POINTS AND PRESSURES

#### 1. Receipt and Delivery Points:

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

R,D     DAWN (FACILITIES):     Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored

under other contracts that Shipper may have in place with Union.

<u>R</u>	<u>DAWN (TCPL):</u>	<u>At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).</u>
<u>R</u>	<u>DAWN (TECUMSEH):</u>	<u>At the junction of Union's and Enbridge Gas Distribution Inc.'s (Enbridge) Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).</u>
<u>R</u>	<u>DAWN (TSLE):</u>	<u>At the junction of Union's and Enbridge Gas Distribution Inc.'s ("Enbridge") NPS 16 Tecumseh Sombra Line Extension facilities, at or adjacent to Dawn (Facilities).</u>
<u>R</u>	<u>DAWN (VECTOR):</u>	<u>At the junction of Union's and Vector Pipeline Limited Partnership ("Vector") facilities, at or adjacent to Dawn (Facilities).</u>
<u>R.D</u>	<u>PARKWAY (TCPL):</u>	<u>At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)</u>
<u>D</u>	<u>KIRKWALL:</u>	<u>At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamorough.</u>
<u>D</u>	<u>PARKWAY (CONSUMERS):</u>	<u>At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)</u>
<u>D</u>	<u>LISGAR:</u>	<u>At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.</u>

## 2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be

required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

~~f) — A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.~~

~~g) — Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.~~

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Padding cell	

Statistics:		
	Count	
Insertions	339	
Deletions	320	
Moved from	129	
Moved to	129	
Style change	0	
Format changed	0	
Total changes	917	

STORAGE AND TRANSPORTATION RATES - DRAFT**(A) Applicability**

The charges under this schedule shall be applicable to a Shipper who enters into a Storage or Transportation Service Contract with Union.

**(B) Services**

Storage service under this rate schedule shall be for Enbridge Gas Distribution Inc only, contract LST047 expiring March 31, 2010.

Transportation Service under this rate schedule shall be for transportation on Union's Dawn – Oakville facilities.

**(C) Rates**

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

	Monthly Demand Charge (applied to daily contract demand) <u>Rate/GJ</u>	Commodity and Fuel Charges		Commodity Charge <u>Rate/GJ</u>
		Fuel Ratio %	AND	
<u>Storage (1)</u>				
Space – Shipper Providing Deliverability (2)	\$0.010			
Deliverability - Firm	\$1.038			
Injection		0.604%		\$0.007
Withdrawal		0.604%		\$0.007
<u>Firm Transportation (3)</u>				
Dawn to Oakville/Parkway	\$2.366	Monthly fuel rates and ratios shall be in accordance with schedule "C".		
Dawn to Kirkwall	\$2.014			
Parkway to Dawn	n/a			
<u>Limited Firm/Interruptible Transportation (3)</u>				
Dawn to Parkway – Maximum	\$5.678	Monthly fuel rates and ratios shall be in accordance with schedule "C".		
Dawn to Kirkwall - Maximum	\$5.678			
Parkway (TCPL) to Parkway (Cons) (4)		0.332%		

**(C) Rates (Cont'd)****Authorized Overrun (5)**

Authorized overrun rates will be payable on all quantities in excess of Union's obligation on any day. The overrun charges payable will be calculated at the following rates. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel Commodity Charge Rate/GJ	Commodity and Fuel Charges	
		Fuel Ratio %	Commodity Charge Rate/GJ
Storage Commodity:			
Injection	n/a	1.04%	\$0.041
Withdrawal	n/a	1.04%	\$0.041
Transportation Overrun			
Dawn to Parkway	Monthly fuel rates and ratios shall be in accordance with schedule "C".		\$0.078
Dawn to Kirkwall			\$0.066
Parkway to Dawn			\$0.078
Parkway (TCPL) Overrun (6)	n/a	0.55%	n/a

**Unauthorized Overrun**

Authorized Overrun rates will be payable on all quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun shall be the higher of the reported daily spot price of gas at either Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

**Overrun of Maximum Storage Balance**

The rate payable shall be \$60/GJ on the Excess Storage Balance during the period of August 1 through to and including December 15. The rate payable shall be \$6/GJ on the Excess Storage Balance during the period of December 16 through to and including July 31.

For any Extension Period, the rate payable shall be \$0.63/GJ times the quantity in the Excess Storage Balance as of the date of such extension.

Union, during any Extension Period, may upon forty-eight (48) hours verbal notice to Shipper (to be followed in writing) take possession of Shipper's gas in storage (which shall be immediately forfeited to Union without further recourse).

These rates will be charged in addition to the normal injection and withdrawal charges.

**Drafted Storage Balance**

The rate payable shall be \$60/GJ on the Drafted Storage Balance during the period of February 1 through to and including April 30.

The rate payable shall be \$6/GJ on the Drafted Storage Balance during the period of May 1 through to and including January 31.

**(C) Rates (Cont'd)**

For any Extension Period, the rate payable shall be \$0.63/GJ times the quantity in the Drafted Storage Balance as of the date of such extension.

Union, during any Extension Period, may upon forty-eight (48) hours verbal notice to Shipper (to be followed in writing), replace the outstanding gas at Shipper's expense (which will include all costs related to replacing such gas, plus a charge equal to 25% of the incremental cost of the gas purchased for each unit so replaced).

These rates will be charged in addition to the normal injection and withdrawal charges.

**Overrun of Firm Injections**

The rate payable shall be \$60/GJ on the injections in excess of the Injection Demand during the period of August 1 through to and including December 15. The rate payable shall be \$6/GJ on the injections in excess of the Injection Demand during the period of December 16 through to and including July 31.

**Overrun on Firm Withdrawals**

The rate payable shall be \$60/GJ on the withdrawals in excess of the Withdrawal Demand during the period of February 1 through to and including April 30. The rate payable shall be \$6/GJ on the withdrawals in excess of the Withdrawal Demand during the period of May 1 through to and including January 31.

**Nomination Variances**

Where Union and the shipper have entered into a Limited Balancing Agreement ("LBA"), the rate for unauthorized parking or drafting which results from nomination variances shall equal the "Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff.

**Notes for Section (C) Rates:**

- (1) Storage service under this rate schedule shall be for Enbridge Gas Distribution Inc only, contract LST047 expiring March 31, 2010.
- (2) Deliverability inventory being defined as 25% of storage space.
- (3) The annual transportation commodity charge is calculated by application of the YCRR Formula, as per Section (D). The annual transportation fuel required is calculated by application of the YCR Formula, as per Section (D).
- (4) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) to Parkway (Cons) or Lisgar.
- (5) For purposes of applying the YCRR Formula or YCR Formula (Section (D)) to transportation overrun quantities, the transportation commodity revenue will be deemed to be equal to the commodity charge of the applicable service as detailed in Section (B).
- (6) This ratio will be applied to all gas quantities for which Union is obligated to deliver to Parkway (Cons) or Lisgar and has agreed to deliver to Parkway (TCPL) on an interruptible basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.
- (7) A demand charge of \$0.698/GJ/day/month will be applicable for customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for firm transportation service to either Kirkwall or Parkway



(D) **Transportation Commodity**

The annual fuel charge in kind or in dollars for transportation service in any contract year shall be equal to the sum of the application of the following equation applied monthly for the 12 months April through March (The "YCRR" or "YCR" Formula). An appropriate adjustment in the fuel charges will be made in May for the previous 12 months ending March 31<sup>st</sup> to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.

$$YCR = \sum_{1}^{4} [(0.003317 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.003317 \times (QT1 + Q3)) + (DWFxQT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_{1}^{4} \{[(0.003317 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}] \times R\} \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} \{[(0.003317 \times (QT1 + Q3)) + (DWFxQT1) + F_{WT}] \times R\} \text{ For Oct. 1 to May 31}$$

where: DSF = 0.00000 for Dawn summer fuel requirements  
DWF = 0.0020 for Dawn winter fuel requirements

in which:

YCR Yearly Commodity Required

The sum of 12 separate monthly calculations of Commodity Quantities required for the period from April through March.

YCRR Yearly Commodity Revenue Required

The sum of 12 separate monthly calculations of Commodity Revenue required for the period April through March.

QT1 Monthly quantities in GJ transported easterly hereunder received at Dawn at not less than 4 850 kPa but less than 5 860 kPa (compression required at Dawn).

QT3 Monthly quantities in GJ transported westerly hereunder received at the Parkway (Oakville) Delivery Point.



**(D) Transportation Commodity (cont'd)**

**F<sub>WT</sub>** The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.

**F<sub>ST</sub>** The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

**R** Union's weighted average cost of gas in \$/GJ.

**Notes**

- (i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Storage and Transportation Shippers will be allocated to supply Union's markets on the Dawn-Oakville/Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

**(E) Provision for Compressor Fuel**

For a Shipper that has elected to provide its own compressor fuel.

**Transportation Fuel**

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31<sup>st</sup>.



(E) **Provision for Compressor Fuel (cont'd)**

Nominations

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

(F) **Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before June 16, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after June 16, 2010.

(G) **Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before June 16, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after June 16, 2010.

(H) **Monthly Fuel Rates and Ratios**

Monthly fuel rates and ratios under this rate schedule shall be in accordance with Schedule "C".

(I) **Receipt and Delivery Points and Pressures**

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "D 2010" for contracts in effect on or after June 16, 2010.

Contract No. C1

~~FIRM TRANSPORTATION CONTRACT~~

~~[POINT] TO [POINT]~~

~~BETWEEN~~

~~UNION GAS LIMITED~~

~~AND~~

~~[SHIPPER]~~

~~DATED [Month-day, year]~~

~~Schedule 1 — Points and Receipt and Delivery Pressures~~

**FIRM**  
**TRANSPORTATION CONTRACT**  
**[POINT] TO [POINT]**  
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SCHEDULE I	RECEIPT AND DELIVERY PRESSURES

**THIS FIRM C1 TRANSPORTATION CONTRACT** dated as of the \_\_\_\_ day of Month, year 20\_\_\_\_,

**BETWEEN:**

UNION GAS LIMITED, a company existing under the laws of the Province of Ontario,  
(hereinafter referred to as "Union")

- and -

[SHIPPER NAME], a \_\_\_\_\_ company  
a [type of entity] existing under  
the laws of the (Province, State, Country) of \_\_\_\_\_,  
(hereinafter referred to as "Shipper")

WHEREAS, Union owns and operates a natural gas transmission system in ~~southwestern~~ south-western Ontario, through which Union offers "Transportation Services", as defined in Article ~~VI~~ VII herein;

AND WHEREAS, Shipper wishes to retain Union to provide such Transportation Services, as set out herein, and Union has agreed, subject to the terms and conditions of this Contract, to provide the Transportation Services requested;

NOW THEREFORE, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

#### ARTICLE I - INTERPRETATION AND DEFINITIONS

1.01 Divisions, Headings and Index: The division of this Contract into Articles, Sections and Subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

1.02 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas have an accepted meaning shall have that meaning.

1.03 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein" and "hereunder" and words of similar import refer to the entirety of this Contract, including the Schedules incorporated into this Contract, and not only to the Section in which such use occurs.

1.04 Conflict: In the event of any conflict between the provisions of the main body of this Contract (including Schedule 1) and Union's C1 Rate Schedule, as defined below, the provisions of Union's C1 Rate Schedule shall prevail over the main body of this Contract.

~~1.05~~ ~~Measurements: Units set out in SI (metric) measurement are the governing units for the purpose of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (metric) shall prevail.~~ ~~1.06~~ ~~Currency: All reference to dollars in this Contract shall mean Canadian dollars.~~

~~1.07~~ ~~1.06~~ Schedules: Refers to the schedules attached hereto which are specifically included as part of this Contract, and include:

Schedule 1 ~~Points and Receipt and Delivery Pressures~~ Contract Parameters

~~1.08~~ ~~1.07~~ Rate Schedule: "Union's C1 Rate Schedule" or the "C1 Rate Schedule" or "C1" shall mean Union's C1 Rate Schedule, (including the Storage and Transportation Rates, Schedule "A" 2010-~~("General Terms and Conditions-and")~~, Schedule "B" 2010~~("Nominations")~~, and Schedule "C" 2010~~("Receipt and Delivery Points and Pressures")~~), or such other replacement rate schedule which may be applicable to the Transportation Services provided hereunder as approved by the Ontario Energy Board, and shall apply hereto, as amended from time to time, ~~as if and which is~~ incorporated into this Contract pursuant to Section 5.03 hereof.

~~1.09~~ ~~Definitions: Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in Union's C1 Rate Schedule unless the context hereof otherwise clearly requires. The following definitions shall be read and interpreted as though included in the aforementioned:~~

(a) ~~"Authorized Overrun" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand.~~

(b) ~~"Contract Year" shall mean a period of three hundred and sixty-five (365) consecutive days provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date.~~

~~1.08~~ ~~Measurements: Units set out in SI (metric) are the governing units for the purposes of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (Metric) shall prevail.~~

## ARTICLE II

~~Intentionally blank~~

## ARTICLE III - CONDITIONS PRECEDENT

~~3.01~~ ~~The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in this Contract:~~

- ~~(a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, for all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to:
 
  - ~~i) provide the Transportation Services; and;~~
  - ~~ii) construct any facilities necessary to provide the Transportation Services (the "Expansion Facilities"); and;~~~~
- ~~(b) Union shall have obtained all internal approvals that are necessary or appropriate to:
 
  - ~~i) provide the Transportation Services; and;~~
  - ~~ii) construct the Expansion Facilities; and;~~~~
- ~~(c) Union shall have completed and placed into service the Expansion Facilities; and;~~
- ~~(d) Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Contract (the "Initial Financial Assurances"). The Initial Financial Assurances, if required, will be as determined solely by Union; and;~~
- ~~(e) Union shall have received from Shipper an executed Financial Backstopping Agreement, in form and substance reasonably acceptable to the parties; and;~~
- ~~(f) Shipper and Union shall have entered into the Limited Balancing Agreement or Interruptible HUB Service Contract (the "Facilitating Agreement") with Union;~~

~~3.02 The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in this Contract:~~

- ~~(a) Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under this Contract; and;~~
- ~~(b) Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under this Contract; and;~~
- ~~(c) Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute this Contract;~~

~~3.03 Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in Section 3.01 (a), (c), (d), (e), (f) and Section 3.02 (a) and (b). Each party shall notify the other forthwith in writing of their respective satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder;~~

~~3.04 If any of the conditions precedent in 3.01 (d) or 3.02 are not satisfied or waived by the party~~

entitled to the benefit of that condition by [Month day, year], then either party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, ~~this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.~~

#### ARTICLE IV — TERM OF CONTRACT

4.01 — This Contract shall be effective as of the date of execution hereof; however, the Transportation Service obligations, terms and conditions hereunder shall commence on the later of:

(a) [Month day, year] (the “Reference Date”); and

(b) the day following the date that all of the conditions precedent set out in Sections 3.01 and 3.02 have been satisfied or waived by the party entitled to the benefit thereof;

(such later date being referred to as the “Commencement Date”), and shall continue in full force and effect until [Month day, year] (the “Initial Term”).

4.02 — If this Contract requires Expansion Facilities to satisfy any Transportation Service:

(a) ~~then to the extent that such Expansion Facilities are only partially completed and placed in service by the Reference Date or at any time thereafter, then any firm capacity available on such partially completed Expansion Facilities (the “Partial Expansion Capacity”) will be allocated in accordance with this Section 4 to all Contracts: (a) which require the same Expansion Facilities for the Contract Demand; and (b) under which all conditions precedent have been satisfied or waived except for such conditions precedent that relate to the completion and placing in service of the Expansion Facilities.~~

(b) ~~Such allocation shall be made in priority of the “Contract Value”, such that the Contract with the greatest Contract Value is allocated the entirety of the Contract Demand under such Contract, the Contract with the next greatest Contract Value is allocated the entirety of the Contract Demand under that Contract, and so forth until all the Partial Expansion Capacity has been allocated; provided that if there remains Partial Expansion Capacity that is less than the entirety of the Contract Demand under a Contract, then such Contract shall only receive such lesser remaining Partial Expansion Capacity. If any two or more Contracts have an equivalent Contract Value and insufficient Partial Expansion Capacity remains to satisfy all such Contracts, then the remaining Partial Expansion Capacity will be allocated pro-rata based on the contract demand among all such Contracts. For purposes of this Section, “Contract Value” means an amount determined by calculating the monthly demand charges per GJ (as determined in accordance with Section 8.01) multiplied by the Initial Term in months.~~

(c) ~~If, pursuant to this Section, a Contract is allocated any portion of Partial Expansion Capacity, then the conditions precedent that relate to the completion and placing in service of the Expansion Facilities shall be deemed to have been waived such that the Initial Term under the Contract will commence. If a Contract is not allocated the entirety of the Contract Demand under such Contract, then such Contract Demand shall be deemed to be such lower allocated amount (and for greater certainty, the Initial Term shall nevertheless be deemed to have commenced) until such time as the Contract is allocated additional Partial Expansion Capacity pursuant to this Section or until the entirety of the Expansion Facilities are completed and placed in service.~~

(d) ~~The procedure contemplated by this Section will be applicable from time to time on each occasion that the Expansion Facilities are incrementally completed and placed in service.~~

4.03 — This Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by Shipper of termination at least two (2) years prior to the expiration thereof.

~~4.04~~ For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statements for a period equal to the time during which the Interconnecting Pipeline remains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of this Contract. ARTICLE V - TRANSPORTATION SERVICES

~~5.012.01~~ Transportation Services: Union shall, on a firm basis and subject to the terms and conditions herein, transport Shipper's gas on Union's system (the "Transportation Services"). Shipper agrees to the following upon nomination to Union for the provision of the Transportation Services:

(a) Contract Demand:

~~Union shall transport, on a firm basis, a quantity of gas on any one day, of up to [REDACTED] GJ ([REDACTED] MMBtu) (the "Contract Demand").~~ (b) Receipt, Term, Type of Transportation Service, Receipt Point and Delivery Point:

i) ~~"Receipt Point" shall mean the point(s) where Union shall receive gas from Shipper as follows:~~

• [Receipt Point Name]

ii) ~~"Delivery Point" shall mean the point(s) where Union shall deliver gas to Shipper as follows:~~

• [Delivery Point Name] which points are more particularly described shall be as set out in Schedule I.

~~(c)~~ (b) Gas Transported by Union:

(i) Union agrees, on any day, and subject to Sections ~~5.01~~ (eb) ii) and (eb) iii), to receive on Shipper's behalf at the Receipt Point, any quantity of gas which Shipper nominates and which Union has authorized for Transportation Service and to deliver that quantity of gas to Shipper at the Delivery Point;

(ii) Under no circumstances shall Union be required to transport a quantity of gas in excess of the Contract Demand; and,

(iii) Union agrees that it shall, upon the request of Shipper, use reasonable efforts to transport gas in excess of the Contract Demand, as Authorized Overrun, on an interruptible basis, if applicable under Schedule I hereof.

~~(d)~~ Fuel:

Shipper shall provide the fuel requirements per the CI Rate Schedule.

~~5.022.02~~ Accounting for Transportation Services: All quantities of gas delivered to/by Union shall be accounted for on a daily basis.

~~5.032.03~~ Commingling: Union shall have the right to commingle the quantity of gas referenced herein with gas owned by Union or gas being stored and/or transported by Union for third parties.

~~5.042.04~~ Imbalances: The parties hereto recognize that with respect to Section ~~5.012.01~~, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily

basis, and any imbalances arising shall be allocated to the Facilitating Agreements and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.

#### ARTICLE VI—FORCE MAJEURE

6.01 ——— An event of force majeure on Union's system will ~~excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.~~

6.02 ——— Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.

6.03 ——— Delay of Firm Transportation Services: ~~Despite Section 6.02, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the day or days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such day or days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Section 6.04 herein.~~

6.04 ——— Demand Charge Relief for Firm Transportation Services: ~~Despite Section 6.02, if on any day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the Contract Demand, then for that day the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such day and the quantity of gas which Shipper in good faith nominated on such day. The term "Daily Demand Rate" shall mean the monthly demand charge or equivalent (as stipulated in Section 8) divided by the number of days in the month for which such rate is being calculated.~~

6.05 ——— If due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, making it necessary for Union to curtail Shipper's gas receipts to Union hereunder, then Union agrees that the Contract Demand for Transportation Service under this Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro rated. This pro rationing shall be determined by multiplying the daily capability of such facilities, as available downstream of the impairment, by a fraction, the numerator of which is Shipper's Contract Demand and the denominator of which is the total of all such firm contract demands, including the Contract Demand hereunder and Union's said peak day requirements downstream of the impairment. For the purposes of this Section, firm contract demand shall mean all firm services provided by Union, including firm service under Rate Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the future.

#### ARTICLE VII—SERVICE CURTAILMENT

7.01 ——— Capacity Sharing: ~~Where requests for interruptible service hereunder exceed the capacity available for such Transportation Service, Union will authorize nominations from shippers and allocate capacity as per Union's procedures and policies and shippers shall be so advised. Any interruptible service provided herein is subordinate to any and all firm services supplied by Union and subordinate to Union's own operational or system requirements.~~

~~7.02 — Capacity Procedures: Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.~~

~~7.03 — Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of this Contract.~~

~~To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the monthly demand charge shall be reduced in accordance with Section 6.04 and available capacity allocated in accordance with Section 6.05 herein.~~

~~Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.~~ ARTICLE VIII - CHARGES AND RATES

~~8.01.01~~ Except as otherwise stated herein, in Schedule 1 hereof, the charges and rates to be billed by Union and paid by Shipper for the Transportation Services provided under this Contract will be those specified in Union's C1 Rate Schedule.

~~8.02 — In addition to the charges and rates, Shipper is responsible for any applicable Goods and Services Tax or other taxes, royalties or levies (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) imposed currently or subsequent to the commencement of this Contract.~~

~~8.03 — Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under this Contract and any enhancements to this Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.~~

## ARTICLE IX—PRESSURES

9.01 ~~Schedule 1 of this Contract shall govern receipt and delivery pressures which may be revised from time to time by Union upon written notice to Shipper.~~

Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

## ARTICLE X—QUALITY AND MEASUREMENT

10.01 ~~For Transportation Services provided pursuant to Section 5 hereof:~~

(a) ~~The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in the C1 Rate Schedule, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.~~

(b) ~~Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.~~

10.02 ~~In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.~~ ARTICLE XIV - NOMINATIONS

~~11.01~~ 4.01 Transportation Services provided hereunder shall be in accordance with the prescribed nominations procedure as set out in Schedule "B.2010" of Union's C1 Rate Schedule.

## ARTICLE XII—SHIPPER'S REPRESENTATIONS AND WARRANTIES

12.01 ~~Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under this Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.~~

12.02 ~~Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under this Contract as a result of one of the following events ("Material Event");~~

- (a) ~~Shipper is in default, which default has not been remedied, of this Contract or is in default of any other material contract with Union or another party; or,~~
- (b) ~~Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,~~
- (c) ~~Shipper ceases to be rated by a nationally recognized agency; or,~~
- (d) ~~Shipper has exceeded credit available as determined by Union from time to time;~~

~~then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of monthly-demand charges (in accordance with Section 8) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Section XII of the General Terms & Conditions.~~

~~In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business days after receipt of the request.~~

#### ~~12.03 & 12.04 - Optional Clauses:~~

#### ~~(Representation of Consumption in U.S. for Non-Resident, Non-GST Registrant)~~

~~12.03 — Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any government taxes or levies and related interest and penalties thereon, made as a result of such change.~~

~~12.04 — Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the GST. Shipper agrees to notify Union within ten (10) working days if it becomes registered. GST shall mean The Government of Canada's Goods and Services Tax as legislated under The Excise Tax Act, as may be amended from time to time.~~  
ARTICLE XIII - MISCELLANEOUS PROVISIONS

~~13.01 — (a) Permanent Assignment: Shipper may assign this Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Subsection 3.01 (d), herein. Any such assignment will be for the full rights, obligations and remaining term of this Contract as relates to the Capacity Assigned.~~

~~———— (b) Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under this Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.~~

~~13.025.01~~ Notices: All communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the business day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh business day following the day on which it is postmarked.

~~Communications to the parties hereto shall be directed as follows:~~

~~IF TO SHIPPER:~~ \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

~~Nominations: Attention:~~ \_\_\_\_\_  
~~Telephone:~~ \_\_\_\_\_  
~~Facsimile:~~ \_\_\_\_\_

~~Secondary Contact: Attention:~~ \_\_\_\_\_  
~~Telephone:~~ \_\_\_\_\_  
~~Facsimile:~~ \_\_\_\_\_

~~IF TO UNION:~~ \_\_\_\_\_ Union Gas Limited,  
50 Keil Drive North,  
CHATHAM, Ontario N7M 5M1

~~Nominations: Attention:~~ \_\_\_\_\_ ~~Manager, Gas Control~~  
~~Telephone:~~ 519 436 5217  
~~Facsimile:~~ 519 436 4635

~~Secondary Contact: Attention:~~ \_\_\_\_\_ ~~Director, Business Development~~  
~~Telephone:~~ 519 436 4527  
~~Facsimile:~~ 519 436 4643

Notwithstanding the above, nominations shall be made by facsimile or other recorded electronic means, subject to execution of the ~~“Agreement an agreement for Useuse of the Secured Portionsecured portion of Union Gas Limited’s Website,”’s website (the secured portion of Union’s website is known as “Unionline”)~~ or such other agreement, satisfactory to Union, and will be deemed to be received on the same day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

~~13.035.02~~ Law of Contract: Union and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article X of the General Terms and Conditions, the courts of the Province of Ontario shall have exclusive jurisdiction in all matters contained herein. The parties further agree this Contract shall be construed exclusively in accordance with the laws of the Province of Ontario.

~~13.04~~ Possession of Gas:

- (a) ~~Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper. Title to the gas shall not transfer to Union when it takes possession to the gas, or at any other time, unless the parties specifically agree otherwise, such as, including without limitation, under section 8.03 of the Contract.~~
- (b) ~~Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.~~

~~13.05 Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees, or other charges thereon.~~

~~13.06~~5.03 Entire Contract: This Contract (including the schedules attached hereto Schedule 1 and Union's C1 Rate Schedule) constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

~~13.07~~5.04 Time of Essence: Time shall be of the essence hereof.

~~13.08~~5.05 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original but all of which together shall constitute one and the same agreement. This Contract may be executed by facsimile.

~~13.09 Amendments and Waivers: Subject to Union's C1 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the C1 Rate Schedule with the approval of the OEB, no amendment or modification of this Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union. No waiver of any provision of this Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under this Contract shall operate as a waiver thereof.~~

~~13.10~~5.06 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

~~13.11~~5.07 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

THIS CONTRACT SHALL BE BINDING UPON and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

IN WITNESS WHEREOF this Contract has been properly executed by the parties hereto by their duly authorized officers as of the date first above written.

**UNION GAS LIMITED**

By: \_\_\_\_\_

Per: \_\_\_\_\_  
Authorized Signatory


By: \_\_\_\_\_

**[NAME OF SHIPPER]**

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Title:

Per: \_\_\_\_\_  
Authorized Signatory

Contract No. C1 

\_\_\_\_\_  
Contract No. C1xxx

POINTS AND PRESSURESCONTRACT PARAMETERSType of Transportation Service (as defined in Article I of Schedule "A 2010")

Please check one: Firm ☐ Limited Firm ☐ Interruptible ☐

Limited Firm description: Here insert limited number of days of interruption or other details applicable to Limited Firm Service

Contract Demand

Union shall transport a quantity of gas, on any one day, of:

- up to GJ ( MMBtu) (the "Contract Demand").

Receipt and Delivery Points

i) "Receipt Point" shall mean the point where Union shall receive gas from Shipper as follows:

- Point 1

ii) "Delivery Point" shall mean the point where Union shall deliver gas to Shipper as follows:

- Point 1

which points are more particularly described in the C1 Rate Schedule.

Term

This Contract shall be effective as of the date of execution hereof; however, the obligations, terms and conditions for the Transportation Services herein shall commence on the later of:

- Month, Day, Year (the "Commencement Date"); and
- the day following the date that all of the conditions precedent set out in Article XXI of Schedule "A 2010" of Union's C1 Rate Schedule have been satisfied or waived by Union;

where applicable for Expansion Facilities:

- and the day following the date that all of the conditions precedent set out in the agreement setting out certain construction and related conditions ("Precedent Agreement") dated Month, Day, Year, have been satisfied or waived by the party entitled to the benefit thereof;

and shall continue in full force and effect until Month, Day, Year (the "Initial Term").

Conditions Date

As referred to in Article XXI of Schedule "A 2010": Month, Day, Year:

SCHEDULE 1  
Page 2 of 3  
Contract No. C1xxx

**Contact Information**

Communications to the parties hereto shall be directed as follows:

IF TO SHIPPER: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Nominations: Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

Secondary Contact: Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

IF TO UNION: \_\_\_\_\_ Union Gas Limited,  
50 Keil Drive North,  
CHATHAM, Ontario N7M 5M1

Nominations: Attention: \_\_\_\_\_ Manager, Gas Management Services  
Telephone: 519-436-5360  
Facsimile: 519-436-4635

Secondary Contact: Attention: \_\_\_\_\_ Director, Business Development  
Telephone: 519-436-4527  
Facsimile: 519-436-4643

**Shipper's Representations and Warranties**

Check here if Article XIX.3 of Schedule "A 2010" (Point of Consumption Warranty) is applicable: [ ]

Check here if Article XIX.4 of Schedule "A 2010" (Non-Resident and Non-GST Registrant) is applicable:  
☐

The following defines each Receipt Point and/or Delivery Point:

**Special Provisions**

**DAWN (TCPL):** \_\_\_\_\_ At the junction of Union's and TCPL's facilities, at or adjacent to Dawn  
(Facilities).

Here insert any special provisions applicable to this Contract

DAWN (FACILITIES): ———— ~~Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession 11, in the Township of Dawn Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.~~

Authorized Overrun

DAWN (TECUMSEH): ———— ~~At the junction of Union's and Tecumseh Gas Storage's, a division of Enbridge Gas Distribution Inc. ("Enbridge") facilities, at or adjacent to Dawn (Facilities).~~

Please check one: Applicable ☐ Not applicable ☐

SCHEDULE 1

Page 3 of 3

Contract No. C1xxx

DAWN (TSLE): ———— ~~At the junction of Union's and Enbridge Gas Distribution Inc.'s ("Enbridge") NPS16 Tecumseh Sombra Line Extension facilities, adjacent to Dawn (Facilities).~~

Rate for Service

DAWN (VECTOR): ———— ~~At the junction of Union's and Vector pipeline Limited Partnership ("Vector") facilities, at or adjacent to Dawn (Facilities).~~

Here insert details of rate for service if different than posted C1 rate

PARKWAY (TCPL): ———— ~~At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession 1X, New Survey, Town of Milton, Regional Municipality of Halton.~~

KIRKWALL: ———— ~~At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Fhamborough.~~

PARKWAY (CONSUMERS): ———— ~~At the junction of the facilities of Union and Enbridge, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession 1X, New Survey, Town of Milton, Regional Municipality of Halton.~~

LISGAR: ———— ~~At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.~~

OJBWAY: ———— ~~At the junction of Union's and Panhandle Eastern Pipe Line Company, LP's ("Panhandle") facilities, through two existing twelve-inch diameter pipelines that extend across the Detroit River from Windsor, Ontario to River Rouge, Michigan.~~

ST. CLAIR (MICHCON): ———— ~~At the junction of Michigan Consolidated Gas Company's ("MichCon") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.~~

BLUEWATER: ———— ~~At the junction of Bluewater Gas Storage, LLC ("Bluewater") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.~~

Dated: [Month day, year]

## RECEIPT PRESSURES

DAWN (TCPL): Receipts by Union shall be at a pressure of not less than 4,825 kPa.

DAWN (FACILITIES): Receipts by Union shall be at a pressure of not less than 4,825 kPa.

DAWN (TECUMSEH): Receipts by Union shall be at a pressure of not less than 4,825 kPa.

DAWN (TSLE): Receipts by Union shall be at a pressure of not less than 4,999 kPa.

DAWN (VECTOR): Receipts by Union shall be at a pressure of not less than 4,930 kPa.

OJIBWAY: Receipts by Union shall be made at Union's prevailing local system pressure.

BLUEWATER: Receipts by Union shall be made at a pressure in accordance with the Operating Agreement among Bluewater, St. Clair Pipelines L.P. and Union dated January 31, 2007, as may be amended from time to time, which pressure shall not be less than 4,930 kPa at the International Border.

ST. CLAIR (MICHCON): Receipts by Union shall be made at a pressure in accordance with the Operating Agreement among Union, MichCon, and St. Clair Pipelines L.P. dated May 1, 1988, as may be amended from time to time, which pressure shall not be less than 5,170 kPa at the International Border.

PARKWAY (TCPL): Receipts by Union shall be made at a pressure in accordance with the Parkway Operating Agreement between TCPL and Union dated October 1, 1993, as amended or restated from time to time (the "Parkway Operating Agreement").

## DELIVERY PRESSURES

PARKWAY (TCPL): Deliveries by Union to TCPL shall be made at a pressure in accordance with the Parkway Operating Agreement between TCPL and Union dated October 1, 1993, as amended or restated from time to time (the "Parkway Operating Agreement").

KIRKWALL: Deliveries by Union to TCPL shall be made at Union's prevailing line pressure which shall be in accordance with the Parkway Operating Agreement.

PARKWAY (CONSUMERS): Delivery pressures shall be as stated in the Interconnect Operating Agreement between Enbridge Gas Distribution Inc. and Union dated October 31, 2008, as amended or restated from time to time (the "Enbridge Operating Agreement").

LISGAR: Delivery pressures shall be as stated in the Enbridge Operating Agreement as it may be amended from time to time.

DAWN (TCPL): Deliveries by Union shall be at a pressure of not less than 4.825 kPa.

DAWN (FACILITIES): Deliveries by Union shall be at a pressure of not less than 4.825 kPa.

DAWN (TECUMSEH): Deliveries by Union shall be at a pressure of not less than 3.447 kPa.

DAWN (TSLE): Deliveries by Union shall be at a pressure of not less than 3.447 kPa.

DAWN (VECTOR): Deliveries by Union shall be at a pressure of not less than 4.930 kPa.

OJIBWAY: Deliveries by Union to Panhandle shall be made at Union's prevailing local system pressure.

BLUEWATER: Deliveries by Union to Bluewater shall be made at a pressure in accordance with the Operating Agreement among Bluewater, St. Clair Pipelines L.P. and Union dated January 31, 2007, as may be amended from time to time, which pressure shall not be less than 3,448 kPa at the International Border.

ST. CLAIR (MICHCON): Deliveries by Union to MichCon shall be made at a pressure in accordance with the Operating Agreement among Union, MichCon and St. Clair Pipelines L.P. dated May 1, 1988, as may be amended from time to time, which pressure shall not be less than 5,170 kPa at the International Border.

Dated: [Month day, year]

SCHEDULE "A 2010"

RATE C1

GENERAL TERMS & CONDITIONS

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

"Authorized Overrun" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

"Available Capacity" shall mean at any time, Union's remaining available capacity to provide Transportation Services;

"Eastern Clock Time" shall mean the local clock time in the Eastern Time Zone on any Day;

4. "Contract" shall refer to the contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

"Contract Year" shall mean a period of three hundred and sixty-five (365) consecutive days provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days commencing on November 1 of each year, except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

3. "day" or "Day" shall mean a period of twenty-four (24) consecutive hours beginning at 8:00:00 a.m. Central Standard time Eastern Clock Time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

"Expansion Facilities" shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

5. "firm" or "Firm" shall mean service not subject to curtailment or interruption except under Articles XI, XII and XI' of this Schedule "A", XVIII herein;

6. "gas" or "Gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. 8, as amended, supplemented or re-enacted from time to time;

7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) 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 at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

8. "Interruptible HUB Service Contract" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"interruptible service" or "Interruptible" shall mean service subject to curtailment or interruption, after notice, at any time;

9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;

10. "joule" (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. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;

11. ~~"limited interruptible service"~~ "Limited Firm" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;

"Loaned Quantities" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;

13. "month" or "Month" shall mean the period beginning at ~~910:00 a.m. Central Standard Time~~ Eastern Clock Time on the first day of a calendar month and ending at ~~910:00 a.m. Central Standard Time~~ Eastern Clock Time on the first day of the following calendar month;

"NAESB" shall mean North American Energy Standards Board.

14. "OEB" means the Ontario Energy Board;

15. "Open Season" or "open season" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;

16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

17. "Shipper", shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);

18. "TCPL" means TransCanada PipeLines Limited;

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.

2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,

a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,

- b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the gas,
  - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure,
  - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,
  - k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Section 2
4. Quality of Gas Received: The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ~~("The Unit")~~ The Unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion
2. Determination of Volume and Energy:
- a. a.—The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), assented to 31 March, 1982 (the "Act") and the Electricity and Gas Inspection Regulations, P.C. 1985-116, 16 January, 1986, ~~1986~~, 1986 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. b.—The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. c.—The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII —~~Measuring Equipment, of this schedule~~ herein.

d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

#### IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule 'C 2010'.

1. ~~Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.~~
2. ~~Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.~~

#### V. POSSESSION OF AND RESPONSIBILITY FOR GAS

1. Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.

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2. Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

#### VI. FACILITIES ON SHIPPER'S PROPERTY

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper

#### VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III subparagraph 2-a herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring 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 ten days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Electricity and Gas Inspection Act (1982) and regulations thereunder and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.

2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## IX. PAYMENTS

1. Monthly payments: Shipper shall, unless otherwise directed by Union, pay directly into Union's account at the Canadian Imperial Bank of Commerce, Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the bill provided by Union. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20th) day of the month.
2. Remedies for non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

4 Taxes and Levies:

In addition to the charges and rates as per the C1 Rate Schedule, Shipper is responsible for any applicable Goods and Services Tax, Harmonized Sales Tax, or other taxes, royalties, charges, duties or levies, (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction.

5 Set Off:

If either party shall, at any time, be in arrears under any of its payment obligations to the other party, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

**X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, 1991, or any Act passed in amendment thereof or substitution thereof, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

**XI. FORCE MAJEURE**

1. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension, the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not as soon as possible after determining or within a period within which it should acting reasonably have determined that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract give to the other party the notice required hereunder

4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the day or days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such day or days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services. Despite Article XI herein, if on any day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that day the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such day and the quantity of gas which Shipper in good faith nominated on such day. The term "Daily Demand Rate" shall mean the monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, making it necessary for Union to curtail Shipper's gas receipts to Union hereunder, then Union agrees that the firm Contract Demand for Transportation Services under the Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro-rated. This pro-rating shall be determined by multiplying the daily capability of such facilities, as available downstream of the impairment, by a fraction, the numerator of which is Shipper's firm Contract Demand and the denominator of which is the total of all such firm contract demands, including the firm Contract Demand hereunder and Union's said peak day requirements downstream of the impairment. For the purposes of this Article XI, firm contract demand shall mean all firm services provided by Union, including firm service under Rate Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the future.

## XII. DEFAULT AND TERMINATION

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the ~~Nonnon~~-defaulting party may give written notice to the ~~Defaulting~~ defaulting party requiring it to remedy such default and in the event of the ~~Defaulting~~ defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the ~~Nonnon~~-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

XIII. MODIFICATION/AMENDMENT

Subject to ~~Union's C1 Rate Schedule, Schedule A,~~ Article XV herein and the ability of Union to amend the C1 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

XIV. NON-WAIVER AND FUTURE DEFAULT

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No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

XVI. ALLOCATION OF CAPACITY

1. Any Shipper may request Transportation Services at any time. Any such request must include: Shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand and Type of Transportation Service.
2. If requests for firm Transportation Services cannot be met through existing capacity such that the only way to satisfy the request for service would require the construction of Expansion Facilities which create new capacity, Union shall allocate such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. If requests for long-term service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
4. Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value ("NPV") using the effective rate at the time the capacity is allocated.
5. If Shippers request Transportation Services where (a) the Transportation Services requested were previously offered in an open season but were not awarded, or (b) the requests for Transportation Services may be served on existing facilities for a term no greater than one year, then the allocation of such capacity shall be carried out by one of Union's methods for allocation of such capacity, which methods include, but are not limited to, "first come, first served" basis, open season, or direct negotiations, provided any such requesting Shipper meets all conditions in Article XXI herein, subject to the remaining Available Capacity.
6. Union is not obligated to accept requests for service where the proposed monthly payment is less than Union's monthly demand charge plus fuel requirements for the applicable service.

## XVII. RENEWALS

For contracts with an Initial Term of five (5) years or greater, with (a) a Receipt Point of Parkway or Kirkwall and a Delivery Point of Dawn (Facilities), or (b) a Receipt Point of Dawn (Facilities) and a Delivery Point of Parkway or Kirkwall, the Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by Shipper of termination at least two (2) years prior to the expiration thereof.

For all other contracts, the Contract will continue in full force and effect until the end of the initial term, but shall not renew

## XVIII. SERVICE CURTAILMENT

1. Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The priority of service guidelines for Union's Transportation Services shall be as follows, with detailed policies and procedures available on Union's website. The highest ranked service has the highest priority and is curtailed last and the lowest ranked service has the lowest priority and is curtailed first:

- a. Any firm ex-franchise transportation service(s), firm in-franchise transportation and distribution service(s)
  - b. Interruptible in-franchise distribution service(s)
  - c. M12/C1 interruptible transportation and exchange(s), balancing activity (ex-franchise/in-franchise), overrun (ex-franchise/in-franchise)
  - d. Late nomination(s)
2. Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements during the period from April 1 through to November 1.

## XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.

2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("Material Event"):

a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,

b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,

c. Shipper ceases to be rated by a nationally recognized agency; or,

d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business days after receipt of the request.

The following paragraphs 3 and/or 4 are only applicable if indicated in Schedule 1 of the Contract.

3. Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any government taxes or levies and related interest and penalties thereon, made as a result of such change.

4. Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the Excise Tax Act. Shipper agrees to notify Union within ten (10) working days if it becomes registered. "GST/HST" shall mean the Government of Canada's Goods and Services Tax or Harmonized Sales Tax as legislated under The Excise Tax Act, as may be amended from time to time.

## XX. MISCELLANEOUS PROVISIONS

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.

2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees, or other charges thereon.

## XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

1. The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services; and
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Transportation Services; and
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Contract (the "Initial Financial Assurances"). The Initial Financial Assurances, if required, will be as determined solely by Union; and
  - d. Shipper and Union shall have entered into the Interruptible HUB Service Contract or equivalent (the "Facilitating Agreement") with Union.
2. The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. If any of the conditions precedent in this Article XXI Section 1 d or Section 2 are not satisfied or waived by the party

~~entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.~~

RATE C1

SCHEDULE "B 2010"

NOMINATIONS

a) ~~For Services provided either under this rate schedule or referenced to this rate schedule:~~

1. ~~i) For Transportation Services required on any day under the Contract, Shipper shall provide Union with a nomination (s) providing the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point, and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business days immediately preceding the day for which service is requested Shipper's requested Receipt Point(s), contract numbers, the applicable service, the quantity of Gas to be transported, the requested Delivery Point(s), and such additional information as Union determines to be necessary (a "Nomination").~~
2. All Nominations shall be submitted by electronic means via Unionline. Union, in its sole discretion, may amend or modify the nominating procedures or Unionline at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept

all nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. All times referred to herein are Eastern Clock Time. For greater certainty, NAESE nomination cycle timelines are as follows:

- a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 4:30 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 5:30 pm for receipt of Quantities Available by Shipper (Day prior to flow).
    - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 10:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 11:00 pm for receipt of Quantities Available by Shipper (Day prior to flow).
  - ii) ~~If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.~~
    - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 2:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 3:00 pm for receipt of Quantities Available by Shipper, on Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on same Day.
  - iii) ~~For customers electing firm all day transportation, nominations shall be provided to Union's Gas Management Services as outlined in the Contract.~~
    - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of completed confirmations by Union from upstream and downstream connected parties; 10:00 pm for receipt of Quantities Available by Shipper on Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on same Day.
3. b) Union shall determine whether or not all or any portion of Shipper's ~~the~~ Nomination will be accepted. ~~In scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not accept~~ schedule such nomination Nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity" Quantities Available;) for Transportation Services at the applicable points. ~~Forthwith after as outlined in each nomination cycle. After receiving such advice from Union, but no later than 1800 hours in the Eastern time zone on the same day one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a "revised nomination ("Revised Nomination") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser~~ lessor amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the Contract.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.
6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).

9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. ~~e)~~ — That portion of a Shipper's Nomination or Revised Nomination, as set out in ~~(a)~~ paragraphs 1 and ~~(b)~~ 3 above, which Union shall ~~accept~~ schedule for Transportation Services hereunder, shall be known as Shipper's "Authorized Quantity".
11. ~~d)~~ — If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation Services exceed Shipper's Authorized Quantity—such excess shall be deemed "Unauthorized Overrun".
12. ~~e)~~ — The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. ~~f)~~ — A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from the Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
14. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
15. Shipper may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Shipper shall provide Union with written notice of such designation, such notice to be acceptable to Union. Any such designation, if acceptable to Union, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by Shipper.

SCHEDULE "C 2010"

RATE C1

RECEIPT AND DELIVERY POINTS AND PRESSURES

1. Receipt and Delivery Points:

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

R, D DAWN (FACILITIES): Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five

(25), Concession 11, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.

<u>R</u>	<u>DAWN (TCPL):</u>	<u>At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).</u>
<u>R, D</u>	<u>DAWN (TECUMSEH):</u>	<u>At the junction of Union's and Enbridge Gas Distribution Inc.'s ("Enbridge") Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).</u>
<u>R, D</u>	<u>DAWN (TSLE):</u>	<u>At the junction of Union's and Enbridge Gas Distribution Inc.'s ("Enbridge") NPS 16 Tecumseh Sombra Line Extension facilities, at or adjacent to Dawn (Facilities).</u>
<u>R, D</u>	<u>DAWN (VECTOR):</u>	<u>At the junction of Union's and Vector Pipeline Limited Partnership ("Vector") facilities, at or adjacent to Dawn (Facilities).</u>
<u>R, D</u>	<u>PARKWAY (TCPL):</u>	<u>At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)</u>
<u>D</u>	<u>KIRKWALL:</u>	<u>At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.</u>
<u>D</u>	<u>PARKWAY (CONSUMERS):</u>	<u>At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)</u>
<u>D</u>	<u>LISGAR:</u>	<u>At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.</u>
<u>R, D</u>	<u>OJIBWAY:</u>	<u>At the junction of Union's and Panhandle Eastern Pipe Line Company, L.P.'s ("Panhandle") facilities, located at the International Border between Canada and the United States in the St. Clair River.</u>
<u>R, D</u>	<u>ST. CLAIR (MICHCON):</u>	<u>At the junction of Michigan Consolidated Gas Company's ("MichCon") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.</u>
<u>R, D</u>	<u>BLUEWATER:</u>	<u>At the junction of Bluewater Gas Storage, LLC ("Bluewater") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.</u>

## 2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

~~(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable interconnecting Pipeline as amended or restated from time to time.~~

~~(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.~~

~~g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.~~

GISB

Document comparison by Workshare Professional on April 1, 2010 4:40:02 PM

**Input:**

Document 1 ID	file://C:/Documents and Settings/drjones/Desktop/STAR Compliance/STAR C1/Originals/Original C1 Comprehensive.docx
Description	Original C1 Comprehensive
Document 2 ID	file://C:/Documents and Settings/drjones/Desktop/STAR Compliance/STAR C1/Mar 29/STAR C1 Comprehensive Final.docx
Description	STAR C1 Comprehensive Final
Rendering set	Standard

**Legend:**

Insertion

Deletion

Moved from

Moved to

Style change

Format change

Moved deletion

Inserted cell

Deleted cell

Moved cell

Split/Merged cell

Padding cell

**Statistics:**

	Count
Insertions	367
Deletions	351
Moved from	138
Moved to	138
Style change	0
Format changed	0
Total changes	994



## CROSS FRANCHISE TRANSPORTATION RATES - DRAFT

### (A) Applicability

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points

<u>Applicable Points</u>	(1)	(2)
	Ojibway	WDA
	St. Clair	NDA
	Dawn*	SSMDA
	Parkway	SWDA
	Kirkwall	CDA
	Bluewater	EDA

\*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)

### (B) Services

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

### (C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

#### Transportation Service:

	Monthly Demand Charge (applied to daily contract demand) <u>Rate/GJ</u>	Commodity Charges			
		If Union supplies fuel Commodity Charge		If Shipper supplies fuel Fuel Ratio	
		Apr.1-Oct.31 <u>Rate/GJ</u>	Nov.1-Mar.31 <u>Rate/GJ</u>	Apr.1-Oct.31 <u>%</u>	Nov.1-Mar.31 <u>%</u>
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.985	\$0.026	\$0.031	0.356%	0.436%
Ojibway & Dawn	\$0.985	\$0.035	\$0.041	0.502%	0.572%
Bluewater & Dawn	\$0.985	\$0.026	\$0.031	0.356%	0.436%
From:					
Parkway to Kirkwall	\$0.551	\$0.026	\$0.023	0.357%	0.332%
Parkway to Dawn	\$0.551	\$0.026	\$0.023	0.357%	0.332%
Dawn to Kirkwall	\$2.014	\$0.037	\$0.081	0.523%	1.149%
Dawn to Parkway	\$2.366	\$0.037	\$0.081	0.523%	1.149%
b) Interruptible and Short Term (1 year or less) Firm Transportation:					
Maximum		\$75.00	\$75.00		
c) Firm Transportation between two points within Dawn					
Dawn to Dawn-Vector	\$0.043	n/a	n/a	0.207%	n/a
d) Interruptible Transportation between two points within Dawn*					
*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)				0.332%	0.332%



(C) Rates (Cont'd)

Authorized Overrun:

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel Commodity Charge		Commodity Charges If Shipper supplies fuel Fuel Ratio		Commodity Charge Rate/GJ
	Apr.1-Oct.31 Rate/GJ	Nov.1-Mar.31 Rate/GJ	Apr.1-Oct.31 %	Nov.1-Mar.31 %	
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.058	\$0.064	0.356%	0.436%	\$0.033
Ojibway & Dawn	\$0.068	\$0.075	0.502%	0.572%	\$0.033
Bluewater & Dawn	\$0.058	\$0.064	0.356%	0.436%	\$0.033
From:					
Parkway to Kirkwall	\$0.030	\$0.028	0.958%	0.933%	\$0.018
Parkway to Dawn	\$0.030	\$0.028	0.958%	0.933%	\$0.018
Dawn to Kirkwall	\$0.090	\$0.134	1.124%	1.750%	\$0.066
Dawn to Parkway	\$0.101	\$0.145	1.124%	1.750%	\$0.078
b) Firm Transportation within Dawn					
Dawn to Dawn-Vector	n/a	n/a	0.443%	n/a	\$0.001

Authorized overrun for short-term firm transportation is available at negotiated rates.

Unauthorized Overrun:

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara, Iroquois or Chicago in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

(D) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before June 16, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after June 16, 2010.

(E) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before June 16, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after June 16, 2010.

(F) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "C 2010" for contracts in effect on or after June 16, 2010.

Effective June 16, 2010  
O.E.B. ORDER # EB-2008-0052

Chatham, Ontario

Supersedes EB-2010-0040 Rate Schedule effective April 1, 2010.

Contract No. M16XXX

M16 TRANSPORTATION CONTRACT

BETWEEN

UNION GAS LIMITED

AND

[SHIPPER]

DATED

[Date]

# M16 TRANSPORTATION CONTRACT

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ARTICLE 13.0	MISCELLANEOUS PROVISIONS

**THIS M16 TRANSPORTATION CONTRACT** ("Contract") dated as of the [Date]

**BETWEEN:**

**UNION GAS LIMITED**, a company incorporated under the laws of the Province of Ontario,

(hereinafter referred to as "**Union**")

- and -

**[SHIPPER]**, a company incorporated under the laws of the Dominion of Canada,

(hereinafter referred to as "**Shipper**")

**WHEREAS**, Union owns and operates a natural gas transmission system in south-western Ontario, through which Union offers the services as more particularly defined in Article 5.0 herein;

**AND WHEREAS** Union is willing to install, own, operate, and maintain the pipeline and measurement facilities necessary to receive and deliver Shipper's gas;

**AND WHEREAS**, Shipper is a natural gas storage operator in south-western Ontario who is seeking or has obtained permission from the Ontario Energy Board ("**OEB**") to inject gas into, store gas in and remove gas from the [Pool Name] gas storage facility located in [Location], (geographic Township of Location), Ontario (the "**Pool**");

**AND WHEREAS**, Shipper wishes to retain Union to provide the Services, as set out herein, and Union has agreed, subject to the terms and conditions of this Contract, to provide the Services requested;

**NOW THEREFORE**, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained, the payment and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

## **1.0 ARTICLE I - INTERPRETATION AND DEFINITIONS**

- 1.01 **Conflict:** In the event of any conflict between the provisions of this Contract and the C1 Rate Schedule or the M16 Rate Schedule, as defined below, the provisions of the C1 Rate Schedule or the M16 Rate Schedule, as the case may be, shall prevail over this Contract, and in the event of a conflict between the C1 Rate Schedule and the M16 Rate Schedule, the M16 Rate Schedule shall prevail.
- 1.02 **Currency:** All reference to dollars in this Contract shall mean Canadian dollars.
- 1.03 **Divisions, Headings and Index:** The division of this Contract into articles, sections and subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

- 1.04 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein" and "hereunder" and words of similar import refer to the entirety of this Contract, and not only to the section in which such use occurs.
- 1.05 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas have an accepted meaning shall have that meaning.
- 1.06 Measurements: Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (metric) shall prevail.
- 1.07 Definitions: Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in the M16 Rate Schedule and the C1 Rate Schedule, unless the context hereof otherwise clearly requires. The following definitions shall be read and interpreted as though included in the aforementioned:
- a) "Authorized Overrun" shall mean the amount by which the Authorized Quantity exceeds the Contract Demand;
  - b) "Authorized Quantity" shall have the meaning given thereto in Schedule "B 2010" of the C1 Rate Schedule;
  - c) "Contract Demand" shall mean the maximum quantity of gas which Union shall be obligated on a firm or interruptible basis hereunder to be ready to deliver to or receive from the Shipper on any day;
  - d) "Daily Demand Rate" shall mean the Monthly Demand Charge contained in Union's M16 Rate Schedule divided by the number of days in the month for which such rate is being calculated, applied to the firm Contract Demand;
  - e) "Dehydration Contract" shall mean the contract for Dehydration Service dated {Date} between Union and the Shipper;
  - f) (i) "Delivery Point" and ~~"Receipt Point"~~ shall mean any one of the points described as follows:
    - ~~i. Dawn (TCPL): At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities);~~
    - ~~ii. i. Dawn (Facilities):~~ Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn Euphemia, in the County of Lambton;
    - ~~iii. ii. Custody Transfer Point:~~ That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;

(ii) "Receipt Point" shall mean any one of the points described as follows:

i. Dawn (TCPL): At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities);

ii. Dawn (Facilities): Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn Euphemia, in the County of Lambton;

iii. Custody Transfer Point: That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;

- g) "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
- h) "Pool Quantity" shall mean the actual daily quantity of gas delivered to or received from Shipper at the Custody Transfer Point;
- i) "Pool Station" shall mean the physical location of Union's measurement and control facilities to the Pool, being [Pool Name];
- j) "Shipper Quantity" shall, on any gas day, be equal to the greater of: (i) the Authorized Quantity for that gas day; and (ii) the nomination duly made by Shipper in good faith prior to the nomination deadline for the first nomination window applicable for that gas day; provided that in no event shall the Shipper Quantity exceed the firm Contract Demand;
- k) "Union's C1 Rate Schedule" or "the C1 Rate Schedule" or "C1" shall mean Union's C1 Rate Schedule, (including the applicable Schedules attached thereto), or such other replacement Rate Schedule which may be applicable to the services provided hereunder as approved by the Ontario Energy Board from time to time;
- l) "Union's M16 Rate Schedule" or "the M16 Rate Schedule" or "M16" shall mean Union's M16 Rate Schedule, (including the applicable Schedules attached thereto), or such other replacement Rate Schedule which may be applicable to the services provided hereunder as approved by the Ontario Energy Board from time to time;
- m) "Union Expansion Facilities" shall mean any facilities necessary for Union to provide the Services, including without limiting the generality of the foregoing:
  - i. a meter and any associated recording gauges as are necessary;
  - ii. pressure and/or flow control devices, over pressure protection and telemetry equipment as are necessary;

- iii. a suitable gas odourizing injection facility if Union deems such a facility to be necessary
- iv. piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;
- v. gas chromatograph, moisture analyzer, piping, fittings, material, filtration facilities, cathodic protection and insulating flanges.

## 2.0 ARTICLE II - GENERAL TERMS AND CONDITIONS

- 2.01 The General Terms & Conditions for the services provided under this Contract will be those specified in Schedule "A\_2010" of the M16 Rate Schedule as may be amended from time to time, and in Article XII of Schedule "A\_2010" of the C1 Rate Schedule as may be amended from time to time, and Schedule "B\_2010" of the C1 Rate Schedule, all of which are hereby incorporated into and form an integral part of this Contract. All references to "Customer" or "customer" in Schedule "A\_2010" of Union's M16 Rate Schedule, Article XII of Schedule "A\_2010" of Union's C1 Rate Schedule, or Schedule "B\_2010" of Union's C1 Rate Schedule shall be deemed to be references to Shipper.

## 3.0 ARTICLE III - CONDITIONS PRECEDENT

- 3.01 The obligations of Union to provide the Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in this Contract:
- a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to:
    - i. provide the Services; and,
    - ii. construct the Union Expansion Facilities;
  - b) Union shall have obtained all internal approvals that are necessary or appropriate to:
    - i. provide the Services; and,
    - ii. construct the Union Expansion Facilities;
  - c) Union shall have completed and placed into service:
    - i. the Union Expansion Facilities;
  - d) Shipper shall, on or before [Date], have provided Union with the requisite security or financial assurances required by Union, acting reasonably, to ensure Shipper's ability to honour the provisions of this Contract (the "Initial Financial Assurances"). Such security or financial assurances will be in a form and amount acceptable to Union;

- e) Shipper shall, on or before [Date], at Shipper's own cost and expense, have obtained a registered lease or freehold ownership in Union's favour for the Union Expansion Facilities located at the Pool Station satisfactory to Union and sufficient to provide Union with free uninterrupted access to, from, under and above the Pool Station for a term (and extended terms) identical to this Contract, plus sixty (60) days (such land rights being referred to as the "**Pool Station Land Rights**"), and shall provide Union with a bona fide copy of such agreements prior to Union commencing the construction of the Union Expansion Facilities;
  - f) Shipper shall, on or before [Date], have executed a Hub Contract (the "**Facilitating Agreement**") with Union; and
  - g) Shipper shall, on or before [Date], have paid any amounts owing pursuant to Section 8.04.
- 3.02 The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in this Contract:
- a) Shipper shall, on or before [Date], have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under this Contract;
  - b) Shipper shall, on or before [Date], have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under this Contract; and,
  - c) Shipper shall, on or before [Date], have obtained all internal approvals that are necessary or appropriate for the Shipper to execute this Contract.
- 3.03 Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in Section 3.01 a), c), d), e), f), g) and Section 3.02 a) and b). Each party shall notify the other forthwith in writing of their respective satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.
- 3.04 If any of the conditions precedent in Sections 3.01 d), e), f), or g) are not satisfied or waived by the party entitled to the benefit of such condition precedent by the date specified in such Section, then either party may terminate this Contract upon written notice to the other party, in which event this Contract shall be of no further force and effect and each of the

parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

#### 4.0 ARTICLE IV - TERM OF CONTRACT

- 4.01 This Contract shall be effective as of the date of execution hereof; however, the service obligations, terms and conditions hereunder shall commence on the later of a) [Date] and b) the day following the date that all conditions precedent set out in 3.01 and 3.02 have been satisfied or waived by the party entitled to the benefit thereof, (such date being known as the "**Commencement Date**") and shall continue in full force and effect until [Date], (such period being referred to as the "**Initial Term**"). This Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one year, and every one year thereafter, subject to notice in writing by either party of termination at least two years prior to the expiration thereof.
- 4.02 Without limiting the generality of the foregoing, this Contract may be terminated in accordance with Article XII of Schedule "A.2010" of Union's CI Rate Schedule.
- 4.03 For the purpose of completing a final determination of the actual quantities of gas handled under this Contract, Union shall have the right to amend its statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three years from the date of termination of this Contract.

#### 5.0 ARTICLE V - SERVICES

- 5.01 Services: Shipper agrees to the terms and conditions set out herein upon nomination to Union for the provision of the following services (the "**Services**");

a) Transportation Services:

Union agrees upon the commencement of service obligations pursuant to Section 4.0 hereunder, on any day, subject to the terms and conditions herein;

- (1) From April 1 to October 31 (the "**Injection Period**"), Union shall transport from the Receipt Point of Dawn (TCPL) or Dawn (Facilities) to the Delivery Point of Custody Transfer Point, on a firm basis, a quantity of gas on any one gas day of up to [Quantity] GJ and on an interruptible basis from April 1 to October 31 up to [Quantity] GJ/day and on an interruptible basis from November 1 to March 31 up to [Quantity] GJ/day;
- (2) From November 1 to March 31 (the "**Withdrawal Period**"), Union shall transport from the Receipt Point of Custody Transfer Point to the Delivery Point of ~~Dawn (TCPL)~~ or Dawn (Facilities), on a firm basis, a quantity of gas on any one gas day of up to [Quantity] GJ and on an interruptible basis from November 1 to March 31 of [Quantity]

GJ/day and on an interruptible basis from April 1 to October 31 up to [Quantity] GJ/day;

- (3) Union agrees that it shall, upon the request of Shipper, use reasonable efforts to transport gas on an overrun basis (any transported to the pool above [Quantity] GJ/d or from the pool above [Quantity] GJ/day), if authorized by Union in its sole discretion.

b) Limitations: Notwithstanding anything in Section 5.01a) hereof:

- i. The service parameters in Section 5.01 a) (1) and 5.01 a) (2) are subject to compliance with the terms hereof, in particular the pressure restrictions of Section 9.0;
- ii. Union shall under no circumstances be required to authorize delivery on any day, a quantity of gas in excess of the Contract Demand or in any hour a quantity of gas in excess of 5% of the Authorized Quantity;
- iii. Shipper shall use reasonable best efforts to nominate a quantity of gas less than or equal to the maximum quantity of gas Shipper expects it can deliver or receive in any gas day;
- iv. Union shall under no circumstances be required to authorize a nomination that is greater than the maximum station capacity. The station is designed to have a maximum capacity of [Quantity] GJ/day at a design pressure of [Insert Pressure] kPag (XXX Psig) (as measured at the Custody Transfer Point);
- v. Union shall under no circumstances be required to authorize a nomination (which for greater clarity, shall include any nomination for firm Contract Demand) for transportation of gas from the Receipt Point of Custody Transfer Point to the Delivery Point of Dawn ~~(TCPL) or Dawn~~ (Facilities) on any day that is greater than the forecasted consumption (by Union, acting reasonably) for the [insert name of local transmission system] pipeline system for that day.

c) Balancing Service:

Union and Shipper recognize that on any day the receipt of gas by Union and the delivery of gas by Union may not always be exactly equal. The difference between the Pool Quantity and Authorized Quantity will be handled as though it was delivered to or received from Union at Dawn under the Facilitating Agreement. Shipper further acknowledges that it is impractical for Shipper to nominate the Pool Quantity. Union shall calculate the Pool Quantity on a post-flow basis.

- 5.02 Accounting for Service: All quantities of gas handled by Union shall be accounted for on a daily basis.

- 5.03 Commingling: Union shall have the right to commingle the quantity of gas referenced herein with gas owned by Union or gas being stored and/or transported by Union for third parties.

## 6.0 ARTICLE VI - FORCE MAJEURE

- 6.01 An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure. Such cause or circumstances affecting the performance of this Contract shall not relieve either party from its obligations to make payments of amounts due hereunder. Force majeure shall mean acts of God, or of the Queen's enemies, strikes, lockouts, labour troubles, earthquakes, fire, revolution, wars, riots, epidemics, insurrections, explosions, breakage or accidents to machinery or pipelines, the necessity for making repairs to or alterations of machinery or lines of pipe, inability to obtain materials, interference of any civil or military authority of any government, state or municipality whatsoever, or the unforeseen reduction in natural gas usage and/or capacity of the [insert name of local transmission system] pipeline system, regardless of the duration of such unforeseen reduction, or any other cause, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming relief hereunder and which, by the exercise of due diligence, such party is unable to prevent or overcome.
- 6.02 Neither party shall be entitled to the benefit of the provisions of Section 6.01 under any or all of the following circumstances:
- a) to the extent that the failure was caused by the gross negligence of the party claiming force majeure; or
  - b) to the extent that the failure was caused by the party claiming force majeure having failed to remedy the condition and remove the cause or circumstances in a reasonable manner, and to resume the performance of such covenants or obligations, with all reasonable dispatch.
- 6.03 In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of this Contract, such party shall give notice and full particulars of such force majeure to the other party as soon as possible after the occurrence of the cause relied on and subject to the provisions of this Contract. The party claiming force majeure shall give notice to the other party as soon as possible after the force majeure condition has been remedied, to the effect that the same has been remedied and that such party has resumed, or is then in a position to resume, the performance of the suspended covenants or obligations under this Contract.
- 6.04 If on any gas day Union fails to receive or deliver the Shipper Quantity by reason of force majeure on Union's system, then for that gas day Union shall credit to Shipper's invoice an amount equal to the applicable Daily Demand Rate, multiplied by the difference between the Shipper Quantity and the Pool Quantity.
- 6.05 It is understood and agreed that the obligation to settle strikes and lockouts shall be entirely within the discretion of the party whose labour force is on strike, and that Section 6.02 b)

shall not require the settlement of strikes or lockouts by acceding to the demands of any opposing person when such course is inadvisable in the discretion of the party whose labour force is on strike.

- 6.06 An event of force majeure, as contemplated under Section 6.01, upstream or downstream of Union's system, shall not relieve Shipper of any charges payable under Article 8.0.

## **7.0 ARTICLE VII - SERVICE CURTAILMENT**

- 7.01 Capacity Sharing: Where requests for interruptible Services hereunder exceed the capacity available for such Service, Union will authorize nominations from shippers and allocate capacity as per Union's procedures and policies and shippers shall be so advised. Any interruptible Services provided herein are subordinate to any and all firm services supplied by Union, and subordinate to Union's own operational or system requirements.
- 7.02 Capacity Procedures: Union reserves the right to change its procedures and policies for sharing interruptible capacity and will provide Shipper with two months notice of any such change.
- 7.03 Maintenance: Union's facilities from time to time may require maintenance or construction. In the event that such event occurs and in Union's sole opinion, acting reasonably, may impact its ability to meet Shipper's requirements, Union shall provide at least ten days notice to the Shipper, except in the case of emergencies. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed to be in breach of the Contract. To the extent that Union's ability to receive or deliver gas is impaired, Demand Charge Relief shall be calculated and credited to Shipper's invoice in accordance with Section 6.04 hereof. Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, that can be scheduled and completed, and which would normally be expected to impact on Union's ability to meet its obligations of any contract year, during the period from April 1 through to October 31.
- 7.04 Intentionally deleted.
- 7.05 Shipper's Facilities: Shipper shall complete and maintain a plan which depicts Shipper's production storage facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.

## **8.0 ARTICLE VIII - CHARGES AND RATES**

- 8.01 The charges and rates to be billed by Union and paid for by the Shipper for the Services provided under this Contract will be those specified in Union's M16 Rate Schedule for Transportation Services for Shippers located [insert east or west] of Dawn. Shipper under this contract elects [one of Customer supplied fuel or Union supplied fuel].

8.02 ~~Prices exclude~~ In addition to the charges and rates as per the M16 Rate Schedule, Shipper is responsible for any applicable Goods and Services Tax, Harmonized Sales Tax, or other taxes, royalties or levies, charges, duties or levies, (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) imposed currently or subsequent to the commencement/execution of this the Contract by any legal authority having jurisdiction.

8.03 Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Union under this Contract, then Union shall be entitled to reduce the amount payable by Union to Shipper under this Contract or any other contract by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, take possession of any or all of Shipper's gas under this Contract which shall be deemed to have been assigned to Union, to reduce such arrears to Union.

8.04 Aid to Construction: Shipper agrees to reimburse Union for the cost of the Union Expansion Facilities ("Aid to Construction"). Such Aid to Construction shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of this Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Section 3.01 (including without limitation the construction and placing into service of the Union Expansion Facilities, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union.

The Aid to Construction is estimated to be [Estimate] but the parties agree that this figure is an estimate only and the actual Aid to Construction may be higher or lower, and the Shipper will pay Union's actual costs incurred..

Shipper shall pay to Union [Amount] (the "First Payment") at the time of the execution of this Contract and shall pay an amount every month as invoiced by Union starting one month after the payment of the First Payment until the Aid to Construction is paid in full.

In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the gas metering station prior to being notified by Shipper of Shipper's intention to terminate this Contract, Shipper shall promptly remit to Union such actual costs on presentation to Shipper of an invoice for the same from Union.

~~GST~~ All applicable taxes will be applied to all amounts to be paid under this Section. Shipper warrants and represents that no payment to be made by Shipper under this Contract is subject to any withholding tax.

8.05 Any amounts due and payable by Shipper to Union under this Contract shall, if not paid by the due date thereof, be subject to interest pursuant to Article ~~IX~~ VII of Schedule "A 2010" of the M16 Rate Schedule.

## 9.0 ARTICLE IX - PRESSURES

- 9.01 Union may in its sole discretion at any time vary the [insert name of local transmission system] system pipeline pressure within the range [insert pressure] kPag (XXXpsig) and [insert pressure] kPag (XXXpsig).
- 9.02 Transportation to the Pool: Notwithstanding anything in Section 5.01, Union shall under no circumstance be obligated to authorize a nomination or transport any quantity of gas under this Contract to the Delivery Point of the Custody Transfer Point if: (a) the pressure at the Custody Transfer Point is greater than [insert pressure] kPag (XXX Psig); or (b) the pressure of deliveries at the Receipt Point of Dawn (TCPL) or Dawn (Facilities) is less than [insert pressure] kPag (XXX Psig).
- 9.03 Transportation to Dawn: Notwithstanding anything in Section 5.01, Union shall under no circumstance be obligated to authorize a nomination or transport any quantity of gas under this Contract to the Delivery Point of ~~Dawn (TCPL) or Dawn (Facilities)~~ if the pressure at the Custody Transfer Point is less than [insert pressure] kPag (XXX Psig). ~~For deliveries to the Delivery Point Dawn (TCPL), deliveries by Union shall be made at Union's prevailing line pressure which shall be in accordance with the agreement between Union and TCPL. For deliveries to the Delivery Point Dawn (Facilities), deliveries by Union shall be made at a pressure of not less than 4,825 kPag (700 Psig).~~
- 9.04 Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries which its existing facilities cannot accommodate or that exceed the Delivery Pressure as Union may set from time to time.

## 10.0 ARTICLE X - MEASUREMENT, QUALITY, AND OPERATION

- 10.01 For Services provided pursuant to Article 5.0 hereof:
- a) The quality of the gas and the measurement of the gas to be received by Union and delivered to Shipper, or delivered by Shipper to Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in Schedule "A 2010" of Union's M16 Rate Schedule, except that if the water content exceeds the lower of:
- i. 65 mg of water vapour per cubic metre; and
  - ii. the maximum water vapour content set out in Article II of Schedule "A 2010" of the M16 Rate Schedule;
- then Union at Unions sole discretion may either:
- a) refuse to accept gas until such time as the gas is proven to be in compliance with this section or;
  - b) accept the gas subject to Shippers obligations under the Dehydration Contract;
- b) Union may odourize or deliver odourized gas under this Contract;

- c) Upon request by Union, Shipper shall obtain measurement of the total quantity and gross heating value of the gas to be received by Union hereunder from the upstream transporter(s) (or Union where applicable). Such measurement shall be done in accordance with established practices between Union and the upstream transporter(s) (or Union where applicable);
  - d) Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under this Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.
- 10.02 In the event of an error in metering or a meter failure (such error or failure being determined through check measurement, custody transfer measurement by Union or any other available method), then Shipper, upon Union's request, shall enforce its rights as shipper under its contracts with the upstream transporter(s) (or Union where applicable) to remedy such error or failure, including enforcing any inspection and/or verification rights and procedures.
- 10.03 All of the Union Expansion Facilities shall remain the property of Union. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of this Contract. Shipper shall take all necessary steps to ensure Union may enter Pool Station to remove such equipment for a period of sixty (60) days after termination or expiry of this Contract.
- 10.04 Shipper shall, at Shipper's own cost and expense:
- a) obtain the Pool Station Land Rights; and
  - b) furnish, install, set, and maintain suitable pressure and quantity control equipment and such additional equipment as required on Shipper's delivery system, to protect against the over pressuring of Union's facilities as set out in Article 9.0, protect Union from receiving gas not meeting the quality specification as set out in Section 10.01, and to limit the daily flow of gas to the corresponding parameters as set out in Section 5.01 herein.
- 10.05 Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station or any Union Expansion Facilities requested by Shipper, or as required by law or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.
- 10.06 Operation and Maintenance: Subject to Section 10.05, each party shall be fully responsible for the continued operation, maintenance, repair and replacement of its respective facilities. Both parties agree to maintain cathodic protection on their respective facilities.
- 10.07 The Total Heating Value of the gas shall be determined by Union by means of a gas chromatograph or by any other means if mutually agreed upon by the parties. The energy content of the gas transported through the pipeline shall be calculated by multiplying the

gas volume by the Total Heating Value. The Total Heating Value of the gas shall be determined hourly and the total energy content of the gas transported through the pipeline shall be calculated daily.

- 10.08 The moisture content shall be determined by Union by means of a moisture analyzer or by any other means if mutually agreed upon by the parties.
- 10.09 Inspection: Each party shall inspect its facilities as required by industry standards or by the appropriate regulatory body.
- 10.10 Each party shall decide, in its sole discretion, whether its facilities need to be repaired or replaced. In the event that repair or replacement is needed, the party undertaking such work will, to the extent possible, give the other party sixty (60) days notice and will ensure that the work be done in a manner so as to minimize the amount of time the Pipeline has restricted flows.
- 10.11 Union and Shipper agree that Union's measurement equipment shall be used for custody transfer metering and billing purposes, notwithstanding any secondary measurement which Shipper may provide.

#### 11.0 ARTICLE XI - NOMINATIONS

- 11.01 Nominations shall be pursuant to Schedule "B 2010" of Union's CI Rate Schedule, as the same may be amended from time to time.

#### 12.0 ARTICLE XII - SHIPPER'S REPRESENTATIONS AND WARRANTIES

- 12.01 Shipper warrants that it will, at the time of delivery of the gas to Union:
  - a) possess a valid order to inject gas into, store gas in and remove gas from the Pool; and,
  - b) have good and valid title or legal authority to all gas delivered by it under this Contract, free and clear of all liens, encumbrances and claims. Shipper will indemnify Union and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said gas or to royalties, taxes, licence fees or any charges thereon, which are applicable before the possession of gas passes to Union.
- 12.02 Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, such certificates, permits, licences and authorizations from regulatory bodies or other governmental agencies in the U.S.A. and Canada, as the case may be, as are necessary to enable Shipper, or others designated by Shipper, to deliver to Union at the Receipt Point the quantities of gas to be handled by Union under this Contract. Shipper further warrants that it shall maintain the necessary contracts with Union and/or others to facilitate the Services contemplated herein to a point which is located outside of Union's system and franchise area.

- 12.03 Financial Representations: Shipper represents and warrants that the Initial Financial Assurances (if any) shall remain in place until the Aid to Construction is paid in full. In addition, should Union, acting reasonably, solely determine that Shipper's financial condition warrants such, Shipper shall within fourteen (14) days of receipt of such notice by Union, obtain and provide to Union an additional letter of credit or other security in the form reasonably required by Union (the "Security") equivalent to one year of demand and commodity charges hereunder, in favour of Union, in order to fulfil Shipper's payment obligations hereunder. In the event that Shipper does not provide to Union such Security, Union may deem a default under the Default and Termination provisions of Article XII of the Schedule "A 2010" of Union's CI Rate Schedule.

### 13.0 ARTICLE XIII - MISCELLANEOUS PROVISIONS

- 13.01 Assignment: Shipper may not assign this Contract without the written consent of Union and, if required, the approval of the OEB. Should Union consent to the assignment, and if OEB approval is needed, Union will apply for OEB approval with all costs of the application to be paid by Shipper.
- 13.02 Notices: Subject to the express provisions of this Contract, all communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the business day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh business day following the day on which it is postmarked.

Communications to the parties hereto shall be directed as follows:

IF TO SHIPPER:

Notices: [Shipper]  
[Address]  
[City, Province]  
[Postal Code]

Attention:  
Telephone:  
Facsimile:

Nominations: Attention:  
Telephone:  
Facsimile:

Field/Emergency: Attention:

Telephone:  
Facsimile:  
IF TO UNION:  
Notices: Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario  
N7M 5M1  
  
Attention: Director, Business Development  
Telephone: (519) 436-4527  
Facsimile: (519) 436-4643  
  
Nominations: Attention: Manager, Gas Control  
Telephone: (519) 436-4545  
Facsimile: (519) 436-4635

Notwithstanding the above, nominations shall be made by facsimile or other recorded electronic means, subject to execution of the "Agreement for Use of the Secured Portion of Union Gas Limited's Website," or such other agreement, satisfactory to Union, and will be deemed to be received on the same day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

13.03 Law of Contract: Union and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article ~~XVIII~~ of Schedule "A 2010" of the M16 Rate Schedule, the courts of the Province of Ontario shall have jurisdiction in all matters contained herein. The parties further agree this Contract shall be construed in accordance with the laws of the Province of Ontario.

13.04 Possession of Gas:

- a) Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
- b) Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

13.05 Entire Contract: This Contract constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

13.06 Time of Essence: Time shall be of the essence hereof.

- 13.07 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary in making proof of this Contract to produce all of such counterparts.
- 13.08 Amendments and Waivers: Subject to Article ~~XVIX~~ of Union's M16 Rate Schedule, no amendment or waiver of any provision of this Contract nor consent to any departure by either party hereto shall in any event be effective unless the same shall be in writing and signed by each of the Shipper and Union and then such waiver or consent shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under this Contract shall operate as a waiver thereof. Despite the foregoing, any of the Sections of this Contract (each such Section or portion thereof to be known as a "Contract Transition Provision") shall be deemed to be superceded and deleted if a provision dealing with substantially the same matter is added to Union's M16 Rate Schedule or Union's C1 Rate Schedule and such provision is expressed to supercede and replace such Contract Transition Provision, all without the necessity of further notice, action, or documentation.
- 13.09 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible, and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.
- 13.10 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

**THIS CONTRACT SHALL BE BINDING UPON** and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

**IN WITNESS WHEREOF** this Contract has been properly executed by the parties hereto by their duly authorized officers as of the date first above written.

**UNION GAS LIMITED**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**[SHIPPER]**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Contract M16XXX

Document comparison by Workshare Professional on March 30, 2010 4:20:26 PM

### Input:

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Description	STAR M16 Mar 29
Rendering set	Standard

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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

### Statistics:

	Count
Insertions	33
Deletions	16
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	51

GENERAL TERMS & CONDITIONS  
M16 TRANSPORTATION AGREEMENT

1. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business.
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under ~~Articles XI~~ Article VI of the Contract and Article XII of this Union's C1 Rate Schedule "B".
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (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. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;

14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) 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 at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's Agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;
17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means Gas Transmission Ltd.;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
24. "GLGT" means Great Lakes Gas Transmission Company;
25. "CMS" means CMS Gas Transmission and Storage Company; and,
26. "Consumers" means The Consumers' Gas Company, Limited.

## II. QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Delivery Locations hereunder,
  - a. shall be merchantable and commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than one hundred (100) milligrams of total sulphur (S) per cubic metre of gas as determined by standard methods of testing;
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
  - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;

- f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas
  - g. shall not contain more than four point zero (4.0) by volume molar percent of hydrogen in the gas;
  - h. shall not contain more than ~~eighty-sixty-five~~ (8065) milligrams of water per cubic metre of the gas;
  - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand five hundred (5500) kPa pressure;
  - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas.
  - k. shall at all time be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36;
  - l. shall not exceed forty-three degrees Celsius (43°C);
  - m. shall not be odourized by Shipper.
3. Shipper shall subject any gas delivered hereunder to compression, cooling, cleaning or other processes to such an extent as may be required to obtain the necessary quality and for transmission to the Delivery Locations, provided the quality of the gas continues to comply with the specifications set out in this Contract.
  4. Shipper may extract hydrocarbon and non-hydrocarbon constituents, other than methane except as required in the processing or compression of the gas, prior to delivery at the Delivery Locations hereunder, and shall have the right to remove such methane as is removed by necessity from the gas in removing other constituents, provided that Shipper in such processing shall not reduce the Gross Heating Value below that which is stated in Section II, Clause 1 herein and provided that such extraction will not cause a breach of the quality specifications set forth in this Section II.
  5. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  6. If the Shipper's gas fails at any time to conform to the requirements of this Section II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Delivery Locations hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  7. Freedom from objectionable matter: The gas to be delivered to Union at Dawn (~~TGPL~~Facilities) or the gas to be delivered by Union to Shipper at Dawn (~~TGPL~~Facilities) hereunder,
    - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;
    - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing;
    - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas;
    - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas;
    - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas;

- f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas;
- g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas;
- h. shall not contain more than ~~eighty-sixty-five (8065)~~ milligrams of water vapour per cubic metre of the gas;
- i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure;
- j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas;
- k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.

### III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ("The Unit") The Unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic meter (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under this contract shall be determined in accordance with the Electricity and Gas Inspection Act, assented to 31 March, 1982 and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986, and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article ~~IV~~V - Measuring Equipment, of this schedule

### IV. POINT OF RECEIPT AND POINT OF DELIVERY

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.

### V. ~~POSSESSION OF AND RESPONSIBILITY FOR GAS~~

\_\_\_\_ N/A.

### VI. ~~FACILITIES ON SHIPPER'S PROPERTY~~

## ~~N/A~~ VII.—MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations in III 2.a.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by a pipeline company whose facilities interconnect with Union's, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the General Terms & Conditions as incorporated in that pipeline company's gas tariff as approved by their Regulatory Body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under this Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring 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 ten days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Electricity and Gas Inspection Act (1982) and regulations thereunder, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

## VIII. BILLING

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

## IX. PAYMENTS

1. Monthly payments: Shipper shall pay directly into Union's account at the Canadian Imperial Bank of Commerce, 99 King Street W., Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the invoice provided by Union, and pursuant to Article IV above. If the payment date is not a Banking Day, then payment must be received in Union's account on the first Banking Day preceding the twentieth (20th) day of the month.
2. Remedies for nonpayment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such nonpayment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.

Notwithstanding the foregoing paragraph, this does not relieve Shipper from the obligation to continue its deliveries of gas under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

XVIII. ARBITRATION

If and when any dispute, difference or question shall arise between the parties ~~heretouching~~hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any Act passed in amendment thereof or substitution therefor, shall apply to each such submission. Operations under this Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. ~~FORCE MAJEURE~~

N/A

XII. ~~DEFAULT AND TERMINATION~~

N/A

XIII. ~~MODIFICATION~~

N/A

XIV. ~~NONWAIVER AND FUTURE DEFAULT~~

N/A

XVIX. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

Document comparison by Workshare Professional on March 31, 2010 5:19:19 PM

Input:	
Document 1 ID	file://C:/Documents and Settings/drjones/Desktop/STAR Compliance/STAR M16/Originals/M16 - General Terms and Conditions - Jan 2010.doc
Description	M16 - General Terms and Conditions - Jan 2010
Document 2 ID	file://C:/Documents and Settings/drjones/Desktop/STAR Compliance/STAR M16/March 29/STAR M16 Schedule A 2010 Mar 30.docx
Description	STAR M16 Schedule A 2010 Mar 30
Rendering set	Standard

Legend:	
Insertion	
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Format change	
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Moved cell	
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Padding cell	

Statistics:		
	Count	
Insertions	17	
Deletions	30	
Moved from	0	
Moved to	0	
Style change	0	
Format changed	0	
Total changes	47	

STORAGE AND TRANSPORTATION SERVICES  
TRANSPORTATION CHARGES - DRAFT

## (A) Availability

The charges under this rate schedule shall be applicable for transportation service rendered by Union for all quantities transported to and from embedded storage pools located within Union's franchise area and served using Union's distribution and transmission assets.

## (B) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

## a) Charges Applicable to both Firm and/or Interruptible Transportation Services.

Monthly Fixed Charge per customer station (\$ per month) (1)	\$672.33
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Transmission Commodity Charge to Dawn (\$ per GJ)	\$0.025
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	Customers located East of Dawn	Customers located West of Dawn
Transportation Fuel		
Fuel Charges to Dawn:		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.023	\$0.023
Fuel Ratio - customer provides fuel (%)	0.332%	0.332%
Fuel Charge to the Pool		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.030	\$0.035
Fuel Ratio - customer provides fuel (%)	0.428%	0.502%

## b) Firm Transportation Demand Charges: (2)

	Customers located East of Dawn	Customers located West of Dawn
Monthly Demand Charge applied to contract demand (\$ per GJ)	\$0.736	\$0.985

Authorized Overrun:

The authorized overrun rate payable on all quantities transported in excess of Union's obligation any day shall be:

	Customers located East of Dawn	Customers located West of Dawn
Firm Transportation:		
Charges to Dawn		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.073	\$0.081
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.050	\$0.058
Fuel Ratio - customer provides fuel (%)	0.332%	0.332%
Charges to the Pool		
Commodity Rate - Union provides fuel (\$ per GJ)	\$0.055	\$0.068
Commodity Rate - customer provides fuel (\$ per GJ)	\$0.024	\$0.033
Fuel Ratio - customer provides fuel (%)	0.428%	0.502%

Overrun will be authorized at Union's sole discretion.



## Unauthorized Overrun

Authorized Overrun rates payable on all transported quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

Charges aforesaid in respect of any given month in accordance with General Terms & Conditions shall be payable no later than the twenty-fifth day of the succeeding month.

Notes for Section (B) Rates:

- (1) The monthly fixed charge will be applied once per month per customer station regardless of service being firm, interruptible or a combination thereof.
- (2) Demand charges will be applicable to customers firm daily contracted demand or the firm portion of a combined firm and interruptible service.

## (C) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before June 16, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after June 16, 2010.

Effective

June 16, 2010  
O.E.B. ORDER # EB-2008-0052

Chatham, Ontario

Supersedes EB-2010-0040 Rate Schedule effective April 1, 2010.

## **APPENDIX B**

### **List of Participants**

**EB-2010-0155**

<b>List of Participants in EB-2008-0052 Proceeding</b>
ANR Pipeline Company, ANR Storage Company and Great Lakes Gas Transmission
Association of Power Producers of Ontario
AltaGas Limited
Bluewater Gas Storage
Building Owners and Managers Association of The Greater Toronto Area
Canadian Manufacturers & Exporters
City of Kitchener
Consumers Council of Canada
Direct Energy Marketing Ltd.
Enbridge Gas Distribution Inc.
Federation of Rental-Housing Providers of Ontario
GazMetro
Industrial Gas Users Association
London Property Management Association
Market Hub Partners Canada L.P.
Nexen Marketing
Pollution Probe
Ontario Energy Savings L.P.
Ontario Power Authority
Ontario Power Generation Inc.
SemCanada Energy Company
Shell Energy North America (Canada) Inc.

Superior Energy Management
TransCanada PipeLines Limited
Union Gas Limited
Vulnerable Energy Consumers' Coalition
<b>All Shippers Taking M12, C1 or M16 Transportation Service From Union Gas</b>
Greenfield South Power
U.S. Steel Canada Inc.
Ag Energy Co-operative Ltd.
Dr. Quinn & Associates/Utilities Kingston
Aegent Energy Advisors Inc.
Goreway Station Partnership
Greenfield Ethanol Inc.
BP Canada Energy Company
Dynegy Gas Imports, LLC
Thorold CoGen L.P.
TransAlta Cogeneration, L.P.
1425445 Ontario Limited o/a Utilities Kingston
KeySpan Gas East Corporation
Niagara Mohawk
New York State Gas & Electric Corporation
Central Hudson
Suncor Energy Products Inc.
Portlands Energy Centre, L.P.

Consolidated Edison
Greater Toronto Airports Authority
Connecticut Natural Gas
Vermont Gas Systems, Inc.
York Energy Centre
Greenfield Energy Centre
St. Lawrence Gas Company, L.P.
Huron Tipperary
Sarnia Airport Pool