

ONTARIO ENERGY BOARD

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, pursuant to section 36(1) of the *Ontario Energy
Board Act*, 1998, for an order or orders approving or fixing
just and reasonable rates and other charges for the sale,
distribution, transmission and storage of gas as of January 1, 2013.

UNION GAS LIMITED

(“Union”)

CROSS-EXAMINATION COMPENDIUM

TransCanada Pipelines Limited

(“TCPL”)


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FT Firm Transportation

Description of Service:

- Firm service with a primary receipt point and a primary delivery point.

Key Features and Benefits:

- Secure and reliable daily deliveries.
- Offers numerous flexibility features including diversion rights, alternate receipt point rights, guaranteed renewal rights, and RAM credits to maximize the value of the contract.

How to Access this Service:

- Bid for service through a TransCanada held Open Season. Notices are posted on the TransCanada website and detail the capacity offered as well as the bidding process.
- Shipper must sign an FT contract for the accepted bid with TransCanada.
- Shipper may also sign an Assignment Agreement with TransCanada and the holder of an existing FT contract to take over all or a portion of that existing contract-holder's service.

For Further Information

Contact your Customer Account Manager, or via any of the options listed below.

The Pipe Line: 1.403.920.PIPE (7473)
 Email: customer_express@transcanada.com

Attributes

Service Priority	Firm
Renewal Rights	Renewal minimum 1 year 6 months notice required
Build	Will build for service Long term commitment required
Service Flexibility	Diversions Alternate Receipt Points Shifts RAM on long-haul and linked short-haul Assignments
Access	Open Season Awarded based on term x toll
Term	Min = 1 year No maximum
Price	100% load factor FT toll
Toll Type	Monthly demand & commodity

Please Note:

This service description is for informational purposes only. For more detailed descriptions, please review the Transportation Tariff which

provides complete detail and supersedes the information provided on this page.

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FIRM TRANSPORTATION SERVICE

FT TOLL SCHEDULE

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1. AVAILABILITY

1.1 Any Shipper shall be eligible to receive service pursuant to this Toll Schedule provided that Shipper:

- (a) has entered into a Firm Transportation Service Contract with TransCanada having a minimum term of one (1) year; or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order; and
- (b) has pipeline facilities interconnecting with TransCanada's facilities at the delivery point(s) specified in the Contract, or which has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in receiving from TransCanada the gas to be delivered pursuant to this Toll Schedule; and
- (c) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 11 hereof.

1.2 Facilities Construction Policy

In order to provide service pursuant to this Toll Schedule, TransCanada utilizes capacity available from its own gas transmission system and from its firm transportation service entitlement on the Great Lakes Gas Transmission Company system, the Union Gas Limited system, and the Trans Quebec & Maritimes Pipeline Inc. system (the "Combined Capacity"). If a request for service pursuant to this Toll Schedule (the "Requested Service") requires an increase to the Combined Capacity, TransCanada is prepared to use all reasonable efforts to enable it to increase the Combined Capacity to the extent necessary provided that:

- (a) there is reasonable expectation of a long term requirement for the increase in the Combined Capacity; and
- (b) the NEB approves the additional facilities and/or transportation services necessary to increase the Combined Capacity; and

- (c) the availability provisions of subsection 1.1 hereof are satisfied with respect to the Requested Service.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 On each day during the term of the Contract Shipper shall be entitled to request service hereunder. Nominations for service shall be made pursuant to Section XXII of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided in Section XI, XIV, and XV of the General Terms and Conditions; PROVIDED HOWEVER, that if Shipper fails to provide on an ongoing and timely basis to TransCanada satisfactory evidence of its right to remove from the province of production all or any part of the quantities of gas to be transported by TransCanada under the Contract, Shipper shall be in default hereunder (the "Default") to the extent of the daily quantity not authorized for removal from the province of production as aforesaid (the "Default Quantity"), and TransCanada shall be entitled to immediately suspend service for a quantity up to, and including, the Default Quantity until such time as Shipper remedies the Default. TransCanada shall terminate any such suspension and resume service as to that part of the Default Quantity in respect of which the Default has been remedied.

3. MONTHLY BILL

- 3.1 The monthly bill payable to TransCanada for service hereunder shall include the demand charge and the commodity charge in effect during the billing month for transportation service and, where applicable, for delivery pressure service and the Union Dawn Receipt Point Surcharge and shall be calculated by applying, as follows, the applicable tolls as approved by the NEB (as set forth in the List of Tolls referred to in Section 11 hereof):

- (a) **Transportation Service**

- (i) **Demand Charge**

For each month, the demand charge for transportation service shall be equal to the applicable Monthly Demand Toll multiplied by Shipper's Contract Demand. If Shipper's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any

reason whatsoever including force majeure or a default by Shipper under Section 2.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

(ii) **Commodity Charge**

For each month the commodity charge for transportation service shall be equal to the applicable Commodity Toll multiplied by Shipper's Authorized Quantities for transportation service between each authorized receipt point and delivery point or area.

(b) **Delivery Pressure Service**

For each month, the demand charge for delivery pressure service at each delivery point at which a toll for delivery pressure has been set shall be equal to the applicable Delivery Pressure Monthly Demand Toll multiplied by Shipper's Contract Demand in effect at each such delivery point. If Shipper's Contract Demand changes during a month, then a weighted average daily Contract Demand shall be determined for such month and shall be used to calculate the demand charge for such month. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under Section 2.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

(c) **Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a default by Shipper under subsection 2.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the Union Dawn Receipt Point.

(d) **Fuel**

For each month, a Shipper shall provide, on a daily basis, a quantity of fuel in accordance with Section IV (1)(a) of the General Terms and Conditions.

4. MINIMUM BILL

- 4.1 The minimum monthly bill for service hereunder shall be the demand charges determined in Paragraphs 3.1 (a) (i) and (if applicable) 3.1 (b) and 3.1 (c) hereof, after giving effect to any adjustment pursuant to Section 5 hereof.

5. DEMAND CHARGE ADJUSTMENTS

- 5.1 If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated hereunder on such day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Notwithstanding the foregoing, if the quantity of gas which TransCanada fails to deliver is the subject of an accepted nomination for a Diversion and/or an Alternate Receipt, then TransCanada shall only be obligated to reduce the monthly demand charge if such Diversion is a Diversion and/or such Alternate Receipt is of the nature described in subsection 1(h)(ii) or 2(h)(ii) in Section XV of the General Terms and Conditions and in all other cases there shall be no reduction in the monthly demand charge.
- 5.2 For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the Union Dawn Receipt Point Surcharge payable by Shipper pursuant to subsection 3.1(c) hereof shall also be adjusted. Such surcharge shall be reduced by an amount equal to the applicable Union Dawn Receipt Point Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually transported from the Union Dawn Receipt Point on such day and the quantity which such Shipper in good faith nominated for transport on such day.

6. ALTERNATE RECEIPT AND DIVERSION OF GAS

- 6.1 (a) Subject to the provisions herein, Shipper shall have the right to nominate an Alternate Receipt and/or a Diversion under Shipper's Contract in the manner provided herein.
- (b) The aggregate of all nominations for delivery hereunder shall not exceed the Contract Demand under Shippers Contract.
- (c) Shipper shall not be entitled to nominate a Diversion to a delivery point or delivery area which is upstream of the receipt point specified in Shipper's Contract or upstream of the Alternate Receipt point.
- (d) Shipper shall not be entitled to nominate an Alternate Receipt from a receipt point that is upstream of the receipt point specified in Shippers Contract or is downstream of the delivery point or delivery area specified in Shippers Contract.
- (e) For the purpose of Section XVI of the General Terms and Conditions, Alternate Receipts and Diversions shall be equivalent to service under an STS Contract.
- 6.2 Any nomination by Shipper for an Alternate Receipt and/or a Diversion under Shipper's Contract must be received by TransCanada's Gas Control Department in Calgary at the time specified pursuant to Section XXII of the General Terms and Conditions.
- 6.3 TransCanada shall have the right to not accept a nomination made pursuant to Section 6.2 hereof or to accept only a portion of the quantities so nominated if the Alternate Receipt and/or the Diversion nominated would negatively impact TransCanada's ability to provide those transportation services which, pursuant to Section XV of the General Terms and Conditions, have a priority of service which is higher than that of the Alternate Receipt and/or the Diversion nominated by Shipper or if such Alternate Receipt and /or Diversion would otherwise be immediately curtailed pursuant to Paragraph 1(e) or 2(e) of Section XV of the General Terms and Conditions. TransCanada shall have the right to curtail Alternate Receipts, and/or Diversions in accordance with Section XV of the General Terms and Conditions.
- 6.4 **Alternate Receipt and Diversions Return Home**
- In the event that TransCanada does not accept a nomination for an Alternate Receipt and/or a Diversion pursuant to Sections 6.2 and 6.3 hereof, or accepts only a portion of the quantity so nominated, then TransCanada shall exercise reasonable efforts to allow

Shipper to re-nominate the receipt point and/or delivery point or delivery area specified in Shipper's Contract. TransCanada shall have the right to reject any such re-nomination, or to accept only a portion of the quantity so re-nominated, if the re-nomination would negatively impact any other authorized transportation service. In any event, Shipper shall pay the Daily Demand Toll based on the receipt point and delivery point or area specified in Shipper's Contract for the entire quantity set out in an Alternate Receipt and/or Diversion nomination which was rejected by TransCanada pursuant to Section 6.3 hereof.

- (a) In addition to the charges payable pursuant to Section 3.1(a) and (d) above, Shipper shall pay TransCanada for all Alternate Receipts and Diversions, a charge equal to the aggregate of:
 - (i) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll, applicable from the Alternate Receipt point to the delivery point or area specified in Shipper's Contract, exceeds the applicable Daily Demand Toll from the receipt point to the delivery point or area which are specified in Shipper's Contract by Shippers Authorized Quantity, and
 - (ii) the product obtained by multiplying the amount, if any, by which the Daily Demand Toll, applicable from the receipt point specified in the Shipper's Contract to the Diversion point, exceeds the applicable Daily Demand Toll from the receipt point to the delivery point or area which are specified in the Shipper's Contract, by Shippers Authorized Quantity.
- (b) If the gas is diverted hereunder to a Delivery Point at which a delivery pressure charge has been approved by the NEB and no delivery pressure charge exists for the Delivery Point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the charges provided above, an amount equal to the applicable Delivery Pressure Toll multiplied by Shipper's total Diversion quantity at such Delivery Point for such month (a "Point Diversion Delivery Pressure Charge"). If a delivery pressure charge exists at the delivery point specified in Shipper's Contract, then Shipper shall pay TransCanada, in addition to the delivery pressure charge described in Section 3.1(b) above, an amount (a "Point Diversion Delivery Charge") equal to the product obtained by multiplying Shipper's total Diversion quantity at the delivery point which is the subject of the

Diversion multiplied by that amount, if any, by which the Delivery Pressure Toll at the delivery point which is the subject of the Diversion exceeds the delivery pressure toll at the delivery point specified in Shipper's Contract.

The total delivery pressure charge for Diversion quantities shall be the sum of the Point Diversion Delivery Pressure Charges at all applicable Delivery Points plus the delivery pressure charge, if any, payable pursuant to Section 3.1(b) above.

- (c) If Shipper nominates Union Dawn Receipt Point as an Alternate Receipt point, then Shipper shall pay to TransCanada, in addition to any other applicable charges, the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

7. ASSIGNMENT

- 7.1 Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Contract into which this Toll Schedule is incorporated and any related contracts. Further, either Shipper or TransCanada may, without relieving itself of its obligations under any Contract into which this Toll Schedule is incorporated (unless consented to by the other party which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto. No assignment hereunder in respect of a service which has already resulted in a reduction of the affected distributor's Contract Demand shall entitle such distributor to any further reduction in its Contract Demand.
- 7.2 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.
- 7.3 Prior to the effective date of any assignment of any Contract subject to subsection XXIII(3)(b) of the General Terms and Conditions of TransCanada's Tariff, assignee shall as requested by TransCanada, execute an assignment of any related Financial Assurances Agreements (as defined in Section 4.4(c)(ii) of the Transportation Access Procedure) or execute a new Financial Assurances Agreement.

- 7.4 Save as herein provided, assignments of any Contracts into which this Toll Schedule is incorporated are expressly prohibited.

8. RENEWAL RIGHTS

- 8.1 Pursuant to any Contract into which this FT Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract (the "Renewal OD") provided that the following conditions are met:

- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions") no less than six (6) months before the termination date which would otherwise prevail under the Contract; and
- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the FT Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

TransCanada may accept late notice of Shipper's election to exercise the Renewal Option if TransCanada, in its sole discretion, determines that TransCanada will have the required capacity available after providing capacity for all of TransCanada's obligations pursuant to prior outstanding requests from Shipper and/or others, that such renewal will not adversely impact TransCanada's system operations and that all of the costs for providing this service will be covered by TransCanada's tolls. Contracts may be revised as of the effective renewal date to adhere to the then current Pro Forma Firm Transportation Service Contract.

Shipper may exercise the Renewal Option more than one time provided that the conditions found in this Section 8.1 and in Section 8.2 hereof are met upon each and every exercise of the Renewal Option.

- 8.2 Provided TransCanada has either received timely notice as provided in Section 8.1(a) above from Shipper of Shipper's election to exercise the Renewal Option, or accepted

late notice from Shipper of his election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of the FT Toll Schedule in respect of the Renewal Provisions, the Contract shall be amended as follows:

- (a) the Contract Demand set out in the Contract shall be revised to the level specified in the Renewal Provisions, effective as of the commencement of the Renewal Term; and
- (b) the term of the Contract shall be extended to that specified in the Renewal Provisions, effective as of the expiry of the Existing Term.

8.3 All renewals shall be stated in GJ.

9. TEMPORARY RECEIPT AND/OR DELIVERY POINT(S)

9.1 Upon receipt of a written request from Shipper, TransCanada may, in its sole discretion, allow Shipper to temporarily change the receipt and/or delivery point(s) under a Contract. Such a temporary change in receipt and/or delivery point(s), once authorized by TransCanada, shall apply for a minimum duration of three (3) months and shall not exceed the remaining term of the Contract.

9.2 Shipper's limited entitlement to obtain temporary receipt and/or delivery point(s) may apply to the full Contract Demand specified in the Contract, or any portion thereof.

9.3 For transportation service from a temporary receipt point and/or to a temporary delivery point, Shipper shall pay the following:

- (a) the greater of the Monthly Demand Toll payable for transportation from the original receipt point to the original delivery point specified in the Contract, and the Demand Toll which applies:
 - (i) from the original receipt point to the temporary delivery point;
 - (ii) from the temporary receipt point to the original delivery point; or
 - (iii) from the temporary receipt point to the temporary delivery point;

as the case may be:

- (b) the applicable Commodity Toll for the quantity of gas delivered after giving effect to the temporary receipt and/or delivery point(s);
 - (c) the greater of the Delivery Pressure Monthly Demand Toll applicable to the original delivery point specified in the Contract and the Delivery Pressure Monthly Demand Toll which applies to the temporary delivery point, plus any fuel related to the delivery pressure; and
 - (d) the Union Dawn Receipt Point Monthly Surcharge, provided however:
 - (i) if Shipper temporarily changes all or a portion of its Contract Demand from the Union Dawn Receipt Point to any other Receipt Point, the Contract Demand for the purposes of determining the Union Dawn Receipt Point Surcharge shall be Shipper's original Contract Demand at the Union Dawn Receipt Point notwithstanding any temporary changes of all or a portion of such Contract Demand to any other Receipt Point; and
 - (ii) if Shipper temporarily changes all or a portion of its Contract Demand from a Receipt Point other than the Union Dawn Receipt Point to the Union Dawn Receipt Point, the Contract Demand for the purposes of determining the Union Dawn Receipt Point Surcharge shall be the portion of such Contract Demand temporarily changed to the Union Dawn Receipt Point.
- 9.4 The Demand charges set out in subsections 9.3 a), c) and d) above are payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever, including force majeure or a default by Shipper under Section 2.1 hereof, to deliver Shipper's Receipt Gas to TransCanada at the temporary receipt point.
- 9.5 Shipper shall pay for or provide, on a daily basis, a quantity of fuel based on the applicable monthly fuel ratio established by TransCanada for transportation for the quantity of gas delivered after giving effect to the temporary receipt and/or delivery point(s).

- 9.6 Upon acceptance by TransCanada of Shipper's request for a temporary receipt or delivery point, transportation service hereunder shall be firm in accordance with Section 2.1 of this FT Toll Schedule.
- 9.7 If Shipper executes an Exhibit "B" to any STS-L Contract, Shipper shall not be entitled to change any receipt and/or delivery points pursuant to this Section 9 for any of the Linked FT Contracts during the Linked Term both set out in such Exhibit "B".

10. CONVERSION RIGHTS

- 10.1 Shipper may convert service pursuant to an FT Contract to service pursuant to an FT-SN Contract provided that:
- (a) Shipper submits a written request to TransCanada for conversion of a specified FT Contract;
 - (b) all the availability conditions set out in Section 1 of the FT-SN Toll Schedule have been satisfied; and
 - (c) TransCanada determines, in its sole discretion, it is able to accommodate the conversion to FT-SN with consideration for any operational matters including, but not limited to, flow control valves, meter capacity, changes in delivery patterns and transient effects.

11. MISCELLANEOUS PROVISIONS

- 11.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff, as amended from time to time, are applicable to this Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
- 11.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereof or substitution therefor.
- 11.3 This Toll Schedule together with the provisions of the General Terms and Conditions supercedes and replaces all previous Toll Schedules applicable to the Contract.


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STFT Short Term Firm Transportation

Description of Service:

- A short term firm service with a primary receipt point and a primary delivery point.

Key Features and Benefits:

- Fill short term or seasonal transportation needs on a firm basis; has the same reliability as Firm Transportation (FT) service.
- Range of contract terms: Minimum term of seven days and maximum term of one year less one day.
- Does not include the same flexibility features as FT.

How to Access this Service:

- Bid for service through a TransCanada held Open Season. Notices are posted on the TransCanada website and detail the capacity offered as well as the bidding process.
- Shipper must submit a completed Exhibit "A" form, from their STFT Contract, indicating the quantity, the requested transportation path, and the price for their bid (the price has no maximum and must be at least equal to the service minimum).
- Shipper must sign an STFT contract with TransCanada.

For Further Information

Contact your Customer Account Manager, or via any of the options listed below.

The Pipe Line: 1.403.920.PIPE (7473)

Email: customer_express@transcanada.com

Attributes

Service Priority	Firm
Renewal Rights	n/a
Build	Will not build for service
Service Flexibility	Diversions - n/a Alternate Receipt Points - n/a Shifts - n/a RAM - n/a Assignments - n/a Receipts allowed from certain delivery areas
Access	Open Season Shipper bids quantity, price and term Awarded based on aggregate revenue
Term	Min = 7 days Maximum = 1 year less 1 day
Price	Biddable Floor price = 100% load factor FT toll No maximum Price is fixed for term of contract

Toll Type

Bid price daily demand equivalent

Please Note:

This service description is for informational purposes only. For more detailed descriptions, please review the [Transportation Tariff](#) which provides complete detail and supersedes the information provided on this page.

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SHORT TERM FIRM TRANSPORTATION SERVICE

TOLL SCHEDULE

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STFT TOLL SCHEDULE

1. DEFINITIONS

1.1. For the purposes of the STFT Toll Schedule, the following terms shall be defined as:

- (a) "Available Short Term Capacity" shall have the meaning attributed to it in subsection 2.3;
- (b) "Block Period" shall have the meaning attributed to it in subsection 2.3;
- (c) "East/West Differential" shall have the meaning attributed to it in subsection 3.3(c)(iii);
- (d) "Maximum Daily Quantity" shall mean for any shipper the Maximum Daily Quantity set out on such shipper's bid or the Maximum Daily Quantity as amended by TransCanada pursuant to subsection 3.3(d);
- (e) "Minimum Daily Quantity" shall mean for any shipper the Minimum Daily Quantity set out on such shipper's bid;
- (f) "Posting Period" shall have the meaning attributed to it in subsection 3.2;
- (g) "Remaining Capacity" shall have the meaning attributed to it in subsection 2.3;
- (h) "Service Period" shall have the meaning attributed to it in subsection 2.3;
- (i) "STFT" shall mean Short Term Firm Transportation;
- (j) "Bid Price" shall have the meaning attributed to in subsection 3.3(b);
- (k) "STFT Contract" shall have the meaning attributed to it in subsection 2.1(a);
- (l) "System Capacity" shall mean TransCanada's pipeline facilities and TransCanada's contractual entitlement on the pipeline systems of the Great Lakes Gas Transmission Limited Partnership, Union Gas Limited and Trans Quebec and Maritimes Pipeline Inc.;
- (m) "System Segment" shall have the meaning attributed to it in subsection 2.3.

2. AVAILABILITY

2.1 Availability of Service

Any Shipper shall be eligible to receive service pursuant to this STFT Toll Schedule provided such Shipper:

- (a) has entered into a Short Term Firm Transportation service contract (the "STFT Contract") with TransCanada or has obtained an Order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act, as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject

STFT TOLL SCHEDULE

to the provisions of this STFT Toll Schedule and to the terms and conditions contained in the 71(2) Order; and

- (b) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7 hereof.

2.2 Facilities Construction Policy

In order to provide service pursuant to this STFT Toll Schedule, TransCanada utilizes capacity available from its System Capacity. It is understood that TransCanada shall not construct additional facilities for the purpose of providing service hereunder.

2.3 Capacity Available for STFT

The total capacity available to Shippers under this STFT Toll Schedule shall be TransCanada's transportation capacity remaining, as determined by TransCanada in its sole discretion, after having made provision for all firm obligations with Shipper and all other Shippers (the "Remaining Capacity").

Remaining Capacity made available for Shippers under this STFT Toll Schedule shall be offered in respect of certain segments of TransCanada's System Capacity, each such segment being defined by reference to the receipt point and the delivery point or delivery area applicable thereto (a "System Segment"). Service under this STFT Toll Schedule shall be offered for a specific period of time (a "Service Period") which may consist of a specified number of days not less than seven (7) consecutive days, a separate monthly period or any combination of consecutive monthly periods (such combination of consecutive monthly periods hereinafter called a "Block Period"). TransCanada shall notify Shippers of the Remaining Capacity offered for each combination of System Segments and Service Periods (the "Available Short Term Capacity").

2.4 Short Term Availability Periods

TransCanada, in its sole discretion, may offer Available Short Term Capacity in any combination of System Segments, for a specified number of days not less than seven (7) consecutive days, monthly periods and Block Periods for a period extending up to one (1) year less one (1) day.

STFT TOLL SCHEDULE

3. APPLICABILITY AND CHARACTER OF SERVICE**3.1 Definition of STFT Service**

On each day during the term of the STFT Contract that Shipper has been allocated Available Short Term Capacity, Shipper shall be entitled to nominate for service hereunder. Nominations for service shall be made pursuant to Section XXII of the General Terms and Conditions. Service hereunder shall not be subject to curtailment or interruption except as provided in this STFT Toll Schedule, the STFT Contract, and Section XI, Section XIV and Section XV of the General Terms and Conditions; provided however, that if Shipper fails to provide on an ongoing and timely basis to TransCanada satisfactory evidence of its right to remove from the province or country of production all or any part of the quantities of gas to be transported by TransCanada under the STFT Contract, Shipper shall be in default hereunder (a "Default") to the extent of the daily quantity not authorized for removal from the province or country of production as aforesaid (the "Default Quantity"). TransCanada shall be entitled to immediately suspend service for a quantity up to, and including, the Default Quantity until such time as Shipper remedies the Default, when TransCanada shall terminate any such suspension and resume service as to that part of the Default Quantity in respect of which the Default has been remedied.

3.2 Notification of Available Short Term Capacity

TransCanada shall post Available Short Term Capacity for a period of 5 Banking Days (the "Posting Period"). If some or all of the Available Short Term Capacity has not been allocated at the end of a Posting Period, TransCanada may, in its sole discretion, continue to post Available Short Term Capacity on a daily basis. At the end of the Posting Period and any daily posting, TransCanada shall allocate Available Short Term Capacity among Shipper bids received by TransCanada.

The Available Short Term Capacity shall be posted on TransCanada's electronic bulletin board and web site as follows:

- (a) During the period of January 1-15 for the Summer Period (April 1 to October 31) and during the period of July 1-15 for the Winter Period (November 1 to March 31);

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- (b) During the period of January 16-31 for the individual monthly blocks of the Summer Period (April 1 to October 31) and during the period of July 16-31 for the individual monthly blocks of the Winter Period (November 1 to March 31);
- (c) If Available Short Term Capacity is not posted on a daily basis, TransCanada will post Available Short Term Capacity on or before the 7th day of each month; or
- (d) At any time TransCanada determines in its sole discretion that there is Available Short Term Capacity.

Available Short Term Capacity shall be allocated in accordance with Section 3.3 hereunder.

3.3 Allocation of Available Short Term Capacity

(a) Shipper Bids

For each combination of System Segment and Service Period in which Shipper wishes to request service under this STFT Toll Schedule, Shipper shall submit a written bid to TransCanada's Contracts and Billing Department by telecopier or through TransCanada's electronic bulletin board during the bid period. No Shipper bid shall be accepted by TransCanada if received after the bid deadline specified in the posting of Available Short Term Capacity. Each Shipper bid shall be in the form of an Exhibit "A" Addendum to the STFT Contract, duly completed with the information described below and executed by Shipper.

Each Shipper bid shall contain the following information:

- Shipper name and address
- Shipper contact, telephone number and telecopier number
- System Segment for which bid is being made pursuant to subsection 3.3 (b)
- Receipt point and delivery point or delivery area
- Service Period
- Maximum Daily Quantity (in GJ)
- Minimum Daily Quantity pursuant to subsection 3.3 (c) (ii)
- Bid Price determined pursuant to subsection 3.3 (b)
- A statement whether such bid is conditional on another STFT bid being accepted by TransCanada

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Shipper must submit separate Shipper bids for each separate combination of System Segment and Service Period. Shipper shall be entitled to submit more than one Shipper bid for any combination of System Segment and Service Period, but Shipper bids for the same System Segment shall not have the same Bid Price. Shipper shall not be entitled to submit multiple Shipper bids for any System Segment where the aggregate Maximum Daily Quantity of the multiple Shipper bids is greater than the Available Short Term Capacity being offered for that System Segment. Shipper bids which do not conform to these requirements shall be rejected and TransCanada shall be under no obligation to notify Shipper of any such rejection or to provide Shipper with any opportunity to correct or complete its Shipper bid.

(b) **Bid Price**

Bids for Available Short Term Capacity shall be expressed in Canadian dollars and cents per GJ per day (\$CDN/GJ/day).

Bids for Available Short Term Capacity shall not be less than the 100% Load Factor FT Toll for the applicable System Segment listed in the List of Tolls referred to in Section 7 hereof in effect at the time the bids are received by TransCanada (each a "Bid Price") for service pursuant to the STFT Toll Schedule.

Provided however, if the NEB has approved a new FT Toll and the Shipper is requesting STFT service commencing on or after the effective date of the new FT Toll, then Shipper's Bid Price shall not be less than the 100% Load Factor of the new FT Toll. If TransCanada has a rolling daily Short Term Capacity posting in effect then Shipper may bid the new FT Toll on the second Banking Day following the date of the NEB approval of such new FT Toll.

Bids for Available Short Term Capacity must identify the System Segment offered by TransCanada for which the Shipper is bidding. The Shipper's requested receipt point and delivery point for Available Short Term Capacity must be contained wholly within the requested System Segment.

(c) **Allocation of Available Short Term Capacity**

All Available Short Term Capacity for each combination of System Segment and Service Period offered by TransCanada shall be allocated among Shipper bids pursuant to this STFT Toll Schedule and Shipper bids pursuant to the ST-SN Toll

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Schedule. For purposes of allocation hereunder the Bid Price for bids for service pursuant to the ST-SN Toll Schedule shall be divided by 1.1. Such allocation process is as follows:

- (i) Subject to subsections 3.3(c)(ii) and (iii), for all Shipper bids for System Segments which compete for the same capacity and:
 - A. have the same Service Period, TransCanada shall rank Shipper bids in descending order from the highest to lowest Bid Price and TransCanada shall allocate Available Short Term Capacity to the Shipper bids resulting in the highest aggregate transportation revenue; or
 - B. have a different Service Period, for each different Service Period, TransCanada shall rank Shipper bids Available Short Term Capacity in descending order from the highest to lowest Bid Price and TransCanada shall allocate Available Short Term Capacity to the Shipper bids resulting in the highest aggregate transportation revenue.
- (ii) If 2 or more Shipper bids result in the same aggregate transportation revenue and the Available Short Term Capacity is not sufficient to provide service for the quantities requested in such Shipper bids, the Available Short Term Capacity shall be allocated pro-rata among such Shipper bids.

If such pro-rata share falls below the Minimum Daily Quantity specified by a Shipper in its Shipper bid, such pro-rata share allocated shall be deemed to be rejected, and TransCanada will reallocate among the remaining Shipper bids.
- (iii) For the purpose of evaluating Shipper bids and allocating Available Short Term Capacity, TransCanada shall add the east/west differential (the "East/West Differential") to all Shipper bids for Western Service, which shall be determined as the sum of the difference between Eastern Zone and Manitoba Zone costs for the following items:
 - A. the increment of the percentage of marginal fuel costs in excess of the percentage of average fuel costs over the twelve (12)

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month period immediately preceding the date that tolls become effective, priced at the average Empress border spot price for the preceding twelve (12) month period, as published in *Canadian Gas Price Reporter* or, if such publication ceases to exist, such other reporting service as TransCanada may deem appropriate, where the incremental marginal fuel cost in the Eastern Zone is for the northern route of the TransCanada system only; and

- B. the applicable commodity toll then in effect from Empress, Alberta.

(d) **Notification to Shippers**

Within three (3) Banking Days of the end of any applicable bid period for Available Short Term Capacity TransCanada shall notify, in the manner set forth in the STFT of ST-SN Contract or through TransCanada's electronic bulletin board, all Shippers who have been allocated any of the Available Short Term Capacity. The daily capacity allocated to each Shipper shall be such Shipper's allocated Maximum Daily Quantity. If Shipper is allocated service hereunder, TransCanada will, if necessary, and is hereby authorized to, amend the Exhibit "A" Addendum submitted by Shipper as its Shipper bid to reflect the allocation of Available Short Term Capacity to such Shipper. The Exhibit "A" Addendum shall then be executed by TransCanada and forwarded to Shipper. Each executed Exhibit "A" Addendum shall be binding on TransCanada and Shipper.

4. MONTHLY BILL

4.1 Transportation Service

The monthly bill payable by Shipper to TransCanada for transportation service hereunder shall be equal to the STFT Bid Price (\$CDN/GJ/day) set out in each Exhibit "A" Addendum multiplied by Shipper's STFT allocated Maximum Daily Quantity and the number of days of STFT Service during the month. These transportation service charges are payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever, including force majeure or Default by Shipper under subsection 3.1 hereof, to deliver Shipper's Receipt Volume to TransCanada at the receipt point.

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4.2 Delivery Pressure Service

Shipper shall also pay monthly to TransCanada a charge for delivery pressure provided that deliveries hereunder are made to a delivery point at which a charge for delivery pressure has been approved by the NEB (and set forth in the List of Tolls referred to in Section 8 hereof). The monthly delivery pressure charge at each such delivery point shall be the product of the applicable Delivery Pressure Daily Demand Toll and the total of Shipper's quantities to be delivered hereunder at that delivery point during such month determined as the STFT allocated Maximum Daily Quantity multiplied by the number of days of STFT Service during such month. The said delivery pressure demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including force majeure or a Default by Shipper under subsection 3.1 hereof, to deliver Shipper's Authorized Quantity to TransCanada at the receipt point.

4.3 Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

4.4 Fuel

For each month, Shipper shall provide, on a daily basis, a quantity of fuel based on a monthly fuel ratio to be established by TransCanada from time to time.

5. TRANSPORTATION AND DELIVERY PRESSURE CHARGE ADJUSTMENTS**5.1 Transportation Charge Adjustments**

If during any day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the Maximum Daily Quantity, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company, Union Gas Limited, and Trans Quebec & Maritimes Pipeline Inc., then the transportation service charges payable pursuant to subsection 4.1 hereof shall be reduced by an amount equal to the STFT Bid Price multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day, and the quantity of gas which such Shipper in good faith nominated for delivery on such day.

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5.2 Delivery Pressure Charge Adjustments

For any day on which transportation service charges are adjusted pursuant to subsection 5.1 above, the delivery pressure charge payable by Shipper pursuant to subsection 4.2 hereof shall also be adjusted. The delivery pressure charge shall be reduced by an amount equal to the applicable Daily Equivalent Delivery Pressure Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such day and the quantity which such Shipper in good faith nominated for delivery on such day.

5.3 Shipper's Receipt or Delivery Failure

If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to subsection 1(b) of Section II of the General Terms and Conditions, then there shall be no corresponding reduction in transportation service or delivery pressure charges to Shipper.

6. ASSIGNMENTS

- 6.1 Assignments of any STFT Contracts into which this STFT Toll Schedule is incorporated are expressly prohibited without TransCanada's prior written consent.

7. MISCELLANEOUS PROVISIONS

- 7.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff, as amended from time to time, are applicable to this STFT Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this STFT Toll Schedule and the General Terms and Conditions, the provisions of this STFT Toll Schedule shall prevail.
- 7.2 This STFT Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the *National Energy Board Act* or any other legislation passed in amendment thereof or substitution therefor.

**NATIONAL ENERGY BOARD
OFFICE NATIONAL DE L'ÉNERGIE**



**Hearing Order RH-003-2011
Ordonnance d'audience RH-003-2011**

TransCanada PipeLines Limited (TransCanada), NOVA Gas Transmission Ltd. (NGTL) and Foothills Pipe Lines Ltd. (Foothills)

Application dated 1 September 2011 for Approval of the Business and Services Restructuring Proposal and Mainline Final Tolls for 2012 and 2013

TransCanada PipeLines Limited (TransCanada), NOVA Gas Transmission Ltd. (NGTL) et Foothills Pipe Lines Ltd. (Foothills)

Demande datée du 1^{er} septembre 2011 visant l'approbation de la proposition de restructuration d'entreprise et de services ainsi que des droits définitifs exigibles sur le réseau principal en 2012 et 2013

VOLUME 29

**Hearing held at
L'audience tenue à**

**Novotel Toronto Centre
45 The Esplanade
Toronto, Ontario**

**July 19, 2012
Le 19 juillet 2012**

**International Reporting Inc.
Ottawa, Ontario
(613) 748-6043**

Canada

--- EXAMINATION BY/INTERROGATOIRE PAR MR. CAMERON:

568. **MR. CAMERON:** Thank you, Ms. Randall.

569. I'll begin with you, Mr. Pohlod. Can you confirm for us that this Panel is here to speak to the matters assigned to it on page 7 of the TransCanada Witness Panels and Areas of Responsibilities Document filed as Exhibit B21-10?

570. **MR. POHLOD:** Yes.

571. **MR. CAMERON:** And can you confirm that you were involved in the preparation of various aspects of the evidence of TransCanada that is being spoken to by this panel of witnesses?

572. **MR. POHLOD:** Yes, I was.

573. **MR. CAMERON:** And is that evidence accurate to the best of your knowledge and belief?

574. **MR. POHLOD:** Yes.

575. **MR. CAMERON:** And do you accept and adopt it as part of your testimony in this proceeding?

576. **MR. POHLOD:** Yes.

577. **MR. CAMERON:** Thank you.

578. Mr. Emond, can you confirm for us that you were involved in the preparation of various aspects of the evidence of TransCanada that is being spoken to by this panel of witnesses?

579. **MR. EMOND:** Yes.

580. **MR. CAMERON:** And is that evidence accurate to the best of your knowledge and belief?

581. **MR. EMOND:** Yes, it is.

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582. However, I would like to advise the Board and parties that TransCanada is reassessing its pipeline integrity activities in Northern Ontario Line in light of recent changes to its throughput forecast.
583. Specifically, in Attachment Union 34A, which is Exhibit B08-33, TransCanada identified pipeline integrity activities and costs for NOL Line 2. This integrity work would enable those NOL Line 2 sections that have been locked out due to pressure derates to return to active service at maximum operating pressures.
584. The decision to proceed with this integrity work was made on the basis of a detailed cost benefit analysis that TransCanada described in its responses to IGUA 110E and H, which is Exhibit B08-14 and in CAPP 232A, B, C, and L and U, which is Exhibit B10-6, which was revised as part of Exhibit B21-11.
585. A significant component of the benefit of conducting the integrity work was fuel savings, and key inputs to the calculation of the fuel savings are throughput levels and fuel gas prices.
586. In light of lower forecast throughput levels in gas prices, as set out in TransCanada's June 29th, 2012 throughput forecast update, which is Exhibit B40, TransCanada has initiated an update of its cost benefit analysis of NOL Line 2 integrity work. TransCanada will determine through this update what integrity work on NOL Line 2, if any, still results in a net benefit to shippers at current projections of throughput and prices.
587. Pending completion of this analysis, TransCanada has suspended all further planned 2012 integrity work on NOL Line 2 except for those activities already underway.
588. Derated and locked out sections of NOL Line 2 will remain derated and locked out unless and until necessary integrity work has been completed.
589. The suspended 2012 integrity work will result in a reduction of approximately \$13 million to TransCanada's forecast 2012 integrity costs, which is included in Section 12.0 of the Application Attachment 12.1, Tab 4, which is Pipeline and Integrity Insurance Deductible Schedule 4, Exhibit B5-12, PDF page 135.
590. TransCanada will review the results of its updated cost benefit analysis with the Tolls Task Force prior to reinstituting any suspended NOL Line 2

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integrity work.

591. Thank you.

592. **MR. CAMERON:** Thank you, Mr. Emond.

593. And with that update, do you accept and adopt the evidence that is being spoken to by this panel as part of your testimony in this proceeding?

594. **MR. EMOND:** Yes, I do.

595. **MR. CAMERON:** Thank you.

596. Mr. Bowman, can you confirm for us that you were involved in the preparation of various aspects of the evidence of TransCanada that is being spoken to by this panel of witnesses?

597. **MR. BOWMAN:** Yes, I was.

598. **MR. CAMERON:** And is that evidence accurate to the best of your knowledge and belief?

599. **MR. BOWMAN:** Yes, it is.

600. **MR. CAMERON:** And do you accept and adopt it as part of your testimony in this proceeding?

601. **MR. BOWMAN:** Yes, I do.

602. **MR. CAMERON:** Now, Panel, we're going to switch gears a little bit here and I'm going to ask each of Mr. Chittick, Mr. Tosi, Mr. McAndrew and Mr. Sieppert the same question and ask you all to respond. You don't have to respond the same way, but it will save us repeating all of the questions four times.

603. So first, for all of you, were each of you involved in the preparation of various aspects of the evidence of TransCanada that's being spoken to by this panel of witnesses?

604. **MR. CHITTING:** Yes.

**NATIONAL ENERGY BOARD
OFFICE NATIONAL DE L'ÉNERGIE**



**Hearing Order RH-003-2011
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VOLUME 30

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Ottawa, Ontario
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1693. Now we go to Mr. Manning for the Canadian Association of Petroleum Producers, please.

STEFAN POHLOD: Resumed

STEVE EMOND: Resumed

NORM BOWMAN: Resumed

DAVID CHITTICK: Resumed

CHRIS TOSI: Resumed

MARK McANDREW: Resumed

C. SCOTT SIEPPERT: Resumed

--- EXAMINATION BY/INTERROGATOIRE PAR MR. MANNING:

1694. **MR. MANNING:** Good morning Mr. Chairman. Good morning, Panel. Many members of the Panel.

1695. Can I start by just expanding my understanding of the clarification you put on the record yesterday, Mr. Emond, starting at transcript 582 of volume 29, with respect to the Pipeline Integrity Program for the NOL line?

1696. So my understanding is the Line 2 Integrity Program has been suspended for 2012; right?

1697. **MR. EMOND:** Yes, that's fair.

1698. We are going to conduct a -- or we have initiated an update on our cost benefit analysis ---

1699. **MR. MANNING:** Okay.

1700. **MR. EMOND:** --- and -- the only reason I pause just a little bit, if there's a chance that some section still make sense to do work, we might do it late in the year, but the prospects of that are very slim.

1701. It's most likely that if we were to re-initiate anything, it would not be until next year.

1702. **MR. MANNING:** Okay, so -- and those are the kinds of things I wanted to get a little bit of clarification on.

1703. So the thinking, as I understand it from your remarks at the transcript 582 and following, yesterday, is that TransCanada has decided to suspend the NOL Line 2 Integrity Program due to its decision that it's appropriate to go back and update the cost benefit analysis that was done with respect to that program in light of the revised throughput forecast and the lower gas prices that are contained within that throughput forecast.

1704. **MR. EMOND:** That's correct.

1705. **MR. MANNING:** All right.

1706. And by your remarks, you kept them focused on 2012 and you just now said that there is a possibility you may re-start the program, but most likely not before 2013, if I understood your comments this morning?

1707. Is that what TransCanada is thinking now?

1708. **MR. EMOND:** Depending on when we can complete the analysis ---

1709. **MR. MANNING:** Right.

1710. **MR. EMOND:** --- and then depending on what comes out of that.

1711. It maybe one clarification when -- when we do the analysis of the cost benefit of bringing various sections back into service, it is not based on the entire NOL line too, it's done section by section.

1712. There may be still -- at lower prices and lower throughput levels, there may still be sections where there is still a significant fuel cost savings from doing that work. And so we may reinitiate that following the study, and my suspicion -- strong suspicion is we could not do that work until next year.

1713. **MR. MANNING:** The work. You're talking about the physical work?

1714. **MR. EMOND:** Yes, that's correct. We'll complete the analysis this year, but the actual work with ---

1715. **MR. MANNING:** Okay. Can you give me some idea about the

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timing you think is involved in completing your analysis, updating your analysis?

1716. **MR. EMOND:** I think we filed evidence on our first analysis that was done last year, and that took about four months of effort. I would expect it would be quicker this time around, so maybe two to three months, in that timeframe.

1717. **MR. MANNING:** October/November of this year.

1718. **MR. EMOND:** That's fair enough. And as I indicated yesterday, we would also take it to the task force just to review that information as we did the last time, just to make sure customers are aware of what the analysis results in and what our proposed plans might be.

1719. **MR. MANNING:** Okay. So if we say, just to get some idea of the analysis coming out in October or November, it will likely be beyond the timeframe in which the -- this hearing is continuing, at least, with respect to the evidentiary portion of it, that -- based on the current schedule?

1720. **MR. EMOND:** I hope, yes.

1721. **MR. MANNING:** I think we all share that hope, yeah. But that's what it's looking like?

1722. **MR. EMOND:** Yeah, I think that's fair.

1723. **MR. MANNING:** So that's helpful, Mr. Emond. Can you tell me what is the thinking of TransCanada in mentioning that you'd be bringing forward the updated analysis to the TTF?

1724. **MR. EMOND:** Just consistent with our initial analysis, we think it's important that customers understand why we are investing these dollars. It is based on a very thorough cost benefit analysis. And we think these kinds of decisions are important to share with the customers.

1725. And I should point out that not only did we review it with the task force, but we had one-on-one meetings with customers that requested, and including CAPP, for example.

1726. **MR. MANNING:** Right. So the idea of bringing it to the TTF is, as I understand your explanation, informational in nature where you're going to

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present the findings and be prepared to discuss them to the extent people want to?

1727. **MR. EMOND:** Yes, that's correct. But I think it's also fair if customers were to raise questions or issues that we hadn't considered or different ways of looking at it, we would certainly take that into account.

1728. **MR. MANNING:** All right. And then in that process, what is TransCanada's expectation if customers simply take a position that is opposed to the continuation of the NOL Line 2 integrity program? What happens in that case?

1729. **MR. EMOND:** It's hard to speculate. It would depend on the nature of the opposition. I think there's a lot of factors that we need to assess; cost benefit is clearly one, and I think if our analysis would indicate that there's a cost savings for shippers in performing the work, we would be surprised that they may not support going ahead with the work.

1730. But beyond the cost benefit, there's other reasons why we need to think carefully about what we do with Line 2 in the NOL. It is required for back-up to the individual meter stations along the NOL, so currently there are two connections that service each of the meter stations for the communities in the northern -- in Northern Ontario.

1731. One connection is from Line 1 and the back-up connection or the other connection is from Line 2. So if you completely remove Line 2 or deactivate it, you would not have that back-up available. So that's something that we need to be mindful of.

1732. The other thing I think we need to be mindful of is just on peak day requirements, and there's been a couple of occasions even just this past winter where we've been very close in terms of meeting peak day demands. And certainly with -- more the prior year and a couple of occasions the year before that, when you get into the extreme cold weather, the system does operate at or close to maximum capability.

1733. So it's -- there's a number of factors. It's not -- I wouldn't want to suggest that it's 100 percent cost benefit, but that is certainly a main driver. But there are other factors to consider.

1734. **MR. MANNING:** Okay. So I have a note of them. One is a back-up

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for several meters at -- stations. The other is potential use and peak day situations.

1735. Are there others that you can advise me of today?

1736. **MR. EMOND:** There may be occasion where other lines are undergoing maintenance, so whether it's a full line break or just running a peg in another section in Line 1 or Line 3, it may be important to have Line 2 available.

1737. **MR. MANNING:** Okay. And just so I understand -- again, I want to get a clearer picture on the record of what happens at the TTF in the event people are opposed to the program going forward. So I understood that it's open for discussion and you take people's views into consideration, obviously.

1738. But if there's not agreement with stakeholders with respect to the continuation of the integrity program, is it the case that, in the end, if no resolution is possible, TransCanada makes a determination to proceed and the matter, to the extent it's opposed, has to come back before the NEB?

1739. **MR. EMOND:** I would say TransCanada ultimately has and should have the role to decide whether to do this work or not. Like I think it's our accountability to operate the pipeline safely, as low as cost as possible in meeting our obligations and meeting demands of the market. So I think, ultimately, it is our decision.

1740. I think in terms of the costs and the costs for recovery, there -- those are things that may be subject to review after the fact.

1741. **MR. MANNING:** Right. In the current case the decision has been made with respect to the 2012 program to basically stop it now, right. And so does it follow from that that also applies to the following years; everything is halted until you do your reassessment?

1742. **MR. EMOND:** Yes, I think that's fair. What we had -- our initial analysis was a five-year analysis.

1743. **MR. MANNING:** Right.

1744. **MR. EMOND:** We're looking for a number of years into the future,
so ---

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1801. **MR. TOSI:** I think that's a fair statement.

1802. However, I would like to point out that the TSO flow forecast that we're showing here, or even in the revised flow forecast that we'll be updating this analysis with shortly, is an average-day flow and doesn't reflect the situation on a peak day where we do approach the system capability on the Northern Ontario Line to meet peak-day winter requirements.

1803. **MR. MANNING:** Okay.

1804. **MR. EMOND:** I think, actually, if you go to the next slide in that same presentation, it does give you a good indication of the peaking volumes and how tight it can get on peak days.

1805. **MR. MANNING:** Right. Okay.

1806. Okay, the next questions I've got for you have to do with what at least I've called "the gas-to-oil issue" in this proceeding. And you -- at Transcript Volume 1, starting at paragraph 623, I had an exchange with Mr. Lohnes briefly about the press article that gave rise to the NEB IR 6.9 and we had a brief discussion about Mr. Girling's remarks about their being some potential to move between 300,000 to 800,000 barrels a day of oil on various parts of the Mainline should it be possible and feasible to convert that.

1807. And that's just to give you some frame of reference for that discussion.

1808. And what I'd like to know is, since that time when the hearing started, whether TransCanada's thinking has advanced in terms of this particular project?

1809. Because back then, I think Mr. Lohnes said it was just a thought, everyone is looking into whether it's possible or whether it's technically feasible and whether it makes economic sense. And so we're a little bit further on and I'm just wondering if you're thinking it's advanced anymore?

1810. **MR. POHLOD:** I know that TransCanada has continued to work on assessing the commercial and economic feasibility of redeployment of assets to oil. I know that work is still ongoing.

1811. **MR. MANNING:** M'hm.

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1812. **MR. POHLOD:** Has it advanced? It may have advanced but I'm not at -- in a position where I believe that there have been any conclusions that have been reached.

1813. **MR. MANNING:** There was a newspaper article on Thursday, June 28th, 2012, that I provided earlier to your counsel in which Mr. Girling was quoted with respect to this project.

1814. And I'll just wait for that to come up on the screen.

--- (A short pause/Courte pause)

1815. **MR. MANNING:** Mr. Pohlod, you'd seen that before, I take it?

1816. **MR. POHLOD:** Yes.

1817. **MR. MANNING:** Okay. So the part that I noted in particular was down in the paragraph that starts -- second from the bottom in the article:

"But the line could also profitably ship oilsands crude to Atlantic Basin refineries for the first time. TransCanada cannot yet say when it will lay out details on the East Coast pipeline but Girling said the company believes that converting one of its under-used gas lines is technically and economically feasible."

1818. So that caused me think TransCanada's thinking must have advanced since the time we started the hearing because when we started the hearing, it was an open question about whether it was technically feasible.

1819. **MR. POHLOD:** I believe that work is still continuing ---

1820. **MR. MANNING:** Okay.

1821. **MR. POHLOD:** --- to ascertain definitively the, you know, technical, economic and commercial feasibility.

1822. **MR. MANNING:** Okay.

1823. **MR. POHLOD:** The fact that TransCanada has converted one of its

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lines for the original Keystone Project to oil service, should lead one to believe that it is technically feasible. I can understand why Mr. Girling would make that kind of a remark. But I know that work is continuing.

1824. **MR. MANNING:** Okay. So we've got the benefit of the hardware guys on the panel, as Ms. Moreland dubbed you the other day, and so -- can someone help me; has there been a consideration from the technical side about whether this is feasible, whether the gas oil conversion to get oil from the Alberta border to the east coast is feasible?

1825. **MR. TOSI:** Well certainly, Mr. Manning, given the conversion of the Prairies Line 1 to oil service, I think technically it's feasible to transfer the pipeline from gas to oil service.

1826. Clearly there are many factors in doing that however. You know, the suitability of the pipe, the pipe size, et cetera. So, again, I think we have some experience with doing that and so technically, as I said earlier, I believe it is probably feasible.

1827. **MR. MANNING:** Okay, that's good.

1828. So based on your experience, Mr. Tosi, can you help me understand what might likely be the lines that would be converted on the Mainline Prairie section?

1829. **MR. TOSI:** Well, again, there continues to be much uncertainty as Mr. Pohlod has just described for you. Certainly the requirements for the oil side ---

1830. **MR. MANNING:** M'hm.

1831. **MR. TOSI:** --- or from the oil side would dictate what their requirements are.

1832. **MR. MANNING:** Sure.

1833. **MR. TOSI:** So, again, I don't think it's possible for us to state definitively what lines they would be looking at.

1834. **MR. MANNING:** So in that regard, the only information that we've

(39)

TransCanada-NOVA-Foothills Panel 7
Examination by Mr. Manning

been able to glean from the press article is a quote that said it's somewhere between 300,000 and 800,000 (sic) barrels, that's a very big range I expect.

1835. **MR. TOSI:** I think that's a fair statement.

1836. **MR. MANNING:** Right. So ---

1837. **MR. TOSI:** Again -- go ahead.

1838. **MR. MANNING:** Okay. So I'm just curious, I -- I mean if you can't answer it, I understand that. But if we were to assume the number was at the higher end, the 800,000 (sic) barrel range; can you give me some idea of the hardware that would be required?

1839. **MR. TOSI:** Well I think as we were discussing earlier, there are a number of lines, picking on the Prairies section, of varying pipe sizes, likewise across Northern Ontario, varying pipe sizes as well as the North Bay shortcut. So ---

1840. **MR. MANNING:** Right.

1841. **MR. TOSI:** --- I think you're probably looking at a 36-inch line or a 42-inch line. But that would really be dictated by what the oil sides requirements are ---

1842. **MR. MANNING:** Right.

1843. **MR. TOSI:** --- and how they chose to size pump stations and locate pump stations.

1844. **MR. MANNING:** Right. So that would be -- I don't have an encyclopaedic knowledge of your Prairies configuration, but I take it there's a 36 and/or a 42 line in service now, one of the five remaining?

1845. **MR. TOSI:** Yes, that would be correct.

1846. **MR. MANNING:** And what about the NOL portion?

1847. **MR. TOSI:** Definitely a 36 and a 42.

(40)

TransCanada-NOVA-Foothills Panel 7
Examination by Mr. Manning

1887. **MR. EMOND:** That's exactly right.

1888. **MR. MANNING:** Okay, thank you.

1889. Thank you very much, Mr. Chairman, I'm finished my questions.

1890. Thank you, Panel.

1891. **THE CHAIRMAN:** Thank you, Mr. Manning.

--- (A short pause/Courte pause)

1892. **MR. MANNING:** It occurs to me I did refer to the newspaper article but didn't ask that it be marked. It's probably appropriate given I've made the reference on the record subject to any concerns Mr. Cameron has.

1893. **THE CHAIRMAN:** Yes, let's do that, Mr. Manning.

1894. **THE REGULATORY OFFICER:** C2-15.

--- **EXHIBIT NO./PIÈCE No. C2-15**

Newspaper article

1895. **MR. MANNING:** Thank you very much.

1896. **THE CHAIRMAN:** Thank you, Mr. Manning.

1897. Now, we'll have Mr. Smith for Union Gas Limited, please.

1898. **MR. SMITH:** I knew we'd ultimately get to use that exhibit number,
sir.

--- (A short pause/Courte pause)

--- **EXAMINATION BY/INTERROGATOIRE PAR MR. SMITH:**

1899. **MR. SMITH:** Morning, gentlemen, my name is Smith and I represent
Union Gas.

(41)

TransCanada-NOVA-Foothills Panel 7
Examination by Mr. Smith

1900. I have a series of questions that really arise from the -- in effect, Opening Statement on the Line 2 developments, and then some other matters that arose through the cross-examination of the Panel thus far and maybe I could just start with those.

1901. Now, the announcement which was made identifies -- and I'm going to go right to the transcript here, this was volume 29, 588, it said:

"Derated and locked out sections of NOL Line 2 will remain derated and locked out unless and until necessary integrity work has been completed."

1902. Now, there's two questions that arise. The first one and perhaps the easiest is: What's the rate treatment of those assets which are de-rated and locked-out and, therefore, not being used in the, you know, the throughputs from West to East?

1903. I'm clear that they're not being decommissioned. They're just being de-rated and locked-out. So is this a planned held for future use or are we continuing to pay for these assets in the same way as we would for other assets which were not de-rated and locked-out?

1904. **MR. POHLOD:** They are assets that are in rate base and they continue to be treated the same as any other assets in rate base.

1905. **MR. SMITH:** And your position, I take it, is that that's appropriate and you would understand that there may be a contending position that these assets should have a different rate treatment given their actual use?

1906. **MR. CAMERON:** Mr. Chairman, I don't want to preclude questions about the use of the facilities, but we circulated a letter that assigned responsibilities in an attempt to distinguish what was the responsibility of Panel 7 and what was the responsibility of Panel 8.

1907. And Panel 7 is dealing with how the hardware is being used, and Panel 8 is dealing with matters such as rate treatment of facilities that aren't being fully utilized.

1908. And Mr. Smith's last question was on the second issue and so I'd ask

(42)

2285. In addition to that, we are releasing capacity on Great Lakes when we can. This year alone, year-to-date, I think we've -- we'll be generating over -- or we have generated year-to-date over \$11 million of release revenue that will be flowing back to offset, you know, basically to the revenue requirement.
2286. In addition to that, we have the potential for IT and STFT sales through the use of that contract and it provides other benefits in terms of some operational flexibility and security of supply.
2287. So we would take a look at all of those things in order to make a determination as to whether we would retain or reduce the volume under that contract.
2288. **MR. SMITH:** Sir, could you just have a look at Volume 29 of the contract -- sorry -- Volume 29 of the transcript and paragraphs 1092 to 1093?
2289. It's not on the list that I gave you, my apologies, but -- sorry, the list that I gave to the court reporter. So that was 29T 1092 and 1093. There we go. Thank you.
2290. Counsel for APPrO asked you:
- "So will you procure, in the future, GLGT capacity to support STFT and IT services?"*
2291. **MR. POHLOD:** No, it would not be consistent with our past practice nor would it be our intent to contract for IT or STFT."
2292. Right?
2293. **MR. POHLOD:** That is true from the perspective that, generally, we do not enter into contracts -- TBO contracts for IT and STFT requirements.
2294. So I would not be looking -- I do not believe that we would look at contracting capacity on another pipeline purely for IT that we do not know whether or not we are going to have or be in a position to generate any revenue from, whether it's IT or STFT.
2295. But we will always assess for existing contracts whether it makes

TransCanada-NOVA-Foothills Panel 7
Examination by Mr. Smith

sense to continue to hold something and, to the extent that it is generating more revenue than it's costing, it's generally beneficial to the system and to the shippers on our system for us to hold or continue to hold capacity.

2296. We would factor all of those things into our decision.
2297. **MR. SMITH:** Sir, this is a contract with an affiliate?
2298. **MR. POHLOD:** It is, yes.
2299. **MR. SMITH:** Okay. And with ---
2300. **MR. POHLOD:** A regulated affiliated, yes.
2301. **MR. SMITH:** Pardon me?
2302. **MR. POHLOD:** A regulated affiliate, yes.
2303. **MR. SMITH:** An affiliate, nonetheless.
2304. **MR. POHLOD:** Yes.
2305. **MR. SMITH:** And, sir, under those circumstances people tend to look, you know, a little more closely at the arrangements. I think all utilities understand that.
2306. Now, your practice is not, as you stated it there, to enter into TBO capacity for the purposes of IT or STFT revenue generation.
2307. That's your practice; right?
2308. **MR. POHLOD:** Our practice is certainly not to enter into new TBO arrangements for the purpose of generating IT or STFT revenue. That is correct.
2309. **MR. SMITH:** Thank you.
2310. **MR. POHLOD:** However, we will always assess the benefit of holding an existing contractual arrangement on the basis of the revenue that it's providing to the system.

TransCanada-NOVA-Foothills Panel 7
Examination by Mr. Smith

2352. **MR. SMITH:** That's fine and thank you for the stipulation.
2353. Now, is TransCanada currently offering STFT service from Dawn to points east of Parkway?
2354. **MR. TOSI:** I'm not -- sorry, Mr. Smith, I'm not aware that we are offering any STFT. We look at what our requirements are to move the gas from Dawn on a design day basis utilizing our Union capacity as well as our ability to move the gas on a contractual basis using the backhaul.
2355. **MR. SMITH:** But you are not offering STFT from Dawn to points east of Parkway on a direct path because of a constraint or an unavailability of capacity on the Parkway -- the existing Parkway to Maple system; is that fair?
2356. **MR. TOSI:** Sorry, Mr. Smith, can you please repeat your question?
2357. **MR. SMITH:** Yeah. TransCanada is not currently offering STFT service from Dawn to points east of Parkway on the direct path because there is a constraint or a limitation on the capacity available for incremental firm service between Parkway and Maple?
2358. **MR. TOSI:** I would say we're not offering STFT on any path out of Dawn because we are fully utilizing our backhaul, as well as our forward haul capacity that's available on Union.
2359. **MR. SMITH:** So there is no forward haul capacity from Parkway to Maple available for STFT at the present time?
2360. **MR. TOSI:** I don't believe so, Mr. Smith. But I would point out just to add some clarity to this discussion that we have had a couple of open seasons in the recent past that parties have requested incremental firm service from Niagara to points east, as well as from Parkway to points east, and we are currently expanding our system to accommodate those incremental firm service requests.
2361. So again, to the extent that parties are looking for service, we are more than prepared to offer and accommodate those requests.
2362. **MR. SMITH:** But there isn't sufficient capacity at the moment? Just to follow-up on your stipulation. I'll let Mr. Pohlod go ---

2378. **MR. TOSI:** We do it whenever the contract is up for renewal, we would assess the continued appropriateness of those contracts and make a determination at that point in time.
2379. However, we would also need to take into account the requirements and the timelines that would be required to construct additional facilities to meet the obligations that we have. I think -- we've put on the record our assessment in CAPP 187 that that certainly justified the economics associated with taking gas, utilizing -- pardon me, utilizing a Great Lakes backhaul contract to facilitate the obligations that we have at Dawn.
2380. Our assessment was that it was more appropriate to contract for Great Lakes backhaul than to secure additional incremental Union TBO capacity and construct additional facilities from Parkway.
2381. I think our evidence suggests that it was the appropriate thing to do. So we continue to review for the appropriateness of those arrangements.
2382. **MR. SMITH:** Sir, you made reference to CAPP 187C.
2383. **MR. TOSI:** I did, yes.
2384. **MR. SMITH:** And it states in that document -- if we might put it up on the screen, this is Exhibit B8-12, page 4 of 6 and I believe I gave the PDF number in my list, but I didn't keep it for myself.
2385. Thank you.
2386. And I believe what you were just referring to is captured in the -- it looks like the second full paragraph on page 4 of 6:

"As a result of the incremental service requests from Parkway in Niagara for November 2012, TransCanada evaluated the relative economics of seeking additional backhaul or the construction of additional facilities from Parkway in conjunction with incremental Union TBO capacity. The results established that the construction of additional facilities was appropriate to meet the market requirements."


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IT Interruptible Transportation

Description of Service:

- Blanket daily interruptible service.

Key Features and Benefits:

- Available capacity is auctioned daily to the highest bidders (above a specified floor price).
- Once an IT shipper's nomination is authorized, the service cannot be "bumped" to meet other intra-day nomination increases.

How to Access this Service:

- Sign a master IT contract with TransCanada.
- IT contract holders bid through their nominations for IT service on a daily basis, indicating the quantity, the transportation path, and the bid price.

For Further Information

Contact your [Customer Account Manager](#), or via any of the options listed below.

The Pipe Line: 1.403.920.PIPE (7473)

Email: customer_express@transcanada.com

Attributes

Service Priority	Interruptible
Renewal Rights	n/a
Build	Will not build for service
Service Flexibility	Diversions - n/a Alternate Receipt Points - n/a Shifts - n/a RAM credits help off-set shipper's monthly IT bill Assignments - n/a Receipts allowed from certain delivery areas
Access	Shipper signs master IT contract with TransCanada Daily auction Shipper bids price and quantity Awarded based on price
Term	Up to one day service Evergreen master IT contract Shipper or TransCanada can cancel IT contract given 30 days notice
Price	Biddable Floor price = 110% of the 100% load factor FT toll No maximum
Toll Type	Commodity

Please Note:

This service description is for informational purposes only. For more detailed descriptions, please review the [Transportation Tariff](#) which provides complete detail and supersedes the information provided on this page.

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INTERRUPTIBLE TRANSPORTATION SERVICE**IT TOLL SCHEDULE****INDEX**

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1. AVAILABILITY

1.1 Any Shipper shall be eligible to receive service pursuant to this Toll Schedule provided such Shipper:

- (a) has entered into an interruptible service contract (the "Contract") with TransCanada or, has obtained an order of the NEB, pursuant to subsection 71(2) of the National Energy Board Act as amended from time to time ("71(2) Order"), requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order; and
- (b) has pipeline facilities interconnecting with TransCanada's facilities at the delivery point(s) specified in the Contract or, has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in receiving from TransCanada the gas to be delivered pursuant to this Toll Schedule; and
- (c) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 5 hereof.

2. APPLICABILITY AND CHARACTER OF SERVICE**2.1 Definition of Interruptible Transportation Service**

Service hereunder shall be subject to curtailment or interruption at any time that TransCanada determines in its sole discretion that deliveries hereunder would in any way interfere with or restrict TransCanada's ability to make deliveries of gas under any and all transportation services having a higher priority on TransCanada's system pursuant to Section XV of the General Terms and Conditions than service requested hereunder or, any time that Shipper fails to provide on an ongoing and timely basis evidence satisfactory to TransCanada of its right to remove from the province of production all or any part of the quantities of gas to be transported by TransCanada under the Contract. It is understood that TransCanada shall not construct additional facilities for the purpose of providing service hereunder.

The "Floor Price" for Interruptible Transportation service under this IT Toll Schedule shall equal 1.10 times the 100% load factor daily equivalent of the FT Toll for service over the applicable path.

Nominations for Interruptible Transportation service will be expressed in dollars per gigajoule (\$/GJ) and be subject to minimum increments of \$0.0001/GJ per bid. Each bid increment shall hereafter be referred to as a "nominated toll level".

Nominations for Interruptible Transportation Service will be no less than the Floor Price over the applicable path.

Nominations for available IT Service from receipt points in Alberta and Saskatchewan to and including all points in the Saskatchewan Zone, the Manitoba Zone, the Western Zone, and to all export points at Emerson and Spruce, Manitoba (collectively, "Western Service") for purposes of evaluation, shall have added to their IT Nomination Price, the "East/West Differential", which is defined as the sum of the difference between Eastern Zone and Manitoba Zone costs for the following items:

- (a) the increment of the percentage of marginal fuel costs in excess of the percentage of average fuel costs over the twelve (12) month period immediately preceding the date that tolls become effective, priced at the average Empress border spot price for the preceding twelve (12) month period, as published in *Canadian Gas Price Reporter* or, if such publication ceases to exist, such other reporting service as TransCanada may deem appropriate, where the incremental marginal fuel cost in the Eastern Zone is for the Great Lakes Gas Transmission Company/Union Gas Limited route only ; and
- (b) the net of applicable Great Lakes Gas Transmission Company system overrun costs, based on the approved rates and estimated refund;
- (c) the applicable overrun costs on the Union Gas Limited system, based on approved rates; and
- (d) the applicable commodity toll then in effect from Empress, Alberta.
- (e) All nominated toll levels are based on the load factors discussed above, however, the nominations are evaluated on a maximum net revenue per unit basis.

2.2 Request for Available Interruptible Transportation Service

During the term of the Contract, Shipper shall be entitled to request Interruptible Transportation service in the manner hereafter set forth.

2.3 Forecasting of Available Interruptible Service

TransCanada shall notify the Shipper, in the manner set forth in the Contract or by inclusion in TransCanada's ShipperNews monthly newsletter and/or electronic bulletin board, of TransCanada's estimate of the quantity of available Interruptible Transportation Service which TransCanada expects to be able to render to Shippers during the succeeding month.

2.4 Allocation of Available Interruptible Transportation Service**(a) Nominations**

Capacity available for Interruptible Transportation service will be allocated in accordance with the provisions of this subsections 2.4, 2.6 and 2.7 hereof. In addition to the information required from Shippers for nominations for other services, all nominations for Interruptible Transportation service shall contain the following information:

- (i) the nominated toll level
- (ii) the nominated quantity; and
- (iii) if applicable, a minimum quantity acceptable to the Shipper.

A Shipper may not submit more than one nomination per unique combination of effective period, receipt point, delivery point or area, and nominated toll level.

Nominations for service must be received by TransCanada through its electronic bulletin board at the time specified pursuant to Section XXII of the General Terms and Conditions. TransCanada shall not accept nominations by fax unless TransCanada's electronic bulletin board and EDI systems are inoperative.

(b) Allocation of Interruptible Service

Subject to the provisions set out in this IT Toll Schedule, TransCanada shall authorize available Interruptible Transportation service as part of its regular authorization process (see Section XXII of the General Terms and Conditions) in the following manner. Nominations will be authorized in descending order from

highest to lowest nominated toll level. The total nominated quantity at each nominated toll level will be authorized before any nominations are authorized in the next lowest nominated toll level. If the remaining available Interruptible Transportation service is insufficient to provide service for all nominated quantities at a nominated toll level, the remaining available Interruptible Transportation service will be authorized on a pro rata basis amongst all IT Nominations, at such nominated toll level. For the purpose of evaluating nominations and authorizing available Interruptible Transportation service, the East/West Differential will be added to each nomination for Western Service to determine the applicable nominated toll level.

2.5 Notification to Shippers of Allocated Available Interruptible Transportation Service

TransCanada shall post, via TransCanada's electronic bulletin board on a weekly basis, a summary of IT nominations authorized by Toll Level.

2.6 Nominations of Allocated Available Interruptible Transportation Service
Nominations and Renominations

A Shipper shall confirm its intention to use the transportation service authorized by TransCanada either by allowing its original nomination to stand, if the full nominated quantity has been authorized by TransCanada, or by renomination, if only a portion of the nominated transportation service is authorized by TransCanada. If Shipper fails to renominate the available quantity within one hour after Shipper has been notified of the authorized quantity, Shipper shall be deemed to have renominated the available quantity.

A Shipper may include as part of its nomination, a minimum quantity that will be acceptable to the Shipper. In the event that TransCanada cannot authorize at least the minimum quantity specified by the Shipper in its nomination, no service will be authorized to that Shipper under that nomination.

2.7 Priority of Curtailment of Interruptible Transportation Service

Curtailments will be based upon the quantity nominated by the Shippers. Priority of curtailment will start at the lowest nominated toll level up to the highest nominated toll level. If the total nominated quantity at a nominated toll level is not entirely curtailed, curtailment at such nominated toll level shall be allocated on a prorata basis among all nominations at such nominated toll level.

3. PENALTY PROVISIONS**3.1 Penalty if Utilization is Less Than Authorized**

If a Shipper nominates or renominates for transportation service hereunder pursuant to subsections 2.6 hereof but subsequently does not utilize all of the transportation authorized by TransCanada for that nomination or renomination, as the case may be, the Shipper will be subject to a penalty as set forth below. The penalty shall be equal to 25% of the difference between the value of the transportation service authorized by TransCanada for that gas day and the value of the transportation service that the Shipper renominated that gas day. Such values shall be determined by multiplying the applicable nominated toll level price by the quantities authorized by TransCanada and renominated by the Shipper; provided however, if

- a) the transportation service authorized by TransCanada and not utilized by Shipper would not have been used by another Shipper with a nomination for service hereunder; or
- b) the Shipper can demonstrate to the satisfaction of TransCanada that its inability to use the authorized quantity was due to the refusal of a duly tendered nomination on an interconnecting pipeline,

the foregoing penalty will not be applied.

4. MONTHLY BILL

- 4.1 The monthly bill payable by Shipper to TransCanada for transportation service hereunder at each nominated toll level in which Shipper has been allocated Interruptible Transportation service shall be equal to the nominated toll level multiplied by Shipper's total Delivery Gas at such nominated toll level for the month to which this bill relates. Shippers which have been allocated service in more than one nominated toll level shall be deemed to have been provided service in the highest nominated toll level first.

The bill payable each month under this subsection 4.1 by Shipper to TransCanada for Interruptible Transportation service will be reduced by the sum of the following amounts calculated, for each of Shipper's FT, STS and STS-L contracts in such month:

IT TOLL SCHEDULE

- a) for each FT Contract with a receipt point in Alberta or Saskatchewan, an amount calculated as follows:

$$A \times B$$

Where: "A" = the quantity of unutilized FT capacity for such FT Contract for such month, less any quantity for such month for which a demand charge adjustment was made pursuant to subsection 5.1 of the FT Toll Schedule; and

"B" = the IT Floor Price for such FT Contract path, less the FT Commodity Toll for such path.

- b) for each FT Contract that is not a FT Contract referred to in subsection 4.1(a) with a receipt point at a Common Location, an amount calculated as follows:

$$C \times D \times E$$

Where:

"C" = the quantity of unutilized FT capacity for such FT Contract for such month, less any quantity for such month for which a demand charge adjustment was made pursuant to subsection 5.1 of the FT Toll Schedule;

"D" = for such Common Location the lesser of:

(i) 1; or

(ii) F/G;

Where:

"F" = the aggregate Contract Demand of all of Shipper's FT Contracts referred to in subsection 4.1(a) that have a delivery point or area, at such Common Location, provided such FT Contracts have not been suspended, terminated, or have had a delivery point shift;

"G" = the aggregate Contract Demand of all of such Shipper's FT Contract(s) that is(are) not a FT Contract(s) referred to in

subsection 4.1(a) and with a receipt point at such Common Location; and

"Common Location" shall mean:

1. an export point where gas can both be delivered and received;
2. a domestic point where gas can both be delivered and received; or
3. the delivery area to which gas is delivered to and a point where such gas can be received within such delivery area.

"E" = the IT Floor Price for such FT Contract path, less the FT Commodity Toll for such path.

- c) for each of Shipper's STS and STS-L Contract an amount for such month equal to the sum of the daily amounts for such month calculated as follows:

$H \times I$

Where:

"H" = the quantity of unutilized STS or STS-L capacity for such STS or STS-L Contract for such month less any quantity for such month for which a demand charge adjustment was made pursuant to the STS or STS-L Toll Schedule.

"I" = the difference between 1.1 times the 100% load factor STS or STS-L Toll and the STS and STS-L Commodity Toll

Provided however:

- 1) For STS and STS-L Contracts where the Market Point is downstream of the Storage Injection Point, if on any Day Shipper's Cumulative Storage Balance is not greater than zero, or the Day is within the summer period, then the amount on such day shall be zero;

- 2) For STS and STS-L Contracts where the Market Point is upstream of the Storage Injection Point, the amount on such Day shall be zero for any Day within the winter period.

Provided, however, that the monthly bill payable by Shipper under this subsection 4.1 shall be at least equal to the quantity of gas delivered for each of Shipper's IT Contract paths for the month, multiplied by the FT Commodity Toll for such IT Contract path.

- 4.2 Shipper shall also pay monthly to TransCanada a charge for delivery pressure provided that deliveries hereunder are made to a Delivery Point at which a charge for delivery pressure has been approved by the NEB (and set forth in the List of Tolls referred to in Section 5 hereof). The monthly delivery pressure charge at each such Delivery Point shall be the product of the applicable Delivery Pressure Commodity Toll and the total of the Shipper's quantities delivered hereunder at that Delivery Point during such month. The total monthly delivery pressure charge shall be the sum of the monthly delivery pressure charges at all applicable Delivery Points.
- 4.3 Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.
- 4.4 Shipper shall also pay monthly to TransCanada any penalty arising from the provisions set out in subsection 3.1 above.
- 4.5 Penalty revenue received by TransCanada pursuant to subsection 4.3 above, shall be included in the Interruptible Transportation Service revenue disposition.
- 4.6 For each month, a Shipper shall provide, on a daily basis, a quantity of fuel based on a monthly fuel ratio to be established by TransCanada.

5. MISCELLANEOUS PROVISIONS

- 5.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff as amended from time to time are applicable to this IT Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this IT Toll Schedule and the General Terms and Conditions, the provisions of this IT Toll Schedule shall prevail.
- 5.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereto or substitution therefor.



STS Storage Transportation Service

Description of Service:

- Firm service allowing for injections and withdrawals at storage locations.
- Requires the STS contract holder to also hold a long-haul FT contract to their market point.

Key Features and Benefits:

- Allows a Firm Transportation (FT) contract holder, in combination with their STS contract, to meet seasonal market and storage requirements and still keep a high load factor.
- Offers numerous flexibility features including guaranteed renewal rights, additional nomination windows to better balance daily gas supply and consumption, and RAM credits to maximize the value of the contract.

How to Access this Service:

- Bid for service through a TransCanada held Open Season. Notices are posted on the TransCanada website and detail the capacity offered as well as the bidding process.
- Shipper must sign an STS contract for the accepted bid with TransCanada.
- Shipper must also have a long-haul FT contract with TransCanada to the shipper's market point.

For Further Information

Contact your Customer Account Manager, or via any of the options listed below.

The Pipe Line: 1.403.920.PIPE (7473)
 Email: customer_express@transcanada.com

Attributes

Service Priority	Injections and withdrawals are firm dependent on season & location of market vs storage
Renewal Rights	Renewal minimum 1 year 6 months notice required
Build	Will build for service Long-term commitment required
Service	Diversions - n/a
Flexibility	Alternate Receipt Points - n/a Shifts - n/a Assignments - n/a STS RAM (seasonal) Ability to convert to STS-L Additional Nomination Windows
Access	Open Season Awarded based on term x toll Must also hold a long-haul FT contract to the market point

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Term	Min = 1 year No maximum
Price	STS toll
Toll Type	Monthly demand & commodity

Please Note:

This service description is for informational purposes only. For more detailed descriptions, please review the [Transportation Tariff](#) which provides complete detail and supersedes the information provided on this page.

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STORAGE TRANSPORTATION SERVICE

STS TOLL SCHEDULE

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1. AVAILABILITY

1.1 Any Shipper shall be eligible to receive service pursuant to this Storage Transportation Service ("STS") Toll Schedule, provided such Shipper:

- (a) has entered into a Firm Transportation Service Contract(s) with TransCanada (the "FT Contract(s)") with a receipt point at Empress, Alberta or in the province of Saskatchewan and such FT Contracts have been identified in Shippers STS Contract;
- (b) has entered into a STS Contract having a minimum term of one (1) year with TransCanada incorporating this Toll Schedule and providing for transportation service between the delivery point in the FT Contract(s) (the "Market Point") and the Storage Injection Point(s), and between the Storage Withdrawal Point and the Market Point
- (c) has not executed a STS-L Contract with the same Market Point as specified in the STS Contract;
- (d) has its own gas storage facilities, or has entered into a gas storage contract with any company having gas storage facilities which are connected by gas transmission pipeline facilities to TransCanada's gas transmission system at the Storage Injection Point(s) and the Storage Withdrawal Point located downstream of the Alberta/ Saskatchewan border ;
- (e) has entered into a gas transportation contract(s) with the company(ies) operating gas transmission pipeline facilities connecting the gas storage facilities with TransCanada's gas transmission system at the Storage Injection Point(s) and Storage Withdrawal Point (the "other Transporters"); and
- (f) has provided TransCanada with financial assurances as required by TransCanada pursuant to Section XXIII of the General Terms and Conditions referred to in Section 7 hereof.

1.2 Facilities Construction Policy

In order to provide service pursuant to this STS Toll Schedule, TransCanada utilizes capacity available from its own gas transmission system and from its firm transportation service entitlement on the Great Lakes Gas Transmission Company system, the Union Gas Limited system, and the Trans Quebec & Maritimes Pipeline Inc. system (the "Combined Capacity"). If a request for service pursuant to this STS Toll Schedule (the "Requested Service") requires an increase to the Combined Capacity, TransCanada is prepared to use all reasonable efforts to enable it to increase the Combined Capacity to the extent necessary provided that:

- (a) there is reasonable expectation of a long term requirement for the increase in the Combined Capacity; and
- (b) the NEB approves the additional facilities and/or transportation services necessary to increase the Combined Capacity; and
- (c) the availability provisions of subsection 1.1 hereof are satisfied with respect to the Requested Service.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 On each day during the term of the STS Contract, Shipper shall be entitled to request service hereunder by placing a nomination with TransCanada. Nominations shall be made pursuant to Section XXII of the General Terms and Conditions referred to in Section 7 hereof. Service hereunder shall not be subject to curtailment or interruption except as provided in subsection 2.3 hereof and in Sections XI, XIV, and XV of the General Terms and Conditions.

Subject to the foregoing, TransCanada shall provide firm transportation service hereunder consistent with the provisions of the General Terms and Conditions; PROVIDED HOWEVER, that

- (a) deliveries hereunder by TransCanada to Shipper on any day at the Storage Injection Point(s) shall not exceed the difference between the total of the Contract Demands under the FT Contracts and the total quantities delivered on such day to Shipper under the FT Contracts at the Market Point; and
 - (b) if there is more than one Storage Injection Point under Shipper's STS Contract and these Storage Injection Points are also included under any other Shippers' STS and/or STS-L Contracts, deliveries on any day to Shipper at each such Storage Injection Point shall be Shipper's pro rata share of the total STS and STS-L deliveries at each such Storage Injection Point for all STS and STS-L Shippers on such day determined on the basis of the fraction which Shipper's STS nomination bears to the total of the STS and STS-L nominations of all STS and STS-L Shippers, unless TransCanada, Shipper and all the other STS and STS-L Shippers at each such Storage Injection Point otherwise agree.
- 2.2 For the purpose of the application of the provisions of Sections II, III, and IV of the General Terms and Conditions to service hereunder:
- (a) when Shipper requests transportation service hereunder for delivery at the Storage Injection Point(s), the terms "delivery point", "receipt point", and "Shipper's Authorized

Quantity" in TransCanada's General Terms & Conditions shall mean herein, respectively, the 'Storage Injection Point(s)', 'the Market Point', and 'the quantity of gas which Shipper requests and TransCanada has agreed to deliver to the Storage Injection Point(s) subject to subsection 2.1 hereof (the "Daily Injection Quantity");

- (b) when Shipper requests transportation service hereunder from the Storage Withdrawal Point to the Market Point, the terms "delivery point", "receipt point", and "Shipper's Authorized Quantity" in the General Terms and Conditions shall mean, respectively, 'the Market Point', 'the Storage Withdrawal Point', and 'the quantity of gas which Shipper shall cause to be delivered by the other Transporter to TransCanada at the Storage Withdrawal Point (the "Daily Withdrawal Quantity"); and
- (c) if the STS Contract specifies a Storage Withdrawal Point located upstream of the Market Point, the STS Contract shall set out a Contract Demand in respect of transportation from the upstream Storage Withdrawal Point to the Market Point or; if the STS Contract specifies Storage Injection Point(s) located downstream of the Market Point, the STS Contract shall set out a Contract Demand in respect of transportation from the Market Point to the downstream Storage Injection Point(s).

TransCanada shall not be obligated to transport, on any day, a quantity of gas under the STS Contract in excess of the applicable Contract Demand.

- 2.3 Deliveries requested by Shipper hereunder in excess of Shipper's Contract Demand under the STS Contract shall only be made by TransCanada on a best efforts basis and TransCanada, in its sole discretion, may curtail or interrupt these excess deliveries and the corresponding Shipper's Authorized Quantities at any time.
- 2.4 Notwithstanding any other provision hereof, the Daily Injection Quantity shall be deemed to be delivered on such day at the Market Point, and Shipper shall pay for such quantities pursuant to the FT Contracts. Such payment shall be in addition to all payments hereunder.

3. MONTHLY BILL

- 3.1 The monthly bill payable by Shipper to TransCanada for service hereunder shall include the demand charge and the commodity charge for transportation service, plus, where applicable, a delivery pressure charge, the Union Dawn Receipt Point Surcharge, an overrun charge, and an excess withdrawal charge in effect during the billing month and shall be calculated by applying the

applicable tolls as approved by the NEB (as set forth in the List of Tolls referred to in Section 7 hereof), as follows:

(a) **Demand Charge**

For each month of a Contract Year, the demand charge for transportation service hereunder shall be equal to the applicable Monthly Demand Toll multiplied by Shipper's Contract Demand. The said demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatever, including an event of force majeure, to receive or deliver Shipper's full Contract Demand.

(b) **Commodity Charge**

For each month of a Contract Year, the commodity charge payable shall be equal to the Commodity Toll multiplied by the total quantity delivered by TransCanada to Shipper hereunder at:

- (i.) the Storage Injection Point(s), if the STS Contracts specifies Storage Injection Point(s) located downstream of the Market Point, or
- (ii.) the Market Point, if the STS Contract specifies a Market Point located downstream of the Storage Withdrawal Point.

(c) **Delivery Pressure Charge**

A delivery pressure charge shall be due if a portion or all of Shipper's Daily Injection Quantity or Daily Withdrawal Quantity for such month was delivered at any point(s) having a delivery pressure charge for deliveries thereto. The monthly delivery pressure charge at each such point having a delivery pressure charge shall be the product of the applicable Delivery Pressure Toll (expressed in \$/GJ) and the total of such quantities delivered at that point during such month. The total monthly delivery pressure charge shall be the sum of the monthly delivery pressure charges at all applicable points.

(d) **Union Dawn Receipt Point Surcharge**

Each month, Shipper shall pay the Union Dawn Receipt Point Surcharge for service from the Union Dawn Receipt Point.

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(e) **Overrun Charge**

For excess deliveries made pursuant to subsection 2.3 hereof, Shipper shall, in addition to the commodity charge provided in subsection 3.1(b) hereof, pay to TransCanada a charge determined by multiplying the applicable Daily Demand Toll by the total of such excess deliveries for such month. For this purpose, the Daily Demand Toll shall be determined by multiplying the applicable Monthly Demand Toll by twelve (12) and dividing the resultant product by the number of days in the Year.

(f) **Excess Withdrawal Charge**

- i) The "Daily Excess Withdrawal Quantity" shall mean, for any Day, the quantity by which Shipper's cumulative Daily Withdrawal Quantity, determined from the Date of Commencement (as defined in the STS Contract) exceeds the sum of the cumulative Daily Injection Quantity from the Date of Commencement, the cumulative Daily STFT Quantity from the Date of Commencement, the cumulative Daily IT Quantity from the Date of Commencement, and the cumulative Daily Diversion Quantity from the Date of Commencement, provided however:

- a. for STS Contracts entered into before January 1, 2005, the cumulative Daily Withdrawal Quantity, the cumulative Daily Injection Quantity, the cumulative Daily STFT Quantity, the cumulative Daily IT Quantity, and the cumulative Daily Diversion Quantity shall each be deemed to be zero GJ effective April 1, 2003, April 1, 2004, or April 1, 2005 as elected in writing by Shipper to TransCanada. Shipper shall have deemed to have elected April 1, 2003 if TransCanada has not received such election by May 1, 2005; and
- b. Shipper's cumulative Daily Withdrawal Quantity shall not include any Daily Excess Withdrawal Quantities from any previous day.

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Where:

"Daily STFT Quantity" shall mean the quantity of gas that is delivered each Day by the STS Shipper pursuant to such Shipper's STFT Contract from the Market Point to the Storage Injection Point;

"Daily IT Quantity" shall mean the quantity of gas that is delivered each Day by the STS Shipper pursuant to such Shipper's IT Contract from the Market Point to the Storage Injection Point; and

"Daily Diversion Quantity" shall mean diversion to the Storage Injection Point by Shipper pursuant to FT Contracts and diversion by Shipper pursuant to any other Firm Transportation Service Contracts having a receipt point that is Empress or a receipt point in the province of Saskatchewan and have a delivery point which is the same as the Market Point in the Shipper's STS Contract.

On any Day, the sum of the Daily STFT Quantity and the Daily IT Quantity shall not exceed the Shipper's pro-rata share of the total Contract Demand, on that Day, of FT Contracts that;

- a) are not identified in any STS or STS-L Contract;
- b) have a receipt point that is Empress or a receipt point in the province of Saskatchewan; and
- c) have a delivery point which is the same as the Market Point in the Shipper's STS Contract

The pro-rata share shall be based on Shipper's STS Contract Demand at that Market Point, relative to the total STS and STS-L Contract Demand applicable to that Market Point.

- ii) For each month Shipper shall pay to TransCanada an excess withdrawal charge as follows:
 - a) If the STS Contract specifies a Storage Withdrawal Point located downstream of the Market Point, the excess withdrawal charge shall be:

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- the total Daily Excess Withdrawal Quantity for such month; multiplied by
 - 1.25 x 100% load factor FT Toll from the Storage Withdrawal Point to the Market Point; or
- b) If the STS Contract specifies a Storage Withdrawal Point located upstream of the Market Point, the excess withdrawal charge shall be:
- total Daily Excess Withdrawal Quantity for such month; multiplied by
 - the difference between 1.25 x 100% load factor FT Toll from the Storage Withdrawal Point to the Market Point and the 100% load factor STS Toll,

(f) Fuel

For each month, a Shipper shall provide, on a daily basis, a quantity of fuel in accordance with Section IV of the General Terms and Conditions.

4. MINIMUM BILL

- 4.1 The minimum monthly bill for service hereunder shall be the demand charge determined in paragraph 3.1(a) hereof.

5. RENEWAL RIGHTS

- 5.1 Pursuant to any Contract into which this STS Toll Schedule is incorporated and which Contract has been determined by TransCanada to be serving a long term market, and subject to the following conditions, Shipper shall have the option (the "Renewal Option") of extending the existing term (the "Existing Term") of the Contract for a period of no less than one (1) year (the "Renewal Term") and revising the Contract Demand to a level no greater than the Contract Demand set out in the Contract provided that the following conditions are met:

- (a) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which sets out the term and Contract Demand of such renewal (the "Renewal Provisions" no less than six (6) months before the termination date which would otherwise prevail under the Contract; and

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- (b) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of the STS Toll Schedule in respect of the Renewal Provisions prior to the commencement of the Renewal Term.

TransCanada may accept late notice of Shipper's election to exercise the Renewal Option if TransCanada, in its sole discretion, determines that TransCanada will have the required capacity available after providing capacity for all of TransCanada's obligations pursuant to prior outstanding requests from Shipper and/or others, that such renewals will not adversely impact TransCanada's system operations and that all of the costs for providing this service will be covered by TransCanada's tolls. Contracts may be revised as of the effective renewal date to adhere to the then contract Pro Forma Storage Transportation Service Contract.

Shipper may exercise the Renewal Option more than one time provided that the conditions found in this Section 5.1 and in Section 5.2 hereof are met upon each and every exercise of the Renewal Option.

- 5.2 Provided TransCanada has either received time notice as provided in Section 5.1(a) above from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of his election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of the STS Toll Schedule in respect of the Renewal Provision, the Contract shall be amended as follows:

- (a) the Contract Demand set out in the Contract shall be revised to the level specified in the Renewal Provisions, effective as of the commencement of the Renewal Term; and
- (b) the term of the contract shall be extended to that specified in the Renewal Provision, effective as of the expiry of the Existing Term.

6. CONVERSION RIGHTS

- 6.1 Shipper shall have the right to convert all but not a portion of Shipper's STS Contracts that have the same Market Point to service pursuant to an STS-L Contract provided that TransCanada has determined that the following conditions have been satisfied:

- (a) Shipper shall provide TransCanada with at least 60 days of written notice prior to the requested conversion date, which shall be the first day of a calendar month;
- (b) Shipper shall execute an STS-L Contract and the Shipper's STS Contract shall terminate on the Date of Commencement of the STS-L Contract;

- (c) the aggregate Contract Demand, Storage Injection Point(s), Storage Withdrawal Point, and Market Point specified in Shipper's STS-L Contract shall be the same as those specified in the Shipper's STS Contract(s);
- (d) Shipper's aggregate cumulative Daily Injection Quantity plus cumulative Daily Diversion Quantity, cumulative Daily STFT Quantity, cumulative Daily IT Quantity, cumulative Daily Withdrawal Quantity, and the aggregate Daily Excess Withdrawal Quantity pursuant to the STS Contract(s), each determined in accordance with subsection 3.1(f), shall be deemed to be, respectively, the cumulative Daily Injection Quantity, cumulative Daily STFT Quantity, cumulative Daily IT Quantity, cumulative Daily Withdrawal Quantity, and aggregate Daily Excess Withdrawal Quantity under the STS-L Contract.

7. DEMAND CHARGE ADJUSTMENTS

- 7.1 If during any Day, TransCanada fails to deliver the quantity of gas requested by Shipper up to the applicable Contract Demand, for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada, Great Lakes Gas Transmission Company ("GLGT"), Union Gas Limited ("Union") and Trans Québec & Maritimes Pipeline Inc. ("TQM"), then the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Toll multiplied by the difference between the quantity of gas which TransCanada actually delivered to Shipper on such Day, and the quantity of gas which such Shipper in good faith nominated hereunder on such Day. If TransCanada refuses to accept deliveries of Shipper's gas or curtails receipts from or deliveries to Shipper pursuant to Paragraph 8 (Energy Imbalance Recovery) of Section XXII of the General Terms and Conditions, then there shall be no corresponding reduction in the monthly demand charge to Shipper. Provided however:

- a) If the Market Point is downstream of the Storage Injection Point, and if on such Day Shipper's Cumulative Storage Balance is not greater than zero, or if such Day is within the summer period, then the reduction in the monthly demand charge for such Day shall be zero; and

- b) If the Market Point is upstream of the Storage Injection Point, and if such Day is within the winter period, then the reduction in the monthly demand charge for such Day shall be zero.

8. MISCELLANEOUS PROVISIONS

- 8.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff as amended from time to time are applicable to this Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
- 8.2 This Toll Schedule the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereof or substitution therefor.

TRANSCANADA PIPELINES LIMITED

BUSINESS AND SERVICES RESTRUCTURING AND MAINLINE 2012 – 2013 TOLLS APPLICATION

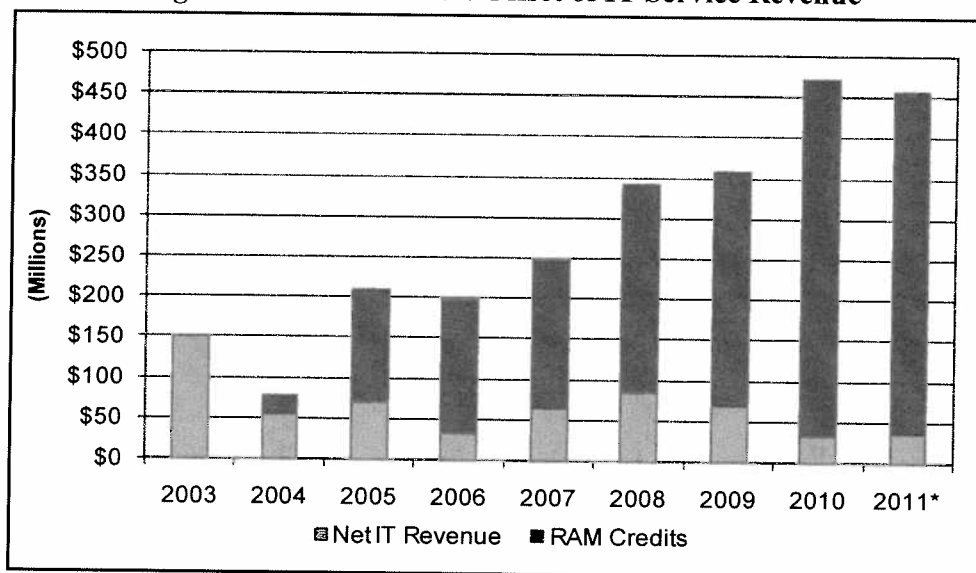
PART C: BUSINESS AND SERVICES RESTRUCTURING PROPOSAL

Section 8.0: Mainline Service and Pricing Proposals

SEPTEMBER 1, 2011

was \$473 million. However, \$440 million was offset with RAM credits, such that only \$33 million of net IT service revenue remained to be applied against the gross revenue requirement. Over 90% of gross IT service revenue in 2010 was offset by RAM credits. Figure 8-4 below shows that the portion and amount of IT revenue offset by RAM credits has dramatically increased since 2004.

Figure 8-4: RAM Credit Offset of IT Service Revenue



Note: 2011 is a combination of actual and forecast data as of June 30, 2011.

Users of RAM versus Firm Contract Holders

Comparing the largest users of RAM credits to the amount of RAM-eligible firm transportation held by these shippers provides additional insight into the current use of the RAM feature.

Table 8-3 below compares the RAM-eligible firm contract holdings of the top five RAM credit users in 2010 against the amount of RAM credits those same shippers used in 2010. While the top five RAM credit users in 2010 accounted for over half of the use of RAM credits on the Mainline, the same five users represented approximately seven percent of the amount of RAM-eligible firm contracts. The fact