

333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, Ontario, Canada M5H 2T6

416 366 8381 Telephone
416 364 7813 Facsimile
1 800 268 8424 Toll free



John A. Campion
Direct 416.865.4357
jcampion@fasken.com

May 21, 2014

File No.: 297298.00001

Via E-mail and Delivery

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited (“Union”) Application to the Ontario Energy Board
 (“OEB” or “Board”) to Reduce Certain Penalty Charges applied to Union’s
 Direct Purchase Customers
 Board File No.: EB-2014-0154**

Natural Resource Gas Limited (“NRG”) hereby respectfully seeks intervenor status and cost of award eligibility in the above-captioned proceeding.

Union Application

By letter dated April 3, 2014 Union advised the Board that it wished to make “... some changes respecting certain charges to direct customers who did not meet their contractual obligations during the month of February 2014”.

Union made its application “... in recognition of the exceptional weather conditions of 2014 ...” . NRG accepts Union’s characterization that the winter of 2013/2014 was exceptionally cold and led to unique conditions for the supply of and price of and availability of natural gas in Ontario.

Union proposed a change to the Rate 25 Unauthorized Overrun Gas Supply Commodity Charge (the “Charge”) from \$78.73 per GJ to \$50.50 per GJ. Union took the position that \$50.50 per GJ reduced the spot cost to the second highest cost at Township of Dawn during the month of February. Union took the position that the spot cost of \$50.50 per GJ “... continues to meet all of Union’s objectives, including an appropriate financial



incentive to customers to adhere to the contract terms and the protection of the Union system ...". Union proposed that the above changes would be applied to the unbilled T-Service Customers who did not meet their contractual balancing obligations in February and March 2014. The reduction for the February customers is set out above, and the reduction for the March customers was to \$54.04 per GJ.

Union said in its application that it "... anticipates being able to re-bill all affected customers within a week of response from the Board ...".

On April 9, 2014 the Board Staff put five questions to Union Gas Limited. Union Gas responded to those questions by letter dated April 10, 2014. Union indicated, *inter alia*, in its responses that it was making its application on a without hearing basis. Union indicated that the change in the charges was a "... one-time exemption from the relevant rate schedules". On April 22, 2014 Board Staff required answers to further questions. Union responded to those questions by letter dated April 24, 2014. Union, *inter alia*, indicated that it was not willing to make a refund to customers who did purchase gas for a price higher than the proposed reduced penalty charge.

NRG's Intervention

By letters dated April 23, 2014 sent to counsel for Union and to the Board, respectively, NRG took the position that Union's application did not make the requirements of an *ex parte* application under section 21(4)(b) of the *Ontario Energy Board Act, 1998*.

NRG also took the position that the penalty charge ought to be reduced from \$73.78 per GJ to \$12.31 per GJ for NRG. NRG stated that the \$12.31 per GJ represented Union's actual cost of gas purchases required for balancing purposes for NRG. NRG took the position that the \$12.31 per GJ was the logical charge to be made in the exceptional weather conditions of 2013/2014 and on the issues raised by NRG.

By letter dated March 11, 2014 to the Board, NRG requested the right to intervene and file evidence in Union's April 1, 2014 QRAM application (EB-2014-0050). A copy of the Request to Intervene and the Evidence is attached. By letter dated March 11, 2014 NRG filed its own April 1, 2014 QRAM application. Board Staff asked certain questions of NRG by letter dated March 13, 2014. By letter dated March 19, 2014 NRG responded to the questions put to it by Board Staff. Attached are the questions and answers filed by NRG on March 19, 2014.

NRG submits the above Request to Intervene, Evidence and Answers to Questions in this Union application as part of its evidence in this proceeding.

**The Board's Further Directions**

By letter dated May 6, 2014, the Board directed that this application for a one-time exemption from relevant rate schedules to allow for a reduction of certain penalty charges be heard in public. The Board directed Union to file a Notice of Hearing accordingly.

By letter dated May 6, 2014 NRG requested that the Board hear and decide this application at the same time or before NRG's QRAM application (EB-2014-0053).

By letter dated May 8, 2014, the Board directed that it would determine this application by Union (EB-2014-0154). First and use the resulting penalty charge for Phase II of NRG's QRAM proceeding (EB-2014-0053). The Board further indicated the quantum of the penalty charge would be set by the Board in EB-2014-0154.

As a result, NRG is filing the evidence described above in Union's application in order to illustrate why the quantum of the penalty charge for NRG should be \$12.31 per GJ.

Conclusion

NRG requests that it be granted intervenor status in the Union application EB-2014-0154. NRG respectfully files the attached evidence contained in its application and Responses to Board Staff.

NRG will file written interrogatories by May 29, 2014 and make its written submission to the Board by June 12, 2014.

Yours very truly,

John A. Campion

JAC/car

cc: Lawrie Gluck, Ontario Energy Board
Brian Lippold, Natural Resource Gas Limited
Laurie O'Meara, Natural Resource Gas Limited
Robert Hutton, Natural Resource Gas Limited
Chris Ripley, Union Gas Limited
Crawford Smith, Torys

(all served via e-mail)

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15 (Sched. 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;

AND IN THE MATTER OF the Quarterly Rate Adjustment Mechanism approved by the Ontario Energy Board in EB-2008-0106.

**REQUEST TO INTERVENE AND FOR RELIEF
by Natural Resource Gas Limited**

1. Natural Resource Gas Limited ("NRG") purchases Services from Union Gas Limited ("Union"), on a bundled basis, whereby Union receives daily quantities of natural gas ("Gas") from NRG, and either stores or delivers Gas to NRG at End User locations under a Southern Bundled T Gas Contract ("Contract") made as of October 1, 2004 and amended from time to time.
2. NRG hereby requests Intervenor status in this application and further requests relief hereinafter set out.
3. A copy of the Contract and the relevant amendment for the period October 1, 2013 to September 30, 2014 are attached as Schedule 1 to this Intervention. The Contract is governed by General Terms and Conditions attaching to all such contracts as of January 2009 and is attached as Schedule 2 to this Intervention.
4. Pursuant to the Contract as amended, NRG was required to purchase natural gas before February 28, 2014 in order to meet NRG's Winter Checkpoint Quantity of 115,523 GJ as fixed by Union.
5. Attached as Schedule 3 to this Intervention is the copy of an NRG letter to Union dated February 21, 2014 asking Union to waive any rights it might have to require NRG to purchase natural gas before February 28, 2014. Although Union had purchased sufficient gas to cover NRG's Winter Checkpoint Quantity at \$12.31 per GJ, Union refused to waive NRG's contractual requirement to purchase natural gas for its Winter Checkpoint Quantity.

6. As at February 21, 2014 Southern Ontario was suffering the harshest winter weather in 60 years. This created unusual demands for natural gas for NRG's customers and impacted natural gas prices in the short term. As at February 21, 2014 natural gas prices had gone for approximately \$38 per GJ.
7. After Union refused to waive any rights to require NRG to purchase gas before February 28, 2014, NRG went in to the marketplace in an attempt to purchase gas sufficient to meet the Winter Checkpoint Quantity. It was able to purchase 90,027 GJ after February 21, 2014 at a cost of \$2,455,576.
8. NRG was unable to purchase the remaining shortfall of 25,496 GJ in February 2014. There was simply no gas available to be purchased and delivered at dawn or any other points on the Union system.
9. NRG informed Union of its intention to deliver the 25,496 GJ on March 2, 2014 but was informed by Union that it would not be permitted to deliver this gas to Union and that the 25,496 GJ would be the subject of the "Surplus Sale over Consumer Premium".
10. Under Union's R1 rate schedule, the charge for banked gas purchases are set at the higher of the daily spot gas at dawn in the month of or the month following the month in which gas is sold under the rate and shall not be less than Union's approved weighted average cost of gas.
11. NRG has received an invoice from Union charging its customers for the 25,496 GJ at a cost of \$78.728 per GJ. The resulting total cost of this gas is \$2,007,250.
12. NRG has served notice on Union in writing that the \$78.728 per GJ cost is a penalty provision and unenforceable under the Contract. Any disputes under the Contract are subject to arbitration under Article 8 of the Contract. NRG has served notice on Union fixing an arbitration to declare the Surplus Sale over Consumer Premium amount charged to it at \$78.728 per GJ to be unenforceable.
13. NRG states that the proper amount in these exceptional circumstances is \$12.31 per GJ, being the amount paid by Union for the gas used to balance its system.
14. NRG therefore asks that the Ontario Energy Board (the "Board") make an order that Union only charge \$12.31 per GJ to NRG for the 25,496 GJ purchased to balance its system and meet NRG's shortfall.
15. NRG recognizes that the Surplus Sale over Consumer Premium amount is charged as a result of the Board's order to that effect. The Board could not have foreseen the exceptional circumstances that occurred in late February 2014 and, in particular, the unavailability of gas so that NRG could meet its supply obligations. Rate making is about cost recovery and a reasonable return on capital. The penalty provision contained in the Contract in the present circumstances is not consistent with cost recovery. While the Board did not seek to abandon these two rate making principals in fixing the Surplus Sale Over Consumer Premium, it has the impact of changing a cost recovery to a windfall to Unions' customers and an undeserved detriment for NRGs' customers.

16. The extra \$66.728 per GJ is a penalty amount which, if enforced, goes solely to the benefit of Union's customers and to the detriment of NRG's customers in the amount of \$160/year. NRG seeks an order granting an exception to the Board's earlier order fixing the Surplus Sale Over Consumer Premium.
17. NRG has filed its own request to the Board seeking to adjust its gas supply charge, the GPRA rate and the PGCVA reference price effective April 1, 2014 to reflect an updated forecast of gas costs, the projected balance in the PGCVA and the projected balance in the GPRA. This request includes the \$78.728 per GJ cost for the 25,496 GJ purchased by Union for NRG.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Natural Resource Gas Limited



Brian Lippold, General Manager
Natural Resource Gas Limited
39 Beech Street East
Aylmer, ON N5H 3J6
Telephone: (519) 773-5321 Ext. 205
Fax: (519) 773-5335
Email: brian@nrgas.on.ca

Counsel:
John Champion
Fasken Martineau
333 Bay Street, Suite 2400
Toronto, ON M5H 2T6
Telephone: (416) 865-4357
Fax: (416) 364-7813
Email: jcampion@fasken.com

EB-2014-0154

Tab 1

Contract ID	SA918-24
Contract Name	NRG
DUNS#	207734815

This Southern BUNDLED T GAS CONTRACT ("Contract"), made as of the 1st day of October, 2004.

BETWEEN:

UNION GAS LIMITED

hereinafter called "Union"

- and -

Natural Resource Gas Limited

hereinafter called "Customer"

WHEREAS the intent of this Contract is for Union to provide Services, on a bundled basis, whereby Union receives daily quantities of Gas from Customer; and either stores or delivers Gas to Customer for the End User locations under Gas Distribution Contracts according to their respective Rate Schedule;

AND WHEREAS if applicable, Agent has represented and warranted that it has the authority and right to act as agent for the End Users listed in Schedule 3.

IN CONSIDERATION of the mutual covenants contained herein, the parties agree as follows:

1 INCORPORATIONS

The following are hereby incorporated in and form part of this Contract:

- a) Contract Parameters contained in Schedule 1 as amended from time to time; and
- b) The latest posted version of the Bundled T Terms and Conditions contained in Schedule 2 subject to Section 12.18 of Union's General Terms and Conditions; and
- c) End Use List in Schedule 3; and
- d) The latest posted version of Union's General Terms and Conditions subject to Section 12.18 of Union's General Terms and Conditions.

2 PRELIMINARY AND CONTINUING CONDITIONS

This Contract and the rights, and obligations of the parties hereunder shall be conditional upon the fulfillment and maintenance in good standing of the following conditions:

- a) If required under the General Terms and Conditions financial assurances shall be supplied and maintained with Union; and
- b) Customer and Union shall have executed, delivered and maintained in good standing the Gas Distribution Contract(s); and

Contract Id: SA918-24

Page 1 of 3

c) If required, Agent shall have a valid Gas Marketer's License as defined by the OEB Act and Regulations.

The above conditions must be initially satisfied by Customer or Agent 25 days prior to the Day of First Receipt.

3 CONTRACT TERM

This Contract shall be effective from the date hereof. However, the Service, obligations, terms and conditions hereunder, shall commence on the Day of First Receipt. Subject to the provisions hereof, this Contract shall continue in full force and effect for each Contract Year until Notice to terminate is provided by either Union or Customer/Agent. Such Notice must be delivered at least three (3) months prior to the end of a Contract Year.

4 SERVICES PROVIDED

Union agrees to provide Service under the terms and conditions as set out in this Contract and the referenced attachments. Subject to Authorization Notice being granted by Union, Service under this Contract shall be Firm for the quantities and Receipt Points as specified in Schedule 1.

5 RATES FOR SERVICE

Customer agrees to take and pay for Services herein according to the terms and conditions of the following:

- a) Rate Schedule R-1 as it may be amended from time to time by the Ontario Energy Board; and
- b) this Contract and the incorporations hereto.

6 NOTICES

Notices shall be delivered pursuant to the Notice provision of the General Terms and Conditions and delivered to the addresses as referenced on Schedule 1.

7 CONTRACT SUCCESSION

This Contract replaces all previous Bundled T Contracts, subject to settlement of any Surviving Obligations.

8 ARBITRATION

All disputes arising in connection with this agreement shall be settled under the provisions of the Arbitration Act, 1991, S.O. 1991, c-17, as amended, by three arbitrators. Each party shall appoint one arbitrator and the two arbitrators so chosen shall appoint a third. The arbitration shall take place in Toronto. The decision of the arbitrators shall be final and binding, and from which there shall be no appeal.

Contract Id: SA918-24

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SCHEDULE "1"
Contract Parameters And Notice Lists
Southern Bundled T

Contract ID: SA918-24
Contract Name: NRG

1. Dates

"Day of First Receipt" means the 1st day of October, 2013.

The Contract Year shall expire at the end of September, 2014.

This Schedule 1 is effective October 01, 2013.

2. Daily Contract Quantity (DCQ)

Upstream Point(s) Of Receipt

LOCATION	Obligated DCQ GJ per Day
Western	563

Ontario Point(s) Of Receipt

LOCATION	Obligated DCQ GJ per Day
Parkway	1731

Obligated DCQ does not include fuel.

On Days when requested by Customer and Authorization Notice is given by Union, the above quantity parameters, Upstream Point(s) of Receipt, and Ontario Point(s) of Receipt shall be deemed to be amended in accordance with such Authorization Notice.

3. Maximum BGA Balances

All units referenced in the table below are Gigajoules (GJ).

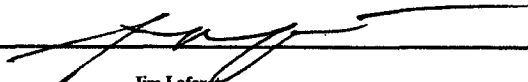
BGA Balancing Period Date	Maximum Positive Variance	Maximum Negative Variance
September 30, 2014	33,492	-33,492

In this Schedule 1, if a BGA Balancing Period Date (other than Contract Anniversary) coincides with the Winter Checkpoint Date, the greater of the Maximum Negative Variance on the BGA Balancing Period Date or the checkpoint value will prevail. If a BGA Balancing Period Date (other than Contract Anniversary) coincides with the Fall Checkpoint Date, the lesser of the Maximum Positive Variance on the BGA Balancing Period Date or the checkpoint value will prevail.


Contract Id: SA918-24
Page 1 of 2

The undersigned execute this Contract as of the above date. If an agent on behalf of Customer executes this Contract then, if requested by Union, Agent or Customer shall at any time provide a copy of such authorization to Union.

UNION GAS LIMITED


Jim Laforêt
Manager, Contract Billing and Operational Support
Authorized Signatory

CUSTOMER

I have the Authority to bind the Corporation, or Adhere C/S, if applicable
NATURAL RESOURCE GAS LIMITED

please print name
ANTHONY GRAAT
PRESIDENT

Contract ID: SA918-24
Contract Name: NRG

"SCHEDULE 3"
End Use List

The location(s) stated hereunder shall collectively be defined as Point(s) of Consumption. The parties acknowledge that the Union account number(s) is for ease of administration and should any number be changed to a new number, this Contract is deemed to be automatically amended to include such new number.

For all Bundled T Contracts submitted and administered electronically by the Customer or its Agent using Unionline, the End Use List is provided in the Unionline Price Point Cross Reference Report ("Price Report").

If this Contract is executed by an Agent, then Customer shall mean the End Users referenced in this Schedule 3.

<u>Union Account #</u>	<u>Consumer Name</u>	<u>Location</u>
SA1550	NRG LIMITED	30040 WESTCHESTER BR DORCHESTER N TP, ON

Contract Id: SA918-24
Page 1 of 1

4. Checkpoint Balancing Parameters

Checkpoint	Fall/Winter Checkpoint Date	Checkpoint Quantity (GJ)
Winter	Feb 28, 2014	-205,227

This Contract operates on the basis of:

- ☐ Customer Determined Balancing Option
Or ☒ Union Determined Balancing Option

5. Contact List for Notices

Customer contact information is found in Unionline. Where multiple names have been identified by Customer, Union is obligated to contact the first name only.

Union Gas contact information is found on Union's website.

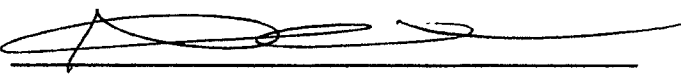
The undersigned execute this Contract as of the above date. If an agent on behalf of Customer executes this Contract then, if requested by Union, Agent or Customer shall at any time provide a copy of such authorization to Union.

UNION GAS LIMITED

Jim Laforet
Manager, Contract Billing and Operational Support
Authorized Signatory

CUSTOMER

I have the Authority to bind the Corporation, or Adhere C/S, if applicable
NATURAL RESOURCE GAS LIMITED


please print name
ANTHONY GRATT
PRESIDENT

Contract Id: SA918-24

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GENERAL TERMS AND CONDITIONS

1 NOMINATION REQUIREMENTS FOR IN-FRANCHISE CONTRACTED SERVICES

Customers with contracted Services requiring Nominations to Union must submit Nominations to Union in accordance with Union's nomination provisions. These Nominations must be submitted to Union via fax or Unionline where available for Nominations.

Union follows the North American Energy Standard Board (NAESB) timeline standards providing for 4 available nomination cycles for each Gas Day. Each of the nomination cycles follows the same process sequence: Nomination, acceptance, confirmation and scheduling.

1.01 Nomination Cycle Timelines

The table below identifies the deadlines for each of the 4 standard nomination cycles. All times are identified as Eastern Clock Time ("ECT")

Nomination Cycle	Fax Deadline	Unionline Deadline (where available)	Scheduling Deadline	Effective Flow
Timely (Cycle 1)	1130 hours	1230 hours	1730 hours	1000 hours
Evening (Cycle 2)	1800 hours	1900 hours	2300 hours	1000 hours

Intra-Day Nominations can be used to modify nominated quantities on the current Gas Day.

Nomination Cycle	Fax Deadline	Unionline Deadline (where available)	Scheduling Deadline	Effective Flow
Intra-Day 1 (Cycle 3)	1000 hours	1100 hours	1500 hours	1800 hours
Intra-Day 2 (Cycle 4)	1700 hours	1800 hours	2200 hours	2200 hours

1.02 Nomination Deadline for Services requiring Union to Nominate on Other Pipelines

The Nomination deadline for any contracted services (ie. exchanges) requiring Union to nominate on upstream pipelines is 1030 hours ECT. These services are only offered on the Timely Nomination Cycle. If nominated after 1030 hours ECT and before the close of the Timely Nomination Cycle deadline Union will attempt to accommodate on a reasonable efforts basis. Union does not accept changes to the nominated quantities for these services after the close of the Timely Nomination Cycle deadline.

1.03 Nomination Quantities (Units)

All Services are required to be nominated in whole Gigajoules (GJ's)

1.04 Compressor Fuel

For Services requiring Customer to provide Compressor Fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.

1.05 Union's Acceptance of Nominations

Union will accept Nominations for contracted Services on each of the 4 standard nomination cycles. The Nomination will be rejected if the activity on the Nomination does not properly balance or if the nominated quantities violate Customer's contractual entitlements.

If a Nomination is not received prior to the nomination deadline it will be held for scheduling in the subsequent nomination cycle for the Gas Day.

1.06 Confirmation Process

The confirmation process validates nominated quantities to flow between interconnecting pipelines to ensure Customers have nominated identical quantities to both pipeline operators. In the case where there is a discrepancy between the nominated quantities and the discrepancy cannot be resolved with Customer, then the lower quantity will be the confirmed scheduled quantity.

1.07 Scheduling Process

During the scheduling process Union compares all of the Nominations to the physical capacity available for the Gas Day in question.

If there is insufficient capacity available to meet all of the nominated quantities Union will complete scheduling reductions of nominated Interruptible Services.

If Union is unable to completely schedule an Interruptible Service, Customer will be advised of its scheduled quantities no later than the close of the scheduling deadline for the applicable Nomination cycle. Once notified, Customer is, within 30 minutes, required to submit a revised Nomination to meet the scheduled quantity for the Interruptible Service. In order to be accepted, this Nomination must be properly balanced and the nominated quantities must not violate Customer's contractual entitlements. If a revised Nomination is not submitted, Union will, using the contracted Services Customer has available, re-balance the Nomination to match the scheduled quantities.

Scheduling of Firm Services must be nominated on the Timely Nomination Cycle. Nominations for increasing quantities for Firm Services after the Timely Nomination Cycle will be treated as Interruptible Services and will only be scheduled if there is sufficient capacity available.

1.08 Subsequent Nominations

All scheduled Nominations for Services will remain in effect until a new Nomination is provided by Customer.

The Unbundled Service requires a valid daily Nomination.

1.09 Parkway Call

This Section 1.09 is only applicable to Services taken under Rates U2, U5, U7 and U9. Union shall advise Customer of the Parkway Call requirement on or before 1730 hours ECT on the day immediately preceding the Gas Day for which the Parkway Call is required.

After being notified by Union, but no later than 1900 hours ECT on the same day, Customer shall provide a revised Nomination to Union, which shall include the entire Parkway Call. If a revised Nomination acceptable to Union is not provided by 1900 hours ECT or does not include the entire Parkway Call, a Failure to Deliver will be deemed to have occurred, and the Failure to Deliver section in Schedule 2 of this Contract shall apply.

2 FORCE MAJEURE

In the event that either Customer or Union is rendered unable, in whole or in part, by Force Majeure, to perform or comply with any obligation or condition of this Contract then, subject to the provision of this Section 2, the obligations (other than the obligations to make payment of money then due) of both parties so far as they are directly related to and affected by such Force Majeure, shall be suspended during the continuance of the Force Majeure.

The party claiming Force Majeure shall give Notice, with full particulars of such Force Majeure, to the other party as soon as possible after the occurrence of Force Majeure.

The party claiming Force Majeure shall also give Notice to the other party as soon as possible after the Force Majeure is remedied in whole or part.

Force Majeure means:

- a) Acts of God, landslides, lightning, earthquakes, fires, storms, floods, washouts, explosions, breakage or accident to its machinery or equipment or lines of pipe;
- b) freezing or failure of wells or lines of pipe; curtailment of firm transportation and/or firm storage by Transporters;
- c) strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, civil disturbance, acts of terrorism, wars, arrests or restraint of governments and people;
- d) any laws, orders, rules, regulations, acts of any government body or authority, civil or military;
- e) any act or omission by parties not controlled by the party claiming Force Majeure; and
- f) any other similar causes not within the control of the party claiming Force Majeure and which by the exercise of due diligence such party is unable to prevent or overcome.

The party claiming Force Majeure shall make reasonable efforts to avoid, or correct the Force Majeure and to remedy the Force Majeure once it has occurred in order to resume performance.

2.01 Force Majeure Not Available

A party claiming Force Majeure shall not be entitled to the benefit of the provisions of Force Majeure if any one or more of the following circumstances prevail:

- a) the Force Majeure was caused by the negligence of the party claiming Force Majeure;
- b) the party claiming Force Majeure failed to make all reasonable efforts (not including litigation, if such remedy would require litigation) to remedy the Force Majeure;
- c) the Force Majeure was caused by lack of funds;
- d) the party claiming Force Majeure did not give Notice required, as soon as reasonably possible after the Force Majeure occurred.

2.02 Force Majeure Declared by Union

During a Force Majeure declared by Union, Customer will be responsible for commodity charges and will only be relieved of the demand charges applicable to that part of the Services not available to Customer as a result of the Force Majeure. Union will not be responsible for any Transporter charges.

2.03 Force Majeure Declared by Customer

During a Force Majeure declared by Customer, all demand charges and all commodity charges otherwise payable under this Contract will continue to be payable. Where this Contract includes an Obligation to Deliver Gas, such Obligation to Deliver Gas shall not be relieved under Force Majeure. Union will not be responsible for any Transporter charges.

2.04 Applicability to Contractual Annual Quantity Requirements

- a) The number of days of Force Majeure will proportionally reduce any minimum annual quantity upon which any minimum bills are determined, and such reduced minimum annual quantity will not be limited to the minimum quantity required to qualify for the applicable Rate Schedule.
- b) Services taken during the period of Force Majeure will be deemed not to have been taken for purposes of determining the applicable minimum annual quantity.

3 TERMINATION and SUSPENSION

3.01 Termination of Contract and Suspension of Service

In the event of a breach, misrepresentation, non-observance or non-performance by any party to this Contract of any covenant, provision, representation, condition, continuing condition, restriction or stipulation contained in this Contract (including, without limiting the generality of the foregoing, any failure to pay, any failure to provide financial assurances when required pursuant to the terms of this Contract, or any Failure to Deliver), the party not in default may give written Notice to the defaulting party requiring it to remedy such default. If the defaulting party fails to fully remedy the party not in default for all consequences of such default within a period of ten (10) Business Days from receipt of such Notice, then:

- (a) this Contract may be terminated by Notice from the party not in default; and/or

(b) if the Customer is the defaulting party, Union may suspend Services under this Contract. Such suspension shall not relieve Customer from paying any charges payable under this Contract.

If either party makes an assignment in bankruptcy, is a party against whom a receiving order is made, or for whom a receiver or monitor has been appointed under a security agreement or by a court or any similar action under any law, the other party may terminate this Contract immediately, except where not permitted by such law.

(c) The rights set forth in this Section 3.01 shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

3.02 Effect of Termination

Notwithstanding the termination of this Contract, each party shall continue to be liable to pay on the terms herein specified any amount accrued and payable up to the time of termination. Termination will be without waiver of any other remedy to which the party not in default may be entitled including breaches of contract, for past and future damages, and losses.

4 NOTICE

All Notices required hereunder (each a "Notice"), except for those in Section 1 (Nominations) of these General Terms and Conditions shall be in writing and shall be sufficiently given and received if personally delivered or sent by mail, Unionline, fax or e-mail to the address of the party specified in Schedule 1 to this Contract.

Personally served Notice is deemed to be received when actually delivered.

Notice sent by mail, Unionline, or e-mail is deemed to have been received when actually received.

Notice sent by fax is deemed to have been received on the date of receipt of the transmission.

Notwithstanding the above, with the exception of Notice of interruption of Interruptible Services or Force Majeure, any Notice received after 5:00 pm or on a weekend or a statutory holiday is deemed to be received on the next Business Day.

The addresses of Customer and Union for receipt of Notices are as set out in Schedule 1 and such addresses may be changed by Notice given in accordance with this Section 4.

5 BILLING

5.01 Monthly Billing

Each Month, Union shall render a bill for Services and any other charges for the preceding Month. Charges may be based on estimated quantities. If based on an estimate, Union shall provide, in a future Month's billing, an adjustment based on any difference between actual quantities and estimated quantities.

5.02 Right of Examination

Both Union and Customer shall have the right to examine at any reasonable time, copies of the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of this Contract.

5.03 Payments

5.03-1 Payment Date

Payment date is identified in the applicable Rate Schedule. If payment date is not identified in a Rate Schedule, it will be as identified on the invoice.

5.03-2 Remedies For Non-Payment

In the event that Customer fails to pay Union when payment is due, late payment charges as identified in the applicable Rate Schedule and the termination and suspension provisions in Section 3 will apply.

5.03-3 Adjustment of Underpayment or Overpayment

If a Customer in good faith disputes a bill or any portion thereof, Customer shall pay the undisputed portions of the bill. Together with such payment, Customer shall provide written Notice to Union setting out the portions of the bill that are in dispute, an explanation of the dispute and the amount that Customer believes is the correct amount.

If it is subsequently determined that a bill or any portion thereof disputed by Customer is correct, then Customer shall pay the disputed portions of the bill with Interest within thirty (30) days after the final determination.

If it is subsequently determined that Customer has been overcharged and Customer has actually paid the bill(s) containing the overcharge then, within thirty (30) days after the final determination, Union shall refund the amount of any such overcharge with Interest.

If it is subsequently determined that Customer has been undercharged, Customer shall pay the amount of any such undercharge within thirty (30) days after the final determination.

Customer and Union each expressly disclaims and waives any claim or dispute (including those related to amounts charged for Services or quantities of Gas distributed, stored, or transported) that relate to a period that is earlier than 12 Months prior to the date written Notice to the other party of such claim or dispute is asserted. This applies to the extent allowed under law and whether such claim or dispute is related to a billing error or measurement error or any other error or circumstance whatsoever.

5.04 Financial Assurance

If at any time during the term of this Contract, Union has reasonable grounds to believe that Customer's creditworthiness under this Contract has become unsatisfactory, then Union may by written Notice request financial assurances from Customer in an amount determined by Union in a commercially reasonable manner. Upon receipt of such written Notice, Customer shall have 14 days to provide such financial assurances.

The financial assurances requested by Union will not exceed the sum of the following:

- a) an amount equal to 60 days of all Services; and,
- b) if Customer holds a temporary capacity assignment from Union of a third party asset (for example, upstream pipeline capacity), an amount equal to the higher of 60 days of all charges for the third party asset, or security equivalent to that which may be required by the third party asset provider as if Customer held the asset directly; and,
- c) if Customer supplies their own Gas, an amount equivalent to the value, as determined by Union, of any current or projected negative Banked Gas Account balance.

Customer may provide Union such financial assurances in the form of cash, letters of credit, guarantees or such other form as may be agreed upon between Customer and Union.

In the event that Customer fails to provide financial assurances as set out above, the termination and suspension provisions in Section 3 shall apply.

Where Customer has provided financial assurances to Union, and the grounds for requesting such financial assurances have been removed so that Customer's creditworthiness under this Contract has become satisfactory, then Customer may request the return of such financial assurances from Union by written Notice. Upon receipt of such written Notice Union shall have 14 days to return such financial assurances to Customer.

5.05 Non-Payment Remedy

If Customer shall be indebted (whether past, present, or future, liquidated or unliquidated) to Union, under this Contract, Union has the right to reduce any amount payable by Union to Customer under this Contract by an amount equal to the amount of such indebtedness to Union.

As part of this remedy, Union may take title to any or all of Customer's Gas in Union's possession. Such Gas shall be valued at the day price for Gas at Dawn as listed in Canadian Gas Price Reporter for the day of non-payment.

6 QUALITY

6.01 Natural Gas Quality

In any Month, the minimum average gross heating value of the Gas received by Union from Customer and delivered to Customer by Union shall be thirty-six (36) Megajoules per Cubic Metre. Gas shall not contain more than twenty-three (23) milligrams of hydrogen sulphide per Cubic Metre nor four hundred and sixty (460) milligrams of total sulphur per Cubic Metre of Gas, as determined by standard methods of testing.

6.02 Freedom from Objectionable Matter

The Gas received by Union and delivered to Customer hereunder shall be free (at prevailing pressure and temperature in Union's pipeline at the Point of Receipt or Point of Consumption, as the case may be) from dust, or other solids or liquids which cause injury to, or interfere with proper operation of the lines, regulators, or meters through which it flows.

6.03 Parties' Responsibilities

If the Gas being received by Union from Customer or delivered by Union to Customer fails at any time to conform to any of the specifications set forth in this Section 6, the party receiving such Gas shall notify the delivering party of such deficiency and thereupon the party receiving the Gas may, at its option, refuse to accept receipt of Gas pending correction by the party delivering the Gas. Neither party is responsible for any loss, damage, or injury resulting from such party's delivery of Gas that does not conform to any specifications set forth in Section 6 except to the extent any such loss, damage or injury arises as a result of such party's gross negligence or wilful misconduct. .

7 MEASUREMENT

7.01 Determination of Volume and Energy

- a) The volume and energy amounts shall be determined in accordance with the Electricity and Gas Inspection Act, R.S.C. 1985 c. E-4 (the "Act") and the Electricity and Gas Inspection Regulations, S.O.R. 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto. Where there is no site specific energy measurement, Union's Average Heat Value will be used to convert volumes to energy.
- b) The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion.

7.02 Metering by Union, Check Measuring Equipment

Union will install and operate meters and related equipment in accordance with the Act and the Regulations referenced in these General Terms and Conditions.

Customer may install, maintain, and operate, such check measuring equipment as desired, and shall be so installed as not to interfere with the operation of Union's measuring equipment at

or near the Consumption Point. This check measuring equipment will be downstream of the Consumption Point and at Customer's own expense.

Where Union has installed heat value measuring equipment at Customer's end use location, the heating value properly measured at this site will be used to convert volume to energy for Gas delivered by Union to Customer.

7.03 Observation of Measurement Work

Union and Customer shall have the option to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment. Each party shall provide reasonable notification to the other party in connection with testing, calibrating or adjusting measuring equipment, to enable the other party to be present if desired.

7.04 Calibration and Test of Meters

The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals.

If Customer notifies Union that it desires a special test, the expense of any such test shall be borne by Customer if the measuring equipment tested is found to be in error by two per cent (2%) or less. In this event, previous recordings shall be considered accurate, but such equipment shall be adjusted to record as near to absolute accuracy as possible. If the special test shows a percentage of inaccuracy greater than two percent (2%), the expense of the test will be borne by Union and the financial adjustment shall be calculated in accordance with the Act and Regulations thereunder, and any successor statutes and regulations. Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period.

7.05 Correction of Metering Errors - Failure Of Meters

In the event a meter is out of service, or registered inaccurately, the volume or quantity of Gas shall be determined by Union as follows:

- a) by using the registration of any check meter or meter, if installed and accurately registering; or, in the absence of (a) then;
- b) by correcting the error if the percentage of error is ascertainable by calibration, tests or mathematical calculation; or in the absence of both (a) and (b), then;
- c) by estimating the quantity of Gas delivered during periods under similar conditions when the meter was registering accurately.

8 POSSESSION OF AND RESPONSIBILITY FOR GAS

8.01 Point of Receipt and Point of Consumption Controls

As between Union and Customer, control, responsibility, and possession of all Gas received and/or delivered and transported hereunder shall pass from the delivering party to the receiving party at the Points of Receipt and the Points of Consumption as applicable.

8.02 Title to the Gas

Each party warrants that it owns or controls, or has the right to deliver or have delivered to the other party, Gas that is free and clear of any lien, mortgage, security interest or other encumbrance whatsoever. The delivering party shall indemnify and hold harmless the receiving party from all claims, actions, or damages arising from any adverse claims by third parties claiming an ownership or an interest in such Gas.

8.03 Common Carrier and Insurance

To further clarify the relationship between Union and Customer, Union is not a common carrier and Union is not an insurer of Customer's Gas.

8.04 Right to Commingle the Gas

Union shall have the right to commingle and use the Gas received under this Contract with Gas owned by Union or others and deliver such commingled Gas to Customers.

9 FACILITIES AT CONSUMPTION POINT

9.01 Construction, Maintenance and Entry

Union may construct on Customer's property (whether owned by Customer or any other party), at each Point of Consumption the metering stations and facilities required by Union. Union employees or agents may at any reasonable time, with notification to Customer (except in cases of emergency where no notification is required), enter Customer's property provided that in all cases Union's employees or agents agree to abide by Customer's facility security policies and procedures and health and safety policies provided that they are reasonable and provided by Customer to Union's employees or agent prior to entry to the property.

9.02 Property, Easements, Utilities

Customer agrees that all stations and facilities installed by Union, including the meter station, are the property of Union whether the facilities are on property belonging to Customer or some other party.

Customer grants to Union on such non-financial commercial terms and conditions as may be agreed upon any required easements or agreements and undertakes to obtain or execute and deliver to Union such required easements or agreements to allow Union to have the related use of Customer's land interests which may be reasonably required by Union to facilitate Construction.

In the event that the station at the Point of Consumption requires electrical power circuitry, exclusive telecommunications and/or telecommunications lines, or other utility supply apparatus ("Equipment"), at each or any meter in the station, for telemetry; in addition to telemetry; or for purposes unrelated to telemetry, Customer agrees to provide and pay for all such Equipment and all utilities required (including power and telephone service as specified by Union) for the purpose of serving the Equipment. The exclusive telephone line for each meter must not employ a manual switchboard.

10 INDEMNITY

Each party (the "Indemnifying Party") hereby agrees to indemnify and save the other party (the "Indemnified Party") harmless from and against all claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be brought against the Indemnified Party or which Indemnified Party may suffer or incur as a result of, in respect of, or arising out of any of the following:

- a) any non-performance or non-fulfilment of any covenant or agreement on the part of the Indemnifying Party contained in this Contract;
- b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Indemnifying Party contained in this Contract or contained in any document given pursuant to this Contract;
- c) *(Subsection 10(c) is only applicable to Agent or Customer as the Indemnifying Party)* the failure of the Indemnifying Party to satisfy its obligations to End Use locations listed in Schedule 3 (where a Schedule 3 is included in this Contract);
- d) *(Subsection 10(d) is only applicable to Agent as the Indemnifying Party)* any dispute arising out of any aspect of the relationship between the Agent and Customer;
- e) any negligence or wilful misconduct of the Indemnifying Party;
- f) all costs and expenses including, without limitation, legal fees, incidental to or in respect of the foregoing.

This indemnity shall survive the termination or expiration of this Contract.

11 REPRESENTATIONS AND WARRANTIES BY AGENT

Agent hereby represents and warrants to Union as follows and confirms that Union is relying upon the accuracy of each of such representations and warranties in connection with the execution of this Contract by Union and the acceptance of its rights and obligations hereunder:

- a) Agent is the duly appointed agent of Customer and, in such capacity, is entitled to enter into this Contract on behalf of Customer and to act on its behalf hereunder;
- b) Union is entitled to rely on anything done or any document signed by Agent on behalf of Customer, in respect of this Contract as if the action had been taken or the document had been signed by Customer; and
- c) payments made by Customer to Union pursuant to invoices shall be made without any right of deduction or set-off regardless of any rights Customer may have against Agent or any rights Agent may have against Customer.
- d) Agent shall be the only person to deliver or receive all Notices, invoices, and payments. Any Notice, invoice, or payment made to Union by Agent will be deemed to be received

from Customer. Any Notice, invoice, or payment made by Union to Agent will be deemed to be received by Customer. Union shall not be responsible to communicate to End Users any such Notice, invoice, or payment from or to Agent.

12 MISCELLANEOUS PROVISIONS

12.01 Interpretation

12.01-1 Definitions and Industry Usage

Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in these General Terms and Conditions, Schedules and/or Rate Schedule. Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the exploration, production, transmission, storage, and distribution or sale of natural gas in Canada have an accepted meaning shall have that meaning.

12.01-2 Expanded Meaning

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- a) words importing the singular shall include the plural and vice versa;
- b) words importing the gender shall include the masculine, feminine and neuter genders; and
- c) references to any statute shall extend to any orders in-council or regulations passed under and pursuant thereto, of any amendment or re-enactment or such statute, orders-in-council or regulations, or any statute, orders-in-council or regulations substantially in replacement thereof.

12.01-3 Inconsistency

In the event of a conflict among the terms of the (i) Rate Schedules; (ii) the body of the Contract; (iii) Schedules to the Contract; and, (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority as listed.

12.01-4 Currency

Unless otherwise indicated, all reference to dollars in this Contract shall mean Canadian dollars.

12.01-5 Time

All references to time in this Contract shall be stated in Eastern Clock Time.

12.02 Assignability

Neither the rights nor the obligations of Customer under this Contract shall be assignable without the prior written consent of Union. Union's consent may not be unreasonably withheld or delayed.

12.03 Proper Law of Contract

This Contract shall be governed by and construed in accordance with the laws of the Province of Ontario, and the parties to this Contract exclusively attorn to the jurisdiction of the Courts of Ontario.

12.04 Successors and Assigns

The Contract shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted and lawful assigns.

12.05 Entire Contract

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

12.06 Confidentiality

Except for credit purposes, unless the Parties to this Contract otherwise expressly agree in writing, the terms of this Contract will remain strictly confidential except as otherwise required by applicable law or by any competent regulatory body or court of competent jurisdiction.

12.07 Priority of Service

Despite any other provision of this Contract, when the use of Gas or Service is curtailed or restricted, by order of any authorized government agency, or by Force Majeure, Customer shall, in accordance with the direction of Union, curtail or discontinue use of Gas or Service during the period in which such Gas or Service is so jeopardized. Union shall not be liable for any loss of production or for any damages whatsoever by reason of such curtailment or discontinuance or because of the length of advance Notice given directing such curtailment or discontinuance. However, Union shall use its reasonable efforts to provide Notice as soon as possible to Customer, of such curtailment or discontinuance of Gas or Service as aforesaid.

12.08 Waiver and Future Default

No waiver by either Union or Customer of any one or more defaults by the other in the performance of any provisions of this Contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

12.09 Laws, Regulations and Orders

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

12.10 Right to Contract

Customer hereby represents and warrants to Union that it or its Agent has the sole right to enter into this Contract for each of the Points of Consumption, for the term of this Contract.

12.11 Surviving Obligations

Despite the termination or expiry of this Contract, the following defined provisions shall remain in full force and effect in accordance with their terms and shall survive termination or expiry. The term of the survival shall be for the period referenced in this section.

- a) confidentiality as outlined in Section 12.06
- b) liability and Gas balancing obligations to the extent any liabilities and Gas balancing obligations have accrued prior to the date of termination or expiry of this Contract, and may continue as a result of an event occurring prior to the termination or expiry of this Contract (for the period until all liabilities and Gas balancing and reconciliations have been completed)
- c) Settlement of accounts; rights to set off; calling any Letter of Credit; collecting on any security (for the period until all accounts have been settled).

12.12 Joint and Several Liability

In the event that Customer is more than one person the obligations of all of such persons shall be joint and several and Union shall not be required to exhaust its rights and remedies against any one person prior to exercising its rights and remedies in respect of any other person.

12.13 Invalidity of Provisions

If any of the provisions of this Contract are invalid, illegal or unenforceable in any respect, the validity or legality or enforceability of the remaining provisions shall not in any way be affected.

12.14 Service Curtailment

Union may be required from time to time to perform Construction to its facilities, which may impact Union's ability to meet Customer's requirements. In such event, Union shall have the right to suspend any Service in whole or in part but will use reasonable efforts to determine a mutually acceptable period during which such Construction will occur and also to reasonably limit the extent and duration of any impairments. Union shall provide at least fifteen (15) days Notice (except in cases of emergency, in which event it may be done immediately with Notice provided as soon as reasonably possible afterwards) to Customer of the extent that Union's ability to provide Service may be impaired. During any such curtailment, Customer will be relieved of the demand charges for Services directly related to the said curtailment, but commodity and proportionate demand charges for Services available to Customer will be payable.

12.15 Unauthorized Use of Services

If Customer exceeds the Contract parameters (including Service parameters, after notification of interruption of Interruptible Service or curtailment resulting from a Force Majeure), in

addition to charges identified in the Rate Schedules, Customer shall also be responsible for any direct damages resulting from exceeding the Contract parameters and/or not complying fully with any Notice.

If Customer uses Interruptible Services, in breach of notification of interruption, Union will have the right to change Customer from Interruptible Service to Firm Service or increase its Firm Service, by an amount equivalent to the quantity of such excess Interruptible Service used on any day effective on the first Day of any Month following such breach.

12.16 Consequential Claims or Damages

Neither party shall be responsible for any consequential, incidental, special or indirect damages whatsoever, including, without limitation, loss of profits, loss of earnings, business interruption losses, cost of capital or loss of business opportunities. This provision shall survive the termination or expiration of this Contract.

12.17 Further Assurances

Each party will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents, and assurances as may reasonably be requested for the carrying out and performance of this Contract.

12.18 Amendment

Union may from time to time incorporate updates to Schedule 2 to this Contract and/or these General Terms and Conditions which are intended to be applicable to all of Union's customers on non-discriminatory basis. Union will notify Customer not less than 60 days prior to the effective date of the update and post the update on Unionline. Union will notify Customer again not less than 30 days prior to the effective date of the update. If 10 Business Days prior to the effective date, Customer has not provided Notice to Union objecting to the update, then Customer will be deemed to have accepted the revised Schedule 2 to this Contract and/or these General Terms and Conditions, as the case may be, which shall, as of the effective date, apply to this Contract. If Customer has provided Notice objecting to the update, the revision shall not apply to this Contract.

12.19 Counterparts

This Agreement may be executed in several counterparts, each of which so executed being deemed to be an original. Such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to be made and dated as of the date hereof.

13 DEFINITIONS

Except where this Contract expressly states another meaning, the following definitions, when used in these General Terms and Conditions or in this Contract, shall have the following meanings:

"Agent" means such person as appointed by Customer as its agent to enter into the Contract on behalf of the Customer and to act on Customer's behalf hereunder.

"Average Heat Value" means the average forecasted heating value of all Gas to be received by Union for the applicable Delivery Area for the applicable period.

"Authorization Notice" means the written approval provided by Union in response to Customer's request for a short-term amendment to certain contract parameters or additional Services. Such Authorization Notice shall specify the approved amended parameters and the term for the amendment.

"Business Day" means any day upon which Union's head office in Chatham, Ontario, is normally open for business.

"Bundled Service" means a Service provided by Union under the Gas Distribution Contract and/or the Bundled T Gas Contract without daily Nominations at the Consumption Point.

"Bundled T" means the Bundled T Gas Contract with Union under which Customer receives Receipt Services.

"Compressor Fuel" means an amount of Gas specified by Transporter to be supplied by a shipper as a fuel source for Transporter's pipeline compressors.

"Construction" means constructing, maintaining, removing, operating and/or repairing Union's facilities for the purpose of commencing, maintaining, or discontinuing deliveries of Gas to Customer.

"Contract" means the contract entered into between Union and Customer to which these General Terms and Conditions, Rate Schedules and Schedules apply, and into which they are incorporated by reference.

"Contract Demand" ("CD") means the maximum volume or quantity of Gas that Union is obliged to deliver in any one day to a Customer under all Services or, if the context so requires, a particular Service at the Consumption Point.

"Contract Year" means a period of twelve (12) consecutive Months beginning on the day of First Delivery and each anniversary date thereafter unless mutually agreed otherwise.

"Cubic Metre" ("m³") means the volume of Gas which occupies one cubic metre when such Gas is at a temperature of 15 degrees Celsius, and at an absolute pressure of 101.325 kilopascals.

"Customer" shall have the meaning as defined in this Contract.

"Daily Contract Quantity" ("DCQ") means that portion of the daily parameters as set out in Schedule 1, being a quantity of Gas which Customer must deliver to Union on a Firm basis. The DCQ (GJ/day) is equal to 12 months of consumption of end-use locations underlying the direct purchase contract / 365 days * heat value (GJ/m³). If this Contract has a term greater than 12 months, the DCQ is calculated by dividing the historical consumption for the term of this Contract by the number of Days in this Contract term. The consumption of general service end-use locations is weather normalized.

"Day of First Delivery" means the date the Service, obligations, terms and conditions of the Gas Distribution Contract commence, as set out in its Schedule 1.

"Day of First Receipt" means the date the Service, obligations, terms and conditions of the Bundled T commence, as set out in its Schedule 1.

"Delivery Area" means the receipt zone(s) of Union (Manitoba, Western, Northern, Sault Ste. Marie, Central, North Central or Eastern Delivery Areas) which are defined as the delivery zone(s) of TCPL for service under its applicable toll schedules.

"Delivery Service" means the transportation of Gas by Union to storage or the Consumption Points.

"Distribution Service" means any combination of Delivery Service and Storage Service.

"End User" means the ultimate user of the Gas in Union's franchise area.

"Failure to Deliver" means the circumstance where Customer is obligated to deliver a quantity of Gas to Union, and all or a portion of the said quantity is not received by Union at the Points of Receipt.

"Firm" means any Services not subject to interruption or curtailment except under sections titled Force Majeure; Service Curtailment; and Priority of Service of these General Terms and Conditions.

"Firm Entitlements" means the quantity of Gas as set out in Schedule 1 of the Unbundled Service contract which Customer will nominate and deliver to Union and Union shall receive at each contracted Receipt Point.

"Gas" means Gas as defined in the Ontario Energy Board Act, 1998, as amended, supplemented or re-enacted from time to time, which may be commingled supplies.

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

"Interruptible" means any Services subject to interruption, after being notified by Union.

"Interest" means the minimum commercial lending rate of Union's principal banker for the relevant period.

"Joule" (J) means the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "Megajoule" (MJ) shall mean 1,000,000 Joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 Joules.

"Month" means a period beginning at 10:00 a.m. (Eastern Clock Time) on the first day of the calendar month and ending at the same hour on the first day of the next succeeding

calendar month.

"Nomination" means a request to Union for a Service in accordance with Union's nomination provisions.

"Non-Obligated" means any quantities of Gas that are not committed to be delivered by Customer on a Firm basis and which Union will receive on a Firm basis when delivered by Customer.

"Obligated" means that quantity of Gas which Customer is committed to deliver to Union on a Firm basis at the Points of Receipt.

"Points of Consumption" or "Consumption Points" means, unless otherwise specified in this Contract, the outlet side of the Union measuring equipment located at Customer's or End User locations as specified in Schedule 1 or Schedule 3, as applicable.

"Rate Schedule" means the Ontario Energy Board approved rate schedule applicable to the Service being provided, (including schedules attached thereto), or such other replacement rate schedule as approved by the Ontario Energy Board from time to time.

"Receipt Service" means the approved receipt of Gas from Customer to Union at the Points of Receipt.

"Receipt Point" or "Points of Receipt" shall mean the points listed on Schedule 1 of this Contract where Union may receive Gas from Customer.

"Schedules" means the schedules attached to and forming part of this Contract.

"Seasonal" means any Service that is available during a specified period of the Year.

"Service(s)" means Receipt, Delivery or Storage Service as defined herein.

"Storage Service" means the space and deliverability service for storage under either Bundled Service or Unbundled Service.

"TCPL" means TransCanada PipeLines Limited.

"Transporter" means the transmission company that transports the Gas to the Receipt Point.

"Unbundled Service" means a Service provided by Union under which Customer will nominate and balance daily for Receipt, Storage and Delivery Services.

"Unionline" means Union's electronic web based system for Customer and Union to interact electronically, including but not limited to nominating and information exchange.

"When Available" means any interruptible Service that is available based on Union's sole discretion after Firm and Interruptible Services have been exhausted and is priced at the interruptible rate in the applicable Rate Schedule.

"Western" means the points of receipt on the TCPL system where Union is able to receive Gas.

"Year" means a period of 365 days; provided, however, that any such Year, which contains a date of February 29, shall consist of 366 days.

EB-2014-0154

Tab 3



Natural Resource Gas Limited
39 Beech St. E., PO Box 307, Aylmer On N5H 2S1

Via Email

February 21, 2014

Mr. Patrick Boyer
Union Gas Limited

Bundled-T Gas Contract between NRG and Union

We are writing to request that Union waive any rights it may have to require NRG to purchase natural gas before February 28, 2014 in order to meet NRG's Winter Checkpoint Quantity of -115,000 GJ. In the absence of any such waiver, NRG will have to consider bringing an emergency application to the Board to obtain such relief. We would be pleased to discuss an alternative future point for balancing this contract year.

The reasons for this request are straightforward:

- Natural gas prices at Dawn today are in the neighbourhood of \$38 per GJ, which is an anomaly.
- You have notified us that although the Winter Checkpoint Quantity date is February 28, Union needs the transaction completed by Monday, February 24, 2014.
- The relief being requested by us provides no benefit to NRG or its shareholder, since natural gas commodity is a pure pass through at the market price. However, the contractual relief being requested would be of significant financial benefit to residential and small business customers in NRG's service area. We estimate buying gas today would cost a typical residential customer of NRG about \$300 extra over the next 12 months (as compared to purchasing at a more typical price).
- As a utility, NRG understands the need for balancing its physical system. But NRG does not believe that the balancing gas to be provided by NRG is needed for any system security or reliability reasons of Union. So there is no real benefit to Union to enforce the Winter Checkpoint requirement. And there is, as noted above, an exorbitant cost to NRG's customers. Indeed, the cost borne by NRG's customers would be of no benefit to anyone, other than the selling gas producer.

Yours truly,


Brian Lippold,
General Manager

Copy: D. Simpson (Union Gas)
M. Aldred (OEB)
R. King (Osler)

RESPONSES TO BOARD STAFF

EB-2014-0053

QUESTION:

1. Ref: Schedule 1/Page 2: NRG provided a brief description of its delivery obligations under its direct purchase bundled transportation contract with Union.
 - (i) Please provide a more detailed description of NRG's delivery obligations and balancing requirements under its direct purchase bundled transportation contract with Union.
 - (ii) Please explain whether NRG could have requested authorization from Union to deliver incremental gas to Union in advance of the Winter Checkpoint in order to reduce banked gas account imbalances. Did NRG make such requests to Union? If so, please document the responses. If not, why not?

RESPONSE:

1.
 - (i) Refer to attached contract for more detail on NRG's delivery obligations. Schedule 1.
 - (ii) Yes, NRG could have requested authorization from Union to deliver incremental gas to Union in advance of the Winter Checkpoint. But, this was not a reasonable or prudent thing to do having regard to past experience. NRG did not make a request from Union. There was no recent history (2010 to 2013) that would indicate that the cost of gas would be so consistently high in February, refer to Schedule 2. NRG reasonably expected that the cost of gas would decline during the month of February for purchases that were necessary to meet the Winter Checkpoint. NRG was acting prudently having regard to past experience and its obligation to avoid unnecessary price increases to its customers if at all possible. The extraordinary event that led to the penalty price was the wholly unpredictable inability to purchase gas at all and to deliver it to Union before 5:00 pm on February 28, 2014.

QUESTION:

2. Ref: Schedule 1/Page 3: NRG stated that, based on the Direct Purchase Status Report received from Union for the month ending January 31, 2014, it was notified that it was required to purchase 115,523 GJ in order to meet the Winter Checkpoint Quantity at the end of February 2014. NRG further noted that pursuant to its contract with Union, NRG was required to purchase the above noted volume by February 28, 2014.
- (i) Please provide the Direct Purchase Status Reports for each month from December 2013 to February 2014.
 - (ii) Please discuss the systems that NRG has in place to monitor imbalances in its banked gas account with Union.
 - (iii) Please discuss how often NRG monitors imbalances in its banked gas account.
 - (iv) Please discuss when NRG first became aware that there was an existing imbalance in its banked gas account.
 - (v) Please describe the systems that NRG has in place to monitor gas prices.
 - (vi) Please discuss how often NRG monitors gas prices when imbalances exist in its banked gas account.
 - (vii) Please provide natural gas prices at Dawn for each day (December 1, 2013 to February 28, 2014) on both a forward market and cash market basis.

RESPONSE:

2.

- (i) The report is attached as Schedule 3.
- (ii) PURCHASING PROCEDURE AND SEQUENCE OF EVENTS:

Standard Practice:

It is standard that at the winter checkpoint every February there will be some imbalance and NRG will be required to purchase or shed gas. If gas is required to be purchased NRG is emailed on a daily basis, commencing February 1. The General Manager monitors the price and when the price looks reasonable then a purchase is made. In the past, there has never been an issue with the gas not being available for purchase or a consistently high price during the month of February with wholly unpredictable price variations during the month.

January 2014:

Gas pricing is monitored daily by NRG because spot gas purchases are completed monthly. In January, spot gas pricing escalated to as high as \$8/GJ at Parkway. Since they are typically in the \$4 /GJ range, this was viewed as exceptionally high. Prior to transacting January's spot purchase, NRG requested and received from Union a table, outlining transportation costs at various points of entry into Union's system. The intention was to analyze if introducing gas at another point in Union's system could reduce the overall purchase price. It was determined that any savings gained by

purchasing gas at points other than Parkway, were negated by the transportation costs.

February 2014:

This past February the same practice was followed and when the price of gas rose drastically at the beginning of February, an emergency meeting was called and the executives discussed what course of action to take. The consensus was that the high price was an anomaly and if NRG bought at \$10.00/GJ and the price reduced back down to a more normal price of around \$5.00GJ, NRG would be held accountable as acting imprudently. There was nothing in the industry at this point that indicated the price would continue to climb to the levels it did in February. By February 21, it was clear to NRG that prices may not self-correct by the end of the month.

Assistance Sought/High price of gas now a certainty:

On February 21, 2014, a letter was sent to Union Gas requesting that Union waive any rights it may have to require NRG to purchase the required gas before February 28. If the gas was not required by Union or had already been purchased by Union for system integrity, NRG believed that Union should assist in relieving NRG (and therefore its customers) of its contractual obligations in the public interest on the condition that NRG pay Union's cost of gas purchase plus any reasonable mark-up. Union denied NRG's request. It is now clear from Union's QRAM that the required amount of gas for system integrity had been purchased by February 12, 2014. Unions failure to provide gas to NRG in these exceptional circumstances at its cost price was unreasonable, imprudent, unnecessary for physical integrity of the pipeline and system and not in the public interest.

Purchase:

In the circumstances, NRG was left in a position that it had to purchase the gas by February 28. On a daily basis, NRG monitored the price of gas from the following sources: Shell, Enersource, Blackstone (recommended by Union) and Go Energy. NRG's reasonable expectation based on historical prices and normalized weather conditions was that prices for gas would fall before the end of the month of February. Unpredictably, prices did not fall. Prices rose as high as \$37.00/GJ by February 26 (this is an unprecedented increase). On February 26, NRG understood that Union absolutely needed the physical gas for its system integrity. As it turns out, Union did not need the gas and had purchased sufficient gas and held it available in storage or otherwise to meet the system needs such that it did not require NRG's gas. On February 26, NRG was able to purchase 90,027 of its 115,523 requirement for an average price of \$27.276GJ. NRG advised Union on February 28, that there was insufficient volumes available to purchase on the market. Union passed along our

name to one of their in-franchise customers who might be willing to sell us the gas (they had an excess). However, this led to no further opportunity to purchase.

Subsequent to February 28:

On March 2, NRG notified Union that there was now gas available to purchase on the market and NRG could make up our shortfall at a cost of approx. \$27/GJ. Union refused NRG permission to deliver any gas to Union's system. On March 4, a letter was sent to Union Gas advising them of NRG's position that the penalty was not enforceable. NRG gave notice of arbitration.

- (iii) Refer to the answer in 2 (ii).
- (iv) Refer to the answer in 2 (ii).
- (v) Refer to the answer in 2 (ii).
- (vi) Refer to the answer in 2(ii).
- (vii) Attached Schedule 4.

QUESTION:

3. Ref: Schedule 1 / Page 4: NRG noted that on February 21, 2014, it asked Union to waive any rights it might have to require NRG to purchase natural gas before February 28, 2014. NRG noted that Union refused to waive NRG's contractual obligation.
- (i) Please discuss why NRG waited until only 1 week before it was required to meet its winter checkpoint quantity, to ask Union to waive its contractual rights.

RESPONSE:

Refer to 2(ii).

QUESTION:

4. Ref: Schedule 1 / Page 4 – 5 & Schedule 3: NRG noted that it purchased 90,027 GJ of gas after February 21, 2014 at a cost of \$2,455,576 (\$27.276/GJ). NRG noted that it was unable to purchase the remaining shortfall of 25,496 GJ in February as there was no gas available to be purchased and delivered to Union's system. NRG noted that it was informed by Union that the shortfall of 25,496 GJ would be the subject of the "Surplus Sale over Consumer Premium." NRG noted that it received an invoice from Union charging its customers for the 25,496 GJ at a cost of \$2,007,250 (\$78.728/GJ).
- (i) Please describe the protocols that NRG has in place for the execution of transactions required to reduce or alleviate balances in its banked gas account.
 - (ii) Please advise whether NRG has ever been subject to a Surplus Sale over Consumer Premium charge in the past.
 - (iii) Please provide the date(s) on which NRG executed the transaction(s) to purchase 90,027GJs of gas.
 - (iv) Please explain why NRG decided that it was prudent to execute the transaction(s) to purchase 90,027GJs of gas on the date(s) that it was purchased.
 - (v) Please advise where the authority resides to proceed with the execution of the noted transaction(s) of 90,027GJs.
 - (vi) Please provide any gas market price analysis, emails, and memos that support the execution of the above noted transaction(s).
 - (vii) Please discuss whether NRG considered making any incremental gas purchases earlier in the winter which could have helped to reduce or alleviate imbalances in its banked gas account prior to the Winter Checkpoint. If so, please discuss why those options were not executed. If not, please explain why.
 - (viii) Please discuss whether incremental gas purchases, made earlier in the winter period (as opposed to immediately before the Winter Checkpoint), could have reduced NRG's costs of procuring gas supplies for its customers.
 - (ix) Please discuss whether NRG considered any non-Dawn spot gas purchases. Please discuss whether spot gas purchases at locations other than Dawn could have reduced NRG's costs of procuring gas supplies for its customers.

RESPONSE:

4.

- (i) Refer to 2 (ii).
- (ii) We reviewed our files over the last 6 years and at the September 2010 checkpoint we were charged a premium charge. Based on the August 2010 Direct Purchase Status report, NRG purchased the required amount of gas for \$4.42/GJ. The final September consumption figure per the September 2010 Direct Purchase Status report was far greater than the amount forecast in August resulting in a shortfall of gas purchased. Union Gas charged us for the shortfall less the 4% allowance at a price of \$6.121/GJ.
- (iii) Refer to attached Schedule 5.

- (iv) As set out above, Union advised NRG that the physical gas was absolutely required for system integrity. NRG bought natural gas accordingly.
- (v) The manager arranges day-to-day unexceptional purchases of natural gas but in February, the President of NRG authorized the purchase volumes at the high spot prices which were available on the open market because Union had said that it physically required the gas.
- (vi) Enclosed is the invoice from Shell that supports the purchase, refer to Schedule 6.
- (vii) As noted in 2(ii), it is not NRG's normal practice to buy gas prior to the month of February to meet its Winter Checkpoint obligations. Having regard to normal expectations of weather conditions, gas availability and supply obligations NRG's practice of purchasing gas in February has always been a prudent practice.
- (viii) Looking retrospectively, gas purchases could have been made earlier but it is NRG's experience and the experience of many other utilities that this was not prudent or a necessary practice having regard to historical norms. NRG was not alone in being exceptionally affected by this unprecedented and unpredictable rise in the price of natural gas and the unavailability of gas supply. It is respectfully submitted that NRG's practices were prudent and in the public interest.
- (ix) Yes alternative sources were considered as noted in 2(ii).

QUESTION:

5. Ref: Schedule 1 / Page 5: NRG states that it has served notice on Union in writing that the \$78.728 per GJ cost is a penalty provision and unenforceable under the contract, and disputes under the contract are subject to arbitration under Article 8 of the contract. Board staff notes that the penalty provision is included in Union's R1 Rate schedule. Please discuss why NRG believes that this is a contractual matter rather than a rate matter.

RESPONSE:

5. The penalty provision in Union's R1 Rate schedule is both a Board rate matter and a contractual matter. The Board fixed the penalty rate as part of Union's rate hearing. The Board therefore has the power to alleviate from the harsh reality of the penalty rate. In considering this issue, it is respectfully submitted that the Board should consider the public interest and in this case the interests of the NRG customers. The conditions which led to the exceptional Winter Checkpoint requirements, the high prices and the unavailability of gas were highly exceptional. The public record is replete with reports that the winter of 2013 and 2014 was exceptionally cold for unprecedented number of days. It is respectfully submitted that the Board should in these circumstances relieve NRG from the penalty provision which the Board fixed for Union. It certainly has the jurisdiction and authority to do so. If the Board does not relieve NRG and its customers from the penalty rate, they will have an undeserved and unavoidable high cost imposed upon them. Union or its customers will have a windfall in that they suffered no actual detriment justifying the penalty rate of \$78.728/GJ. In conclusion, this is a rate matter if the Board changes the rate for these circumstances then it is acting in the public interest based on the unusual circumstances set out above.

QUESTION:

6. Given the timelines for issuing a decision in this proceeding and the “non-mechanistic” nature of the application, please provide NRG’s view were the Board to consider the following:
- (i) Approve, on an interim basis, the establishment of a new gas supply charge effective April 1, 2014 that excludes the costs of the transactions associated with the February checkpoint (i.e. \$2,455,576 + \$2,007,250) pending a more comprehensive review by the Board.
 - (ii) Approve, on an interim basis, the proposed gas supply charge effective April 1, 2014 pending a more comprehensive review by the Board.

RESPONSE:

With respect, NRG asks the Board to expand its options to include more than the 2 options set out above. NRG asks the Board to make its decision on the basis of limiting windfall benefits to Union and diminishing the cost of natural gas to NRG’s customers without a concomitant detriment to Union.

NRG respectfully requests that the Board approve its costs in rates beginning April 1, 2014 for natural gas purchases on the basis of the following principles:

- (a) include in NRG’s actual cost to purchase gas the amount of \$2,445,576.00, being the actual costs of NRG;
- (b) include in NRG’s rate as at April 1 the cost of Union’s purchase of gas in order to balance its system but no more;
- (c) change the penalty rate for Union in the exceptional circumstances to the cost of Union’s purchase of gas to balance its system for this year only.

If NRG’s primary solution is not acceptable to the Board, then NRG asks that its cost of gas purchases including the \$2,455,576 and the penalty amount of \$2,007,250 be included in NRG rates as at April 1, 2014. If the penalty rate is subsequently changed then it can be given as a rate reduction to NRG’s customers.

EB-2014-0053

Schedule I

Contract ID	SA918-24
Contract Name	NRG
DUNS#	207734815

This Southern BUNDLED T GAS CONTRACT ("Contract"), made as of the 1st day of October, 2004.

BETWEEN:

UNION GAS LIMITED

hereinafter called "Union"

- and -

Natural Resource Gas Limited

hereinafter called "Customer"

WHEREAS the intent of this Contract is for Union to provide Services, on a bundled basis, whereby Union receives daily quantities of Gas from Customer; and either stores or delivers Gas to Customer for the End User locations under Gas Distribution Contracts according to their respective Rate Schedule;

AND WHEREAS if applicable, Agent has represented and warranted that it has the authority and right to act as agent for the End Users listed in Schedule 3.

IN CONSIDERATION of the mutual covenants contained herein, the parties agree as follows:

1 INCORPORATIONS

The following are hereby incorporated in and form part of this Contract:

- a) Contract Parameters contained in Schedule 1 as amended from time to time; and
- b) The latest posted version of the Bundled T Terms and Conditions contained in Schedule 2 subject to Section 12.18 of Union's General Terms and Conditions; and
- c) End Use List in Schedule 3; and
- d) The latest posted version of Union's General Terms and Conditions subject to Section 12.18 of Union's General Terms and Conditions.

2 PRELIMINARY AND CONTINUING CONDITIONS

This Contract and the rights, and obligations of the parties hereunder shall be conditional upon the fulfillment and maintenance in good standing of the following conditions:

- a) If required under the General Terms and Conditions financial assurances shall be supplied and maintained with Union; and
- b) Customer and Union shall have executed, delivered and maintained in good standing the Gas Distribution Contract(s); and

Contract Id: SA918-24

Page 1 of 3

c) If required, Agent shall have a valid Gas Marketer's License as defined by the OEB Act and Regulations.

The above conditions must be initially satisfied by Customer or Agent 25 days prior to the Day of First Receipt.

3 CONTRACT TERM

This Contract shall be effective from the date hereof. However, the Service, obligations, terms and conditions hereunder, shall commence on the Day of First Receipt. Subject to the provisions hereof, this Contract shall continue in full force and effect for each Contract Year until Notice to terminate is provided by either Union or Customer/Agent. Such Notice must be delivered at least three (3) months prior to the end of a Contract Year.

4 SERVICES PROVIDED

Union agrees to provide Service under the terms and conditions as set out in this Contract and the referenced attachments. Subject to Authorization Notice being granted by Union, Service under this Contract shall be Firm for the quantities and Receipt Points as specified in Schedule 1.

5 RATES FOR SERVICE

Customer agrees to take and pay for Services herein according to the terms and conditions of the following:

- a) Rate Schedule R-1 as it may be amended from time to time by the Ontario Energy Board; and
- b) this Contract and the incorporations hereto.

6 NOTICES

Notices shall be delivered pursuant to the Notice provision of the General Terms and Conditions and delivered to the addresses as referenced on Schedule 1.

7 CONTRACT SUCCESSION

This Contract replaces all previous Bundled T Contracts, subject to settlement of any Surviving Obligations.

8 ARBITRATION

All disputes arising in connection with this agreement shall be settled under the provisions of the Arbitration Act, 1991, S.O. 1991, c-17, as amended, by three arbitrators. Each party shall appoint one arbitrator and the two arbitrators so chosen shall appoint a third. The arbitration shall take place in Toronto. The decision of the arbitrators shall be final and binding, and from which there shall be no appeal.

Contract Id: SA918-24

Page 2 of 3

SCHEDULE "1"
Contract Parameters And Notice Lists
Southern Bundled T

Contract ID: SA918-24
Contract Name: NRG

1. Dates.

"Day of First Receipt" means the 1st day of October, 2013.
The Contract Year shall expire at the end of September, 2014.
This Schedule 1 is effective October 01, 2013.

2. Daily Contract Quantity (DCQ)

Upstream Point(s) Of Receipt

LOCATION	Obligated DCQ GJ per Day
Western	563

Ontario Point(s) Of Receipt

LOCATION	Obligated DCQ GJ per Day
Parkway	1731

Obligated DCQ does not include fuel.

On Days when requested by Customer and Authorization Notice is given by Union, the above quantity parameters, Upstream Point(s) of Receipt, and Ontario Point(s) of Receipt shall be deemed to be amended in accordance with such Authorization Notice.

3. Maximum BGA Balances

All units referenced in the table below are Gigajoules (GJ).

BGA Balancing Period Date	Maximum Positive Variance	Maximum Negative Variance
September 30, 2014	33,492	-33,492


In this Schedule 1, if a BGA Balancing Period Date (other than Contract Anniversary) coincides with the Winter Checkpoint Date, the greater of the Maximum Negative Variance on the BGA Balancing Period Date or the checkpoint value will prevail. If a BGA Balancing Period Date (other than Contract Anniversary) coincides with the Fall Checkpoint Date, the lesser of the Maximum Positive Variance on the BGA Balancing Period Date or the checkpoint value will prevail.

Contract Id: SA918-24

Page 1 of 2


The undersigned execute this Contract as of the above date. If an agent on behalf of Customer executes this Contract then, if requested by Union, Agent or Customer shall at any time provide a copy of such authorization to Union.

UNION GAS LIMITED


Jim Lafora
Manager, Contract Billing and Operational Support
Authorized Signatory

CUSTOMER

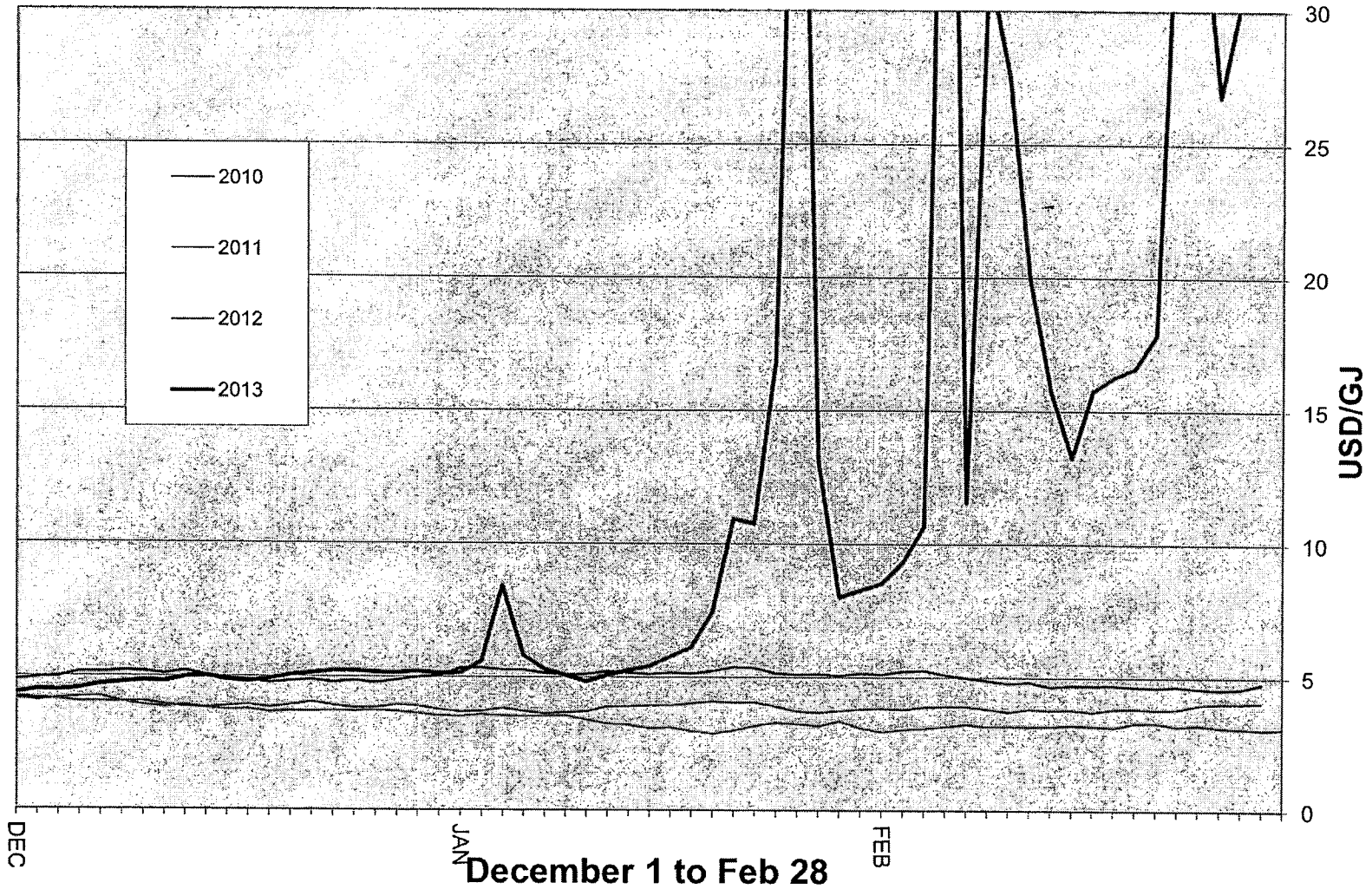
I have the Authority to bind the Corporation, or Adhere C/S, if applicable
NATURAL RESOURCE GAS LIMITED


please print name
ANTHONY GRAAT
PRESIDENT

EB-2014-0053

Schedule 2

Year over Year NG pricing pattern



EB-2014-0053

Schedule 3

Direct Purchase Status

As of month ending **Dec 2013**

DCQ Breakdown (GJ/Day)	
Ontario Parkway	1,731
Western	563
	2,294

Contract: SA 918
Contract Name: NRG
Statement #: 214778

Balancing Type: ANN-UD

Number of Accounts:

Start Date: Oct 01, 2013
Expiry Date: Sep 30, 2014
Agent: No Agent

Residential	0
Commercial	0
Industrial	1
	1

Reporting month heat value(GJ/103m3): 38,3042

Actual/Projected Variance

	Total Receipts (GJ)	Transactional Services (GJ)	Total Consumption Volume Consumption (103m3)	Energy Consumption (GJ)	Weather Impact (GJ)	Actual Variance (GJ)	Accumulated Variance (GJ)	Winter Adjustment (GJ)	Position at Checkpoint (GJ)
Carryover	-10,436					-10,436	-10,436		
Oct 2013	71,114		2,004.1100	76,722		-5,608	-16,044		
Nov 2013	68,820		3,629.4537	139,088		-70,268	-86,312		
Dec 2013	71,114		3,651.9707	139,886		-68,772	-155,084		
Actual Subtotal	200,612		9,285.5344	355,696		-155,084			
Projected									
Jan 2014	71,114		3,656.1280	139,189		-68,075	-223,159		
Feb 2014	64,232		3,101.4450	118,072		-53,840	-276,999		-276,999
Mar 2014	71,114		2,822.9790	107,471		-36,357	-313,356		
Apr 2014	68,820		1,523.6140	58,004		10,816	-302,540		
May 2014	71,114		667.6150	25,416		45,698	-256,842		
Jun 2014	68,820		276.9690	10,544		58,276	-198,566		
Jul 2014	71,114		147.5490	5,617		65,497	-133,069		
Aug 2014	71,114		671.9540	25,581		45,533	-87,536		
Sep 2014	68,820		1,393.2100	53,040		15,780	-71,756		
Projected Totals	826,874		23,546.9974	898,630		-71,756			

Contracted Forecast (GJ's)

	Total Receipts	Energy Consumption	Accumulated Forecast	Winter Adjustment	Checkpoint Quantity	Contracted Ceiling	Contracted Floor
Oct 2013	71,114	75,817	-4,703				
Nov 2013	68,820	115,990	-51,873				
Dec 2013	71,114	102,553	-83,312				
Jan 2014	71,114	139,189	-151,387				
Feb 2014	64,232	118,072	-205,227		-205,227		
Mar 2014	71,114	107,471	-241,584				
Apr 2014	68,820	58,004	-230,768				
May 2014	71,114	25,416	-185,070				
Jun 2014	68,820	10,544	-126,794				
Jul 2014	71,114	5,617	-61,297				
Aug 2014	71,114	25,581	-15,764				
Sep 2014	68,820	53,040	0			33,492	-33,492
	837,310	837,294					



Union Gas Limited
P.O. Box 2001
50 Keel Dr. N.
Chatham, Ontario
N7M 5M1

A Spectra Energy Company

Direct Purchase Status

As of month ending Jan 2014

DCQ Breakdown (GJ/Day)

Ontario Parkway	1,731
Western	563
	2,294

Contract: SA 918
Contract Name: NRG
Statement #: 215648

Balancing Type: ANN-UD

Number of Accounts:

Start Date: Oct 01, 2013
Expiry Date: Sep 30, 2014
Agent: No Agent

Residential	0
Commercial	0
Industrial	1
	1

Reporting month heat value(GJ/103m3): 38.3100

Actual/Projected Variance

	Total Receipts (GJ)	Transactional Services (GJ)	Total Consumption			Actual Variance (GJ)	Accumulated Variance (GJ)	Winter Adjustment (GJ)	Position at Checkpoint (GJ)
			Volume Consumption (103m3)	Energy Consumption (GJ)	Weather Impact (GJ)				
Carryover	-10,436					-10,436	-10,436		
Oct 2013	71,114		2,004.1100	76,722		-5,608	-16,044		
Nov 2013	68,820		3,629.4537	139,088		-70,268	-86,312		
Dec 2013	71,114		3,651.9707	139,886		-68,772	-155,084		
Jan 2014	71,114		4,506.1911	172,632		-101,518	-256,602		
Actual Subtotal	271,726		13,791.7255	528,328		-256,602			
Projected									
Feb 2014	64,232		3,101.4450	118,072	10,308	-64,148	-320,750		-320,750
Mar 2014	71,114		2,822.9790	107,471		-36,357	-357,107		
Apr 2014	68,820		1,523.6140	58,004		10,816	-346,291		
May 2014	71,114		667.6150	25,416		45,698	-300,593		
Jun 2014	68,820		276.9690	10,544		58,276	-242,317		
Jul 2014	71,114		147.5490	5,617		65,497	-176,820		
Aug 2014	71,114		671.9540	25,581		45,533	-131,287		
Sep 2014	68,820		1,393.2100	53,040		15,780	-115,507		
Projected Totals	826,874		24,397.0605	932,073	10,308	-115,507			

Contracted Forecast (GJ's)

	Total Receipts	Energy Consumption	Accumulated Forecast	Winter Adjustment	Checkpoint Quantity	Contracted Ceiling	Contracted Floor
Oct 2013	71,114	75,817	-4,703				
Nov 2013	68,820	115,990	-51,873				
Dec 2013	71,114	102,553	-83,312				
Jan 2014	71,114	139,189	-151,387				
Feb 2014	64,232	118,072	-205,227		-205,227		
Mar 2014	71,114	107,471	-241,584				
Apr 2014	68,820	58,004	-230,768				
May 2014	71,114	25,416	-185,070				
Jun 2014	68,820	10,544	-126,794				
Jul 2014	71,114	5,617	-61,297				
Aug 2014	71,114	25,581	-15,764				
Sep 2014	68,820	53,040	0			33,492	-33,492
	837,310	837,294					



A Spectra Energy Company

Union Gas Limited
P.O. Box 2001
50 Kail Dr. N.
Chatham, Ontario
N7M 5A1

Direct Purchase Status

As of month ending Feb 2014

DCQ Breakdown (GJ/Day)

Ontario Parkway	1,731
Western	563
	2,294

Contract: SA 918
Contract Name: NRG
Statement #: 216433

Balancing Type: ANN-UD

Number of Accounts:

Residential	0
Commercial	0
Industrial	1
	1

Start Date: Oct 01, 2013
Expiry Date: Sep 30, 2014
Agent: No Agent

Reporting month heat value(GJ/103m3): 38.4387

Actual/Projected Variance

	Total Receipts (GJ)	Transactional Services (GJ)	Volume Consumption (103m3)	Energy Consumption (GJ)	Weather Impact (GJ)	Actual Variance (GJ)	Accumulated Variance (GJ)	Winter Adjustment (GJ)	Position at Checkpoint (GJ)
Carryover	-10,436					-10,436	-10,436		
Oct 2013	71,114		2,004.1100	76,722		-5,608	-16,044		
Nov 2013	68,820		3,629.4537	139,088		-70,268	-86,312		
Dec 2013	71,114		3,651.9707	139,886		-68,772	-155,084		
Jan 2014	71,114		4,506.1911	172,632		-101,518	-256,602		
Feb 2014	122,607	31,652	3,867.0830	148,646		5,613	-250,989		
Actual Subtotal	394,333	31,652	17,658.8085	676,974		-250,989			
Projected									
Mar 2014	71,114		2,822.9790	107,471		-36,357	-287,346		
Apr 2014	68,820		1,523.6140	58,004		10,816	-276,530		
May 2014	71,114		667.6150	25,416		45,698	-230,832		
Jun 2014	68,820		276.9690	10,544		58,276	-172,556		
Jul 2014	71,114		147.5490	5,617		65,497	-107,059		
Aug 2014	71,114		671.9540	25,581		45,533	-61,526		
Sep 2014	68,820		1,393.2100	53,040		15,780	-45,746		
Projected Totals	885,249	31,652	25,162.6985	962,647		-45,746			

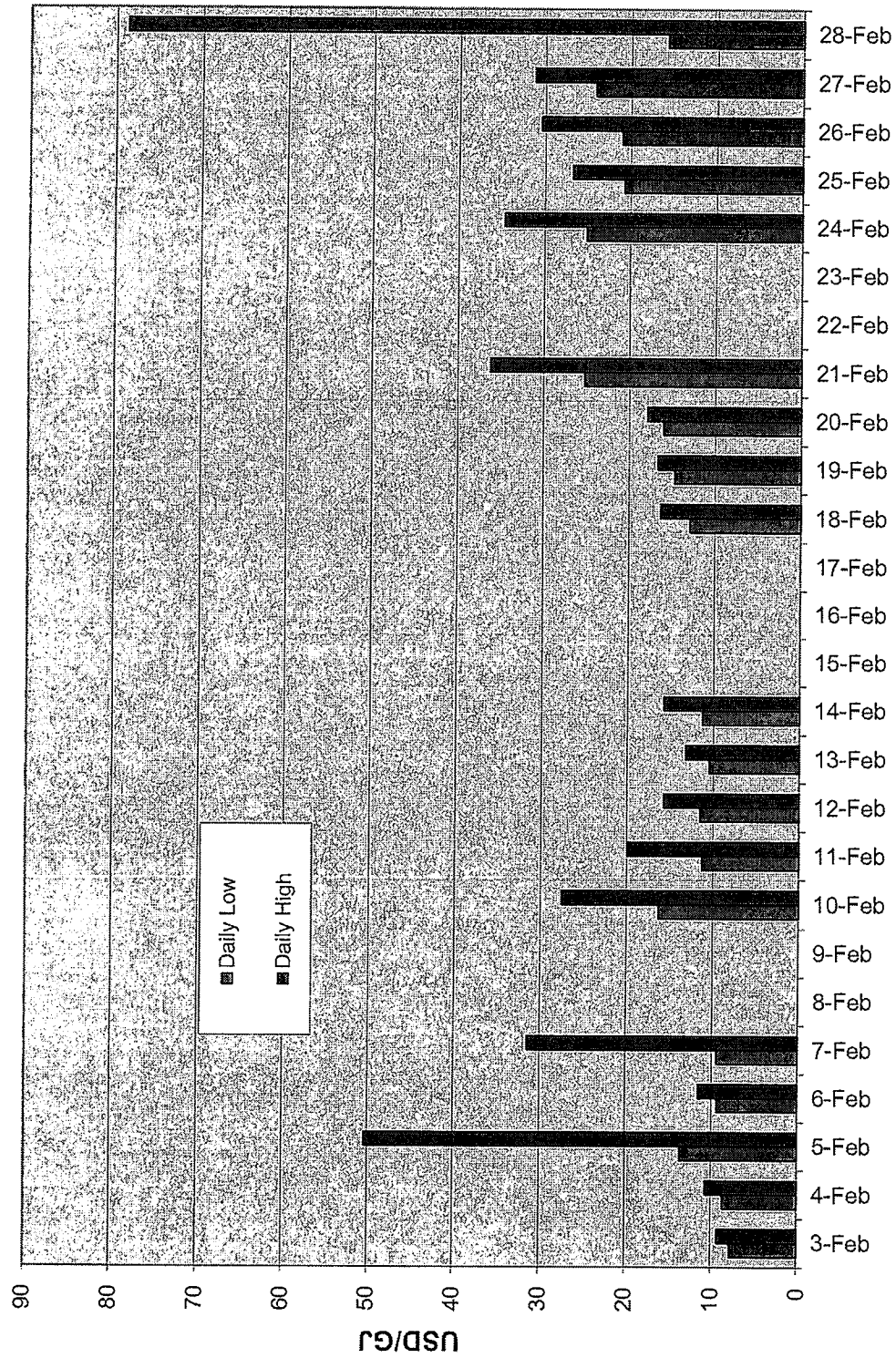
Contracted Forecast (GJ's)

	Total Receipts	Energy Consumption	Accumulated Forecast	Winter Adjustment	Checkpoint Quantity	Contracted Ceiling	Contracted Floor
Oct 2013	71,114	75,817	-4,703				
Nov 2013	68,820	115,990	-51,873				
Dec 2013	71,114	102,553	-83,312				
Jan 2014	71,114	139,189	-151,387				
Feb 2014	64,232	118,072	-205,227		-205,227		
Mar 2014	71,114	107,471	-241,584				
Apr 2014	68,820	58,004	-230,768				
May 2014	71,114	25,416	-185,070				
Jun 2014	68,820	10,544	-126,794				
Jul 2014	71,114	5,617	-61,297				
Aug 2014	71,114	25,581	-15,764				
Sep 2014	68,820	53,040	0			33,492	-33,492
	837,310	837,294					

EB-2014-0053

Schedule 4

February 2014 Dawn Market Activity



EB-2014-0053

Schedule 5

From: sarah.bloedow@shell.com [mailto:sarah.bloedow@shell.com]
Sent: February-27-14 4:06 PM
To: Brian Lippold; blippold@rogers.com
Subject: Dawn Feb 28th recap

Hi Brian,

The title transfer we discussed earlier today has now been approved in Unionline.

So, here is a recap of our transactions today:

Delivery Date	VOLUME (GJs)	PRICE CAD	
Feb 27th	5,275	\$25.10	
Feb 28th	20,000	\$26.35	
Feb 28th	10,000	\$26.10	
Feb 28th	10,000	\$25.86	
Feb 28th	5,000	\$26.90	
Feb 28th	8,100	\$28.65	
Feb 28th	31,152	\$28.75	* IFT
TOTAL	89,527		

Left to do 25,996

EB-2014-0053

Schedule 6



Bill To:
NATURAL RESOURCE GAS LIMITED

Vendor:
SHELL ENERGY NORTHAMERICA (CANADA) INC.

Statement Information:
Invoice Number: 2445236
Contract Number: 015-NG-BS-16475
Invoice Date: 03/07/2014
Due Date: 3/25/2014

Date Range	Deal	P/S	Trader	Price Type	Description	Meter	Quantity (GJ)	Price	Amount Due (CAD)	Tax
Current Month										
SALE										
02/01 - 02/28	6385394	S	sbloedow	See Details	EMPRESS	EMPRESS	5,040	4.9100	\$24,746.40	GST AB
02/01 - 02/28	7742208	S	sbloedow	Fixed	EMPRESS	EMPRESS	5,376	5.0200	\$26,987.52	GST AB
Total EMPRESS:							10,416		\$51,733.92	
02/01 - 02/28	6385394	S	sbloedow	5A M CAD	EMPRESS FUEL	EMPRESS FUEL	336	7.3862	\$2,481.77	GST AB
02/01 - 02/28	7742208	S	sbloedow	Fixed	EMPRESS FUEL	EMPRESS FUEL	308	5.0200	\$1,546.16	GST AB
Total EMPRESS FUEL:							644		\$4,027.93	
Total TRANSCANADA ML GST AB:									\$2,788.10	
Total TRANSCANADA ML Sales:							11,060		\$58,549.95	
02/27 - 02/27	7825847	S	ahardcastle	Fixed	DAWN	DAWN	5,275	25.1000	\$132,402.50	HST ON
02/28 - 02/28	7825854	S	ahardcastle	Fixed	DAWN	DAWN	20,000	26.3500	\$527,000.00	HST ON
02/28 - 02/28	7825857	S	ahardcastle	Fixed	DAWN	DAWN	10,000	26.1000	\$261,000.00	HST ON
02/28 - 02/28	7825868	S	ahardcastle	Fixed	DAWN	DAWN	10,000	25.8600	\$258,600.00	HST ON
02/28 - 02/28	7825872	S	ahardcastle	Fixed	DAWN	DAWN	5,000	26.9000	\$134,500.00	HST ON
02/28 - 02/28	7825874	S	ahardcastle	Fixed	DAWN	DAWN	8,100	28.6500	\$232,065.00	HST ON
02/28 - 02/28	7826647	S	sbloedow	Fixed	DAWN	DAWN	31,652	28.7500	\$909,995.00	HST ON
Total DAWN:							90,027		\$2,455,562.50	
02/01 - 02/28	5003064	S	sbloedow	Fixed	PARKWAY	PARKWAY	16,800	5.5200	\$92,736.00	HST ON
02/01 - 02/28	5710850	S	sbloedow	Fixed	PARKWAY	PARKWAY	16,800	4.3400	\$72,912.00	HST ON
02/01 - 02/28	5717777	S	sbloedow	Fixed	PARKWAY	PARKWAY	3,192	4.3500	\$13,885.20	HST ON
02/01 - 02/28	5726368	S	sbloedow	Fixed	PARKWAY	PARKWAY	3,192	4.3500	\$13,885.20	HST ON
02/01 - 02/28	7742210	S	sbloedow	Fixed	PARKWAY	PARKWAY	8,484	8.2200	\$69,738.48	HST ON
Total PARKWAY:							48,468		\$263,156.88	
Total UNION GAS HST ON:									\$353,433.53	
Total UNION GAS Sales:							138,495		\$3,072,152.91	
NET Sales:									\$3,130,702.86	
Current- Total Sales									\$3,130,702.86	
Current- Total Purchases										
Current Total									\$3,130,702.86	
Total - Net Invoice									\$3,130,702.86	