

May 1, 2020

**VIA RESS and EMAIL**

Ms. Christine Long  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. ("Enbridge Gas")  
Ontario Energy Board ("Board") File: EB-2019-0183  
Owen Sound Reinforcement Project Leave to Construct & Rate M17 Application  
Draft Rate Order**

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On August 29, 2019 Enbridge Gas applied to the Board pursuant to section 36 of the Ontario Energy Board Act ("the Act") for an Order or Orders granting approval of a new Rate M17 firm transportation service for gas distributors. Within the same application, Enbridge Gas also applied to the Board, pursuant to section 90(1) of the Act, for an Order or Orders granting leave to construct approximately 34 kilometres of NPS 12 hydrocarbon natural gas pipeline ("the Project") in the Municipality of West Grey and the Township of Chatsworth, both of which are within the County of Grey. Lastly, Enbridge Gas's application requested approval of the forms of agreements offered to owners of land affected by the route or location of the Project pursuant to section 97 of the Act.

On April 9, 2020 the Board approved Enbridge Gas's application and ordered Enbridge Gas to file a Draft Rate Order with the revised Tariff of Rates and Charges, including the terms and conditions of Rate M17, by May 1, 2020. The Draft Rate Order reflects the limited balancing agreement ("LBA") load balancing option preferred by EPCOR Natural Gas Limited Partnership ("ENGLP" or "EPCOR") as indicated in its letter to the Board dated April 17, 2020. Enbridge Gas will include the LBA within the Rate M17 service to accommodate load balancing as initially proposed. Appendix A includes the Rate M17 rate schedule and general terms and conditions reflecting a June 1, 2020 effective date to align with the date EPCOR is expected to begin service. Appendix B includes the updated Rate M9 and Rate T3 rate schedules. The rate schedules have been updated to reflect 2020 rates as approved in Enbridge Gas's April 2020 QRAM (EB-2020-0077) with exception to the Rate M17 specific charges used in EPCOR's feasibility analysis.<sup>1</sup>

In addition, the Board requested Enbridge Gas respond to two items within its Draft Rate Order submission as they relate to Rate M17 and the provision of this service to EPCOR:

- 1) **Pooled Metering Costs:** "Enbridge Gas shall confirm as a part of the draft rate order process the nature of any pooled metering costs in Rate M17. Any pooled metering costs that provide no use or benefit to ENGLP shall be removed."<sup>2</sup>

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<sup>1</sup> Rate M17 monthly customer charge and transportation demand charges are based on approved 2018 Rates (EB-2017-0087) to align with EPCOR's economic feasibility analysis.

<sup>2</sup> Decision and Order, April 9, 2020, page 17

- 2) **Attribution of Project and Asset Costs:** “Enbridge Gas shall confirm as part of the draft rate order process, that the portion of the 82% that is attributed to ENGLP has use or benefit to ENGLP. Alternatively, Enbridge Gas may confirm that no portion of the 82% will be allocated to ENGLP.”<sup>3</sup>

Enbridge Gas will address each of these items below.

#### Pooled Metering Costs

The rate design for the Rate M17 demand charge is comprised of two parts: a contribution toward the recovery of Dawn-Parkway demand costs and a contribution toward the recovery of Other Transmission demand costs. Both the Dawn-Parkway and Other Transmission costs used to derive the demand charge include station costs associated with Measuring and Regulating (“M&R”) activities. It is appropriate that EPCOR contribute to the M&R costs of both systems as part of the Rate M17 demand charge.

With respect to Dawn-Parkway demand costs, EPCOR will use and benefit from the Dawn-Parkway system as gas is required to be transported to the Owen Sound line. As such it remains appropriate for these costs to continue to form a part of Rate M17, and it would be inappropriate to proportionately recover these costs from all other customers benefiting from use of the Dawn-Parkway system while excluding EPCOR from making a commensurate contribution.

With respect to Other Transmission demand costs, there are two M&R stations included in the costs that are necessary for Enbridge Gas to serve EPCOR. The first is the Owen Sound Transmission Station which measures and regulates gas into the Owen Sound system at the connection with the Dawn-Parkway system. The second is the St. Jacob’s Transmission Station which regulates the gas pressure along the Owen Sound line. As such, EPCOR will use and benefit from both stations and it remains appropriate for EPCOR to provide a contribution toward the recovery of M&R costs included in the Other Transmission demand costs. Enbridge Gas submits this approach to cost recovery is inherent to postage-stamp rates, is consistent with Enbridge Gas’s Board-approved cost allocation and remains appropriate in the derivation of Rate M17.

#### Attribution of Project and Asset Costs

The Board’s Decision and Order noted that “SEC and IGUA submitted that if ENGLP is directly allocated 18% of the Project Costs, it should not also be required to pay some amount of the remaining 82%...”<sup>4</sup> The Board further noted, “the OEB understands that ENGLP will be allocated a portion of the 82% of the Project costs...”.

As provided in Exhibit I.Staff.13 Attachment 1 Enbridge Gas conducted a Discounted Cash Flow (“DCF”) analysis specific to the cash inflows and outflows related to EPCOR, where the outflows were based upon EPCOR’s use of 18% of the capacity created by the Project (as outlined in Exhibit I.EPCOR.2 a) v) ). The DCF analysis yielded a requirement for EPCOR to pay a contribution in aid of construction (“CIAC”) of \$5.34 million. Between its payment for service under Rate M17 and the Board-approved CIAC EPCOR’s 18% of the Project has a Profitability

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<sup>3</sup> Ibid., page 22

<sup>4</sup> Decision and Order, page 22

Index of 1.0. The remaining 82% of the Project does not reach a PI of 1.0 under a DCF analysis and was approved as economic by the Board based on Stage 2 and 3 economic benefit analyses submitted by Enbridge Gas in accordance with EBO 134.

As noted in Exhibit I.EP.2 a) Enbridge Gas is not seeking Incremental Capital Module ("ICM") treatment for the Project. As a result, the costs associated with the 82% of remaining capacity of the Project will have no impact on Rate M17 or any other rate class throughout the deferred rebasing period. Under Enbridge Gas's present Board-approved cost allocation, upon rebasing the Project would be included in Other Transmission rate base and its costs would be allocated across rate classes in the same manner as all Other Transmission costs, which could impact Rate M17 at that time.

Enbridge Gas has not completed the comprehensive cost allocation study and proposal that will be required to inform its 2024 rebasing application. Enbridge Gas also believes it would be inappropriate to pre-suppose any outcome specific to Other Transmission assets or Rate M17 prior to such materials being available for the Board's review. That said, Enbridge Gas notes that the Other Transmission costs used to derive Rate M17 do not relate solely to the Project. Rather, these costs relate to all Other Transmission assets allocated to the rate classes that make use of them, including the costs of all previous Owen Sound construction projects that have not fully depreciated. While EPCOR has been ordered to pay a CIAC in light of their contribution to the need and timing of the Project, their service relies on both the Project and all previous projects undertaken to construct and operate the Owen Sound line and Enbridge Gas's broader Other Transmission systems. Further, the CIAC requested is specific only to 3,848 m<sup>3</sup>/hr of EPCOR's total 10,648 m<sup>3</sup>/hr load.<sup>5</sup> The remaining 6,800 m<sup>3</sup>/hr of EPCOR's load was provided by existing capacity on the Owen Sound system,<sup>6</sup> and no CIAC was required relating to the use of this capacity. As a result, EPCOR benefited from the capacity of assets currently being paid for by other customers on Enbridge Gas's system.

This approach is inherent to postage-stamp rates, and Enbridge Gas submits it would be inappropriate and administratively unwieldy to allocate EPCOR only those costs which related to assets that directly served them on a go-forward basis. As noted above EPCOR will receive the benefits of capacity that was available prior to the Project which is currently being paid for by other customers.

Should you have any questions, please contact the undersigned.

Sincerely,

(Original Signed)

Brandon Ott  
Technical Manager, Regulatory Applications

Cc: Charles Keizer, Torys  
EB-2019-0183 Intervenor

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<sup>5</sup> Exhibit I.EPCOR.2 a)

<sup>6</sup> Ibid.

APPENDIX A

ENBRIDGE GAS INC.  
UNION SOUTH  
TRANSPORTATION RATES

**(A) Applicability**

The charges under this rate schedule shall be applicable to a distributor in Union South who is located east of Dawn and who enters into a contract with Enbridge for the transportation of gas for distribution to its customers. Transportation Services under this rate schedule is transportation on Enbridge's pipeline facilities from any Applicable Receipt Point to the distributor's delivery area.

Applicable Receipt Points

Dawn\*  
Kirkwall  
Parkway (TCPL)

\* Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities) and Dawn (Vector).

**(B) Rates**

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

**1. Monthly Charge**

A Monthly Charge shall be applied to each distributor and is applicable to such distributor's delivery area. Should a new delivery area be served under this rate schedule, a distributor specific charge would be established at that time.

|             | <u>Monthly<br/>Charge</u> |
|-------------|---------------------------|
| South Bruce | \$ 1,998.71               |

**2. Firm Transportation**

|   | Monthly Demand<br>Charge(s)<br>(applied to daily<br>contract demand)<br><br>Rate/GJ | Fuel and Commodity Charges |                         |                       |                   |     |                                |
|---|---|----------------------------|-------------------------|-----------------------|-------------------|-----|--------------------------------|
|   |   | Utility Supplied Fuel      |                         | Shipper Supplied Fuel |                   |     | Commodity<br>Charge<br>Rate/GJ |
|   |   | Fuel and Commodity         |                         | Fuel Ratio            |                   | AND |                                |
|   |   | Apr.1-Oct.31<br>Rate/GJ    | Nov.1-Mar.31<br>Rate/GJ | Apr.1-Oct.31<br>%     | Nov.1-Mar.31<br>% |     |                                |
| Dawn to Delivery Area   | \$4.431   | \$0.009                    | \$0.021                 | 0.327%                | 0.782%            |     |                                |
| Kirkwall to Delivery Area or Dawn                                 | \$2.718   | \$0.004                    | \$0.004                 | 0.162%                | 0.162%            |     |                                |
| Parkway (TCPL) to Delivery Area or Dawn                           | \$2.718   | \$0.008                    | \$0.004                 | 0.307%                | 0.162%            |     |                                |
| Facility Carbon Charge<br>(applied to all quantities transported) |   | \$0.002                    | \$0.002                 |                       |                   |     | \$0.002                        |

**3. Authorized Overrun**

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

|   | <u>Fuel and Commodity Charges</u> |                     |                              |                     |                           |
|---|-----------------------------------|---------------------|------------------------------|---------------------|---------------------------|
|   | <u>Utility Supplied Fuel</u>      |                     | <u>Shipper Supplied Fuel</u> |                     |                           |
|   | <u>Fuel and Commodity</u>         |                     | <u>Fuel Ratio</u>            |                     | <u>Commodity</u>          |
|   | <u>Apr.1-Oct.31</u>               | <u>Nov.1-Mar.31</u> | <u>Apr.1-Oct.31</u>          | <u>Nov.1-Mar.31</u> | <u>Charge</u>             |
|   | <u>Rate/GJ</u>                    | <u>Rate/GJ</u>      | <u>%</u>                     | <u>%</u>            | <u>AND</u> <u>Rate/GJ</u> |
| Dawn to Delivery Area   | \$0.171                           | \$0.183             | 0.962%                       | 1.417%              | \$0.146                   |
| Kirkwall to Delivery Area or Dawn                                 | \$0.110                           | \$0.110             | 0.797%                       | 0.797%              | \$0.089                   |
| Parkway (TCPL) to Delivery Area or Dawn                           | \$0.114                           | \$0.110             | 0.942%                       | 0.797%              | \$0.089                   |
| Facility Carbon Charge<br>(applied to all quantities transported) | \$0.002                           | \$0.002             |                              |                     | \$0.002                   |

**4. Nomination Variances**

Nomination variances shall be handled in accordance with the applicable Limited Balancing Agreement.

**(C) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A".

**(D) Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B".

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

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with the attached Schedule "C".

**RATE M17  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Capitalized terms not defined herein shall have the meaning given to them in the associated M17 Transportation Agreement or M17 Rate Schedule, as applicable, and except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Authorized Overrun"** shall mean the amount by which Shipper exceeds its Contract Demand; provided such exceedance is not incurred during a period of interruption;

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

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

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

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

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

**"cricondenthem hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

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

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

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

**"Delivery Area"** shall mean the area in which the applicable Shipper Delivery Point(s) is/are located;

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

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

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

**"Firm Hourly Quantity"** means the maximum quantity of gas that may flow during any hourly period;

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

## SCHEDULE "A"

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**hydrocarbon dewpoint**" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"**Interconnect Operating Agreement**" shall mean the interconnect operating agreement between Shipper and Enbridge required to facilitate the Transportation Services;

"**Interconnecting Pipeline**" shall mean a transportation pipeline that directly connects to the Enbridge pipeline system; provided however, that an interconnection to Enbridge's pipeline system for the purposes of receiving Transportation Services shall not classify Shipper as having an Interconnecting Pipeline.

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

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

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**Limited Balancing Agreement**" shall mean the limited balancing agreement between Shipper and Enbridge required to facilitate the Transportation Services;

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

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

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

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

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

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

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

"**specific gravity**" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**Taxes**" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"**TCPL**" means TransCanada PipeLines Limited;

"**Unauthorized Overrun**" shall mean any amount in excess of the Contract Demand consumed during a period of interruption;

"**Wobbe Number**" shall mean gross heating value of the gas divided by the square root of its specific gravity.



**II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Enbridge hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Enbridge hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Enbridge may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Enbridge may be a commingled supply from Enbridge's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Enbridge may subject, or permit the subsection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Enbridge hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) mole percent of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) mole percent of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) mole percent of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) mole percent of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point five (47.5) megajoules per cubic metre of gas to fifty one point fourty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Enbridge hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Enbridge in this Article II, but, Enbridge will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in herein.

**III. MEASUREMENTS**

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

2. **Determination of Volume and Energy:**

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Enbridge's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Enbridge hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Enbridge, Shipper shall obtain measurement of the total quantity of gas received by Enbridge hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Enbridge and the Interconnecting Pipeline.
- e. Where there is no site specific energy measurement, Enbridge's Average heat Value will be used to convert volumes to energy.

**IV. RECEIPT POINT AND DELIVERY POINT**

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

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

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

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

1. Construction and Maintenance: Enbridge may construct, maintain and operate on Shipper's property at the Delivery Point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas delivered under the Contract. Shipper will grant to Enbridge a lease and/or rights-of-way over property of Shipper as required by Enbridge to install such facilities and to connect same to Enbridge's pipeline.
2. Entry: Enbridge, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.

3. Property: The said station and equipment will be and remain the property of Enbridge notwithstanding it is constructed on and attached to the realty of Shipper, and Enbridge may remove it upon termination of the Contract and will do so if so requested by Shipper.

**VII. MEASURING EQUIPMENT**

1. Metering by Enbridge: Enbridge will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Enbridge hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Enbridge and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Enbridge on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Enbridge hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Delivery Point such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Enbridge's measuring equipment at or near the Delivery Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Enbridge's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Enbridge and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas by Enbridge under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of its owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Enbridge's measuring equipment shall be verified by Enbridge at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Enbridge shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Enbridge and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure at Delivery Point

In the event Enbridge's meter is out of service, or registered inaccurately, the volume or quantity of gas shall be determined by Enbridge 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.

**VIII. BILLING**

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

**IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Enbridge's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Enbridge's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Enbridge interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Enbridge's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Enbridge, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

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

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

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Enbridge shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Enbridge's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Enbridge renders

a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Enbridge, such error shall be adjusted by Enbridge. Such overcharge, undercharge or error shall be adjusted by Enbridge on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Enbridge.
5. Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Enbridge under the Contract, then Enbridge shall be entitled to reduce the amount payable by it to Shipper under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to Enbridge. In addition to the foregoing remedy, Enbridge may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas in Enbridge's possession, which shall be deemed to have been assigned to Enbridge, to reduce such arrears or other indebtedness to Enbridge. Such gas shall be valued at the Day price for gas at Dawn as listed in Canadian Gas Price Reporter (or equivalent) for the Day of set off.

**X. ARBITRATION**

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

**XI. FORCE MAJEURE**

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

it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.

4. Notice of Remedy: The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. Obligation to Perform: An event of force majeure on Enbridge's system will excuse the failure to deliver gas by Enbridge or the failure to accept gas by Enbridge hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Enbridge's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Enbridge is prevented, by reason of an event of force majeure on Enbridge's system from delivering gas on the Day or Days upon which Enbridge has accepted gas from Shipper, Enbridge shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Enbridge. If Enbridge accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Enbridge fails to accept gas from Shipper by reason of an event of force majeure on Enbridge's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly Demand Charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Enbridge during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly Demand Charge or equivalent pursuant to the M17 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. Proration of Firm Transportation Services: If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Enbridge is impaired, it will be necessary for Enbridge to curtail Shipper's gas receipts to Enbridge hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Enbridge to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

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

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Enbridge to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Enbridge.

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

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

**XV. LAWS, REGULATIONS AND ORDERS**

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

**XVI. *intentionally blank***

**XVII. RENEWALS**

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

**XVIII. SERVICE CURTAILMENT**

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

The Priority ranking for all services utilizing Enbridge's storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity) < = 100 GJ/d; Balancing (Direct Purchase) < = 500 GJ/d; In-franchise distribution authorized overrun (Note 3)
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12/M17 Overrun < = 20% of CD (Note 4)
7. Balancing (Direct Purchase) > 500 GJ/d
8. Balancing (Hub Activity) > 100 GJ/d; C1/M12 IT Transport and IT Exchanges

9. C1/M12/M17 Overrun > 20% of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

Notes:

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.
3. Captures the majority of customers that use Direct Purchase balancing transactions.
4. Captures the majority of customers that use overrun.

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

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

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

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

then Shipper shall within fourteen (14) days of receipt of written notice by Enbridge, obtain and provide to Enbridge a letter of credit or other security in the form and amount reasonably required by Enbridge (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly Demand Charges (in accordance with Article IX



herein) multiplied by Contract Demand. In the event that Shipper does not provide to Enbridge such Security within such fourteen (14) day period, Enbridge may deem a default under the Default and Termination provisions of Article XII herein.

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

**XX. MISCELLANEOUS PROVISIONS**

1. Permanent Assignment: Shipper may assign the Contract to a third party ("**Assignee**"), up to the Contract Demand, (the "**Capacity Assigned**"). Such assignment shall require the prior written consent of Enbridge and release of obligations by Enbridge for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Temporary Assignment: Shipper may, upon notice to Enbridge, assign all or a part of its service entitlement under the Contract (the "**Assigned Quantity**") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing a Facilitating Agreement. Notwithstanding such assignment, Shipper shall remain obligated to Enbridge to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Enbridge that Shipper shall have good and marketable title to, or legal authority to deliver to Enbridge, all gas delivered to Enbridge hereunder. Furthermore, Shipper hereby agrees to indemnify and save Enbridge harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.
4. Limited Balancing Agreement and Interconnect Operating Agreement: Shipper shall be required to have a Limited Balancing Agreement and Interconnect Operating Agreement with Enbridge to enable the provision of Transportation Services, such agreement to expire no earlier than the day the Contract expires.

**XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

This Article XXI is only applicable if Enbridge and Shipper have not entered into a precedent agreement related to the Transportation Services.

1. Enbridge Conditions: The obligations of Enbridge to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Enbridge and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Enbridge shall have obtained, in form and substance satisfactory to Enbridge, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services;
  - b. Enbridge shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services;
  - c. Enbridge shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Enbridge; and,

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

**RATE M17  
NOMINATIONS**

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Enbridge with details regarding the quantity of gas it desires to be handled at the applicable Receipt Point(s) and/or Delivery Point(s), and such additional information as Enbridge determines to be necessary (a "**Nomination**").
2. All Nominations shall be submitted by electronic means via *Unionline*. Enbridge, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Enbridge in accordance with timelines established by Enbridge, which reflect the NAESB standard nomination cycles. Enbridge will accept all Nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Enbridge. The nomination cycle timelines are posted on Enbridge's website and the nomination deadlines are provided in *Unionline*.
3. Enbridge shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Enbridge determines that it will not schedule such Nomination, Enbridge shall advise Shipper of the reduced quantity (the "**Quantities Available**") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Enbridge, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("**Revised Nomination**") to Enbridge which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.
5. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are within the term of the Transportation Agreement.
6. Nominations received after the nomination deadline shall, if accepted by Enbridge, be scheduled after Nominations received before the nomination deadline.
7. All Transportation Services are required to be nominated in whole Gigajoules (GJ).
8. To the extent Enbridge is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Enbridge shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Enbridge determines that the Nomination is invalid at which time the Enbridge shall reject the Nomination.
9. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Enbridge shall use reasonable efforts to take receipt of gas on any Day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that Day. Enbridge shall have the right to limit Transportation Services when on any Day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that Day, for each applicable Transportation Service.
10. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Enbridge and deliveries of gas by Enbridge may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated

SCHEDULE "B"

to the Limited Balancing Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.

11. Shipper may designate via *Unionline* access request form, a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Enbridge shall only accept nominations from the agent. Any such designation, if acceptable to Enbridge, shall be effective following the receipt and processing of the written notice and will remain in effect until revoked in writing by Shipper.

**RATE M17  
RECEIPT AND DELIVERY POINTS AND PRESSURES**

**1. Receipt Points**

The following defines each Receipt Point:

|                                  |   |
|----------------------------------|---|
| <b><u>DAWN (FACILITIES):</u></b> | Enbridge's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton.   |
| <b><u>DAWN (TCPL):</u></b>       | At the junction of Enbridge's and TCPL's facilities, at or adjacent to Dawn (Facilities).   |
| <b><u>DAWN (VECTOR):</u></b>     | At the junction of Enbridge's and Vector Pipeline Limited Partnership's ("Vector") facilities, at or adjacent to Dawn (Facilities)  |
| <b><u>PARKWAY (TCPL):</u></b>    | At the junction of Enbridge's and TCPL's facilities, at or adjacent to Enbridge's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga) |
| <b><u>KIRKWALL:</u></b>          | At the junction of Enbridge's and TCPL's facilities at or adjacent to Enbridge's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.   |

**2. Delivery Points:**

Delivery Points will be as set out in Schedule 1 of the Contract.

**3. Receipt and Delivery Pressures:**

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

(b) All gas tendered by or on behalf of Enbridge to Shipper shall be tendered at the Delivery Point at such pressure as per the Interconnect Agreement between Enbridge and Shipper, as amended or restated from time to time.

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

APPENDIX B

ENBRIDGE GAS INC.  
UNION SOUTH  
LARGE WHOLESALE SERVICE RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a Distributor:

- a) who enters into a contract to purchase and/or receive delivery of a firm supply of gas for distribution to its customers; and
- b) who agrees to take or pay for an annual quantity of at least two million cubic metres; and
- c) who commenced and continued service under Rate M9 prior to January 1, 2019.

**(C) Rates**

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

- (i) A Monthly Demand Charge of established daily demand determined in accordance with the service contract, such demand charge to be computed on a calendar month basis and a pro-rata charge to be made for the fraction of a calendar month which will occur if the day of first regular delivery does not fall on the first day of a month. 24.3598 ¢ per m<sup>3</sup>
- (ii) A Delivery Commodity Charge for gas delivered of 0.1057 ¢ per m<sup>3</sup>  
and a Delivery - Price Adjustment of - ¢ per m<sup>3</sup>
- (iii) Facility Carbon Charge (in addition to Delivery Commodity Charge) 0.0088 ¢ per m<sup>3</sup>
- (iv) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

(F) Overrun Charge

Authorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has been received, the customer will be charged at the identified authorized overrun delivery charge plus the facility carbon charge. Overrun will be authorized by Union at its sole discretion.

Unauthorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged at the identified unauthorized overrun delivery charge plus the facility carbon charge.

|   |                  |
|---|------------------|
| Authorized Overrun Delivery Charge                              | 0.9066 ¢ per m³  |
| Unauthorized Overrun Delivery Charge                            | 36.0000 ¢ per m³ |
| Facility Carbon Charge (in addition to Overrun Delivery Charge) | 0.0088 ¢ per m³  |

(G) Bundled Direct Purchase Delivery

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.



ENBRIDGE GAS INC.  
UNION SOUTH  
STORAGE AND TRANSPORTATION RATES FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a Distributor:

- a) whose minimum annual transportation of natural gas is 700 000 m<sup>3</sup> or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for distribution to its customers; and
- c) who has meters with electronic recording at each Point of Redelivery; and
- d) for whom Union has determined transportation and/or storage capacity is available; and
- e) who commenced and continued service under Rate T3 prior to January 1, 2019.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**STORAGE SERVICE:**

|  | Demand<br>Charge<br><u>Rate/GJ/mo</u> | Commodity<br>Charge<br><u>Rate/GJ</u> | <u>For Customers Providing<br/>Their Own Compressor Fuel</u> |   |
|--|---------------------------------------|---------------------------------------|--|---|
|  |                                       |                                       | <u>Fuel<br/>Ratio</u>  | <u>Commodity<br/>Charge<br/>Rate/GJ</u> |
| a) Annual Firm Storage Space<br>Applied to contracted Maximum<br>Annual Storage Space  | \$0.011                               |                                       |  |   |
| b) Annual Firm Injection/Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Firm Injection/Withdrawal Right<br>Union provides deliverability Inventory | \$1.556                               |                                       |  |   |
| Customer provides deliverability Inventory (4)   | \$1.355                               |                                       |  |   |
| c) Incremental Firm Injection Right:<br>Applied to the contracted Maximum<br>Incremental Firm Injection Right  | \$1.355                               |                                       |  |   |
| d) Annual Interruptible Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Interruptible Withdrawal Right  | \$1.355                               |                                       |  |   |
| e) Withdrawal Commodity<br>Paid on all quantities withdrawn from storage<br>up to the Maximum Daily Storage Withdrawal Quantity                                      |                                       | \$0.023                               | 0.417%   | \$0.012                                 |
| f) Injection Commodity<br>Paid on all quantities injected into storage up to<br>the Maximum Daily Storage Injection Quantity   |                                       | \$0.023                               | 0.417%   | \$0.012                                 |
| g) Short Term Storage / Balancing Service<br>Maximum   |                                       | \$6.000                               |  |   |

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between the customer's total 151-day winter consumption (November 1 through March 31) and the customer's average daily consumption (Daily Contract Quantity) for the contract year multiplied by 151 days of winter. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

Customers may contract for less than their maximum entitlement of firm storage space.

4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined to be the greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.
6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.
7. Deliverability Inventory being defined as 20% of annual storage space.
8. Short Term Storage / Balancing Service is:
  - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
  - ii) short-term firm deliverability, OR
  - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for this service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition.

**TRANSPORTATION CHARGES:**

|   | Demand<br>Charge             | Union Providing<br>Compressor Fuel<br>Commodity<br>Charge | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio | Commodity<br>Charge       |
|---|------------------------------|---|---|---------------------------|
|   | <u>Rate/m<sup>3</sup>/mo</u> | <u>Rate/m<sup>3</sup></u>                                 |   | <u>Rate/m<sup>3</sup></u> |
| a) Annual Firm Transportation Demand<br>Applied to the Firm Daily Contract Demand                                       | 18.4402 ¢                    |   |   |                           |
| b) Firm Transportation Commodity<br>Paid on all firm quantities redelivered to the<br>Customer's Point(s) of Redelivery |                              | 0.0888 ¢  | 0.401%  | 0.0475 ¢                  |
| c) Facility Carbon Charge (in addition to Transportation Commodity Charge)  |                              | 0.0088 ¢  |   | 0.0088 ¢                  |

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.

**SUPPLEMENTAL CHARGES**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE**

**1. Annual Storage Space**

Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion.

Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day, the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.

2. Injection, Withdrawals and Transportation

Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

|   | Union Providing<br>Compressor Fuel<br>Commodity<br>Charge | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio | Commodity<br>Charge |
|---|---|---|---------------------|
| Storage Injections  | \$0.087/GJ  | 0.903%  | \$0.063/GJ          |
| Storage Withdrawals   | \$0.087/GJ  | 0.903%  | \$0.063/GJ          |
| Transportation  | 0.6951 ¢/m³   | 0.401%  | 0.6538 ¢/m³         |
| Facility Carbon Charge (in addition to Transportation Commodity Charge) | 0.0088 ¢/m³   |   | 0.0088 ¢/m³         |

Unauthorized

For all quantities on any Day in excess of 103% of the customer’s contractual rights, for which authorization has not been received, the customer will be charged the identified unauthorized overrun charge, as appropriate.

|   |         |          |
|---|---------|----------|
| Unauthorized Overrun Storage Injections and Withdrawals Charge        | \$9.165 | per GJ   |
| Unauthorized Overrun Transportation Charge                            | 36.0000 | ¢ per m³ |
| Facility Carbon Charge (in addition to Overrun Transportation Charge) | 0.0088  | ¢ per m³ |

3. Short Term Storage Services

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

|                                   | Firm Service<br>Rate/GJ |
|-----------------------------------|-------------------------|
| Space                             | \$6.000                 |
| Injection / Withdrawal<br>Maximum | \$6.000                 |

## OTHER SERVICES & CHARGES

### 1. Monthly Charge

In addition to the rates and charges described previously for each Point of redelivery a Monthly Charge shall be applied to each specific customer as follows:

|                   | <u>Monthly<br/>Charge</u> |
|-------------------|---------------------------|
| City of Kitchener | \$ 20,996.25              |
| NRG               | \$ 3,223.14               |
| Six Nations       | \$ 1,074.38               |

If a customer combines Sales Service with Contract Carriage Service, the monthly charge will be prorated such that the customer will under both services pay no more than the above monthly charge.

### 2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

3. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

### 4. Parkway Delivery Commitment Incentive ("PDCI")

| For all Parkway Delivery Obligation ("PDO") volumes delivered to Union. | <u>Rate/GJ</u> |
|---|----------------|
| PDCI  | \$(0.144)      |

### (D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.