

Ontario Energy Board	
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UNDERTAKING	HDU1.1
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To review the gas delivery agreement and advise whether the shipper's obligations under that agreement are not met if they do not nominate within the timely cycle identified in Exhibit I-12-11

RESPONSE

The Gas Delivery Agreement does not explicitly address the obligation to nominate within the timely cycle. Such provisions are contained in TransCanada's general terms and conditions which describe the nomination process before gas volumes are authorized to flow. If TransCanada does not authorize flow, a failure to deliver could occur, which in turn would trigger certain provisions in the Gas Delivery Agreement.

Excerpt 1 provides the relevant sections of EGD's Gas Delivery Agreement with respect to nominations for bundled service customers. The Transaction Rules (Section 2.4.1) lay out the requirements for nominating delivery obligations with EGD. Since delivery obligations rarely vary on a daily basis, the Transaction Rules specify that the nomination must be entered a certain number of days prior to effective flow date. A nomination remains a standing nomination until a change is submitted.

Direct Shippers (who hold their own transport) are required to nominate on TransCanada's system for delivery to the CDA and EDA based on the general terms and conditions of TransCanada's transportation contracts. This is shown as Excerpt 2. The 12.00 CCT deadline for submitting nominations referred to in Excerpt 2 is based on NAESB guidelines. The excerpt also refers to Sections IX and XV TransCanada's general terms which refer to Force Majeure and Impaired Deliveries. These sections lay out the capacity allocation process by which nominations are authorized/accepted by TransCanada.

The nomination process is also explained in layman's terms on TransCanada's web site. This is shown as Excerpts 3 and 4. TransCanada follows the NAESB nomination cycles and deadlines. Direct shippers who nominate their supplies directly on TransCanada are aware of the nomination timelines and that nominations are only firm at the Timely Nomination window. A nomination that is not confirmed at the Timely Nomination window because of a capacity allocation issue generally has a reduced probability of being authorized in the subsequent windows.

Witnesses: I. MacPherson
M. Giridhar
E. Overcast

Finally, Section 7.4.1 of EGD's Gas Delivery Agreement requires acknowledgement of NAESB standards.

Excerpt 1 - Enbridge Gas Distribution Gas Delivery Agreement (for Agents)

2.4 Nominations

2.4.1 Nominations - In respect of each Pool, the Customer(s) (or the Agent on their behalf) participating in such Pool may, from time to time during the contract term of the Pool, provide to the Company a Transaction Request specifying, among other things, details of the volumes (including the contracted Pool MDV during the relevant periods for such Pool), as well as the relevant Point of Acceptance of the Gas included in such Pool (each, a "Nomination"). All Nominations shall be made in accordance with the Transaction Rules.

2.4.2 Effective Time of Nomination - Each Nomination shall only be effective from and after the time and date established by the relevant Transaction Request.

2.4.3 Failure to Submit Initial Nomination - If a valid Nomination is not submitted in respect of a Pool prior to any Gas in respect of such Pool beginning to flow, then the Company shall have no obligation to accept deliveries of Gas at the Point of Acceptance, in respect of such Pool.

7.4 Adoption of NAESB Standards

7.4.1 Acknowledgement of Standards - Each of the Parties acknowledges that the North American Energy Standards Board ("NAESB") develops and promotes standards for business practices and electronic communication of Gas transactions, with a view to simplifying the management of Gas across the entire North American pipeline grid, and that the Gas Industry Standards Board ("GISB") is the wholesale Gas quadrant of NAESB.

Witnesses: I. MacPherson
M. Giridhar
E. Overcast

Excerpt 2 – TransCanada's General Terms and Conditions

NOMINATIONS AND UNAUTHORIZED QUANTITIES¹

1. Nominations

For service required on any day under each of Shipper's transportation contracts (for the purposes of this Section XXII the "said Contract"), Shipper shall provide TransCanada with a nomination of the quantity of gas, expressed in GJ, it desires TransCanada to deliver at the delivery point ("Shipper's nomination") or Title Transfer pursuant to Section XXIV of these General Terms and Conditions. Unless otherwise provided under the applicable Toll Schedule or as outlined under this section in the Schedule of Nomination Times below, such nominations are to be provided in writing or EDI format, or by other electronic means, so as to be received by TransCanada's Gas Control Department in Calgary on or before 12:00 hours CCT on the day immediately preceding the day for which service is requested. Subject to the provisions of the applicable toll schedules and Sections XIV and XV of these General Terms and Conditions, TransCanada shall determine whether or not all or any portion of Shipper's nomination will be accepted.

In the event TransCanada determines that it will not accept such nomination, TransCanada shall advise Shipper, (on or before 14:00 hours CCT on the day immediately preceding the day for which service is requested), of the reduced quantity of gas, (if any) (the "quantity available") that TransCanada is prepared to deliver under the said Contract. Forthwith after receiving such advice from TransCanada but no later than 1 hour after receiving such notice on such day, Shipper shall provide a revised nomination to TransCanada which shall be no greater than the quantity available. If such revised nomination is not provided within the time allowed as required above or such revised nomination is greater than the quantity available, then the revised nomination shall be deemed to be the quantity available. If the revised nomination (delivered within the time allowed as required above) is less than the quantity available, then such lesser amount shall be the revised nomination. That portion of a Shipper's nomination or revised nomination, which TransCanada shall accept for delivery shall be known as "Shipper's Authorized Quantity" which authorized quantity shall be limited, for firm services, to Shipper's Contract Demand and, for other services, to such quantity permitted by the provisions of the Contract.

¹ **Transportation Tariff TransCanada PipeLines Limited**

GENERAL TERMS and CONDITIONS Effective Date: February 1, 2009 Sheet No. 35

Witnesses: I. MacPherson
M. Giridhar
E. Overcast

Excerpt 3 – MainLine Nominations Quick Reference Guide²

1. Gas Day

TransCanada's gas day begins at 09:00 Central Clock Time (CCT). Each gas day has four nomination cycles:

- Timely Cycle - For next day gas flow at 09:00 CCT
- Evening Cycle - For next day gas flow at 09:00 CCT
- Intra-day 1 Cycle - For current day gas flow at 17:00 CCT
- Intra-day 2 Cycle - For current day gas flow at 21:00 CCT
- Storage Transportation Service (STS) - For current day gas flow at 01:00 CCT
- Storage Transportation Service (STS) - For current day gas flow at 05:00 CCT
- Storage Transportation Service (STS) - For current day gas flow at 11:00 CCT

http://www.transcanada.com/Mainline/customer_activities/nominations.html

2. Nomination Cycle

TransCanada follows NAESB (North American Energy Standards Board) nomination cycles and deadlines. The nomination cycle consists of four processes:

- Nomination Process - The shippers nominate their requests for transportation to TransCanada.
- Capacity Allocation Process - TransCanada determines if there is sufficient capacity to transport the nominated quantities. If there isn't, capacity is allocated by service priority.
- Interconnect Confirmation Process - TransCanada confirms with downstream pipeline operators that sufficient downstream transportation has been nominated and allocated capacity. TransCanada also confirms with upstream pipeline operators that sufficient upstream transportation has been nominated and allocated capacity.
- Scheduled Quantities - The transportation quantity scheduled to flow is the lesser of: the quantity nominated by the shipper, the capacity allocated by TransCanada, the quantity confirmed by the - downstream operator and the quantity confirmed by the upstream operator. TransCanada makes available the scheduled quantity to the shipper.

For Canadian Mainline Processing Cycles, please select: Canadian Mainline Processing Cycles

² http://www.transcanada.com/Mainline/customer_activities/mainline_nominations_quick_reference_guide.html

Witnesses: I. MacPherson
M. Giridhar
E. Overcast

Excerpt 4 – CA Info Session Final Presentation April 2003³

No Bumping Pipeline



TransCanada
In business to deliver™

- TransCanada Mainline is a 'No Bumping' pipeline:
 - Firm is only guaranteed on the Timely window
(excluding a Force Majeure scenario)
 - On subsequent windows (Evening, Intraday 1 & 2)
increases to any transport, including firm, is
authorized only if capacity is available
 - No 'bumping' of previously authorized nominations

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³ http://www.transcanada.com/Mainline/customer_activities/mainline_nominations_quick_reference_guide.html

Witnesses: I. MacPherson
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