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II. Transportation
A. Non-Facility***General Business Policies*****1.0 POINTS OF SUPPLY AND DELIVERY**

1.1 RECEIPT AND DELIVERY POINTS

For Delivery Transportation Service, each Service may have as many Points of Delivery as the Customer wishes. Each Point of Delivery requires a Contract Demand or Maximum Daily Quantity. The Customer will be invoiced for each Point of Delivery, including one (1) Basic Monthly Charge for each Point of Delivery on the Delivery Transportation Agreement, where applicable.

On Receipt Transportation Service, each Service may have as many Points of Receipt as the Customer wishes. Each Point of Receipt has a Contract Demand. All the Contract Demands are summed to arrive at the total Contract Demand for the Receipt Transportation Service.

1.2 POINT-TO-POINT TRANSPORTATION SERVICE

Point-to-Point Transportation Service includes Hatton Transportation Service and any other transportation Service flowing directly from a Point of Receipt to a Point of Delivery as agreed to between TransGas and Customer to meet specific Customer needs.

For Point-to-Point Transportation Service, with the exception of Hatton Transportation Service (Diverted), the Gas will flow from the Point of Receipt to the Point of Delivery, as specified on the Schedule of Service, and will not flow through TEP.

Hatton Transportation Service may have its Point of Delivery Diverted to TEP.

The toll for Point-to-Point Transportation Service includes a receipt component and a delivery component plus any Fuel Gas and Unaccounted for Gas requirement.

1.3 ENERGY POOL

Each Customer holding a valid transportation or Storage Service will be provided a TEP Service at no additional charge.

II. Transportation
A. Non-Facility***General Business Policies*****1.0 POINTS OF SUPPLY AND DELIVERY**

If the Customer does not hold a valid transportation Service, Customer may request a TEP Service. This Service will be subject to a Monthly Energy Account Charge.

All Gas flowing to or from TEP must flow into or from Shipper's own Shipper's Imbalance Account.

1.4 MULTIPLE DELIVERY SERVICES

Customer may have more than one Delivery Transportation Service to one Point of Delivery.

For Direct Purchase Points of Delivery, no more than one Shipper may hold Delivery Transportation Service to that Point of Delivery.

There may be more than one Point of Delivery at a Customer's facility under separate metering. If the Customer requests separate metering, then the cost of the separate metering is the Customer's responsibility.

If a Customer currently has two or more Services running to one location (being a contiguous piece of property), the Customer may amalgamate these Services. The cost of the amalgamation is the Customer's responsibility.

Separate metering may be required by TransGas for those Customer's requesting Summer Use Service with year-round requirements, a separate meter will not be required if the Customer's Summer Use component can be otherwise determined.

II. Transportation
A. Non-Facilities***General Business Policies*****2.0 COMMON STREAM OPERATIONS**

2.1 COMMON STREAM OPERATOR

At each Point of Receipt, one Person is appointed, usually by mutual consent, the CSO. At TEP, TransGas is the CSO.

2.2 COMMON STREAM OPERATIONS SERVICE

TransGas and the CSO will have one Common Stream Operations Schedule of Service that will list all the Receipt Transportation Services under the CSO's responsibility at each Point of Receipt.

2.3 TRANSPORTATION SERVICE

Customers who hold transportation Service are bound to the Common Stream Operations Service Specification including the Terms and Conditions.

II. Transportation
A. Non-Facilities***General Business Policies*****3.0 SECURITY**

3.1 CUSTOMER SPECIFIC COSTS

TransGas reserves the right to request security **equal** to the TransGas Investment portion of the Customer Specific Costs if the level of project risk is deemed higher than acceptable to TransGas.

TransGas reserves the right to request information pertaining to Customer's project in order to assess the level of risk.

Security must be in place prior to the first flow of Gas under the applicable Receipt or Delivery Transportation Service.

3.2 ACCOUNT SECURITY

TransGas requires security to be posted for all transportation and Storage Services where, in the opinion of TransGas, there is potential account risk.

The determination of account security is solely at the discretion of TransGas.

TransGas reserves the right, at any time during the term of the Service, to request account security in an amount of up to **six (6) Months anticipated revenue** from those accounts it deems to have potential account risk.

3.3 FINANCING SECURITY

TransGas reserves the right to request security for up to the total amount of a Customer's share of Customer Specific Facilities financed by TransGas.

3.4 TERM OF SECURITY

Security posted for the TransGas Investment in Customer Specific Facilities costs will remain in effect for the Initial Term as defined in the Service Specification. Once the Initial Term has expired, the security will be returned to the Customer.

Security posted for account security is subject to review by TransGas after **one (1) year**.

II. Transportation
A. Non-Facilities

General Business Policies

3.0 SECURITY

3.5 TERMINATION OF SERVICE

Upon early termination of the transportation Service, the posted security may be used to cover the unrecovered portion of the TransGas Investment.

3.6 TEMPORARY ASSIGNMENTS

If TransGas has deemed that either or both account and project security is required, then, in the event of a temporary Assignment, the Assignor shall remain obligated to post such security.

II. Transportation
A. Non-Facilities

General Business Policies

4.0 SHIPPER ELIGIBILITY

4.1 INTRA-PROVINCIAL TRANSPORTATION

Any intra-Provincial Customer can apply for Delivery Transportation Service.

4.2 RECEIPT AND DELIVERY TRANSPORTATION

Any Customer may hold the Receipt Transportation Service, the Delivery Transportation Service or both.

II. Transportation
A. Non-Facilities***General Business Policies*****5.0 SUMMER USE SERVICE**

5.1 APPLICABILITY

Summer Use Service is applicable to all intra-Provincial Delivery Customers whose operational year extends **between April 1 and September 30**.

5.2 EXTENSION OF TIME FRAME

Summer Use Customers may not begin operation prior to, nor extend operations past the time frame of **April 1 — September 30** without prior approval from TransGas. Those Customers wishing to extend this time frame must apply for standard Interruptible Service.

5.3 BASIC MONTHLY CHARGE

A Summer Use Customer does not pay the Basic Monthly Charge for the period extending from **October 1 to March 31** under the Summer Use Service if the transportation Service has **not** been utilized.

5.4 YEAR-ROUND CONSUMPTION

A separate meter may be required to separately identify Summer Use consumption from year-round consumption for those Customers requesting Summer Use Service with year-round requirements. A separate meter will not be required if TransGas can otherwise determine the Customer's Summer Use component.

5.5 DISCONNECTION

Subject to provisions in **Items 5.2 and 5.4** above, a Summer Use Customer is disconnected at the end of an operational year.

5.6 AVERAGE MONTHLY CONSUMPTION

A Summer Use Customer is required to maintain a minimum average Monthly consumption of **550 GJ's** over each operational year.

A. Non-Facilities**6.0 TRANSGAS ENERGY POOL**

6.1 NOMINATIONS

To **deliver Gas** to TEP, a Shipper must place a Nomination, under a valid Receipt Transportation Service, a Point-to-Point Transportation Service (Diverted), or Storage Service with TransGas. The Nomination must indicate the amount of Energy, in GJ's, to be delivered to Shipper's Imbalance Account.

To **receive Gas** from TEP, a Shipper must place a Nomination, under a valid Delivery Transportation Service or Storage Service, with TransGas. The Nomination must indicate the amount of Energy, in GJ's, to be delivered from Shipper's Imbalance Account.

Nominations may also be placed to move Gas from one Shipper's Imbalance Account at TEP to another Shipper's Imbalance Account at TEP (Title Transfer).

1.0 STANDARD INVESTMENT POLICY

1.1 APPLICABILITY

Standard Investment Policy applies to all new and existing Customers, who are adding Customer Specific Facilities.

Customer(s) shall pay all costs of Customer Specific Facilities except those costs covered by TransGas Investment. New Customers at an existing facility will be required to contribute toward their allocated share of prior Customer Specific Facility costs not covered by TransGas Investment.

The Customer Specific Facilities **will remain the property** of TransGas.

1.2 TRANSPORTATION

For both Firm and Interruptible Service, TransGas will invest in Customer Specific Facilities at both the Point of Receipt and the Point of Delivery. The level at which TransGas will invest is outlined in **Item 1.6**.

For TransGas Investment at the time of contracting, a minimum 1-year term is required. For short-term Firm Service and Interruptible Service, a deferred investment is available within the initial 5 years of facility operation. The deferred TransGas Interruptible Investment is calculated based on the actual annual transport quantities and the deferred short term Firm Service Investment is based on the actual Contract Demand. The level at which TransGas will invest is outlined in Item 1.6.

1.3 NON-STANDARD SERVICE

If the Customer requests non-standard Service, the Customer will be required to pay all costs incurred to provide non-standard Service. This is not subject to rebate.

1.4 CUSTOMER SPECIFIC COSTS

System Lines are not included in the calculation of Customer contributions.

Customer Specific Facilities may include an allocated portion of existing non-System Line facilities. Further, TransGas, at its discretion and acting

1.0 STANDARD INVESTMENT POLICY

reasonably, may deem System construction, required to meet a new Service request, to be Customer Specific Facility Construction.

1.5 REFUND OF CAPITAL CONTRIBUTION

If another Customer begins to utilize a Customer Specific Facility **within the initial 5 years**, then the original Customer(s) may receive a proportionate refund of their capital contribution. No interest is paid on the refund of capital contributions.

If a Customer Specific Facility is deemed to have become a part of System Line **within 5 years**, all Customers on that line will receive a full refund of their capital contribution associated with that facility.

In the event Customer elects a temporary Assignment of transportation Service, Customer (Assignor) shall retain all rights to any rebates of outstanding Customer contributions, which may occur during the period of the temporary Assignment.

In the event Customer elects a permanent Assignment of transportation Service, Customer (Assignor) shall have assigned all rights and obligations, including any rebates of outstanding Customer Contributions for the Capacity assigned away as of the Effective Date of the permanent Assignment.

In regards to Receipt Customer Specific Facilities, a change of Common Stream Operator does not automatically transfer the rights to any rebates of outstanding Customer Contributions to the new Common Stream Operator, which the previous Common Stream Operator may have had. In order to transfer these rights, if applicable, to the new Common Stream Operator, in the absence of a transportation Service Agreement transferring these rights, an Assignment of the Construction Schedule of Service relevant to these rights must be executed by both parties.

1.6 STANDARD INVESTMENT LEVELS

TransGas will invest in Customer Specific Transmission Facilities an amount up to the levels indicated in the table below.

1.0 STANDARD INVESTMENT POLICY

TransGas Investment Levels

<u>Customer Class</u>	<u>Rate Code</u>	<u>Investment Level</u>
Receipt	R11.X	\$22.50/GJ/d/ year of term
Export	E11.X	\$22.50/GJ/d/ year of term
Large Industrial	D11	\$22.50/GJ/d/ year of term
Medium Industrial	D21	\$22.50/GJ/d/ year of term
Small Industrial (Deferred)	D31	\$0.154/GJ/ year of annual quantity
Commercial (Deferred)	D51	\$0.205/GJ/ year of annual quantity
Domestic (Deferred)	D61	\$0.205/GJ/ year of annual quantity
Summer Use (Deferred)	D41	\$0.073/GJ/ year of annual quantity
Interruptible (Deferred)		\$0.062/GJ/ year of annual quantity
Hatton Transportation	HXXXX	NIL

The maximum TransGas investment level (over five year period) is equivalent for all Customers. This is expressed above on a Contract Demand basis per year of term for demand Customers. For Non-demand Customers, the investment will be a deferred investment over a 5 year timeframe, and calculated using the investment levels above applied to the actual transport quantity each Year.

1.7 FINANCING OPTION

TransGas will consider financing a Customer's share of Customer Specific Facility cost. A minimum down payment of 25 percent is required. Security may be required.

Financing will be available for up to 2 years for Interruptible Service or the length of a Firm Service term.

The financing rate of interest will be set to provide TransGas with similar returns to those being earned by TransGas on its other activities.

1.8 DISCOUNTED CASH FLOW INVESTMENT

At its discretion, TransGas may utilize a discounted cash flow analysis to determine the appropriate level of TransGas Investment in a project.

1.0 STANDARD INVESTMENT POLICY

In utilizing the discounted cash flow analysis, TransGas will determine the appropriate required rate of return and the time frame over which that return will be earned. The standard cash flow analysis will recognize all incremental capital costs, operating costs, other costs, and revenues.

To be eligible for TransGas Investment based on a discounted cash flow analysis, a longer term of Service may be required.

1.9 TRANSFERS OF FIRM DEMAND

Transfer requests from Points of Receipt or Delivery at which TransGas has invested will be considered providing the Customer reimburses TransGas for any remaining portion of the TransGas investment. Such a reimbursement shall not remove Customer's obligation for Demand Charge payments for the duration of the Service. (See General Business Policy 6.0 Transfers of Firm Demand, for more information).

For Contract Demand transferred into a Point of Receipt or Delivery that utilizes a Customer Specific Facility within the initial 5 years, TransGas may invest in the remaining term of such Contract Demand, providing the remaining term is 1 month or longer. Remaining terms of 1 year or more may attract TransGas investment at the time of the transfer. Investments in remaining terms of less than one year will be on a deferred basis.

**II. Transportation
B. Facilities*****General Business Policies*****2.0 SYSTEM LINE DESIGNATION**

2.1 NEW CONSTRUCTION

Any new construction may be considered System Line at the discretion of TransGas. Further, at TransGas' discretion, any construction of System Line, including the construction of Storage facilities, may be deemed Customer Specific Facilities Construction.

2.2 CUSTOMER SPECIFIC FACILITIES

All Customer Specific Facilities become System Line after **5 years** from the date the facilities were available for use.

Any Customer Specific Facilities may become System Line before 5 years if so deemed by TransGas. Customer contribution refunds also apply.

If the Customer reimburses TransGas for TransGas Investment, pursuant to the General Business Policies (II. G6.2 Transferring Firm Capacity), the reimbursed amount would be recognized as a Customer Contribution amount paid toward the applicable Customer Specific Facility, and would be eligible for Capital Contribution rebates within the initial 5 years of facility operation.

2.3 CUSTOMER CONTRIBUTIONS

System Lines are not included in the calculation of Customer contributions.

3.0 SHIPPER BUILDS ON BEHALF OF TRANSGAS

3.1 CONSTRUCTION AGREEMENT TO BUILD

TransGas and the Customer may enter into a Construction Agreement to build the pipeline portion of the Customer Specific Facilities at the Customer's sole cost and risk.

The Customer Specific Facilities will remain the property of TransGas.

3.2 TRANSGAS PROCEDURES AND SPECIFICATIONS

The Customer who builds on behalf of TransGas must do so in accordance with all TransGas' procedures and specifications.

3.3 INSPECTION

TransGas reserves the right to inspect the construction to ensure that all standards are met.

Cost of the inspection is at the Customer's expense.

3.4 METERING AND TIE-IN

TransGas will provide and install a meter station at a location of its choice.

TransGas will also provide the tie-in to the Gas Transmission System.

3.5 REIMBURSEMENT

Once the pipeline portion is completed and a "Certificate of Completion" issued by TransGas, TransGas will reimburse the Customer an amount equal to the TransGas Investment, not to exceed TransGas' estimated total cost of the project as agreed to prior to construction.

4.0 CUSTOMER ACCESS TO FIELD MEASUREMENT

4.1 POINTS OF DELIVERY AND RECEIPT

TransGas, at its discretion, will install electronic communication devices on the meters at Points of Delivery and Receipt for purposes of remote meter reading.

TransGas, at its discretion, may elect not to install electronic communication devices at any Points of Receipt or Delivery. However, TransGas will continue to gather metering information manually and the Customer may request one of the following:

- (a) Website access – meter information presented on the Daily Energy web page of the TransGas website.
- (b) Customer signal – a pulse signal to Customer connection point located outside the meter building.
- (c) Customer display – digital display located outside the meter building.

4.2 COSTS TO INSTALL ELECTRONIC COMMUNICATION DEVICES

- (a) Customer is responsible for all capital costs for equipment described in Item 4.1. TransGas Investment will not apply where TransGas has elected, at its discretion, not to install electronic communication devices.
- (b) In the event TransGas, at its discretion, elects to install electronic communications devices on existing meters, TransGas will be responsible for the capital costs.
- (c) In the event TransGas, at its discretion, elects to install electronic communications devices on new Points of Receipt or Delivery, such capital costs may become part to the Customer Specific Facilities to which the TransGas Investment may apply.
- (d) All operations and maintenance costs related to the electronic communications devices will be the responsibility of TransGas.

4.0 CUSTOMER ACCESS TO FIELD MEASUREMENT

4.3 WEBSITE DAILY ENERGY

TransGas will provide password protected meter specific access to data located on the TransGas website to a Customer on the basis of the Customer's right to access a specific receipt or delivery meter, under any TransGas Service.

4.4 ACCURACY AND TIMING

Customer assumes all responsibility and risk with respect to the accuracy of the information supplied from all options described herein. TransGas will endeavor to have Customer signal and Customer display information available on a continuous basis and the previous Day's information available to Customers on the TransGas website by 08:00 hours CCT the next Day.

II. Transportation
C. Energy Balances***General Business Policies*****1.0 ENERGY IMBALANCE ADJUSTMENTS**

1.1 Estimated Daily Shipper Imbalance

Each Day, TransGas will determine the Estimated Daily Shipper Imbalance on Shipper's Imbalance Accounts. TransGas will also determine and provide Shipper's Customer Daily Energy Imbalance.

1.2 Shipper shall ensure that the Customer Daily Energy Imbalance is within the prescribed Shipper's Allowable Daily Tolerance. If the Customer Daily Energy Imbalance falls outside the prescribed Shipper's Allowable Daily Tolerance, Shipper may make one of the following adjustments to mitigate the imbalance:

- i) Adjust receipt Nominations and acquire more or less Gas into Shipper's(s) Imbalance Account.
- ii) Move Gas to or from Storage.
- iii) Adjust delivery Nominations for Gas leaving Shipper's(s) Imbalance Account.
- iv) Move Gas to or from Shipper's Imbalance Account at TEP by way of Title Transfers.

1.3 If Customer fails to meet the Balancing obligation, TransGas reserves the right to restrict flows at the Points of Receipt and Delivery, TEP and Storage to ensure compliance.

II. Transportation
C. Energy Balances***General Business Policies*****2.0 MONTH-END METER READING POLICY**

2.1 GENERAL PRINCIPLES

The daily volumetric meter readings will be converted to Energy by TransGas using the applicable Posted Heating Value.

The Month-end volumetric meter reading will be converted to Energy by TransGas using the applicable Actual Heating Value.

2.2 DELIVERY

TransGas will attempt to read all TransGas delivery meters **on the first calendar Day of each Month.**

Where meter reading on the first calendar Day of each Month is not practical, Month-end meter readings will be calculated by TransGas.

For export Service, the Month-end delivery Energy is determined by the total daily Nominations to TransGas subject to any adjustments by downstream pipelines.

2.3 RECEIPTS

Daily Point of Receipt Energy is Allocated pursuant to the Common Stream Operations Service.

TransGas will attempt to read all TransGas receipt meters **on the first calendar Day of each Month.**

Where meter reading on the first calendar Day of each Month is not practical, Month-end meter readings will be determined by TransGas.

2.4 ELECTRONIC METERING

TransGas will attempt to have electronic metering in place on larger locations on the System to permit the establishment of daily flows and its communication to Shippers.



II. Transportation
C. Energy Balances

General Business Policies

2.0 MONTH-END METER READING POLICY

2.5 DAILY ENERGY

TransGas will post the Best Available Energy on the TransGas website. Customers may apply to access their specific information by completing an Electronic Access Application form.

{See Electronic Business Service Specification within this Tariff, for more information}

II. Transportation
C. Energy Balances***General Business Policies*****3.0 OPERATIONAL FLOW ORDERS**

3.1 GENERAL PRINCIPLES

When the pipeline is in a crisis or an emergency situation, as determined by TransGas in its absolute discretion, those Shippers that cause or contribute to the emergency will be accountable for the costs incurred to mitigate the emergency situation.

An emergency situation can occur when Shipper's Imbalance Accounts are out of balance in a manner which may, without limitation, impact the safe operation of the pipeline or hinder TransGas' ability to meet its Firm Service obligations, in which event, TransGas may issue an Operational Flow Order (OFO).

3.2 OPERATIONAL FLOW ORDER

An OFO is a mechanism TransGas may activate to protect the operational integrity of the pipeline. TransGas may issue and implement system-wide OFOs in the event of high or low pipeline inventory. The order requires all Shippers to take immediate action to bring their account balances back within a specified Shipper's Tolerance Percentage. Shippers will be required to adjust their supplies or deliveries to bring their Shipper's Imbalance Accounts into tolerance.

3.3 OFO AND TOLERANCE LEVELS

On each Day, TransGas provides all Shippers with a Shipper's Tolerance Percentage. Shippers shall ensure their Shipper's Imbalance Account is within the Shipper's Allowable Daily Tolerance. **(See General Terms and Conditions, Article 4)**. The Shipper's Tolerance Percentages are required to be observed since they are used by TransGas to adjust the amount of System line pack required.

When the Shipper's Tolerance Percentages are adjusted by TransGas to the maximum levels of +20% to 0% or -20% to 0%, this indicates that TransGas is entering a potential crisis situation and Shippers are expected to react immediately.

3.0 OPERATIONAL FLOW ORDERS

3.4 OFOs ISSUED TO WHO

An OFO will be issued to all Shippers that may potentially cause or contribute to what TransGas deems to be an emergency situation.

3.5 OFO ISSUANCE

TransGas will issue an OFO by means of an electronic message (email) to the Shippers. Further, TransGas will attempt, on a reasonable efforts basis, to contact and confirm notice of the issuance of an OFO with Shippers via telephone. A copy of the OFO issued will be concurrently posted on the TransGas website which will constitute deemed notice to all Shippers.

3.5.1 Reason or Justification for the OFO

The OFO will contain a description of the situation deemed by TransGas to be an emergency.

3.5.2 Time and Date of Issuance

The OFO will be issued with a time and date stamp.

3.5.3. Compliance Deadline

The Shipper will be required to take immediate action to bring their Shipper's Imbalance Accounts within the specified Shipper Allowable Daily Tolerance by the compliance deadline in the OFO. The compliance deadline will be no less than 20 hours from the time and date of issuance of the OFO.

3.5.4 Duration of the OFO

The OFO will indicate the time period over which strict compliance with the Shipper Allowable Daily Tolerance will be required. An OFO may be issued indicating it will be in effect until further notice to the Shippers. TransGas will take all reasonable actions to limit the duration an OFO is in effect and will promptly notify Shippers once same is no longer required.

3.5.5 Account Tolerances in Effect

The OFO will indicate the Shippers' Tolerance Percentage, minimum and maximum, for all Shipper's Imbalancing Accounts.

3.0 OPERATIONAL FLOW ORDERS

3.5.6 Consequences of Non-Compliance

In order to maintain TransGas' System integrity due to Shipper's non-compliance with the OFO, TransGas may incur costs to purchase or sell gas to temporarily affect TransGas line pack. Shippers' Imbalance Accounts will not be affected by the purchase or sale of this Gas and Shippers will not get title or ownership to any TransGas line pack gas.

These costs on any Day will be the net of the purchase and sale of Gas and may include any associated costs or charges during that Day.

While an OFO is in effect and if TransGas does incur costs to protect the integrity of the System as a result of non-compliance by Shippers, these costs will be allocated to those Shippers who do not comply with the OFO. The allocation of the costs will be determined by prorating the costs to non-compliant Shippers based on the amount they are out of balance from the specified Shipper's Allowable Daily Tolerance range on the Day that the Gas was received or delivered to protect the system security.

3.5.7 Determination of Imbalance from Specified Range

The amount of imbalance, over the specified range, will be determined at the compliance deadline of the OFO and based on the Shipper Imbalance for the Gas Day in which non-compliance costs were incurred. TransGas will, in its discretion, determine the amount of imbalance after Daily reallocations have been obtained.

3.5.8 Other Information

The OFO may contain any other pertinent information.

3.6 INVOICING OF COSTS

Under separate invoice, the costs will be forwarded to Shippers immediately upon the allocation of costs by TransGas.

II. Transportation
D. Rate Administration***General Business Policies*****1.0 RATES AND OTHER CHARGES**

1.1 SERVICE CHARGES

Customer is required to pay for Service as outlined in the Schedule of Service. The Schedule of Service shall specify the rate code, which the Customer may use to determine the applicable rate under the Tariff Rates and Charges Schedules.

1.2 COMMODITY CHARGES

Where applicable, Commodity Charges for transportation Service are calculated based on the delivery Energy. The delivery Energy will be the verified metered volume converted to Energy using the Actual Heating Value.

1.3 NON-STANDARD SERVICE

Customer may be required to pay any additional costs incurred by TransGas to provide non-standard Service.

For Elevated Pressure Service, Customer will be required to pay all incremental operating costs plus any incremental facility costs.

1.4 THIRD PARTY CHARGES

From the TransGas Point of Receipt to TEP and from TEP to the Point of Delivery and also from Point of Receipt to Point of Delivery under Point-to-Point Transportation Service, third party charges are rolled into the TransGas tolls.

Any additional interconnecting pipeline charges for Service outside this are at the Customer's expense.

1.5 MANY ISLANDS PIPELINES (CANADA) LIMITED [MIPL(C)L]

Charges for MIPL(C)L contract, held by TransGas, which flow Gas onto TransGas facilities, will be included in the TransGas rates. This will also be the case where MIPL(C)L facilities both receive and deliver Gas off the TransGas system.

II. Transportation***General Business Policies*****D. Rate Administration****2.0 UNACCOUNTED FOR GAS**

2.1 DELIVERY OF GAS

For Point-to-Point Transportation Service and Receipt Transportation Service, the Customer shall deliver to TransGas, at the Point of Receipt, the Customer's share of Unaccounted for Gas, excluding Lost Gas, from the Gas Transmission System. Delivery Transportation Service will not be required to deliver Gas for Unaccounted for Gas.

For Hub-to-hub Transfer Service, but excluding Backhaul Hub-to-hub Transfer Service, the Customer shall deliver to TransGas from the Customer's AP Account, the Customer's share of Unaccounted for Gas, excluding Lost Gas, from the Gas Transmission System. Backhaul Hub-to-hub Transfer Service will not be required to deliver Gas for Unaccounted for Gas.

II. Transportation
D. Rate Administration*General Business Policies***3.0 FUEL GAS**

3.1 FUEL GAS REQUIREMENT

For Point-to-Point Transportation Service and Receipt Transportation Service, the Customer shall deliver to TransGas, at the Point of Receipt, the Customer's share of Fuel Gas from the Gas Transmission System. Delivery Transportation Service will not be required to deliver Gas for Fuel Gas.

For Hub-to-hub Transfer Service, but excluding Backhaul Hub-to-hub Transfer Service, the Customer shall deliver to TransGas from the Customer's AP Account, the Customer's share of Fuel Gas for the Gas Transmission System. Backhaul Hub-to-hub Transfer Service will not be required to deliver Gas for Fuel Gas.



II. Transportation
E. Billing and Payments

General Business Policies

1.0 BILLING AND PAYMENT

1.1 INTEREST ON OVERDUE INVOICES

Interest may be charged on all unpaid portions after the due date **based on an annual interest rate of prime plus 4%.**

II. Transportation***General Business Policies*****F. Terminations and Renewals****1.0 RENEWAL RIGHTS**

1.1 LONG TERM FIRM SERVICE

For Firm Receipt and Delivery Transportation Service with a term of 1 year or longer, the term is automatically renewed (YAIT) for another 12-month term, under the same terms and conditions, subject to Item 1.2 below, unless **written notice** is received by TransGas **60 Days prior** to the anniversary date, of the Customer's intent to terminate or amend the Service.

1.2 LONG TERM FIRM SERVICE AND NRR

In some instances, TransGas may, acting reasonably, offer a 1-year or longer Schedule of Service with No Renewal Rights (NRR), when, in TransGas' opinion, Capacity is only available for a finite period.

1.3 SHORT TERM FIRM SERVICE

For Firm Receipt and Delivery transportation Service with a term of less than 1 year, the term is not automatically renewed (NRR). The Customer must apply in writing to extend the Service. The application is subject to Capacity approval and may be subject to the Queue Policy.

1.4 INTERRUPTIBLE SERVICE

For standard Interruptible Service, the monthly term will Evergreen monthly, subject to termination by the Customer upon forty-eight (48) hours prior written notice to TransGas.

For Associated Interruptible Service, the term of Service will be concurrent with the Firm Service.

1.5 TEP SERVICE

For all Shippers holding a valid transportation Service, Shipper's TEP Service is automatically renewed along with the renewal of any transportation Service.

In those instances where Customer does not have a valid transportation Service, Customer's TEP Account is automatically renewed on a Monthly basis.

2.0 RELIEF OF DEMAND CHARGES AND FIRM CAPACITY

2.1 DEMAND CHARGES

The Customer is liable for all Demand Charges for the term of the Service, however:

- a). The Customer may be relieved of Demand Charges by paying appropriate compensation in an amount determined by TransGas;
- b). Customer may also be relieved of any Demand Charges if another Customer assumes the Contract Demand pursuant to **Items 2.2 and 2.3**.
- c). For an intra-Provincial Delivery Transportation Service, the Customer will be relieved of Demand Charges if the Customer becomes either a full service or a delivery service customer of SaskEnergy.

2.2 ALLOCATION OF FIRM CAPACITY

Upon written request, TransGas will offer the Firm Capacity sequentially to Customers in the Queue.

If a Customer's unused Capacity becomes fully committed, relief will be granted.

If a Customer's unused Capacity is not fully committed, the Customer will continue to pay the Demand Charge for that portion not committed.

2.3 ASSIGNMENT OF EXISTING FIRM CAPACITY

Customers with Firm Capacity will have the right, at the option of TransGas, to assign this Capacity, in whole or in part, directly to another party. The assigning Customer transfers his rights, in whole or in part, to the second party.

The Assignment may be temporary (revocable or not) or permanent. The maximum duration of a temporary Assignment will be 12 months or the expiry date of the transportation Service.

Assignees will not be permitted to reassign temporarily assigned Capacity.

2.0 RELIEF OF DEMAND CHARGES AND FIRM CAPACITY

For a temporary Assignment, the Assignor must post all security requirements. Further, the Assignor guarantees the fulfillment of all contractual obligations by the Assignee. For a permanent Assignment, the Assignee may be required to provide security prior to the Assignment.

In the event Customer elects a temporary Assignment of the transportation Service, Customer shall retain all rights to any rebates of outstanding Customer contributions which may occur during the period of the temporary Assignment.

Co-owners may split existing Firm Capacity upon written request from all owners. Total Capacity for all new transportation Service must equal total Capacity for the old Service(s).

II. Transportation***General Business Policies*****F. TERMINATIONS AND RENEWALS****3.0 TERMINATION**

3.1 ENERGY BALANCES

The Customer shall be responsible for zeroing any Energy Imbalance on any Shipper Imbalance Account that may exist upon the termination of that Service.

Upon termination of a Shipper Imbalance Account, Customer has **10 Days** after the determination of any remaining imbalance to zero the imbalance.

TransGas shall use reasonable effort to recover any remaining Energy Imbalance due to TransGas at the end of the 10 Day period. However, if after using all reasonable efforts to recover Energy Imbalances, any remaining unrecoverable Imbalance will be considered Unaccounted for Gas and dealt with as specified in Clause 10.3 of the General Terms and Conditions.

3.2 RETURN TO SASKENERGY SERVICES

An intra-Provincial Delivery Transportation Service shall terminate if Customer becomes either a full service or a delivery service customer of SaskEnergy Incorporated.

II. Transportation
G. Other***General Business Policies*****1.0 NOMINATIONS**

1.1 RESPONSIBILITY FOR NOMINATIONS

For all transportation Service and Title Transfers within TEP, Customer or Customer's Agent must Nominate for Service in accordance with the Nomination Procedure within this Tariff.

With the exception of Summer Use transportation, any Direct Purchase Customer, consuming less than 48,600 GJ per year, and any Direct Purchase Demand Customer, whose total Contract Demand at the Point of Delivery is less than 1,000 GJ per Day, may provide TransGas with one Nomination for Delivery Transportation Service, each Month, equal to their anticipated Monthly usage. Such Customer may make any additional Nominations throughout the Month to correct for any daily imbalances.

Notwithstanding the preceding, TransGas reserves the right, at its sole discretion, to require daily Nominations from any Customer.

1.2 NOMINATION FORMS

Appropriate Nomination forms can be found in the Standard Forms section of the Tariff.

{See Nomination Procedures, within this Tariff, for further information}.

II. Transportation
G. Other

General Business Policies

2.0 RECEIPT AND DELIVERY PRESSURE OF GAS

2.1 ELEVATED PRESSURE SERVICE

If a Customer requests a guaranteed delivery pressure above the standard operating pressure for that transmission line, and TransGas agrees to provide the higher delivery pressure, then Customer must pay incremental operating costs plus any incremental facility costs.

II. Transportation
G. Other***General Business Policies*****3.0 INTERRUPTIBLE TRANSPORTATION SERVICE**

3.1 AVAILABILITY

Interruptible transportation Service is available to all Customers.

3.2 GENERAL PRINCIPLES

For Firm Demand transportation Service Customers, on any Day the Gas transported exceeds Contract Demand, the excess shall be transported on an Associated Interruptible Service. Both Services require separate Schedules of Service. For non-Demand transportation Service Customers holding both Firm Service and Interruptible Service, the amount of Gas transported on a daily basis will be equal to the Nomination for Interruptible transportation Service.

An Interruptible Receipt Transportation Service Customer may move an unlimited quantity of Gas each Day from any Point of Receipt on the Gas Transmission System, to TEP, on a reasonable efforts basis only.

An Interruptible Delivery Transportation Service Customer may move an unlimited quantity of Gas each Day from TEP, to any Point of Delivery on the Gas Transmission System, on a reasonable efforts basis only.

3.3 LEVELS OF INTERRUPTIBLE SERVICE**3.3.1 HIGH PRIORITY**

In the event that TransGas is unable to provide Firm Receipt or Delivery Transportation Service, high priority Interruptible Service is available to those Customers who have executed a Firm Schedule of Service, are waiting for Firm Service, and have the appropriate security in place. While priority of Service is higher, the rate for high priority Interruptible Service is equal to the rate for standard low priority Interruptible Service.

High priority Interruptible Service is eligible for Interruptible investment as outlined in **Item 3.3.2**.

3.0 INTERRUPTIBLE TRANSPORTATION SERVICE

3.3.2 LOW PRIORITY

TransGas will defer investment for Interruptible Service Customer Specific Facilities to connect or upgrade existing facilities. {Refer to Policy on Standard Investment (**B:1.0**)}.

TransGas will not invest in System Line expansion to accommodate low priority Service.

3.4 MINIMUM MONTHLY BILL

With the exception of an Associated Interruptible Service, in those Months when the Interruptible Service is not utilized, or when the total monthly bill is less than the minimum Monthly bill, Shipper shall pay the minimum Monthly bill, as itemized in the Rates and Charges section of the Tariff. There is no minimum Monthly bill for Associated Interruptible Service.

3.5 INTERRUPTIBLE PRIORITY OF SERVICE

If TransGas' upstream and/or downstream Capacity is not normally deemed to be full, then Interruptible Service Nominations are accepted up to full Capacity. (See Nomination Procedure in the Tariff for further details).

If TransGas' upstream and/or downstream Capacity is considered full, then during times of restrictions, Interruptible Service Nominations will be prorated.

Single Nominations for Service are limited to the physical Capacity at each location.

4.0 CURTAILMENT POLICY

4.1 INTERRUPTIBLE TRANSPORTATION SERVICE

TransGas will curtail Interruptible Transportation Service, Receipt and Delivery, as required to provide Service to Firm Service Customers, as well as, for the other causes of Curtailment as outlined in the General Terms and Conditions.

If Capacity is limited, high priority Interruptible Service is not curtailed until all low priority Interruptible Service is curtailed.

TransGas reserves the right to curtail Customers with **4 hours** notice, however, TransGas may implement immediate Curtailment if severe system problems are encountered.

5.0 GAS QUALITY RESET

5.1 APPLICABILITY

The Gas Quality Reset Policy is applicable in those instances where TransGas is called out to a Point of Receipt to reinstate deliveries following a discontinuance due to the Shipper's failure to comply with any of the Gas quality requirements outlined in Clause 5.1 of the TransGas General Terms and Conditions.

5.2 PROCEDURE

TransGas will respond, in a timely manner, to Shipper requests for a Gas quality reset. This service is normally available to Shippers on a 24 hour, 7 Day a week basis.

If TransGas deems that it has responded to an exceptional number of reset requests from one specific Shipper, then the Shipper will be advised that subsequent responses will be during normal working hours as soon as manpower is available.

TransGas will also indicate to the Shipper that if response during normal working hours is not acceptable to the Shipper, then overtime call outs may be subject to a reset fee. The circumstances surrounding overtime call outs will be reviewed by TransGas and, at its discretion, the reset fee will be charged.

5.3 RESET CALL OUT FEE

The reset call out fee will be the loaded hourly rate for a DMO II.

6.0 TRANSFER OF FIRM DEMAND

6.1 GENERAL PRINCIPLES

All transfer requests will be for a permanent transfer. Temporary transfer requests will not be considered. At the time of a request for transfer, a Shipper may simultaneously request a second permanent transfer returning to the originating point. However, TransGas will not reserve Capacity at the originating point and the simultaneous request will be subject to Capacity constraints and may be subject to the Queue Policy.

All existing contractual terms and conditions will accompany all accepted transfer requests. Contracted Capacity may be transferred in whole or in part.

Transfers across the TransGas Energy Pool will not be considered.

Transfers from and to like Services will be considered only. For example, transfers from a Receipt Transportation Service to a Receipt Transportation Service or transfers from a gathering and compression point to a gathering and compression point only.

Transfers of contract Capacity will be incremental to any current Contract Demand at the point to which the Capacity is being transferred.

The transfer request may be subject to TransGas' Queue Policy.

6.2 TRANSFERRING FIRM CAPACITY

All transfer requests are subject to pipeline Capacity constraints. If TransGas has invested in Customer Specific Facilities, Customer must reimburse TransGas for any remaining TransGas investment before a request for transfer will be considered. (See item 1.9 of the Standard Investment Policy). TransGas will invest in incremental Capacity to accommodate a Capacity transfer request.

Capacity transfers may be subject to an allocated share of Customer Specific Facility costs at the point being transferred to. {See Item 1.1 of the Standard Investment Policy}.

6.0 TRANSFER OF FIRM DEMAND

6.3 REQUESTS TO TRANSFER CONTRACT DEMAND

Customers, requesting a transfer of Contract Demand from one Point of Receipt to another, or from one Point of Delivery to another, must provide a written request. The information TransGas requires to assess a request to transfer Point of Receipt or Point of Delivery Contract Demand is contained in TransGas' Transfer of Receipt or Delivery Demand Request forms. Copies of the Transfer of Receipt and Delivery Demand Request forms are provided in the Standard Forms section of the Comprehensive Tariff.

6.4 INTRA TO EXPORT TRANSFERS

Intra Delivery Customers may request a permanent transfer of Contract Demand to export.

For low Load Factor Intra Delivery Customers (less than 50 percent), a limit will be placed on the total quantity of Gas that can be transferred during a 12-month period from August 1 of one year to August 1 of the following year from one or a grouping of delivery locations, at the Customer's discretion. This limit will be the Shipper's historical firm transport Load Factor at the Intra Delivery Customer's location(s) (based on 2 years of information or as can otherwise be determined by TransGas), plus a 5 percent cushion, applied to the total Contract Demand at the delivery location(s) or transferred to export from the delivery location(s) during the Gas year in question, less the quantity of Gas actually transported to the delivery location(s) during the Gas year in question. TransGas will inform Shipper of the Load Factor to be used for the Gas year (November to November).

If Shipper exceeds the limit specified by TransGas, the excess amount transported will be subject to a charge equal to the Export Interruptible rate.

6.0 TRANSFER OF FIRM DEMAND

6.5 OPERATIONAL CONSIDERATIONS

Transfers will be approved if Capacity is available. Capacity must be available at the point to which the transfer is requested and, in addition, transmission Capacity must also be available downstream for a receipt request and upstream for a delivery request.

If upstream or downstream Capacity is limited, a transfer request will be subject to the Queue Policy. Such requests will be included in the TransGas Queue.

If Customer Specific Facilities are required, the Customer will assume all such costs not covered by TransGas investment.

II. Transportation
G. Other

General Business Policies

7.0 DIVERSIONS

7.1 GENERAL PRINCIPLES

With the exception of Hatton Service, Diversions will not be allowed. Hatton Service may only be diverted to TEP.

For Diversions of Hatton Service, prior authorization must be obtained from TransGas.

1.0 STORAGE NOMINATIONS

1.1 INJECTION INTO STORAGE

Gas will be delivered into Storage from Customer's own Shipper's Imbalance Account at TEP through daily Nominations placed with TransGas. **{See Nomination Procedure, in this Tariff, for further information}.**

If a Nomination is not received within the specified time, the last Nomination remains in effect until the Customer makes a subsequent Nomination.

Injections into Storage will be on a Firm basis, either Base or Biddable, as outlined in the **Storage Terms and Conditions** in place from time to time. Excess Injections, above Firm entitlements, are on a reasonable efforts basis.

If required, daily Excess Injections will be prorated based on Nominations received.

For those Customers not utilizing TransGas' Nominations on the Web, appropriate Nomination forms are found in the Tariff's Standard Forms section.

1.2 WITHDRAWALS FROM STORAGE

Withdrawals from Storage will be made on the basis of daily Nominations up to Customer's Allowable Withdrawal rights. Nominations must be in place with TransGas.

If a Nomination is not received within the specified time, the last Nomination remains in effect until the Customer makes a subsequent Nomination.

Upon Withdrawal from Storage, Gas will be transferred to Customer's own Shipper's Imbalance Account at TEP.

If required, Withdrawals will be prorated based on Customer's Allowable Withdrawal rights except when Service must be maintained to Heating Load Customers.

1.0 STORAGE NOMINATIONS

1.3 CHANGES TO NOMINATIONS

Changes to Nominations, with **4-hours notice**, are accepted on a reasonable efforts basis. Only on-the-hour changes to Nominations will be accepted.

Retroactive Nominations will not be permitted.

2.0 STORAGE RENEWAL RIGHTS

2.1 LONG TERM SUMMER USE STORAGE SERVICE

For long-term Summer Use Storage Service, the term will not Evergreen but rather Customer will have the Right of First Refusal (RFR). With RFR rights, the Customer is given priority for the renewal of Service over a new Service request.

Once TransGas has determined the amount of long-term Summer Use Storage Capacity that will be available for the next Storage year, as defined in the Storage Terms and Conditions, the Customers will be informed by TransGas of any change in the amount of Capacity available. Customers will supply TransGas with a written request by the deadline specified by TransGas for long-term Summer Use Storage Service, for the next Storage year. Failure to notify TransGas will result in the termination of Service.

The request for long-term Summer Use Storage Service may be subject to the prorating of Capacity. In any given Year, if sufficient Capacity is not offered to satisfy the current RFR Customer's requirements, then, at the Customer's option, the Capacity requirements not contracted for the current term, will be placed in the TransGas Queue and given a priority position. The TransGas Queue Policy will apply.



III. Storage

General Business Policies

3.0 STORAGE SERVICE BILLINGS AND PAYMENTS

3.1 INTEREST ON OVERDUE INVOICES

Interest may be charged on all unpaid portions after the due date **based on an annual interest rate of prime plus 4 %.**

4.0 STORAGE TOLLS AND OTHER CHARGES

4.1 NON-STANDARD SERVICE

Customer may be required to pay any additional costs incurred by TransGas to provide non-standard Service.

5.0 STORAGE INVESTMENT POLICY

5.1 APPLICABILITY

The Storage Investment Policy applies to all new and existing Storage Customers, who contract incrementally for either existing Contracted Capacity and/or Contracted Rate of Withdrawal or for Contracted Capacity and/or Contracted Rate of Withdrawal associated with a new Storage project.

5.2 CAPITAL CONTRIBUTION

For a new Storage project, Customer(s) shall pay a capital contribution for facility costs except those costs covered by TransGas Investment. The capital contribution may also include a contribution toward their allocated share of prior facility costs, if Contracted Capacity and/or Contracted Rate of Withdrawal become available or if a new Storage project is initiated, within a Five-Year Window.

The Storage facility **will remain the property** of TransGas.

5.3 TRANSGAS INVESTMENT LEVELS

TransGas Investment in Storage facility costs will be equal to that level supported by the present Storage tolls plus an equal sharing, with the Customers receiving incremental Storage Service from the facilities, of any project costs above the prior Customer capital contribution amounts which would be subject to refunds within the Five-Year Window.

5.4 FIVE-YEAR WINDOW

The Five-Year Window is the five year period, commencing with the Effective Date of the final contracting of a new Storage project during which Customer(s) may be required to make capital contributions toward these prior projects. Refunds to Customer(s) who have made capital contributions to that project will be available during this period.

5.0 STORAGE INVESTMENT POLICY

5.5 TERM

At TransGas' discretion, Customers may be required to contract for a term of up to five years associated with a new Storage project.

5.6 NON-STANDARD SERVICE

If the Customer requests non-standard Service, the Customer will be required to pay all costs incurred to provide non-standard Service. This is not subject to rebate.

5.7 REFUND OF CAPITAL CONTRIBUTION

If another Customer contracts incrementally for existing Storage Service or if TransGas initiates a new Storage project **within the Five-Year Window**, then the original Customer(s) may receive a proportionate refund of their capital contribution. No interest is paid on the refund of capital contributions.

In the event Customer elects a temporary Assignment of Storage Service, Customer (Assignor) shall retain all rights to any rebates of outstanding capital contributions, which may occur during the period of the temporary Assignment.

In the event Customer elects a permanent Assignment of Storage Service, Customer (Assignor) shall have assigned all rights and obligations, including any rebates of outstanding capital contributions for the Contracted Capacity and/or Contracted Rate of Withdrawal assigned away as of the Effective Date of the permanent Assignment.

5.8 FINANCING OPTION

TransGas will consider financing a Customer's capital contribution cost. A minimum down payment of 25 percent is required. Security may be required.

The financing rate of interest will be set to provide TransGas with similar returns to those being earned by TransGas on its other activities.