

Table of Contents

<u>Article</u>	<u>Title</u>	<u>Pages</u>
1	Storage Services	2
2	Injections	3
3	Withdrawals	9
4	Inventory Transfers	11
5	Excess Contacted Capacity	12
6	Overholding Charge	12
7	Calculation of Customer's Inventory	13
8	Inventory Statement	14
9	Exclusion of Liability	14
10	Loss or Destruction of Gas	15
11	Default	16
12	Taxes	17
13	General	17

ARTICLE 1 - STORAGE SERVICES**1.1 ELIGIBILITY**

Subject to these terms and conditions herein, Storage Service shall be available to Customer during the Storage Period for the Storage of Customer's Inventory in accordance with the terms, conditions and provisions of these Service Specifications and the Tariff.

Subject to the Service Specification, Storage Service is available to any Customer. The Customer must hold a valid TEP Service, but is not required to hold transportation Service.

1.2 TYPES OF SERVICE

The Storage Services offered include:

1. Firm Storage Service,
2. Interruptible Storage Service,
3. Summer Use Firm Storage Service,
4. Summer Use Interruptible Storage Service,
5. Seasonal Biddable Injection Service,
6. Monthly Biddable Injection Service,
7. Short-term Firm Injection Service,
8. Excess Injection Service,
9. Excess Withdrawal Service.

Each of the Storage Services, 1 through 4 outlined above, is offered on a long-term (one (1) year or longer) or on a short-term (minimum of one (1) month to a maximum of 11 Months). For short-term Summer Use Storage Service, the maximum term is seven (7) Months, April to October. However, if it is determined that TransGas will be unable to guarantee Firm Service during the Month of October, TransGas will not contract for short-term Summer Use Storage in that Month.

1.3 TERM OF SERVICE

The Storage Year is defined as commencing on May 01, 09:00 CCT and ending on May 01, 09:00 CCT the following year.

Summer Use Storage Services are defined as commencing on April 01, 09:00 CCT and ending on November 01, 09:00 CCT.

Long-term Summer Use Storage allows the Customer to utilized Storage Services over the entire twelve (12) Month Storage Year, from May 01 to May 01, but Withdrawal Services are only available during the Summer Use period, as defined

above. Monthly Contracted Withdrawal Charges associated with Firm Service will apply for the seven (7) Month period April to October only. Monthly Contracted Capacity Charges will apply for the twelve-Month period.

Short-term Summer Use Storage allows the Customer to utilize Storage Services only during the Summer Use period, as defined above.

- 1.4 All Storage Service Customers shall contract for Contracted Capacity. However, only Firm Storage Service Customers will contract for a Contracted Rate of Withdrawal. For Interruptible Storage Service Customers, Withdrawal is on a reasonable efforts basis only and is subject to the daily Withdrawal charge rate.

High Priority Interruptible Storage Service is only offered when a Schedule of Service for Firm Storage Service has been executed and is awaiting Firm Service but the Allowable Withdrawal rights associated with the Contracted Rate of Withdrawal is not currently available. Withdrawal is on a reasonable-efforts basis only and is subject to the daily Withdrawal charge rate.

1.5 RENEWAL RIGHTS

For long-term Storage Service, excluding long-term Summer Use Storage Service, the term will **Evergreen (YAIT)** each May 01 for a further 1-year term, unless Customer provides TransGas with written notice to alter or terminate the Storage Service at least sixty (60) Days prior to the expiry of the current term.

For long-term Summer Use Storage Service, the term will not Evergreen (YAIT) but rather the Customer will have the **Right of First Refusal (RFR)**. (See RFR in the Tariff Definitions).

Short-term Storage Service, including Short-term Summer Use Storage Service, has **No Renewal Rights (NRR)** and the Customer will be required to provide TransGas with a written request for renewal of the term in accordance with the Tariff (See NRR in the Tariff Definitions).

ARTICLE 2 - INJECTIONS

- 2.1 Customer, when not in default under the Services 1 through 4 listed in Article 1.2 herein, may make Injections of Gas into the Storage Facilities provided that:
- (a) All Gas injected into Storage will be received from Customer's own Shipper Imbalance Account at TEP.
 - (b) Subject to this Article 2 , Gas shall be injected into the Storage Facilities based upon daily Nominations to be placed by Customer. Customer agrees to

comply with the provisions of the Nomination Procedure respecting Injections, included in the Tariff.

- (c) Gas shall be delivered by Customer and accepted by TransGas on a Day-to-Day basis at a rate acceptable to TransGas. TransGas shall inject Gas into Shipper's own Storage account, at the rate up to Customer's Allowable Injection rights. A Customer's Allowable Injection rights include Base Firm Injection rights, Seasonal Biddable Injections rights, Monthly Short-term Firm Injection rights, as outlined herein. Any Gas injected at a rate above Customer's Allowable Injection rights, provided on a reasonable efforts basis, shall be subject to the terms outlined herein.
 - (d) If required (when such action is required will be determined by TransGas, acting reasonably), Gas injected into Storage shall be subject to pro rata allocation by TransGas among Customer and other Customers availing themselves of the Storage Services at Storage at the time of such Injections. Prorationing of Injections shall be done in compliance with Article 2.3.
 - (e) Injection quantities are deemed to have occurred upon submission of an Injection Nomination by Customer unless the Customer is informed otherwise by TransGas.
 - (f) TransGas will endeavor to notify Customer from time to time of any shutdowns that may be required for maintenance or repairs of the Storage Facilities. TransGas will use reasonable efforts to provide the Customer with seven (7) Days prior written notice of any such shutdowns that may affect Customer's Injections.
 - (g) Injection Schedule - TransGas may request a forecast of the amounts of Gas Customer wishes to deliver for Injection into Storage during any given period as soon as reasonably possible and TransGas and Customer shall make all reasonable efforts to prepare a mutually agreeable Injection schedule for such period; provided however that any such Injection schedule shall be used for planning purposes only and shall not increase either TransGas' obligation to accept deliveries or the Customer's right to make deliveries described in Clauses 2.1(b) through 2.1(f).
- 2.2 Storage Customers, who have contracted for Firm Withdrawal rights, shall receive a right to Base Firm Injection and may opt to request additional Injection Service. Those Customers, who have not contracted for Firm Withdrawal rights, must utilize Seasonal Biddable Firm Injection Service, Monthly Biddable Firm Injection Service, Short-Term Firm Injection Service, or daily Excess Injection Service. These Services are outlined below.

(a) **Base Firm Injection**

Storage Customers, contracted for Firm Withdrawal (Firm Storage and/or Firm Summer-Use Storage), shall be allocated a minimum level of Firm Injection Capacity calculated as a percentage of their Firm Contracted Rate of Withdrawal. Such percentage shall be determined by the Customers' actual Inventory level as shown in "Table A" below. The actual Inventory levels shall include any contracted Summer Use Storage. The Contracted Rate of Withdrawal shall include any Summer Use Firm Storage. The Capacity so allocated shall be referred to as "Base Firm Injection".

TABLE "A" – Allowable Injection rights

Actual Inventory Level (as Percentage of Contracted Capacity)	Percentage of Contracted Rate of Withdrawal to be used as Base Firm Injection rights
> 0 and <= 20	70
> 20 and <= 40	60
> 40 and <= 60	50
> 60 and <= 80	40
> 80 and <= 100	30

(b) **Seasonal Biddable Firm Injection Service**

In addition to any Base Firm Injection rights, a Customer may also obtain rights to Seasonal Biddable Firm Injection Service. Any excess seasonal Injection Capacity may be offered by TransGas to Storage Customers, or their duly appointed agents, prior to the start of the Storage year through the bid process as described below. This Service will be limited to the Injection season (May to October inclusive). Customer may opt for a term of one to six Months, in Monthly increments only.

- (i) Prior to February 07 of each year, TransGas will determine the amount, if any, of excess Firm Injection Capacity available, by Month, throughout the following Injection season, May to October inclusive.
- (ii) TransGas will determine the incremental cost of offering this Service. The minimum acceptable bid price will be based on this incremental cost.
- (iii) TransGas will notify Customers of the Capacity available, by Month, for Seasonal Biddable Firm Injection, along with the minimum acceptable bid price.
- (iv) The bid window will remain open for a 14-Day period during which Customers, or their agents, may submit their bids to TransGas for this Service. The bid window will close February 21 of each year.

- (v) The Customer is required to bid the amount of seasonal Injection Capacity requested, for the Months required, up to the total Capacity TransGas determines being available for those Months, along with the bid price for this capacity in \$ per GJ per Day. This will represent a Demand Charge for the Month payable regardless of actual utilization of this Injection right.
- (vi) In accordance with the terms and conditions set out on the Bid Form (see Standard Forms section of the Tariff), TransGas may award the incremental Firm Injection Capacity based upon the price bid per unit of Injection Capacity.
- (vii) TransGas will allocate the available Capacity based on the highest bid revenue on the first working Day following closure of the bid window, and notify individual bidders as to whether the bid resulted in an award of Service. In awarding the Service, if two bids are of equal value but Capacity does not exist to fill all equal bids, the available Capacity will be prorated among the equal bids. Bidders will not be obligated to accept a quantity less than their bid quantity. If Customer does not accept a lower, prorated quantity, this quantity would be made available to other bidders.
- (viii) TransGas will make public the quantity of Injection Service awarded and the bid prices accepted, without identifying the successful applicants.

(c) **Monthly Biddable Firm Injection Service**

In addition to Base Firm Injection and Seasonal Biddable Firm Injection Service, a Customer may also obtain rights to Monthly Biddable Firm Injection Service. Any excess Monthly Injection capability may be offered to Storage Customers, or their duly appointed agents, through a bid process as described below. This Service will be limited to a one-Month duration.

- (i) Fifteen Days prior to Month-end, TransGas will estimate the amount of excess Monthly Firm Injection Capacity that will be available to offer to Storage Customers for the following Month.
- (ii) TransGas will determine the incremental cost of offering this Service. The minimum acceptable bid price will be based on this incremental cost.
- (iii) TransGas will notify Customers of the amount of Capacity available to be bid upon, 14 Days prior to Month-end, along with the minimum acceptable bid price.
- (iv) The bid window will remain open for a seven-day period during which Customers, or their agents, may submit their bids to TransGas for this Service for the following Month. The bid window closes seven Days prior to Month-end.

- (v) The Customer is required to bid the amount of Injection Capacity requested up to the total Capacity TransGas anticipates being available and the bid price for this Capacity in \$ per GJ per Day. This will represent a Demand Charge for the Month payable regardless of actual utilization of this Injection right.
 - (vi) In accordance with the terms and conditions set out on the Bid Form, TransGas may award the incremental Firm Injection Capacity based upon the price bid per unit of Injection Capacity.
 - (vii) The Day following the close of bids, TransGas will notify individual bidders as to whether their bid has resulted in an award of Service.
 - (viii) Customers who have bid for more Capacity than is available will have their bid quantity prorated. A Customer will not be obligated to accept a quantity less than their bid quantity. If a Customer does not accept a lower, prorated quantity, this quantity would be made available to other bidders.
 - (ix) TransGas will make public the quantity of Injection Service awarded and the bid prices accepted, without identifying the successful applicants.
- (d) **Short-Term Firm Injection Service**

In addition to the foregoing Injection Services, Customer may also obtain rights to Short-Term Firm Injection Service. Any excess Monthly Injection Capacity, after the Monthly Biddable Firm Injection Service has been awarded, may be offered for Short-Term Firm Injection Service. This Service will be limited to periods of less than one Month in duration.

- (i) Customer will request this Service by submitting a written request for the Service, specifying the period during the Month and the required amount of Injection rights.
- (ii) The price for such Service (Service Price) will be set equal to the MAXIMUM bid price accepted for the Month through the Monthly Biddable Firm Injection Service process, expressed on a per Day basis. If no bids were accepted, the Service Price will be the MINIMUM bid price established by TransGas for the Monthly bid Service, again, expressed on a per Day basis.
- (iii) TransGas will provide this Service on a first come basis and will notify Customer, in writing, of an awarding of Service.
- (iv) The Service price, in \$ per GJ per Day, will represent a Demand Charge for the period of the Month, payable regardless of actual utilization of this Injection right.

(e) Excess Injection Service (Daily)

In addition to the foregoing Injection Services, on any given Day, TransGas may still have daily Injection Capacity that exceeds Firm Injection Service. On these Days, TransGas will still provide the additional Injection Capacity on a reasonable efforts basis.

- (i) Customers will request this Service by submitting a Nomination for Injection. TransGas will notify Customer if the Nomination for Injection is not accepted.
- (ii) The fee for this Service, in \$ per GJ, will be equal to the MINIMUM bid price established by TransGas for the Monthly Biddable Injection Service, expressed on a daily basis. The daily charge for this Service will be based on the net Injection amount after deducting for any of Customer's Withdrawals that may have occurred on the same Day.

Notwithstanding the fact that TransGas may have injected Gas in excess of the Customer's Firm Injection rights on any Day of any Month during the Storage Period and notwithstanding the fact that as a result thereof the Customer is responsible for paying an additional amount as outlined above, TransGas shall not be obligated to inject Gas at a rate greater than the Customer's Firm Injection rights on any other Day during any Month.

2.3 In the event that valid Nominations exceed TransGas' current Injection capability, Nominations for Injection into Storage shall be prorated in the following manner:

- (i) Interruptible Service and Excess Injection Service (Priority Level IV)
This is the first category of Service to be prorated. Nominated quantities shall be prorated based on the Nominating Customer's Contracted Capacity and TransGas' available Capacity.
- (ii) High Priority Interruptible Service (Priority Level III)
This is the second category of Service to be prorated. Nominated quantities shall be prorated based on the Nominating Customer's Firm Injection rights, the allocated Injection level, and TransGas' available Capacity.
- (iii) Firm Service: Base, Biddable, and Short-Term Firm (Priority Level II)
Customers who have contracted for Firm Storage Service will only be prorated in the event of a Force Majeure pursuant to Article 13 of the General Terms and Conditions. The proration will be based on Customer's Firm Injection rights.
- (iii) Coinciding Injections and Withdrawals (Priority Level I)
Injections, which have coinciding Withdrawals on the same Day.

ARTICLE 3 - WITHDRAWALS

- 3.1 Customer, when not in default under the Service, may request TransGas to make Withdrawals of Gas from Storage, provided that:
- (a) All Gas Withdrawn from Storage will be delivered into Customer's own Shipper's Imbalance Account at TEP.
 - (b) Subject to Clause 2.2(c), Gas shall be Withdrawn on a Firm basis from Storage based upon daily Nominations to be placed by Customer. Customer agrees to comply with the provisions of the Nomination Procedures, respecting Withdrawals.
 - (c) Gas shall be Withdrawn by TransGas from Storage at a rate up to Customer's Allowable Withdrawal rights, outlined in Article 3.2 herein. TransGas shall use reasonable efforts to Withdraw Gas at a greater rate upon Customer's request to do so. However, in no event will Gas be Withdrawn from Storage on any Day that exceeds the Customer's Inventory at the beginning of that Day.
 - (d) If required (when such action is required will be determined by TransGas, acting reasonably), Gas Withdrawals from Storage shall be subject to pro rata allocation by TransGas among Customer and other Customers availing themselves of the Storage Services at the time of such Withdrawals. Prorationing of Customer's Withdrawals will be on the basis of the respective Customers' Allowable Withdrawal rights; provided however, that TransGas may, at its sole discretion, curtail or interrupt Withdrawals on other than a pro rata basis in order to maintain service to Heating Load Customers.
 - (e) Withdrawal quantities are deemed to have occurred upon submission of a Withdrawal Nomination by Customer unless the Customer is informed otherwise by TransGas.
 - (e) TransGas will endeavor to notify Customer from time to time of any shutdowns that may be required for maintenance or repairs of the Storage Facilities. TransGas will use reasonable efforts to provide the Customer with seven (7) Days prior written notice of any such shutdowns that may affect Customer's Withdrawals.

3.2 **Base Firm Withdrawal**

Storage Customers, who contract for a Contracted Rate of Withdrawal, shall receive a right to Base Firm Withdrawal and may opt to request daily Excess Withdrawal Service.

- (a) Firm Storage Customers shall contract for a Contracted Rate of Withdrawal. During the period November 1 to April 30 inclusive, Customer's Base Firm Withdrawal rights will be calculated as a percentage of their Contracted Rate of Withdrawal. Such percentage shall be determined by the Customers' actual Inventory level as shown on "Table B" below.

Table "B" – Allowable Withdrawal rights

Actual Inventory Level (as Percentage of Contracted Capacity)	Percentage of Contracted Rate of Withdrawal to be used as Base Firm Withdrawal rights
> 0 and <= 10	60
> 10 and <= 20	80
> 20 and <= 100	100

Note: for the period November 1 to April 30 only.

- (b) During the period May 1 to October 31 inclusive, Customer's Base Firm Withdrawal rights will be equal to their Contracted Rate of Withdrawal.

3.3 Excess Withdrawal (daily)

If, on any Day of any Month during the Storage Period, TransGas Withdraws any Gas from Storage at a rate in excess of the Contracted Rate of Withdrawal, at the request of the Customer, with the prior authorization of TransGas, then the Customer shall pay to TransGas, in addition to the Monthly Withdrawal Charge on the contracted quantity of Withdrawal for that Month, an additional charge per Day for the rate in excess of the Contracted Rate of Withdrawal. The additional charge shall be based on the Withdrawal amount, in excess of the Contracted Rate of Withdrawal. The additional charge shall be calculated by multiplying the amount of excess Withdrawal for each Day by the daily Excess Withdrawal Charge rate specified in the Tariff Rates and Charges Schedules. Any Withdrawals of Gas from Storage at a rate in excess of Customer's Base Firm Withdrawal rights and up to the Contracted Rate of Withdrawal will not be subject to the additional charge outlined above.

Notwithstanding the fact that TransGas may have Withdrawn Gas in excess of Customer's Base Firm Withdrawal rights on any Day of any Month during the Storage Period and notwithstanding the fact that as a result thereof the Customer is responsible for paying an additional amount pursuant to Clause 3.3 hereof, TransGas shall not be obligated to Withdraw Gas at a rate greater than Customer's Base Firm Withdrawal rights on any other Day during any Month.

- 3.4 In the event that valid Nominations exceed TransGas' current Withdrawal capability, and if Interruptible Service is available, Nominations shall be prorated in the following manner;

- (i) Interruptible Service & Excess Withdrawal Service (Priority Level IV)
First category of Service to be prorated. Nominated quantities shall be prorated equally based on Contracted Capacity and TransGas' available Capacity.
- (ii) High Priority Interruptible Service (Priority Level III)
Second category of Service to be prorated. Nominated quantities shall be prorated equally based on the Customer's Allowable Withdrawal rights and TransGas' available Capacity.
- (iii) Firm Service (Priority Level II)
Customers who have contracted for Firm Storage Service will only be prorated in the event of Force Majeure pursuant to Article 13 of the General Terms and Conditions. The proration will be based on Customer's Allowable Withdrawal rights.
- (iv) Coinciding Injections and Withdrawals (Priority Level I)
Withdrawals which have coinciding injections on the same Day.

ARTICLE 4 – INVENTORY TRANSFERS

4.1 Customer, when not in default under the Services 1 through 4 outlined in Article 1.2, may request the transfer of Storage Gas from Customer's own Storage account to another TransGas Storage Customer's own Storage account. The following principles shall be applicable with respect to requests for such transfers.

- (a) All Inventory Transfers will be based upon daily Nominations to be placed by the Storage Service Customer in accordance with the provisions of the Nomination Procedures.

The Storage Service Customer receiving the Gas from another Storage Service Customer must submit Nomination requests to TransGas at any time during TransGas normal business hours. The Nomination will reference the respective Customer's Storage Service account, and must be authorized by all Persons.

- (b) All Inventory Transfers shall be subject to TransGas approval and done in accordance with the Storage Terms and Conditions, herein, amended from time to time by TransGas.
- (c) Daily Inventory Transfer amounts are NOT restricted to Customer's Daily Withdrawal or Injection Rights.
- (d) If a Customer's Inventory falls below zero, the Customer's Inventory Transfer Nomination(s) will be adjusted such that a zero balance is achieved. Further, the Customer will be notified of the Nomination adjustment.

The Storage Service Customer receiving the Gas may exceed their Contracted Capacity only with written approval by TransGas and would be liable for the appropriate Overholding Charge.

- (e) Confirmation of Inventory Transfers will be returned to the Persons by the next working Day.
- (f) Retroactive Inventory Transfers will not be allowed.
- (g) Inventory Transfers out of Summer Use Storage are permitted for the period April 1 to October 31 only, unless otherwise granted at the sole discretion of TransGas for periods outside this period.

ARTICLE 5 - EXCESS CONTRACTED CAPACITY

- 5.1 Customer shall not at any time during the Storage Period deliver to Storage an amount of Gas that, if accepted by TransGas, will result in an amount of Gas then in Storage in excess of the existing Contracted Capacity, unless Customer has first obtained in writing from TransGas the right to amend the Contracted Capacity to store such amount of additional Gas and agrees to pay to TransGas, the Monthly Capacity Charge in respect of the amended Contracted Capacity. Such requests shall be for a minimum of one Month. Notwithstanding the foregoing, there shall not on any occasion be any obligation on TransGas to make Storage available to Customer for the Storage of Gas if the Storage of such Gas will result in Customer's Inventory exceeding the Contracted Capacity.
- 5.2 Should Customer not obtain the consent of TransGas as requested in Clause 5.1 hereof to increase the Contracted Capacity, and should TransGas nonetheless accept an additional quantity of Gas which results in a Customer's Inventory exceeding the Contracted Capacity, Customer shall pay with respect to such additional quantity of Gas, in addition to all other charges under the Tariff, an amount equal to the Overholding Charge which is equal to the daily equivalent of the Monthly Overholding Charge Rate specified in the Tariff Rates and Charges Schedules hereto multiplied by such daily excess quantities of Gas for the period that such excess quantities of Gas remain in Storage.

ARTICLE 6 - OVERHOLDING CHARGE

- 6.1 In the event the Storage Service is not renewed, Customer shall request Withdrawal of all Customer's Inventory from Storage before the end of the Storage Service and upon sufficient notice to TransGas to permit Withdrawal of Customer's Inventory in accordance with these Service Specifications on or before the Expiry Dates of the Storage Service. If, at the end of the Storage Service, Customer's Inventory has not

been Withdrawn and Customer has not renewed the Storage Service, Customer's Inventory shall be subject to the Overholding Charge, which is equal to the daily equivalent of the Monthly Overholding Charge Rate specified in the Tariff and the Rates and Charges Schedule. The Overholding Charge will be calculated by taking the daily equivalent rate times Customer's daily Inventory, and such Overholding Charge shall be payable in respect of each Month that the Customer's Inventory or any part thereof remains in Storage and the Service is not renewed. Furthermore, at any time after the end of the Storage Service, TransGas, at its discretion, may move Customer's total remaining Inventory to Customer's own Shipper's Imbalance Account at TEP. Such movement of Gas will be subject to the Excess Withdrawal Charge as specified in the Tariff and the Rates and Charges Schedule. Nothing in this Clause shall relieve Customer from the obligation to request Withdrawal of such remaining Customer's Inventory promptly and the payment of the Overholding Charge shall not in any way be construed to entitle Customer to make further Injections of Gas into Storage after the end of the Storage Service or extend the term of the Storage Service in any way. In addition, Customer shall indemnify TransGas against all liability, which TransGas might incur to any third party by virtue of the fact that it is unable to meet its obligations to make available to such third party that portion of Storage, which is so occupied by Customer's Inventory. The Overholding Charge shall not be payable in respect of Gas that Customer could not reasonably have Withdrawn prior to the end of the Storage Service due solely to the breach by TransGas of its obligations under these Terms and Conditions or a Force Majeure event in favor of TransGas or a preemptive Withdrawal of Gas from Storage to Heating Load Customers as contemplated in Article 3. TransGas shall only be obligated to Withdraw Gas on a reasonable effort basis after the expiration of the Storage Service.

ARTICLE 7 - CALCULATION OF CUSTOMER'S INVENTORY

7.1 The amount of the Customer's Inventory each Day shall be calculated in accordance with the following formula:

$$\mathbf{CI = CIP - AGW + AGI + ITFO - ITTO}$$

Where:

CI = the Customer's Inventory as of the end of the Day in question expressed in Gigajoules.

CIP = the Customer's Inventory as of the end of the previous Day expressed in Gigajoules.

AGW = the amount of Gas Withdrawn by Customer during the Day in question expressed in Gigajoules.

AGI = The amount of Gas injected by the Customer during the Day in question expressed in Gigajoules.

ITFO = Inventory Transfers from other Storage Customers during the Day in question, expressed in Gigajoules.

ITTO = Inventory Transfers to other Storage Customers during the Day in question, expressed in Gigajoules.

ARTICLE 8 - INVENTORY STATEMENT

8.1 TransGas shall provide Customer with the amount of Customer's Inventory as of the end of the previous Day. Customer's Daily Inventory will be available on the TransGas website.

TransGas shall provide Customer with a written statement of Customer's Inventory as of the end of the last Day of each Month during the Storage Period. Such inventory statement shall be delivered at the same time as the Customer is invoiced for the charge in respect of next Month's Service.

ARTICLE 9 - EXCLUSION OF LIABILITY

9.1 In addition to the provisions of the General Terms and Conditions of the Tariff respecting liability and indemnity, TransGas shall not be responsible for or liable to Customer or any other party for any damages sustained due to any failure or delay whatsoever that occurs in the Injection or the Withdrawal of Gas, except to the extent such failure or delay is caused solely by any willful or negligent act or omission by TransGas or any breach by TransGas of its obligations hereunder, in which case TransGas shall only be responsible for or liable to Customer, subject to Article 11 hereof, for the additional direct cost to the Customer of obtaining alternate Gas during the period of such failure or delay. In no event shall TransGas be liable to Customer for loss of anticipated profits or revenues, loss by reason of plant or other facility shutdown, claims of Customer's customers or for any special or consequential loss or damage.

ARTICLE 10 - LOSS OR DESTRUCTION OF GAS

10.1 In the event that Customer's Inventory, or any part thereof, is lost, damaged or destroyed by reason of any willful or negligent act or omission of TransGas, its officers, employees, servants, agents, contractors, subcontractors or any entity or individual for whom TransGas is at law responsible and to the extent such loss, damage or destruction is not caused by any willful or negligent act or omission of Customer or any entity or individual for whom Customer is at law responsible, the Persons agree that Customer may elect by notice to TransGas in accordance with these Terms and Conditions within ninety (90) Days of Customer becoming aware of such loss, damage or destruction either to:

- (a) require TransGas to replace that portion of Customer's Inventory lost, damaged or destroyed by purchasing an equivalent amount of other product which meets the quality of Gas as defined in the General Terms and Conditions as soon as reasonably possible; or
- (b) require TransGas to pay Customer a sum equal to the fair market value, which fair market value shall be determined by TransGas acting reasonably, of the Customer's Inventory lost, damaged or destroyed, as soon as reasonably possible.

Customer and TransGas agree that this Clause is a reasonable pre-estimate of the damages which Customer might suffer as a result of any loss, damage or destruction of Customer's Inventory described above and not a penalty imposed upon TransGas and TransGas shall not in any event whatsoever be liable to any greater extent than hereinbefore set forth for any such loss, damage or destruction. TransGas shall not in any event whatsoever be liable for any loss, damage or destruction of Customer's Inventory to the extent caused by any willful or negligent act or omission of Customer or any entity or individual for whom Customer is at law responsible.

10.2 TransGas shall not in any event whatsoever be liable for any loss, damage or destruction of Customer's Inventory to the extent caused by causes beyond the control of TransGas. In the event any Gas stored at the Storage Facilities is lost, damaged or destroyed as a result of such causes then that proportion of the total amount of Gas lost, damaged or destroyed that the Customer's Inventory bears to the total amount of Gas stored at the Storage Facilities shall be deemed to have been removed from the Customer's Inventory and TransGas shall have no obligation to redeliver such amount to Customer. TransGas and Customer agreed to abide by the provisions of the General Terms and Conditions respecting Force Majeure.

ARTICLE 11 - DEFAULT

11.1 If Customer defaults in the performance of any obligation required by these Service Specifications or the TransGas Service Agreement, including payment requirements, and remains in default for a period of at least fifteen (15) Days after written notice from TransGas of the default and a demand that same be remedied, or if Customer shall make a voluntary assignment in bankruptcy or proposal to its creditors or take any similar action or if any bankruptcy, reorganization, proposal, insolvency, receivership or similar proceedings is instituted against Customer (and, in the case of such proceeding instituted against Customer and not consented to by Customer, such proceeding is not discontinued or dismissed within thirty (30) Days from the date of its commencement), then and in any of the said events of default and notwithstanding Section 4 of The Warehousemen's Lien Act, R.S.S. 1978, Chapter W-3, or its successor legislation, TransGas shall have the right, at its option, to do any one or more of the following, concurrently or in sequence:

- (a) require performance by Customer of its obligations under the TransGas Service Agreement and these Service Specifications;
- (b) terminate the Storage Service by written notice to Customer at any time before the default is remedied;
- (c) buy Customer's Gas in Storage at a price equal to its then current fair market value to be determined by TransGas by obtaining three (3) competitive bids and deducting an amount equal to the sum of all charges and amounts due and payable under the Service up to the time TransGas exercises such right, together with any other charges and amounts, or any part thereof, which would have become due and payable otherwise during the balance of the term of the Service and which the Persons agree shall become immediately due and payable at that time (for which amount the Persons agree that TransGas will have a possessory lien), remitting the balance of the price to Customer;
- (d) sell Customer's Gas in Storage by public auction in accordance with Sections 5, 7 and 8 of The Warehousemen's Lien Act, R.S.S. 1978, Chapter W-3, or its successor legislation or the amendments thereto, to recover an amount equal to the sum of all charges and amounts described in sub Clause (c) above due and payable up to or becoming immediately due and payable at the time TransGas exercises such right (for which amount the Persons agree that TransGas will have a possessory lien), and
- (e) refuse to withdraw Customer's Gas in Storage pursuant to Article 3 until its possessory lien described in subclasses (c) and (d) above has been satisfied.

No failure of TransGas to enforce any remedy available to it or delay of TransGas in enforcing such remedy shall be deemed a waiver of any remedy of TransGas or be considered to prohibit TransGas from enforcing any such remedy. Customer agrees

that the rights and remedies of TransGas contained herein and in the Tariff shall not be exclusive but shall be cumulative and in addition to all other rights and remedies existing at law or in equity available to TransGas.

ARTICLE 12 - TAXES

12.1 Taxes, rates, assessments or similar charges, other than income, capital, property and place of business taxes of TransGas (herein called "taxes") hereafter imposed by any governmental authority having jurisdiction with respect to any matter contemplated herein, including, without limitation, with respect to:

- (a) any charge or amount paid or payable by Customer to TransGas;
- (b) the Gas stored from time to time in Storage;
- (c) any improvements to the Storage Facility, which are made by or for Customer, with Customer's consent,

shall be the responsibility of Customer and with the exception of Clause 12.1(c), the other Customers of TransGas availing themselves of Storage Services. Customer shall pay TransGas within thirty (30) Days after the date of a written request from TransGas an amount equal to the sum of such taxes of its proportionate share thereof calculated in a manner to be determined by TransGas, acting reasonably, based on the nature of such taxes.

12.2 Notwithstanding Clause 12.1, any provincial or federal sales, use or like tax that is payable in respect of the Storage Service provided under the Service shall be paid by Customer as invoiced by TransGas.

ARTICLE 13 - GENERAL

13.1 The terms and conditions of the Service Specifications for Storage Service; the General Business Policies; the Nomination Procedures, Tariff Rates and Charges Schedules; and the General Terms and Conditions, are by this reference incorporated into and made a part of these Storage Service Specification Terms and Conditions. Notwithstanding anything contained herein, the terms and conditions hereof shall be subject to the terms and conditions contained in the Tariff Rates and Charges Schedules, the General Business Policies, and the provisions of the General Terms and Conditions, to the extent that there is no conflict. In the event that there is a conflict between the provisions herein and those referenced, TransGas and Customer agree that the provisions herein shall prevail. In the event that there is a conflict between the provisions of the Schedule of Service and those referenced, TransGas and Customer agree that the Schedule of Service shall prevail.