

Tolls, Tariff, Facilities & Procedures Committee

Resolution T2005-09: NGTL Tariff Clean-up

Resolution

The Tolls, Tariff, Facilities & Procedures Committee (TTFP) agrees to amend the NGTL Tariff to address the following clean-up items as set out in the attached tariff and procedural documents:

1. Remove tariff references to Service During Tests.
2. Clarify and document the current practice of pooled service during curtailments.

Background

In May 2005, TransCanada conducted an internal review of its Canadian pipeline Tariffs with the objective of identifying errors, incorrect terminology or references to lapsed business practices. As a result of this comprehensive review, TransCanada proposed the following changes:

1. Service During Tests

Remove tariff references to Service During Tests from the FT-R, FT-RN and LRS Rate Schedules as the practice is no longer applicable, and NGTL is unable to identify any utilization of the Service During Tests feature in the past 10 years.

2. Pooled Service During Curtailments

Clarify NGTL's current process for managing interruption and curtailment in pooled service areas by amending the General Terms & Conditions, Article 11.4, Priority During Interruptions, as well as providing procedural documentation on the TransCanada website.

3. Term Swaps

TransCanada originally proposed to remove Term Swaps from the following Rate Schedules: FT-R; FT-RN; FT-D; FT-DW; FT-A; FT-X; FT-P; and LRS-2. However, in response to customer concerns and upon further investigation, TransCanada concluded that despite minimal demand and usage, there were unique service needs that may continue to be met by term swaps.

TransCanada has revised the proposal to eliminate the clean-up of term swaps from this resolution. TransCanada may pursue future clean-up opportunities with respect to Term Swaps to remove redundant language from the tariff and possibly include the provisions along with Transfers.

Next Steps

NGTL will file Tariff amendments with the EUB requesting approval of the proposed clean-up changes. Upon approval by the EUB, the amended tariff will become effective the first day of the month following approval and TransCanada will post the amended NGTL Tariff and procedures to TransCanada's web site.

Background (History)

The procedure of pooling receipt Contract Demand Quantities (CDQs) during periods of capacity constraint was implemented in the 1980's. Capacity constraints may occur when service nominations exceed capacity and is not limited to instances when pipeline facilities are temporarily out of service.

Pooling for receipt restrictions is specific to a group of receipt points affected by the facility constraint and defined by NGTL's Operations and Planning group. Pooling for delivery curtailments is limited to the Eastern Gates, between Empress and McNeill.

Curtailment Procedures

In the event NGTL does not have enough receipt capacity to accept all nominations related to firm service in an area (i.e. a restriction impacts more than one receipt point), the pooling is introduced whereby the following takes place for each firm service type:

1. Customers are advised of a firm service receipt restriction;
2. The Nominations and Allocations group captures all firm service receipt contract quantities, by Customer, for the facilities affected;
3. An *allowable quantity* is determined for each Customer proportional to that Customer's total firm service receipt holdings versus all Customers' firm service receipt holdings;
4. Each Customer is advised of his/her allowable quantity and the affected receipt points; and *outage nominations* are submitted to NrG Highway by NGTL; and
5. Each Customer then has the ability to change or pool outage nominations for the affected receipt area subject to:
 - a. nominations for each receipt point within the area are limited to the contract quantity specific to that location; and
 - b. the sum of all the Customer's nominations is limited to the allowable quantity for the restricted area.

A delivery curtailment at the Eastern Gate (i.e. Empress and McNeill) is managed in a manner very similar to the receipt restriction process. The primary difference is that Customers do not provide nominations for delivery points and, subsequently, Customers provide NGTL with direction regarding authorization of delivery requests made by TransCanada Mainline and Foothills. The following steps through the process for pooling of Delivery Firm Service:

1. Delivery requests for service are captured and sent to NGTL for confirmation. It is then determined if requests exceed capacity;
2. Customers may pool up to their allowable at Empress and McNeill combined, but may not exceed their Firm Service delivery quantity at either location;
3. Customers must advise NGTL by 11:00 a.m. MST of their pooled requirements for the Next Day Timely cycle;
4. Once Customers have pooled their Firm Service they may not increase their request above these instructions on an intra-day cycle; i.e. the pooling instructions provided by the Customer will remain in effect until revised by the Customer during the restriction, or until the restriction ends. Only increases up to their pooled quantities are allowed;
5. If the 11:00 a.m. MST deadline elapses and there are no pooling instructions in place, Customers' authorized quantities at the Eastern Gate will remain at the restricted allowable quantities as stated by NGTL. If there are pooling instructions in place, authorized quantities will remain at the pooled quantities as advised.

By using the pooling feature, Customers have the ability to maximize their allowable capacity during periods of service constraint affecting multiple receipt/delivery points. If Customers choose not to utilize the pooling feature, the Customer's allowable capacity will only be maximized if the current nominations or delivery requests are in excess of or equal to the posted percent curtailment/restriction at each location within the affected area.

Examples

Scenario 1: Posted restriction is 75% of firm service and Customer utilizes pooling feature.

- Customer has 100 units of FT-R at location A and 120 units of FT-R at location B;
- Total FT-R in affected area is 220 units;
- Allowable capacity for Customer is 75% of 220 units or **165 units**;
- NGTL auto-generates initial outage nominations at all locations to 75 units at location A and 90 units at location B.
- Customer changes nomination to 100 units of FT-R at location A and 65 units of FT-R at location B;
- Although the area is restricted to 75%, the Customer chooses to flow 100% of his FT-R contract at location A and 54.17% of his contract at location B;
- Customer allowed 165 units of service and is authorized 165 units of service.

Scenario 2: Posted restriction is 75% of firm service and Customer chooses to do nothing.

- Customer has 100 units of FT-R at location A and 120 units of FT-R at location B;
- Total FT-R in affected area is 220 units;
- Allowable capacity for Customer is 75% of 220 units or **165 units**;
- Existing Customer nominations are for 100 units of FT-R at location A and 80 units of FT-R at location B;
- Nominations and Allocations staff will reduce the Customer's nomination at location A down to 75 units to comply with 75% posted restriction;
- Nominations and Allocations staff will authorize the Customer's nomination for 80 units at location B as the nomination is 10 units less than the 75% posted restriction;
- Customer allowed 165 units of service and is authorized 155 units of service.

Contacts

For more information:

Call: 403.920.PIPE (7473) or email: nominations@transcanada.com

Several amendments to the NGTL Tariff are currently being proposed resulting from a general review and cleanup effort related to Service During Tests and Interruptions and Curtailments under the Tariff Clean-Up Project Issue T2005-09. This summary has been provided for information only and is not intended to form part of the Tariff.

Summary of Amendments

1. Rate Schedule FT-R

- (i) Article 6.0 [Service During Tests] – Deleted.

2. Rate Schedule FT-RN

- (i) Article 6.0 [Service During Tests] – Deleted.

3. Rate Schedule LRS

- (i) Article 4.4 [Aggregate Charge for Service] – Amended to reflect removal of Service During Tests.

4. General Terms and Conditions

- (i) Article 11.4 [Priority During Interruptions] – Amended to clarify use of pooled service during periods of interruption and curtailment.

General Updates

Renumbered references and sections as required.

- (a) the Primary Term; and
- (b) a Secondary Term equal to the Secondary Term requested by Customer with the minimum Secondary Term being three (3) years.

5.2 The Price Point for the term shall be determined in the manner described in paragraph 3.2.

5.3 If the number of years calculated for the Primary Term exceeds fifteen (15) years the Primary Term shall be fixed at fifteen (15) years and a Surcharge, determined under the Criteria for Determining Primary Term in Appendix “E” of the Tariff, shall be applied in respect of such Service.

5.4 Term of Service Agreement

Customer’s Service Agreement shall terminate on the latest Service Termination Date of Customer’s Schedules of Service for Service under Rate Schedule FT-R.

~~6.0 SERVICE DURING TESTS~~

~~6.1 Customer may tender, for one (1) month in any calendar year, a daily volume of gas at a Receipt Point in excess of the aggregate of Customer’s Receipt Contract Demand under all of Customer’s Schedules of Service for Service under Rate Schedule FT-R at such Receipt Point, and Company will receive such excess volume pursuant to the terms and conditions applicable to this Rate Schedule FT-R, provided that:~~

- ~~(a) Customer has first satisfied Company that it is a requirement under the terms of a gas purchase contract that Customer tender such excess volume to Company for the purpose of a test; and~~

~~(b) Company has determined in its sole judgment that it can receive such volume for such period without adversely affecting the operation of the Facilities or service to any other Customer receiving service under any Rate Schedule other than Rate Schedules IT-R, IT-D or IT-S.~~

~~6.2 The IT-R Rate for the applicable Receipt Point shall apply to the excess volumes tendered under paragraph 6.1. The excess shall be Over Run Gas and Customer shall be charged in accordance with paragraph 4.3.~~

~~6.3 Notwithstanding the provisions of paragraph 6.1, Company in its sole discretion may interrupt or terminate the test at any time.~~

7.06.0 CAPACITY RELEASE

7.16.1 If Customer desires a reduction of Customer's Receipt Contract Demand for all or any portion of its Service under a Schedule of Service under Rate Schedule FT-R, Customer shall notify Company of its request for such reduction specifying the particular Receipt Point, Schedule of Service and the Receipt Contract Demand available to any other Person who requires Service under Rate Schedule FT-R. Company shall not have any obligation to find any Person to assume the Receipt Contract Demand Customer proposes to make available. If after notice is given to Company a Person is found who agrees to assume the Receipt Contract Demand Customer proposes to make available, together with any applicable Surcharge, Company may reduce Customer's Receipt Contract Demand under such Schedule of Service, on terms and conditions satisfactory to Company, by an amount equal to the Receipt Contract Demand specified in a new Schedule of Service, executed by Company and such Person. Notwithstanding such reduction, Customer shall at Company's sole option either:

- (i) continue to pay any Surcharge until the Service Termination Date as described in the applicable Schedule of Service (unless any other Person acceptable to Company has agreed to pay such Surcharge); or
- (ii) in the event that Company retires any Facilities required to provide such Service, pay to Company within a time determined by Company, an amount equal to the net book value of such Facilities adjusted for all costs and expenses associated with such retirement.

8.07.0 RELIEF FOR MAINLINE RESTRICTIONS

8.17.1 Company will grant relief to a Customer entitled to Service under Rate Schedule FT-R, in accordance with the Terms and Conditions Respecting Relief for Mainline Capacity Restrictions in Appendix “B” of the Tariff.

9.08.0 TRANSFER OF SERVICE

9.18.1 Transfers Between Receipt Points Within the Same Project Area

If Customer desires to transfer all or any portion of Service under a Schedule of Service from a Receipt Point within a Project Area to a Receipt Point within the same Project Area, Customer shall notify Company of Customer’s request for such transfer specifying the Receipt Points, the Schedule of Service and the portion of the Receipt Contract Demand that Customer wishes to transfer.

9.28.2 Company is under no obligation to permit the transfer requested in paragraph [9.18.1](#), but may permit such transfer provided that:

- (i) Company determines that sufficient capacity exists in the Facilities to accommodate the transfer;
- (ii) Company determines that the construction or installation of new Facilities that are directly attributable to the transfer is not required;
- (iii) the transfer does not occur during the Primary Term of the Schedule of Service;
- (iv) the Price Point in effect for Service under the Schedule of Service, from which Customer wishes to transfer Service at the time of the transfer, applies to the new Schedule of Service for the Service that has been transferred;
- (v) the FT-R Demand Rate applicable to Service under the Schedule of Service that has been transferred shall be the FT-R Demand Rate in effect at the Receipt Point to which the Service under the Schedule of Service has been transferred; and
- (vi) Customer executes a transfer of Service agreement.

9.38.3 Transfers Between Receipt Points in Different Project Areas

If Customer desires to transfer all or any portion of Service under a Schedule of Service from a Receipt Point within a Project Area to a Receipt Point in a different Project Area, Customer shall notify Company of Customer's request for such transfer specifying the Receipt Points, the Schedule of Service and the portion of the Receipt Contract Demand that Customer wishes to transfer.

9.48.4 Company is under no obligation to permit the transfer requested in paragraph [9.38.3](#), but may permit such transfer provided that:

- (vi) Customer executes new Schedules of Service.

9.3 Term Swaps Between Receipt Points in Different Project Areas

If Customer desires to swap the Service Termination Date of a Schedule of Service with the Service Termination Date of another Schedule of Service and the Receipt Points for the Schedules of Service are in different Project Areas, Customer shall notify Company of Customer's request for such swap specifying the particular Receipt Points, the Service Termination Dates and the Schedules of Service, if necessary, that Customer wishes to swap.

- 9.4 Company is under no obligation to permit the swap requested in paragraph 10.3, but may permit such swap provided that:

- (i) Company determines that sufficient capacity exists in the Facilities to accommodate the swap;
- (ii) Company determines that the construction or installation of new Facilities that are directly attributable to the swap is not required;
- (iii) the swap does not occur during the Primary Term of the Schedule of Service;
- (iv) the Receipt Contract Demand and the FT-R Demand Rate:
 - (a) at each Receipt Point; and
 - (b) for each Service Termination Datedo not change as a result of the swap;
- (v) subject to subparagraph 10.4(vi), the Price Point in effect for each Schedule of Service after the swap shall be the Price Point in effect for the other Schedule of

Service immediately prior to the time the Service Termination Dates were swapped;

- (vi) three (3) years are added to the balance of Customer's Secondary Term for each Schedule of Service (the "New Term") if the remaining term of either of the Schedules of Service is less than three (3) years and the Price Point that shall apply to each Schedule of Service shall be the Price Point determined in the manner described in paragraph 3.2 using the New Term for such Schedules of Service; and
- (vii) Customer executes new Schedules of Service.

9.5 Term Swaps Between Schedules of Service Under Rate Schedule FT-R and other Schedules of Service

Except as provided in article [409](#), a Customer entitled to receive Service under Rate Schedule FT-R shall not be entitled to swap the Service Termination Date of any Schedule of Service under Rate Schedule FT-R with the Service Termination Date under any Schedule of Service.

11.010.0 TITLE TRANSFERS

11.110.1 A Customer entitled to receive Service under Rate Schedule FT-R may transfer all or a portion of Customer's Inventory to another Customer or may accept a transfer of all or a portion of Customer's Inventory from another Customer provided such Customer is entitled to receive service under any Rate Schedule that permits title transfers and such title transfer is in accordance with the Terms and Conditions of Service Respecting Title Transfers in Appendix "C" of the Tariff.

12.011.0 RENEWAL OF SERVICE**12.111.1 Renewal Notification**

Customer shall be entitled to renew all or any portion of Service under a Schedule of Service under Rate Schedule FT-R as Service under either Rate Schedule FT-R or Rate Schedule FT-P, if Customer gives notice to Company of such renewal at least one (1) year prior to the Service Termination Date. If Customer does not specify which Rate Schedule the Service is to be renewed under, the Service shall be renewed under Rate Schedule FT-R. If Customer does not provide such notice, the Service shall expire on the Service Termination Date.

12.211.2 Irrevocable Notice

Customer's notice to renew pursuant to paragraph [12.111.1](#) shall be irrevocable one (1) year prior to the Service Termination Date.

Any renewal of Service is subject to Financial Information and Security provisions in Article 10 of the General Terms and Conditions

12.311.3 Renewal Term

Customer's notice shall specify a renewal term of not less than one (1) year consisting of increments of whole months. The Price Point for the renewal term shall be determined in the manner described in paragraph 3.2 based on the length of the renewal term requested by Customer.

5.0 TERM OF SERVICE

5.1 Term of a Schedule of Service

The term for any Schedule of Service for Service under Rate Schedule FT-RN at each Receipt Point shall be one (1) year and terminates on the Service Termination Date; provided however, if Company determines, in its sole discretion, that capacity at a Receipt Point is only available for a period more than one (1) month and less than one (1) year, the term shall be for such period.

5.2 Term of Service Agreement

Customer's Service Agreement shall terminate on the latest Service Termination Date of Customer's Schedules of Service for Service under Rate Schedule FT-RN.

~~6.0 SERVICE DURING TESTS~~

~~6.1 Customer may tender, for one (1) month in any calendar year, a daily volume of gas at a Receipt Point in excess of the aggregate of Customer's Receipt Contract Demand under all of Customer's Schedules of Service for Service under Rate Schedule FT-RN at such Receipt Point, and Company will receive such excess volume pursuant to the terms and conditions applicable to this Rate Schedule FT-RN, provided that:~~

~~(a) Customer has first satisfied Company that it is a requirement under the terms of a gas purchase contract that Customer tender such excess volume to Company for the purpose of a test; and~~

~~(b) Company has determined in its sole judgment that it can receive such volume for such period without adversely affecting the operation of the Facilities or service to any other Customer receiving service under any Rate Schedule other than Rate Schedules IT-R, IT-D or IT-S.~~

~~6.2~~ The IT-R Rate for the applicable Receipt Point shall apply to the excess volumes tendered under paragraph 6.1. The excess shall be Over Run Gas and Customer shall be charged in accordance with paragraph 4.3.

~~6.3~~ Notwithstanding the provisions of paragraph 6.1, Company in its sole discretion may interrupt or terminate the test at any time.

7.06.0 CAPACITY RELEASE

7.16.1 A Customer entitled to receive Service under Rate Schedule FT-RN shall not be entitled to reduce Customer's Receipt Contract Demand for all or any portion of its Service under a Schedule of Service under Rate Schedule FT-RN.

8.07.0 RELIEF FOR MAINLINE RESTRICTIONS

8.17.1 Company will grant relief to a Customer entitled to Service under Rate Schedule FT-RN, in accordance with the Terms and Conditions Respecting Relief for Mainline Capacity Restrictions in Appendix "B" of the Tariff.

9.08.0 TRANSFER OF SERVICE

9.18.1 A Customer entitled to receive Service under Rate Schedule FT-RN shall not be entitled to transfer all or any portion of Service under Rate Schedule FT-RN to any other Receipt Point or Delivery Point.

4.3 Aggregate of Customer's Over-Run Gas Charges

4.3.1. In the event that Company determines in respect of a Billing Month that Company has received from Customer, in the month preceding such Billing Month, a volume of gas at any Receipt Point identified in Appendix "1" of this Rate Schedule in excess of:

- (a) the aggregate of the products obtained when each of the LRS Contract Demand and LRS-3 Contract Demand in effect for Customer in respect of Rate Schedules LRS and LRS-3, in the month preceding such Billing Month, is multiplied by the number of Days in such month that such LRS Contract Demand and LRS-3 Contract Demand was in effect; plus
- (b) the aggregate of the products obtained when each of the Receipt Contract Demand in effect for Customer in respect of Rate Schedule FT-R, in the month preceding such Billing Month, is multiplied by the number of Days in such month that the Receipt Contract Demand was in effect,

then Customer shall pay to Company an amount equal to the product of a volume equal to such excess and the IT-R Rate for the applicable Receipt Point.

4.3.2. The calculation of Customer's Over-Run Gas charge in subparagraph 4.3.1 shall not take into account Customer's Inventory on the last day of the month preceding the Billing Month.

4.4 Aggregate Charge For Service

Customer shall pay for each Billing Month:

- (i) ~~the sum of~~
~~(a)~~—the amounts calculated in accordance with paragraphs 4.1 and 4.3; ~~and less~~

~~(b) — the amount, if any, calculated in accordance with article 7.0 of this Rate Schedule LRS; less~~

- (ii) the sum of
- (a) the billing credit, if any, calculated in accordance with the Terms and Conditions Respecting Relief for Mainline Capacity Restrictions in Appendix “B” of the Tariff; and
 - (b) the LRS Billing Adjustment, if any, calculated in accordance with paragraph 4.2 of this Rate Schedule LRS.

4.5 Allocation of Gas Received

Notwithstanding any other provision of this Rate Schedule, any Service Agreement or General Terms and Conditions of the Tariff, and without regard to how gas may have been nominated, the aggregate volume of gas received from Customer at a Receipt Point shall be allocated for billing purposes as follows:

- (i) first to Service to Customer under Rate Schedule LRS to a maximum of such Customer’s LRS Contract Demand for such Receipt Point under such Rate Schedule LRS, to service to a maximum of such Eligible LRS-2 Volumes for the Coleman Receipt Point under such Rate Schedule LRS-2 and to Service to Customer under Rate Schedule LRS-3 to a maximum of such Customer’s LRS-3 Contract Demand for such Receipt Point under such Rate Schedule LRS-3;
- (ii) secondly to service to Customer under Rate Schedule FT-R to a maximum of such Customer’s Receipt Contract Demand for such Receipt Point under such Rate Schedule FT-R;

- (v) the aggregate of Customer's Service under this Rate Schedule LRS shall not exceed the initial volumes and term set out in such Customer's Palliser Precedent Agreement and any additional volumes acquired by Customer pursuant to paragraph 12 of this Rate Schedule.

6.0 TERM OF SERVICE AGREEMENT

- 6.1 The term of a Service Agreement under Rate Schedule LRS shall expire on the date which is the latest Service Termination Date of Customer's LRS Receipt Point Obligations under such Service Agreement.
- 6.2 The initial term of an LRS Receipt Point Obligation in respect of any Customer Receipt Point identified in Appendix "1" shall be the period equal to the term set out in Customer's Palliser Precedent Agreement.
- 6.3 The term of an LRS Receipt Point Obligation in respect of any Customer Receipt Point, where new Service is obtained in accordance with the provisions of article 5.0 of this Rate Schedule, shall be a period equal to the term specified by Customer, provided that the minimum term that can be specified is one (1) year, (expressed in whole years) and provided that the Service Termination Date is no later than December 31, 2017.

~~7.0 SERVICE DURING TESTS~~

- ~~7.1 Customer may tender, for one (1) month in any calendar year, a daily volume of gas at a Receipt Point in excess of the aggregate of Customer's LRS Contract Demand under all of Customer's Schedules of Service for Service under Rate Schedule LRS at such Receipt Point, and Company will receive such excess volume pursuant to the terms and conditions applicable to this Rate Schedule LRS, provided that:~~

~~(a) Customer has first satisfied Company that it is a requirement under the terms of a gas purchase contract that Customer tender such excess volume to Company for the purpose of a test; and~~

~~(b) Company has determined in its sole judgment that it can receive such volume for such period without adversely affecting the operation of the Facilities or service to any other Customer receiving service under any Rate Schedule other than Rate Schedules IT-R, IT-D or IT-S.~~

~~7.2 The IT-R Rate for the applicable Receipt Point shall apply to excess volumes tendered under paragraph 7.1. Customer shall be charged for the excess in accordance with paragraph 4.3.~~

~~7.3 Notwithstanding the provisions of paragraph 7.1, Company in its sole discretion may interrupt or terminate the test at any time.~~

8.07.0 CAPACITY RELEASE

8.17.1 If Customer desires a reduction of Customer's LRS Contract Demand for all or any portion of its Service under a Schedule of Service under Rate Schedule LRS Customer shall notify Company of its request for such reduction specifying the particular Receipt Point, Schedule of Service and the LRS Contract Demand available to any other Person qualifying for Service under Rate Schedule LRS. Company assumes no obligation to find such Person to assume the LRS Contract Demand that Customer proposes to make available. If after notice is given to Company a Person qualifying for Service under Rate Schedule LRS is found who agrees to assume the LRS Contract Demand Customer proposes to make available, Company may reduce Customer's LRS Contract Demand under such Schedule of Service, on terms and conditions satisfactory to Company, by an amount equal to the LRS Contract Demand specified in a Schedule of Service, executed

by Company and such Person. Notwithstanding such reduction, Customer shall at Company's sole option pay to Company within the time determined by Company an amount equal to the net book value of such Facilities in the event Company retires any Facilities required to provide such Service adjusted for all costs and expenses associated with such retirement.

9.08.0 RELIEF FOR MAINLINE RESTRICTIONS

9.18.1 Company may grant relief to a Customer entitled to Service under Rate Schedule LRS, in accordance with the Terms and Conditions Respecting Relief for Mainline Capacity Restrictions in Appendix "B" of the Tariff.

10.09.0 TRANSFER OF SERVICE BETWEEN RECEIPT POINTS

10.19.1 If Customer desires to transfer all or any portion of any Service under Rate Schedule LRS from one Receipt Point to another Receipt Point, Customer shall notify Company of its request for such transfer specifying the particular Receipt Points and the Service that Customer wishes to transfer.

10.29.2 Company shall not be required to permit the transfer requested in paragraph 10.19.1 if:

- (i) the transferred-to Receipt Point location is north of Township 33 west of the 4th meridian and west of range 28 west of the 4th meridian except for the East Calgary Receipt Point No. 2007; or
- (ii) Company is required to install or construct Facilities at a new Receipt Point to provide the Service requested unless Customer provides a capital contribution equal in amount to the capital costs associated with the installation or construction of new Facilities.

11.2 Unplanned Interruptions

Notwithstanding paragraph 11.1, in the event of unforeseen circumstances Company may interrupt, curtail or reduce Service for such periods of time as it may reasonably require without giving Customer the notice provided for in paragraph 11.1 provided that Company shall give notice of such interruption, curtailment or reduction as soon as is reasonably possible.

11.3 Notice of Change in Operations

Customer and Company shall give each other as much notice as is reasonably possible in the circumstances of expected temporary changes in the rates of delivery or receipt of gas, pressures or other operating conditions, together with the expected duration and the reason for such expected temporary changes.

11.4 Priority During Interruptions

11.4.1 At Receipt Points

During periods of interruption and curtailment Company may reduce any or all Service at Receipt Points in the following order:

- (i) Firstly, Service under Rate Schedules IT-R and IT-S based on the priority provisions of the applicable Service Agreement until such Service has been reduced to zero (0); and
- (ii) Secondly, Service under Rate Schedules FT-R, FT-RN, FT-X, FT-P, LRS, LRS-2 and LRS-3 on a prorata basis (the “Prorated Service”). Within the interrupted and curtailed area as determined by Company, Customer may, subject to Company’s consent, nominate Customer’s Prorated Service at any Receipt Point or combination of Receipt Points within such area during the period of interruption and curtailment, provided that the total volume nominated at each Receipt Point does not exceed:

- (a) the sum of Customer's Receipt Contract Demand for each Schedule of Service at such Receipt Point for Service under Rate Schedules FT-R, FT-RN, FT-X, LRS, LRS-2 and LRS-3; or
- (b) the Customer's Receipt Contract Demand for each Receipt Point for Service under Rate Schedule FT-P.

11.4.2 At Delivery Points

During periods of interruption and curtailment Company may reduce any or all Service at Delivery Points in the following order:

- (i) Firstly, Service under Rate Schedules IT-D and IT-S based on the priority provisions of the applicable Service Agreement until such Service has been reduced to zero (0); and
- (ii) Secondly, Service under Rate Schedules FT-D, FT-DW, FT-P, LRS-2, STFT, FT-A and FT-X on a prorata basis (the "Prorated Service"). Within the interrupted and curtailed area as determined by Company, Customer may, subject to Company's consent, nominate Customer's Prorated Service at any Delivery Point or combination of Delivery Points within such area during the period of interruption and curtailment, provided that the total volume nominated at each Delivery Point does not exceed the sum of Customer's Export Delivery Contract Demand for each Schedule of Service at such Delivery Point for Service under Rate Schedules FT-D, FT-DW, LRS-2, STFT and FT-X.

11.5 Customer's Obligations

Notwithstanding any other provision in the Tariff, Customer agrees and acknowledges that any interruption and curtailment shall not under any circumstances suspend or relieve Customer from the obligation to pay any rate, toll, charge or other amount payable to Company.