

1 **3.0 SERVICES AND TARIFF AMENDMENTS**

2 **3.1 INTRODUCTION**

3 **Q1. What is the purpose of this evidence?**

4 A1. NGTL describes in this section proposed service and Tariff amendments. Specifically,
5 NGTL seeks Board approval to:

- 6 • extend the term and rate of Rate Schedule OS, Other Service –
7 Schedule No. 2003-00452-2 (the GBA Service) to March 31, 2009; and
- 8 • amend specific provisions of Rate Schedule IT-S and the General Terms and
9 Conditions of the Tariff.

1 **3.2 GAS BALANCING AGREEMENT**

2 **Q1. Please describe the history of the GBA Service.**

3 A1. NGTL originally applied to the Board for approval of the GBA Service on June 26, 1997.
4 The GBA Service was based on the provisions of a Gas Balancing Agreement (GBA)
5 between NGTL and TCPL with a term from November 1, 1998 to October 31, 2003. A
6 copy of the GBA is provided in Attachment 1(a) in this sub-section.

7 On August 21, 1997 the Board authorized NGTL to provide the GBA Service in
8 accordance with the terms and conditions of the GBA from November 1, 1998 to
9 October 31, 2003 at a fixed rate of \$83,333.00 per month.¹

10 On April 23, 2003 NGTL applied to the Board to extend the term of the GBA Service
11 from November 1, 2003 to March 31, 2004, with the rate and all other terms and
12 conditions of service remaining unchanged. A copy of the First Amending Agreement
13 extending the term of the GBA is provided in Attachment 1(b) in this sub-section. The
14 Board approved the extension of the GBA Service and rate as applied for on April 10,
15 2003.²

16 **Q2. What amendments is NGTL proposing to the GBA Service in this Application?**

17 A2. NGTL seeks in this Application Board approval to further extend the termination date of
18 the GBA Service from March 31, 2004 to March 31, 2009. NGTL proposes to maintain
19 the existing rate and all existing terms and conditions of the GBA Service for the term of
20 the proposed extension. A copy of the Second Amending Agreement extending the term
21 of the GBA is provided in Attachment 2 in this sub-section.

¹ Letter approval dated August 21, 1997 from the EUB to NGTL (EUB File No. 5631-4).

² EUB Order 2003-118, dated May 27, 2003.

1 **Q3. What is the purpose of the GBA Service?**

2 A3. The GBA Service is a pipeline load balancing arrangement between NGTL and TCPL. It
3 provides TCPL with operational flexibility to match service imbalances and capability
4 requirements across its Mainline gas transmission system by delaying the movement of
5 gas on the Alberta System between EnCana Corporation's (EnCana) gas storage facilities
6 at Suffield, Alberta (AECO C) and NGTL's Empress Export Delivery Point (Empress).
7 TCPL has independent arrangements with EnCana for gas storage services at AECO C
8 for use with the GBA.

9 The GBA Service has a fixed monthly rate of \$83,333.00. This rate is payable whether or
10 not TCPL uses the GBA Service. NGTL applies the revenues from the GBA Service to
11 its revenue requirement.

12 **Q4. Does the GBA Service affect NGTL's ability to provide services to other customers?**

13 A4. No. The GBA Service will not adversely impact NGTL's obligations to provide firm
14 service deliveries to the Empress/McNeill border delivery point or storage delivery. The
15 GBA Service also will not impact NGTL's supply/demand balancing process because the
16 transported volumes are balanced to zero each day.

17 In this context, the provisions in section 6 of the GBA provide NGTL's customers
18 reasonable protection against the risk of potential curtailment arising from the GBA
19 Service. Specifically, section 6 states:

20 TransCanada and NGTL recognize that the purpose of this
21 Agreement is to enhance service to both TransCanada and NGTL's
22 customers and agree to use reasonable efforts to ensure that the use
23 of the Agreement does not result in a curtailment of transmission
24 services to any of NGTL's customers on NGTL's system.

25 In the event there is a curtailment of firm service to any of NGTL's
26 customers on the NGTL system, NGTL may at its sole option fully
27 or partially reduce the Service if providing the Service would have
28 reduced the available capacity for NGTL firm service customers
29 (or any other transportation service of equivalent priority) at
30 Empress.

1 **Q5. Is NGTL proposing any changes to the GBA or the GBA Service other than**
2 **extension of the term to March 31, 2009?**

3 A5. Yes. NGTL has, as shown in the Second Amending Agreement, made some minor
4 administrative amendments to the GBA relating to notice provisions and corporate
5 names. These amendments do not affect the terms, conditions, or rate of the GBA
6 Service.

7 **Q6. Why is NGTL proposing to maintain the GBA Service rate at \$83,333.00 per**
8 **month?**

9 A6. NGTL believes the rate continues to be reasonable and appropriate. The terms and
10 conditions of the GBA Service have remained unchanged since its inception in 1997. The
11 rate was determined at that time by negotiation between TCPL and NGTL when the
12 companies were unrelated.

13 **Q7. Does the GBA Service provide any benefits to NGTL and its customers?**

14 A7. Yes. The GBA Service generates incremental revenue to the account of NGTL's
15 customers. NGTL applies the incremental revenue against its revenue requirement,
16 which effectively reduces rates for all of NGTL's firm and interruptible service
17 customers. NGTL is able to provide the GBA Service without adding facilities, incurring
18 material additional operating costs, or adversely impacting its service obligations to other
19 customers.

20 The GBA Service also allows TCPL to better manage operational imbalances between
21 the Alberta System and the Mainline at Empress. Absent the GBA Service and
22 associated storage arrangements, imbalances resulting in increases or decreases to
23 Alberta System linepack might occur more frequently. Such occurrences have the
24 potential to reduce service availability on the Alberta System.

GAS BALANCING AGREEMENT

THIS AGREEMENT made as of the 1 day of May, 1997

BETWEEN:

TRANSCANADA PIPELINES LIMITED,
a Canadian Corporation
("TransCanada")

and

NOVA GAS TRANSMISSION LTD.,
an Alberta Corporation
("NGTL")

WITNESSES THAT:

WHEREAS, TransCanada's System and NGTL's System interconnect at Empress, Alberta; and

WHEREAS, due to operational circumstances on TransCanada's System, the quantity of gas that flows through Empress on any day may vary from the quantity of gas nominated and confirmed for flow by TransCanada; and

WHEREAS, NGTL has agreed to assist TransCanada in balancing those variations by providing the Service; and

NOW THEREFORE, TransCanada and NGTL (collectively the "Parties"), in consideration of the covenants and agreements contained in this Agreement, covenant and agree as follows:

1. **Definitions**

The terms set out below have the following meanings when used in this Agreement:

“**AEC**” means the Alberta Energy Company Ltd.;

“**AEC Nomination**” means for any gas storage day, the TransCanada nomination for AEC Storage provided by TransCanada to AEC required to offset the Daily Variance for that gas storage day;

“**AEC Storage**” means storage provided to TransCanada by AEC from its gas storage facilities near Suffield, Alberta;

“**AECO C**” means the AECO C receipt and delivery point on the NGTL System at the interconnection between the NGTL System and AEC Storage;

“**AEUB**” means the Alberta Energy & Utilities Board;

“**Agreement**” means this Agreement between TransCanada and NGTL;

“**Business Day**” means a day on which the main branch of the Canadian Imperial Bank of Commerce in Calgary, Alberta, is open for the conduct of regular business;

“**Daily Variance**” means the difference for any gas day between the daily actual and nominated quantities of gas entering TransCanada's System at Empress, according to TransCanada;

“**Empress**” means the interconnection between the NGTL System and the TransCanada System near Empress, Alberta;

“**month**” means a calendar month beginning at 08:00 hours Calgary time or other mutually agreeable time between NGTL and TransCanada on the first Day of the month;

“**NEB**” means the National Energy Board;

"NGTL System" means NGTL's pipeline and other facilities or any part or parts thereof for the gathering, treating, transporting, storing, distributing, exchanging or delivery of any gas;

"OBA Statement" means the statement referred to in paragraph 5 hereof in the form attached hereto as Schedule 'B' or in any other form mutually agreeable to the parties from time to time;

"Service" means NGTL delaying or advancing the timing of its delivery for the account of others of volumes of gas nominated or to be nominated for delivery to TransCanada at Empress, for delivery on TransCanada's system, in any gas day, in accordance with TransCanada's Nomination and AEC's Nomination and in accordance with this Agreement. This variance in the timing of deliveries of volumes to TransCanada at Empress will be facilitated by use of storage arranged by TransCanada at AEC.

"TransCanada/AEC Agreement" means a final and binding agreement for the provision of AEC Storage between TransCanada and AEC;

"TransCanada Nomination" means the electronic data interchange nomination setting out NGTL's customers' flow of gas at Empress provided by TransCanada to NGTL at any time, which shall contain the information set out in Schedule 'A';

"TransCanada System" means TransCanada's pipeline and other facilities for the transportation, receipt or delivery of gas;

"AEC Balancing Account" means for any month the sum of the AEC Nominations for such month;

"Empress Balancing Account" means for any month, the sum of the Daily Variances for such month.

2. Term

- (a) This Agreement becomes effective on the date that all of the following conditions precedent have been satisfied or waived:

- (i) TransCanada has entered into the TransCanada/AEC Agreement;
- (ii) TransCanada has received the approval of the NEB for the terms and conditions of this Agreement;
- (iii) TransCanada has secured the approval of the NEB for the replacement of a minimum of 123 Bcf of Firm Service Tendered (as defined in TransCanada's Tariff in effect on January 1, 1997) service by a combination of transportation and storage agreements including this Agreement;
- (iv) TransCanada has obtained any required approvals for the removal of gas from the Province of Alberta under this Agreement;
- (v) NGTL has received the approval of the AEUB for the terms and conditions of this Agreement.

Conditions (ii), (iii) and (iv) are for TransCanada's benefit and may be waived in writing by TransCanada; condition (v) is for the benefit of NGTL and may be waived in writing by NGTL; condition (i) is for the benefit of both parties and must be waived in writing by both parties.

NGTL shall proceed in good faith and use reasonable efforts to obtain AEUB approval by July 1, 1997. If that approval is not obtained by July 1, 1997, then TransCanada may terminate this Agreement in which case the Agreement shall be of no force and effect.

Notwithstanding the foregoing, in the event any of conditions precedents set out in (i) through (v) above are not met or waived as permitted above by the close of business September 2, 1997, this Agreement shall terminate and be of no further force and effect.

- (b) Subject to earlier termination in accordance with this Agreement, the term of this Agreement continues until the earlier of October 31, 2003, or the date that the TransCanada/AEC Agreement terminates.

- (c) If NGTL has received AEUB approval for the performance of this Agreement, and the approval is revoked or substantially varied, NGTL shall be entitled to terminate this Agreement forthwith and shall have no further obligation or liability whatsoever to TransCanada in respect of this Agreement. NGTL will in good faith oppose the revocation or variance.

3. **Balancing**

- (a) TransCanada may, at its sole discretion, rectify a Daily Variance by reallocating volumes among its shippers or may request NGTL to provide the Service. This Agreement and the Service provided hereunder are for TransCanada's use only and TransCanada shall not be entitled to transfer or dispose of such gas affected by this Agreement to other parties at AEC Storage or Empress.
- (b) Upon receipt of a TransCanada Nomination and a copy of the AEC Nomination, NGTL will provide the Service for TransCanada, provided NGTL has received such Nominations no less than 4 hours before it is required to provide such service.

4. **Price**

- (a) In consideration of NGTL providing the Service TransCanada shall pay NGTL \$83,333.00 each month, regardless of whether or not TransCanada utilizes the Service pursuant to this Agreement.
- (b) NGTL will provide TransCanada with an invoice on the 15th of each month, for service during the preceding month. TransCanada shall pay the invoice on or before the 25th of the month NGTL provides TransCanada with the invoice.
- (c) In the event all or any portion of the invoice remains outstanding, TransCanada shall pay NGTL interest at a rate of two percent over and above the prime rate charged by the main branch, Calgary, of the Bank of Nova Scotia to its commercial customers. Interest shall accrue on the unpaid portion from the date it should have been paid to the date of payment. The interest shall compound semi-annually until paid.

- (d) Upon termination of this Agreement, TransCanada shall pay to NGTL an amount equal to the absolute difference between the final storage inventory balance of TransCanada at AEC Storage at the termination of this Agreement, minus the starting inventory position of TransCanada at AEC Storage at the commencement of this Agreement, multiplied by the applicable IT transportation costs charged by NGTL to transport gas between AECO C and Empress at that time pursuant to the NGTL Gas Transportation Tariff.

5. OBA Statement

On or before the 15th Business Day after the end of each month, TransCanada will provide NGTL with an OBA Statement for the preceding month. The OBA Statement shall provide a summary for each day of the preceding month of the following accounts:

- (a) AEC Balancing Account;
- (b) Empress Balancing Account.

At any time, the volumes of gas referred to in the Empress Balancing Account shall be equal to the volumes of gas referred to in the AEC Balancing Account unless TransCanada and NGTL agree otherwise.

6. NGTL Restrictions

TransCanada and NGTL recognize that the purpose of this Agreement is to enhance service to both TransCanada and NGTL's customers and agree to use reasonable efforts to ensure that the use of the Agreement does not result in a curtailment of transmission services to any of NGTL's customers on NGTL's system.

In the event there is a curtailment of firm transportation service to any of NGTL's customers on the NGTL System, NGTL may at its sole option fully or partially reduce the Service if providing the Service would have reduced the available capacity for NGTL firm transportation service customers (or any other transportation service of equivalent priority) at Empress.

7. Liability and Indemnity of TransCanada

- (a) TransCanada shall be liable to NGTL for any loss or damages that arise out of the negligence of, or any breach of this Agreement by TransCanada or its employees, agents or representatives.
- (b) TransCanada shall indemnify and hold harmless NGTL, its affiliates and each of their representatives, directors, officers, employees and agents from and against all claims, demands, losses, costs, damages, suits or proceedings, (collectively referred to as "Claims"), that arise out of the negligence of, or any breach of this Agreement by, TransCanada or its employees, agents or representatives, and the costs thereof, including, without limitation, all legal expenses on a solicitor and client basis. Provided however TransCanada will not be liable for nor indemnify NGTL for any claims for consequential, indirect and special loss or damages (including injury or death).
- (c) Notwithstanding any other provision of this Agreement, the indemnities and agreements contained in this paragraph 7 shall survive for a period of 5 years after the termination of this Agreement.

8. Liability and Indemnity of NGTL

- (a) NGTL shall be liable to TransCanada for any loss or damage that arise out of the negligence of, or any breach of this Agreement by, NGTL or its employees, agents or representatives.
- (b) NGTL shall indemnify and hold harmless TransCanada, its affiliates and each of their representatives, directors, officers, employees and agents from and against all claims, demands, losses, costs, damages, suits or proceedings, (collectively referred to as "Claims"), that arise out of the negligence of, or any breach of this Agreement by, NGTL or its employees, agents or representatives, and the costs thereof, including, without limitation, all legal expenses on a solicitor and client basis. Provided however NGTL will not be liable for nor indemnify TransCanada for any claims for

consequential, indirect and special loss or damages (including injury or death).

- (c) Notwithstanding any other provision of this Agreement, the indemnities and agreements contained in this paragraph 8 shall survive for a period of 5 years after the termination of this Agreement.

9. Notice

- (a) The Parties addresses for service of nominations, notices or other communications is as follows:

TransCanada

Notices:

Attn: Director, Transportation Operations

111 - 5th Avenue S.W.
P.O. Box 1000, Station 'M'
Calgary, Alberta T2P 4K5
Fax: 403-264-3929
Telephone: 403-267-6334

Confirmations:

Attn: Manager, Gas Control Operations

111 - 5th Avenue S.W.
P.O. Box 1000, Station 'M'
Calgary, Alberta T2P 4K5
Fax: 403-264-3929
Telephone: 403-267-6334

Invoices:

Attn: Manager, Revenue Accounting

111 - 5th Avenue S.W.
P.O. Box 1000, Station 'M'
Calgary, Alberta T2P 4K5
Fax: 403-267-1073
Telephone: 403-267-6122

NGTL

Nominations & Schedules:

Attn: Team Leader, Gas Control

NOVA Gas Transmission
1525 - 10th Avenue SW
Calgary, Alberta
T3C 2J6
Fax: 403-541-4762
Telephone: 403-541-4700

Other:

Attn: Manager, System Operations

NOVA Gas Transmission
1525 - 10th Avenue SW
Calgary, Alberta
T3C 2J6
Fax: 403-541-4762
Telephone: 403-541-4711

- (b) Any notice or nomination provided for under this Agreement shall be deemed to have been received by the party to whom it is sent at the time of its delivery if personally delivered, sent by facsimile transmission, or sent by a mutually agreed-upon system of electronic data interchange, or on the day following delivery if sent by courier. Any other notice shall be deemed to have been received on the date of actual receipt.
10. This Agreement and all agreements entered into pursuant hereto shall ensure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns, provided, however, that the prior consent of the alternate party is required before a party may assign its rights or obligations under any agreement reached by the Parties in respect of the resolution of any outstanding variances or balances.
11. Time is of the essence of this Agreement.
12. No waiver by either TransCanada or NGTL of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any continuing or future default or defaults whether of a like or different character.
13. This Agreement constitutes the entire agreement of the parties hereto with respect to gas balancing, and shall not be changed, modified or discharged except by instrument in writing duly executed by the Parties.

14. The Parties agree to enter into good faith negotiations to address any issues (including without limitation to the foregoing possible future use of storage by NGTL) affecting the operation of this Agreement which were not addressed at the time of its execution, and to negotiate an operating balancing agreement to address other daily variances.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

TRANSCANADA PIPELINES LIMITED



Per: *Max Feldman* MAX FELDMAN
V.P., Customer Service and Marketing

Per: *Barry G. Luft* Barry G. Luft
Vice-President

NOVA GAS TRANSMISSION LIMITED

Per: *[Signature]*

Per: *[Signature]*

This is Schedule "A" to the GAS BALANCING AGREEMENT, made as of the 1st day of XXXX 199X between TRANSCANADA PIPELINES LIMITED ("TransCanada") and NOVA GAS TRANSMISSION LIMITED ("NGTL").

Allocation Statement No.: _____

Name of Interconnection Point: Empress _____

Preparer's Name: _____ and Phone No.: _____

Effective Date/Time of this Statement: _____

Date Prepared: _____

TCPL Shipper Code (Name or Contract Number)	Current Nomination (GJ)	Previous Gas Day's Summary Statement Nomination (GJ)	Amount of Change (GJ)

Imbalance Make-up Quantity _____

TransCanada Storage Nomination _____

Total at Interconnection Point _____

(Note this format is the current nomination at Empress with the addition of the TransCanada nomination for the Empress Balancing Account)

Schedule B OBA Statement

This is Schedule "B" to the GAS BALANCING AGREEMENT, made as of the 1st day of XXX 199X between TRANSCANADA PIPELINES LIMITED ("TransCanada") and NOVA GAS TRANSMISSION LIMITED ("NGTL").

		SCHEDULE B			
(Example)					
EMPRESS		AECO C			
DATE or Time	Empress Balancing Account	AEC Balancing Account	SUM = 0		
	GJ	GJ	GJ		
Open	0	0	0		
	3800	-3800	0		
	-2000	2000	0		
	1000	-1000	0		
	-1000	1000	0		
	10000	-10000	0		
	-10000	10000	0		
	-1000	1000	0		
	5000	-5000	0		
	4000	-4000	0		
	0	0	0		
	0	0	0		
	-5000	5000	0		
	-3000	3000	0		
Close	1800	-1800	0		
		+ INJECTION			
		- WITHDRAWAL			

FIRST AMENDING AGREEMENT

This AGREEMENT is made as of the 10th day of April, 2003.

BETWEEN:

TRANSCANADA PIPELINES LIMITED, a corporation
governed by the laws of Canada;

(hereinafter referred to as "TransCanada")

OF THE FIRST PART

- and -

NOVA GAS TRANSMISSION LTD., a corporation governed
by the laws of Alberta;

(hereinafter referred to as "NGTL")

OF THE SECOND PART

WHEREAS NGTL and TransCanada are parties to the Gas Balancing Agreement dated May 1, 1997 (the "Agreement");

AND WHEREAS NGTL and TransCanada have agreed to amend the Agreement as herein provided;

ARTICLE 1

INCORPORATION, DEFINITIONS AND EFFECTIVE DATE

- 1.1 This First Amending Agreement and the provisions hereof are supplemental to the Agreement, and are to form part of and have the same effect as though incorporated in the Agreement.
- 1.2 Unless otherwise defined in this First Amending Agreement, all capitalized terms contained in this First Amending Agreement which are defined in the Agreement shall for all purposes hereof have the meaning given to them in the Agreement unless the context otherwise specifies or requires.
- 1.3 Subject to receipt by each of NGTL and TransCanada of regulatory approval of this Agreement on terms and conditions satisfactory to each of them, this First Amending Agreement shall be effective as of April 10, 2003.

ARTICLE 2
AMENDMENTS TO THE AGREEMENT

- 2.1 The Agreement shall be amended in paragraph 2(b) by deleting the words "October 31, 2003" in paragraph 2(b) in their entirety and replacing it with the following:
"March 31, 2004".

ARTICLE 3
MISCELLANEOUS

- 3.1 This First Amending Agreement supercedes all negotiations, discussions and undertakings between the parties in relation to the subject matter hereof.
- 3.2 Except as specifically amended by this First Amending Agreement, the Agreement heretofore executed and delivered shall remain in full force and effect and is hereby ratified and confirmed.
- 3.3 This First Amending Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instruments.

IN WITNESS WHEREOF the parties to this First Amending Agreement have caused it to be executed by their duly authorized officers as of the day and year first written above.

TRANSCANADA PIPELINES LIMITED

PER: _____

Max Feldman
Senior Vice President
Customer Sales & Service

PER: _____

Stephen M. V. Clark
Vice-President, Gas Development
and Director, Sales & Marketing

NOVA GAS TRANSMISSION LTD.

PER: _____

PER: _____

SECOND AMENDING AGREEMENT

This AGREEMENT is made as of the 13th day of November, 2003

BETWEEN:

TRANSCANADA PIPELINES LIMITED, a corporation governed
by the laws of Canada;

(hereinafter referred to as "TransCanada")

OF THE FIRST PART

- and -

NOVA GAS TRANSMISSION LTD., a corporation governed by the
laws of Alberta;

(hereinafter referred to as "NGTL")

OF THE SECOND PART

WHEREAS NGTL and TransCanada are parties to the Gas Balancing Agreement dated May 1, 1997, as amended by the First Amending Agreement dated April 10, 2003 (the "Agreement");

AND WHEREAS Alberta Energy Company Ltd. ("AEC") with PanCanadian Energy Corporation merged to form EnCana Corporation ("EnCana");

AND WHEREAS NGTL and TransCanada have agreed to further amend the Agreement as herein provided;

ARTICLE 1
INCORPORATION, DEFINITIONS AND EFFECTIVE DATE

- 1.1 This Second Amending Agreement and the provisions hereof are supplemental to the Agreement, and are to form part of and have the same effect as though incorporated in the Agreement.
- 1.2 Unless otherwise defined in this Second Amending Agreement, all capitalized terms contained in this Second Amending Agreement which are defined in the Agreement shall for all purposes hereof have the meaning given to them in the Agreement unless the context otherwise specifies or requires.

- 1.3 Subject to receipt by each of NGTL and TransCanada of regulatory approval of this Second Amending Agreement on terms and conditions satisfactory to each of them, this Second Amending Agreement shall be effective as of March 31, 2004.

ARTICLE 2
AMENDMENTS TO THE AGREEMENT

2.1 The Agreement shall be amended as follows:

- (a) by deleting the words “March 31, 2004” in paragraph 2(b) in their entirety and replacing them with the following:

“March 31, 2009”;

- (b) by deleting paragraph 8(a) in its entirety and replacing it with the following:

“8. **Notice**

- (a) The Parties’ addresses for service of nominations, notices or other communications are as follows:

TransCanada

Notices and Confirmations:

Attention: Manager, Operations Planning
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1
Fax: 403-920-2446
Telephone: 403-920-6341

Invoices:

Attention: Co-ordinator, Volume Planning
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1
Fax: 403-920-2446
Telephone: 403-920-6827

NGTL

Nominations and Schedules:

Attention: Manager, Operations Planning
450 – 1st Street S.W.
Calgary, Alberta T2P 5H1
Fax: 403-920-2437
Telephone: 403-920-6825

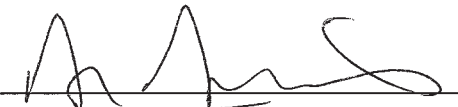
- (c) by deleting paragraph 14 in its entirety; and
- (d) by replacing the word “AEC” with “EnCana” throughout the Agreement.


ARTICLE 3
MISCELLANEOUS

- 3.1 This Second Amending Agreement supercedes all negotiations, discussions and undertakings between the parties in relation to the subject matter hereof.
- 3.2 Except as specifically amended by this Second Amending Agreement, the Agreement heretofore executed and delivered shall remain in full force and effect and is hereby ratified and confirmed.
- 3.3 This Second Amending Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instruments.


IN WITNESS WHEREOF the parties to this Second Amending Agreement have caused it to be executed by their duly authorized officers as of the day and year first written above.

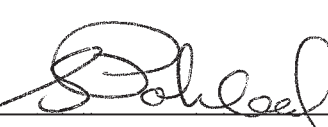
TRANSCANADA PIPELINES LIMITED

Per: 

Per: 

NOVA GAS TRANSMISSION LTD.

Per:  **Max Feldman**
Vice President
Gas Transmission West

Per:  **STEVE POTLODY**

LEGAL	
CONTENT	

1 **3.3 TARIFF CHANGES**

2 **Q1. What amendments is NGTL proposing to Rate Schedule IT-S?**

3 A1. Rate Schedule IT-S specifies the applicable rates a customer shall pay at a storage receipt
4 point for volumes received by NGTL. NGTL proposes to amend Rate Schedule IT-S to
5 include applicable rates for volumes delivered by NGTL to a storage delivery point.

6 Blacklined and clean copies of the proposed amendments to Rate Schedule IT-S are
7 provided in Appendices A and B, respectively.

8 **Q2. What is the purpose of these amendments to Rate Schedule IT-S?**

9 A2. Historically, NGTL’s customers used Alberta storage facilities primarily for temporary
10 storage of gas and were not connected to these facilities for purposes other than storage.
11 More recently, the storage business and NGTL’s customers’ use of the associated
12 facilities have become more complex. Gas can now be exported from or consumed
13 within Alberta after delivery to a storage delivery point.

14 The proposed amendments to Rate Schedule IT-S will enable NGTL to ensure that it can
15 properly allocate volumes delivered to or received from storage facilities to the
16 appropriate service and charge the appropriate corresponding rates. NGTL’s storage
17 service customers bear the responsibility under Rate Schedule IT-S to ensure that the
18 storage operator provides NGTL with appropriate information about the gas being
19 received by or delivered to NGTL.

20 **Q3. What amendments is NGTL proposing to the General Terms and Conditions?**

21 A3. NGTL proposes to add Demmitt #2 Interconnect to the definition of Export Delivery
22 Point in Section 1.30 of the Tariff.

23 Blacklined and clean copies of this proposed amendment to the General Terms and
24 Conditions are provided in Appendices C and D, respectively.

1 **Q4. What is the purpose of this amendment to the General Terms and Conditions?**

2 A4. Demmitt #2 Interconnect is a storage delivery point. Gas delivered to storage at this
3 point can be received back on the Alberta System but these storage facilities are also
4 connected to the Alliance Pipeline system. Consequently, gas delivered from the Alberta
5 System to Demmitt storage can later be delivered to the Alliance Pipeline for export from
6 Alberta.

7 NGTL proposes to designate Demmitt #2 Interconnect as an Export Delivery Point in
8 order that NGTL can properly allocate and charge for volumes delivered from the Alberta
9 System at that point that are destined for export from Alberta.

10 **Q5. Is NGTL proposing any other Tariff Amendments?**

11 A5. Yes. NGTL seeks approval in this Application of certain minor Tariff amendments that
12 are consequential to the proposed amendments to Rate Schedule IT-S and the General
13 Terms and Conditions, or are of a “housekeeping” nature. These other minor
14 amendments affect Rate Schedule IT-S, the General Terms and Conditions, and
15 Appendix D of the Tariff. The amendments are summarized at the front of, and shown
16 in, the blacklined copies in Appendices A, C, and E. Clean copies are provided in
17 Appendices B, D, and F.

18 **Q6. Does that conclude NGTL’s evidence in this section?**

19 A6. Yes.

1 **APPENDIX A: RATE SCHEDULE IT-S**
2 **PROPOSED AMENDMENTS BLACKLINED**

3 **Summary of Tariff Amendments to Rate Schedule IT-S**

4 Several consequential amendments to NGTL's Tariff are currently proposed. These amendments
5 either result from the proposed clarification updates described in Section 3 or provide general
6 housekeeping updates. This summary has been provided for information only and is not intended to
7 form part of the Tariff.

8 (*) after the item identifies general housekeeping updates

- 9 (i) Paragraph 3.1(ii) [charges for gas received] – amend to remove duplication and instead
10 refer to allocation of gas received under paragraph 4.1;
- 11 (ii) Add new Subparagraph 3.1(iii) [charges for gas delivered] – to include clarification for
12 delivered volumes;
- 13 (iii) Paragraph 3.2 [aggregate of customer's surcharges] – amend to correctly reflect
14 Schedules of Service (*);
- 15 (iv) Subparagraph 4.1(ii) [allocation of gas received] – amend to correctly include the LRS
16 services;
- 17 (v) Amend Paragraph 4.2 [allocation of gas delivered] – to include clarification for
18 allocation to services of delivery volumes;
- 19 (vi) Add new Subparagraph 5.2(ii) [failure to provide Storage Delivery Point information] –
20 to include clarification for delivered volumes.

RATE SCHEDULE IT-S
INTERRUPTIBLE - ACCESS TO STORAGE

1.0 DEFINITIONS

1.1 The capitalized terms used in this Rate Schedule have the meanings attributed to them in the General Terms and Conditions of the Tariff unless otherwise defined in this Rate Schedule.

2.0 SERVICE DESCRIPTION AND AVAILABILITY

2.1 Subject to the stated terms and conditions, service under Rate Schedule IT-S shall mean:

- (i) the delivery of gas by Company for Customer at Storage Delivery Points; and
- (ii) the receipt of gas by Company for Customer at Storage Receipt Points.

Subparagraphs (i) and (ii) are collectively referred to as the “Service” which includes transportation of gas that Company determines necessary to provide services under the Tariff.

2.2 The Service is available to any Customer that has executed a Service Agreement and Schedule of Service under Rate Schedule IT-S and a valid Service Agreement under Rate Schedule FCS is executed by any Customer at the Storage Delivery Point provided that:

- (i) with respect to subparagraph 2.1(i), capacity exists in the Facilities that is not required by Company to provide service under Rate Schedule FT-A, Rate Schedule FT-D, Rate Schedule FT-X, Rate Schedule LRS-2, Rate Schedule STFT, Rate Schedule FT-P, Rate Schedule IT-D and Rate Schedule IT-S; and

- (ii) with respect to subparagraph 2.1(ii), capacity exists in the Facilities that is not required by Company to provide service under Rate Schedule FT-R, Rate Schedule FT-RN, Rate Schedule FT-P, Rate Schedule FT-X, Rate Schedule LRS, Rate Schedule LRS-2, Rate Schedule LRS-3, Rate Schedule IT-R and Rate Schedule IT-S.

A standard form Service Agreement for Service under Rate Schedule IT-S is attached.

- 2.3** Company shall not be required to construct or install Facilities for any Service under Rate Schedule IT-S. If Company determines that new Facilities are required that are directly attributable to Customer's request for Service, Company shall not be required to provide such requested Service unless a valid Service Agreement under Rate Schedule FCS exists in respect of such new Facilities.

3.0 CHARGE FOR SERVICE

3.1 Aggregate of Customer's Monthly Charge

- (i) Customer undertakes to cause the operator of the gas storage facility connected to the Storage Receipt Point and the Storage Delivery Point to provide any information necessary to satisfy Company that the volume of gas received by Company at the Storage Receipt Point connected to a Storage Facility was previously delivered by Company at the Storage Delivery Point for such Storage Facility. If Company is satisfied that the volume of gas received by Company at the Storage Receipt Point connected to a Storage Facility was previously delivered by Company at the Storage Delivery Point for such Storage Facility, Company shall not charge Customer for Service under this Rate Schedule IT-S.

- (ii) If the operator of a gas storage facility fails to provide information to Company's satisfaction that all or a portion of the volume of gas received by Company at the Storage Receipt Point connected to a Storage Facility was previously delivered by Company at the Storage Delivery Point for such Storage Facility, then Company shall charge for such volumes in accordance with the allocations determined by Company in paragraph 4.1 ~~Customer shall pay the FT-R Demand Rate applicable to such Storage Receipt Point in respect of such volume provided Customer is entitled to receive service under Rate Schedule FT-R or the FT-RN Demand Rate if Customer is not entitled to receive service under Rate Schedule FT-R but is entitled to receive service under Rate Schedule FT-RN at such Storage Receipt Point. If Customer is not entitled to service under Rate Schedule FT-R or Rate Schedule FT-RN at such Storage Receipt Point, then Customer shall pay the IT-R Rate applicable to such Storage Receipt Point in respect of such volume.~~
- (iii) If the operator of the gas storage facility fails to provide information to Company's satisfaction that all or a portion of the volume of gas delivered by Company at the Storage Delivery Point connected to a Storage Facility is for the sole purpose of storage and ultimate receipt by Company from such Storage Facility at the Storage Receipt Point, then Company shall charge for such volumes in accordance with the allocations determined by Company in paragraph 4.2.

3.2 Aggregate of Customer's Surcharges

The aggregate of Customer's Surcharges for a Billing Month shall be equal to the sum of all Surcharges set forth in the Table of rates, Tolls and Charges applicable to each of Customer's ~~Export Delivery Points~~ Schedules of Service under Rate Schedule IT-S.

3.3 Aggregate Charge for Service

Customer shall pay for each Billing Month the sum of the amounts calculated in accordance with paragraphs 3.1 and 3.2.

4.0 ALLOCATION OF GAS RECEIVED AND DELIVERED

4.1 Allocation of Gas Received

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

- (i) If paragraph 3.1(i) applies, then the volume of gas received shall be allocated only to Service to Customer under Rate Schedule IT-S; or
- (ii) If paragraph 3.1(ii) applies, then the volume of gas received shall be allocated:

(a) first to service to Customer under Rate Schedules LRS and LRS-3 to a maximum of such Customer's LRS Contract Demand for such Receipt Point under such Rate Schedule LRS and to a maximum of such Customer's LRS-3 Contract Demand for such Receipt Point under such Rate Schedule LRS-3;

(a)(b) first~~secondly~~ to service to Customer under Rate Schedule FT-R to a maximum of such Customer's Receipt Contract Demand for such Storage Receipt Point under such Rate Schedule FT-R;

(b)(c) secondly~~thirdly~~ to service to Customer under Rate Schedule FT-RN to a maximum of such Customer's Receipt Contract Demand for such Storage Receipt Point under such Rate Schedule FT-RN;

~~(e)(d)~~ thirdly fourth to service to Customer under Rate Schedule IT-R at such Storage Receipt Point. If Customer is not entitled to service under Rate Schedule IT-R at such Storage Receipt Point, then Customer shall pay the IT-R Rate at such Storage Receipt Point in respect of such volume of gas allocated to it hereunder.

4.2 Allocation of Gas Delivered

Notwithstanding any other provision of this Rate Schedule, any Service Agreement or the General Terms and Conditions of this Tariff, and without regard to how gas may have been nominated, the aggregate volume of gas delivered at a Storage Delivery Point for Customer, shall be allocated as follows: only to Service to Customer under Rate Schedule IT-S.

- (i) If paragraph 3.1(i) applies, then the volume of gas delivered shall be allocated only to Service to Customer under Rate Schedule IT-S; or
- (ii) If paragraph 3.1(iii) applies, then the volume of gas delivered shall be allocated:
 - (a) first to service to Customer under Rate Schedule FT-A at such Storage Delivery Point, if Company is satisfied that the volume of gas delivered by Company at such Storage Delivery Point is not to be removed from Alberta. If Customer is not entitled to service under Rate Schedule FT-A at such Storage Delivery Point, then Customer shall pay the FT-A Rate in respect of such volume of gas allocated to it hereunder;
 - (b) secondly to service to Customer under Rate Schedule FT-D to a maximum of such Customer's Export Delivery Contract Demand for such Storage Delivery Point under such Rate Schedule FT-D; and

(c) thirdly, under all other circumstances other than the ones set out in paragraphs 4.2(ii)(a) and 4.2(ii)(b), to service to Customer under Rate Schedule IT-D at such Storage Delivery Point. If Customer is not entitled to service under Rate Schedule IT-D at such Storage Delivery Point, regardless of whether of not such Storage Delivery Point is an Export Delivery Point, then Customer shall pay the IT-D Rate in respect of such volume of gas allocated to it hereunder.

5.0 STORAGE INFORMATION

5.1 Customer undertakes to cause the operator of every gas storage facility connected to the Storage Receipt Point and the Storage Delivery Point to provide to Company, when requested by the Company, the following information:

- (i) the cumulative total of the volume of gas delivered to the Storage Delivery Point for Customer by Company; and
- (ii) the cumulative total of the volume of gas received at the Storage Receipt Point by Company for Customer.

5.2 If the operator of a gas storage facility fails to provide Company with the information requested with respect to any month within the time provided by Company for a response to Company's request;

- (i) the gas received at the Storage Receipt Point for Customer for such month shall be deemed to have been received for Customer at the Storage Receipt Point under Rate Schedule IT-R and Customer shall pay the IT-R Rate applicable to such Storage Receipt Point in respect of such volume.; and

(ii) the gas delivered at the Storage Delivery Point for Customer for such month shall be deemed to have been delivered by Customer at the Storage Delivery Point under Rate Schedule IT-D and Customer shall pay the IT-D Rate in respect to such volume regardless of whether of not such Storage Delivery Point is an Export Delivery Point.

6.0 TERM OF SERVICE

6.1 Term of Service at a Storage Receipt Point and Delivery Point

The term for any Schedule of Service for Service under Rate Schedule IT-S at each Storage Receipt Point and at each Storage Delivery Point shall be the term requested by Customer, provided that the term is a minimum of one (1) month and terminates on the last day of a Gas Year.

6.2 Term of Service Agreement

Customer's Service Agreement shall terminate on the latest Service Termination Date of Customer's Schedules of Service under Rate Schedule IT-S.

7.0 TITLE TRANSFERS

7.1 A Customer entitled to receive Service under Rate Schedule IT-S 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.

8.0 RENEWAL OF SERVICE

8.1 Renewal Notification

Customer shall be entitled to renew Service under Rate Schedule IT-S if Customer gives notice to Company of such renewal at least one (1) month prior to the Service Termination Date. If Customer does not provide such notice, the Service shall expire on the Service Termination Date.

8.2 Irrevocable Notice

Customer's notice to renew pursuant to paragraph 8.1 shall be irrevocable one (1) month 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.

8.3 Renewal Term

The renewal term shall consist of increments of whole years and shall not be less than one (1) year.

9.0 APPLICATION FOR SERVICE

9.1 Applications for Service under this Rate Schedule IT-S shall be in such form as Company may prescribe from time to time.

10.0 GENERAL TERMS AND CONDITIONS

10.1 The General Terms and Conditions of the Tariff and the provisions of any Service Agreement for Service under Rate Schedule IT-S are applicable to Rate Schedule IT-S to the extent that such terms and conditions and provisions are not inconsistent with this Rate Schedule.

- 1 **APPENDIX B: RATE SCHEDULE IT-S**
- 2 **CLEAN COPY INCLUDING PROPOSED AMENDMENTS**

RATE SCHEDULE IT-S
INTERRUPTIBLE - ACCESS TO STORAGE

1.0 DEFINITIONS

1.1 The capitalized terms used in this Rate Schedule have the meanings attributed to them in the General Terms and Conditions of the Tariff unless otherwise defined in this Rate Schedule.

2.0 SERVICE DESCRIPTION AND AVAILABILITY

2.1 Subject to the stated terms and conditions, service under Rate Schedule IT-S shall mean:

- (i) the delivery of gas by Company for Customer at Storage Delivery Points; and
- (ii) the receipt of gas by Company for Customer at Storage Receipt Points.

Subparagraphs (i) and (ii) are collectively referred to as the “Service” which includes transportation of gas that Company determines necessary to provide services under the Tariff.

2.2 The Service is available to any Customer that has executed a Service Agreement and Schedule of Service under Rate Schedule IT-S and a valid Service Agreement under Rate Schedule FCS is executed by any Customer at the Storage Delivery Point provided that:

- (i) with respect to subparagraph 2.1(i), capacity exists in the Facilities that is not required by Company to provide service under Rate Schedule FT-A, Rate Schedule FT-D, Rate Schedule FT-X, Rate Schedule LRS-2, Rate Schedule STFT, Rate Schedule FT-P, Rate Schedule IT-D and Rate Schedule IT-S; and

- (ii) with respect to subparagraph 2.1(ii), capacity exists in the Facilities that is not required by Company to provide service under Rate Schedule FT-R, Rate Schedule FT-RN, Rate Schedule FT-P, Rate Schedule FT-X, Rate Schedule LRS, Rate Schedule LRS-2, Rate Schedule LRS-3, Rate Schedule IT-R and Rate Schedule IT-S.

A standard form Service Agreement for Service under Rate Schedule IT-S is attached.

- 2.3** Company shall not be required to construct or install Facilities for any Service under Rate Schedule IT-S. If Company determines that new Facilities are required that are directly attributable to Customer's request for Service, Company shall not be required to provide such requested Service unless a valid Service Agreement under Rate Schedule FCS exists in respect of such new Facilities.

3.0 CHARGE FOR SERVICE

3.1 Aggregate of Customer's Monthly Charge

- (i) Customer undertakes to cause the operator of the gas storage facility connected to the Storage Receipt Point and the Storage Delivery Point to provide any information necessary to satisfy Company that the volume of gas received by Company at the Storage Receipt Point connected to a Storage Facility was previously delivered by Company at the Storage Delivery Point for such Storage Facility. If Company is satisfied that the volume of gas received by Company at the Storage Receipt Point connected to a Storage Facility was previously delivered by Company at the Storage Delivery Point for such Storage Facility, Company shall not charge Customer for Service under this Rate Schedule IT-S.

- (ii) If the operator of a gas storage facility fails to provide information to Company's satisfaction that all or a portion of the volume of gas received by Company at the Storage Receipt Point connected to a Storage Facility was previously delivered by Company at the Storage Delivery Point for such Storage Facility, then Company shall charge for such volumes in accordance with the allocations determined by Company in paragraph 4.1 .

- (iii) If the operator of the gas storage facility fails to provide information to Company's satisfaction that all or a portion of the volume of gas delivered by Company at the Storage Delivery Point connected to a Storage Facility is for the sole purpose of storage and ultimate receipt by Company from such Storage Facility at the Storage Receipt Point, then Company shall charge for such volumes in accordance with the allocations determined by Company in paragraph 4.2.

3.2 Aggregate of Customer's Surcharges

The aggregate of Customer's Surcharges for a Billing Month shall be equal to the sum of all Surcharges set forth in the Table of rates, Tolls and Charges applicable to each of Customer's Schedules of Service under Rate Schedule IT-S.

3.3 Aggregate Charge for Service

Customer shall pay for each Billing Month the sum of the amounts calculated in accordance with paragraphs 3.1 and 3.2.

4.0 ALLOCATION OF GAS RECEIVED AND DELIVERED

4.1 Allocation of Gas Received

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

- (i) If paragraph 3.1(i) applies, then the volume of gas received shall be allocated only to Service to Customer under Rate Schedule IT-S; or
- (ii) If paragraph 3.1(ii) applies, then the volume of gas received shall be allocated:
 - (a) first to service to Customer under Rate Schedules LRS and LRS-3 to a maximum of such Customer's LRS Contract Demand for such Receipt Point under such Rate Schedule LRS and to a maximum of such Customer's LRS-3 Contract Demand for such Receipt Point under such Rate Schedule LRS-3;
 - (b) secondly to service to Customer under Rate Schedule FT-R to a maximum of such Customer's Receipt Contract Demand for such Storage Receipt Point under such Rate Schedule FT-R;
 - (c) thirdly to service to Customer under Rate Schedule FT-RN to a maximum of such Customer's Receipt Contract Demand for such Storage Receipt Point under such Rate Schedule FT-RN;
 - (d) fourth to service to Customer under Rate Schedule IT-R at such Storage Receipt Point. If Customer is not entitled to service under Rate Schedule

IT-R at such Storage Receipt Point, then Customer shall pay the IT-R Rate at such Storage Receipt Point in respect of such volume of gas allocated to it hereunder.

4.2 Allocation of Gas Delivered

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

- (i) If paragraph 3.1(i) applies, then the volume of gas delivered shall be allocated only to Service to Customer under Rate Schedule IT-S; or
- (ii) If paragraph 3.1(iii) applies, then the volume of gas delivered shall be allocated:
 - (a) first to service to Customer under Rate Schedule FT-A at such Storage Delivery Point, if Company is satisfied that the volume of gas delivered by Company at such Storage Delivery Point is not to be removed from Alberta. If Customer is not entitled to service under Rate Schedule FT-A at such Storage Delivery Point, then Customer shall pay the FT-A Rate in respect of such volume of gas allocated to it hereunder;
 - (b) secondly to service to Customer under Rate Schedule FT-D to a maximum of such Customer's Export Delivery Contract Demand for such Storage Delivery Point under such Rate Schedule FT-D; and
 - (c) thirdly, under all other circumstances other than the ones set out in paragraphs 4.2(ii)(a) and 4.2(ii)(b), to service to Customer under Rate Schedule IT-D at such Storage Delivery Point. If Customer is not entitled

to service under Rate Schedule IT-D at such Storage Delivery Point, regardless of whether of not such Storage Delivery Point is an Export Delivery Point, then Customer shall pay the IT-D Rate in respect of such volume of gas allocated to it hereunder.

5.0 STORAGE INFORMATION

5.1 Customer undertakes to cause the operator of every gas storage facility connected to the Storage Receipt Point and the Storage Delivery Point to provide to Company, when requested by the Company, the following information:

- (i) the cumulative total of the volume of gas delivered to the Storage Delivery Point for Customer by Company; and
- (ii) the cumulative total of the volume of gas received at the Storage Receipt Point by Company for Customer.

5.2 If the operator of a gas storage facility fails to provide Company with the information requested with respect to any month within the time provided by Company for a response to Company's request:

- (i) the gas received at the Storage Receipt Point for Customer for such month shall be deemed to have been received for Customer at the Storage Receipt Point under Rate Schedule IT-R and Customer shall pay the IT-R Rate applicable to such Storage Receipt Point in respect of such volume.; and
- (ii) the gas delivered at the Storage Delivery Point for Customer for such month shall be deemed to have been delivered by Customer at the Storage Delivery Point under Rate Schedule IT-D and Customer shall pay the IT-D Rate in respect to

such volume regardless of whether of not such Storage Delivery Point is an Export Delivery Point.

6.0 TERM OF SERVICE

6.1 Term of Service at a Storage Receipt Point and Delivery Point

The term for any Schedule of Service for Service under Rate Schedule IT-S at each Storage Receipt Point and at each Storage Delivery Point shall be the term requested by Customer, provided that the term is a minimum of one (1) month and terminates on the last day of a Gas Year.

6.2 Term of Service Agreement

Customer's Service Agreement shall terminate on the latest Service Termination Date of Customer's Schedules of Service under Rate Schedule IT-S.

7.0 TITLE TRANSFERS

7.1 A Customer entitled to receive Service under Rate Schedule IT-S 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.

8.0 RENEWAL OF SERVICE

8.1 Renewal Notification

Customer shall be entitled to renew Service under Rate Schedule IT-S if Customer gives notice to Company of such renewal at least one (1) month prior to the Service Termination Date. If Customer does not provide such notice, the Service shall expire on the Service Termination Date.

8.2 Irrevocable Notice

Customer's notice to renew pursuant to paragraph 8.1 shall be irrevocable one (1) month 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.

8.3 Renewal Term

The renewal term shall consist of increments of whole years and shall not be less than one (1) year.

9.0 APPLICATION FOR SERVICE

9.1 Applications for Service under this Rate Schedule IT-S shall be in such form as Company may prescribe from time to time.

10.0 GENERAL TERMS AND CONDITIONS

10.1 The General Terms and Conditions of the Tariff and the provisions of any Service Agreement for Service under Rate Schedule IT-S are applicable to Rate Schedule IT-S to the extent that such terms and conditions and provisions are not inconsistent with this Rate Schedule.

SERVICE AGREEMENT
RATE SCHEDULE IT-S

BETWEEN:

NOVA Gas Transmission Ltd., a body corporate having an office
in Calgary, Alberta (“Company”)

- and -

•, a body corporate having an office in •, • (“Customer”)

IN CONSIDERATION of the premises and the covenants and agreements in this Service Agreement, the parties covenant and agree as follows:

1. Customer acknowledges receipt of a current copy of the Tariff.
2. The capitalized terms used in this Service Agreement have the meanings attributed to them in the General Terms and Conditions of the Tariff, unless otherwise defined in this Service Agreement.
3. Customer requests and Company agrees to provide Service pursuant to Rate Schedule IT-S in accordance with the following procedure:
 - (a) subject to the provisions of this paragraph 3, upon execution and delivery of this Service Agreement Customer shall be entitled to Service from any Storage Receipt Point and Storage Delivery Point described in the Schedule of Service respecting Rate Schedule IT-S, provided however that Customer may not with respect to any Service at any Storage Receipt Point and Storage Delivery Point

described in such Schedule of Service request Company to receive a volume of gas in excess of the capacity of the facilities (as determined by Company) upstream of such Storage Receipt Point or in excess of the capacity of the Facilities (as determined by Company) downstream of such Storage Delivery Point;

- (b) Customer shall by written notice to Company in form and substance satisfactory to Company designate Storage Receipt Points and Storage Delivery Points, referred to in subparagraph 3(a), with respect to which Customer desires Service pursuant to Rate Schedule IT-S;
 - (c) from and after the time of receipt by Company of Customer's written notice referred to in subparagraph 3(b) determined in Company's sole judgment, Customer shall be entitled to receive Service pursuant to Rate Schedule IT-S with respect to the Storage Receipt Points and Storage Delivery Points designated as provided for in subparagraph 3(b) in priority to all Customers requesting such Service after the time, but subject to all Customers requesting such Service prior to the time, of Company's receipt of such written notice; and
 - (d) Customer shall at Company's request from time to time provide written confirmation of the Storage Receipt Points and Storage Delivery Points designated by Customer pursuant to subparagraph 3(b).
4. Customer agrees to pay to Company each Billing Month, for all Service rendered under this Service Agreement, an amount equal to the aggregate charges for Service described in Rate Schedule IT-S.

5. Customer shall:
- (a) provide such assurances and information as Company may reasonably require respecting any Service to be provided pursuant to this Rate Schedule IT-S including, without limiting the generality of the foregoing, an assurance that all necessary arrangements have been made among Customer, producers of gas for Customer, purchasers of gas from Customer and any other Person relating to such Service, including all gas purchase, gas sale, operating, processing and common stream arrangements; and
 - (b) at Company's request provide Company with an assurance that Customer has provided the Person operating facilities upstream of any Receipt Point or downstream of any Delivery Point in respect of which Customer has the right to receive service with all authorizations necessary to enable such Person to provide Company with all data and information reasonably requested by Company for the purpose of allocating volumes of gas received or delivered by Company among Company's Customers and to bind Customer in respect of all such data and information provided.

If Customer fails to provide such assurances and information forthwith following request by Company, from time to time, Company may at its option, to be exercised by notice to Customer, suspend the Service to which such assurances and information relate until such time as Customer provides the assurances and information requested, provided however that any such suspension of Service shall not relieve Customer from any obligation to pay any rate, toll, charge or other amount payable to Company.

6. Every notice, request, demand, statement, bid or bill (for the purpose of this paragraph, collectively referred to as "Notice") provided for in Rate Schedule IT-S, this Service Agreement and the General Terms and Conditions, or any other Notice which either Company or Customer may desire to give to the other, shall be in writing and each of

them and every payment provided for shall be directed to the Person to whom given, made or delivered at such Person's address as follows:

Customer:

-
-
-

Attention: •

Fax: •

Company:

-
-
-

Attention: Customer Account Representative

Fax: •

Notice may be given by fax or other telecommunication and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) business days after mailing, Saturdays, Sundays and statutory holidays excepted. In the event of disruption of regular mail, every payment not made electronically shall be personally delivered, and any other Notice shall be given by one of the other stated means.

Any Notice for the matters listed in the Notice Schedule for Electronic Commerce in Appendix "F" of the Tariff shall be given via Company's electronic bulletin board

(“EBB”). Company shall not accept any such Notice for those matters listed in Appendix “F” via any other alternative means, unless the EBB is inoperative or Customer is unable to establish connection with the EBB, in which case Notice shall be given by any other alternative means set out herein. Any Notice given by the EBB shall be deemed to be given one (1) hour after transmission.

Any Notice may also be given by telephone followed immediately by EBB, fax, personal delivery, courier or prepaid mail, and any Notice so given shall be deemed to have been given as of the date and time of the telephone notice.

- 7. The terms and conditions of Rate Schedule IT-S, the General Terms and Conditions and Schedule of Service under Rate Schedule IT-S are by this reference incorporated into and made a part of this Service Agreement.

IN WITNESS WHEREOF the parties have executed this Service Agreement by their proper signing officers duly authorized in that behalf all as of the • day of •, •.

•
Per: _____

NOVA Gas Transmission Ltd.
Per : _____

Per: _____

Per : _____

NOVA Gas Transmission Ltd.

**SCHEDULE OF SERVICE
RATE SCHEDULE IT-S**

CUSTOMER: •

Schedule of Service Number	Storage Receipt and Delivery Point Number and Name	Storage Receipt and Delivery Point Legal Description	Maximum Delivery Pressure kPa	Service Termination Date	Additional Conditions
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THIS SCHEDULE FORMS PART OF THE SERVICE AGREEMENT DATED • AND SHALL BE DEEMED TO BE ATTACHED THERETO.

• NOVA Gas Transmission Ltd.

Per: _____

Per: _____

1 **APPENDIX C: GENERAL TERMS AND CONDITIONS**

2 **PROPOSED AMENDMENTS BLACKLINED**

3 **Summary of Tariff Amendments to the General Terms and Conditions**

4 Several consequential amendments to NGTL’s Tariff are currently proposed. These amendments
5 either result from the proposed clarification updates described in Section 3 or provide general
6 housekeeping updates. This summary has been provided for information only and is not intended to
7 form part of the Tariff.

8 (*) after the item identifies general housekeeping updates

- 9 (i) Update definition 1.10 "Common Stream Operator" to include acronym “CSO” (*);
10 (ii) Add definition 1.13 “Connecting Pipeline Operator” with associated acronym “CPO”,
11 which was previously defined in Appendix D (*);
12 (iii) Delete previously numbered definition 1.14 “CSO” due to its incorporation into
13 definition 1.10 (*);
14 (iv) Amend definition 1.30 “Export Delivery Point” to include Demmitt #2 Interconnection;
15 (v) Amend definition 1.59 “Maximum Carbon Dioxide Volume” to clarify the maximum is
16 of excess CO₂ Volume (*);
17 (vi) Delete definition 1.93 “T-4 Charge” (*).

GENERAL TERMS AND CONDITIONS**1.0 DEFINITIONS**

In this Tariff:

- 1.1** “Act” shall mean the *Gas Utilities Act*, R.S.A. 1980, c. G-4, as amended.
- 1.2** “Alberta Delivery Point” shall mean the point in Alberta where gas that is not to be removed from Alberta is delivered to Customer by Company under a Schedule of Service.
- 1.3** “Annual Plan” shall mean a document submitted annually to the Board by Company outlining the Company’s planned Facility additions and major modifications.
- 1.4** “Billing Commencement Date” shall mean the earlier of:
- (a) the Ready for Service Date; and
 - (b) the date Company commences to provide Service to Customer pursuant to a Service Agreement or Schedule of Service.
- 1.5** “Billing Month” shall mean that month which immediately precedes the month in which Company is required to send a bill for Service.
- 1.6** “Block Period” shall have the meaning attributed to it in paragraph 4.2 of Rate Schedule STFT.
- 1.7** “Board” shall mean the Alberta Energy and Utilities Board.
- 1.8** “CO₂ Volume” shall mean the portion of the total excess volume of carbon dioxide allocated by a CSO to a Customer at a particular Receipt Point for any month under a

Schedule of Service for Service under Rate Schedule CO₂. The total excess volume of carbon dioxide at a Receipt Point for any month shall be determined by Company as follows:

$$\text{Total Excess CO}_2 \text{ Volume} = A \times (B - C)$$

Where:

“A” = the total volume of gas received by Company at such Receipt Point;

“B” = the percentage of carbon dioxide by volume of gas received as determined by Company at such Receipt Point; and

“C” = two (2) percent.

If “B” is less than or equal to “C”, the Total Excess CO₂ Volume shall be zero.

1.9 “CO₂ Rate” shall mean the CO₂ Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule CO₂.

1.10 “Common Stream Operator” or “CSO” shall mean the person who, with respect to a Receipt Point:

- (i) provides Company with the estimates of Flow at the Receipt Point;
- (ii) provides Company with the allocation of the estimated Flow, Measured Volume and Total Energy for the Receipt Point to each Customer receiving Service at the Receipt Point; and

- (iii) accepts Nominations made by Company on behalf of Customers and confirms the availability of gas to meet Customer's Nominations.

1.11 "Company" shall mean NOVA Gas Transmission Ltd. and any successor to it.

1.12 "Company's Gas Use Price" shall mean the monthly weighted average of the "AECO/NGX Intra-Alberta Same Day Index Values" for every day of the month recorded by the Natural Gas Exchange Inc. (or its successor) as published on its website (or any replacement thereof) for the month preceding the Billing Month multiplied by the average heating value of all physical gas received by Company for the month preceding the Billing Month.

1.13 "Connecting Pipeline Operator" or "CPO" shall mean the person who, with respect to a Delivery Point, places Nominations with Company on behalf of Customers.

~~**1.13.14**~~ "Criteria for Determining Primary Term" shall mean the procedure for determining the Primary Term, as set out in Appendix "E" of the Tariff.

~~**1.14** "CSO" shall mean Common Stream Operator.~~

1.15 "Cubic Metre of Gas" shall mean that quantity of gas which, at a temperature of fifteen (15) degrees Celsius and at an absolute pressure of one hundred one and three hundred twenty-five thousandths (101.325) kiloPascals occupies a volume of one cubic metre.

1.16 "Customer" shall mean any Person named as a Customer in a Schedule of Service.

- 1.17 “Customer Account” shall mean an account established by Company for Customer to record Customer’s transactions related to Service under one or more Rate Schedules.
- 1.18 “Customer Bid” shall have the meaning attributed to it in paragraph 5.2 of Rate Schedule STFT.
- 1.19 “Customer's Inventory” shall mean, for each Customer Account at a given time on a day, an estimated energy amount determined by Company as follows:

$$CI = (A + B) - (C + D) - E \pm F$$

Where:

- “CI” = the Customer’s Inventory;
- “A” = the gas received by Company from Customer at all of Customer's Receipt Points;
- “B” = the gas received by Customer from another Customer through title transfers;
- “C” = the gas delivered by Company to Customer at all of Customer’s Delivery Points;
- “D” = the gas delivered by Customer to another Customer through title transfers;
- “E” = the gas allocated to Customer for Gas Used, Gas Lost, and

Measurement Variance; and

- “F” = the daily recovery of Customer’s Inventory imbalance as a result of:
- (i) any differences in measurement or allocations between the daily estimated gas received by Company from Customer at all of Customer’s Receipt Points and the month end actual volume of gas received by Company from Customer at such Receipt Points;
 - (ii) any differences in measurement or allocations between the daily estimated volume of gas delivered by Company to Customer at all of Customer’s Delivery Points and the month end actual gas delivered by Company to Customer at such Delivery Points;
 - (iii) any corrections due to measurement or allocations of gas for any prior months; and
 - (iv) Company’s administration of Customer’s Inventory at month end pursuant to paragraphs 8.2 and 8.3 in Appendix “D” of the Tariff.

1.20 “Day” shall mean a period of twenty-four (24) consecutive hours, beginning and ending at eight hours (08:00) Mountain Standard Time.

- 1.21 “Delivery Demand Charge” shall have the meaning attributed to it in subparagraph 4.2.2 (ii) of Rate Schedule LRS.
- 1.22 “Delivery Point” shall mean the point where gas may be delivered to Customer by Company under a Schedule of Service and shall include but not be limited to Export Delivery Point, Alberta Delivery Point, Extraction Delivery Point and Storage Delivery Point.
- 1.23 “Effective LRS Rate” shall mean the Effective LRS Rate set forth in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule LRS.
- 1.24 “Eligible LRS Contract Demand” shall have the meaning attributed to it in subparagraph 4.2.1 of Rate Schedule LRS.
- 1.25 “Eligible LRS-3 Contract Demand” shall have the meaning attributed to it in subparagraph 4.2.1 of Rate Schedule LRS-3.
- 1.26 “Eligible LRS-2 Volume” shall have the meaning attributed to it in subparagraph 4.3.2 of Rate Schedule LRS-2.
- 1.27 “Eligible Points to Point Volume” shall mean for each Schedule of Service under Rate Schedule FT-P, the lesser of:
- (i) the sum of each Points to Point Contract Demand in effect for all or a portion of the month preceding the Billing Month multiplied by the number of days that the Customer was entitled to such Points to Point Contract Demand under such Schedule of Service in such month;
 - (ii) the actual volume of gas received by Company from Customer at the

Receipt Points under such Schedule of Service; or

- (iii) the actual volume of gas delivered by Company to Customer at the Alberta Delivery Point under such Schedule of Service.

1.28 “Emergency Response Compensation Event” or “ERC Event” shall have the meaning attributed to it in Appendix “G” of the Tariff.

1.29 “Export Delivery Contract Demand” shall mean the maximum volume of gas Company may be required to deliver to Customer at the Export Delivery Point on any Day, as set forth in the Schedule of Service.

1.30 “Export Delivery Point” shall mean any of the following points where gas is delivered to a Customer for removal from Alberta under a Schedule of Service:

Alberta-British Columbia Border

Alberta-Montana Border

Boundary Lake Border

Cold Lake Border

Demmitt #2 Interconnect

Empress Border

Gordondale Border

McNeill Border

Unity Border

1.31 “Extraction Delivery Point” shall mean the point in Alberta where gas may be delivered to the Extraction Plant by Company for Customer under a Schedule of Service.

1.32 “Extraction Plant” shall mean a facility connected to the Facilities where Gas liquids are

extracted.

- 1.33** “Extraction Receipt Point” shall mean the point in Alberta where gas may be received from the Extraction Plant by Company for Customer under a Schedule of Service.
- 1.34** “Facilities” shall mean Company's pipelines and other facilities or any part or parts thereof for the receiving, gathering, treating, transporting, storing, distributing, exchanging, handling or delivering of gas.
- 1.35** “Final ERC Adjustment” shall have the meaning attributed to it in Appendix “G” of the Tariff.
- 1.36** “Flow” shall mean, with respect to a Receipt Point, the rate in $10^3\text{m}^3/\text{d}$ or GJ/d, as the case may be, that gas is being delivered into Company's Facilities through such Receipt Point at any point in time and means with respect to a Delivery Point, the rate in $10^3\text{m}^3/\text{d}$ or GJ/d, as the case may be, that gas is being delivered off Company's Facilities through such Delivery Point at any point in time.
- 1.37** “FT-A Rate” shall mean the FT-A Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-A.
- 1.38** “FT-D Demand Rate” shall mean the FT-D Demand Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-D.
- 1.39** “FT-P Customer Account” shall mean an account established by Company for Customer to record Customer's transactions related to Service under Rate Schedule FT-P.
- 1.40** “FT-P Demand Rate” shall mean the FT-P Demand Rate for the distance between the particular Receipt Points and the particular Alberta Delivery Point in the Table of Rates,

Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-P.

- 1.41** “FT-R Demand Rate” shall mean the FT-R Demand Rate for a particular Receipt Point in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-R.
- 1.42** “FT-RN Demand Rate” shall mean the FT-RN Demand Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-RN for a particular Receipt Point.
- 1.43** “Gas” or “gas” shall mean all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons other than hydrocarbons that can be recovered from a pool in liquid form by ordinary production methods.
- 1.44** “GIA” shall mean the *Electricity and Gas Inspection Act*, R.S.C. 1985, c. E-4, as amended, and all Regulations issued pursuant to it.
- 1.45** “Gas Lost” shall mean that volume of gas determined by Company to be the total volume of gas lost as a result of a Facilities rupture or leak.
- 1.46** “Gas Used” shall mean that volume of gas determined by Company to be the total volume of gas used by Company in the operation, maintenance and construction of the Facilities.
- 1.47** “Gas Year” shall mean a period of time beginning at eight hours (08:00) Mountain Standard Time on the first day of November in any year and ending at eight hours (08:00) Mountain Standard Time on the first day of November of the next year.

- 1.48** “Gross Heating Value” shall mean the total megaJoules obtained by complete combustion of one cubic metre of gas with air, the gas to be free of all water vapour and the gas, air and products of combustion to be at standard conditions of fifteen (15) degrees Celsius and one hundred one and three hundred twenty-five thousandths (101.325) kiloPascals (absolute) and all water vapour formed by the combustion reaction condensed to the liquid state.
- 1.49** “IT-D Rate” shall mean the IT-D Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule IT-D.
- 1.50** “IT-R Rate” shall mean the IT-R Rate for a particular Receipt Point in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule IT-R.
- 1.51** “kPa” or “kiloPascals ” shall mean kiloPascals of pressure (gauge) unless otherwise specified.
- 1.52** “Line Pack Gas” shall mean at any point in time that volume of gas determined by Company to be the total volume of gas contained in the Facilities.
- 1.53** “LRS Billing Adjustment” shall have the meaning attributed to it in subparagraph 4.2.4 of Rate Schedule LRS.
- 1.54** “LRS Charge” shall have the meaning attributed to it in subparagraph 4.2.3 of Rate Schedule LRS.
- 1.55** “LRS Contract Demand” shall mean the maximum daily volume of gas Company may be required to receive from Customer and deliver at the Empress or McNeill Border Export Delivery Point under Rate Schedule LRS.

- 1.56** “LRS Receipt Point Obligation” shall mean the period determined in subparagraph 6.2 or 6.3 of Rate Schedule LRS as the case may be.
- 1.57** “LSR-3 Contract Demand” shall mean the maximum daily volume of gas Company may be required to receive from Customer and deliver at the Empress Border Export Delivery Point under a Schedule of Service for Service under Rate Schedule LRS-3.
- 1.58** “LRS-3 Demand Rate” shall mean the LRS-3 Demand Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule LRS-3.
- 1.59** “Maximum Carbon Dioxide Volume” shall mean the maximum ~~volume of carbon dioxide~~ total excess CO₂ Volume as determined by Company that the Company may be required to accept at a particular Receipt Point on any day, as set forth in a Schedule of Service under Rate Schedule CO₂.
- 1.60** “Maximum Delivery Pressure” shall mean relative to a Delivery Point the maximum pressure at which Company may deliver gas to Customer, as set forth in a Schedule of Service.
- 1.61** “Maximum Receipt Pressure” shall mean relative to a Receipt Point the maximum pressure at which Company may require Customer to deliver gas, as set forth in Schedule of Service.
- 1.62** “Measurement Variance” shall mean, for any period, after taking into account any adjustment made in accordance with the provisions of paragraph 2.6 of these General Terms and Conditions, the energy equivalent of the amount determined as follows:

$$MV = (A + B + C) - (D + E)$$

Where:

“MV” = the Measurement Variance;

“A” = the energy equivalent of gas determined by Company to have been delivered to all Customers during the period;

“B” = the energy equivalent of the aggregate of the Gas Lost and Gas Used during the period;

“C” = the energy equivalent of Line Pack Gas at the end of the period;

“D” = the energy equivalent of gas determined by Company to have been received from all Customers during the period; and

“E” = the energy equivalent of Line Pack Gas at the beginning of the period.

1.63 “Month” or “month” shall mean a period of time beginning at eight hours (08:00) Mountain Standard Time on the first day of a calendar month and ending at eight hours (08:00) Mountain Standard Time on the first day of the next calendar month.

1.64 “Nomination” shall mean, with respect to a Receipt Point or a Delivery Point, a request for Flow made on behalf of a Customer.

1.65 “Non-Responding Plant” shall have the meaning attributed to it in Appendix “G” of the Tariff.

1.66 “Officer’s Certificate” shall have the meaning attributed to it in subparagraph 4.2.1 of Rate Schedule LRS for Service under Rate Schedule LRS and subparagraph 4.3.1 of Rate

Schedule LRS-2 for Service under Rate Schedule LRS-2.

- 1.67** “Over-Run Gas” shall mean, in respect of a Customer in a month, the aggregate volume of gas for which an amount for over-run gas is payable by Customer in the Billing Month.
- 1.68** “OS Charge” shall mean an OS Charge in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule OS.
- 1.69** “Person” shall mean and include Company, a Customer, a corporation, a company, a partnership, an association, a joint venture, a trust, an unincorporated organization, a government, or department of a government or a section, branch, or division of a department of a government.
- 1.70** “Points to Point Contract Demand” shall mean the maximum volume of gas Company may be required to receive from Customer at particular Receipt Points and deliver to Customer at a particular Alberta Delivery Point on any day under a Schedule of Service under Rate Schedule FT-P.
- 1.71** “Price Point” shall mean Price Point “A”, Price Point “B”, or Price Point “C”, each as defined in paragraph 3.2 of Rate Schedule FT-R and Rate Schedule FT-P.
- 1.72** “Primary Term” shall mean for the purposes of any Service provided under any Schedule of Service the term calculated in accordance with the Criteria for Determining Primary Term in Appendix “E” of the Tariff.

- 1.73** “Prime Rate” shall mean the rate of interest, expressed as an annual rate of interest, announced from time to time by the Royal Bank of Canada, Main Branch, Calgary, Alberta as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.
- 1.74** “Project Area” shall mean each of:
- (i) the Peace River Project Area;
 - (ii) the North and East Project Area; and
 - (iii) the Mainline Project Area,
- as described in Company’s current Annual Plan. The Project Areas may be amended from time to time by Company in consultation with the Facility Liaison Committee (or any replacement of it), provided Company has given six (6) months notice of such amendment to its Customers.
- 1.75** “Rate Schedule” shall mean any of the schedules identified as a “Rate Schedule” included in the Tariff.
- 1.76** “Ready for Service Date” shall mean the Day designated as such by Company by written notice to Customer stating that Company has Facilities which are ready for and are capable of rendering the Service applied for by Customer.
- 1.77** “Receipt Contract Demand” shall mean the maximum volume of gas Company may be required to receive from Customer at a Receipt Point on any Day, under a Schedule of Service.
- 1.78** “Receipt Demand Charge” shall have the meaning attributed to it in subparagraph 4.2.2 (i) of Rate Schedule LRS.

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- 1.79** “Receipt Point” shall mean the point in Alberta at which gas may be received from Customer by Company under a Schedule of Service.
- 1.80** “Responding Plant” shall have the meaning attributed to it in Appendix “G” of the Tariff.
- 1.81** “STFT Bid Price” shall have the meaning attributed to it in article 6.0 of Rate Schedule STFT.
- 1.82** “STFT Capacity” shall have the meaning attributed to it in paragraph 4.1 of Rate Schedule STFT.
- 1.83** “Schedule of Service” shall mean the attachment(s) to a Service Agreement for Service under any Rate Schedule designated as “Schedule of Service” and any amendments thereto.
- 1.84** “Secondary Term” shall mean for the purposes of Service provided under any Schedule of Service any portion of the term of the Schedule of Service that is not Primary Term.
- 1.85** “Service” shall have the meaning attributed to it in article 2.0 of the applicable Rate Schedule.
- 1.86** “Service Agreement” shall mean an agreement between Company and Customer respecting Service to be provided under any Rate Schedule.

- 1.87** “Service Termination Date” shall mean the last Day in a month upon which Service shall terminate, as set forth in a Schedule of Service and subject to any renewal thereof.
- 1.88** “Storage Delivery Point” shall mean the point in Alberta where gas may be delivered to the Storage Facility by Company for Customer for ultimate receipt from such Storage Facility at the Storage Receipt Point under a Schedule of Service.
- 1.89** “Storage Facility” shall mean any commercial facility where gas is stored, that is connected to the Facilities and is available to all Customers.
- 1.90** “Storage Receipt Point” shall mean the point in Alberta where gas may be received from the Storage Facility by Company for Customer that was previously delivered to such Storage Facility at the Storage Delivery Point under a Schedule of Service.
- 1.91** “Surcharge” shall mean a Surcharge set forth in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under a Rate Schedule.
- 1.92** “Table of Rates, Tolls and Charges” shall mean the Table of Rates, Tolls and Charges setting forth rates, tolls and charges that have been fixed by Company or the Board to be imposed, observed and followed by Company.
- ~~**1.93** “T-4 Charge” shall mean a T-4 Charge in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule T-4.~~
- 1.941.93** “Tariff” shall mean this Gas Transportation Tariff, including the Table of Rates, Tolls and Charges, the Rate Schedules, the Service Agreements, Schedules of Service, these General Terms and Conditions and the Appendices.

1.951.94 “Tier” shall mean the Tier 1, Tier 2 or Tier 3 CO₂ Rate as set forth in the Table of Rates, Tolls and Charges.

1.961.95 “Thousand Cubic Metres” or “10³m³” shall mean one thousand (1000) Cubic Metres of Gas.

1.971.96 “Volume Multiplier” shall have the meaning attributed to it in subparagraph 7.1 (a) of Rate Schedule STFT.

1.981.97 “Winter Season” shall have the meaning attributed to it in paragraph 2.2 of Rate Schedule STFT.

- 1 **APPENDIX D: GENERAL TERMS AND CONDITIONS**
- 2 **CLEAN COPY INCLUDING PROPOSED AMENDMENTS**

GENERAL TERMS AND CONDITIONS**1.0 DEFINITIONS**

In this Tariff:

- 1.1** “Act” shall mean the *Gas Utilities Act*, R.S.A. 1980, c. G-4, as amended.
- 1.2** “Alberta Delivery Point” shall mean the point in Alberta where gas that is not to be removed from Alberta is delivered to Customer by Company under a Schedule of Service.
- 1.3** “Annual Plan” shall mean a document submitted annually to the Board by Company outlining the Company’s planned Facility additions and major modifications.
- 1.4** “Billing Commencement Date” shall mean the earlier of:
- (a) the Ready for Service Date; and
 - (b) the date Company commences to provide Service to Customer pursuant to a Service Agreement or Schedule of Service.
- 1.5** “Billing Month” shall mean that month which immediately precedes the month in which Company is required to send a bill for Service.
- 1.6** “Block Period” shall have the meaning attributed to it in paragraph 4.2 of Rate Schedule STFT.
- 1.7** “Board” shall mean the Alberta Energy and Utilities Board.
- 1.8** “CO₂ Volume” shall mean the portion of the total excess volume of carbon dioxide

allocated by a CSO to a Customer at a particular Receipt Point for any month under a Schedule of Service for Service under Rate Schedule CO₂. The total excess volume of carbon dioxide at a Receipt Point for any month shall be determined by Company as follows:

$$\text{Total Excess CO}_2 \text{ Volume} = A \times (B - C)$$

Where:

“A” = the total volume of gas received by Company at such Receipt Point;

“B” = the percentage of carbon dioxide by volume of gas received as determined by Company at such Receipt Point; and

“C” = two (2) percent.

If “B” is less than or equal to “C”, the Total Excess CO₂ Volume shall be zero.

1.9 “CO₂ Rate” shall mean the CO₂ Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule CO₂.

1.10 “Common Stream Operator” or “CSO” shall mean the person who, with respect to a Receipt Point:

- (i) provides Company with the estimates of Flow at the Receipt Point;
- (ii) provides Company with the allocation of the estimated Flow, Measured Volume and Total Energy for the Receipt Point to each Customer receiving Service at the Receipt Point; and

(iii) accepts Nominations made by Company on behalf of Customers and confirms the availability of gas to meet Customer's Nominations.

1.11 "Company" shall mean NOVA Gas Transmission Ltd. and any successor to it.

1.12 "Company's Gas Use Price" shall mean the monthly weighted average of the "AECO/NGX Intra-Alberta Same Day Index Values" for every day of the month recorded by the Natural Gas Exchange Inc. (or its successor) as published on its website (or any replacement thereof) for the month preceding the Billing Month multiplied by the average heating value of all physical gas received by Company for the month preceding the Billing Month.

1.13 "Connecting Pipeline Operator" or "CPO" shall mean the person who, with respect to a Delivery Point, places Nominations with Company on behalf of Customers.

1.14 "Criteria for Determining Primary Term" shall mean the procedure for determining the Primary Term, as set out in Appendix "E" of the Tariff.

1.15 "Cubic Metre of Gas" shall mean that quantity of gas which, at a temperature of fifteen (15) degrees Celsius and at an absolute pressure of one hundred one and three hundred twenty-five thousandths (101.325) kiloPascals occupies a volume of one cubic metre.

1.16 "Customer" shall mean any Person named as a Customer in a Schedule of Service.

1.17 "Customer Account" shall mean an account established by Company for Customer to record Customer's transactions related to Service under one or more Rate Schedules.

1.18 “Customer Bid” shall have the meaning attributed to it in paragraph 5.2 of Rate Schedule STFT.

1.19 “Customer's Inventory” shall mean, for each Customer Account at a given time on a day, an estimated energy amount determined by Company as follows:

$$CI = (A + B) - (C + D) - E \pm F$$

Where:

“CI” = the Customer’s Inventory;

“A” = the gas received by Company from Customer at all of Customer's Receipt Points;

“B” = the gas received by Customer from another Customer through title transfers;

“C” = the gas delivered by Company to Customer at all of Customer’s Delivery Points;

“D” = the gas delivered by Customer to another Customer through title transfers;

“E” = the gas allocated to Customer for Gas Used, Gas Lost, and Measurement Variance; and

“F” = the daily recovery of Customer’s Inventory imbalance as a result of:

- (i) any differences in measurement or allocations between the daily estimated gas received by Company from Customer at all of Customer's Receipt Points and the month end actual volume of gas received by Company from Customer at such Receipt Points;
- (ii) any differences in measurement or allocations between the daily estimated volume of gas delivered by Company to Customer at all of Customer's Delivery Points and the month end actual gas delivered by Company to Customer at such Delivery Points;
- (iii) any corrections due to measurement or allocations of gas for any prior months; and
- (iv) Company's administration of Customer's Inventory at month end pursuant to paragraphs 8.2 and 8.3 in Appendix "D" of the Tariff.

1.20 "Day" shall mean a period of twenty-four (24) consecutive hours, beginning and ending at eight hours (08:00) Mountain Standard Time.

1.21 "Delivery Demand Charge" shall have the meaning attributed to it in subparagraph 4.2.2 (ii) of Rate Schedule LRS.

1.22 "Delivery Point" shall mean the point where gas may be delivered to Customer by Company under a Schedule of Service and shall include but not be limited to Export Delivery Point, Alberta Delivery Point, Extraction Delivery Point and Storage Delivery Point.

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- 1.23** “Effective LRS Rate” shall mean the Effective LRS Rate set forth in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule LRS.
- 1.24** “Eligible LRS Contract Demand” shall have the meaning attributed to it in subparagraph 4.2.1 of Rate Schedule LRS.
- 1.25** “Eligible LRS-3 Contract Demand” shall have the meaning attributed to it in subparagraph 4.2.1 of Rate Schedule LRS-3.
- 1.26** “Eligible LRS-2 Volume” shall have the meaning attributed to it in subparagraph 4.3.2 of Rate Schedule LRS-2.
- 1.27** “Eligible Points to Point Volume” shall mean for each Schedule of Service under Rate Schedule FT-P, the lesser of:
- (i) the sum of each Points to Point Contract Demand in effect for all or a portion of the month preceding the Billing Month multiplied by the number of days that the Customer was entitled to such Points to Point Contract Demand under such Schedule of Service in such month;
 - (ii) the actual volume of gas received by Company from Customer at the Receipt Points under such Schedule of Service; or
 - (iii) the actual volume of gas delivered by Company to Customer at the Alberta Delivery Point under such Schedule of Service.
- 1.28** “Emergency Response Compensation Event” or “ERC Event” shall have the meaning attributed to it in Appendix “G” of the Tariff.
- 1.29** “Export Delivery Contract Demand” shall mean the maximum volume of gas Company

may be required to deliver to Customer at the Export Delivery Point on any Day, as set forth in the Schedule of Service.

1.30 “Export Delivery Point” shall mean any of the following points where gas is delivered to a Customer for removal from Alberta under a Schedule of Service:

Alberta-British Columbia Border

Alberta-Montana Border

Boundary Lake Border

Cold Lake Border

Demmitt #2 Interconnect

Empress Border

Gordondale Border

McNeill Border

Unity Border

1.31 “Extraction Delivery Point” shall mean the point in Alberta where gas may be delivered to the Extraction Plant by Company for Customer under a Schedule of Service.

1.32 “Extraction Plant” shall mean a facility connected to the Facilities where Gas liquids are extracted.

1.33 “Extraction Receipt Point” shall mean the point in Alberta where gas may be received from the Extraction Plant by Company for Customer under a Schedule of Service.

1.34 “Facilities” shall mean Company's pipelines and other facilities or any part or parts thereof for the receiving, gathering, treating, transporting, storing, distributing, exchanging, handling or delivering of gas.

1.35 “Final ERC Adjustment” shall have the meaning attributed to it in Appendix “G” of the

Tariff.

- 1.36** “Flow” shall mean, with respect to a Receipt Point, the rate in $10^3\text{m}^3/\text{d}$ or GJ/d, as the case may be, that gas is being delivered into Company’s Facilities through such Receipt Point at any point in time and means with respect to a Delivery Point, the rate in $10^3\text{m}^3/\text{d}$ or GJ/d, as the case may be, that gas is being delivered off Company’s Facilities through such Delivery Point at any point in time.
- 1.37** “FT-A Rate” shall mean the FT-A Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-A.
- 1.38** “FT-D Demand Rate” shall mean the FT-D Demand Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-D.
- 1.39** “FT-P Customer Account” shall mean an account established by Company for Customer to record Customer’s transactions related to Service under Rate Schedule FT-P.
- 1.40** “FT-P Demand Rate” shall mean the FT-P Demand Rate for the distance between the particular Receipt Points and the particular Alberta Delivery Point in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-P.
- 1.41** “FT-R Demand Rate” shall mean the FT-R Demand Rate for a particular Receipt Point in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-R.
- 1.42** “FT-RN Demand Rate” shall mean the FT-RN Demand Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule FT-RN for a particular Receipt Point.

- 1.43** “Gas” or “gas” shall mean all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons other than hydrocarbons that can be recovered from a pool in liquid form by ordinary production methods.
- 1.44** “GIA” shall mean the *Electricity and Gas Inspection Act*, R.S.C. 1985, c. E-4, as amended, and all Regulations issued pursuant to it.
- 1.45** “Gas Lost” shall mean that volume of gas determined by Company to be the total volume of gas lost as a result of a Facilities rupture or leak.
- 1.46** “Gas Used” shall mean that volume of gas determined by Company to be the total volume of gas used by Company in the operation, maintenance and construction of the Facilities.
- 1.47** “Gas Year” shall mean a period of time beginning at eight hours (08:00) Mountain Standard Time on the first day of November in any year and ending at eight hours (08:00) Mountain Standard Time on the first day of November of the next year.
- 1.48** “Gross Heating Value” shall mean the total megaJoules obtained by complete combustion of one cubic metre of gas with air, the gas to be free of all water vapour and the gas, air and products of combustion to be at standard conditions of fifteen (15) degrees Celsius and one hundred one and three hundred twenty-five thousandths (101.325) kiloPascals (absolute) and all water vapour formed by the combustion reaction condensed to the liquid state.
- 1.49** “IT-D Rate” shall mean the IT-D Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule IT-D.

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- 1.50** “IT-R Rate” shall mean the IT-R Rate for a particular Receipt Point in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule IT-R.
- 1.51** “kPa” or “kiloPascals ” shall mean kiloPascals of pressure (gauge) unless otherwise specified.
- 1.52** “Line Pack Gas” shall mean at any point in time that volume of gas determined by Company to be the total volume of gas contained in the Facilities.
- 1.53** “LRS Billing Adjustment” shall have the meaning attributed to it in subparagraph 4.2.4 of Rate Schedule LRS.
- 1.54** “LRS Charge” shall have the meaning attributed to it in subparagraph 4.2.3 of Rate Schedule LRS.
- 1.55** “LRS Contract Demand” shall mean the maximum daily volume of gas Company may be required to receive from Customer and deliver at the Empress or McNeill Border Export Delivery Point under Rate Schedule LRS.
- 1.56** “LRS Receipt Point Obligation” shall mean the period determined in subparagraph 6.2 or 6.3 of Rate Schedule LRS as the case may be.
- 1.57** “LSR-3 Contract Demand” shall mean the maximum daily volume of gas Company may be required to receive from Customer and deliver at the Empress Border Export Delivery Point under a Schedule of Service for Service under Rate Schedule LRS-3.
- 1.58** “LRS-3 Demand Rate” shall mean the LRS-3 Demand Rate in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule LRS-3.

- 1.59** “Maximum Carbon Dioxide Volume” shall mean the maximum total excess CO₂ Volume as determined by Company that the Company may be required to accept at a particular Receipt Point on any day, as set forth in a Schedule of Service under Rate Schedule CO₂.
- 1.60** “Maximum Delivery Pressure” shall mean relative to a Delivery Point the maximum pressure at which Company may deliver gas to Customer, as set forth in a Schedule of Service.
- 1.61** “Maximum Receipt Pressure” shall mean relative to a Receipt Point the maximum pressure at which Company may require Customer to deliver gas, as set forth in Schedule of Service.
- 1.62** “Measurement Variance” shall mean, for any period, after taking into account any adjustment made in accordance with the provisions of paragraph 2.6 of these General Terms and Conditions, the energy equivalent of the amount determined as follows:

$$MV = (A + B + C) - (D + E)$$

Where:

“MV” = the Measurement Variance;

“A” = the energy equivalent of gas determined by Company to have been delivered to all Customers during the period;

“B” = the energy equivalent of the aggregate of the Gas Lost and Gas Used during the period;

“C” = the energy equivalent of Line Pack Gas at the end of the period;

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- “D” = the energy equivalent of gas determined by Company to have been received from all Customers during the period; and
- “E” = the energy equivalent of Line Pack Gas at the beginning of the period.
- 1.63** “Month” or “month” shall mean a period of time beginning at eight hours (08:00) Mountain Standard Time on the first day of a calendar month and ending at eight hours (08:00) Mountain Standard Time on the first day of the next calendar month.
- 1.64** “Nomination” shall mean, with respect to a Receipt Point or a Delivery Point, a request for Flow made on behalf of a Customer.
- 1.65** “Non-Responding Plant” shall have the meaning attributed to it in Appendix “G” of the Tariff.
- 1.66** “Officer’s Certificate” shall have the meaning attributed to it in subparagraph 4.2.1 of Rate Schedule LRS for Service under Rate Schedule LRS and subparagraph 4.3.1 of Rate Schedule LRS-2 for Service under Rate Schedule LRS-2.
- 1.67** “Over-Run Gas” shall mean, in respect of a Customer in a month, the aggregate volume of gas for which an amount for over-run gas is payable by Customer in the Billing Month.
- 1.68** “OS Charge” shall mean an OS Charge in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under Rate Schedule OS.
- 1.69** “Person” shall mean and include Company, a Customer, a corporation, a company, a partnership, an association, a joint venture, a trust, an unincorporated organization, a government, or department of a government or a section, branch, or division of a department of a government.

- 1.70** “Points to Point Contract Demand” shall mean the maximum volume of gas Company may be required to receive from Customer at particular Receipt Points and deliver to Customer at a particular Alberta Delivery Point on any day under a Schedule of Service under Rate Schedule FT-P.
- 1.71** “Price Point” shall mean Price Point “A”, Price Point “B”, or Price Point “C”, each as defined in paragraph 3.2 of Rate Schedule FT-R and Rate Schedule FT-P.
- 1.72** “Primary Term” shall mean for the purposes of any Service provided under any Schedule of Service the term calculated in accordance with the Criteria for Determining Primary Term in Appendix “E” of the Tariff.
- 1.73** “Prime Rate” shall mean the rate of interest, expressed as an annual rate of interest, announced from time to time by the Royal Bank of Canada, Main Branch, Calgary, Alberta as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.
- 1.74** “Project Area” shall mean each of:
- (i) the Peace River Project Area;
 - (ii) the North and East Project Area; and
 - (iii) the Mainline Project Area,
- as described in Company’s current Annual Plan. The Project Areas may be amended from time to time by Company in consultation with the Facility Liaison Committee (or any replacement of it), provided Company has given six (6) months notice of such amendment to its Customers.
- 1.75** “Rate Schedule” shall mean any of the schedules identified as a “Rate Schedule” included in the Tariff.

- 1.76** “Ready for Service Date” shall mean the Day designated as such by Company by written notice to Customer stating that Company has Facilities which are ready for and are capable of rendering the Service applied for by Customer.
- 1.77** “Receipt Contract Demand” shall mean the maximum volume of gas Company may be required to receive from Customer at a Receipt Point on any Day, under a Schedule of Service.
- 1.78** “Receipt Demand Charge” shall have the meaning attributed to it in subparagraph 4.2.2 (i) of Rate Schedule LRS.
- 1.79** “Receipt Point” shall mean the point in Alberta at which gas may be received from Customer by Company under a Schedule of Service.
- 1.80** “Responding Plant” shall have the meaning attributed to it in Appendix “G” of the Tariff.
- 1.81** “STFT Bid Price” shall have the meaning attributed to it in article 6.0 of Rate Schedule STFT.
- 1.82** “STFT Capacity” shall have the meaning attributed to it in paragraph 4.1 of Rate Schedule STFT.
- 1.83** “Schedule of Service” shall mean the attachment(s) to a Service Agreement for Service under any Rate Schedule designated as “Schedule of Service” and any amendments thereto.
- 1.84** “Secondary Term” shall mean for the purposes of Service provided under any Schedule of Service any portion of the term of the Schedule of Service that is not Primary Term.
- 1.85** “Service” shall have the meaning attributed to it in article 2.0 of the applicable Rate

Schedule.

- 1.86** “Service Agreement” shall mean an agreement between Company and Customer respecting Service to be provided under any Rate Schedule.
- 1.87** “Service Termination Date” shall mean the last Day in a month upon which Service shall terminate, as set forth in a Schedule of Service and subject to any renewal thereof.
- 1.88** “Storage Delivery Point” shall mean the point in Alberta where gas may be delivered to the Storage Facility by Company for Customer for ultimate receipt from such Storage Facility at the Storage Receipt Point under a Schedule of Service.
- 1.89** “Storage Facility” shall mean any commercial facility where gas is stored, that is connected to the Facilities and is available to all Customers.
- 1.90** “Storage Receipt Point” shall mean the point in Alberta where gas may be received from the Storage Facility by Company for Customer that was previously delivered to such Storage Facility at the Storage Delivery Point under a Schedule of Service.
- 1.91** “Surcharge” shall mean a Surcharge set forth in the Table of Rates, Tolls and Charges which has been fixed by Company or the Board for Service under a Rate Schedule.
- 1.92** “Table of Rates, Tolls and Charges” shall mean the Table of Rates, Tolls and Charges setting forth rates, tolls and charges that have been fixed by Company or the Board to be imposed, observed and followed by Company.
- 1.93** “Tariff” shall mean this Gas Transportation Tariff, including the Table of Rates, Tolls and Charges, the Rate Schedules, the Service Agreements, Schedules of Service, these General Terms and Conditions and the Appendices.
- 1.94** “Tier” shall mean the Tier 1, Tier 2 or Tier 3 CO₂ Rate as set forth in the Table of Rates,

Tolls and Charges.

1.95 “Thousand Cubic Metres” or “10³m³” shall mean one thousand (1000) Cubic Metres of Gas.

1.96 “Volume Multiplier” shall have the meaning attributed to it in subparagraph 7.1 (a) of Rate Schedule STFT.

1.97 “Winter Season” shall have the meaning attributed to it in paragraph 2.2 of Rate Schedule STFT.

1 **APPENDIX E: APPENDIX “D” TO GAS TRANSPORTATION TARIFF**
2 **PROPOSED AMENDMENT BLACKLINED**

3 **Summary of Tariff Amendment to Appendix “D” to Gas Transportation Tariff**

4 A consequential amendment to NGTL’s Tariff is currently proposed. This amendment provides a
5 general housekeeping update. This summary has been provided for information only and is not
6 intended to form part of the Tariff.

7 (*) after the item identifies general housekeeping updates

8 (i) Article 1.0 Definitions – delete definition 1.3 “Connecting Pipeline Operator” due to
9 move to General Terms and Conditions (*).

- (ii) the negative value of the amount determined in subparagraph 1.2(i).

~~1.3~~ “Connecting Pipeline Operator” shall mean the person who, with respect to a Delivery Point, places Nominations with Company on behalf of Customers.

~~1.41.3~~ “Daily Plan” shall mean the written plan Customer shall provide to Company which shall set out all information on how Customer will comply with this Appendix, including all known or anticipated changes to Customer’s Inventory for the Day.

~~1.51.4~~ “Measured Volume” shall mean the aggregate of the actual measured volumes for a Billing Month for a Receipt Point or a Delivery Point.

~~1.61.5~~ “NIT List” shall mean the list provided to Company by Customer, of at least 10 active title transfers of Customer’s Inventory excluding title transfers between:

- (i) agency accounts;
- (ii) affiliates; and
- (iii) Customers whose marketing and management services are provided by the same entity.

~~1.71.6~~ “Pipeline Tolerance Level” shall mean the volume of linepack in the Facilities determined by Company from time to time to enable the optimum operation of the Company’s Facilities.

~~1.81.7~~ “TJ’s” shall mean TeraJoules.

~~1.91.8~~ “Total Energy” shall mean the aggregate energy calculated for the Measured Volume, using the related Gross Heating Values, for a Billing Month for a Receipt Point or a Delivery Point.

- 1 **APPENDIX F: APPENDIX “D” TO GAS TRANSPORTATION TARIFF**
- 2 **CLEAN COPY INCLUDING PROPOSED AMENDMENT**

**APPENDIX “D”
TO
GAS TRANSPORTATION TARIFF
OF
NOVA GAS TRANSMISSION LTD.**

**TERMS AND CONDITIONS RESPECTING
CUSTOMER’S INVENTORIES AND RELATED MATTERS**

**TERMS AND CONDITIONS RESPECTING
CUSTOMER'S INVENTORIES AND RELATED MATTERS**

1.0 DEFINITIONS

1.1 Capitalized terms used in this Appendix have the meanings attributed to them in the Tariff unless otherwise defined in this Appendix.

In this Appendix:

1.2 "Balanced Zone" shall mean for each Day, subject to Articles 6.0 and 7.0, the range of a Customer's Inventory between the amounts determined as follows:

- (i) the positive value of the greater of:
 - (a) two (2) TJ's; or
 - (b) the sum of:
 - (I) four (4) percent of the quotient obtained when the sum of the Total Energy for all Receipt Points in the Billing Month for a Customer (excluding all Total Energy in relation to storage facilities and title transfers) is divided by the total number of days in the Billing Month; and
 - (II) four (4) percent of the quotient obtained when the sum of the Total Energy for all Delivery Points in the Billing Month for a Customer (excluding all Total Energy in relation to storage facilities and title transfers) is divided by the total number of days in the Billing Month; and

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- (ii) the negative value of the amount determined in subparagraph 1.2(i).
- 1.3** “Daily Plan” shall mean the written plan Customer shall provide to Company which shall set out all information on how Customer will comply with this Appendix, including all known or anticipated changes to Customer’s Inventory for the Day.
- 1.4** “Measured Volume” shall mean the aggregate of the actual measured volumes for a Billing Month for a Receipt Point or a Delivery Point.
- 1.5** “NIT List” shall mean the list provided to Company by Customer, of at least 10 active title transfers of Customer’s Inventory excluding title transfers between:
- (i) agency accounts;
 - (ii) affiliates; and
 - (iii) Customers whose marketing and management services are provided by the same entity.
- 1.6** “Pipeline Tolerance Level” shall mean the volume of linepack in the Facilities determined by Company from time to time to enable the optimum operation of the Company’s Facilities.
- 1.7** “TJ’s” shall mean TeraJoules.
- 1.8** “Total Energy” shall mean the aggregate energy calculated for the Measured Volume, using the related Gross Heating Values, for a Billing Month for a Receipt Point or a Delivery Point.

2.0 DELIVERY NOMINATIONS

2.1 Company may refuse to accept an increase in a Nomination placed on behalf of a Customer at any of Customer's Delivery Points unless two (2) hours prior to the time that such Nomination is to take effect Company has been able to confirm through Common Stream Operators that:

- (i) the aggregate of the Flows at all of Customer's Receipt Points will equal the aggregate of the Flows at all of Customer's Delivery Points when the increase in Nomination takes effect; and
- (ii) Customer will have gas available to meet the Customer's receipt Nominations at all of Customer's Receipt Points when the increase in Nomination takes effect.

3.0 DETERMINATION AND ALLOCATION OF FLOWS

3.1 Company will determine and allocate Flows at Receipt Points and Delivery Points in the following manner:

- (i) Flow at a Receipt Point will be determined as follows:
 - (a) Company will obtain an estimate of the Flow at a Receipt Point from the Common Stream Operator, if available, and will verify, or revise if deemed necessary by Company, the information obtained based on electronically gathered data, if available, or, if electronically gathered data is not available for any reason, based on Company's estimate made by taking into account the most recent measurement data, subsequent changes in Nominations and available historical data.

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- (b) If an estimate of the Flow at a Receipt Point is unavailable from the Common Stream Operator for any reason, Company will estimate the Flow based on electronically gathered data, if available, or, if electronically gathered data is not available for any reason, by taking into account the most recent measurement data, subsequent changes in Nominations and available historical data.

 - (ii) Flow at a Receipt Point will be allocated to each Customer at a Receipt Point based on the allocation made by the Common Stream Operator, if available, or, if for any reason an allocation for any Customer is unavailable from the Common Stream Operator, in the same proportion as the Customer's Nomination at the Receipt Point is of the aggregate of all Nominations for all Customers at the Receipt Point.

 - (iii) Flow at a Delivery Point will be estimated based on electronically gathered data, if available, or, if electronically gathered data is not available for any reason, by taking into account the most recent measurement data, subsequent changes in Nominations and available historical data.

 - (iv) Flow at a Delivery Point will be allocated to each Customer at a Delivery Point in the same proportion as such Customer's Nomination at the Delivery Point is of the aggregate of all Nominations for all Customers at the Delivery Point.

3.2 Company will determine Measured Volumes and Total Energy, and the allocation of Measured Volumes and Total Energy at Receipt Points and Delivery Points as follows:

- (i) Measured Volumes and Total Energy at Receipt Points for a Billing Month will be determined based on final measurement data obtained by Company in the month following the Billing Month.

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- (ii) Measured Volumes and Total Energy at a Receipt Point for a Billing Month will be allocated by the Common Stream Operator to each Customer receiving Service at the Receipt Point during the Billing Month.
 - (iii) Measured Volumes and Total Energy at Delivery Points for a Billing Month will be determined based on final measurement data obtained by Company in the month following the Billing Month.
 - (iv) Measured Volumes and Total Energy at a Delivery Point for a Billing Month will be allocated to each Customer receiving Service at the Delivery Point during the Billing Month in the same proportion as such Customer's Nomination at the Delivery Point is of the aggregate of all Nominations for all Customers at the Delivery Point.

3.3 Company's determinations of Flows, Measured Volumes and Total Energy and the allocation of Flows, Measured Volumes and Total Energy at Receipt Points and Delivery Points, made in accordance with these terms and conditions, will be conclusive and binding on Customers for the purposes of any action taken by Company pursuant to these terms and conditions or any provision contained within the Tariff.

4.0 DAILY BALANCED ZONE REQUIREMENTS

4.1 On each Day Customer shall ensure that such Customer's Inventory shall be within the Balanced Zone at the end of such Day. Customer shall have until 10:30 MST on the following Day to get Customer's Inventory within the Balanced Zone. It is the Customer's responsibility to monitor Customer's Inventory and balancing requirements utilizing the information tools provided by Company. Company may on any Day request Customer to provide a Daily Plan and Customer shall provide such Daily Plan to Company on or before 16:00 hours (Calgary clock time) on such Day.

4.2 If Customer fails to comply with paragraph 4.1 on any Day, Company, to the extent necessary to ensure compliance with paragraph 4.1, may:

- (i) Cancel prior to the end of the next Day all or a portion of any title transfer(s) set out in NIT List. If Customer has not provided Company with a NIT List, Company shall be entitled to randomly select which title transfer(s) shall be reduced and/or cancelled to ensure Customer's Inventory is within Customer's Balanced Zone, commencing with the shortest term title transfer(s) and excluding title transfers between:
 - (a) agency accounts;
 - (b) affiliates; and
 - (c) Customers whose marketing and management services are provided by the same entity.

Any title transfer(s) selected by Company to balance a Customer's Inventory with a term longer than one day shall be deemed to be cancelled for the balance of that term. After such cancellation, Company shall use reasonable efforts to contact and advise Customer and the counter party to the title transfer that all or a portion of the title transfer has been cancelled;

- (ii) Decrease Customer's current Day Nominations; and
- (iii) Decrease Customer's allocations received from the Common Stream Operator to match current Day Nominations.

4.3 If Customer fails to comply with paragraph 4.1, and Company fails to obtain Customer compliance of paragraph 4.1 by virtue of implementing paragraph 4.2 for three (3) consecutive Days, Company, in addition to any other remedy it may have, shall be entitled to suspend on two (2) hours written notice to Customer:

- (i) All or a portion of Service to such Customer, provided however such suspension shall not relieve Customer of its obligation to pay any rate, toll charge or other amount payable to Company; and
- (ii) Customer's access to any electronic tool that allows Customer to transact business on Company's Facilities, provided however such suspension shall not relieve Customer of its obligation to pay any rate, toll charge or other amount payable to Company.

5.0 DISCRETION

5.1 For any Day a Customer's Inventory may be outside the Balanced Zone by an amount equal to the sum of the following:

- (i) The difference between the estimated extrapolated physical receipt flow at 16:00 (Calgary clock time) and the finalized physical receipt volume at the end of such Day;
- (ii) The difference between the forecasted extraction volumes as provided to Company by the Extraction Plants, at 16:00 (Calgary clock time) and the extraction volumes as provided to Company by the Extraction Plants, at the end of such Day;
- (iii) Historical changes that are applied by Company to Customer's Inventory during the Day; and

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- (iv) Net change for such Day to a border delivery nomination between the requested volume and allowable volume when Company implements a border delivery restriction and notification of such restriction to Customer occurs after 16:00 (Calgary clock time).

Provided however, Customer shall cause Customer's Inventory to be within the Balanced Zone by the end of the Day following such Day.

- 5.2** If Customer fails to comply with paragraph 5.1, Company may implement the remedies set out in subparagraphs 4.2 (i), (ii), and (iii). If Customer fails to comply with paragraph 5.1 for three consecutive Days, Company may implement the remedies in subparagraphs 4.3(i) and (ii).

6.0 CHANGES TO PIPELINE TOLERANCE LEVEL

- 6.1** Company may from time to time change the Pipeline Tolerance Level, which shall result in the following changes to Customer's Balanced Zone:
- (i) If Company determines the Pipeline Tolerance Level needs to be increased, the Customer's Balanced Zone shall be between zero and the amount determined in subparagraph 1.2(i); or
 - (ii) If Company determines the Pipeline Tolerance Level needs to be decreased, the Customer's Balanced Zone shall be between zero and the amount determined in subparagraph 1.2(ii).
- 6.2** If on any Day Company changes the Pipeline Tolerance Level prior to 12:00 hours (Calgary clock time) Customer's Inventory must be within Customer's changed Balanced Zone by the end of such Day.

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- 6.3** If on any Day Company changes the Pipeline Tolerance Level on or after 12:00 hours (Calgary clock time) the changed Pipeline Tolerance Level shall be effective at the start of the next Day and Customer's Inventory must be within Customer's changed Balanced Zone by the end of such next Day.
- 6.4** Notwithstanding paragraphs 6.2 and 6.3 Customer shall continue to comply with paragraph 4.1.
- 6.5** If an ERC Event (as defined in Appendix "G" of the Tariff) or Force Majeure (as set out in Article 12.0 of the General Terms & Conditions of the Tariff) occurs, and Company determines, in its sole discretion, that the Pipeline Tolerance Level must be changed for the safe and effective operation of the Facilities, Company may, notwithstanding paragraphs 6.2 and 6.3, immediately change the Pipeline Tolerance Level to a level determined by Company. Customer's Inventory shall be within Customer's changed Balanced Zone within twenty-four (24) hours from the effective time of the revised Pipeline Tolerance Level as posted by Company on its electronic bulletin board.

7.0 NIT ONLY CUSTOMERS

- 7.1** Notwithstanding anything contained in this Appendix, a Customer who does not have any physical receipt volumes or any physical delivery volumes, excluding Total Energy in relation to storage facilities, shall not be entitled to a Balanced Zone and must balance to zero (0) at the end of each Day.
- 7.2** If on any Day, Company determines such Customer did not balance to zero (0) at the end of such Day, Company shall be entitled to cancel all or a portion of any title transfer(s) set out in NIT List, as Company determines necessary to ensure Customer balances to zero (0). If Customer has not provided Company with a NIT List, Company shall be entitled to randomly select which title transfer(s) shall be cancelled and/or reduced, commencing with the shortest term of title transfer(s) and excluding title transfers between:

- (a) agency accounts;
- (b) affiliates; and
- (c) Customers whose marketing and management services are provided by the same entity.

Any title transfer(s) selected by Company to balance a Customer's Inventory with a term longer than one day, shall be deemed to be cancelled for the balance of that term. After such cancellation, Company shall use reasonable efforts to contact and advise the Customer and the counter party to the title transfer that all or a portion of the title transfer has been cancelled.

7.3 If Customer fails to comply with paragraph 7.1 for three (3) consecutive Days, Company, in addition to any other remedy it may have, shall be entitled to suspend on two (2) hours written notice to Customer:

- (i) All or a portion of Service to such Customer, provided however such suspension shall not relieve Customer of its obligation to pay any rate, toll charge or other amount payable to Company; and
- (ii) Customer's access to any electronic tool that allows Customer to transact business on Company's Facilities, provided however such suspension shall not relieve Customer of its obligation to pay any rate, toll charge or other amount payable to Company.

8.0 ADMINISTRATION OF CUSTOMER'S INVENTORIES AT MONTH END

8.1 On one (1) occasion each month Company, using the Total Energy and allocation of Total Energy for each of Customer's Receipt Points and Delivery Points on the pipeline

system, will determine Customer's Inventory for each Customer receiving Service in the Billing Month. Company's monthly determination of Customer's Inventory will incorporate the revision of any allocation of Flow provided to Company in respect of any prior period and the reallocation of the Flow among Customers.

8.2 Company will notify a Customer if such Customer's Inventory is negative. A Customer may reduce such negative amount through one (1) or a series of inventory transfers carried out in accordance with Company's Terms and Conditions Respecting Title Transfers. If Customer does not reduce such negative Customer's Inventory through title transfers then such negative amount shall be subtracted from Customer's Inventory each Day at a rate equivalent to the greater of:

- (i) the absolute value of one thirtieth ($1/30^{\text{th}}$) of such negative amount; and
- (ii) 100 GJ.

8.3 Company will notify Customer if such Customer's Inventory is positive. A Customer may reduce such positive amount through one (1) or a series of inventory transfers carried out in accordance with Company's Terms and Conditions Respecting Title Transfers. If Customer does not reduce such positive Customer's Inventory through title transfers then such positive amount shall be added to Customer's Inventory each Day at a rate equivalent to the greater of:

- (i) one thirtieth ($1/30^{\text{th}}$) of such amount; and
- (ii) 100 GJ.

9.0 CUSTOMER'S RESPONSIBILITY

9.1 Customer is responsible to comply with this Appendix twenty four (24) hours a Day, even if Company is unable to contact Customer on such Day.