

PARKING AND LOAN SERVICE
GENERAL TERMS AND CONDITIONS

INDEX

Section	Sheet No.
I DEFINITIONS	1
II APPLICABILITY AND CHARACTER OF SERVICE	4
III TOLLS	4
IV POSSESSION OF GAS.....	4
V BILLING	4
VI PAYMENTS.....	4
VII WARRANTY OF TITLE TO GAS	4
VIII FORCE MAJEURE.....	5
IX AUTHORIZATION AND IMPAIRED PERFORMANCE.....	5
X DEFAULT AND TERMINATION	5
XI NON-WAIVER AND FUTURE DEFAULT.....	5
XII INCORPORATION IN PALS TOLL SCHEDULES AND PALS CONTRACTS	5
XIII NOMINATIONS	6
XIV FINANCIAL ASSURANCES	6

I DEFINITIONS

Except where specifically defined hereunder, the terms as defined under "Section I, Definitions" in the General Terms are incorporated into these PALS General Terms. In the event of a contradiction or inconsistency between any term defined in the General Terms and these PALS General Terms, the meaning of such terms in these PALS General Terms shall prevail. The following terms, when used in these PALS General Terms, in the PALS Toll Schedule and in any PALS Contract into which these PALS General Terms are incorporated, shall have the following meanings:

1. "CER" shall mean the Commission of the Canada Energy Regulator, or any regulatory or government authority hereafter having a similar jurisdiction in substitution therefor.
2. "CER Act" shall mean the Canadian Energy Regulator Act.
3. "Duration" shall mean the period of time for which Parking and Loans are contracted. Unless otherwise indicated on the Exhibit "A", Duration for any Transaction shall mean from 09:00 hours CCT on the earliest "Start Date" listed on the applicable Exhibit "A" to 09:00 hours CCT on the latest "End Date" listed on the Exhibit.
4. "Eastern PALS Management Section" shall mean the section of TCPL downstream of Station 41, excluding Emerson.
5. "Gas Replacement Factor" shall mean the highest daily spot price for gas for the preceding twelve (12) months, commencing and including the day of the default, at the applicable PALS point, as published in the *S&P Global Gas Daily* or such other recognized industry publication. In the event the applicable PALS point is not published in the *S&P Global Gas Daily* or such other recognized industry publication, "Gas Replacement Factor" shall mean the highest daily spot price for gas for the preceding twelve (12) months, commencing and including the day of the default at Empress, plus three times the 100% load factor toll from Empress to the applicable PALS point in effect on the billing date.

6. "General Terms" shall mean the General Terms and Conditions of TCPL's Transportation Tariff, as approved by the CER and amended from time to time.
7. "Injection Rate" shall mean the daily rate at which PALS Account Holder can deliver gas to its PALS Account at the PALS point, as specified on each Exhibit "A" to a PALS Contract.
8. "Linepack Goal" shall mean the level of linepack inventory that TCPL has determined as being optimal at a given time under the then current operating conditions and environment.
9. "Loan" shall mean a Transaction whereby TCPL transfers a quantity of gas to a PALS Account Holder and debits that PALS Account Holder's PALS Account accordingly. PALS Account Holder subsequently delivers or transfers an equal quantity of gas to TCPL, at which time the PALS Account is credited accordingly.
10. "NEB" shall mean National Energy Board or any regulatory or government authority hereafter having a similar jurisdiction in substitution therefor, including the CER.
11. "Net Loan Position" shall mean the net position of gas lent out under PALS. It is calculated as the difference between the sum of all loan transactions less the sum of all parking transactions at the applicable PALS Point or pipeline segment.
12. "Outstanding Balance" shall mean that quantity of gas remaining in a PALS Account, either positive or negative, after the End Date specified in each Exhibit "A" to a PALS Contract.
13. "PALS" shall mean the Parking and Loan Service offered by TCPL pursuant to the PALS Toll Schedule, a PALS Contract and these PALS General Terms.
14. "PALS Account" shall mean the account through which a quantity of gas is Transacted as a Park or a Loan by PALS Account Holder at a PALS point pursuant to the PALS Toll Schedule and a PALS Contract.
15. "PALS Account Holder" shall mean the party contracting with TCPL for PALS as specified in a PALS Contract.

16. "PALS Contract" shall mean the Parking and Loan Service Contract entered into between TCPL and PALS Account Holder.
17. "PALS General Terms" shall mean these PALS General Terms and Conditions.
18. "PALS point" shall include any receipt or delivery point or area on the TCPL system that TCPL offers PALS.
19. "PALS Toll Schedule" shall mean the Parking and Loan Service Toll Schedule, as approved by the CER and amended from time to time.
20. "Park" or "Parking" shall mean a Transaction whereby TCPL receives a quantity of gas from PALS Account Holder and credits PALS Account Holder's PALS Account accordingly. TCPL subsequently delivers an equal quantity of gas to PALS Account Holder at which time the PALS Account is debited accordingly.
21. "Total Quantity" shall mean that quantity of gas Transacted to or from a PALS Account at a PALS point at a defined Injection Rate or Withdrawal Rate over the Duration specified on each Exhibit "A" to a PALS Contract.
22. "Transacted" and "Transaction" shall refer to any Parking or Loan Transaction conducted pursuant to these PALS General Terms, the PALS Toll Schedule and a PALS Contract.
23. "Transportation Contract" shall mean any transportation service contract for transportation either to or from a PALS point.
24. "Transporter" shall mean any upstream or downstream carrier interconnecting with a PALS point.
25. "Western PALS Management Section" shall mean the section of TCPL upstream of Station 41, provided that the Western PALS Management section also includes Emerson.
26. "Withdrawal Rate" shall mean the rate at which PALS Account Holder can deliver gas from its PALS Account at a PALS point, as specified on each Exhibit "A" to a PALS Contract.

II APPLICABILITY AND CHARACTER OF SERVICE

Subject to the provisions of the PALS Contract, the PALS Toll Schedule and these PALS General Terms, on each day for which service is requested by PALS Account Holder and authorized by TCPL, PALS Account Holder may nominate transfers to or from its PALS Account such quantities of gas specified by PALS Account Holder which, upon scheduling, shall be transferred by TCPL to or from the PALS Account at the PALS point.

III TOLLS

Tolls and surcharges for PALS shall be determined in accordance with the PALS Toll Schedule.

IV POSSESSION OF GAS

PALS Account Holder shall be deemed to be in physical possession, custody and control of, and responsible for, gas at all times while it is at a PALS point and as it moves in and out of a PALS Account at a PALS point.

V BILLING

Billing for PALS shall be in accordance with Section X of the General Terms. For this purpose, the term "Customer" in Section X of the General Terms shall include a PALS Account Holder and the term "Contract" in Section X of the General Terms shall include a PALS Contract.

VI PAYMENTS

Payments, remedies for non-payment, adjustment of underpayment, overpayment or error in billing, and time of payment extended if bill delayed, for PALS, shall be in accordance with Section XI of the General Terms. For this purpose, the term "Customer" in Section XI of the General Terms shall include a PALS Account Holder and the term "Contract" in Section XI of the General Terms shall include a PALS Contract.

VII WARRANTY OF TITLE TO GAS

PALS Account Holder warrants that it owns or controls and has the right to transact for its account, the gas that is transacted through PALS Account Holder's PALS Account(s). PALS Account Holder further indemnifies and holds TCPL harmless against all claims, actions or

damages of any nature made or commenced by a third party claiming an interest in any of the gas being Transacted through PALS Account Holder's PALS Account(s).

VIII FORCE MAJEURE

Any event which constitutes an event of force majeure under Section XIV of the General Terms shall constitute an event of force majeure under these PALS General Terms. The provisions of Section XIV of the General Terms shall apply, mutatis mutandis, to these PALS General Terms.

IX AUTHORIZATION AND IMPAIRED PERFORMANCE

Authorization and impaired performance for PALS shall be determined in accordance with the provisions of the PALS Toll Schedule.

X DEFAULT AND TERMINATION

Default and termination provisions with respect to PALS shall be in accordance with Section XVII of the General Terms. For this purpose, the term "Customer" in Section XVII of the General Terms shall include a PALS Account Holder and the term "Contract" in Section XVII of the General Terms shall include a PALS Contract.

XI NON-WAIVER AND FUTURE DEFAULT

No waiver by either TCPL or PALS Account Holder of any one or more defaults by the other in the performance of any provision of a PALS Contract shall operate or be construed as a waiver of any continuing or future default or defaults whether of a like or different character.

XII INCORPORATION IN PALS TOLL SCHEDULES AND PALS CONTRACTS

1. These PALS General Terms are incorporated in and are a part of the PALS Toll Schedule and all PALS Contracts.
2. These PALS General Terms are subject to the provisions of the CER Act or any other legislation passed in amendment thereto or substitution therefor.

XIII NOMINATIONS

All transfer nominations for PALS shall be in accordance with the PALS Toll Schedule.

XIV FINANCIAL ASSURANCES

1. Prior to commencement and at any time during the term of any PALS Contract, a prospective or current PALS Account Holder shall provide TCPL with sufficient financial information to assess their creditworthiness.
2. Based on its assessment, TCPL, in its sole discretion, may request from the prospective or current PALS Account Holder financial assurances in an amount, form and on terms satisfactory to TCPL prior to commencement or continuation of PALS Service. TCPL will not be obligated to provide and PALS Account Holder shall not be entitled to receive PALS until the requested financial assurances are received.