

WESTCOAST ENERGY INC.

GENERAL TERMS AND CONDITIONS – SERVICE

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ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.01 DEFINITIONS

Except where the context otherwise requires, the following terms when used in these General Terms and Conditions, the Toll Schedules and in a Service Agreement shall have the following meanings:

“actively transport” means for the purposes of the definitions of “Non-Supply Shipper” and “Inventory Transfer Shipper” and as at the time at which the determination is made by Westcoast, either (i) the Shipper has had residue gas transported for its account to or from Compressor Station No. 2 during the period of six months immediately preceding the time at which such determination is made by Westcoast or (ii) the Shipper has demonstrated to the satisfaction of Westcoast that it will in the immediate future have residue gas transported for its account to or from Compressor Station No. 2.

“Aitken Creek Pipeline” means the residue gas transmission pipelines owned by Westcoast and extending from the Aitken Creek Processing Plant and the Storage Reservoir to the Fort Nelson Mainline.

“Aitken Creek Processing Plant” means the facilities owned by NorthRiver Midstream Inc. for the processing of raw gas located in Block A of District Lot 3964, Peace River District, in British Columbia.

“Alberta Mainline” means the residue gas pipeline owned by Westcoast and extending from the NOVA/Gordondale Interconnection to Compressor Station No. 1 and includes any residue gas laterals owned by Westcoast and connected to that pipeline.

“Alliance” means Alliance Pipeline Limited Partnership.

“Alliance/Gordondale Interconnection” means the point where the Pipeline System connects with the pipeline facilities of Alliance in the NE ¼ of Section 2, Township 79, Range 12, W6M in Alberta.

“Arco Delivery Point” means the point in the Export Delivery Area where the Pipeline System interconnects with the pipeline facilities of Arco Products Company.

“Authorized Overrun Service” or **“AOS”** means the daily service entitlement available, on the terms and conditions set out in Section 2.06, to a Shipper as an attribute of each Firm Transportation Service – Northern and Firm Transportation Service – Southern specified in a Service Agreement between the Shipper and Westcoast.

“Authorized Receipt Volume” means in respect of residue gas produced by an Upstream Supplier and delivered into the Pipeline System at a Receipt Point, the volume of residue gas authorized by Westcoast for delivery by or for the account of the Shipper at that Receipt Point on any day pursuant to Article 4.

“Authorized Volume” means the volume of residue gas authorized by Westcoast for delivery to or for the account of a Shipper at a Delivery Point on any day pursuant to Article 4.

“Average Daily Scheduled Quantity” means in respect of a Non-Supply Shipper for each month the arithmetic average of the daily quantity of residue gas transported for the account of that Non-Supply Shipper to or from Compressor Station No. 2, whichever is the greater, during the 30 day period ending on the 20th day of the immediately preceding month.

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"Balancing Tolerance Range" means:

- a) in respect of each Shipper specified in Section 6.01, the balancing tolerance range determined by Westcoast for each such Shipper for each such day in accordance with Section 6.02;
- b) in respect of each Non-Supply Shipper for each month, the balancing tolerance range determined by Westcoast for each such Non-Supply Shipper for each such month in accordance with Section 6.23.

"Bid Recipient" means an independent third party designated by Westcoast in accordance with Section 9.17 or Section 22.10.

"Boundary Lake Pipeline" means the residue gas pipeline owned by Westcoast and extending from the SE ¼ of Section 16, Township 85, Range 13, W6M in Alberta. to Compressor Station No. 1 and includes any residue gas laterals owned by Westcoast and connected to that pipeline.

"Business Day" means any day other than a Saturday, Sunday or any day on which major banks are closed for business in Vancouver, British Columbia or Calgary, Alberta.

"Calculated Production Value" means the daily average quantity of residue gas determined for each Shipper for each day in accordance with Section 6.02.

"Canadian Gas Price Reporter" means the publication entitled "Canadian Gas Price Reporter" published monthly in Canada by Canadian Enerdata Ltd.

"Cascade Delivery Point" means the point in the Export Delivery Area where the Pipeline System connects with the pipeline facilities of Cascade Natural Gas Corporation.

"Central Clock Time" or **"CCT"** means Central Standard Time or Central Daylight-Saving Time, whichever is in effect on any day.

"CGPR Price" means the weighted average price in dollars per gigajoule specified as the average "Daily Spot Gas Price at Station 2, BC" for any day or, in the case of a Saturday or Sunday, for the weekend, as reported in the Canadian Gas Price Reporter.

"Commodity Toll" means, in respect of any Interruptible Service or any Firm Service, the commodity charges for that service prescribed in the Toll Schedules.

"Compressor Station No. 1" means Westcoast's compressor station no. 1 located near Taylor, British Columbia.

"Compressor Station No. 2" means Westcoast's compressor station no. 2 located near Chetwynd, British Columbia.

"Condensate" means pentanes and heavier liquid hydrocarbons.

"Constraint Level" means in respect of the Receipt Points within a T-North Corridor and each Receipt Point in T-South, the maximum volume of residue gas which Westcoast determines pursuant to Section 23.02 can be delivered into the Pipeline System at the Receipt Points within such T-North Corridor or at such Receipt Point in T-South on any day.

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"Contract Demand" means:

- a) in respect of Transportation Service – Northern Long Haul, Transportation Service – Northern Short Haul, Temporary Firm Service Long Haul, Temporary Firm Service Short Haul and Short Term Firm Service in T-North to be provided by Westcoast pursuant to a Firm Service Agreement, the maximum volume of residue gas specified in that Firm Service Agreement that Westcoast is obligated (i) to deliver on any day at a Delivery Point in T-North, or (ii) to transmit through T-North for the account of the Shipper on any day, without curtailment or interruption; and
- b) in respect of Transportation Service - Southern and Short Term Firm Service in T-South to be provided by Westcoast pursuant to a Firm Service Agreement, the maximum volume of residue gas specified in that Firm Service Agreement that Westcoast is obligated to deliver on any day at a Delivery Point in T-South, without curtailment or interruption.

"Contract Demand Credits" means any credits provided to a Shipper by Westcoast pursuant to Article 8.

"Corresponding Firm Transportation Service" means Firm Transportation Service – Northern or Firm Transportation Service – Southern specified in a Firm Service Agreement in respect of which a Shipper is entitled to AOS in accordance with Section 2.06.

"cubic meter" or "**m³**" means, when used in reference to gas, the volume of gas which occupies one cubic meter when such gas is at a temperature of 15°C and at an absolute pressure of 101.325 kilopascals and, when used in reference to Liquid Products, the amount of liquid which occupies one cubic meter when such liquid is at a temperature of 15°C and at an absolute pressure which is the higher of 101.325 kilopascals or the natural vapour pressure of the liquid.

"Cumulative Supply Imbalance" means in respect of each Shipper for each day, the net supply imbalance determined by Westcoast for each such Shipper for each such day by aggregating the supply imbalances recorded in each of the Upstream Balancing Accounts and the Supply Account, if any, maintained for each such Shipper in accordance with Sections 6.05 and 6.21, as reported by Westcoast to each such Shipper in accordance with Section 6.07.

"Customer Interface Agreement" means an agreement between a Shipper and Westcoast providing for electronic data communications between the Shipper and Westcoast.

"Daily Demand Toll" means for each month in respect of Firm Transportation Service – Northern, Firm Transportation Service – Southern, Temporary Firm Service and Short Term Firm Service, an amount equal to the average, weighted by the Contract Demand, of (i) the Daily Equivalent of the Demand Tolls for such Transportation Service and Temporary Firm Service and (ii) the Demand Tolls for Short Term Firm Service payable by a Shipper for such services provided between the same two points, respectively.

"Daily Equivalent" means in respect of a monthly Demand Toll, an amount determined by multiplying the monthly Demand Toll by 12 and by dividing the product so obtained by the number of days in the year.

"day" means a period of 24 consecutive hours beginning at 0900 hours Central Clock Time.

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"Delivery Point" means the point specified in a Service Agreement where Westcoast delivers gas to or for the account of a Shipper and includes (i) in the case of a diversion in T-South made pursuant to Section 7.01, an alternate Delivery Point in the Huntingdon Delivery Area, an Upstream Delivery Point or a Downstream Delivery Point and (ii) in the case of a diversion in T-North made pursuant to Section 7.06 or Section 7.07, an Equivalent Delivery Point or an alternate Delivery Point.

"Demand Toll" means for each month:

- a) in respect of any Firm Transportation Service – Northern, Temporary Firm Service and Firm Transportation Service – Southern, the applicable monthly demand charges for each such service specified in the Toll Schedules; and
- b) in respect of any STF Service, the daily demand charges for each such service specified in the applicable Service Agreement.

"Discount Rate" means for the purposes of Article 9, Westcoast's interim or final AFUDC rate in effect in any month in respect of the tolls charged for service.

"Downstream Delivery Point" means in respect of any Firm Service Agreement, a Delivery Point in T-South which is downstream of the Delivery Point in T-South, outside the Huntingdon Delivery Area, which is specified in the Firm Service Agreement.

"Downstream Diversion" means in respect of any Firm Transportation Service – Southern, the diversion of that service to a Downstream Delivery Point pursuant to Section 7.01(c).

"EFM Equipment" means electronic flow measurement equipment which comprises part of the gas measuring equipment at a Receipt Point and which is connected to telecommunications facilities which permit the remote reading by Westcoast of the volume, flow and compositional data with respect to the gas delivered into the Pipeline System at the Receipt Point in accordance with Westcoast's Measurement Policies.

"Elapsed Prorata Volume" means in respect of gas delivered by Westcoast at a Delivery Point or delivered to Westcoast at a Receipt Point during any part of a day pursuant to one or more authorizations for a service given in accordance with Article 4, the sum of the volumes of gas determined in respect of each of those authorizations as follows:

- a) in the case of an authorization which comes into effect at the beginning of the day pursuant to Sections 4.09 and 4.10, a volume of gas equal to that determined by (i) dividing the Authorized Volume or the Authorized Receipt Volume by 24 and (ii) multiplying the quotient so obtained by the number of hours during which the authorization was or would have been in effect; and
- b) in the case of an authorization which comes into effect during the day pursuant to Sections 4.09 and 4.11, a volume of gas equal to that determined by (i) subtracting from the then current Authorized Volume or Authorized Receipt Volume the sum of the volumes determined in accordance with this definition for each of the prior authorizations for the service, if any, in effect during the day and (ii) multiplying the difference so obtained by a fraction, the numerator of which is the number of hours during which the then current authorization was or would have been in effect and the denominator of which is the number of hours remaining in the day following the time at which the then current authorization came into effect.

"Enco Delivery Point" means the point in the Export Delivery Area where the Pipeline System connects with the pipeline facilities of Puget Sound Energy, Inc.

"Equivalent Delivery Points" means those Delivery Points in T-North which Westcoast has determined are hydraulically similar and toll neutral, as specified in Section 7.06.

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“Equivalent Point Diversion” means in respect of any Firm Service provided in T-North, the diversion of that service to an Equivalent Receipt Point or an Equivalent Delivery Point pursuant to Section 7.06.

“Equivalent Receipt Points” means those Receipt Points in T-North which Westcoast has determined are hydraulically similar and toll neutral, as specified in Section 7.06.

“Estimated Yearly Heat Content Value” means the estimated total heating value of all residue gas delivered into the Pipeline System at a Receipt Point, as determined by Westcoast and posted on its public bulletin board in accordance with Section 4.02.

“Evening Nomination Cycle” means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast on the immediately preceding day by the time specified for that Nomination Cycle in Section 4.10.

“Excess Residue Gas Receipts” means in respect of residue gas delivered into the Pipeline System at a Receipt Point by or for the account of a Shipper on any day, the volume of residue gas equal to that by which the Receipt Volume exceeds the sum of the Authorized Receipt Volumes and the applicable Residue Gas Tolerance for that Shipper in respect of that Receipt Point on any such day.

“Export Delivery Area” means all those points on the international boundary between Canada and the United States of America where the Pipeline System connects with pipeline facilities located in the United States of America and shall include, without limitation, the Arco Delivery Point, the Cascade Delivery Point, the Enco Delivery Point and the Northwest Delivery Point.

“Final Estimated Volume” means in respect of residue gas delivered into the Pipeline System on any day at a Receipt Point by or for the account of a Shipper, that volume of residue gas determined by Westcoast in accordance with Section 6.04.

“Firm” means, with reference to Transportation Services, such service which Westcoast is obligated to provide without curtailment or interruption pursuant to a Firm Service Agreement.

“Firm Contracted Capacity Percentage” means in respect of each of the months of April to October, inclusive, and for each T-North Corridor and for T-South, respectively, the percentage obtained by dividing the aggregate Contract Demand for Firm Service contracted for each such month in each such T-North Corridor and in T-South, respectively, by the daily capacity available to provide Firm Service in each such T-North Corridor and in T-South, respectively, during the months of November to March, inclusive.

“Firm Service” means the obligation of Westcoast to provide, at a Shipper’s request, any Transportation Service – Northern, Transportation Service – Southern, Temporary Firm Service or STF Service up to the applicable Contract Demand specified in the Service Agreement, without curtailment or interruption.

“Firm Service Agreement” means a Service Agreement under which Westcoast is obligated to provide Firm Service.

“Fort Nelson Mainline” means the residue gas transmission pipelines owned by Westcoast and extending from the outlet of the Fort Nelson Processing Plant to Compressor Station No. 2 and includes any residue gas laterals owned by Westcoast and connected to those pipelines.

“Fort Nelson Processing Plant” means the facilities owned by NorthRiver Midstream Inc. for the processing of raw gas located at Fort Nelson, British Columbia.

“Fort St. John Mainline” means the residue gas pipelines owned by Westcoast and extending from Compressor Station No. 1 to Compressor Station No. 2 and includes any residue gas laterals owned by Westcoast and connected to those pipelines.

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"gas" means residue gas.

"General Terms and Conditions" means these General Terms and Conditions - Service, as filed with or otherwise approved by the Canada Energy Regulator and in effect from time to time.

"gigajoule" or **"GJ"** means 1 000 000 000 joules.

"Huntingdon Delivery Area" means the area comprised of the Export Delivery Area and the Lower Mainland Delivery Area.

"Huntingdon Delivery Area Diversion" means in respect of any Firm Transportation Service – Southern with a Delivery Point within the Huntingdon Delivery Area, the diversion of that service to another Delivery Point within the Huntingdon Delivery Area pursuant to Section 7.01(a).

"Import Backhaul Service" means Interruptible Service under which a volume of gas delivered on any day through the pipeline facilities of Northwest Pipeline Corporation to the Northwest Delivery Point is delivered to a Shipper by displacement at one or more of the Delivery Points within the Inland Delivery Area, the PNG Delivery Point and Compressor Station No. 2.

"In Path Diversion" means in respect of any Firm Transportation Service – Northern, Long Haul, the diversion of that service to an alternate Receipt Point and/or an alternate Delivery Point in T-North within the route of the currently contracted service pursuant to Section 7.07.

"Inland Delivery Area" means the FortisBC Energy Inc. - Inland Service Area (km - post 58.9 to 747.9).

"Interruptible" means, with reference to Transportation Services, such service which Westcoast is obligated to provide subject to curtailment or interruption pursuant to an Interruptible Service Agreement.

"Interruptible Service" means the obligation of Westcoast to provide, at a Shipper's request, any of Transportation Service - Northern Long Haul, Transportation Service-Northern Short Haul or Transportation Service - Southern up to the applicable volume of gas specified in the Service Agreement, subject to curtailment or interruption.

"Interruptible Service Agreement" means a Service Agreement under which Westcoast is obligated to provide Interruptible Service.

"Intra-Day Nomination Cycles" means the Intra-Day 1 Nomination Cycle and the Intra-Day 2 Nomination Cycle and the Intra-Day 3 Nomination Cycle and "Intra-Day Nomination Cycle" means any one of those Nomination Cycles.

"Intra-Day 1 Nomination Cycle" means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast during the day by the time specified for that Nomination Cycle in Section 4.11.

"Intra-Day 2 Nomination Cycle" means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast during the day by the time specified for that Nomination Cycle in Section 4.11.

"Intra-Day 3 Nomination Cycle" means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast during the day by the time specified for that Nomination Cycle in Section 4.11.

"Inventory Transfer Account" means an account established and maintained by Westcoast for an Inventory Transfer Shipper in accordance with Section 6.21.

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"Inventory Transfer Shipper" means a Shipper which has entered into a Service Agreement providing for Interruptible Transportation Service, but which does not actively transport residue gas to or from Compressor Station No. 2.

"joule" means the amount of work done when the point of application of a force of one newton is displaced a distance of one metre in the direction of the force.

"litre" means the amount of liquid which occupies 0.001 cubic metre, when such liquid is at a temperature of 15°C and at an absolute pressure which is the higher of 101.325 kilopascals or the natural vapour pressure of the liquid.

"Low Intervention Trade Transactions" has the meaning given to that term in MC Bulletin G-14.

"Lower Mainland Delivery Area" means the FortisBC Energy Inc. - Lower Mainland Service Area (km - post 835.9 to 917.6).

"MC Bulletin G-14" means Bulletin G-14 issued by Measurement Canada pursuant to the *Electricity and Gas Inspection Act (Canada)*, as it may be amended from time to time.

"megajoule" or **"MJ"** means 1 000 000 joules.

"millilitre" or **"mL"** means the amount of liquid which occupies 0.001 litre.

"Minimum STF Service Toll" means in respect of any Short Term Firm Service, the minimum Demand Toll expressed in dollars per 10³m³ per day, specified by Westcoast for any such service pursuant to Section 22.06, which, for the period November through March inclusive and for the period April through October inclusive, shall not be less than the dollar amount of the applicable Commodity Toll for Interruptible Transportation Service provided between the same Receipt Point and Delivery Point.

"month" means the period of time commencing at the beginning of the first day of any month and ending at the beginning of the first day of the next succeeding month.

"Nomination Cycles" means the Timely Nomination Cycle, the Evening Nomination Cycle, the Intra-Day 1 Nomination Cycle, the Intra-Day 2 Nomination Cycle and the Intra-Day 3 Nomination Cycle, and "Nomination Cycle" means any one of those Nomination Cycles.

"Non-Supply Account" means an account established and maintained by Westcoast for a Non-Supply Shipper in accordance with Section 6.21.

"Non-Supply Account Imbalance" means in respect of each Non-Supply Shipper for each day, the imbalance determined for each such day as recorded by Westcoast in the Non-Supply Account maintained for each such Non-Supply Shipper in accordance with Section 6.21, as reported by Westcoast in accordance with Section 6.24.

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“Non-Supply Shipper” means a Shipper, other than a Supply Shipper, which either (i) has entered into a Service Agreement providing for Firm Transportation Service or (ii) actively transports residue gas to or from Compressor Station No. 2 pursuant to an Interruptible Service Agreement.

“Northwest Delivery Point” means the point in the Export Delivery Area where the Pipeline System connects with the pipeline facilities of Northwest Pipeline Corporation.

“NOVA” means NOVA Gas Transmission Ltd.

“NOVA/Gordondale Interconnection” means the point where the Pipeline System connects with the pipeline facilities of NOVA in the NE ¼ of Section 2, Township 79, Range 12, W6M in Alberta.

“NOVA/Sunset Delivery Point” means the point where the Pipeline System connects with the pipeline facilities of NOVA in the SW ¼ of Section 2, Township 79, Range 19, W6M, Peace River District in British Columbia.

“Out of Path Diversion” means in respect of any Firm Transportation Service – Northern, Long Haul, the diversion of that service to an alternate Receipt Point and/or an alternate Delivery Point in T-North outside the route of the currently contracted service pursuant to Section 7.07.

“Permanent In Path Relocation” means in respect of any Firm Transportation Service – Northern, the permanent relocation of the Receipt Point and/or Delivery Point for such service to another location in T-North within the route of the currently contracted service, and includes the permanent relocation of the Receipt Point to an Equivalent Receipt Point and/or the Delivery Point to an Equivalent Delivery Point.

“Permanent Out of Path Relocation” means in respect of any Firm Transportation Service – Northern, the permanent relocation of the Receipt Point and/or Delivery Point for such service to another location in T-North outside the route of the currently contracted service.

“Pine River Mainline” means the residue gas pipeline extending from the outlet of the Pine River Processing Plant to Compressor Station No. 2 and includes any residue gas laterals owned by Westcoast and connected to that pipeline.

“Pine River Processing Plant” means the facilities owned by Sukunka Natural Resources Inc. for the processing of raw gas located at Pine River, British Columbia.

“Pipeline System” means the residue gas transmission facilities within British Columbia and Alberta through which Westcoast provides service to Shippers pursuant to a Service Agreement.

“PNG Delivery Point” means the point where the Pipeline System connects with the pipeline facilities of Pacific Northern Gas Ltd.

“Predicted Volume” means in respect residue gas delivered into the Pipeline System on any day at a Receipt Point by or for the account of a Shipper, that volume of residue gas determined by Westcoast in accordance with Section 6.03.

“Production Source Relocation” means in respect of any Firm Transportation Service – Northern, the permanent relocation by Westcoast of the Receipt Point for such service to another location in T-North closer to the supplies or proven reserves that Shipper owns, controls or has contracted for on a Firm basis.

“PST” means Pacific Standard Time.

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"Receipt Point" means the point specified in a Service Agreement where gas is delivered to Westcoast by or for the account of a Shipper and includes, in the case of a diversion in T-North made pursuant to Section 7.06 or Section 7.07, an Equivalent Receipt Point or an alternate Receipt Point.

"Receipt Point Operator" means, in respect of each Receipt Point at which residue gas is delivered into the Pipeline System by or for the account of a Shipper:

- a) in the case where such Shipper is the owner of the pipeline or other facilities which connect with the Pipeline System at such Receipt Point, such Shipper or the person appointed as the Receipt Point Operator for such Receipt Point by such Shipper pursuant to Section 5.03; and
- b) in the case where such Shipper is not the owner of the pipeline or other facilities which connect with the Pipeline System at such Receipt Point, the owner of those pipeline or other facilities or the person appointed as the Receipt Point Operator for such Receipt Point by the owner of those facilities pursuant to Section 5.03.

"Receipt Volume" means in respect of a Receipt Point at which a Shipper delivers residue gas into the Pipeline System, the volumetric equivalent as determined by Westcoast of the quantity of residue gas in gigajoules delivered by or for the account of the Shipper to Westcoast at that Receipt Point on any day.

"Receiving Party" means the operator of the pipeline or other facilities into which residue gas is delivered from the Pipeline System for the account of a Shipper at a Delivery Point at which the Pipeline System connects with the facilities of the operator.

"Receiving Shipper" means a Shipper to which gas is transferred by an originating Shipper pursuant to Section 7.04 or Section 7.05.

"Relocation" means a Permanent In Path Relocation, a Permanent Out of Path Relocation, a Temporary In Path Relocation, a Temporary Out of Path Relocation, or a Production Source Relocation.

"Relocation Fee" means in respect of a Permanent Out of Path Relocation of any Firm Transportation Service – Northern, an amount equal to the product obtained by multiplying the Contract Demand for such service by the applicable monthly Demand Toll for a three-year service term specified in the Toll Schedule for Transportation Service – Northern, Long Haul and Short Haul.

"residue gas" means the residue remaining after raw gas has been subjected to any or all the following permissible processes:

- a) the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents; and
- b) the compression, regulation, cooling, cleaning or any other chemical or physical process other than the addition of diluents, such as air or nitrogen, to such extent as may be required in its production, raw gas transmission, residue gas transportation, storage, removal from storage and delivery.

"Residue Gas Tolerance" means in respect of residue gas delivered into the Pipeline System at a Receipt Point within the T-North Corridor or at a Receipt Point in T-South on any day, the applicable Residue Gas Tolerance as determined by Westcoast in accordance with Section 23.03.

"Revertible WF Service" means WF Service which has been designated as Revertible WF Service pursuant to Section 21.10 to provide for Firm transmission of residue gas in T-South between Compressor Station No. 2 and the Huntingdon Delivery Area all days of the year.

"Restricted Lateral" means any lateral pipeline owned by Westcoast which is connected to the

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Fort Nelson Mainline, the Fort St. John Mainline, the Alberta Mainline or the Boundary Lake Pipeline and which has a capacity which is less than the total capacity of the Receipt Points or Delivery Points located on the lateral pipeline.

"Service Agreement" means a Firm Service Agreement or an Interruptible Service Agreement.

"Service Entitlement Identifier" means the identification code prescribed by Westcoast in respect of each Firm Service and Interruptible Service specified in a Service Agreement.

"Shipper" means any person who enters into a Service Agreement with Westcoast.

"Shipper Specific OFO" means an order issued by Westcoast to a Shipper pursuant to Sections 6.10 and 6.11.

"Station 2 Gas Price" means in respect of any day:

- a) the CGPR Price for the day; or
- b) if no CGPR Price is reported for the day, the CGPR Price for the immediately preceding day for which such price is reported.

"Short Term Firm Service" or **"STF Service"** means the Firm transmission of residue gas pursuant to a Service Agreement made with a Shipper in accordance with Article 22.

"Storage Reservoir" means the underground gas storage reservoir and appurtenant facilities, including piping systems, operated by Aitken Creek Gas Storage ULC in the Aitken Creek area of British Columbia and connected to the Pipeline System at the meter station owned and operated by Westcoast and located at the upstream end of the Aitken Creek Pipeline.

"Supply Account" means an account established and maintained by Westcoast for a Supply Shipper in accordance with Section 6.21.

"Supply Shipper" means a Shipper which has one or more Upstream Balancing Accounts established and maintained for the Shipper in accordance with Section 6.05 and which has entered into a Service Agreement providing for Transportation Service, either to or from Compressor Station No. 2.

"Swing Costs" means all costs reasonably incurred by Westcoast in connection with any arrangement under which:

- a) Westcoast acquires gas to supplement its linepack gas;
- b) the operator of the Storage Reservoir increases or decreases its gas receipts from the Pipeline System at Westcoast's request; or
- c) a Shipper or a Receipt Point Operator increases or decreases its deliveries of gas into the Pipeline System at Westcoast's request.

"System Gas" means the volumes of gas required by Westcoast for fuel consumed in operations, line losses and unaccounted for gas.

"System Wide OFO" means an order issued by Westcoast to all Shippers pursuant to Sections 6.10 and 6.12.

"Temporary Firm Service" means the Firm transmission of residue gas in T-North pursuant to a Firm Service Agreement made with a Shipper pursuant to Section 2.05.

"Temporary In Path Relocation" means in respect of any Firm Transportation Service – Northern, the temporary relocation of the Receipt Point and/or Delivery Point for such service to another location in T-North within the route of the currently contracted service.

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“Temporary Out of Path Relocation” means in respect of any Firm Transportation Service – Northern, the temporary relocation of the Receipt Point and/or Delivery Point for such service to another location in T-North outside the route of the currently contracted service.

“10³m³” means 1 000 cubic meters of gas.

“Term Extension” means in respect of a Permanent Out of Path Relocation of any Firm Transportation Service – Northern, the extension of the term of any such service for one or more whole years pursuant to an award made by Westcoast in accordance with Section 9.13(a).

“thermal equivalent” means in respect of any volume of residue gas, the energy content of that volume of gas determined on the basis of its total heating value.

“Timely Nomination Cycle” means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast on the immediately preceding day by the time specified for that Nomination Cycle in Section 4.10.

“T-North” means the Fort Nelson Mainline, the Fort St. John Mainline, the Pine River Mainline, the Alberta Mainline and the Boundary Lake Pipeline.

“T-North Corridor” means, for the purpose of determining Transmission Reliability Percentages, each of the following sections of the residue gas transmission pipelines in T-North:

- a) the Fort Nelson Mainline;
- b) the Fort St. John Mainline;
- c) the Boundary Lake Pipeline;
- d) the Alberta Mainline in respect of gas to be delivered to the NOVA/Gordondale Interconnection;
- e) the Alberta Mainline in respect of gas to be delivered to Compressor Station No. 1; and
- f) the Pine River Mainline.

“Toll Schedules” and **“Westcoast’s Toll Schedules for Service”** mean Westcoast’s Toll Schedules for Transportation Service – Northern and Temporary Firm Service, Transportation Service – Southern and Short Term Firm Service, as filed with or otherwise approved by the Canada Energy Regulator and in effect from time to time.

“total heating value” means the number of joules produced by the combustion at a constant pressure of one cubic meter of gas, the gas to be at a temperature of 15°C and at an absolute pressure of 101.325 kilopascals, and to be free of all water vapour, with air at the same temperature and pressure as the gas and with the products of the combustion cooled to the initial temperature of the gas and air, and when the water formed by the combustion is condensed to the liquid state.

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“Transmission Reliability Percentage” means in respect of each Firm Transportation Service – Northern, Firm Transportation Service – Southern, Temporary Firm Service and Short Term Firm Service provided pursuant to a Service Agreement:

- a) for each day in the months of November to March, inclusive, 100 percent; and
- b) for each day in the months of April to October, inclusive, and for each T-North Corridor and for T-South, respectively, the percentage specified in the second column of the following table determined for each such month and for each such T-North Corridor and for T-South, respectively, based upon the applicable Firm Contracted Capacity Percentage specified in the first column of the following table:

Firm Contracted Capacity Percentage	Transmission Reliability Percentage
100%	90%
99%	91%
98%	92%
97%	93%
96%	94%
95%	95%
94%	96%
93%	97%
92%	98%
91%	99%
90% or less	100%

“Transportation Services” means Transportation Service – Northern and Transportation Service – Southern, and **“Transportation Service”** means either one of those services.

“Transportation Service – Northern” means the transmission of residue gas in T-North, other than Temporary Firm Service and Short Term Firm Service.

“Transportation Service – Southern” means the transmission of residue gas in T-South, other than Short Term Firm Service.

“Transportation System Gas Ratio” means in respect of gas transmitted through the Pipeline System, the quantity of that gas, expressed as a percentage, which a Shipper is required to deliver to Westcoast as the allowance for System Gas.

“T-South” means the residue gas transmission pipelines owned by Westcoast and extending from Compressor Station No. 2 to the Export Delivery Area.

“Upstream Balancing Account” means a balancing account established and maintained for a Shipper at a Receipt Point in accordance with Section 6.05.

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“Upstream Delivery Point” means in respect of any Firm Service Agreement, a Delivery Point in T-South outside the Huntingdon Delivery Area, other than Compressor Station No. 2, which is upstream of the Delivery Point in T-South specified in the Firm Service Agreement and downstream of the Receipt Point in T-South specified in the Firm Service Agreement.

“Upstream Diversion” means in respect of any Firm Transportation Service – Southern, the diversion of that Firm Service to an Upstream Delivery Point pursuant to Section 7.01(b).

“Upstream Supplier” means in respect of residue gas delivered into the Pipeline System at a Receipt Point by or for the account of a Shipper, the supplier of such residue gas to the Shipper.

“Upstream Suspense Account” means a suspense account established and maintained for a Shipper at a Receipt Point in accordance with Section 6.05.

“Westcoast” means Westcoast Energy Inc..

“Westcoast’s Measurement Policy” means the Residue Pipeline System Measurement Policy published by Westcoast in its Shipper Handbook, as amended from time to time.

“Winter Firm Service” or **“WF Service”** means Firm Transportation Service – Southern from a Receipt Point at Compressor Station No. 2 to a Delivery Point within the Huntingdon Delivery Area and provided only between November 1st and March 31st of each year or, when designated as Reversible WF Service, provided all days of the year pursuant to a Firm Service Agreement made with a Shipper in accordance with Article 21.

“Year-Round Service” means Firm Transportation Service – Southern provided all days of the year, other than Reversible WF Service.

“Zone” means either T-North or T-South.

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1.02 INTERPRETATION

In Service Agreements and these General Terms and Conditions:

- a) words importing the singular include the plural and vice versa, and words importing the masculine gender include the feminine gender and vice versa;
- b) the insertion of headings and the provision of an index are for convenience of reference only and do not affect the construction or interpretation of Service Agreements and these General Terms and Conditions;
- c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- d) any word, phrase or expression which is not defined in a Service Agreement or in these General Terms and Conditions and that has a generally accepted meaning in the custom and usage of the natural gas industry in western Canada shall have that meaning in a Service Agreement and these General Terms and Conditions; and
- e) any reference in a Service Agreement and these General Terms and Conditions to the delivery of residue gas by a Shipper into the Pipeline System at a Receipt Point includes the delivery of such gas by displacement.

1.03 GOVERNING LAWS

Service Agreements and these General Terms and Conditions and all matters arising therein and therefrom, shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, and shall be treated in all respects as contracts made, entered into and to be wholly performed within the Province of British Columbia by parties domiciled and resident therein.

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ARTICLE 2
APPLICATION, TERM AND RENEWAL OF SERVICES, TEMPORARY FIRM SERVICE
AND OPERATION OF THE PIPELINE SYSTEM

2.01 APPLICATION

These General Terms and Conditions apply to all Transportation Services, Temporary Firm Service and Short Term Firm Service provided by Westcoast to a Shipper pursuant to a Service Agreement.

2.02 MINIMUM TERM, TRANSPORTATION SERVICES

The term of each Firm Transportation Service specified in a Service Agreement, and of any renewal thereof, shall not be less than one year unless such Firm Service is made available temporarily to the Shipper pursuant to Section 2.05.

2.03 RENEWAL OF TRANSPORTATION SERVICES

Subject to Section 2.04, a Shipper shall have the right to renew the term of each Firm Transportation Service specified in a Service Agreement, other than a Firm Transportation Service made available temporarily in accordance with Section 2.05, provided that:

- a) the initial term of such Firm Transportation Service and the term of any prior renewal thereof was not less than two years; and
- b) the Shipper gives notice to Westcoast of its election to renew the term of any such Firm Transportation Service not less than 13 months prior to the expiry of the term of such Firm Transportation Service.

Nothing in this Section 2.03 precludes a Shipper and Westcoast from agreeing to extend the term of a Firm Transportation Service specified in a Service Agreement at any time prior to the time prescribed in this section for giving notice to renew the term of any such Firm Transportation Service.

2.04 EVIDENCE OF SUPPLY OR MARKET

A Shipper's right to extend the term of any Firm Service in accordance with Section 2.03 or Section 21.08, is conditional upon the Shipper delivering to Westcoast, at the time it gives notice in accordance with Section 2.03 or Section 21.08, evidence satisfactory to Westcoast that the Shipper has either of a firm supply of, or a firm market for the gas in respect of which the Firm Service is to be provided for the term of the extension and, in the case where such service is provided from a Receipt Point or to a Delivery Point at the Storage Reservoir, that the Shipper has sufficient firm storage capacity available at the Storage Reservoir for the term of the extension.

2.05 TEMPORARY FIRM SERVICE

If a Firm Service Agreement provides for a delayed commencement date for any Firm Transportation Service – Northern or for a future increase in the volume of Firm Transportation Service – Northern to be provided, the capacity reserved by Westcoast for such Firm Service Agreement may be made available temporarily to other Shippers as Temporary Firm Service. The following provisions apply in respect of all Temporary Firm Service specified in a Firm Service Agreement:

- a) Temporary Firm Service shall not be renewed or extended pursuant to Section 2.03;
- b) the provisions of Section 7.05 relating to receipt transfers apply to Temporary Firm Service;

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- c) the provisions of Section 7.06 relating to Equivalent Point Diversions apply to Temporary Firm Service;
- d) the provisions of Section 7.07 relating to In Path Diversions and Out of Path Diversions apply to Temporary Firm Service, Long Haul; and
- e) the provisions of Article 9 relating to Relocations in T-North do not apply to Temporary Firm Service.

2.06 AUTHORIZED OVERRUN SERVICE

Each Shipper which has entered into a Firm Service Agreement providing for Firm Transportation Service – Northern or Firm Transportation Service – Southern shall be entitled to Authorized Overrun Service in respect of each such Firm Transportation Service on the following terms and conditions:

- a) the maximum daily volume of AOS available to a Shipper on any day in respect of any Firm Transportation Service shall not exceed ten percent of the Contract Demand in effect on any such day for the Corresponding Firm Transportation Service;
- b) such AOS shall only be available between the Receipt Point and the Delivery Point specified in the applicable Firm Service Agreement for the Corresponding Firm Transportation Service; and
- c) notwithstanding Section 20.02, AOS shall not be assignable by a Shipper except in conjunction with the Corresponding Firm Transportation Service.

2.07 OPERATION OF THE PIPELINE SYSTEM

Westcoast shall retain full and exclusive right to operate the Pipeline System in a manner which, in Westcoast's sole discretion, is consistent with operating conditions and obligations as they may exist from time to time.

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ARTICLE 3
PRIORITIES, CURTAILMENTS AND CONDITIONS OF SERVICE

3.01 APPLICATION

The provisions of this Article apply to Transportation Service – Northern, Temporary Firm Service and Short Term Firm Service provided by Westcoast in T-North and to Transportation Service – Southern, Short Term Firm Service and Import Backhaul Service provided by Westcoast in T-South.

3.02 PRIORITIES, T-NORTH

Westcoast will authorize Firm Service, Equivalent Point Diversions, In Path Diversions, Out of Path Diversions, AOS and Interruptible Service in T-North for each day in the Timely Nomination Cycle and, notwithstanding any earlier authorization given for Out of Path Diversions, AOS and Interruptible Service in a prior Nomination Cycle for any such day, will authorize Firm Service, Equivalent Point Diversions, In Path Diversions, Out of Path Diversions, AOS and Interruptible Service in T-North for any such day in the Evening Nomination Cycle, the Intra-Day 1 Nomination Cycle and the Intra-Day 2 Nomination Cycle in the following priority and sequence:

- a) first priority shall be given to Firm Service, Equivalent Point Diversions and In Path Diversions, other than In Path Diversions to an alternate Receipt Point or an alternate Delivery Point on a Restricted Lateral, provided that if Westcoast determines that the capacity available in T-North or any part thereof will not be sufficient to permit Westcoast to authorize all of the Firm Service, Equivalent Point Diversions and such In Path Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of Contract Demand;
- b) second priority shall be given to In Path Diversions to an alternate Receipt Point or an alternate Delivery Point on a Restricted Lateral, provided that if Westcoast determines that the capacity available to deliver gas on any day at any such alternate Receipt Point or any such alternate Delivery Point will not be sufficient to permit Westcoast to authorize all of such In Path Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of such In Path Diversions nominated by those Shippers for delivery at such alternate Receipt Point or alternate Delivery Point;
- c) third priority shall be given to Out of Path Diversions, provided that if Westcoast determines that the capacity available to deliver gas on any day at an alternate Receipt Point or an alternate Delivery Point will not be sufficient to permit Westcoast to authorize all of such Out of Path Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of such Out of Path Diversions nominated by those Shippers for delivery at such alternate Receipt Point or such alternate Delivery Point;
- d) fourth priority shall be given to AOS, provided that if Westcoast determines that the capacity available on any such day in T-North or any part thereof will not be sufficient to permit Westcoast to authorize all of the AOS nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of AOS nominated by those Shippers for the day; and
- e) fifth priority shall be given to Interruptible Service, provided that if Westcoast determines that the capacity available on any such day in T-North or any part thereof will not be sufficient to permit Westcoast to authorize all of the Interruptible Service nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of Interruptible Service nominated by those Shippers for the day.

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Subject to the availability of capacity, having regard to the service and diversions authorized in the prior Nomination Cycles for each day, Westcoast will authorize additional Firm Service, Equivalent Point Diversions, In Path Diversions, Out of Path Diversions, AOS and Interruptible Service in T-North in the Intra-Day 3 Nomination Cycle in the same priority and sequence as set out in subsections 3.02(a) to (e).

3.03 PRIORITIES, T-SOUTH

Westcoast will authorize Firm Service, Huntingdon Delivery Area Diversions, Upstream Diversions, AOS, Downstream Diversions and Interruptible Service in T-South for each day in the Timely Nomination Cycle and, notwithstanding any earlier authorization given for AOS, Downstream Diversions and Interruptible Service in a prior Nomination Cycle for any such day, will authorize Firm Service, Huntingdon Delivery Area Diversions, Upstream Diversions, AOS, Downstream Diversions and Interruptible Service in T-South for any such day in the Evening Nomination Cycle, the Intra-Day 1 Nomination Cycle and the Intra-Day 2 Nomination Cycle in the following priority and sequence:

- a) first priority shall be given to Firm Service, provided that if Westcoast determines that the capacity available in T-South or any part thereof will not be sufficient to permit Westcoast to authorize all of the Firm Service nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of Contract Demand;
- b) second priority shall be given to Huntingdon Delivery Area Diversions and Upstream Diversions, provided that if Westcoast determines that the capacity available to deliver gas at an alternate Delivery Point in the Huntingdon Delivery Area or an Upstream Delivery Point will not be sufficient to permit Westcoast to authorize all of such Huntingdon Delivery Area Diversions and Upstream Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of gas nominated by those Shippers for delivery at such alternate Delivery Point in the Huntingdon Delivery Area or Upstream Delivery Point;
- c) third priority shall be given to AOS, provided that if Westcoast determines that the capacity available on any such day in T-South or any part thereof will not be sufficient to permit Westcoast to authorize all of the AOS nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of AOS nominated by those Shippers for the day;
- d) fourth priority shall be given to Downstream Diversions, provided that if Westcoast determines that the capacity available in T-South or any part thereof is not sufficient to permit Westcoast to authorize all of the Downstream Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of such Downstream Diversions nominated by those Shippers for the day; and
- e) fifth priority shall be given to Interruptible Service, provided that if Westcoast determines that the capacity available on any such day in T-South or any part thereof will not be sufficient to permit Westcoast to authorize all of the Interruptible Service nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of Interruptible Service nominated by those Shippers for the day.

Subject to the availability of capacity in T-South having regard to the service and diversions authorized in the prior Nomination Cycles for each day, Westcoast will authorize additional Firm Service, Huntingdon Delivery Area Diversions, Upstream Diversions, AOS, Downstream Diversions and Interruptible Service in T-South in the Intra-Day 3 Nomination Cycle in the same priority and sequence set out in subsections 3.03(a) to (e).

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3.04 CURTAILMENTS

If at any time after Westcoast has authorized Firm Service, including diversions, AOS and Interruptible Service for any day in any Nomination Cycle pursuant to Section 4.09, Westcoast determines that the capacity available on the Pipeline System or any part thereof is not sufficient to permit Westcoast to provide all of the service and diversions so authorized for that day, Westcoast will curtail or interrupt the service and diversions authorized for the affected Shippers in the following priority and sequence:

- a) Westcoast will first curtail or interrupt the Interruptible Service which has been authorized for that day in accordance with Section 4.09, pro rata on the basis of the volumes of such service so authorized;
- b) Westcoast will, if required, then curtail or interrupt the Downstream Diversions which have been authorized for that day in accordance with Section 4.09, pro rata on the basis of the volumes of the Downstream Diversions so authorized;
- c) Westcoast will, if required, then curtail or interrupt AOS, pro rata on the basis of the volumes of such service so authorized;
- d) Westcoast will, if required and if there is a constraint (i) in T-South at an alternate Delivery Point in the Huntingdon Delivery Area or an Upstream Delivery Point to which gas has been diverted in accordance with subsections 7.01(a) or 7.01(b) or (ii) in T-North at an alternate Receipt Point or an alternate Delivery Point to which gas has been diverted pursuant to an Out of Path Diversion made in accordance with Section 7.07, then curtail or interrupt diversions to that alternate Delivery Point in the Huntingdon Delivery Area, Upstream Delivery Point, alternate Receipt Point in T-North or alternate Delivery Point in T-North which are authorized for the day in accordance with Section 4.09, in each case pro rata on the basis of the volumes of gas so authorized to be diverted to that alternate Delivery Point in the Huntingdon Delivery Area, Upstream Delivery Point, alternate Receipt Point in T-North or alternate Delivery Point in T-North;
- e) Westcoast will, if required and if there is a constraint at an alternate Receipt Point or an alternate Delivery Point on a Restricted Lateral to which gas has been diverted pursuant to an In Path Diversion made in accordance with Section 7.07, then curtail or interrupt the In Path Diversions to any such Receipt Point or Delivery Point which are authorized for the day in accordance with Section 4.09, pro rata on the basis of the volumes of gas authorized to be diverted to any such alternate Receipt Point or alternate Delivery Point; and
- f) Westcoast will, if required, then curtail or interrupt Firm Service, Equivalent Point Diversions and In Path Diversions, other than In Path Diversions to an alternate Receipt Point or an alternate Delivery Point on a Restricted Lateral, authorized for the day in accordance with Section 4.09, pro rata on the basis of Contract Demand.

Westcoast will give notice of any intended curtailment or interruption of service pursuant to this section to all Shippers by means of its public bulletin board, as promptly as reasonably possible following its determination that a curtailment or interruption of service is necessary.

3.05 IMPORT BACKHAUL SERVICE

The obligation of Westcoast to authorize and to provide Import Backhaul Service in T-South on any day under an Interruptible Service Agreement shall be conditional upon:

- a) operating constraints on the Pipeline System; and
- b) the authorization and continued authorization of the delivery by Westcoast on any such day to the Northwest Delivery Point of a volume of gas at least thermally equivalent to that in respect of which Shippers have given nominations for Import Backhaul Service for such day.

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3.06 CONDITIONS OF SERVICE

Westcoast shall not be obligated to provide any service to a Shipper under a Firm Service Agreement or an Interruptible Service Agreement on any day unless that service has been authorized by Westcoast in accordance with Article 4, and Westcoast shall not be obligated to authorize, or to maintain the authorization for, the delivery of gas to or for the account of a Shipper on any day pursuant to a Service Agreement unless:

- a) the Shipper has given a nomination to Westcoast for the delivery of such gas in accordance with Section 4.05;
- b) in the case of gas to be delivered to or for the account of the Shipper under a Firm Service Agreement, there is adequate Contract Demand under that Firm Service Agreement for the transmission of the volume of gas nominated by the Shipper and the required allowance for System Gas through each Zone between the Receipt Point and the Delivery Point;
- c) in the case of gas to be delivered to or for the account of the Shipper pursuant to the AOS entitlement under a Firm Service Agreement, there is adequate capacity available on the Pipeline System, up to the maximum daily volume for the AOS specified in Section 2.06(a), for the transmission of the volume of gas nominated for AOS by the Shipper and the required allowance for System Gas through each Zone between the Receipt Point and the Delivery Point;
- d) in the case of gas to be delivered to or for the account of the Shipper under an Interruptible Service Agreement, there is adequate capacity available on the Pipeline System, up to the maximum volume specified in the Interruptible Service Agreement, for the transmission of the volume of gas nominated by the Shipper and the required allowance for System Gas through each Zone between the Receipt Point and the Delivery Point;
- e) in the case of gas to be delivered pursuant to a Service Agreement to a Delivery Point at which the Pipeline System connects with the pipeline facilities of a Receiving Party, the receipt by Westcoast of confirmation from the Receiving Party that it will take delivery of the gas to be delivered to or for the account of the Shipper at the Delivery Point, and the reconfirmation thereof by the Receiving Party in any subsequent Nomination Cycle;
- f) in the case of gas to be delivered pursuant to a Service Agreement at any other Delivery Point, the authorization by Westcoast of the delivery of that gas pursuant to another Service Agreement to a point at which the Pipeline System connects with the pipeline facilities of a Receiving Party; and
- g) the confirmation by Westcoast and the reconfirmation by Westcoast in any subsequent Nomination Cycle, to its satisfaction, that the Shipper will be capable of fulfilling its obligations under Sections 4.14 and 4.15.

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ARTICLE 4
SHIPPER NOTIFICATIONS, NOMINATIONS,
AUTHORIZATION OF SERVICE AND DELIVERIES OF GAS

4.01 APPLICATION

The provisions of this Article apply to Transportation Service – Northern, Temporary Firm Service and Short Term Firm Service provided by Westcoast in T-North and to Transportation Service – Southern, Short Term Firm Service and Import Backhaul Service provided by Westcoast in T-South.

4.02 NOTIFICATION OF ESTIMATED YEARLY HEAT CONTENT VALUES

On or before September 30 of each year, Westcoast will determine, and will notify all Shippers by means of its public bulletin board of, the Estimated Yearly Heat Content Values to be effective for the 12 month period commencing on the next succeeding November 1st for residue gas delivered into the Pipeline System at each Receipt Point and, during each such 12 month period, Westcoast will add to such posting on its public bulletin board the Estimated Yearly Heat Content Values for residue gas delivered at a Receipt Point which is placed into service during any such 12 month period.

4.03 MONTHLY NOTIFICATION TO SHIPPERS

Westcoast will, at least five days prior to the first day in each month, notify all Shippers of the Transportation System Gas Ratios applicable to gas to be transmitted through each of T-North and T-South on any day in the month unless changed in accordance with Section 4.04.

4.04 CHANGE OF TRANSPORTATION SYSTEM GAS RATIOS

If, during any month, there are material changes in the volumes of System Gas consumed in the operation of the Pipeline System, Westcoast will change the Transportation System Gas Ratios applicable to gas to be transmitted through each of T-North and T-South which are in effect in accordance with Section 4.03 or this Section 4.04 and will give notice to all Shippers of such changes at least two days prior to the day on which the changes are to come into effect. Westcoast will not change any Transportation System Gas Ratios in accordance with this section more frequently than once every seven days. Changes in the Transportation System Gas Ratios made pursuant to this section shall remain in effect until the end of the month in which the changes were made, unless subsequently changed by Westcoast in accordance with this section.

4.05 NOMINATIONS

Subject to Section 4.07, if a Shipper requires Firm Service, AOS or Interruptible Service, including a diversion pursuant to Section 7.01, Section 7.06 or Section 7.07, or a transfer pursuant to Section 7.04 or Section 7.05, under a Service Agreement on any day, the Shipper may give a nomination to Westcoast in the Timely Nomination Cycle which nomination shall be given in accordance with Section 4.06 and prior to the applicable time specified in Section 4.10, and, subject to Section 4.08, if a Shipper:

- a) requires any such service on any such day in addition to that previously authorized by Westcoast for the day in a prior Nomination Cycle; or
- b) wishes to reduce any such service previously authorized by Westcoast for any such day in a prior Nomination Cycle

the Shipper may give a nomination to Westcoast in the Evening Nomination Cycle, the Intra-Day 1 Nomination Cycle, the Intra-Day 2 Nomination Cycle, or the Intra-Day 3 Nomination Cycle which nomination shall be given in accordance with Section 4.06 and prior to the applicable times specified in Section 4.10 and 4.11.

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4.06 CONTENT OF NOMINATIONS

A nomination given by a Shipper to Westcoast in accordance with Section 4.05 shall specify such information as is required by Westcoast including the following information:

- a) the Service Entitlement Identifier in respect of which the nomination is given;
- b) the points between which the service is to be provided in the Zone, including (i) in the case of a diversion in T-South pursuant to Section 7.01, the alternate Delivery Point in the Huntingdon Delivery Area, the Upstream Delivery Point or the Downstream Delivery Point, (ii) in the case of an Equivalent Point Diversion pursuant to Section 7.06, the Equivalent Delivery Point or the Equivalent Receipt Point, (iii) in the case of an In Path Diversion or an Out of Path Diversion pursuant to Section 7.07, the alternate Receipt Point and/or the alternate Delivery Point in T-North and (iv) in the case of residue gas to be delivered into or out of a Supply Account or a Non-Supply Account at Compressor Station No. 2, the Supply Account or Non-Supply Account into or from which such gas is to be delivered;
- c) in the case of gas to be transferred to a Receiving Shipper within the Huntingdon Delivery Area pursuant to Section 7.04, (i) the specification by the originating Shipper of the Huntingdon Pool as the Delivery Point and the corporate name of the Receiving Shipper and (ii) the specification by the Receiving Shipper of the Huntingdon Pool as the Receipt Point, the Delivery Point within the Huntingdon Delivery Area at which the transferred gas is to be delivered to or for the account of the Receiving Shipper and the corporate name of the originating Shipper;
- d) in the case of gas to be transferred to a Receiving Shipper at a Receipt Point pursuant to Section 7.05, (i) the specification by the originating Shipper of that Receipt Point as the Delivery Point and the corporate name of the Receiving Shipper and (ii) the specification by the Receiving Shipper of the corporate name of the originating Shipper;
- e) the volume of gas, including System Gas, in respect of which the service is to be provided in the Zone; and
- f) any increase or decrease in the Authorized Receipt Volume required to correct its Cumulative Supply Imbalance in accordance with Section 6.13.

4.07 MULTI-DAY NOMINATIONS

A Shipper may give a nomination to Westcoast in accordance with Section 4.05 for two or more days. Where a Shipper has given a nomination to Westcoast for service for two or more days, the Shipper may change that nomination in respect of the second or any subsequent day specified in the original nomination by giving a new nomination to Westcoast in respect of any such day in accordance with Section 4.05. Except as superceded for any day by a new nomination given in accordance with Section 4.05, a multi-day nomination given by a Shipper shall remain in effect for the days in respect of which it was originally given by the Shipper.

4.08 LIMITATION, INTRA-DAY NOMINATION CYCLES

If a Shipper gives a nomination to Westcoast during a day in accordance with Section 4.05 to reduce the service in any Zone previously authorized by Westcoast for that day in accordance with Section 4.09, such a nomination shall not be for service in any such Zone in respect of a volume of gas which is less than the Elapsed Prorata Volume.

4.09 AUTHORIZATIONS

Where a Shipper has given a nomination to Westcoast for service on any day in any Nomination Cycle in accordance with Section 4.05, Westcoast will, prior to the applicable time for such Nomination Cycle specified in Section 4.10 and 4.11, notify:

- a) the Shipper of the Authorized Volume of gas to be delivered to or for the account of the Shipper

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- on the day at the Delivery Point;
- b) the Receiving Party of the Authorized Volume of gas to be delivered to or for the account of the Shipper on the day at the Delivery Point at which the Pipeline System connects with the pipeline facilities of the Receiving Party;
 - c) the Shipper and the Receipt Point Operator of the Authorized Receipt Volume to be delivered into the Pipeline System at the Receipt Point on the day by or for the account of the Shipper; and
 - d) in the case of gas to be transferred to a Receiving Shipper pursuant to Section 7.04 or Section 7.05, the Receiving Shipper of the volume authorized to be delivered to or for its account at the Delivery Point in the Huntingdon Delivery Area or at the Receipt Point as the case may be.

4.10 TIMELY AND EVENING NOMINATION CYCLES

Nominations made by a Shipper for service on any day in the Timely Nomination Cycle and the Evening Nomination Cycle in accordance with Section 4.05 shall be given by the Shipper to Westcoast on the preceding day prior to the applicable time specified in the following table, and notification of the service authorized for the day in either such Nomination Cycle shall be given by Westcoast in accordance with Section 4.09 on the preceding day prior to the applicable time specified in the following table:

Nomination Cycle	Nomination	Authorization
Timely	1300 CCT	1700 CCT
Evening	1800 CCT	2100 CCT

Such authorizations shall become effective at the beginning of the day in respect of which they are given by Westcoast.

4.11 INTRA-DAY NOMINATION CYCLES

Nominations made by a Shipper for service on any day in the Intra-Day 1 Nomination Cycle, the Intra-Day 2 Nomination Cycle, and the Intra-Day 3 Nomination Cycle in accordance with Section 4.05 shall be given by the Shipper to Westcoast during the day prior to the applicable time specified in the following table, notification of the service authorized for the day in either Intra-Day Nomination Cycle shall be given by Westcoast in accordance with Section 4.09 prior to the applicable time specified in the following table and such authorizations shall become effective during the day at the times specified in the following table:

Nomination Cycle	Nomination	Authorization	Effective Time of Authorization
Intra-Day 1	1000 CCT	1300 CCT	1400 CCT
Intra-Day 2	1430 CCT	1730 CCT	1800 CCT
Intra-Day 3	1900 CCT	2200 CCT	2200 CCT

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4.12 ADJUSTMENT OF AUTHORIZATION

Notwithstanding any authorization for service given by Westcoast in the Intra-Day 3 Nomination Cycle in accordance with Section 4.09, Westcoast will subsequently reduce the service so authorized for a Shipper to a volume of gas, including System Gas, equal to the greater of that volume specified in the final confirmation given by the Receiving Party and the Elapsed Prorata Volume, if:

- a) in the case of gas to be delivered pursuant to a Service Agreement to a Delivery Point at which the Pipeline System connects with the pipeline facilities of a Receiving Party, the confirmation given by the Receiving Party in the Intra-Day 3 Nomination Cycle reduces the volume of gas the Receiving Party will accept at the Delivery Point for the account of the Shipper; or
- b) in the case of gas to be delivered pursuant to a Service Agreement at any other Delivery Point, Westcoast has, pursuant to this section, reduced the service authorized in respect of that gas pursuant to another Service Agreement under which the gas is to be delivered to a point at which the Pipeline System connects with the pipeline facilities of a Receiving Party.

Any change in an authorization made in accordance with this section shall be made by Westcoast and communicated to the persons specified in Section 4.10 within one hour of the receipt of that final confirmation from the Receiving Party and shall become effective as at the time it is so communicated by Westcoast.

4.13 DELIVERY BY WESTCOAST AT DELIVERY POINTS

Subject to Section 3.04, Westcoast will on each day deliver to or for the account of a Shipper at the Delivery Point a volume of residue gas which is thermally equivalent to the Authorized Volume for such day. Westcoast shall not be obligated to deliver at any Delivery Point:

- a) in the case of an authorization for service which comes into effect at the beginning of the day, pursuant to Section 4.10, a volume of gas during each hour in the day which exceeds the quotient obtained by dividing 120 percent of the Authorized Volume by 24; and
- b) in the case of an authorization for service which comes into effect during the day pursuant to Section 4.11, a volume of gas during each hour in the remainder of the day which exceeds 120 percent of that volume determined by (i) subtracting from the current Authorized Volume the Elapsed Prorata Volume for that part of the day prior to the time at which the current authorization came into effect and (ii) dividing the difference so obtained by the number of hours remaining in the day following the time at which the current authorization came into effect.

4.14 SHIPPER'S DELIVERY OBLIGATIONS, THERMAL EQUIVALENTS

A Shipper shall on each day deliver to Westcoast, or cause to be delivered to Westcoast, in accordance with the applicable Service Agreements, the thermal equivalent of:

- a) the total volume of residue gas authorized by Westcoast for each such day for Transportation Service – Northern, Temporary Firm Service and Short Term Firm Service at the Receipt Points in T-North at which the residue gas is delivered into the Pipeline System for the account of the Shipper under those Service Agreements;
- b) the total volume of residue gas authorized by Westcoast for each such day for Import Backhaul Service and, in the case of FortisBC Energy Inc., for Transportation Service – Southern from the Receipt Point at Kingsvale, British Columbia, at which residue gas is delivered into the Pipeline System for the account of FortisBC Energy Inc. under those Service Agreements; and
- c) an appropriate allowance for System Gas.

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4.15 SHIPPER'S DELIVERY OBLIGATIONS, VOLUMES AT RECEIPT POINTS

A Shipper shall on each day deliver, or cause to be delivered at each Receipt Point at which residue gas is delivered into the Pipeline System by or for the account of the Shipper, the sum of the Shipper's Authorized Receipt Volumes for each such Receipt Point.

A Shipper shall not, if so notified by Westcoast in circumstances where operating conditions on any part of the Pipeline System so require, deliver, or cause to be delivered, at any Receipt Point:

- a) in the case of an authorization for service which comes into effect at the beginning of the day pursuant to Section 4.10, a volume of gas during each hour in the day which exceeds the quotient obtained by dividing 120 percent of the Authorized Receipt Volume by 24; and
- b) in the case of an authorization for service which comes into effect during the day pursuant to Section 4.11, a volume of gas during each hour in the remainder of the day which exceeds 120 percent of that volume determined by (i) subtracting from the current Authorized Receipt Volume the Elapsed Prorata Volume for that part of the day prior to the time at which the current authorization came into effect and (ii) dividing the difference so obtained by the number of hours remaining in the day following the time at which the current authorization came into effect.

4.16 ENERGY UNITS

Nominations given by Shippers pursuant to Section 4.05, and authorizations given by Westcoast pursuant to Section 4.09 will, when so prescribed by Westcoast, be given in energy units rather than volumetric units. Where such nominations and authorizations are to be given in energy units, all conversions of such nominations and authorizations from volumetric units to energy units and from energy units to volumetric units shall be made utilizing the applicable Estimated Yearly Heat Content Values determined by Westcoast and posted on its public bulletin board in accordance with Section 4.02.

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**ARTICLE 5
RECEIPT POINT OPERATORS**

5.01 APPLICATION

The provisions of this Article apply to each Shipper for whose account residue gas is delivered into the Pipeline System at a Receipt Point, and each such Shipper shall cause the Receipt Point Operator for each such Receipt Point to carry out the duties, functions and responsibilities prescribed in Section 5.04.

5.02 RECEIPT POINT OPERATORS

Each Shipper which delivers residue gas into the Pipeline System at a Receipt Point at which such Shipper is not the owner of the pipeline facilities which connect with the Pipeline System at the Receipt Point shall be deemed conclusively for all purposes of these General Terms and Conditions to have appointed the Receipt Point Operator for such Receipt Point as its agent for the purpose of carrying out and performing the duties, functions and responsibilities of a Receipt Point Operator which are described in this Article.

5.03 APPOINTMENT OF RECEIPT POINT OPERATORS

The owner of the pipeline facilities which connect with the Pipeline System at a Receipt Point may appoint another person, acceptable to Westcoast, as the Receipt Point Operator for such Receipt Point, such appointment to be effective:

- a) in the case of an existing Receipt Point, on the first day of the month immediately following the day on which notice is given to Westcoast in accordance with this section; and
- b) in the case of a new Receipt Point, on the first day on which gas is delivered to Westcoast at the Receipt Point.

The owner of the connecting pipeline facilities shall, at least five Business Days prior to the day on which such appointment is to be effective, give notice of such appointment to Westcoast and specify in the notice the name and address of such person and the day on which such appointment is to be effective. Each Shipper which delivers residue gas into the Pipeline System at such Receipt Point shall, effective as of the day on which the appointment of such person becomes effective, be deemed conclusively for all purposes of these General Terms and Conditions to have appointed such person as its agent for the purpose of carrying out and performing the duties, functions and responsibilities of a Receipt Point Operator which are described in this Article.

5.04 DUTIES, FUNCTIONS AND RESPONSIBILITIES

The Receipt Point Operator for each Receipt Point shall carry out the following duties, functions and responsibilities (which duties, functions and responsibilities shall, in the case of each Shipper which is deemed to have appointed the Receipt Point Operator as its agent pursuant to Section 5.02 or Section 5.03, be carried out by the Receipt Point Operator as agent for and on behalf of such Shipper):

- a) the delivery at a Receipt Point in accordance with the applicable pressure and quality specifications prescribed in Articles 11 and 12, of the Authorized Receipt Volume authorized by Westcoast for delivery into the Pipeline System by or for the account of each such Shipper at any such Receipt Point;
- b) the reporting to Westcoast, in the time and manner prescribed in Sections 6.03 and 6.04, of the estimated quantity of residue gas delivered into the Pipeline System on each day for the account of each such Shipper;

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- c) the delivery to Westcoast of a statement of the actual quantity of residue gas in gigajoules delivered into the Pipeline System on each day in the previous month for the account of each such Shipper, in the time and manner prescribed in Section 10.01; and
- d) where the Shipper or the Receipt Point Operator is responsible for the installation, maintenance and operation at such Receipt Point of the gas metering, measuring, monitoring and sampling equipment, the installation, maintenance and operation of the gas metering, measuring, monitoring and sampling equipment in accordance with the requirements of Section 14.01.

5.05 RELIANCE ON RECEIPT POINT OPERATORS

For all purposes of a Service Agreement and these General Terms and Conditions:

- a) Westcoast shall be entitled to rely and act upon all notifications, communications and information given, made or provided by a Receipt Point Operator on behalf of and in respect of a Shipper in connection with the matters specified in Section 5.04 as if such notifications, communications and information had been given, made or provided directly by the Shipper to Westcoast; and
- b) all allocations of residue gas delivered into the Pipeline System at a Receipt Point which are made by a Receipt Point Operator to or in respect of a Shipper, and all deliveries of residue gas made by a Receipt Point Operator at a Receipt Point for or on behalf of a Shipper shall be binding upon the Shipper as if those allocations and deliveries had been made or provided directly by the Shipper for whose account or on whose behalf they were made or provided by the Receipt Point Operator.

5.06 NON-PERFORMANCE, QUALITY AND PRESSURE

If the Receipt Point Operator for any Receipt Point at which residue gas is delivered into the Pipeline System fails to:

- a) deliver residue gas into the Pipeline System at the Receipt Point which meets the applicable quality specifications set out in Article 12 or as specified in a Service Agreement; or
- b) comply with the applicable receipt pressures at the Receipt Point prescribed in accordance with Article 11 or as specified in a Service Agreement,

Westcoast may, without prejudice to any other right it has, reduce the volume of residue gas authorized for delivery into the Pipeline System at the Receipt Point or physically shut-in all deliveries of residue gas into the Pipeline System at the Receipt Point and, in the case where the Receipt Point Operator fails to deliver residue gas into the Pipeline System at the Receipt Point which meets the applicable quality specifications set out in Article 12, Westcoast shall have the right to recover from the Shippers at the Receipt Point the amount of any credits that Westcoast is required to provide pursuant to Article 8 and which are directly attributable to such failure by the Receipt Point Operator. Westcoast shall give notice to the Receipt Point Operator, and to the Shippers upstream of the Receipt Point, of any reduction or shut-in of deliveries of residue gas at the Receipt Point in accordance with this section, and shall accept deliveries of residue gas again at the Receipt Point at such time as the failure of the Receipt Point Operator has been corrected and notice of the correction has been given by the Receipt Point Operator to Westcoast.

5.07 LIABILITIES

If Westcoast reduces the volume of residue gas authorized for delivery into the Pipeline System at a Receipt Point pursuant to Section 5.06 or physically shuts in all deliveries of residue gas at a Receipt Point in accordance with Section 5.06, Westcoast shall not have any liability whatsoever to a Shipper arising out of any such action by Westcoast and, without restricting the generality of the foregoing, shall not be liable to give the Shipper any credits pursuant to Article 8 by reason of any such action.

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ARTICLE 6
UPSTREAM TRANSMISSION BALANCING, SWING COSTS,
INVENTORY TRANSFERS AND STATION 2 GAS ACCOUNTS

6.01 SHIPPER BALANCING OBLIGATIONS

Each Shipper which delivers residue gas, or for the account of which residue gas is delivered, into the Pipeline System at a Receipt Point, other than the NOVA/Gordondale Interconnection, shall minimize the incurrence of imbalances at each such Receipt Point and shall:

- a) correct its Cumulative Supply Imbalance at the times, in the manner and to the extent required by this Article;
- b) comply with the requirements of a Shipper Specific OFO issued to it by Westcoast pursuant to Sections 6.10 and 6.11;
- c) comply with the requirements of a System Wide OFO issued by Westcoast pursuant to Sections 6.10 and 6.12; and
- d) pay Swing Costs to Westcoast in the amounts determined in accordance with Section 6.15.

6.02 BALANCING TOLERANCE RANGE

Westcoast will on each day prior to 0630 hours CCT determine the Balancing Tolerance Range for each Shipper for each such day, which Balancing Tolerance Range shall have:

- a) an upper limit equal to the greater of (i) eight percent of the Shipper's Calculated Production Value for each such day and (ii) 500 gigajoules; and
- b) a lower limit equal to the lesser of (i) minus eight percent of the Shipper's Calculated Production Value for each such day and (ii) minus 500 gigajoules.

The Calculated Production Value for each Shipper for each such day shall be the daily average in gigajoules of the aggregate of the following recorded in each of the Upstream Balancing Accounts maintained for the Shipper in accordance with Section 6.05:

- c) the Predicted Volume for the current day on which the Balancing Tolerance Range is being determined; and
- d) the Final Estimated Volume for each of the three days immediately preceding the day on which the Balancing Tolerance Range is being determined.

6.03 PREDICTED VOLUME

The Predicted Volume in respect of residue gas delivered into the Pipeline System on each day at a Receipt Point pursuant to a Service Agreement shall be determined in accordance with the following procedures:

- a) Each Shipper which delivers residue gas into the Pipeline System at a Receipt Point, other than the NOVA/Gordondale Interconnection, shall notify Westcoast, or shall cause the Receipt Point Operator for the Receipt Point to notify Westcoast, no later than 0600 hours CCT of the estimated quantity of residue gas in gigajoules supplied by each Upstream Supplier, and delivered to Westcoast at the Receipt Point by or for the account of the Shipper during the first 20 hours of the current day.

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- b) If the Shipper or the Receipt Point Operator fails to notify Westcoast in accordance with Section 6.03(a) of the quantity of residue gas delivered into the Pipeline System during the first 20 hours of any day, Westcoast may estimate that quantity based on the information available to it, and the quantity so estimated by Westcoast shall, for all purposes of these General Terms and Conditions including an Upstream Balancing Account, be deemed conclusively to be the quantity of residue gas reported by the Shipper or the Receipt Point Operator for any such day.
- c) Based on the quantity of residue gas reported or deemed to be reported by a Shipper or a Receipt Point Operator for the first 20 hours of any day for any Receipt Point, Westcoast will estimate the total quantity of residue gas that will be delivered into the Pipeline System by or for the account of a Shipper at any such Receipt Point for the entire day.
- d) The Predicted Volume for each day in respect of residue gas delivered into the Pipeline System by or for the account of a Shipper at a Receipt Point shall be the volumetric equivalent, as determined by Westcoast, of the quantity of residue gas estimated for each such Shipper in accordance with this section.

6.04 FINAL ESTIMATED VOLUME

The Final Estimated Volume in respect of residue gas delivered into the Pipeline System on each day at a Receipt Point pursuant to a Service Agreement shall be determined in accordance with the following procedures:

- a) Each Shipper which delivers residue gas into the Pipeline System at a Receipt Point, other than the NOVA/Gordondale Interconnection, shall notify Westcoast, or shall cause the Receipt Point Operator for the Receipt Point to notify Westcoast, prior to 1500 hours CCT of the estimated quantity of residue gas in gigajoules supplied by each Upstream Supplier, and delivered to Westcoast at the Receipt Point by or for the account of the Shipper on the immediately preceding day.
- b) If the Shipper or the Receipt Point Operator fails to notify Westcoast in accordance with Section 6.04(a) of the quantity of residue gas so delivered on any day, Westcoast may estimate that quantity based on the information available to it, and the quantity so estimated by Westcoast shall, for all purposes of these General Terms and Conditions including an Upstream Balancing Account, be deemed conclusively to be the quantity of residue gas reported by the Shipper or the Receipt Point Operator for any such day.
- c) The Final Estimated Volume for each day in respect of residue gas delivered into the Pipeline System by or for the account of a Shipper at a Receipt Point will be the volumetric equivalent, as determined by Westcoast, of the quantity of residue gas reported or deemed to be reported by each such Shipper to Westcoast for each such day in accordance with this section.

6.05 BALANCING AND SUSPENSE ACCOUNTS

Westcoast will establish and maintain an Upstream Balancing Account and an Upstream Suspense Account for each Shipper at each Receipt Point, other than the NOVA/Gordondale Interconnection, at which residue gas is delivered into the Pipeline System by or for the account of that Shipper.

6.06 UPSTREAM BALANCING ACCOUNT

Westcoast will record for each day in each Upstream Balancing Account established and maintained for a Shipper in accordance with Section 6.05 the opening balance in the account as at the beginning of the day, and will record in the account for each day:

- a) the thermal equivalent of the difference between the Final Estimated Volume and the Predicted Volume of residue gas delivered into the account for the Shipper on the immediately preceding day, as determined pursuant to Sections 6.04 and 6.03;

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- b) the thermal equivalent of the Predicted Volume of residue gas to be delivered into the account for the Shipper on that day as determined in accordance with Section 6.03;
 - c) the thermal equivalent of the authorized volume of gas, including the required allowance for System Gas and gas transferred pursuant to Section 7.05, which is delivered out of the account for transmission in T-North or T-South on the day;
 - d) the thermal equivalent of any inventory of residue gas transferred into or out of the account on the day pursuant to Sections 6.17 and 6.18(b); and
 - e) any transfers of imbalances made into the account from the Shipper's Upstream Suspense Account at the same point on the Pipeline System on the day pursuant to Section 6.09,
- and shall determine the closing balance in the account as at the end of the day.

6.07 DAILY REPORTING BY WESTCOAST

Westcoast will on each day prior to 0630 hours CCT provide each Shipper with a report setting out:

- a) the Shipper's preliminary Cumulative Supply Imbalance as of the end of each such day, as determined by Westcoast based upon the aggregate of each such Shipper's Predicted Volumes for such day; and
- b) the Shipper's Balancing Tolerance Range for each such day.

After the end of each such day, Westcoast will provide each Shipper with a further report setting out the Shipper's closing Cumulative Supply Imbalance for each such day, as adjusted to reflect any transfers of inventories of residue gas made pursuant to Sections 6.17 and 6.18(b).

6.08 UPSTREAM SUSPENSE ACCOUNT

Westcoast will record in each Upstream Suspense Account established and maintained for a Shipper pursuant to Section 6.05 for each day:

- a) any variances between the thermal equivalent of the Final Estimated Volume and the thermal equivalent of the Receipt Volume of residue gas for each day for which the Receipt Volume has been determined;
- b) the thermal equivalent of any inventory of residue gas transferred into or out of the account on any day pursuant to Sections 6.17(b) and 6.18; and
- c) any transfers of imbalances made from the Shipper's Upstream Suspense Account to its Upstream Balancing Account at the same point on the Pipeline System pursuant to Section 6.09,

and shall determine the closing balance in the account as at the end of the day.

6.09 MONTHLY TRANSFER OF UPSTREAM SUSPENSE ACCOUNTS

Westcoast shall determine the balance in each Upstream Suspense Account as at the end of the twenty-third day of each month and shall adjust that balance to reflect any inventory transfer made into or from that account in accordance with Sections 6.17 and 6.18 by the end of the twenty-fifth day of the month. Westcoast shall divide the balance recorded in each Upstream Suspense Account as at the end of the twenty-fifth day in the month, net of any quantity of gas to be transferred to the corresponding Upstream Balancing Account during the remainder of the month in accordance with this section, by the number of days in the next succeeding month, and shall transfer the daily amount so determined to the Shipper's corresponding Upstream Balancing Account at the same point on the Pipeline System on each day in the next succeeding month.

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6.10 ORDERS

If on any day Westcoast determines that operations on the Pipeline System are or may move outside normal operating conditions for any reason including, but not limited to:

- a) high or low volumes of linepack gas resulting from a significant loss of gas supply or changes in delivery markets;
- b) net overall supply account imbalances which are adversely affecting Pipeline System operations; or
- c) significant changes in the inventory of gas on the Pipeline System due to unplanned pipeline outages,

Westcoast may issue a Shipper Specific OFO to any Shipper whose Cumulative Supply Imbalance is outside the limits of its Balancing Tolerance Range or may issue a System Wide OFO to all Shippers. Shipper Specific OFO's and System Wide OFO's:

- d) may be made effective on the day on which such orders are issued, if issued by Westcoast prior to 1500 hours CCT on any day, and
- e) shall become effective at the beginning of the next succeeding day, if issued by Westcoast after 1500 hours CCT on any day.

6.11 SHIPPER SPECIFIC OFO

A Shipper Specific OFO issued by Westcoast to a Shipper in accordance with Sections 6.10 shall specify:

- a) the date and time of issue by Westcoast;
- b) the date and time at which the order becomes effective;
- c) a direction to the Shipper to correct its Cumulative Supply Imbalance so as to bring its Cumulative Supply Imbalance within the limits of its Balancing Tolerance Range; and
- d) the time within which the Shipper is required to take such corrective action.

A Shipper Specific OFO issued to a Shipper in accordance with this section shall remain in effect until the earliest of the following occurs:

- e) the Shipper has corrected its closing Cumulative Supply Imbalance, as reported to the Shipper in accordance with Section 6.07, so that it is within the limits of its Balancing Tolerance Range;
- f) operating conditions on the Pipeline System have returned to normal operating conditions; or
- g) the Shipper Specific OFO is superceded by the issue of a System Wide OFO by Westcoast.

Westcoast shall give notice of the termination of a Shipper Specific OFO to each Shipper to which such an order was issued at such time as Westcoast has determined that one of the foregoing conditions has been satisfied.

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6.12 SYSTEM WIDE OFO

A System Wide OFO issued by Westcoast to all Shippers in accordance with Section 6.10 shall specify:

- a) the date and time of issue by Westcoast;
- b) the date and time at which the order becomes effective;
- c) the duration of the order, unless it is specified to continue in effect until further notice is given by Westcoast;
- d) the reason for the issue of the order;
- e) the required change in the upper limit or lower limit of the Balancing Tolerance Ranges last reported to Shippers in accordance with Section 6.07, and any other changes in the management of deliveries of gas into the Pipeline System at Receipt Points; and
- f) a direction to all Shippers to correct their Cumulative Supply Imbalances so as to bring their Cumulative Supply Imbalances within the limits of their Balancing Tolerance Ranges as changed in accordance with the System Wide OFO.

If a System Wide OFO is specified to continue in effect until further notice, Westcoast shall give notice of the termination of a System Wide OFO to all Shippers at such time as the operating conditions which resulted in the issue of the order have been corrected.

6.13 CORRECTION OF IMBALANCES BY SHIPPERS

If Westcoast issues:

- a) Shipper Specific OFO to one or more Shippers in accordance with Sections 6.10 and 6.11; or
- b) a System Wide OFO to all Shippers in accordance with Sections 6.10 and 6.12,

each Shipper to which any such order is issued shall take action to correct its Cumulative Supply Imbalance so as to comply with the requirements of such order by:

- c) increasing or decreasing its deliveries of residue gas to Westcoast at Receipt Points;
- d) increasing or decreasing in the Nomination Cycles the deliveries of gas to be made for the Shipper's account at one or more Delivery Points; and
- e) making an inventory transfer in accordance with Section 6.17.

6.14 IMBALANCE CORRECTION BY WESTCOAST

If:

- a) a Shipper fails for any reason to comply with a Shipper Specific OFO or a System Wide OFO issued by Westcoast in accordance with Sections 6.10, 6.11 and 6.12; or
- b) Westcoast determines that Shipper imbalances have resulted in, or could result in, adverse conditions on the Pipeline System which could negatively affect the operations, integrity or safety of the Pipeline System,

then, notwithstanding any other provision of a Service Agreement or these General Terms and Conditions and notwithstanding any authorization of service previously given for a day in accordance with Article 4, Westcoast may:

- c) decrease the Authorized Receipt Volume of residue gas authorized for delivery by or for the

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account of a Shipper at a Receipt Point;

d) decrease the Authorized Volume of residue gas to be delivered to or for the account of a Shipper at a Delivery Point at which gas recorded in the account is delivered to or for the account of the Shipper; or

e) incur Swing Costs in order to restore normal operating conditions on the Pipeline System,

to the extent that Westcoast, in its sole discretion, considers necessary to ensure the compliance by a Shipper with its obligations under a Shipper Specific OFO or a System Wide OFO issued by Westcoast in accordance with Sections 6.10, 6.11 and 6.12 or to correct adverse operating conditions on the Pipeline System.

6.15 RECOVERY OF SWING COSTS

If, as a result of the failure of one or more Shippers to comply with the requirements of a Shipper Specific OFO or a System Wide OFO issued by Westcoast in accordance with Sections 6.10, 6.11 and 6.12 or adverse operating conditions on the Pipeline System resulting from Shipper imbalances, Westcoast incurs Swing Costs in order to restore normal operating conditions on the Pipeline System, each of such Shippers shall be allocated and shall pay to Westcoast a pro rata share of such Swing Costs based upon the sum of the daily amounts by which each such Shipper's Cumulative Supply Imbalance is greater or less than its Balancing Tolerance Range, for the period during which, in Westcoast's opinion, the imbalances incurred by each such Shipper materially contributed to Westcoast incurring such Swing Costs.

6.16 TERMINATION OF SERVICE AGREEMENTS

If, from time to time following the expiration or termination of the last Service Agreement under which residue gas is delivered by or for the account of a Shipper to Westcoast at a Receipt Point, other than the NOVA/Gordondale Interconnection, there is a positive or negative closing balance in the Shipper's Upstream Balancing Account or Upstream Suspense Account at that point, Westcoast will transfer any such closing balance in the Shipper's Upstream Suspense Account to its Upstream Balancing Account at that point, and will on the day following such transfer, provide the Shipper with a report setting out the closing balance recorded in the Shipper's Upstream Balancing Account following the transfer made on the preceding day. Within three days of the receipt of the report provided by Westcoast in accordance with this section, the Shipper shall, notwithstanding the expiration or termination of such last Service Agreement, correct the positive or negative closing balance specified in that report by:

- a) in the case of a positive closing balance, by delivering residue gas off the Pipeline System at a Delivery Point and paying any tolls applicable to such deliveries;
- b) in the case of a negative closing balance, by delivering residue gas to Westcoast at a Receipt Point on the Pipeline System approved by Westcoast; or
- c) in either case, by making an inventory transfer in accordance with Section 6.17, and paying any tolls required to be paid in accordance with Section 6.20.

If the Shipper fails to correct such closing balance within the time prescribed in this section, Westcoast may take such action as Westcoast, in its sole discretion, considers necessary or desirable to correct such closing balance, including selling gas to correct a positive closing balance and purchasing gas to correct a negative closing balance. Notwithstanding the expiration or termination of such last Service Agreement, the Shipper shall be liable to pay to Westcoast all costs, including all tolls and gas sale and purchase costs, incurred by Westcoast to correct a closing balance in accordance with this section.

6.17 INVENTORY TRANSFERS FROM UPSTREAM BALANCING ACCOUNTS

Subject to Section 6.19, a Shipper may transfer all or any portion of a positive closing balance

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recorded in its Upstream Balancing Account at a point on the Pipeline System to:

- a) its Upstream Balancing Account having a negative closing balance at another point on the Pipeline System; or
- b) its Upstream Suspense Account having a negative closing balance at the same point on the Pipeline System.

Subject to Section 6.19, a Shipper may transfer a volume of gas from its Upstream Balancing Account having a positive or negative closing balance at a point on the Pipeline System to the Upstream Balancing Account of another Shipper having a positive or negative closing balance at the same point or at another point on the Pipeline System.

6.18 INVENTORY TRANSFERS FROM UPSTREAM SUSPENSE ACCOUNTS

Subject to Section 6.19, a Shipper may transfer all or any portion of a positive closing balance recorded in its Upstream Suspense Account at a point on the Pipeline System to:

- a) its Upstream Suspense Account having a negative closing balance at another point on the Pipeline System;
- b) its Upstream Balancing Account having a negative closing balance at the same point on the Pipeline System;
- c) the Upstream Suspense Account of another Shipper having a negative closing balance at another point on the Pipeline System; or
- d) the Upstream Suspense Account of another Shipper having a positive or a negative closing balance at the same point on the Pipeline System.

6.19 INVENTORY TRANSFERS

A Shipper shall not make any inventory transfer in accordance with Section 6.17 or Section 6.18 without obtaining the prior approval of Westcoast for the proposed inventory transfer, including the volume of gas to be transferred. Subject to obtaining the approval of Westcoast, a Shipper may make an inventory transfer in accordance with Sections 6.17 and 6.18(b) on any day in a month and in accordance with Sections 6.18(a), 6.18(c) and 6.18(d) only during the period commencing on the twentieth day and ending on the twenty-fifth day in each month.

6.20 TOLLS ON INVENTORY TRANSFERS

Where a Shipper transfers the positive closing balance recorded in its Upstream Balancing Account or its Upstream Suspense Account at a point on the Pipeline System pursuant to Sections 6.17(a), 6.18(a), 6.18(c) or 6.18(d) and where a Shipper transfers a volume of gas from its Upstream Balancing Account at a point on the Pipeline System to the Upstream Balancing Account of another Shipper at the same point or at another point on the Pipeline System pursuant to Section 6.17, the Shipper shall, in addition to any other charges payable pursuant to a Service Agreement and these General Terms and Conditions, pay to Westcoast the difference greater than zero, if any, between:

- a) the tolls that would be payable in respect of Transportation Service – Northern by that Shipper, assuming the volume of gas so transferred was transported on an interruptible basis from the point on the Pipeline System from which such volume of gas was so transferred; and
- b) the tolls that would be payable in respect of Transportation Service – Northern by that Shipper or by the Shipper to which such volume of gas was so transferred, assuming the volume of gas so transferred was transported on an interruptible basis from the point on the Pipeline System to which such volume of gas was so transferred.

6.21 STATION 2 GAS ACCOUNTS

Westcoast will establish and maintain the following accounts for Shippers at Compressor Station

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No. 2:

- a) a Supply Account for each Supply Shipper;
- b) a Non-Supply Account for each Non-Supply Shipper; and
- c) an Inventory Transfer Account for each Inventory Transfer Shipper.

6.22 SUPPLY AND NON-SUPPLY ACCOUNTS

Westcoast will record for each day in each Supply Account and in each Non-Supply Account established and maintained for a Shipper in accordance with Section 6.21 the opening balance in the account as at the beginning of the day, and will record in the account for each day:

- a) the thermal equivalent of the authorized volume of residue gas transmitted through T-North for delivery into the account;
- b) the thermal equivalent of the volumes of residue gas transferred into the account at Compressor Station No. 2 from the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper;
- c) the thermal equivalent of the volumes of residue gas transferred out of the account at Compressor Station No. 2 into the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper; and
- d) the thermal equivalent of the authorized volume of residue gas, including the required allowance for System Gas, which is delivered out of the account for transmission to a Delivery Point,

and shall determine the closing balance in the account as at the end of the day.

6.23 BALANCING TOLERANCE RANGE, NON-SUPPLY ACCOUNTS

Westcoast will for each month determine the Balancing Tolerance Range for each Non-Supply Shipper, which Balancing Tolerance Range shall have:

- a) an upper limit equal to two percent of the Non-Supply Shipper's Average Daily Scheduled Quantity, subject to a maximum of 5,000 gigajoules and a minimum of 500 gigajoules; and
- b) a lower limit equal to minus two percent of the Non-Supply Shipper's Average Daily Scheduled Quantity, subject to a maximum of minus 5,000 gigajoules and a minimum of minus 500 gigajoules.

6.24 DAILY REPORTING BY WESTCOAST

Westcoast will after the end of each day provide each Non-Supply Shipper with a report setting out:

- a) the Shipper's Non-Supply Account Imbalance as at the end of each such day as determined by Westcoast in accordance with Section 6.22; and
- b) the Shipper's Balancing Tolerance Range for each such day.

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6.25 NON-SUPPLY SHIPPER BALANCING OBLIGATIONS

Each Non-Supply Shipper for which a Non-Supply Shipper Account has been established in accordance with Section 6.21 shall minimize the incurrence of imbalances in its Non-Supply Account and shall:

- a) correct its Non-Supply Account Imbalance at the times, in the manner and to the extent required by this Article;
- b) comply with the requirements of a Shipper Specific OFO issued to it by Westcoast pursuant to Sections 6.10 and 6.11;
- c) comply with the requirements of a System Wide OFO issued by Westcoast pursuant to Sections 6.10 and 6.12; and
- d) pay Swing Costs to Westcoast in the amounts determined in accordance with Section 6.15.

The provisions of Sections 6.10, 6.11, 6.12, 6.14 and 6.15 respecting a Shipper Specific OFO, a System Wide OFO, the correction of imbalances by Westcoast and the recovery of Swing Costs shall apply to a Non-Supply Shipper in respect of its Non-Supply Account as if the references in those sections to a Shipper include a reference to a Non-Supply Shipper and the references in those sections to a Cumulative Supply Imbalance include a reference to a Non-Supply Account Imbalance.

6.26 CORRECTION OF IMBALANCES BY NON-SUPPLY SHIPPERS

If Westcoast issues:

- a) a Shipper Specific OFO to one or more Non-Supply Shippers in accordance with Sections 6.10 and 6.11; or
- b) a System Wide OFO to all Shippers in accordance with Sections 6.10 and 6.12,

each Non-Supply Shipper to which such order is issued shall take action to correct its Non-Supply Account Imbalance so as to comply with the requirements of such order by:

- a) increasing or decreasing its deliveries of residue gas into its Non-Supply Account; or
- b) increasing or decreasing its deliveries of residue gas out of its Non-Supply Account to a Delivery Point; or
- c) making a transfer of residue gas to, or receiving a transfer of residue gas from, the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper at Compressor Station No. 2.

6.27 TERMINATION OF SERVICE AGREEMENTS, NON-SUPPLY SHIPPERS

If, from time to time following the expiration or termination of the last Service Agreement under which residue gas is delivered for the account of a Non-Supply Shipper to or from Compressor Station No. 2, there is a positive or negative closing balance in the Non-Supply Shipper's Non-Supply Account, Westcoast will provide the Non-Supply Shipper with a report setting out the closing balance in its Non-Supply Account. Within three days of the receipt of the report provided by Westcoast in accordance with this section, the Non-Supply Shipper shall, notwithstanding the expiration or termination of such last Service Agreement, correct the positive or negative closing balance specified in that report by:

- a) in the case of a positive closing balance, by delivering residue gas off the Pipeline System at a Delivery Point and paying any tolls applicable to such deliveries;

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- b) in the case of a negative closing balance, by delivering residue gas to Westcoast at Compressor Station No. 2 and paying any tolls applicable to such deliveries; or
- c) in either case, by making a transfer of residue gas to, or receiving a transfer of residue gas from, the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper at Compressor Station No. 2.

If the Non-Supply Shipper fails to correct such closing balance within the time prescribed in this section, Westcoast may take such action as Westcoast, in its sole discretion, considers necessary or desirable to correct such closing balance, including selling gas to correct a positive closing balance and purchasing gas to correct a negative closing balance. Notwithstanding the expiration or termination of such last Service Agreement, the Non-Supply Shipper shall be liable to pay to Westcoast all costs, including all tolls and gas sale and purchase costs, incurred by Westcoast to correct a closing balance in accordance with this section.

6.28 INVENTORY TRANSFER ACCOUNTS

Westcoast will record for each day in each Inventory Transfer Account established and maintained for an Inventory Transfer Shipper in accordance with Section 6.21:

- a) the thermal equivalent of the volume of residue gas transferred into the account at Compressor Station No. 2 from the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper; and
- b) the thermal equivalent of the volume of residue gas transferred out of the account at Compressor Station No. 2 into the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper,

and shall determine the closing balance in the account as at the end of the day.

6.29 IMBALANCES, INVENTORY TRANSFER ACCOUNTS

Notwithstanding any other provision of these General Terms and Conditions, an Inventory Shipper shall not under any circumstances incur an imbalance in its Inventory Transfer Account at the end of any day.

6.30 CORRECTION OF IMBALANCES BY WESTCOAST

If an Inventory Transfer Shipper incurs an imbalance in its Inventory Transfer Account at the end of any day, then, notwithstanding any other provision of a Service Agreement or these General Terms and Conditions, Westcoast may decrease the thermal equivalent of the volumes of residue gas transferred into or out of the Inventory Transfer Account on any such day in order to correct the imbalance incurred by the Inventory Transfer Shipper at the end of any such day.

6.31 LIABILITIES

If Westcoast corrects a Shipper's Cumulative Supply Imbalance in accordance with Section 6.14, corrects a Non-Supply Shipper's Non-Supply Account Imbalance in accordance with Section 6.14 and 6.25 or corrects an imbalance in an Inventory Transfer Account in accordance with Section 6.30, Westcoast shall not have any liability whatsoever to the Shipper, Non-Supply Shipper or Inventory Transfer Shipper arising out of the correction so made by Westcoast and, without restricting the generality of the foregoing, shall not be liable to give the Shipper any credits in accordance with Article 8 by reason of correcting any such Cumulative Supply Imbalance or Non-Supply Account Imbalance.

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**ARTICLE 7
DIVERSIONS, HUNTINGDON DELIVERY AREA,
AND DELIVERY AND RECEIPT TRANSFERS**

7.01 T-SOUTH DIVERSIONS

Subject to Section 3.03, Westcoast will, at the request of a Shipper given in a nomination made in the Timely Nomination Cycle, the Evening Nomination Cycle or an Intra-Day Nomination Cycle pursuant to Section 4.05, authorize the delivery of the volumes of gas in respect of which the nomination is given under a Firm Service Agreement

- a) to a Delivery Point within the Huntingdon Delivery Area other than the Delivery Point within that area specified in the Firm Service Agreement;
- b) to an Upstream Delivery Point instead of the Delivery Point in T-South specified in the Firm Service Agreement; or
- c) to a Downstream Delivery Point instead of the Delivery Point in T-South specified in the Firm Service Agreement.

7.02 TOLLS, UPSTREAM DIVERSIONS

Where volumes of gas are diverted to an Upstream Delivery Point in accordance with Section 7.01(b), the Shipper shall pay to Westcoast the Demand Tolls payable for service to the Delivery Point specified in the Firm Service Agreement plus the amount of tax on fuel gas consumed in operations applicable pursuant to the Toll Schedules to gas delivered from the Receipt Point specified in the Firm Service Agreement to the Upstream Delivery Point.

7.03 TOLL DIFFERENTIAL, DOWNSTREAM DIVERSIONS

Where volumes of gas are diverted to a Downstream Delivery Point in accordance Section 7.01(c), the Shipper shall, in addition to the tolls and other amounts payable pursuant to the Toll Schedules in respect of gas delivered to the Delivery Point specified in the Firm Service Agreement, also pay to Westcoast in respect of the gas so diverted an amount equal to the difference between:

- a) the Commodity Tolls and the taxes on fuel gas that would be payable pursuant to the Toll Schedules for Interruptible Service for gas delivered from the Receipt Point specified in the Firm Service Agreement to the Downstream Delivery Point; and
- b) the Commodity Tolls and the taxes on fuel gas that would be payable pursuant to the Toll Schedules for Interruptible Service for gas delivered from the Receipt Point specified in the Firm Service Agreement to the Delivery Point specified in that agreement.

7.04 DELIVERY TRANSFERS, HUNTINGDON DELIVERY AREA

Unless restricted by Westcoast by means of a notice given to all Shippers at least two hours prior to the time fixed for the giving of a nomination in accordance with Sections 4.05, 4.10 and 4.11, a Shipper which has entered into a Firm Service Agreement or an Interruptible Service Agreement with Westcoast providing for the delivery of gas to a Delivery Point within the Huntingdon Delivery Area may request Westcoast to deliver gas on any day pursuant to that Service Agreement to or for the account of a Receiving Shipper within the Huntingdon Delivery Area, and the Receiving Shipper may request Westcoast to authorize the delivery of such gas to or for its account either at the Delivery Point specified in the Service Agreement or at another Delivery Point within the Huntingdon Delivery Area provided:

- a) the originating Shipper gives Westcoast the required form of nomination in accordance with Sections 4.05 and 4.06; and

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- b) the Receiving Shipper gives Westcoast the required form of nomination in accordance with Sections 4.05 and 4.06.

Where an originating Shipper and a Receiving Shipper request Westcoast to authorize the delivery of gas to or for the account of the Receiving Shipper pursuant to this section:

- c) the nominations given by the originating Shipper and the Receiving Shipper and the authorizations given by Westcoast in respect of those nominations shall, for all purposes of these General Terms and Conditions including, without limitation, Sections 3.03, 3.04 and 3.06, be deemed conclusively to be nominations and authorizations given under the Service Agreement between the originating Shipper and Westcoast; and
- d) the delivery of gas by Westcoast to or for the account of the Receiving Shipper at a Delivery Point within the Huntingdon Delivery Area shall, for all purposes of the Service Agreement between the originating Shipper and Westcoast and of these General Terms and Conditions, constitute delivery of that gas by Westcoast to or for the account of the originating Shipper in accordance with that Service Agreement.

7.05 RECEIPT TRANSFERS

A Shipper which has entered into a Firm Service Agreement or an Interruptible Service Agreement providing for service from a Receipt Point at which the Shipper delivers residue gas into the Pipeline System may request Westcoast, in lieu of Transportation Service or Short Term Firm Service from that Receipt Point, to authorize the delivery of gas into the Pipeline System at that Receipt Point, up to the Contract Demand specified in the Firm Service Agreement or up to the maximum daily volume specified in the Interruptible Service Agreement, for transfer at that same Receipt Point to a Receiving Shipper for ongoing transmission to a Delivery Point on any day provided:

- a) the originating Shipper gives Westcoast the required form of nomination in accordance with Sections 4.05 and 4.06;
- b) the Receiving Shipper gives Westcoast the required form of nomination in accordance with Sections 4.05 and 4.06; and
- c) the Receiving Shipper, or any other Receiving Shipper to which the gas is transferred at the Receipt Point in accordance with this section, has given Westcoast a nomination to transmit the gas to a Delivery Point pursuant to a Service Agreement.

Where Westcoast authorizes the transfer of gas to one or more Receiving Shippers at a Receipt Point in accordance with this section:

- d) all of the General Terms and Conditions including, without limitation, Articles 6 and 23 shall apply to the originating Shipper in respect of the gas received into the Pipeline System at the Receipt Point and so transferred for its account at the Receipt Point; and
- e) all of the General Terms and Conditions other than Articles 6 and 23 shall apply to each Receiving Shipper in respect of the gas so transferred for its account at the Receipt Point.

7.06 EQUIVALENT POINT DIVERSIONS

Subject to Section 3.02, Westcoast will at the request of a Shipper given in a nomination made in the Timely Nomination Cycle, the Evening Nomination Cycle or an Intraday Nomination Cycle pursuant to Section 4.05, authorize the delivery of the volume of gas in respect of which the nomination is given under a Firm Service Agreement:

- a) by Westcoast to a Delivery Point in T-North which is an Equivalent Delivery Point to that specified in the Firm Service Agreement; or

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- b) to Westcoast at a Receipt Point in T-North which is an Equivalent Receipt Point to that specified in the Firm Service Agreement.

For the purposes of this Section 7.06:

- c) each of Delivery Point No. 92 (the NOVA/Gordondale Interconnection) and Delivery Point No. 3295 (the Alliance/Gordondale Interconnection) is an Equivalent Delivery Point to the other;
- d) each of Receipt Point No. 4963 (Groundbirch #1), Receipt Point No. 8726 (Groundbirch #2) and Receipt Point No. 9866 (Groundbirch #3) is an Equivalent Receipt Point to the others;
- e) each of Receipt Point No. 9207 (Farrell Creek) and Receipt Point No. 11626 (Farrell Creek #2) is an Equivalent Receipt Point to the other; and
- f) each of Receipt Point No. 375 (West Doe) and Receipt Point No. 8626 (West Doe Plant) is an Equivalent Receipt Point to the other.

7.07 OTHER T-NORTH DIVERSIONS

Subject to Section 3.02 and operating conditions on the Pipeline System, and notwithstanding the provisions of Article 9 respecting Temporary In Path Relocations and Temporary Out of Path Relocations, Westcoast will at the request of a Shipper which:

- a) has entered into a Service Agreement providing for Firm Transportation Service – Northern, Long Haul; and
- b) has given a nomination therefor to Westcoast in the Timely Nomination Cycle, the Evening Nomination Cycle or an Intraday Nomination Cycle pursuant to Section 4.05,

authorize an In Path Diversion or an Out of Path Diversion of such Firm Transportation Service – Northern, Long Haul, to an alternate Receipt Point in T-North and/or an alternate Delivery Point in T-North provided that any such diversion does not result in any change in the direction of flow of the service through the Pipeline System from that of the currently contracted Firm Transportation Service – Northern, Long Haul and provided that the service as so diverted continues to be provided along all or part of the route of the currently contracted Firm Transportation Service – Northern, Long Haul.

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ARTICLE 8
CONTRACT DEMAND CREDITS – COMPRESSOR OUTAGES

8.01 FIRM SERVICE, T-NORTH

Subject to Section 8.03, if and to the extent Westcoast is unable to provide a Shipper with any Firm Transportation Service – Northern, Temporary Firm Service or Short Term Firm Service in T-North held by the Shipper for any day in a month due to an outage of compressor facilities in T-North then the Shipper will be entitled to a credit determined for any such day in accordance with the following provisions:

- a) if no notice respecting a restriction in service was in effect prior to the time specified in Section 4.11 for giving of nominations in the Intra-Day 1 Nomination Cycle for any such day, the Shipper will be entitled to a credit in respect of that day equal to the product obtained by multiplying the applicable Daily Demand Toll by the amount, if any, by which the sum of (i) the volume of residue gas nominated in good faith by the Shipper in the Timely and Evening Nomination Cycles, up to a volume equal to that determined by multiplying the Contract Demand by the applicable Transmission Reliability Percentage, and (ii) the additional volume of residue gas nominated in good faith by the Shipper in the Intra-Day 1 Nomination Cycle, up to a volume equal to that determined by multiplying the difference between the Contract Demand and the volume of residue gas so nominated in the prior Nomination Cycles by two-thirds and by the applicable Transmission Reliability Percentage, exceeds the actual volume of residue gas for which Westcoast authorized such service on that day; and
- b) if Westcoast gave a notice that such service was restricted to a volume less than the Contract Demand and such notice was in effect at the time specified in Section 4.11 for the giving of nominations in the Intra-Day 1 Nomination Cycle for any such day, the Shipper will be entitled to a credit in respect of that day equal to the product obtained by multiplying the applicable Daily Demand Toll by the amount, if any, by which (i) the average of the daily volumes of such Firm Transportation Service – Northern, Temporary Firm Service and Short Term Firm Service authorized by Westcoast for the Shipper, up to a volume equal to that determined by multiplying the Contract Demand by the applicable Transmission Reliability Percentage, for the immediately preceding three days on which there was no such restriction on such service, exceeds (ii) the greater of the actual volume of residue gas for which Westcoast authorized such service on that day and the Contract Demand available for such service on such day as specified in the notice relating to the restriction given by Westcoast to all shippers in accordance with Section 19.05.

8.02 FIRM SERVICE, T-SOUTH

Subject to Section 8.03, if and to the extent Westcoast is unable to provide a Shipper with any Firm Transportation Service – Southern or Short Term Firm Service in T-South held by the Shipper for any day in a month due to an outage of compressor facilities in T-South then the Shipper will be entitled to a credit determined for any such day in accordance with the following provisions:

- a) if no notice respecting a restriction in service was in effect at the applicable time specified in Section 4.11 for the giving of nominations in the Intra-Day 1 Nomination Cycle for any such day, the Shipper will be entitled to a credit in respect of that day equal to the product obtained by multiplying the applicable Daily Demand Toll by the amount, if any, by which the sum of (i) the volume of residue gas nominated in good faith by the Shipper in the Timely and Evening Nomination Cycles, up to a volume equal to that determined by multiplying the Contract Demand by the applicable Transmission Reliability Percentage, and (ii) the additional volume of residue gas nominated in good faith by the Shipper in the Intra-Day 1 Nomination Cycle, up to a volume equal to that determined by multiplying the difference between the Contract Demand and the volume of residue gas so nominated in the prior Nomination Cycles by two-thirds and by the applicable Transmission Reliability Percentage, exceeds the actual volume of residue gas for which Westcoast authorized such service on that day; and

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- b) if Westcoast gave a notice that such service was restricted to a volume less than the Contract Demand and such notice was in effect at the time specified in Section 4.11 for the giving of nominations in the Intra-Day 1 Nomination Cycle for any such day, the Shipper will be entitled to a credit in respect of that day equal to the product obtained by multiplying the applicable Daily Demand Toll by the amount, if any, by which (i) the average of the daily volumes of such Firm Transportation Service – Southern and Short Term Firm Service authorized by Westcoast for the Shipper, up to a volume equal to that determined by multiplying the Contract Demand by the applicable Transmission Reliability Percentage, for the immediately preceding three days on which there was no such restriction on such service, exceeds (ii) the greater of the actual volume of residue gas for which Westcoast authorized such service on that day and the Contract Demand available for such service on such day as specified in the notice relating to the restriction given by Westcoast to all shippers in accordance with Section 19.05.

8.03 EXCEPTIONS

A Shipper will not be entitled to any credits under Sections 8.01 or 8.02, if or to the extent that the inability of Westcoast to provide any Firm Service to the Shipper resulted from:

- a) the failure of the Shipper to nominate the full Contract Demand available for such service as specified in the notice relating to the restriction given by Westcoast;
- b) the failure of the Receiving Party to confirm that it will take delivery of the gas to be delivered by Westcoast to or for the account of the Shipper or to take delivery of the volume of gas authorized by Westcoast at the Delivery Point at the applicable pressure prescribed in these General Terms and Conditions;
- c) the inability of Westcoast to confirm to its satisfaction pursuant to Section 3.06(g) that the Shipper, or the Receipt Point Operator on its behalf, will be capable of fulfilling its obligations under Sections 4.14 and 4.15 or the failure by the Shipper or the Receipt Point Operator on its behalf, to deliver gas to Westcoast at the Receipt Point in accordance with these General Terms and Conditions;
- d) the inability of Westcoast to authorize or provide service in any other Zone of the Pipeline System by reason of an event or circumstance occurring in that other Zone; or
- e) an outage of compressor facilities required to accommodate Pipeline System expansion work or compressor upgrades or other reliability-related work undertaken by Westcoast.

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**ARTICLE 9
CAPACITY ALLOCATION AND RELOCATIONS**

9.01 APPLICATION

The provisions of this Article apply to the allocation of all capacity which becomes available on the Pipeline System for any reason, including the failure of a Shipper to exercise renewal rights in respect of any Firm Transportation Service in accordance with Section 2.03, and to Relocations, but does not apply to the allocation of any capacity which becomes available through the construction of new facilities or which is required for Short Term Firm Service.

9.02 ALLOCATION PRIORITIES

Available capacity on the Pipeline System which is posted by Westcoast on its public bulletin board in any month in accordance with Section 9.04 and Permanent In Path Relocations and Temporary In Path Relocations will be awarded by Westcoast in accordance with the provisions of this Article in the following priority and sequence:

- a) first priority shall be given to new Firm Transportation Service, which shall be awarded by Westcoast in accordance with Sections 9.08 and 9.09;
- b) second priority shall be given to Temporary Firm Service, which shall be awarded by Westcoast in accordance with Sections 9.08 and 9.09.
- c) third priority shall be given to Permanent In Path Relocations, which shall be awarded by Westcoast in accordance with Section 9.11;
- d) fourth priority shall be given to Temporary In Path Relocations, which shall be awarded by Westcoast in accordance with Section 9.12;
- e) fifth priority shall be given to Permanent Out of Path Relocations, for which the consideration is a Term Extension, which shall be awarded by Westcoast in accordance with Section 9.13;
- f) sixth priority shall be given to Permanent Out of Path Relocations for which the consideration is a Relocation Fee, which shall be awarded by Westcoast in accordance with Section 9.13; and
- g) seventh priority shall be given to Temporary Out of Path Relocations, which shall be awarded by Westcoast in accordance with Section 9.14.

9.03 LIMITATIONS ON RELOCATIONS

Notwithstanding the provisions of Sections 9.04 to 9.07, Sections 9.11 to 9.14 and Section 9.16.

- a) no bid shall be submitted in respect of a Relocation pursuant to Section 9.05 and no Relocation shall be awarded by Westcoast in accordance with this Article if the effect of any such Relocation would be (i) to convert any Transportation Service – Northern, Long Haul to Transportation Service – Northern, Short Haul or (ii) to effect a Relocation of any Temporary Firm Service;
- b) no bid shall be submitted for any Permanent In Path Relocation or Permanent Out of Path Relocation, and no such Relocation shall be awarded by Westcoast pursuant to Section 9.11 or Section 9.13, unless, at the time such bid is submitted, the Firm Transportation Service – Northern to be relocated is renewable in accordance with Section 2.03;
- c) no bid shall be submitted for any Permanent Out of Path Relocation for which the consideration is a Term Extension, and no such Relocation shall be awarded by Westcoast pursuant to Section 9.13, unless the Term Extension specified in such bid is one or more whole years;

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- d) no bid shall be submitted in respect of a Permanent Out of Path Relocation for which the consideration is a Relocation Fee, and no such Relocation shall be awarded by Westcoast in accordance with Section 9.13, unless, at the time such bid is submitted, the remaining term of the Firm Transportation Service – Northern is not less than three years;
- e) all bids submitted in respect of any Relocations shall be subject to meter station capacity and other capacity constraints on the Pipeline System; and
- f) all Temporary In Path Relocations and all Temporary Out of Path Relocations awarded by Westcoast in accordance with this Article shall be effective only for the month immediately following the day on which the Relocation was awarded by Westcoast.

9.04 NOTIFICATION BY WESTCOAST

On or before the 15th day of each month, Westcoast will post on its public bulletin board all capacity available on the Pipeline System on and after the first day of the next succeeding month, together with the parameters which define the scope of the available capacity including:

- a) the Contract Demand;
- b) the sections of the Pipeline System on which the capacity is available; and
- c) the commencement and termination dates of the term during which such capacity is available,

and will also post the electronic mail address to which bids are to be submitted in accordance with Section 9.05.

9.05 BIDS

Bids for available capacity and bids for Relocations shall be submitted to Westcoast at the electronic mail address posted by Westcoast in accordance with Section 9.04, prior to 1600 hours CCT on the fifth Business Day following the day upon which Westcoast posted the available capacity in accordance with Section 9.04. Each bid shall be unconditional and shall specify the parameters required to define the bid and, in the case of a bid for Firm Transportation Service or Temporary Firm Service, shall include:

- a) the Contract Demand which the bidder desires to secure;
- b) the minimum Contract Demand which the bidder is prepared to accept;
- c) the term for which the bidder requires the Firm Transportation Service or Temporary Firm Service and the commencement date of that term if it is different from that specified by Westcoast; and
- d) the Receipt Point and the Delivery Point for the service,

and, in the case of a Relocation, shall include:

- a) the Contract and Line number for the existing Firm Transportation Service – Northern;
- b) the existing Receipt Point and Delivery Point for such service;
- c) the requested Receipt Point and/or Delivery Point;
- d) in the case of a Permanent Out of Path Relocation of Firm Transportation Service – Northern for which the consideration is a Term Extension, the Term Extension proposed by the Shipper; and

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- e) in the case of a Permanent Out of Path Relocation of Firm Transportation Service – Northern for which the consideration is a Relocation Fee, the Relocation Fee payable in respect of such Relocation.

9.06 ADDITIONAL BID PROVISIONS

The following provisions shall apply to bids made in accordance with Section 9.05 in respect of capacity for Firm Transportation Service, Temporary Firm Service and Relocations:

- a) For the purposes of the evaluation by Westcoast in accordance with Section 9.08 of bids in respect of capacity for Firm Transportation Service and Temporary Firm Service, all such bids will be deemed to have been submitted at the currently applicable Demand Toll for such service.
- b) A bidder may submit multiple bids in respect of capacity for Firm Transportation Service or Temporary Firm Service having the same Receipt Point and Delivery Point provided that each such bid is unconditional and is not made as an alternative to any other bid submitted by such bidder.
- c) Except for the name of the bidder, all bids submitted to Westcoast shall be open to public examination.

9.07 WITHDRAWAL AND AMENDMENT OF BIDS

The following provisions shall apply to the withdrawal of bids for capacity for Firm Transportation Service, Temporary Firm Service and Permanent Out of Path Relocations:

- a) A bidder may withdraw any bid for capacity for Firm Transportation Service, Temporary Firm Service or for a Permanent Out of Path Relocation which has been posted to the public bulletin board at any time prior to the time specified in Section 9.05. Thereafter, a bid shall be irrevocable.
- b) Where a bidder withdraws a bid in respect of capacity for Firm Transportation Service, Temporary Firm Service or a Permanent Out of Path Relocation, the bidder shall not be entitled to submit a new bid for the same capacity having a lower economic value than the prior bid which was withdrawn.

9.08 AWARD OF FIRM SERVICE

Westcoast will evaluate each bid in respect of capacity for Firm Transportation Service and for Temporary Firm Service submitted in compliance with Sections 9.05 and 9.06 on the basis of its unit economic value. The unit economic value of each such bid for Firm Transportation Service shall be the net present value of the currently applicable Demand Toll for Firm Transportation Service having the term specified in the bid, discounted at the Discount Rate. The unit economic value of each such bid for Temporary Firm Service shall be the currently applicable Demand Toll for that service. Following evaluation of the bids, Westcoast will, subject to the limitations set out in Section 9.20, first award Firm Transportation Service and then award Temporary Firm Service, in each case on the basis of the economic value of the bids received for each such service by allocating it to the bid having the highest economic value and to other bids in descending order of economic value until all the available capacity has been allocated or until all valid bids have been accepted by Westcoast. If the economic values of two or more bids are equal, Westcoast will determine the priority of those bids by applying one or more of the following criteria:

- a) the bid with the earliest commencement date will be given the highest priority; and
- b) the bid with the longest term will be given the highest priority.

Westcoast will notify each successful bidder of the Firm Transportation Service and Temporary Firm Service awarded to it.

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9.09 ALLOCATION BETWEEN EQUAL BIDS FOR FIRM SERVICE

If, following the application of the criteria in Section 9.08, Westcoast determines that two or more bids in respect of capacity for Firm Transportation Service or Temporary Firm Service remain equal, Westcoast will allocate the available capacity for Firm Transportation Service or Temporary Firm Service in accordance with the following procedures:

- a) Westcoast will offer the available capacity to the affected bidders pro rata on the basis of the Contract Demand specified in their bids.
- b) Affected bidders which accept or are deemed to have accepted the capacity for Firm Transportation Service or Temporary Firm Service offered by Westcoast will be offered a pro rata share in any capacity for such service not accepted by another bidder, until they have been allocated the entire Contract Demand specified in their respective bids.
- c) Any remaining capacity which has not been awarded in accordance with subsection (b) will be allocated by way of lottery to those affected bidders which rejected the allocation of Firm Transportation Service or Temporary Firm Service made in accordance with subsection (a). Firm Transportation Service or Temporary Firm Service up to the Contract Demand specified in the bids submitted in accordance with Sections 9.05 and 9.06 will be offered sequentially to those bidders in the order in which they are selected by lottery.

9.10 ACCEPTANCE OF FIRM SERVICE BY BIDDER

If Westcoast awards or offers Firm Transportation Service or Temporary Firm Service to a bidder pursuant to this Article and if that Firm Transportation Service or Temporary Firm Service is for a Contract Demand which is less than the minimum Contract Demand specified in the bid submitted in accordance with Sections 9.05 and 9.06, the bidder shall notify Westcoast of its acceptance of that Firm Transportation Service or Temporary Firm Service within the time specified by Westcoast in its notice of the award or offer, failing which the bidder shall be deemed conclusively to have declined the award or offer. If the Firm Transportation Service or Temporary Firm Service awarded or offered to a bidder by Westcoast is equal to or exceeds the minimum Contract Demand specified in the bid submitted, the bidder shall be deemed conclusively to have accepted the award or offer.

9.11 AWARD OF PERMANENT IN PATH RELOCATIONS

Subject to meter station capacity and other capacity constraints, Westcoast will award all Permanent In Path Relocations requested by Shippers by means of a bid submitted in compliance with Sections 9.03, 9.05 and 9.06. If there is a meter station capacity restriction or other capacity constraint, Westcoast will award the available capacity to the Shippers which submitted valid bids pro rata on the basis of the Contract Demand for the service in respect of which the bid was submitted.

9.12 AWARD OF TEMPORARY IN PATH RELOCATIONS

Subject to meter station capacity and other capacity constraints, Westcoast will award all Temporary In Path Relocations requested by Shippers by means of a bid submitted in compliance with Sections 9.03, 9.05 and 9.06. If there is a meter station capacity restriction or other capacity constraint, Westcoast will award the available capacity to the Shippers which submitted valid bids pro rata on the basis of the Contract Demand for the service in respect of which the bid was submitted.

9.13 AWARD OF PERMANENT OUT OF PATH RELOCATIONS

Subject to meter station capacity and other capacity constraints, Westcoast will award Permanent Out of Path Relocations requested by Shippers by means of a bid submitted in compliance with Sections 9.03, 9.05 and 9.06 on the following basis:

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- a) Westcoast will first award Permanent Out of Path Relocations for which the consideration is a Term Extension, with the highest priority being given to the longest Term Extension and, where there are capacity limitations, pro rata on the basis of the Contract Demand for such service to be relocated in respect of bids having the same Term Extension; and
- b) Westcoast will then award Permanent Out of Path Relocations for which the consideration is a Relocation Fee and, where there are capacity limitations, pro rata on the basis of the Contract Demand for such service to be relocated.

9.14 AWARD OF TEMPORARY OUT OF PATH RELOCATIONS

Subject to meter station capacity and other capacity constraints, Westcoast will award Temporary Out of Path Relocations of Firm Transportation Service – Northern requested by Shippers by means of a bid submitted in compliance with Sections 9.03, 9.05 and 9.06 pro rata on the basis on the Contract Demand for the Firm Transportation Service – Northern in respect of which bids were submitted.

9.15 SERVICE AGREEMENTS

A bidder which accepts or which is deemed to have accepted Firm Transportation Service or Temporary Firm Service in accordance with Section 9.10 shall be bound to take up and pay for that Firm Transportation Service or Temporary Firm Service and, if so required by Westcoast, to provide security for payment in accordance with Section 10.07. Westcoast will forward to each such bidder a Service Agreement providing for the Firm Transportation Service or Temporary Firm Service so accepted for the term specified in the bid submitted in accordance with Section 9.05. The bidder shall be obligated to execute and return the Service Agreement, without modification or amendment, together with the security required by Westcoast in accordance with Section 10.07, within five Business Days of its receipt thereof, but in any event no later than two Business Days prior to the commencement of the Firm Transportation Service or Temporary Firm Service. If Westcoast provides the Firm Transportation Service or Temporary Firm Service to the bidder prior to receipt of the executed Service Agreement and security for payment required by Westcoast in accordance with Section 10.07, then:

- a) the bidder shall be deemed conclusively, without further act or formality, to have entered into a Service Agreement with Westcoast for the Firm Transportation Service or Temporary Firm Service which the bidder accepted or is deemed to have accepted; and
- b) if the bidder fails to provide the security for payment required by Westcoast within three days of the commencement of the Firm Transportation Service or Temporary Firm Service, Westcoast may, notwithstanding any other provision of these General Terms and Conditions, suspend the authorization and delivery of gas to the Shipper until the required security for payment has been provided or terminate the Service Agreement immediately without notice to the Shipper. Notwithstanding the termination of the Service Agreement, the bidder shall be liable to Westcoast for any Firm Transportation Service or Temporary Firm Service provided to the bidder prior to the termination of the Service Agreement.

9.16 SERVICE AGREEMENT AMENDMENTS FOR RELOCATIONS

A Shipper which has been awarded a Relocation in accordance with Section 9.11, 9.12, 9.13 or 9.14 shall be required to enter into an amendment to the applicable Service Agreement and, if so required by Westcoast in the case of a Permanent Out of Path Relocation or a Temporary Out of Path Relocation, to provide security or additional security for payment in accordance with Section 10.07. Westcoast will forward to each such Shipper an amendment to its Service Agreement providing for the awarded Relocation. The Shipper shall execute the amendment, without any modification, and shall return the amendment together with the security or additional security required by Westcoast in accordance with Section 10.07 and, in the case of a Permanent Out of Path Relocation awarded pursuant to Section 9.13(b), with payment of the Relocation Fee for such Relocation within two days of its receipt thereof, but in any event no later than two Business Days prior to the day on which the Relocation is to become effective. If the Shipper fails to return the

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executed amendment to its Service Agreement, the security or additional security required by Westcoast and, where applicable, payment of the Relocation Fee within the time specified in this section, the Relocation awarded to the Shipper by Westcoast shall be deemed conclusively to be void and of no further effect.

9.17 DESIGNATION OF BID RECIPIENT

If Westcoast determines that it would be desirable to do so, Westcoast may designate a Bid Recipient as Westcoast's agent to receive all bids to be submitted in any month in accordance with Section 9.05. Where Westcoast designates a Bid Recipient to receive bids for any month in accordance with this section, Westcoast will specify the name and electronic mail address of the Bid Recipient in the notification posted in accordance with Section 9.04, and all bids for capacity shall be submitted to the Bid Recipient prior to the time specified in Section 9.05.

9.18 EXCEPTION, T-SOUTH CAPACITY

Notwithstanding the provisions of Sections 9.03, 9.04, 9.05 and 9.06 requiring the submission of a bid in connection with a posting of available capacity by Westcoast, and notwithstanding the provisions of Section 9.08 and 9.09 respecting the evaluation of bids for available capacity and the awarding of capacity to the bids received, Westcoast may at any time receive a request from a prospective Shipper for Firm Transportation Service in T-South from a Receipt Point at Compressor Station No. 2 to a Delivery Point within the Huntingdon Delivery Area or the Inland Delivery Area or for Enhanced T-South Service (as defined in the Tariff Supplement, Enhanced T-South Service) and may, subject to the limitations set out in Section 9.20, make an award of such Firm Transportation Service or Enhanced T-South Service to a prospective Shipper provided that, after any such award of service is made by Westcoast, the available capacity in T-South between Compressor Station No. 2 and the Huntingdon Delivery Area is not less than 4 249.2 10³m³. A request for such Firm Transportation Service in T-South or for such Enhanced T-South Service submitted to Westcoast in accordance with this Section 9.18 shall specify:

- a) the Contract Demand which the prospective Shipper requires;
- b) the minimum Contract Demand which the prospective Shipper is prepared to accept;
- c) the commencement date of the term for which the prospective Shipper requires such service, which commencement date shall be the first day of a month occurring within 60 days of the date on which the request is submitted to Westcoast; and
- d) the term for which the prospective Shipper requires such service, which term shall be a period of one year, a period of 17 to 19 months, a period of two years or a period in excess of two years,

and shall be submitted to Westcoast by E-mail at WEICapacity@enbridge.com. Westcoast will award such Firm Transportation Service in T-South and Enhanced T-South Service in accordance with this Section 9.18 on a first come, first served basis, based on the date and time at which each request for service is received by Westcoast. The provisions of Sections 9.10 and 9.15 respecting the acceptance of Firm Transportation Service awarded, Service Agreements and security for payment apply to any such Firm Transportation Service in T-South and Enhanced T-South Service awarded by Westcoast in accordance with this Section 9.18.

9.19 EXCEPTION, PERMANENT IN PATH RELOCATIONS

Notwithstanding the limitation in Section 9.03(a)(i), a Shipper may submit a bid in accordance with Section 9.05 for a Permanent In Path Relocation of Firm Transportation Service – Northern which has the effect of converting that service from Transportation Service – Northern, Long Haul to Transportation Service – Northern, Short Haul, and Westcoast may award such a Permanent In Path Relocation to the Shipper in accordance with Section 9.11, if the Shipper agrees in the amendment to the applicable Service Agreement referred to in Section 9.16 to continue to pay to Westcoast in respect of the Firm Transportation Service – Northern as so relocated and the AOS

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attributed to such relocated Firm Transportation Service – Northern, the Demand Tolls for Firm Transportation Service – Northern, Long Haul and the Commodity Tolls for AOS, Long Haul, respectively, which are in effect from time to time in accordance with the Toll Schedule for Transportation Service – Northern, Long Haul and Short Haul, and Temporary Firm Service.

9.20 LIMITATIONS ON CERTAIN SERVICE AWARDS

Awards made by Westcoast after August 12, 2013 pursuant to Sections 9.06 and 9.18 of:

- a) Firm Transportation Service in Zone 4 from a Receipt Point at Compressor Station No.2 to a Delivery Point within the Huntingdon Delivery Area having a term of 17 to 19 months shall not exceed an aggregate Contract Demand of $8\,101.8\,10^3\text{m}^3$;
- b) Firm Transportation Service in Zone 4 from a Receipt Point at Compressor Station No.2 to a Delivery Point within the Inland Delivery Area having a term of 17 to 19 months shall not exceed an aggregate Contract Demand of $283.3\,10^3\text{m}^3$; and
- c) Enhanced T-South Service having a term of 17 to 19 months shall not exceed an aggregate Contract Demand of $396.6\,10^3\text{m}^3$.

9.21 PRODUCTION SOURCE RELOCATIONS

Notwithstanding any other provision of a Service Agreement or these General Terms and Conditions, Westcoast may require a Production Source Relocation in accordance with the rules and process set out in Toll and Tariff Task Force Issue Resolution Sheet 2020-01: T-North Toll Design Subcommittee Outcomes dated May 21, 2020. A Shipper whose Receipt Point is required to be relocated pursuant to this Section shall be required to enter into an amendment to the applicable Firm Service Agreement to reflect the Production Source Relocation. Westcoast will forward to each such Shipper an amendment to its Firm Service Agreement reflecting the Production Source Relocation. The Shipper shall execute the amendment, without any modification, and shall return the amendment to Westcoast within two Business Days of its receipt thereof. If the Shipper fails to return the executed amendment within the time specified in this Section, the Firm Service Agreement shall, without further act or formality, be deemed conclusively to have been amended to reflect the Production Source Relocation.

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ARTICLE 10
STATEMENTS, PAYMENTS, AUDITS AND SECURITY FOR PAYMENT

10.01 STATEMENTS, DELIVERIES AT RECEIPT POINTS

Pursuant to the measurement and allocation deadlines posted on Westcoast's Customer Interface, each Shipper shall deliver to Westcoast, or shall cause the Receipt Point Operator for the Receipt Point at which gas is delivered into the Pipeline System for the account of the Shipper pursuant to a Service Agreement to deliver to Westcoast, a statement for the immediately preceding month setting out the actual quantity of residue gas in gigajoules supplied by each Upstream Supplier and delivered into the Pipeline System at the Receipt Point for the account of the Shipper on each day in the immediately preceding month.

10.02 STATEMENTS, DELIVERIES AT DELIVERY POINTS

Pursuant to the measurement and allocation deadlines posted on Westcoast's Customer Interface, Westcoast shall deliver to the Shipper a statement for the immediately preceding month setting out the volumes of residue gas delivered by Westcoast to or for the account of the Shipper at a Delivery Point pursuant to a Service Agreement on each day in such immediately preceding month.

10.03 INVOICES

Pursuant to the measurement and allocation deadlines posted on Westcoast's Customer Interface, Westcoast shall deliver to each Shipper an invoice specifying the amount payable by the Shipper pursuant to a Service Agreement, which amount shall include:

- a) the amount of the tolls, including the taxes on fuel gas consumed in operations, payable by the Shipper for the service provided during the immediately preceding month, determined in accordance with the Toll Schedules;
- b) the amount of the toll adjustments and differentials, including differentials in the taxes on fuel gas consumed in operations, payable by the Shipper in respect of upstream and downstream diversions made during the immediately preceding month, determined in accordance with Sections 7.02 and 7.03;
- c) the amount of any toll differential or tolls payable by the Shipper in respect of inventory transfers made during the immediately preceding month, determined in accordance with Section 6.20 and the Toll Schedules;
- d) the amount of any charges payable by the Shipper following the termination of a Service Agreement, determined in accordance with Section 6.16 or Section 6.27;
- e) the amount of any Swing Costs payable by the Shipper, determined in accordance with Section 6.15;
- f) the amount of any credits to which the Shipper is entitled, determined pursuant to Article 8;
- g) the amount of any overproduction charges payable by the Shipper, determined in accordance with Section 23.04.

10.04 PAYMENTS

All payments to Westcoast under a Service Agreement shall be made in Canadian funds to Westcoast at its office in Calgary, Alberta, or at such other place in Canada as it shall designate, on or before the later of (i) the 25th day of the month, and (ii) the fifth Business Day following receipt by a Shipper of an invoice referred to in Section 10.03. If a Shipper fails to make each such payment, or any portion thereof, to Westcoast when due, interest thereon shall accrue at the annual rate of interest which is equal to the annual rate of interest declared from time to time by the chartered bank in Canada used by Westcoast as the rate of interest charged by such bank to its

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most credit worthy commercial borrowers for loans in Canadian dollars payable on demand and commonly referred to as its "prime rate", plus:

- a) 2% from the day when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter (in each case compounded monthly) until the same is paid where the Shipper has not during the immediately preceding six month period failed to make any payment when due under the Service Agreement; or
- b) 5% from the day when such payment was due until the same is paid where the Shipper has during the immediately preceding six month period failed to make any payment when due under the Service Agreement.

If the Shipper fails to pay the full amount of any invoice when payment is due, Westcoast may, upon giving the Shipper two Business Days prior written notice, suspend any and all service being or to be provided to the Shipper pursuant to the Service Agreement. If, at any time during such period of suspension, the Shipper pays the full amount payable to Westcoast, Westcoast will within two Business Days recommence the provision of such suspended service. If the failure by the Shipper to pay continues for a period of four Business Days from the day on which service was suspended, Westcoast may, in addition to any other remedy that may be available to it, at its option and without liability therefore, terminate the Service Agreement immediately upon delivering notice therefore to Shipper at any time following the expiration of such four day period, and notwithstanding either of the suspension of service or termination of the Service Agreement pursuant to this section, the Shipper shall continue to be liable to Westcoast for the payment of all tolls, charges and other amounts accruing, and for the performance of all obligations arising, under the Service Agreement for the remainder of its term which payments of all tolls, charges and other amounts accruing for what would have been the remainder of the term shall become due and payable in full immediately upon termination of the Service Agreement.

10.05 ERRORS IN STATEMENTS AND INVOICES

If any error is discovered in a statement or invoice delivered in accordance with this Article it shall be adjusted within 60 days from the date of discovery of such errors, provided, however, that there will be no adjustments made for any error discovered more than 13 months after receipt of the applicable statement or invoice or for any error which the Shipper and Westcoast agree is not material.

10.06 AUDITS

Each of a Shipper and Westcoast shall have the right at reasonable times to examine the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, invoice, charge or computation made under or pursuant to any of the provisions of the Toll Schedules and these General Terms and Conditions.

10.07 SECURITY FOR PAYMENT

In order to secure the prompt and orderly payment of the amounts to be paid by a Shipper to Westcoast pursuant to a Service Agreement, Westcoast may, at any time and from time to time prior to or during the term of the Service Agreement, require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of Westcoast, in a form and substance satisfactory to Westcoast and issued by a financial or other institution acceptable to Westcoast, in an amount equal to the maximum amount payable by the Shipper under the Service Agreement for 70 days of service. Notwithstanding the foregoing, Westcoast may require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of Westcoast, in a form and substance satisfactory to Westcoast and otherwise in accordance with the Service Agreement, and issued by a financial or other institution acceptable to Westcoast in an amount equal to the maximum amount payable by the Shipper under a Service Agreement for expansion service for more than 70 days of expansion service provided however that Westcoast's entitlement to require the Shipper to provide such payment security for more than 70 days of expansion service does not extend past the initial term of the Service Agreement for such expansion service. Where Westcoast requires a Shipper to provide a letter of credit and the Shipper is able to provide a guarantee or other security in a form

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and substance acceptable to Westcoast, Westcoast will accept such guarantee or other security in lieu of a letter of credit. Westcoast may withhold the provision of new service under a Service Agreement until Westcoast has received security for payment in accordance with this section.

In any case where a letter of credit has been issued to Westcoast as security, in connection with which the issuer of the letter of credit (i) advises Westcoast that it will not renew such letter of credit upon the expiration thereof, or (ii) fails to give Westcoast any notice of renewal required under the terms of such letter of credit, Westcoast shall be entitled (in addition to exercise of any other remedies available to it) to forthwith call upon such letter of credit in full, and force payment thereof and hold the proceeds thereof as continuing security for the performance of Shipper's obligations under the Service Agreement or forthwith apply the proceeds to the last of Shipper's obligations to Westcoast under such Service Agreement.

10.08 FAILURE TO PROVIDE SECURITY FOR PAYMENT

If a Shipper fails to provide security for payment in accordance with Section 10.07 within four Business Days of Westcoast's request therefor, Westcoast may, upon giving the Shipper two Business Days prior written notice, immediately suspend any and all service being or to be provided to the Shipper pursuant to the Service Agreement. If, at any time during such period of suspension, the Shipper provides Westcoast with the security for payment required in accordance with Section 10.07, Westcoast will within two Business Days commence or recommence the provision of such suspended service. If the failure by the Shipper to provide security for payment continues for a period of two Business Days from the day on which such service was suspended, Westcoast may, in addition to any other remedy that may be available to it, at its option and without liability therefore, terminate the Service Agreement immediately upon delivering a notice thereof to the Shipper at any time following the expiration of such two day period, and notwithstanding either of the suspension of service or termination of the Service Agreement pursuant to this section, the Shipper shall continue to be liable to Westcoast for the payment of all tolls, charges and other amounts accruing, and for the performance of all obligations arising, under the Service Agreement for the remainder of its term which payments of all tolls, charges and other amounts accruing for what would have been the remainder of the term shall become due and payable in full immediately upon termination of the Service Agreement.

10.09 TERM OF A LETTER OF CREDIT

Where Westcoast requires a Shipper to provide and maintain a letter of credit pursuant to Section 10.07, such letter of credit, or any replacement thereof, must have a term which ends no earlier than two months after the last month in the term of the Service Agreement between the Shipper and Westcoast, or have provision for automatic renewal if such letter of credit has a lesser term.

10.10 DRAW ON A LETTER OF CREDIT

Westcoast may in any month draw on a letter of credit provided by a Shipper in accordance with Section 10.07, in an amount necessary to satisfy the amount due under an invoice when the Shipper has not paid such amount within the time and in the manner provided for in Section 10.04. In any case where a Service Agreement has been terminated under Sections 10.04 or 10.08 above, Westcoast may draw on the letter of credit provided by the Shipper for the full amount due to Westcoast by the Shipper.

10.11 SURVIVAL

Notwithstanding the termination of a Service Agreement, the provisions of Sections 6.16 and 6.27, Sections 10.01 to 10.06, Section 10.08 and Section 10.10 shall survive the termination of the Service Agreement, and the Shipper and Westcoast shall, as soon as reasonably possible, settle all outstanding obligations and payments which have accrued under the Service Agreement up to and including the day upon which the Service Agreement terminated.

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**ARTICLE 11
RECEIPT AND DELIVERY PRESSURE**

11.01 OBLIGATION OF WESTCOAST

Westcoast shall not be obligated to take delivery from or for the account of a Shipper at a Receipt Point of any residue gas which is delivered to Westcoast at the Receipt Point at pressures which do not comply with the receipt pressures prescribed in accordance with this Article.

11.02 RESIDUE GAS RECEIPT POINTS

All residue gas delivered by a Shipper to Westcoast at a Receipt Point shall be delivered at those pressures specified by Westcoast up to:

- a) 6 453 kilopascals gauge with respect to deliveries into the Fort Nelson Mainline, the Fort St. John Mainline and T-South, other than the pipelines specified in subsection c) to f) or in the circumstances specified in subsection i);
- b) 6 895 kilopascals gauge with respect to deliveries into the Pine River Mainline;
- c) 9 928 kilopascals with respect to deliveries into the 42-inch pipeline segments of the Fort Nelson Mainline;
- d) 9 928 kilopascals with respect to deliveries into the 36-inch pipeline segments of the Fort St. John Mainline installed after December 31, 2016;
- e) 8 067 kilopascals gauge with respect to deliveries into the ten-inch pipeline extending from the outlet of the Sikanni Processing Plant and into any lateral pipelines connected to that ten-inch pipeline;
- f) 8 067 kilopascals gauge with respect to deliveries into the 12" and 16" pipeline segments and 9 928 kilopascals gauge with respect to deliveries into the 24" pipeline segment of the Aitken Creek Pipeline other than deliveries made at the interconnection with the Storage Reservoir;
- g) 5 516 kilopascals gauge with respect to deliveries into the Alberta Mainline;
- h) 6 895 kilopascals gauge with respect to deliveries into the Boundary Lake Pipeline; and
- i) 6 136 kilopascals gauge with respect to deliveries at Receipt Point 268 (Fort Nelson Plant MS101) on those days when the total volumes of gas delivered to Westcoast from Receipt Point 268 are equal to or less than $7\,082\,10^3\text{m}^3$.

11.03 DELIVERY POINTS

Westcoast shall deliver residue gas to a Shipper at a Delivery Point, including the Alliance/Gordondale Interconnection, at the pressure existing in the Pipeline System from time to time at the Delivery Point, which pressure shall never be less than 3 450 kilopascals gauge at Delivery Points on the 26-inch, 30-inch and 36-inch mainlines and the Boundary Lake Pipeline, except in circumstances where Westcoast is required to regulate the pressure to permit the metering of the gas delivered, and which pressure shall, in the case of residue gas delivered at the NOVA/Gordondale Interconnection, be no greater than 8 274 kilopascals gauge.

11.04 NOVA/SUNSET DELIVERY POINT

All residue gas delivered by Westcoast to or for the account of a Shipper at the NOVA/Sunset Delivery Point shall be delivered at the pressure required by the Receiving Party, which pressure shall be no greater than 9 928 kilopascals gauge.

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11.05 STORAGE RESERVOIR

All gas delivered by Westcoast to a Shipper at the interconnection of the Pipeline System and the Storage Reservoir for injection into the Storage Reservoir shall be delivered at a pressure not less than 3 450 kilopascals gauge and all gas withdrawn from the Storage Reservoir and delivered by a Shipper to Westcoast at the interconnection of the Pipeline System and the Storage Reservoir shall be delivered at those pressures specified by Westcoast:

- a) up to 6 516 kilopascals gauge on those days when the total volumes of gas delivered to Westcoast from the Storage Reservoir are less than $3\,680\,10^3\text{m}^3$; and
- b) up to 8 067 kilopascals gauge on those days when the total volumes of gas delivered to Westcoast from the Storage Reservoir are equal to or in excess of $3\,680\,10^3\text{m}^3$.

11.06 PRESSURE CONTROL AND OVERPRESSURE PROTECTION EQUIPMENT

Each Shipper which delivers residue gas to Westcoast at a Receipt Point shall at its own expense:

- a) install, maintain and operate, or cause to be installed, maintained and operated, at each such Receipt Point pressure control and overpressure protection equipment which meets the requirements of applicable legislation, the Canadian Standards Association standard Z662 for oil and gas pipeline systems and Westcoast's Measurement Policy; and
- b) calibrate, or cause to be calibrated, the pressure control equipment in a manner which complies with Westcoast's Measurement Policy to ensure that residue gas is not delivered to Westcoast at each such Receipt Point at a pressure which exceeds the pressure specified by Westcoast pursuant to Section 11.02.
- c) calibrate, or cause to be calibrated, the overpressure protection equipment in a manner which complies with Westcoast's Measurement Policy to ensure that residue gas is not delivered to Westcoast at each such Receipt Point at a pressure which exceeds 110% of the pressure specified by Westcoast pursuant to Section 11.02.

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**ARTICLE 12
GAS QUALITY**

12.01 OBLIGATION OF WESTCOAST

Westcoast shall not be obligated to take delivery from or for the account of a Shipper at a Receipt Point of any residue gas which does not comply with the applicable quality specifications set out in this Article.

12.02 RESIDUE GAS AT RECEIPT POINTS

Unless Westcoast provides otherwise, residue gas delivered to Westcoast by or for the account of a Shipper at a Receipt Point shall:

- a) not contain sand, dust, gums, oils and other impurities or other objectionable substances in such quantities as may be injurious to pipelines or may interfere with the transmission or commercial utilization of the gas;
- b) not contain more than six milligrams per cubic meter of hydrogen sulphide;
- c) not contain water in the liquid phase and not contain more than 65 milligrams per cubic meter of water vapour;
- d) be free of hydrocarbons in liquid form and not have a hydrocarbon dewpoint in excess of minus 9°C at the delivery pressure;
- e) not contain more than 23 milligrams per cubic meter of total sulphur;
- f) not contain more than two percent by volume of carbon dioxide;
- g) be as free of oxygen as Shipper can keep it through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 percent by volume of oxygen;
- h) have a temperature not exceeding 54°C; and
- i) have a total heating value of not less than 36.00 megajoules per cubic meter.

12.03 RESIDUE GAS AT DELIVERY POINTS

Residue gas delivered by Westcoast to or for the account of a Shipper at a Delivery Point at which the Pipeline System interconnects with the pipeline facilities of a Receiving Party shall:

- a) not contain sand, dust, gums, oils and other impurities or other objectionable substances in such quantities as may be injurious to pipelines or may interfere with the transmission or commercial utilization of the gas;
- b) not contain more than six milligrams per cubic meter of hydrogen sulphide;
- c) be free of water and hydrocarbons in liquid form and not contain more than 65 milligrams per cubic meter of water vapour;
- d) not contain more than 115 milligrams per cubic meter of total sulphur;
- e) not contain more than two percent by volume of carbon dioxide;
- f) be as free of oxygen as Westcoast can keep it through the exercise of all reasonable precautions, and shall not in any event contain more than 0.2 percent by volume of oxygen;

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- g) have a temperature not exceeding 54°C; and
- h) have a total heating value of not less than 36.00 megajoules per cubic meter.

12.04 RESIDUE GAS AT THE NOVA/SUNSET DELIVERY POINT

Residue gas delivered by Westcoast to or for the account of a Shipper at the NOVA/Sunset Delivery Point shall:

- a) not contain sand, dust, gums, oils and other impurities or other objectionable substances which could be harmful to the interconnecting pipeline;
- b) not have a hydrocarbon dewpoint in excess of minus 10°C at the operating pressure at the Delivery Point;
- c) not contain more than 23 milligrams per cubic meter of hydrogen sulphide;
- d) not contain more than 115 milligrams per cubic meter of total sulphur;
- e) not contain more than two percent by volume of carbon dioxide;
- f) not contain more than 65 milligrams per cubic meter of water vapour;
- g) not have a water dewpoint in excess of minus 10°C at operating pressures greater than 8 275 kilopascals gauge;
- h) be as free of oxygen as practicable, and shall not in any event contain more than 0.4 percent by volume of oxygen;
- i) have a temperature not exceeding 49°C; and
- j) have a total heating value of not less than 36.00 megajoules per cubic meter.

12.05 REFUSAL OF DELIVERY BY SHIPPER

If residue gas delivered by Westcoast to or for the account of a Shipper at a Delivery Point fails to conform with the applicable specifications set forth in this Article, Shipper may, without prejudice to any other right it has, refuse to take delivery of such residue gas in which case:

- a) Shipper shall give notice of such refusal to Westcoast setting forth the reasons therefor; and
- b) Shipper shall accept deliveries of gas when the failure to conform has been remedied by Westcoast and notice to that effect has been given by Westcoast to Shipper.

ARTICLE 13 MEASUREMENT OF GAS

13.01 APPLICABLE STANDARDS

All determinations of the volume and energy content of gas made in accordance with these General Terms and Conditions shall be made in accordance with the requirements of:

- a) the *Electricity and Gas Inspection Act (Canada)*; and
- b) Westcoast's Measurement Policy.

13.02 UNIT OF VOLUME

The unit of volume for all residue gas delivered by a Shipper to Westcoast or by Westcoast to a Shipper shall be one cubic meter at base conditions of an absolute pressure of 101.325 kilopascals and a temperature of 15°C.

13.03 UNIT OF ENERGY

The unit of energy for all residue gas delivered by a Shipper to Westcoast or by Westcoast to a Shipper shall be the gigajoule.

13.04 RESOLUTION OF MEASUREMENTS

All volumes of gas shall be determined and reported to the nearest tenth of a thousand cubic meters and all energy equivalents shall be determined and reported to the nearest gigajoule.

13.05 ATMOSPHERIC PRESSURE

The atmospheric pressure shall be calculated from the actual elevation of any point in accordance with the formulas prescribed pursuant to the *Electricity and Gas Inspection Act (Canada)*, and the atmospheric pressure, as so determined, shall be applied, irrespective of any changes arising from local weather conditions.

13.06 FLOWING TEMPERATURE OF GAS

The flowing temperature of any gas shall be measured and recorded in accordance with the requirements prescribed pursuant to the *Electricity and Gas Inspection Act (Canada)*, and the arithmetic average of such flowing temperatures shall be used to calculate actual volumes of gas for any period of time.

13.07 CORRECTION FACTORS AND DEVIATIONS FROM THE IDEAL GAS LAW

Metered volumes of gas at flowing conditions shall be corrected to base conditions and for deviations from the Ideal Gas Law by applying temperature, pressure and compressibility factors in accordance with the applicable provisions of Westcoast's Measurement Policy. A quantitative analysis of the gas shall be made in accordance with Westcoast's Measurement Policy to determine the compressibility factor of any gas.

ARTICLE 14 MEASURING AND SAMPLING

14.01 EQUIPMENT

The metering, measuring, monitoring and sampling of gas delivered by a Shipper to Westcoast at a Receipt Point or delivered by Westcoast to a Shipper at a Delivery Point shall be carried out using equipment and in a manner which complies with the *Electricity and Gas Inspection Act (Canada)*, this Article and Westcoast's Measurement Policy.

14.02 ACCESS BY WESTCOAST

Westcoast shall be entitled to:

- a) have access at reasonable hours to any metering, measuring, monitoring and sampling equipment installed or caused to be installed by a Shipper or by a Receipt Point Operator for the purposes of confirming the composition of the gas delivered and auditing the measurement facilities; and
- b) have an employee or other representative of Westcoast present at the time of any installation, testing, cleaning, changing, repairing, inspecting, calibrating, proving or adjusting done to or in connection with any such metering, measuring, monitoring and sampling equipment and, for that purpose, the Shipper or the Receipt Point Operator shall give Westcoast reasonable notice of any such activity in order that a Westcoast employee or other representative may be present at the time of such activity.

14.03 ACCESS BY SHIPPER

A Shipper shall be entitled to have access at reasonable hours in company with an employee or other representative of Westcoast to any metering, measuring, monitoring and sampling equipment installed by Westcoast at any Receipt Point or Delivery Point for the purpose of witnessing any installation, testing, cleaning, changing, repairing, inspecting, calibrating, proving or adjusting of any of Westcoast's gas metering, measuring, monitoring or sampling equipment at any Receipt Point or Delivery Point, all of which activities shall be undertaken only by employees or other representatives of Westcoast.

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14.04 VERIFICATION AND CALIBRATION OF EQUIPMENT

Westcoast and a Shipper shall through testing verify, or cause to be verified, at such times or intervals as are specified in Westcoast's Measurement Policy and whenever requested by the other party, the accuracy of their respective measuring equipment. Such equipment shall be verified and calibrated in accordance with the standards, procedures and tolerances set out in Westcoast's Measurement Policy. In the case of such measuring equipment which is not owned by Westcoast, the Shipper shall deliver, or cause to be delivered, a copy of each verification and calibration report to Westcoast. If, upon any test, the volume determined by such measuring equipment of either party is found to be inaccurate but not by more than 2.0 percent, then previous readings from such equipment shall be considered correct for purposes of computing deliveries, but such equipment shall promptly be calibrated and adjusted properly to record accurately as required by Westcoast's Measurement Policy. If, upon any test, the volume determined by such measuring equipment of either party is found to be inaccurate by more than 2.0 percent, then such equipment shall promptly be calibrated and adjusted to record accurately as required by Westcoast's Measurement Policy and any previous readings from such equipment for purposes of computing deliveries shall be corrected for the known bias for the period during which it is known with certainty that such equipment was inaccurate by more than 2.0 percent or for such period which can be agreed to by Westcoast and the Shipper or, if not known with certainty or such period cannot be agreed to, for the last half of the period from the day on which such equipment was last tested and found to be accurate. Each party shall bear all costs associated with the verification and calibration of their respective measuring equipment pursuant to this Section 14.04, provided that in the case of a requested verification all costs associated with such requested verification shall be borne by the party requesting the verification if the volume determined by such equipment, upon testing, is found to be accurate within 2.0 percent.

14.05 EQUIPMENT FAILURE

In the event that any gas metering or measuring equipment is out of service or out of repair for any period of time such that the quantity of gas delivered at any Receipt Point or Delivery Point is not correctly measured by that equipment, the quantity delivered at that Receipt Point or Delivery Point during that period shall be estimated and agreed upon by the Shipper and Westcoast based on the best data available and by applying the first of the following methods which is feasible in the circumstances:

- a) by using the registration of any check measuring equipment if installed and registering accurately;
- b) by correcting any error, if the percentages of error can be ascertained by calibration, test or mathematical calculations; or
- c) by estimating the quantity delivered based upon deliveries made during prior periods when operating conditions were similar and the equipment was registering accurately.

14.06 PRESERVATION OF RECORDS

A Shipper and Westcoast shall preserve, or cause to be preserved, for a period of at least two years, or such longer period as may be required under the *Electricity and Gas Inspection Act (Canada)*, all test data, charts and other records of gas measurements made by the metering and measuring equipment installed, or caused to be installed, by it. If a Shipper or Westcoast wishes to have any records of the other party preserved for a longer period, it may, by giving notice to the other party, require the other party to deliver such records to it for preservation by it at its expense.

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14.07 LOW INTERVENTION TRADE TRANSACTION LEVEL

If, pursuant to the *Electricity and Gas Inspection Act (Canada)* and MC Bulletin G-14, Westcoast has received conditional permission from Measurement Canada for the use of gas measurement equipment without verification and sealing at the Low Intervention Trade Transaction level, then the following provisions shall apply:

- a) the Low Intervention Trade Transactions shall be subject to the provisions and conditions listed in MC Bulletin G-14, as published on the Measurement Canada website (or any replacement thereof);
- b) the Shipper, Receipt Point Operator or Receiving Party agrees that the gas measurement equipment has been initially calibrated and will be periodically recalibrated (and reprogrammed where necessary) in accordance with a process and procedure acceptable to Westcoast and the Shipper, Receipt Point Operator or Receiving Party;
- c) any measurement disputes arising between Westcoast and the Shipper, Receipt Point Operator or Receiving Party shall be resolved in accordance with the provisions of Section 14.04;
- d) Westcoast and the Shipper, Receipt Point Operator or Receiving Party acknowledge and agree that the conditional permission granted by Measurement Canada may restrict Measurement Canada's ability to successfully conclude a measurement dispute investigation, if Measurement Canada involvement were to be requested; and
- e) Westcoast and the Shipper, Receipt Point Operator or Receiving Party agree to the implementation of Low Intervention Trade Transactions in accordance with MC Bulletin G-14, and that either party has the right to request a revocation of the conditional permission for Low Intervention Trade Transactions in accordance with MC Bulletin G-14.

14.08 SAMPLING, TESTING AND ANALYSIS AT RECEIPT POINTS

Westcoast may at any time and from time to time by manual or automatic means sample, test and analyze the composition (including water content) of any fluid delivered at any Receipt Point.

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**ARTICLE 15
POSSESSION AND CONTROL OF GAS**

15.01 POSSESSION AND CONTROL OF GAS

Westcoast shall be deemed to be in possession and control of, and responsible for, all gas received by it at a Receipt Point, until such gas is delivered by Westcoast to or for the account of a Shipper at a Delivery Point, and shall have the right at all times to commingle such gas with other gas in the Pipeline System.

**ARTICLE 16
LIABILITIES AND INDEMNITIES**

16.01 PROPERTY AND EQUIPMENT

Each party assumes full responsibility and liability for the maintenance and operation of its respective properties and equipment and shall indemnify and save harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party, or in connection with the presence of gas which is or is deemed to be in the possession and control of the indemnifying party.

16.02 IMPORT BACKHAUL SERVICE

A Shipper which has entered into an Interruptible Service Agreement providing for Import Backhaul Service shall indemnify and hold Westcoast harmless from and against all actions, proceedings, claims, demands, costs and expenses, including all legal costs and expenses, incurred by Westcoast which arise from or are attributable directly or indirectly to the delivery of gas to the Shipper under the Interruptible Service Agreement providing for Import Backhaul Service.

16.03 CURTAILMENT OF SERVICES

If Westcoast is required for any reason to curtail or interrupt service or otherwise fails to provide service, a Shipper's sole and exclusive remedy against Westcoast will be the recovery of Contract Demand Credits pursuant to and in accordance with Article 8.

16.04 DAMAGES

In no event will either Westcoast or a Shipper be liable to the other for any indirect, special or consequential loss, damage, cost or expense whatsoever including, without limitation, any loss of profits or revenues, the cost of capital, any loss or damage arising out of a failure to purchase, sell or deliver gas, the cancellation of permits or certificates, and the termination of contracts, whether based on breach of contract, negligence or other tort liability, strict liability or otherwise.

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**ARTICLE 17
REPRESENTATIONS AND WARRANTIES**

17.01 SHIPPER REPRESENTATIONS AND WARRANTIES

Shipper represents and warrants to Westcoast that:

- a) it has full right, power and authority to enter into a Service Agreement and that all gas to be delivered thereunder shall be free from all liens and adverse claims;
- b) as of the day on which service is first provided by Westcoast under a Service Agreement, Shipper shall have obtained all necessary authorizations, permits, licenses, certificates and agreements necessary for the receipt and delivery of gas under such Service Agreement; and
- c) as of the day on which a Service Agreement or any amendment thereto, other than an amendment providing solely for a Temporary In Path Relocation or a Temporary Out of Path Relocation, is entered into by Westcoast and Shipper, either:
 - (i) in respect of each firm service provided or to be provided by Westcoast thereunder Shipper owns, controls or has contracted on a firm basis for gas supplies or proven reserves from which it is or will be capable of delivering at the Receipt Points specified in such Service Agreement for such service, a volume of gas which is not less than the Contract Demand specified for such service on each day during the period in which Westcoast has agreed to provide such service; or
 - (ii) each firm service provided or to be provided by Westcoast thereunder is required by Shipper to enable it to satisfy, in whole or in part, its firm gas sales obligations during the period in which Westcoast has agreed to provide such service.

Shipper acknowledges and agrees that Westcoast has agreed to provide the services described in a Service Agreement in reliance upon the truth and accuracy of the representations and warranties of Shipper set forth in this Section 17.01. Westcoast may at its option and in addition to any other remedy at law it may have, cease to provide such services to Shipper upon 7 days' written notice to Shipper should any of such representations and warranties prove to be false or inaccurate in any material respect. If Westcoast ceases at any time to provide such services to Shipper in accordance with this Section 17.01, Shipper shall nonetheless remain liable for and shall pay to Westcoast the tolls prescribed in Westcoast's Toll Schedules for Service for such services up to the time Westcoast ceases to provide such services.

17.02 ROYALTIES AND SETTLEMENTS

Shipper shall at all times have the obligation to make settlements for all royalties and overriding royalties and payments to mineral and royalty owners now or hereafter due with respect to the gas and its constituent parts, as may appear from records or otherwise to be binding upon Shipper and in accordance with the terms thereof and of the respective leases and other documents, and to make settlements with all other persons having any ownership or interest in the gas, and Shipper agrees to indemnify Westcoast and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to the gas and its constituent parts or to royalties, taxes, licenses fees or charges thereon which are applicable thereto or which may be levied and assessed upon the same thereof.

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ARTICLE 18
FORCE MAJEURE

18.01 DEFINITION

As used in these General Terms and Conditions, the term "*force majeure*" means any event or occurrence not within the control of the party claiming *force majeure* and which by the exercise of due diligence such party is unable to prevent or overcome, including, without limiting the generality of the foregoing, any act of God, strikes, lockouts, or other industrial disturbances, acts of the Queen's enemies, sabotage, vandalism, terrorism, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, floods, tornados, storms, fires, washouts, arrests, restraints of rulers and peoples, civil disturbances, explosions, breakages, or accidents to machinery or pipelines, hydrate obstructions of pipelines or appurtenances thereto, temporary failure of gas supply, freezing of wells, or delivery facilities, well blowouts, cratering, inability to obtain materials or equipment, inability to obtain or interruption or curtailment of the provision of, a supply of electricity, water fuel or other utilities or services, or of any materials machinery or equipment, inability to obtain, or revocation or adverse amendment of any permits, orders, licenses, certificates or other authorizations, order, directive or restraint issued or imposed by any governmental authority, regulatory body or court having jurisdiction.

18.02 FAILURE TO PERFORM

If either party fails to perform any obligation imposed pursuant to a Service Agreement and such failure is caused or materially contributed to by any occurrence of *force majeure*, such failure shall be deemed not to be a breach of the obligation of such party, but such party shall use reasonable diligence to put itself in a position to carry out its obligation. Provided, however, that the settlement of strikes or lockouts shall be entirely within the discretion of each party and that the foregoing requirement that any *force majeure* shall be remedied with the exercise of due diligence shall not require settlement of strikes or lockouts by acceding to the demands of opposing persons when such course is inadvisable in the discretion of the appropriate party.

18.03 OBLIGATIONS

Notwithstanding Section 18.02, *force majeure* shall not:

- a) relieve Shipper from its obligation to make monthly payments to Westcoast under a Service Agreement or relieve Westcoast from its obligation to provide Contract Demand Credits in accordance with Article 8 of these General Terms and Conditions; or
- b) relieve any party from any other obligation unless such party shall give notice or such cause in writing to the other party with reasonable promptness and like notice shall be given upon termination of such cause, nor shall such cause continue to relieve such party from such other obligation after the expiration of a reasonable period of time within which, by the use of due diligence, such party could have performed its obligations.

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**ARTICLE 19
NOTICES**

19.01 NOTICES

Except as otherwise provided in these General Terms and Conditions, any notice, statement, invoice or other document that either a Shipper or Westcoast may be required or may desire to give under or pursuant to a Service Agreement shall be in writing and directed to the other party at its address specified in a Service Agreement, or at such other address as may be designated from time to time by written notice, and shall be deemed conclusively to be validly given to and received by the addressee:

- a) in the case of any statement or invoice delivered pursuant to Article 10, on the date of receipt by the party to whom it is addressed if that day is a Business Day and otherwise on the next Business Day; and
- b) in any other case, (i) if sent by courier, on the date of delivery if it is a Business Day and the delivery was made prior to 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, or (ii) if sent by facsimile copier, on the date of sending if it is a Business Day and confirmation of transmission is received by the originating facsimile copier prior to 5:00 p.m. local time at the place of receipt and otherwise on the next Business Day.

19.02 NOMINATIONS AND CERTAIN SHIPPER NOTICES

Any:

- a) nominations to be given to Westcoast by a Shipper pursuant to Section 4.05;
- b) notifications respecting deliveries of gas to be made pursuant to Sections 6.03 and 6.04; and
- c) statements respecting deliveries of gas to be delivered pursuant to Section 10.01,

shall be given or delivered to Westcoast by means of an electronic data communications system and in file format which are acceptable to Westcoast or, if Westcoast's electronic data communications system is not available on any day, by facsimile copier. Any other notice to be given to Westcoast by a Shipper or by a Receipt Point Operator pursuant to Articles 4, 5 and 6 shall be given or delivered by facsimile copier or by means of an electronic data communications system and in file format which are acceptable to Westcoast.

19.03 RECEIPT OF CERTAIN SHIPPER NOTICES

Where any communication given by a Shipper or a Receipt Point Operator in accordance with Section 19.02 is sent by means of an electronic data communications system, the confirmation and receipt of such communication shall be determined in accordance with the terms of any agreement that may from time to time apply to such communications or, if no such agreement is in effect or if the communication is sent by facsimile copier, then all information contained in any such communication shall be deemed conclusively to be correct, confirmed by the Shipper or Receipt Point Operator and received by Westcoast upon receipt of the communication thereof by Westcoast.

19.04 INVOICES

Invoices to be delivered by Westcoast pursuant to Section 10.03 may be delivered to a Shipper either in accordance with Section 19.01 or, in the case of a Shipper which has entered into a Customer Interface Agreement with Westcoast, may be posted by Westcoast to a secure website. Upon the completion of the posting of invoices to the secure website, Westcoast shall give notice of such posting by means of its electronic bulletin board. An invoice posted by Westcoast to the secure website shall be deemed conclusively to have been validly delivered to, and to have been

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received by, the Shipper to which it is addressed at the time notice of the posting is given by Westcoast by means of its electronic bulletin board.

19.05 CERTAIN WESTCOAST NOTICES

Any notice or other communication to be given by Westcoast to a Shipper, a Receiving Party or a Receipt Point Operator pursuant to Articles 4, 5, 6, 7, 8 and 18 shall be given by Westcoast by facsimile copier or by means of an electronic data communications system or Westcoast's electronic public bulletin board, and all information contained in any such notice or communication shall be deemed conclusively to be correct, confirmed by Westcoast and received by the Shipper, Receiving Party or Receipt Point Operator, if given by facsimile copier or by an electronic data communications system, upon the completion of the communication thereof by Westcoast to the Shipper, Receiving Party or Receipt Point Operator or, if given by means of Westcoast's electronic public bulletin board, upon the posting thereof to the electronic public bulletin board.

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**ARTICLE 20
MISCELLANEOUS**

20.01 WAIVERS

No waiver by either party of any default by the other in the performance of any of the provisions of a Service Agreement shall operate or be construed as a waiver of any other or future default or defaults, whether of a like or of a different character.

20.02 ASSIGNMENT

A Service Agreement may not be assigned in whole or in part by Shipper without the prior written consent of Westcoast, which consent shall not be unreasonably withheld.

20.03 ENUREMENT

A Service Agreement shall enure to the benefit of and be binding upon the parties thereto and their respective successors and permitted assigns.

20.04 PLEDGES OR MORTGAGES

Nothing herein contained shall prevent any of the parties from pledging or mortgaging its rights under a Service Agreement as security for its indebtedness.

20.05 ENTIRE AGREEMENT

A Service Agreement together with these General Terms and Conditions and Westcoast's Toll Schedules for Service incorporated therein by reference, constitutes the entire agreement between the parties and supersedes all previous agreements, understandings, negotiations and representations between the parties.

20.06 AMENDMENT

No amendment or variation of a Service Agreement shall be effective or binding upon the parties thereto unless such amendment or variation is set forth in writing and duly executed by the parties thereto.

20.07 SERVICE AGREEMENTS

A Service Agreement and the rights and obligations of the parties thereunder are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over the parties.

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**ARTICLE 21
WINTER FIRM SERVICE**

21.01 APPLICATION

This Article applies to WF Service provided to a Shipper in T-South from a Receipt Point at Compressor Station No. 2 to a Delivery Point within the Huntingdon Delivery Area pursuant to a Firm Service Agreement entered into in accordance with this Article 21.

21.02 GENERAL TERMS AND CONDITIONS

The provisions of Articles 1 to 20 inclusive of these General Terms and Conditions other than Sections 2.02 and 2.03 shall apply to a Firm Service Agreement for WF Service.

21.03 AVAILABILITY AND AWARD OF SERVICE

Westcoast may make WF Service available for contracting provided that there is no available capacity for Year-Round Service from Compressor Station No. 2 to Delivery Points within the Huntingdon Delivery Area. WF Service shall, at no time, exceed an aggregate Contract Demand of 4,532 10³m³. When made available, WF Service will be awarded based on the unit economic value, as defined in Section 9.08, of the bids.

21.04 AUTHORIZED OVERRUN SERVICE

Notwithstanding any other provision of these General Terms and Conditions or any Service Agreement, a Shipper which has entered into a Firm Service Agreement for WF Service shall not be entitled to Authorized Overrun Service in respect of such WF Service unless such service is converted to Year-Round Service pursuant to Section 21.07 or designated as Revertible WF Service pursuant to Section 21.10.

21.05 TERM

The term of a Firm Service Agreement for WF Service shall not be less than one year and shall have an end date of October 31.

21.06 RESOURCING

Notwithstanding any other provision of these General Terms and Conditions or any Service Agreement, a Shipper may not relocate the Receipt Point or the Delivery Point specified in a Firm Service Agreement for WF Service.

21.07 CONVERSION TO YEAR-ROUND SERVICE

A Shipper which has entered into a Firm Service Agreement for WF Service may, subject to available capacity for Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area, request to convert such service to Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area by submitting a bid in accordance with Article 9 of these General Terms and Conditions. For the purposes of evaluating a bid for conversion of WF Service, the unit economic value will be determined based on the incremental economic value gained by the conversion. In the case where WF Service has been designated as Revertible WF Service, the incremental economic value will be determined based on the value of such service absent the designation of Revertible WF Service. When submitting a bid for conversion of WF Service to Year-Round Service, the Shipper may specify an end date of the requested Year-Round Service beyond the existing end date of the WF Service. The Demand Toll applicable to the converted service will be based on the remaining term of such service from the effective date of conversion.

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21.08 RENEWAL OF WF SERVICE

WF Service that has an initial term of not less than two years may be renewed by the Shipper as follows:

- a) In the case where the available capacity for Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area is less than the aggregate Contract Demand for WF Service (including any WF Service designated as Reversible WF Service) on the expiry of the service term of the Shipper's WF Service, such Shipper may renew such service as WF Service. The Shipper must give notice to Westcoast of its election to renew the term of such service not less than 12 months and not more than 13 months prior to the expiry of the term of such service. Any renewal of WF Service must be for a term of not less than one year with an expiry date of October 31. Any WF Service which is designated as Reversible WF Service on the expiry date will remain designated as Reversible WF Service upon renewal.
- b) In the case where the available capacity for Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area is greater than the aggregate Contract Demand for WF Service (including any WF Service designated as Reversible WF Service) on the expiry of the term of the Shipper's WF Service, such Shipper may renew such service as Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area. The Shipper must give notice to Westcoast of its election to renew the term of any such service not less than 12 months and not more than 13 months prior to the expiry of the term of such service. Any renewal of WF Service as Year-Round Service must be for a term of not less than one year.

21.09 REQUIREMENT TO MAINTAIN YEAR-ROUND SERVICE

If a Shipper which has entered into a Firm Service Agreement for WF Service declines to renew any Contract Demand under a Firm Service Agreement for any Year-Round Service which it holds from Compressor Station No. 2 to the Huntingdon Delivery Area at any time during the term of such WF Service, an equivalent volume of WF Service up to the Contract Demand of such WF Service will be converted to Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area. The Demand Toll applicable to the converted service will be based on the remaining term of such service from the effective date of conversion and will be effective as of the expiry date of the non-renewed Year-Round Service.

21.10 REVIEW OF WF SERVICE

Provided that WF Service which has not been designated as Reversible WF Service is being provided at the time, Westcoast will conduct a review of the available capacity for Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area every three years on March 31. If the available capacity for Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area is greater than the aggregate Contract Demand for WF Service (including any WF Service designated as Reversible WF Service) for each month during the winter season (November 1 to March 31) immediately following the review date, then all WF Service will be designated as Reversible WF Service effective November 1 of the year of the review. The Demand Toll applicable to Reversible WF Service will be based on the remaining term of such service from the effective date of the designation.

In the event WF Service which has not been designated as Reversible WF Service is not being provided at the time, the next review will occur on the third March 31 after WF Service which has not been designated as Reversible WF Service resumes, and subsequent reviews will occur every three years on March 31.

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At any time when Reversible WF Service exists, if the available capacity for Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area becomes less than the aggregate Contract Demand for Reversible WF Service, a volume of Reversible WF Service equal to the difference between the aggregate Contract Demand for Reversible WF Service and the available capacity for Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area will lose its designation as Reversible WF Service on a pro rata basis based on each Shipper's share of WF Service, effective the date of the change in available capacity for Year-Round Service from Compressor Station No. 2 to the Huntingdon Delivery Area.

21.11 ADDITIONAL FACILITIES

Nothing in these General Terms and Conditions and nothing in a Firm Service Agreement for WF Service shall be interpreted or construed to obligate Westcoast to construct any additional pipeline facilities in order to provide WF Service to a Shipper.

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**ARTICLE 22
SHORT TERM FIRM SERVICE**

22.01 APPLICATION

This Article applies to Short Term Firm Service provided to a Shipper pursuant to a Firm Service Agreement into which the Toll Schedule for Short Term Firm Service is incorporated by reference.

22.02 GENERAL TERMS AND CONDITIONS

The provisions of Articles 1 to 20 inclusive of these General Terms and Conditions other than Sections 2.02 to 2.05 inclusive, Article 9 and Section 20.02 shall apply to a Firm Service Agreement for STF Service.

22.03 TERM AND MINIMUM TOLL

The term of a Firm Service Agreement for STF Service shall be more than one day and less than one year, and the Demand Toll for any STF Service shall not be less than the Minimum STF Service Toll.

22.04 ASSIGNMENT AND RESOURCING

Notwithstanding any other provision of these General Terms and Conditions or any Service Agreement, a Shipper may not:

- a) assign in whole or in part a Firm Service Agreement for STF Service; or
- b) relocate the Receipt Point or the Delivery Point specified in a Firm Service Agreement for STF Service.

22.05 ADDITIONAL FACILITIES

Nothing in these General Terms and Conditions and nothing in a Firm Service Agreement for STF Service shall be interpreted or construed to obligate Westcoast to construct any additional pipeline facilities in order to provide STF Service to a Shipper.

22.06 NOTIFICATION BY WESTCOAST

Westcoast will post on its public bulletin board from time to time any capacity it has available to provide STF Service. The posting by Westcoast will include the information necessary to define the scope of the STF Service being made available, including:

- a) the Contract Demand;
- b) the sections of the Pipeline System on which the STF Service is available;
- c) the commencement and termination dates of the term for which the STF Service is available;
- d) the minimum term for which the STF Service is available;
- e) the Minimum STF Service Toll applicable to the STF Service being offered; and
- f) the day and time by which bids for the available STF Service are to be received by Westcoast,

and will also post the electronic mail address to which bids are to be submitted in accordance with Section 22.07.

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22.07 BIDS

Bidders who wish to obtain any STF Service posted by Westcoast in accordance with Section 22.06 shall submit a bid to Westcoast at the electronic mail address posted by Westcoast in accordance with Section 22.06 prior to the day and time specified by Westcoast pursuant to Section 22.06, which bid shall include the following information with respect to the STF Service for which the bid is submitted:

- a) the Contract Demand which the bidder desires to secure;
- b) the minimum Contract Demand which the bidder is prepared to accept;
- c) the Receipt Point and Delivery Point for the STF Service;
- d) the Demand Toll, expressed in dollars per 10^3m^3 per day, bid for the STF Service; and
- e) the term for which the bidder requires the STF Service.

A bidder may withdraw a bid any time up to one hour prior to the day and time specified by Westcoast pursuant to Section 22.06. Thereafter a bid shall be irrevocable but may be amended by the bidder to increase either the Demand Toll or the term for which the bidder requires the STF Service.

22.08 AWARD OF STF SERVICE

Westcoast will evaluate each bid submitted in compliance with Section 22.07 on the basis of the highest unit economic value and will award the available STF Service to the bid having the highest unit economic value and to other bids in descending order of unit economic value until all the available STF Service has been awarded. If the unit economic values of two or more bids are equal, Westcoast will determine the priority of those bids:

- a) firstly, on the basis of the highest Demand Toll; and
- b) secondly, on the basis of the earliest commencement date of the term of the STF Service specified in the bids.

If two or more bids remain equal after application of the above criteria, Westcoast will award the available STF Service pro rata on the basis of the Contract Demand specified in the applicable bids, provided that no STF Service will be awarded to a bidder for a Contract Demand less than the minimum Contract Demand specified in its bid.

22.09 SERVICE AGREEMENT AND SECURITY FOR PAYMENT

A bidder which is awarded STF Service in accordance with Section 22.08 shall be bound to take up and pay for that service, and if so required by Westcoast, to provide security for payment in accordance with Section 10.07. Westcoast shall forward a Service Agreement to each bidder which was awarded STF Service, and the bidder shall be obligated to execute and return the Service Agreement, without modification or amendment, together with the security required by Westcoast in accordance with Section 10.07, within five Business Days of its receipt, but in any event no later than two Business Days prior to the commencement of STF Service awarded. If Westcoast provides STF Service to a bidder prior to receipt of the executed Service Agreement and security for payment required in accordance with this section, then:

- a) the bidder shall be deemed conclusively, without further act or formality, to have entered into a Service Agreement with Westcoast for the STF Service awarded to the bidder by Westcoast; and

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- b) if the bidder fails to provide the security for payment required by Westcoast within three days of the commencement of the STF Service, Westcoast may, notwithstanding any of the provisions of these General Terms and Conditions, suspend the authorization and delivery of gas to the Shipper until the required security for payment has been provided or terminate the Service Agreement immediately without notice to the Shipper. Notwithstanding the termination of the Service Agreement, the bidder shall be liable to Westcoast for any STF Service provided to the bidder prior to the termination of the Service Agreement.

22.10 DESIGNATION OF BID RECIPIENT

If Westcoast determines that it would be desirable to do so, Westcoast may designate a Bid Recipient as Westcoast's agent to receive all bids to be submitted in any month in accordance with Section 22.07, Westcoast will specify the name and electronic mail address of the Bid Recipient in the notification posted in accordance with Section 22.06, and all bids for capacity shall be submitted to the Bid Recipient prior to the time specified by Westcoast in accordance with Section 22.06(f).

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**ARTICLE 23
OVERPRODUCTION CHARGES**

23.01 SHIPPER OBLIGATIONS, RESIDUE GAS

Each Shipper which delivers residue gas, or for the account of which residue gas is delivered, into the Pipeline System at a Receipt Point within a T-North Corridor, other than the NOVA/ Gordondale Interconnection or at a Receipt Point in T-South shall, in addition to any other charges payable pursuant to a Service Agreement and these General Terms and Conditions, pay to Westcoast overproduction charges determined in accordance with Sections 23.03 and 23.04 in respect of Excess Residue Gas Receipts delivered to Westcoast at any such Receipt Point on any day if:

- a) Westcoast has on the immediately preceding day given notice in accordance with Section 23.02 that overproduction charges will apply in respect of deliveries of residue gas made to Westcoast at Receipt Points within the T-North Corridor or at the Receipt Point in T-South on any such day; and
- b) the total volume of residue gas actually delivered to Westcoast on any such day at Receipt Points within the T-North Corridor or at the Receipt Point in T-South is equal to or in excess of the Constraint Level specified in the notice given by Westcoast in accordance with Section 23.02.

23.02 NOTIFICATION TO SHIPPERS

Westcoast will, following the Timely Nomination Cycle and the Evening Nomination Cycle for each day, determine the total Authorized Volumes of residue gas to be delivered through each T-North Corridor and the total Authorized Volumes of residue gas to be delivered through T-South and, if Westcoast determines that such total Authorized Volumes will be equal to or exceed 98 percent of the available capacity of any such T-North Corridor or T-South, Westcoast will give notice to all Shippers by means of its public bulletin board prior to the beginning of any such day, that overproduction charges will apply to deliveries of residue gas made at Receipt Points within the T-North Corridor specified in the notice and/or at the Receipt Point in T-South specified in the notice, and shall include in that notice the Constraint Level applicable to each such T-North Corridor and/or to each such Receipt Point in T-South.

23.03 RESIDUE GAS TOLERANCE

A Shipper's Residue Gas Tolerance for residue gas delivered into the Pipeline System at each Receipt Point within a T-North Corridor, other than the NOVA/Gordondale Interconnection, and at each Receipt Point in T-South on any day in respect of which Westcoast has given a notice in accordance with Section 23.02, is the greater of $7.0 \times 10^3 \text{m}^3$ and five percent of the sum of that Shipper's Authorized Receipt Volumes for each such Receipt Point.

23.04 OVERPRODUCTION CHARGES, RESIDUE GAS

If:

- a) Westcoast has given a notice to all Shippers in accordance with Section 23.02 that overproduction charges will apply on any day to deliveries of residue gas made at Receipts Points within a T-North Corridor or at a Receipt Point in T-South;
- b) the total volume of residue gas delivered into the Pipeline System on any such day at the Receipt Points within such T-North Corridor or at any such Receipt Point in T-South is equal to or in excess of the applicable Constraint Level specified in the notice given by Westcoast; and

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- c) there are Excess Residue Gas Receipts delivered at any such Receipt Point by or for the account of a Shipper,

the Shipper shall pay to Westcoast overproduction charges for any such day in an amount in respect of each such Receipt Point equal to the product obtained by multiplying 10 percent of the Station 2 Gas Price by the thermal equivalent of the Excess Residue Gas Receipts. The thermal equivalent of the Excess Residue Gas Receipts shall be determined by multiplying the Excess Residue Gas Receipts by the Estimated Yearly Heat Content Value of the residue gas delivered into the Pipeline System at each such Receipt Point.

23.05 LIABILITIES

Payments made by a Shipper pursuant to Section 23.04 shall not under any circumstances be considered as conferring a right on Shipper to deliver to Westcoast on any day at a Receipt Point at which residue gas is delivered into the Pipeline System by or for the account of the Shipper, a volume of residue gas in excess of the sum of the applicable Authorized Receipt Volumes, nor shall payment therefor exclude or limit any other remedies available to Westcoast against Shipper for failing to limit its deliveries at such Receipt Points to the sum of the applicable Authorized Receipt Volumes.