

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.

"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 Revertible 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 Revertible WF Service.

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

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.

ARTICLE 8

~~CONTRACT DEMAND CREDITS – COMPRESSOR OUTAGES~~Reserved for Future Use

~~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.~~

**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

~~Westcoast is shall have no liability to Shipper and no obligation to indemnify and save harmless Shipper, and Shipper shall not be entitled to any relief from its obligation to make monthly payments to Westcoast under a Service Agreement or any of its other obligations under a Service Agreement, 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.

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 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.

"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 Revertible 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 Revertible WF Service.

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

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 8
Reserved for Future Use

**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

Westcoast shall have no liability to Shipper and no obligation to indemnify and save harmless Shipper, and Shipper shall not be entitled to any relief from its obligation to make monthly payments to Westcoast under a Service Agreement or any of its other obligations under a Service Agreement, if Westcoast is required for any reason to curtail or interrupt service or otherwise fails to provide service.

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.

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
- 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.