COMMISSION OF THE CANADA ENERGY REGULATOR

IN THE MATTER OF the *Canadian Energy Regulator Act*, and the regulations made thereunder;

AND IN THE MATTER OF an Application by Enbridge Pipelines Inc. pursuant to Parts 1, 3 and 9 of the *Canadian Energy Regulator Act* for approval of the committed and uncommitted service to be provided and the toll methodologies to be used on the Canadian Mainline.

ENBRIDGE PIPELINES INC.

CANADIAN MAINLINE CONTRACTING APPLICATION

December 19, 2019

To: Ms. Louise George
Secretary of the Commission
Canada Energy Regulator
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1. OVERVIEW

1 Enbridge Pipelines Inc. (“Enbridge”) is applying to the Commission of the Canada Energy Regulator ("Commission" or "CER") for approval of a new service and tolling framework for its Canadian Mainline pipeline system (“Canadian Mainline”). The current service and tolling framework, which was established through a negotiated settlement, will expire on June 30, 2021.

2 The new service and tolling framework will provide shippers the ability to contract for priority access to as much as 90% of the Canadian Mainline capacity on a long-term basis. This differs from the current framework under which shippers cannot obtain priority access to pipeline capacity and can only secure capacity on a month-to-month basis. The contracts will go into effect only once a fully replaced Line 3 – and its additional 370,000 barrels per day of restored capacity – comes into service.

3 The impetus for the new service and tolling framework was the desire of some shippers for long-term priority access to Canadian Mainline pipeline capacity at reasonable and stable transportation tolls, as well as the desire of Enbridge to retain volumes on the Enbridge Mainline and reduce its long-term volume risk. The pipelines that Enbridge competes against already offer shippers the ability to contract for firm service on a long-term basis. To satisfy the needs of shippers and provide Enbridge with the tools to compete on a level playing field, Enbridge developed a contract offering for the Canadian Mainline.

4 The terms, conditions and tolls of the Canadian Mainline contract offering were developed through almost two years of extensive bilateral negotiations, discussions and consultations between Enbridge and its stakeholders. Enbridge’s stakeholders are a diverse group with competing interests; they include large and small producers, marketers, refiners, integrated companies, industry associations and provincial governments. Although it was not possible to develop a contract offering that satisfied all of the needs of all of Enbridge’s stakeholders, shippers that currently transport approximately 70% of the crude oil volumes on the Canadian Mainline, and that have indicated interest in contracting for an even greater percentage of the contractible crude oil capacity, have provided letters indicating that

they want to contract for firm service on the Canadian Mainline and that they support the contract offering proposed in this Application.

5 The terms and conditions, including tolls, upon which Enbridge proposes to contract the Canadian Mainline are set out in the Pro-Forma Transportation Services Agreements ("TSAs") that form part of this Application. There are two basic types of TSAs, a take or pay agreement and a requirements contract that was created to make contracting accessible to shippers for which contracting might otherwise not be feasible. Although there are eight different TSA forms – three take or pay and five requirements contracts – there are relatively few substantive differences among the eight agreements. All of the TSAs provide contracting shippers with priority access to the Canadian Mainline in return for their commitment to ship a specified volume of petroleum each month.

6 The TSAs establish committed tolls for transportation service. There are a number of discounts that may be provided to contract shippers, depending on the total volume that Enbridge contracts and the total volume that is shipped in a month. Additional toll discounts are also available to those contract shippers that subscribe for large volumes or long terms. The committed tolls will be escalated each year by 65% of the GDPP Index but can otherwise only be increased in limited circumstances.

7 The opportunity for shippers to enter into contracts will be provided through an open season, in which all interested parties may participate. The rules governing the open season process were negotiated with stakeholders at the same time and through the same process as the TSAs. These rules are set out in the Open Season Procedures that are appended to this Application.

8 Enbridge's new service and tolling framework will reserve 10% of the available capacity of the Canadian Mainline for shipments of spot or uncommitted volumes. Any contracted capacity that is not used for contract shipments will also be made available for spot shipments, which means that more than 10% of the Canadian Mainline capacity may be available for spot shipments in any given month. Uncommitted capacity will continue to be available on a month-to-month basis, just as it is now.

9 The uncommitted transportation tolls will be based on a modest premium to the committed tolls. This premium is consistent with the method used by other

contracted oil pipelines to set uncommitted tolls and recognizes the substantial financial commitment that will be made by committed shippers. Like the committed tolls, the uncommitted tolls will be escalated each year by 65% of the GDPP Index. There are a small number of circumstances that could otherwise result in an increase to the uncommitted tolls.

10 Enbridge retained three independent experts to review its proposed service and tolling framework. The reports of these experts are appended to this Application. Together, these experts conclude that Enbridge's proposed framework will establish terms of service and tolls that are just and reasonable, and will provide benefits to shippers, to industry and to Enbridge. In particular, the introduction of firm service on the Canadian Mainline will provide shippers and Enbridge with the volume and toll certainty required to promote efficient investment and will increase or maintain the price of crude oil in Western Canada, and the reservation of 10% of Canadian Mainline capacity for spot shipments will provide an appropriate amount of capacity for those shippers that choose not to contract.

11 Pursuant to Parts 1, 3 and 9 of the *Canadian Energy Regulator Act* ("CER Act"), Enbridge is hereby applying for approval of the committed and uncommitted service to be provided and the toll methodologies to be used on the Canadian Mainline (the "Application"). The Application requests that the Commission:

- approve the implementation of firm service on 90% of the available capacity of the Canadian Mainline to be provided in accordance with all terms and conditions, including the toll methodology, contained in the Pro-Forma TSAs and the Pro-Forma Rules and Regulations Tariffs for Crude Petroleum, Natural Gas Liquids and Refined Petroleum Products ("Rules Tariffs");
- approve the reservation of 10% of the available capacity of the Canadian Mainline for uncommitted volumes and the implementation of uncommitted transportation service in accordance with all terms and conditions, including the toll methodology, contained in this Application, the Pro-Forma TSAs, the Rules Tariffs and the illustrative Canadian Mainline Uncommitted Local and International Joint Tolls Tariffs ("Illustrative Uncommitted Tolls Tariffs");

- approve the methodologies to set the Canadian Mainline receipt and delivery tankage revenue requirement and receipt and delivery terminalling tolls as set out in this Application;
- make a finding that the Open Season Procedures through which Enbridge will offer to contract up to 90% of the available capacity of the Canadian Mainline are appropriate and will lead to an open season that is fair, transparent and consistent with Enbridge's common carrier requirements;
- approve the continuation of Enbridge's exemption from the requirement to keep the system of accounts described by the *Oil Pipeline Uniform Accounting Regulations* ("OPUAR"); and
- grant such further and other relief as Enbridge may request or the CER may consider appropriate.

12 The Pro-Forma TSAs and the Open Season Procedures together form the "Mainline Contract Offering." Terms not otherwise defined in this Application have the meaning given to them in the Pro-Forma TSAs, the Open Season Procedures, the Rules Tariffs and the Illustrative Uncommitted Tolls Tariffs. The following terms are used interchangeably throughout the Application: "uncommitted" and "spot" capacity or tolls; and "committed service" and "firm service", which mean contract service in accordance with the TSAs with priority access on the Canadian Mainline.

2. BACKGROUND

2.1. System Overview

13 Enbridge was incorporated in 1949 as Interprovincial Pipe Line Company and, in 1980, continued under the *Canada Business Corporations Act* as Interprovincial Pipe Line Limited. The Enbridge name was adopted in 1998. Enbridge is a wholly-owned subsidiary of Enbridge Inc.

14 Enbridge is a "company" within the meaning of the CER Act. Enbridge owns and operates the Canadian Mainline, which is a "pipeline" within the meaning of the CER Act.

15 The Canadian Mainline encompasses and includes various pipelines and associated facilities that are operated as an integrated system in order to optimize both domestic and export transportation service. Specifically, the Canadian Mainline includes:

- Lines 1, 2, 3, 4 and 67[1] originating in Edmonton, Alberta; and Line 65 originating in Cromer, Manitoba; all of these pipelines connect to the Lakehead System at the Canada/US border near Gretna, Manitoba;
- the Canadian sections of Lines 5 and 6B both connecting to the Lakehead System at the Canada/US border in Ontario, near Marysville, Michigan, and terminating at Sarnia, Ontario;
- Line 7 originating at Sarnia, Ontario and terminating at Westover, Ontario where it connects with Line 11; and
- Line 11 originating at Westover, Ontario and terminating at Nanticoke, Ontario.[2]

[1] Line 67 is also referred to as the "Alberta Clipper" pipeline.
[2] Lines 8 and 9 are not considered part of the Canadian Mainline. Line 9 originates at Sarnia and terminates at Montreal, Quebec. Line 9 is currently under contracts approved by the NEB in OH-002-2013. Line 8 originates at Sarnia and terminates at Mill Grove Junction near Hamilton, Ontario. It is currently leased to a third party that operates the line.

16 The Canadian Mainline is operated in conjunction with the Lakehead System, which connects to the Canadian Mainline at the Canada/US border near Gretna, Manitoba and Neche, North Dakota. Similar to the Canadian Mainline, the Lakehead System encompasses and includes various pipelines and associated facilities that are operated as an integrated system in order to optimize service. The Lakehead System, operated by Enbridge Energy, Limited Partnership, includes:

- the US sections of Lines 1, 2, 3, 4 and 67 connecting to the Canadian Mainline at the Canada/US border near Neche, North Dakota and terminating at Superior, Wisconsin;
- the US section of Line 65 connecting to the Canadian Mainline at the Canada/US border near Neche, North Dakota and terminating at Clearbrook, Minnesota;
- Line 5 originating in Superior, Wisconsin and connecting to the Canadian Mainline at the Canada/US border near Marysville, Michigan;
- Lines 6A and 14/64 originating in Superior, Wisconsin and terminating at Griffith, Indiana;
- Line 78A originating at Flanagan, Illinois and terminating at Stockbridge, Illinois;
- Line 78B originating at Stockbridge, Illinois and connecting to the Canadian Mainline at the Canada/US border near Marysville, Michigan; and
- Line 61 originating at Superior, Wisconsin and terminating at Flanagan, Illinois.

17 The combined Canadian Mainline and Lakehead System is referred to as the “Enbridge Mainline”. A schematic that depicts the various pipelines comprising the Enbridge Mainline is found in Appendix 1 to this Application. Appendix 2 is a map illustrating the Enbridge Mainline transportation routes, and the markets to which it connects.

18 Most of the pipelines that comprise the Enbridge Mainline have different origin and destination points as well as different receipt and delivery locations available along the pipeline. There are currently 12 receipt points[3] where the Enbridge Mainline receives petroleum and 18 delivery points[4] where it delivers petroleum. Appendix 3 is a schematic illustrating these various receipt and delivery points and commodities moved along the Enbridge Mainline. In addition, each of the pipelines that comprise the Enbridge Mainline has a different capacity, and as a result, the capacity of the Enbridge Mainline is not the same across the system. This configuration has developed over time in response to market demand.

19 The Enbridge Mainline was originally designed to transport crude oil from Western Canada for delivery to refineries in Saskatchewan, Ontario, Quebec, Western Pennsylvania and the US Midwest. More recently, the Enbridge Mainline has been extended to interconnect with downstream pipelines that provide access to other markets in the US. Today, the Enbridge Mainline delivers crude oil directly to 14 refineries and connects to a number of pipelines, including Keystone, Express, Spearhead, Flanagan South, Mustang, Wascana, Toledo and Southern Access Extension. These connecting pipelines transport Western Canadian crude oil to refineries located in the Rockies, Lower Midwest and Midcontinent as well as to the major market and transportation hubs in Cushing, Oklahoma and Patoka, Illinois. From Cushing and Patoka, a large number of refineries on the US Gulf Coast can be accessed. [5] The Enbridge Mainline currently delivers 1.9 million barrels per day ("bpd") to directly connected refineries and more than 1.1 million bpd to shippers with downstream take-or-pay commitments on pipelines that connect to broader refinery and export markets.

20 Three main types of petroleum are transported on the Enbridge Mainline: crude oil, refined petroleum products and natural gas liquids ("NGLs"). Within these categories

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[3] Edmonton, Alberta; Hardisty, Alberta; Kerrobert, Saskatchewan; Regina, Saskatchewan; Cromer, Manitoba; Clearbrook, Minnesota; Mokena, Illinois; Griffith, Indiana; Stockbridge, Michigan; Lewiston, Michigan; Corunna or Sarnia; and Westover.

[4] Hardisty; Kerrobert; Milden, Saskatchewan; Stony Beach, Saskatchewan; Regina; Gretna, Manitoba; Clearbrook; Superior, Wisconsin; Lockport, Illinois; Mokena; Flanagan, Illinois; Griffith; Stockbridge; Rapid River, Michigan; Marysville, Michigan; Corunna or Sarnia; Westover; and Nanticoke.

[5] See Appendix A to the Neil Earnest Evidence, found at Appendix 7.

of petroleum, there are numerous distinct commodities that are shipped on the Enbridge Mainline. In 2019, the Enbridge Mainline transported 42 distinct crude oil commodities, one NGL commodity and 19 refined petroleum product commodities.

21 The Enbridge Mainline is a logistically complex system. In order to meet shipper expectations and maintain the quality and characteristics of the numerous commodities that Enbridge transports, commodities are shipped in “batches”. To limit the comingling and degradation of commodities, the batches must be sequenced in the appropriate order, and only certain types of petroleum can be shipped on certain lines. For example, refined petroleum products are shipped exclusively on Line 1 in Canada and NGLs are shipped only on Lines 1 and 5 in Canada and the US. Line 4 ships predominantly heavy crude oil and Line 2 ships predominantly light crude oil. Furthermore, to maximize throughput on the Enbridge Mainline, the entire system must flow at an optimal and efficient rate. This requires that at locations where petroleum is both received and delivered, as one batch delivers off the pipeline, another batch must be injected into the pipeline. In order to facilitate these transportation movements, an intricate web of interconnections, meters, transfer lines and tankage is required.

22 The Enbridge Mainline currently has over 120[6] approved shippers, comprised of producers, refiners, marketers and integrated companies. Approximately 88% of the volumes on the Enbridge Mainline are shipped by refiners and integrated companies that own both production and refining assets. Non-integrated producers (both small and large) ship approximately 5% of the Enbridge Mainline volumes. Instead, such producers traditionally sell their petroleum to shippers such as refiners and integrated companies either upstream of or at the inlet to the Canadian Mainline. This commercial dynamic is long standing and efficient as it allows refiners to effectively manage their crude oil requirements and the timing of crude oil deliveries off the Enbridge Mainline system.

[6] Of these 120, only 70 have shipped on the Enbridge Mainline in 2019.

2.2. Evolution of Tolling on the Canadian Mainline

23 Enbridge has a long-standing practice of negotiating terms of service and tolls with its shippers. Enbridge was the first Group 1 oil pipeline company to implement an incentive-based, negotiated settlement to set tolls when, in February 1995, it sought approval from the National Energy Board ("NEB" or "Board") for the Incentive Toll Principles of Settlement governing the 1995–99 period ("ITS") for the Canadian Mainline.

24 Since the ITS was approved in 1995, the Canadian Mainline has been subject to continuous toll settlements. In 2000, Enbridge and the Canadian Association of Petroleum Producers entered into a successor five-year incentive tolling settlement[7], followed by another five-year settlement in 2005[8] and one-year transition settlements in 2010 and 2011[9].

25 The current Competitive Toll Settlement ("CTS") is a 10-year negotiated tolling framework for the Canadian Mainline that went into effect on July 1, 2011 and will expire on June 30, 2021.[10]

26 The CTS marked a change in the nature of tolling settlements associated with the Canadian Mainline. It established tolls for all volumes shipped on the Canadian Mainline as well as International Joint Tariff ("IJT") tolls for all petroleum shipped from Western Canadian receipt points on the Canadian Mainline to delivery points on the Lakehead System and on the Canadian Mainline downstream of the Lakehead System.

27 The CTS sets tolls for transportation that are adjusted each year by 75% of the GDPP Index.[11] Other than this adjustment factor, the CTS provides limited circumstances under which the tolls can be changed. One such circumstance is pipeline expansions with capital costs in excess of C$250 million.[12] With agreement

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[7] NEB Order TO-3-2000, issued June 15, 2000 and attached to the Application as Attachment 1.
[8] NEB Order TO-01-2006.
[9] Tolls for 2010 and 2011 were approved as interim in Board Orders TOI-01-2010 and TOI-02-2011, respectively, before being approved as final in Order TO-03-2011.
[10] Enbridge Competitive Toll Settlement dated July 1, 2011, (CTS, Appendix 1). See also Letter and Order TO-03-2011 from the NEB to Enbridge (24 June 2011)
[11] CTS, Section 3.1, definition of "GDPP Index".
[12] CTS, Section 16.3.

of its shippers, Enbridge is permitted to recover the costs of such expansions through surcharges added to the tolls.[13] The CTS also permits Enbridge to recover the costs of certain regulatory changes[14] and recognizes the recovery of certain abandonment costs.[15] Under the CTS, Enbridge assumes risks[16] in relation to throughput, as well as most operating and capital costs including integrity costs, foreign exchange exposure and operating and maintenance capital costs. At the expiration of the CTS on June 30, 2021, Enbridge will have been providing service pursuant to negotiated tolls for over 26 years.

[13] CTS, Section 16.3 and Section 13.1(c).
[14] CTS, Section 20.1.
[15] Specifically, CTS Section 13.1(b) recognizes the recovery of abandonment costs resulting from an NEB Order related to the Land Matters Consultation Initiative (RH-2-2008). The NEB approved abandonment cost estimates in MH-001-2012 and approved Enbridge's abandonment surcharge methodology in MH-001-2013.
[16] Except in certain exceptional circumstances.

3. APPROPRIATENESS OF THE MAINLINE CONTRACT OFFERING

3.1. Appropriateness of Firm Service

28 The Enbridge Mainline faces competition from existing and potential future pipelines exiting the Western Canada Sedimentary Basin ("WCSB"). These pipelines include the Keystone pipeline, the Keystone XL pipeline, the Trans Mountain pipeline, and the Trans Mountain Expansion Project. The Board has approved the construction of competitive pipelines on the basis that enhanced pipeline competition and increased customer choice serve the public interest.[17]

29 As well, the market environment in which the Enbridge Mainline operates has changed due to implementation of firm service on other major Canadian oil pipelines. As the Board observed in 2007 in its decision respecting the Keystone pipeline:

> The Board notes the market for oil transportation has evolved and will continue to evolve to embrace commercial arrangements better suited to meet the needs of market participants. This evolution has included the acceptance, under certain conditions and circumstances, of firm contractual commitments to capacity on oil pipelines operating under the common carrier obligations of the NEB Act. In most instances this has resulted in the majority of capacity being contractually committed to firm transportation services with a residual amount of capacity being left available to meet the requirements of uncontracted shippers.[18]

The Keystone pipeline, the Keystone XL pipeline, and the Trans Mountain Expansion Project have contracts in place that commit the majority of their capacity to firm service on a long-term basis.

30 Firm service has been introduced not only on new oil pipeline capacity, but also on existing oil pipeline capacity. For example, in the case of the Trans Mountain Expansion Project, the Board approved the provision of firm service on the expansion capacity and on some of the existing capacity.[19] In another example, Trans Mountain introduced firm service to the Westridge Marine Terminal to meet

[17] NEB Reasons for Decision, Keystone XL Pipeline, OH-1-2009, PDF p. 44.
[18] NEB Reasons for Decision, Keystone Pipeline, OH-1-2007, PDF p. 32.
[19] NEB Reasons for Decision, Trans Mountain Part IV Application, RH-001-2012, PDF p. 42, Table 6-1.

the needs of its shippers and to enhance its ability to compete with other pipelines having firm service commitments. In approving the firm service to the Westridge Marine Terminal, the Board stated:

> More recent market developments, specifically the allowance of contracts on other oil pipelines and the increased desire to diversify markets for Canadian crude oil, have changed the environment in which Trans Mountain operates. The Board agrees that Trans Mountain faces competition from current and future pipelines serving the WCSB, including those common carriage pipelines with some contracted capacity.
>
> In the short to medium-term, the Board views Trans Mountain's volume risk as low, primarily because of the increased demand due in part to price discounting of Canadian crude oil. Over the long term, the Pipeline faces volume risk due to pipeline expansions and shipper choice. Several shippers acknowledged that they typically sell in markets that yield the highest netback. The Board agrees with Trans Mountain that Firm Service will help retain volumes and lower its long-term volume risk.[20]

31 Enbridge is similarly proposing to provide firm service on the Canadian Mainline to meet the needs of shippers and to respond to competitive market forces.

32 When Enbridge initiated discussions with shippers in early 2018, a number of them told Enbridge that they wanted firm service on the Canadian Mainline. They asked for the opportunity to contract for priority access to capacity and to have long-term toll certainty. The Mainline Contract Offering was developed by Enbridge in response to these shipper requests.

33 The support of shippers for the introduction of firm service on the Canadian Mainline is demonstrated by the letters that have been provided to Enbridge, which are included in Appendix 4. The companies that have provided these letters currently ship approximately 70% of the crude oil volume on the Canadian Mainline[21] and have expressed interest in contracting, in aggregate, for an even greater percentage of the contractible crude oil capacity Enbridge will offer in the open season[22].

[20] NEB Reasons for Decision, Firm Service to Westridge Marine Terminal, RH-2-2011, PDF p. 27.
[21] Based on shipments ex-Gretna that cross the Canada-US border from January 1, 2018 to November 30, 2019.
[22] Based on the contractible capacity to be offered for crude oil in the Medium and Long Haul Segments, as detailed in Table 8.1 of the Application.

34 The introduction of firm service will also support the long-term competitive operation of the Enbridge Mainline. It will position Enbridge to compete with other oil pipelines that provide shippers from the WCSB with priority access to capacity and toll certainty. It will also assist Enbridge in securing volumes for the Enbridge Mainline over the longer term.

35 Enbridge acknowledges that, consistent with previous decisions made by the Board[23], Enbridge has the responsibility to respond to competition to ensure that the Enbridge Mainline remains economically viable over the long term. This requires that Enbridge develop new services and products to respond to market changes. It would be unfair to deny Enbridge the opportunity to respond to market requests for firm service on the Canadian Mainline when its competitors have been allowed to provide such service on the majority of their capacity.

36 The benefits of implementing firm service on the Canadian Mainline are discussed in the expert evidence submitted by Mr. Reed[24] and Dr. Church[25]. Their evidence indicates the following.

- Firm service will better reflect the result that would be achieved in a workably competitive market: efficiency, which is one of the principal objectives of utility regulation.[26]
- Firm service will result in a more efficient allocation of Canadian Mainline capacity. The capacity allocation will reflect which shippers can make the best use of the capacity. This will help maximize the aggregate profits from the production, transportation and refining of crude oil from the WCSB.[27]

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[23] For example, NEB Reasons for Decision, Business and Services Restructuring Proposal and 2012-2013 Mainline Final Tolls, RH-003-2011, PDF p. 22 and NEB Letter Decision, M&NP 2017-2019 Toll Settlement, RHW-003-2017, PDF p. 19.
[24] John Reed Evidence is found at Appendix 5.
[25] Jeffrey Church Evidence is found at Appendix 6.
[26] John Reed Evidence at PDF pp. 16-17, 23-24 (Appendix 5). Jeffrey Church Evidence at PDF pp. 6, 10-14 (Appendix 6).
[27] John Reed Evidence at PDF pp. 6, 20-24 (Appendix 5); Jeffrey Church Evidence at PDF pp. 8, 21, 24-26 (Appendix 6).

- Firm service creates capacity rights for shippers that are more easily traded, further helping to ensure that shippers that can make the best use of the capacity will have access to it.[28]
- Firm service is more likely to result in the efficient level of pipeline capacity, which is the level of capacity that maximizes the aggregate profits from the production, transportation and refining of crude oil from the WCSB.[29]
- Firm service will provide shippers with long-term certainty of capacity and tolls, which will promote efficient investment in upstream and downstream facilities.[30] By providing more certainty regarding volumes, it will also promote more efficient investment in the Enbridge Mainline, including appropriate price signals regarding if, and when, to expand the Enbridge Mainline.[31]
- Firm service will result in a more efficient allocation of risk between shippers and Enbridge. By allocating risk to those that can best mitigate it or for which it imposes least cost, the total cost of bearing this risk will be reduced.[32]
- Firm service with committed tolls that will only escalate at 65% of Canadian GDPP growth will provide incentives for Enbridge to operate as efficiently as possible and to maximize throughput on the Enbridge Mainline. This will align the interests of Enbridge and its shippers.[33]
- These benefits do not flow only to shippers that elect firm service; improvements in the efficiency of the system when firm capacity is offered in the market benefit all participants in the market, including spot shippers, producers, refiners, marketers, the pipeline and the general public.[34]

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[28] John Reed Evidence at PDF p. 24 (Appendix 5); Jeffrey Church Evidence at PDF pp. 14, 18-19 (Appendix 6).
[29] Jeffrey Church Evidence at PDF pp. 8, 20, 29-30 (Appendix 6).
[30] John Reed Evidence at PDF pp. 22, 24, 49 (Appendix 5); Jeffrey Church Evidence at PDF pp. 8, 30-31 (Appendix 6).
[31] John Reed Evidence at PDF pp. 20-21 (Appendix 5); Jeffrey Church Evidence at PDF pp. 8, 30-31 (Appendix 6).
[32] John Reed Evidence at PDF pp. 24-25 (Appendix 5); Jeffrey Church Evidence at PDF pp. 8, 34-37 (Appendix 6).
[33] John Reed Evidence at PDF pp. 20-21 (Appendix 5).
[34] John Reed Evidence at PDF pp. 24, 50 (Appendix 5); Jeffrey Church Evidence at PDF pp. 7-8, 11, 28-29 (Appendix 6).

- Firm service levels the playing field with other firm-service pipelines and promotes efficient competition. Firm service will enhance the ability of the Canadian Mainline to attract and retain shippers when those shippers consider firm service alternatives on other pipelines. This promotes pipe-to-pipe competition.[35]
- Firm service will advance the Government of Canada's goals of enhancing Canada's global competitiveness, providing certainty to investors and stakeholders and driving innovation, as set out in the preamble to the CER Act.[36]

37 The market implications of providing firm service on the Canadian Mainline are addressed in the expert evidence submitted by Mr. Earnest.[37] This evidence concludes the following.

- When there is <u>sufficient export pipeline capacity</u> and <u>committed pipeline capacity</u> is acting to establish the price of Western Canadian crude oil, which will only be the case if firm service is implemented on the Canadian Mainline, the price of Western Canadian crude oil will increase.
- When there is <u>sufficient export pipeline capacity</u> and <u>uncommitted pipeline capacity</u> is acting to establish the price of Western Canadian crude oil, implementation of firm service on the Canadian Mainline will not decrease the price of Western Canadian crude oil.
- When there is <u>insufficient export pipeline capacity</u> and <u>rail</u> is acting to establish the price of Western Canadian crude oil, implementation of firm service on the Canadian Mainline will not decrease the price of Western Canadian crude oil.

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[35] John Reed Evidence at PDF pp. 6, 17, 31-32 (Appendix 5). Jeffrey Church Evidence at PDF pp. 8, 33-34 (Appendix 6).
[36] John Reed Evidence at PDF p. 17 (Appendix 5).
[37] Neil Earnest Evidence is found at Appendix 7.

3.2. Appropriateness of the Capacity Allocation

38 In previous decisions, the NEB has found that an oil pipeline acts in a manner consistent with its common carrier obligations when an open season is properly conducted and where capacity is left available for monthly nominations or where the facilities are readily expandable.[38]

39 Enbridge will reserve at all times 10% of the available capacity of the Canadian Mainline, inclusive of the full Line 3 Replacement capacity, for monthly nominations of spot volumes. This level of capacity reservation strikes a balance between the interests of committed shippers that want priority access to more than 90% of the capacity and uncommitted shippers that want month-to-month access to more than 10% of the capacity. Furthermore, providing priority access to up to 90% of the Canadian Mainline capacity allows for greater realization of the benefits of firm service described in Application Section 3.1, recognizing that 100% firm service is the most economically efficient allocation.[39]

40 The spot capacity will *always* be at least 10% of Canadian Mainline capacity each month because the spot reservation is based on a percentage of available capacity rather than nominal capacity. This contrasts with the Keystone pipeline, for example, which reserves a fixed volume for uncommitted shipments that equates to approximately 6% of the pipeline's nominal capacity.[40] Reserving 10% of available capacity each month means that, even if the Canadian Mainline available capacity fell below the aggregate contracted volumes in a month (which could occur, for example, as a result of planned maintenance or an unplanned outage), spot shippers would still have access to at least 10% of the total available capacity that month, and committed nominations would be apportioned if necessary to fill the remaining 90% of the total available capacity. In the same situation, Keystone would not offer any uncommitted service.

[38] OH-1-2007 at PDF p. 31; see also NEB Reasons for Decision, Keystone Cushing Expansion, OH-1-2008, at PDF p. 27 and NEB Reasons for Decision, Southern Lights Project, OH-3-2007, at PDF p. 66.
[39] Jeffrey Church Evidence at PDF pp. 8, 37 (Appendix 6).
[40] OH-1-2007 at PDF pp. 29 and 31, OH-1-2008 at PDF pp. 24 and 28.

41 The spot volume reservation of 10% is also a *minimum*. If committed shippers do not nominate their entire monthly commitments, then the unfilled committed capacity will be available for uncommitted service. As well, because the amount of contracted capacity is capped in any given month, any increases in available capacity (arising, for example, from operational efficiencies) will allow more spot volumes to be transported that month.

42 The spot volume reservation of 10% is within the range that has been approved by the NEB for other Group 1 pipelines, as shown in Table 3.1 below.

Table 3.1 NEB Approved Uncommitted Capacity for Group 1 Pipelines

Company and NEB Decision	Applied for	Approved
Trans Northern	9%	Approved[41]
Keystone	6%	Approved[42]
Keystone Cushing Expansion	6%	Approved[43]
Keystone XL	6%	12%[44]
Trans Mountain Expansion	20% of entire pipeline system, once expanded	Approved[45]
Enbridge Line 9B Reversal	8%	Approved[46]

43 Finally, the available capacity of the Enbridge Mainline is expandable. Enbridge has several options that may allow for optimization of the Enbridge Mainline by approximately 200 thousand barrels per day ("kbpd"), through enhancements such as drag reducing agent and additional horsepower at pump stations. However, prior to undertaking any further Enbridge Mainline optimization, Enbridge requires certainty that the existing Enbridge Mainline capacity will continue to be used over

[41] NEB Reasons for Decision TNPI Capacity Expansion and Line Reversal, OH-1-2003 at PDF p. 26.
[42] OH-1-2007 at PDF p. 31.
[43] OH-1-2008 at PDF p. 28.
[44] OH-1-2009 at PDF p. 57. The Board noted it was setting the reserved uncommitted capacity for the Keystone system "at the higher end of the range" when it set it at 12% in the Keystone XL decision.
[45] RH-001-2012 at PDF p. 44.
[46] NEB Reasons for Decision Line 9B Reversal and Line 9 Capacity Expansion Project, OH-002-2013 at PDF p. 140.

the long term. The best way for Enbridge to ensure long-term utilization of existing capacity is to enter into long-term contracts.

4. DEVELOPMENT OF THE TSAs AND OPEN SEASON PROCEDURES

44 The Mainline Contract Offering was developed through almost two years of discussions, consultations and bilateral negotiations between Enbridge and its individual stakeholders, which include large and small producers, marketers, refiners, integrated companies, industry associations, and provincial governments.

45 At the beginning of 2018, Enbridge met with a number of its shippers to gain an understanding of the terms and conditions of service, including tolls, those shippers desired on the Enbridge Mainline after the expiration of the CTS.

46 During these discussions, some of Enbridge's shippers requested that Enbridge provide priority access to Canadian Mainline capacity, as well as long-term toll stability. Based on this feedback, Enbridge commenced formulating a potential contract framework.

47 In February 2018, Enbridge began soliciting shipper feedback on a high-level take-or-pay firm service proposal whereby a shipper would commit to shipping a fixed volume of a specific crude oil type (light or heavy) from a specific receipt point to a specific delivery point for a fixed term of 10 years. In return, the shipper would pay a lower transportation toll than that offered to uncommitted shippers. Failure to ship the contracted volumes, for any reason other than Enbridge Mainline apportionment, would result in a deficiency payment. The contracted toll would increase if the throughput on the Enbridge Mainline dropped below a set threshold (referred to as the low volume toll ratchet).

48 Over the next six months, Enbridge had numerous meetings, phone calls and email exchanges with current and potential shippers to discuss and negotiate the structure and details of what would eventually become the Mainline Contract Offering. To facilitate negotiations and protect their commercial interests, the parties entered into confidentiality agreements, as is common practice in such commercial negotiations.

49 After six months of bilateral negotiations and discussions with stakeholders, Enbridge issued a term sheet on July 20, 2018 (see Appendix 8) that reflected substantial modifications to the initial firm service proposal. The term sheet included proposed TSA terms and capacity allocation concepts that were later detailed in the open season procedures.

50 The term sheet provided for five TSA types: a take or pay agreement and four types of Requirements Contracts[47] (Producer, Refiner, Refined Petroleum Products and NGL), with contract terms ranging from 96 to 144 months (8 to 12 years). The term sheet included a discount for shippers that committed to shipping over 300 kbpd and allowed shippers to meet their commitments by transporting any of condensate, light, medium or heavy crude oil. Through the term sheet, the concept of Service Hauls[48] was introduced to maintain, as much as practicable within long-term contracts, the way shippers nominate to the Enbridge Mainline today.[49] Service Hauls provide committed shippers some flexibility regarding their contracted receipt and delivery points and thus market optionality. The term sheet also included a minimum volume commitment of 6 kbpd, maximum individual shipper contracting limits and maximum aggregate contract limits by Service Haul.

51 After the term sheet was issued, Enbridge continued to negotiate the terms of the Mainline Contract Offering with interested parties for another 12 months. The results of these one-on-one negotiations between Enbridge and potential committed shippers were ultimately captured in draft TSAs ("Draft TSAs") and draft open season procedures. Draft TSAs were issued to all parties that had signed confidentiality agreements, commencing on the following dates: August 27, 2018; November 7, 2018; December 18, 2018; April 5, 2019; and May 28, 2019[50]. The final TSAs for the open season were issued on August 2, 2019.[51] Draft open season procedures were issued in April and June 2019, and final open season procedures were issued at the start of the open season on August 2, 2019. Each successive draft of both documents served as the basis for the next round of negotiations.

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[47] Requirements Contracts are agreements whereby a shipper commits to transport a certain volume of production or refinery supply on the Enbridge Mainline, and is excused from this commitment to the extent that the dedicated production is not produced or the dedicated refining facility does not require the capacity committed to.
[48] Service Hauls allow committed shippers to contract for transportation service within a specified path, which may include a number of receipt and delivery points from which committed shippers can choose when nominating committed volumes each month.
[49] There were five Service Hauls proposed in the term sheet: Edmonton to Hardisty, ex-Edmonton Short Haul, ex-Edmonton Long Haul, ex-Hardisty Short Haul and ex-Hardisty Long Haul. The ex-Edmonton and ex-Hardisty Medium Hauls came later as a result of negotiation.
[50] The May 28, 2019 release included seven TSAs, as separate NGL and Refined Petroleum Product Take or Pay TSAs were added.
[51] The August 2, 2019 release included eight TSAs, as the NGL Requirements Contract was split into an NGL Delivering Shipper TSA and an NGL Receiving Shipper TSA.

Following the CER's September 27, 2019 ruling[52], Enbridge prepared the November 29, 2019 Pro-Forma TSAs ("Pro-Forma TSAs") (Appendices 9-16) and the November 29, 2019 Open Season Procedures (Appendix 17) ("Open Season Procedures"), which contain minor revisions, primarily to reflect the fact that, subject to CER approval, the open season will now occur after the CER decision on the Application.

52 Between the issuance of the term sheet on July 20, 2018 and the start of the open season on August 2, 2019 (which was subsequently discontinued), shippers negotiated hundreds of changes to the Mainline Contract Offering. The most material of these changes are reflected in Appendix 18. Appendices 19-24 include the second through seventh drafts of the Producer Requirements Contract blacklined against the previous draft to show the changes made between drafts.[53] Appendices 25-27 contain the Open Season Procedures blacklined against the draft open season procedures to show the changes made.

53 Some of the significant changes to the Mainline Contract Offering requested by potential committed shippers and agreed to by Enbridge during this period include:

- additional contract term flexibility: the standard contract term can range from 96 to 240 months (8 to 20 years), and a term can be as short as 36 months in the case of a Flex Service Term;[54]
- addition of a number of toll discounts;[55]
- addition of excused events for Take or Pay shippers;[56]
- expanding the circumstances under which a shipper can claim an excused event under a Requirements Contract;[57]

[52] CER September 27, 2019 Letter Re. Complaints Regarding Enbridge Mainline Open Season.
[53] These changes were reflected across all TSAs. However, given that the Pro-Forma TSAs are very similar to one another, the blacklined versions have been prepared only for Producer Requirements Contracts to show the changes.
[54] See Application Section 5.2.1.
[55] See Application Section 5.2.10.2.
[56] See Application Section 5.2.5.
[57] See Application Section 5.2.5.

- removal of the low volume toll ratchet, which would have allowed Enbridge to increase the committed toll in the event Canadian Mainline throughput dropped below a set threshold;
- removal of the apportionment ratchet, which would have increased the spot toll as Canadian Mainline apportionment increased;
- decrease to the annual toll escalation rate from 75%[58] to 65% of the GDPP Index and addition of a provision that tolls will not be adjusted downward in the event of a negative GDPP Index, although the negative index will be carried forward to reduce future GDPP Index increases[59];
- addition of renewal rights[60] and options to increase volume commitment over time[61];
- introduction of the flexibility to ship up to 25% of their commitment from Edmonton for ex-Hardisty committed shippers;[62]
- reduction of deficiency payment from 100% of committed toll to 90% of committed toll;[63]
- reduction in the minimum volume commitment from 6 kbpd to 2.2 kbpd;[64]
- increase in the percentage of production that could be used to backstop a Producer Requirements Contract in the open season from 50% to 90%;[65]
- addition of contract relief if a new law reduces available Western Canadian crude oil or NGLs (through curtailment or import/export restrictions) or increases the cost of securing Western Canadian crude oil to uneconomic levels;[66]

[58] The annual toll escalator under CTS.
[59] See Application Section 5.2.10.3.
[60] See Application Section 5.2.8.
[61] See Application Section 5.2.4.
[62] See Application Section 5.2.1.
[63] See Application Section 5.2.11.
[64] See Application Section 8.3.
[65] See Application Section 8.3.
[66] See Application Section 5.2.6.

- change in the method of allocating contract capacity in the open season in the event of an oversubscription from 50% aggregate volume (volume multiplied by term) and 50% pro rata to 100% pro rata;[67]
- allowance of arrangements whereby a contracting shipper may allow a third party to nominate on its behalf[68] and may appoint an affiliate to receive product on its behalf[69] for the purpose of satisfying all or a portion of its volume commitment; and
- change in the financial assurances for Requirements Contracts, reducing the credit requirement from three months to two months of financial obligations,[70] based on shipper feedback following the November 26, 2019 shipper information session on the Application.

54 Beginning with its initial discussions with shippers in February 2018, Enbridge spent nearly two years negotiating the terms of the Mainline Contract Offering. Over this period Enbridge:

- entered into over 130 confidentiality agreements with individual parties;
- had more than 500 meetings with large and small producers, marketers, refiners, integrated companies, industry associations, the governments of Alberta and Saskatchewan, current shippers and potential shippers, to discuss and negotiate the structure and details of the Mainline Contract Offering and the associated toll methodology;
- had innumerable phone conversations;
- exchanged thousands of emails; and
- made hundreds of modifications to the Mainline Contract Offering to respond to the competing demands of Enbridge's diverse group of stakeholders.

55 This extensive process provided all of Enbridge's stakeholders many opportunities to negotiate and provide input into the terms and conditions of the Pro-Forma TSAs

[67] See Application Section 8.5.
[68] TSA section 16.7. Note that unless otherwise specified, all TSA section references within this Application are to the Producer Requirements Contract. Individual section numbers may vary slightly for the other seven TSAs.
[69] TSA Section 8.8(b). This provision is not included in the Refined Petroleum Products TSAs.
[70] See Application Section 5.2.2.

and the Open Season Procedures. The numerous changes Enbridge made to the Mainline Contract Offering demonstrate how extensive and productive the negotiations were.

56 Through its negotiation and consultation process, Enbridge attempted to accommodate the interests of as many stakeholders as possible; however, Enbridge did not negotiate the terms and conditions of firm service with a view to reaching an agreement with 100+ stakeholders, many of which have competing interests. The Mainline Contract Offering represents a compromise. It strikes a balance not only between the desires of Enbridge and its potential shippers, but also among the desires of its various and diverse potential shippers such as producers, refiners, integrated companies and marketers.

5. COMMITTED TERMS, CONDITIONS AND TOLLS

57 Enbridge is applying for approval of the terms, conditions and tolls for committed service set out in the Pro-Forma TSAs (Appendices 9-16).

58 The letters of support signed by parties that currently ship approximately 70% of the crude oil volume on the Canadian Mainline, and that want to contract for an even greater percentage of the contractible crude oil capacity, substantiate that the negotiations leading to the Mainline Contract Offering were fair, balanced and productive, and that the package of terms, conditions and tolls are acceptable to these shippers.[71]

59 It is Mr. Reed's opinion that the terms, conditions and tolls of the Mainline Contract Offering are consistent with a competitive market outcome and are the product of prolonged and arms-length negotiations.[72] Mr. Reed concludes that the terms, conditions and tolls are just, reasonable and not unjustly discriminatory.[73]

5.1. Overview of TSAs

60 The Mainline Contract Offering is a complex deal that takes into account both the operational requirements of the Enbridge Mainline and the diverse, often diverging, needs of a wide variety of shippers.

61 The Mainline Contract Offering is comprised of eight TSAs, which fall into two broad contract categories: Requirements Contracts and Take or Pay Contracts. Within these two categories, there are individual TSAs for each petroleum type: crude oil, refined petroleum products and NGLs.

62 In each TSA, Enbridge commits to provide priority access to the Canadian Mainline[74] in exchange for the shipper committing to ship a contracted volume of petroleum each month ("monthly volume commitment")[75] at the applicable negotiated committed toll[76] for the term of the contract. If a committed shipper does

[71] See Appendix 4.
[72] John Reed Evidence at PDF pp. 25-28 (Appendix 5).
[73] John Reed Evidence at PDF pp. 6, 37, 42, 45-46, 50-51 (Appendix 5).
[74] TSA Sections 4.1 and 4.2.
[75] TSA Section 1.1, definition of "Monthly Volume Commitment".
[76] TSA Section 1.1, definition of "Committed Toll" and TSA Section 8.1.

not ship its monthly volume commitment, it must pay a deficiency payment[77] for the shortfall, subject to certain excused events that may relieve committed shippers from their contractual obligations to make deficiency payments.

63 In the case of all crude oil TSAs, committed shippers have the flexibility to satisfy their monthly volume commitment with any of condensate, light, medium or heavy crude oil.

64 Enbridge will not distinguish between committed volumes under Take or Pay and Requirements Contracts for nomination and apportionment purposes.

5.1.1. Requirements Contracts

65 A Requirements Contract is a unique contractual model that Enbridge introduced to respond to potential shippers' concerns about the impact that a take or pay contract would have on shippers' balance sheets.

66 To qualify for a Requirements Contract, a shipper is required to dedicate a portion of its own crude oil production, NGL production capacity or refining capacity to be shipped on the Canadian Mainline. Alternatively, it can enter into a long-term supply or production purchase agreement or agency arrangement with the owner of production interests or production or refining facilities, and dedicate that agreement or arrangement to the Requirements Contract.

67 In any given month, a Requirements Contract shipper is not required to move the actual barrels produced or processed by its designated interest or facility; it is only required to have delivered off the Enbridge Mainline a volume equivalent to the volume dedicated.

68 As described in Application Section 5.2.5 (Excused Events), a Requirements Contract shipper is relieved from its obligations to deliver its monthly volume commitment to the extent that the volumes produced from or processed by its designated interest or facility in a month fall below the shipper's monthly volume commitment for that interest or facility. As a result, a Requirements Contract offers shippers more flexibility than traditional take or pay agreements in terms of accommodating planned or unplanned impacts to production or refining capacity

[77] TSA Section 1.1, definition of "Deficiency Payment".

(including for economic decisions made by a shipper), thereby reducing the long-term liability a producer or refiner must take on while, at the same time, increasing the long-term volume risk to Enbridge.

69 There are five Requirements Contracts. Each is specific to the type of interest or facility that may be designated and the type of petroleum to which the contract applies (crude oil, refined petroleum products or NGLs). Other than minor differences to account for Enbridge Mainline operational requirements for each petroleum type, these five TSAs are very similar to one another. Appendices 28-31 include blacklines of the Receiving Refiner, Delivering Refiner, Delivering NGL and Receiving NGL Requirements Contracts compared to the Producer Requirements Contract to show the differences.

70 The five Requirements Contract TSAs are:

1. Producer Requirements Contract (for crude oil);
2. Receiving Refiner Requirements Contract (for crude oil);
3. Delivering Refiner Requirements Contract (for refined petroleum products);
4. Delivering NGL Requirements Contract (for NGL production facilities that are upstream of Enbridge Mainline receipt points); and
5. Receiving NGL Requirements Contract (for NGL production facilities that are downstream of Enbridge Mainline delivery points).

5.1.2. Take or Pay Contracts

71 The Take or Pay TSAs are more traditional petroleum transportation contracts in that shippers must deliver their monthly volume commitments or pay a deficiency payment. Take or Pay TSAs do not require shippers to designate production interests or production or refining facilities and contain different payment relief rights than Requirements Contracts, as further described in Application Section 5.2.5 (Excused Events). The Take or Pay TSAs also have different financial assurance requirements and make-up rights than Requirements Contracts. In all other respects, however, the Take or Pay TSAs and Requirements Contracts have very similar terms and conditions. Appendices 32-34 include blacklines of the Take or Pay TSAs compared to the Producer Requirements Contract to show the differences.

72 There are three Take or Pay TSAs:

1. Crude Oil Take or Pay Contract;
2. Refined Petroleum Products Take or Pay Contract; and
3. NGL Take or Pay Contract.

5.1.3. Service Hauls

73 Enbridge developed the Service Haul[78] concept through negotiation to satisfy the needs of potential committed shippers that wanted more flexibility than contracting for point to point service. Service Hauls allow committed shippers to contract for transportation service within a specified path, which may include a number of receipt and delivery points. This allows committed shippers to choose among receipt and delivery point pairs when nominating each month.

74 The Mainline Contract Offering provides transportation over four Service Haul Segments[79] as illustrated in Figure 1:

- from Edmonton to Hardisty ("E2H Segment")[80];
- from receipt points in Western Canada to delivery points upstream of the Canadian border ("Short Haul Segment")[81];
- from receipt points in Western Canada to either Clearbrook, Minnesota or Superior, Wisconsin ("Medium Haul Segment")[82]; and
- from receipt points in Western Canada to delivery points downstream of the Canadian border, including Clearbrook and Superior ("Long Haul Segment")[83].

[78] TSA Section 1.1, definition of "Service Haul".
[79] TSA Section 1.1, definition of "Service Haul Segments".
[80] TSA Section 1.1, definition of "E2H Segment".
[81] TSA Section 1.1, definition of "Short Haul Segment".
[82] TSA Section 1.1, definition of "Medium Haul Segment".
[83] TSA Section 1.1, definition of "Long Haul Segment".

Figure 1: Service Haul Segments

75 Each of the Short, Medium and Long Haul Segments is further divided into two Service Hauls, one providing service from Edmonton ("ex-Edmonton") and one providing service from Hardisty, Kerrobert, Regina or Cromer ("ex-Hardisty"). In all instances, references to ex-Hardisty service or Hardisty receipt points include service from any of Hardisty, Kerrobert, Regina or Cromer.

76 Shippers commit in their TSAs to transporting their monthly volume commitment within a specific Service Haul. The seven Service Hauls being offered are set out in Table 5.1.

Table 5.1: Service Hauls

Service Haul Segment	Service Haul	Route	Petroleum Type Availability
E2H Segment	E2H	From Edmonton to Hardisty	crude oil only
Short Haul Segment	ex-Edmonton Short Haul	From Edmonton to delivery points upstream of the Canadian border	crude oil and refined petroleum products
	ex-Hardisty Short Haul	From receipt points between Hardisty and Cromer to delivery points upstream of the Canadian border	
Medium Haul Segment	ex-Edmonton Medium Haul	From Edmonton to Clearbrook or Superior	crude oil only
	ex-Hardisty Medium Haul	From receipt points between Hardisty and Cromer to Clearbrook or Superior	
Long Haul Segment	ex-Edmonton Long Haul	From Edmonton to delivery points downstream of the Canadian border	crude oil and NGL
	ex-Hardisty Long Haul	From receipt points between Hardisty and Cromer to delivery points downstream of the Canadian border	crude oil and NGL

77 While shippers subscribe for specific Service Hauls, the TSAs allow shippers to satisfy their commitments to one Service Haul with shipments over another longer Service Haul, and permit those with an ex-Edmonton commitment to meet their commitment with volumes brought in at Canadian receipt points downstream of Edmonton, provided they pay the committed toll from Edmonton to their contracted delivery location.[84] This optionality was requested by shippers, as it provides month-to-month flexibility to bring in or deliver volumes at different locations, thereby maximizing the value of their TSAs.

[84] TSA Sections 4.1 and 4.3.

5.2. Details of Committed Terms, Conditions and Tolls

78 High-level descriptions of the key TSA terms and conditions, including committed tolls, and an overview of their benefits or impacts are found below.

5.2.1. Term

79 In the open season, shippers may elect a TSA service term ranging from 96 to 240 months (8 to 20 years) from the TSA Commencement Date[85], which is the latest of:

i. July 1, 2021,
ii. satisfaction of Enbridge's conditions precedent in the TSAs[86], or
iii. in-service of the entire Line 3 Replacement.

The latter was included in the TSAs at the request of shippers that wanted to ensure that a fully replaced Line 3 was in service prior to the Mainline Contract Offering going into effect. If services under the TSAs do not commence by December 31, 2023, then either Enbridge or a committed shipper can terminate a TSA.[87]

80 Shippers also can elect a Flex Service Term[88], which allows them to terminate all or a portion of their monthly volume commitment at any time upon 36 months' notice to Enbridge. The Flex Service Term offers a short-term contracting option for shippers that do not want to commit to a minimum of 96 months (eight years). As described in Application Section 5.2.10, Flex Service Term commitments are subject to higher committed tolls and restrictions on the application of toll discounts and the most favoured nation toll provisions to reflect the revenue risk to Enbridge of shorter-term contracts.

5.2.2. Financial Assurances

81 The financial assurances required under a Requirements Contract are less onerous than under a Take or Pay Contract given that Requirements Contract shippers are

[85] TSA Section 1.1, definition of "Commencement Date".
[86] TSA Section 3.1. Conditions precedent are obtaining of necessary regulatory approvals and carrier's satisfaction of all conditions of the regulatory approvals.
[87] TSA Section 1.1, definition of "Outside Date"; TSA Section 3.5.
[88] TSA Section 1.1, definition of "Flex Service Term".

dedicating production interests or production or refining facilities to the Enbridge Mainline. Requirements Contract shippers must be investment grade, provide a guarantee from an investment grade affiliate, or provide a letter of credit for two months of financial and other obligations under the TSA and respective applicable tariffs.[89]

82 Take or Pay shippers must be investment grade, provide a guarantee from an investment grade affiliate, or provide a letter of credit for 12 months of financial and other obligations under the TSA and respective applicable tariffs.[90]

83 In both cases, Enbridge greatly reduced the credit requirements for committed shippers compared to typical take or pay transportation contracts. These financial assurances were heavily negotiated, primarily with small shippers in mind, to make the Mainline Contract Offering more accessible to all.

5.2.3. Ramp Up Rights[91]

84 The TSAs provide ramp up rights, which allow committed shippers to increase their monthly volume commitments over the early years of contracting to correspond to anticipated increases in production or refining capability. Ramp up rights will be requested and granted through the open season, when potential shippers will have the opportunity to submit commitments for initial volumes as well as for ramp up volumes that take effect at a date later than the Commencement Date, provided that date is before December 31, 2025. In this way, committed shippers can match ramp up dates with projects in execution or slated for execution, provided they occur prior to the end of 2025.

5.2.4. Committed Volume Increase Option[92]

85 At the end of the open season, Enbridge will notify all committed shippers of any committed capacity that remains uncontracted. If there is available contract space for a specific petroleum type, all committed shippers that executed TSAs for that

[89] TSA Section 5.10 and Schedule “D”.
[90] Take or Pay TSA Section 5.10 and Schedule “D”.
[91] TSA Section 6.3.
[92] TSA Section 5.3.

petroleum type will have the option, for two years following the Commencement Date, to request an increase to their monthly volume commitment up to a maximum of 25% of their original contracted volume, subject to availability.

86 This provision allows committed shippers to increase their monthly volume commitments post-open season if they are unsure of their expansion or ramp-up potential at the time of the open season. The committed volume increase option precludes Enbridge from contracting uncontracted space in a new open season at a potentially higher toll or with a new service offering until the two-year period has elapsed.

5.2.5. Excused Events

87 A committed shipper will be excused from its obligation to deliver its monthly volume commitment (or to make deficiency payments for shortfall volumes) in a month if either a shipper or Enbridge excused event occurs.

5.2.5.1. Shipper Excused Events

88 Shipper excused events differ between Requirements Contracts and Take or Pay Contracts.

89 Under a Requirements Contract, a committed shipper can declare a shipper excused event if, for any reason, there is a reduction in volumes produced from or processed by the committed shipper's designated interest or facility to a level below the shipper's monthly volume commitment applicable to that interest or facility.[93]

90 In the case of a Take or Pay Contract, a committed shipper can declare a shipper excused event twice every five years. Each of the two excused events can last for up to three months but, in aggregate, the total relief from a shipper's delivery and payment obligations provided in five years cannot exceed an amount equal to the shipper's monthly volume commitment multiplied by 3 months multiplied by 50%.[94]

91 Excused events were proposed by shippers during negotiations and provide shippers with some flexibility in reducing their monthly volume commitments when circumstances warrant. This TSA term increases the volume risk to Enbridge as

[93] TSA Section 5.6.
[94] Take or Pay TSA Section 5.6.

compared to a traditional take or pay arrangement as shippers may reduce monthly volume commitments for circumstances unrelated to Enbridge or the operation of the Enbridge Mainline.

5.2.5.2. Enbridge Excused Events

92 Committed shippers will also be relieved from their delivery and deficiency payment obligations under the TSAs if: (1) Enbridge is unable to deliver a committed shipper's monthly volume commitment as a result of Enbridge Mainline apportionment;[95] or (2) a portion of a committed shipper's nomination is subject to apportionment at a receipt terminal on the Canadian Mainline as a result of Enbridge being unable to provide sufficient receipt tankage facilities to accommodate aggregate nominations of a specific commodity type.[96]

93 Prospective committed shippers requested that they be relieved from their contractual commitments when Enbridge is unable to provide service in these circumstances given that they are signing long-term contracts for priority access on the Canadian Mainline. Apportionment of committed volumes on the Enbridge Mainline may occur for reasons such as increased monthly maintenance for a specific pipeline segment.

5.2.6. Feedstock Impairment[97]

94 The TSAs specify that, in certain circumstances, shippers may be relieved from their monthly volume commitments when there is a change in law in Canada or the US that exclusively targets Western Canadian petroleum in the circumstances more specifically described in each of the TSAs (all such events being referred to as a "Feedstock Impairment")[98].

95 Contractual relief for Feedstock Impairments was requested by shippers during negotiations. While it increases long-term throughput risk to Enbridge, Enbridge

[95] TSA Section 5.5(a).
[96] TSA Section 5.5(b). The portion of the shipper's nomination that receives contractual relief for this carrier excused event cannot exceed the shipper's 12-month average historical injections of the applicable commodity type at the applicable receipt terminal.
[97] TSA Section 14.4.
[98] TSA Section 1.1, definition of "Feedstock Impairment".

recognized the importance of the term to shippers that would potentially be dedicating volumes to the Enbridge Mainline for a significant period of time without any certainty regarding future legislative changes targeting the petroleum industry.

5.2.7. Reductions in Committed Volume

5.2.7.1. Shipper-Directed[99]

96 All TSAs provide an option to shippers to permanently reduce their monthly volume commitment when a shipper's committed nominations have been subject to Enbridge Mainline apportionment for a continuous period of (i) 12 months where the primary cause of the apportionment is for a reason other than Force Majeure[100], or (ii) 24 months where the primary cause of apportionment is an event of Force Majeure. In either case, the committed shipper may elect to permanently reduce its monthly volume commitment to a volume not less than the average of its monthly volume commitment that was not subject to apportionment over the preceding 12 months.

5.2.7.2. Enbridge-Directed[101]

97 If a Requirements Contract shipper has consistently shipped less than 75% on average of its monthly volume commitment over the previous 12 months as a result of shipper excused events, Enbridge may reduce the shipper's contract volume by the amount the shipper is under-performing. The shipper can avoid such a permanent reduction by electing to convert its Requirements Contract to a Take or Pay TSA.

5.2.8. Renewal

98 The TSAs provide shippers with an evergreen renewal right, with each renewal term being equal to 50% of the initial service term elected. For example, a shipper that

[99] TSA Section 6.5.
[100] TSA Section 13.1, definition of "Force Majeure".
[101] TSA Section 6.4. This provision is not included in the Take or Pay TSAs.

signs a TSA for a 10-year term may renew that TSA for successive five-year terms.[102]

99 Shippers may renew their contracts for the same volume (or less) than they originally subscribed for; however, the committed tolls that will apply during the renewal period may be revised by Enbridge, subject to future approval of the CER.[103]

5.2.9. Termination[104]

100 Enbridge has the ability to terminate all TSAs effective July 1, 2051, regardless of any remaining term on any shipper's TSA. To do so, Enbridge must provide 36 months' notice to all committed shippers of its election to exercise its termination option.

5.2.10. Committed Tolls

5.2.10.1. Base Tolls

101 The Hardisty to Chicago committed base toll[105] is US$5.70/barrel ("bbl") ("Base Toll"). From this toll, Enbridge and potential shippers negotiated discounts, an adjustment mechanism and surcharges, as described further below. Enbridge calculated a corresponding committed base toll for all other receipt and delivery point pairings on the Enbridge Mainline.

102 Appendix 35 sets out the proposed committed tolls for receipt-delivery point pairings and for all petroleum types available for contracting on the Enbridge Mainline.

103 Due to the integrated nature of the Enbridge Mainline, the committed tolls for Canadian local and international transportation movements are calculated on a system-wide distance basis (Canada and the US). Committed tolls are in US dollars for both the Canadian local and for international movements, with the latter being consistent with Enbridge's current IJT under the CTS.

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[102] TSA section 1.1, definition of "Renewal Period" and TSA Section 6.2(e).
[103] TSA Section 6.2(e)(iv).
[104] TSA Section 6.2(f).
[105] For a Hardisty to Chicago (Lockport, Mokena, Griffith and Flanagan) heavy crude oil movement.

104 As set out in the TSAs, by agreeing to pay the committed tolls, committed shippers will not be subject to additional charges for any of the following:[106]

- receipt and delivery terminalling;
- Line 3 Replacement Surcharge;[107]
- Line 5 Surcharge;[108] or
- Future Enbridge Mainline expansions.[109]

105 Shippers that use receipt and delivery tankage will be charged a separate toll for use of those facilities. The Canadian Mainline receipt and delivery tankage tolling methodology is further described in Application Section 7.1.

5.2.10.2. Committed Toll Discounts

106 Enbridge agreed to several committed toll discounts that shippers proposed during contract negotiations. The purpose of these discounts is to incent long-term and high-volume transportation movements on the Enbridge Mainline. Committed shippers that execute higher volume and/or longer-term contracts take on a greater level of commitment than those that do not and are therefore justified in receiving greater discounts.[110]

107 The discounts are summarized in Table 5.2.

[106] TSA Section 7.1(b) and 7.1(c).
[107] TSA Section 1.1 definition of "Line 3 Replacement Surcharge". This is the surcharge agreed to by the Representative Shipper Group under the CTS pursuant to the Line 3 Replacement issue resolution sheets (Final IRS 2013-02-A and Final IRS 2013-02-B).
[108] TSA Section 1.1 definition of "Line 5 Surcharge", which means any Line 5 surcharge related to a project to replace the Line 5 pipelines crossing the Straits of Mackinac.
[109] TSA Section 7.7. The committed tolls will not be increased for any future expansions on the Enbridge Mainline. However, they will decrease by US$0.10 per barrel off the Base Toll (with all other committed tolls adjusted for distance and commodity type to such negative surcharge) in the case of the construction of a new pipeline between Superior, Wisconsin and Flanagan, Illinois that expands the capacity of the Enbridge Mainline downstream of the Superior Terminal to greater than 3.4 million bpd.
[110] OH-1-2009, PDF p. 58.

Table 5.2: Committed Toll Discounts

Discount	Description	Discount off of Base Toll* (US$/bbl)
High Volume Discount[111]	Available to committed shippers that submit a bid in the open season for 300 kbpd or more, for as long as the shipper's aggregate committed volumes remains above 300 kbpd (excluding Flex Service Term commitments and contracts for E2H service)	$0.10/bbl
E2H High Volume Discount[112]	Available to committed shippers that submit a bid in the open season for E2H service for 50 kbpd or more	$0.2475/bbl
Length of Term Discounts[113]	Available to committed shippers that sign TSAs with Service Terms meeting or exceeding 156 months (13 years) (excluding Flex Service Term commitments)	$0.05/bbl for Service Terms of 156-203 months (13-16 years); $0.10/bbl for Service Terms of 204-240 months (17-20 years)
Cumulative Volume/Term Contracted Discount[114]	Available to committed shippers that receive an open season score (the calculation of which excludes any E2H and Flex Service Term commitments) that is greater than or equal to 6000 (score = Service Term in years x requested Committed Volume in kbpd) (e.g. a TSA for 240 months (20 years) at 300 kbpd = 20 x 300 = 6000)	$0.04/bbl on all committed volumes

[111] TSA Section 7.9(a)(i) and Schedules "B" and "H".
[112] TSA Section 7.9(a)(ii) and Schedules "B" and "H".
[113] TSA Section 7.9(b) and Schedule "B".
[114] TSA Section 7.9(c) and Schedule "B".

Discount	Description	Discount off of Base Toll* (US$/bbl)
Total Volume Contracted Discount[115]	Based on aggregate committed volumes contracted by Enbridge as of the Commencement Date to the Medium and Long Haul Segments (excluding post-2022 ramp up and Flex Service Term contracts)	$0.01/bbl on all committed volumes (except those contracted for a Flex Service Term) for every 50 kbpd above 2.45 million bpd that are contracted as of the Commencement Date, to a maximum of $0.05/bbl (at 2.7 million bpd)
Total Volume Delivered Discount[116]	Available when the average of the monthly deliveries downstream of the Canadian border over the preceding three months (converted to a bpd average) is greater than or equal to the greater of 2.75 million bpd or 50 kbpd above the total amount contracted to delivery points downstream of the Canadian border	$0.05/bbl on all committed volumes (except those contracted for a Flex Service Term) for each incremental 50,000 bbls delivered that exceeds the greater of either 2.75 million bpd or 50 kbpd above the total amount contracted to delivery points downstream of the Canadian border, to a maximum of $0.30/bbl

***** Adjusted for distance and commodity type for other receipt and delivery point pairings.

108 Taken together, these committed toll discounts can decrease the Base Toll of US$5.70/bbl to US$5.11/bbl, a US$0.59/bbl discount, as shown in Table 5.3:

[115] TSA Section 7.9(d) and Schedule “B”.
[116] TSA Section 7.9(e) and Schedule “B”.

Table 5.3: Lowest Discounted Committed Toll (in US$/bbl)

Base Toll	**$5.70**
Discounts	
High Volume	($0.10)
Length of Term	($0.10)
Cumulative Volume/Term Contracted	($0.04)
Total Volume Contracted	($0.05)
Total Volume Delivered	($0.30)
Lowest Discounted Committed Toll	**$5.11**

5.2.10.3. Committed Toll GDPP Adjustment[117]

109 The committed tolls will be escalated annually by 65% of the GDPP Index.[118] Committed tolls will not be adjusted downward in the event of a negative GDPP Index in a year, although the negative GDPP Index will be carried forward to reduce any future increases resulting from a positive GDPP Index.[119] The annual inflation adjustment to the committed tolls will commence on July 1, 2022, regardless of whether or not the Commencement Date has occurred.

110 The GDPP escalation is designed to offset increases in Enbridge Mainline costs and to incent Enbridge to continue to seek operating and capital cost efficiencies while operating a safe and reliable pipeline system.

5.2.10.4. Committed Toll Surcharges

5.2.10.4.1. Changes in Applicable Law[120]

111 A surcharge will be added to the committed tolls if, after December 20, 2019, any Governmental Authority[121] in Canada or the US issues or changes any Applicable Law[122] that requires Enbridge or Enbridge Energy, Limited Partnership to incur

[117] TSA Section 7.3.
[118] TSA Section 1.1, definitions of “GDPP Index” and “GDPP Multiplier”.
[119] TSA Sections 7.3(a),(b).
[120] TSA Section 7.4.
[121] TSA Section 1.1, definition of “Governmental Authority”.
[122] TSA Section 1.1, definition of “Applicable Law”.

additional capital or operating expenditures or to recover additional charges, taxes or levies in respect of the Enbridge Mainline.

112 This provision of the TSAs was designed to insulate Enbridge from unforeseeable and unavoidable actions of governments and regulators that may have a significant impact on Enbridge Mainline operating and/or capital costs.

5.2.10.4.2. Abandonment and Decommissioning Surcharges[123]

113 The committed tolls do not include surcharges pertaining to costs related to the abandonment and decommissioning of all or a part of the Enbridge Mainline. Examples of such abandonment costs include charges related to the NEB Land Matters Consultation Initiative[124] ("LMCI")[125] for the Canadian Mainline and the Line 3 Replacement Minnesota Decommissioning Surcharge.[126]

114 The LMCI abandonment surcharge methodology has been and will continue to be approved by the CER under separate processes. Enbridge has no current plans to apply to the CER for a change to the LMCI abandonment surcharge methodology.

115 Any abandonment surcharges, including LMCI and the Line 3 Replacement Minnesota Decommissioning Surcharge, will be provided in the committed tolls tariffs filed with the CER and will be charged in US dollars in addition to the committed tolls. Specifically, the LMCI abandonment surcharges will be added to all of the committed tolls, and the Line 3 Replacement Minnesota Decommissioning Surcharge will be added only to the cross-border committed tolls.

5.2.10.5. Flex Service Term Committed Tolls

116 The Flex Service Term committed toll is set at a US$0.40/bbl premium to the committed Base Toll and a US$0.11/bbl premium to the uncommitted base toll (described in Application Section 6.1).

[123] TSA Section 7.1(b).
[124] RH-2-2008.
[125] TSA Section 1.1, definition of "LMCI".
[126] TSA Section 1.1, definition of "Line 3 Replacement Minnesota Decommissioning Surcharge". In its September 5, 2018 and January 23, 2019 Orders, which are currently subject to additional regulatory review, the Minnesota Public Utilities Commission required as a condition of approval that Enbridge Energy, Limited Partnership establish a trust for the costs relating to the eventual decommissioning and removal of the Line 3 Replacement pipeline.

117 These premiums are warranted because a Flex Service Term provides priority access on the Canadian Mainline without requiring a minimum 96-240 month (8-20 year) fixed-term commitment, as a Flex Service Term can be cancelled on 36 months' notice. Generally speaking, priority access for transportation service is provided at a discount to the uncommitted toll only if the contract term is fixed and long term, which reflects the long-term financial commitment being made by the shipper.[127] In this case, however, offering priority access without the requirement of a fixed long-term contract term is considered a premium service that warrants the Flex Service Term committed toll being higher than the tolls for any other service.

5.2.10.6. Most Favoured Nation Toll Adjustments

118 The TSAs provide committed shippers with certain rights if Enbridge lowers the spot toll[128] or offers a future committed toll that is less than the existing committed tolls[129]. None of these rights applies to Flex Service Term committed volumes.

119 Table 5.4 below summarizes the most favoured nation rights, and Schedule "L" of the TSAs provides examples of most favoured nation toll adjustments.

[127] John Reed Evidence at PDF pp. 24, 42-43 (Appendix 5).
[128] TSA Section 7.6(c).
[129] TSA Section 7.6(a).

Table 5.4: Most Favoured Nation Toll Adjustment Summary

Type of Offering	Impact to Committed Tolls
New service offering: lower toll for new contract term less than shipper's initial service term[130]	Committed shipper will receive a reduction in its committed tolls until the sooner of: (i) the end of the then-existing term of the committed shipper's TSA, or (ii) the date the new service offering toll is no longer in effect. The committed shipper's committed tolls will revert to the original committed toll for the duration of the existing service term following completion of the new service offering term. Alternatively, if the existing service term under the shipper's TSA has expired, then the renewal period tolls set out in the TSA will apply.
New service offering: lower toll for new contract term greater than shipper's initial service term[131]	Committed shipper will receive a reduction in its committed tolls if the committed shipper permanently converts its entire monthly volume commitment to the new service offering and elects a contract term that is at least as long as the minimum initial contract term under the new service offering.
TSA Renewal Period: lower committed toll offered to one or more shippers at the time of a renewal[132]	All committed shippers will receive an equivalent distance and commodity adjusted discount to their committed tolls while the applicable Renewal Period committed toll remains in effect.
Enbridge elects to decrease the uncommitted tolls[133] (other than E2H Service)	If Enbridge voluntarily elects to reduce uncommitted tolls in a Service Haul such that the differential between the applicable committed tolls and uncommitted tolls is reduced below the minimum toll differential set out in Schedule "I" to the TSAs, committed tolls in all Service Hauls, with the exception of E2H, will be lowered to maintain the minimum toll differential.
Enbridge elects to decrease the	Enbridge has no obligation to match any reduction in the uncommitted tolls applicable to E2H Service to any tolls in

[130] TSA Section 7.6(a)(i).
[131] TSA Section 7.6(a)(ii).
[132] TSA Section 7.6(b).
[133] TSA Section 7.6(c), Section 3.4(a) and Schedule "I".

Type of Offering	Impact to Committed Tolls
uncommitted tolls for E2H Service[134]	any other Service Hauls or to the E2H committed tolls, except where the reduction would result in the differential between the E2H uncommitted tolls and the E2H committed tolls being less than the minimum toll differential set out in Schedule "I" to the TSAs.

5.2.10.7. Minimum Toll Differential

120 Schedule "I" to the TSAs establishes a minimum committed to uncommitted toll differential across all Service Hauls. Section 3.4 of the TSAs contemplates various changes that Enbridge may make to the committed tolls, and to the minimum toll differential specifically, if the CER makes specified changes to the uncommitted service offering. Section 3.4 will not be included in the final TSAs offered for execution during the open season but has been included in the Pro-Forma TSAs to illustrate the changes Enbridge and negotiating shippers expect to be made to the final TSAs depending on the CER's decision on this Application.

5.2.11. Deficiency Payment[135]

121 If, in a given month, a committed shipper fails to take delivery of its monthly volume commitment, the committed shipper is required to pay a deficiency payment for the shortfall, unless the shipper has claimed an excused event (see Application Section 5.2.5). The deficiency payment equals the shipper's shortfall volume multiplied by the deficiency charge, which is 90% of the weighted average of the committed toll that was charged to the monthly volume commitment in the preceding 12 months.[136]

122 The deficiency payments were designed to incent committed shippers to meet their monthly volume commitments, thereby providing Enbridge some revenue certainty.

123 Deficiency payments are credited to committed shippers as follows:

- Requirements Contracts: to the committed shipper's "deficiency credit account" and can be applied to offset against tolls (committed or uncommitted) charged

[134] TSA Section 7.6(d).
[135] TSA Section 5.2.
[136] TSA Section 1.1, definition of "Deficiency Charge."

for eligible volumes[137] moved in the same Service Haul for up to three months following the month in which the deficiency payment is made.

- Take or Pay Contracts: to the committed shipper's "make-up credit account" and can be applied to offset against tolls (committed or uncommitted) charged for eligible volumes moved in the same Service Haul for up to 12 months following the month in which the deficiency payment is made.

5.2.12. Failure to Tender Payment[138]

124 The TSA deficiency payments are triggered when a committed shipper fails to take delivery of its committed volume, as monthly volume commitments are satisfied on delivery off the Enbridge Mainline. On the other hand, the Failure to Tender Payment under the TSAs and the Rules Tariffs[139] is triggered if Enbridge does not receive into the Canadian Mainline volumes allocated to a shipper (committed or uncommitted) in a month. If a shipper fails to bring into the Canadian Mainline 97% of its Allocated Nomination[140] in a month, it is assessed the Failure to Tender Charge[141] for any volume shortfall below 97% of its Allocated Nomination.

125 The Failure to Tender Payment is intended to ensure that the Enbridge system is utilized as efficiently and effectively as possible and to minimize air barrels (over-nominations by shippers in an effort to secure as much pipeline capacity as possible). Enbridge set the 97% threshold based on negotiations with shippers. The Failure to Tender Payment appropriately balances the risks between Enbridge and shippers and is designed to incent proper nomination behaviour from shippers, which Enbridge anticipates will improve operational efficiency and increase throughput on the Enbridge Mainline.

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[137] Eligible volumes for the purposes of both the Requirements Contracts and Take or Pay TSAs include uncommitted volumes or committed volumes in excess of a monthly volume commitment that was reduced due to a carrier excused event.
[138] TSA Section 1.1, definition of "Failure to Tender Payment"; TSA Section 7.10.
[139] Crude Petroleum Rules Tariff, Section 7; NGL Rules Tariff, Section 8; Refined Petroleum Products Rules Tariff, Section 8.
[140] TSA Section 1.1, definition of "Allocated Nomination"; Rules Tariffs Section 1, definition of "Allocated Nomination".
[141] TSA Section 1.1, definition of "Failure to Tender Charge (Committed)".

126 For committed volumes, the Failure to Tender Charge is equal to the deficiency charge that would apply to the committed shipper for the applicable Service Haul in that month.

127 In order to avoid the potential for committed shippers to be double charged when a committed shipper has incurred both a deficiency payment and a Failure to Tender Payment within the same Service Haul Segment in a month, Enbridge will provide a credit on the committed shipper's monthly invoice for an amount equal to the lesser of (i) the sum of the committed shipper's deficiency payments for the applicable Service Haul Segment in the Month or (ii) the sum of the Failure to Tender Payments for the applicable Service Haul Segment in the month.[142]

[142] TSA Section 8.1.

6. UNCOMMITTED TRANSPORTATION TOLLS AND METHODOLOGY

128 Enbridge is applying for approval of the terms, conditions and tolls for uncommitted transportation service as set out in this section of the Application and the Illustrative Uncommitted Tolls Tariffs (Appendices 36-37), the Rules Tariffs (Appendices 38-40) and the Pro-Forma TSAs (Appendices 9-16).

129 The proposed uncommitted transportation tolls will be calculated by applying an adjustment mechanism and certain surcharges to the uncommitted base tolls, which were established by applying a premium to the committed base tolls. This premium was determined by Enbridge based on bilateral negotiations with potential shippers and is consistent with premiums approved by the NEB in other cases. The uncommitted toll adjustment mechanism and surcharges were also the subject of negotiation between Enbridge and potential shippers and are, with two exceptions, the same as those applied to the committed tolls. By limiting the circumstances under which the uncommitted transportation tolls can increase, spot shippers will benefit from relatively stable transportation tolls.

130 Several of the uncommitted terms, conditions and tolls were proposed by the 2021 Negotiating Team, which was established in 2018 with Enbridge, interested members of the Representative Shipper Group and others in order to negotiate a post-CTS tolling arrangement, as required by the CTS.[143] These items are included in the Application despite the fact that the 2021 Negotiating Team discussions did not result in an uncommitted toll settlement.

131 As evidenced by the appended shipper support letters, parties shipping approximately 70% of Canadian Mainline crude oil volumes, and wanting to contract for an even greater percentage of the contractible crude oil capacity, find that the package of uncommitted terms, conditions and tolls that was negotiated in conjunction with the Mainline Contract Offering is acceptable.[144] It is the opinion of Mr. Reed that the tolls proposed in this Application are just and reasonable.[145]

[143] CTS, Section 25.1.
[144] See Appendix 4.
[145] John Reed Evidence at PDF pp. 6, 37, 41-42 (Appendix 5).

6.1. Uncommitted Base Tolls and Premium

132 The uncommitted transportation tolls encompass the transmission toll, receipt and delivery terminalling tolls and the Line 3 Replacement Surcharge. Similar to the process to establish the committed tolls, the uncommitted transportation tolls are calculated on a system-wide distance basis (Canada and the US) and are in US dollars for both the uncommitted Canadian local and IJT movements.[146]

133 The uncommitted transportation tolls have been set at a premium to the committed tolls. Specifically, the uncommitted base toll of US$5.99/bbl[147] is determined by adding a US$0.29/bbl premium to the committed Base Toll of US$5.70/bbl. This represents an uncommitted toll premium of approximately 5%. The premium for all other receipt and delivery point pairings is determined by adjusting the US$0.29/bbl premium to reflect distance and commodity type[148], using the NEB-approved commodity surcharges that are provided in the current Canadian Mainline local and IJT tariffs. The adjusted premium is then added to the committed base tolls to determine the uncommitted transportation toll for receipt and delivery point pairings.

134 The uncommitted toll premium was the subject of negotiation with shippers. During the negotiations, some shippers requested a higher premium level while others requested a lower premium level.

135 Setting the uncommitted tolls at a premium to the committed tolls recognizes the different circumstances between committed shippers that have made long-term financial commitments to the Canadian Mainline and spot shippers that have not. These different circumstances have been recognized by the NEB in previous cases in which the Board approved establishing uncommitted tolls by adding a premium to the committed tolls. Examples include:

- Keystone: the uncommitted toll would be equivalent to the five-year committed toll (the highest of the 5, 10, 15 and 20 year tolls), including adjustments, plus a 20% premium.[149]

[146] See the Illustrative Uncommitted Tolls Tariffs, Appendices 36-37.
[147] For a Hardisty to Chicago (Lockport, Mokena, Griffith and Flanagan) heavy crude oil movement.
[148] NGL, condensate, and light, medium and heavy crude oil.
[149] OH-1-2007, PDF p. 28, approval on PDF p. 31.

- Keystone Cushing Extension: the uncommitted toll was set at a premium of up to 20% over the 10-year committed toll.[150]
- Keystone XL: the maximum uncommitted tolls would be the 10-year committed toll plus a premium of 20%.[151]
- Trans Mountain Expansion: the toll to be charged for uncommitted shipments was set at a 10% premium to the fifteen-year firm toll. Since all shippers that committed to FSAs opted for the twenty-year term, and they received a 10% discount from the base fifteen-year toll, the difference between the overall tolls being paid by committed shippers and uncommitted shippers would be about 20%.[152]

136 Based on these precedents, Enbridge's proposed uncommitted toll premium of approximately 5% to the committed Base Toll is a modest premium. It recognizes that uncommitted tolls are subject to additional toll adjustments for the Line 5 Surcharge and future Enbridge Mainline expansions. Mr. Reed found this premium to be in line with premiums the NEB has approved in the past.[153]

6.2. Uncommitted Transportation Toll GDPP Adjustment

137 The uncommitted transportation tolls will be escalated in the same manner as the committed tolls, annually by 65% of the GDPP Index, as described in Application Section 5.2.10.3.[154] The annual inflation adjustment to the uncommitted tolls will commence on July 1, 2022, regardless of whether or not the TSAs are yet in effect.

138 The GDPP escalation is designed to offset increases in Enbridge's costs and to incent Enbridge to continue to seek operating and capital cost efficiencies while operating a safe and reliable pipeline system.

[150] OH-1-2008, PDF p. 26, approval on PDF p. 28.
[151] OH-1-2009, PDF p. 53, approval on PDF p. 58.
[152] RH-001-2012, Tab C - Toll Structure, PDF p. 5; approval of the toll methodology on PDF p. 40 of RH-001-2012.
[153] John Reed Evidence at PDF pp. 42-43 (Appendix 5).
[154] As with committed tolls, uncommitted tolls will not be adjusted downward in the event of a negative GDPP Index in a year, although the negative GDPP Index will be carried forward to reduce any future increases resulting from a positive GDPP Index.

6.3. Uncommitted Transportation Toll Surcharges

6.3.1. Changes in Applicable Law

139 A surcharge will be added to the uncommitted tolls in the same manner as for the committed tolls[155] if, after December 20, 2019, a Governmental Authority in Canada or the US issues or changes any Applicable Law that requires Enbridge or Enbridge Energy, Limited Partnership to incur additional capital or operating expenditures or to recover additional charges, taxes or levies in respect of the Enbridge Mainline.

6.3.2. Abandonment and Decommissioning Surcharges

140 As described for the committed tolls[156], the uncommitted tolls do not include surcharges pertaining to costs related to the abandonment or decommissioning of all or a portion of the Enbridge Mainline, such as the NEB's LMCI decisions and the Line 3 Replacement Minnesota Decommissioning Surcharge.

141 The LMCI abandonment surcharge methodology has been and will continue to be approved by the CER under separate processes. Enbridge has no current plans to apply to the CER for a change to the LMCI abandonment surcharge methodology.

142 Any abandonment surcharges, including LMCI and the Line 3 Replacement Minnesota Decommissioning Surcharge, will be provided in the uncommitted tolls tariffs filed with the CER and will be charged in US dollars in addition to the uncommitted tolls. Specifically, the LMCI abandonment surcharges will be added to all of the uncommitted tolls and the Line 3 Replacement Minnesota Decommissioning Surcharge will be added only to the cross-border uncommitted tolls.

6.3.3. Line 5 Surcharge and Future Enbridge Mainline Expansions

143 Unlike the committed tolls, the uncommitted tolls will be subject to the Line 5 Surcharge and recovery of any future Enbridge Mainline expansions. Enbridge will apply to the CER for approval to include the proportionate share for uncommitted

[155] Application Section 5.2.10.4.1.
[156] Application Section 5.2.10.4.2.

shippers of these costs in the uncommitted tolls when the details of those projects and costs are known.

6.4. Adjustment of Canadian Local Transportation Toll to the Border

144 To ensure that the uncommitted IJT is maintained in accordance with requirements of the Federal Energy Regulatory Commission ("FERC"), Enbridge will adjust the uncommitted Canadian local tariff ("CLT") tolls from receipt points in Canada to the International border, near Gretna, Manitoba in the future in the event that the sum of the uncommitted CLT and Lakehead local rates is not greater than or equal to the uncommitted IJT tolls in effect in any given year. In such an instance, Enbridge will file with the CER to adjust only the uncommitted CLT from receipt points in Canada to the International border, near Gretna, Manitoba.

6.5. Failure to Tender Charge[157]

145 The Failure to Tender Charge to be applied to spot volumes is essentially the same as that described for committed volumes in Application Section 5.2.12. The Failure to Tender Charge is triggered if Enbridge does not receive into the Canadian Mainline volumes allocated to a shipper in a month. Specifically, if a shipper fails to bring into the Canadian Mainline 97% of its Allocated Nomination in a month, it is assessed the Failure to Tender Charge for any volume shortfall below 97% of its Allocated Nomination. Enbridge set the 97% threshold based on negotiations with shippers. The 97% threshold appropriately balances the risks between Enbridge and shippers and is designed to incent proper nomination behaviour for shippers, which Enbridge anticipates will improve operational efficiency and increase throughput on the Enbridge Mainline.

146 For spot volumes, the amount of the Failure to Tender Charge will be 90% of the otherwise applicable uncommitted toll.[158]

[157] Crude Petroleum Rules Tariff, Section 7; NGL Rules Tariff, Section 8; Refined Petroleum Products Rules Tariff, Section 8.
[158] Rules Tariffs, Section 1, definition of "Failure to Tender Charge (Uncommitted)".

7. CANADIAN MAINLINE TANKAGE AND TERMINALLING TOLLS

7.1. Receipt and Delivery Tankage Toll Methodology

147 Following the expiration of the CTS, Enbridge will continue to provide Canadian Mainline receipt and delivery tankage services on an uncommitted basis. Shippers made clear to Enbridge in negotiations that they wanted receipt and delivery tankage tolls to be calculated in a similar manner as they are today. Receipt and delivery tankage tolls are in addition to transportation tolls and will be charged to those committed and uncommitted shippers that use receipt or delivery tankage on the Canadian Mainline.

148 The methodology that will be used to calculate the Canadian Mainline receipt and delivery tankage tolls following the expiration of the CTS is virtually the same as that used today. Applicable abandonment surcharges will be provided in the receipt and delivery tankage tolls tariffs filed with the CER, as is the case today, and will be charged in US dollars in addition to the receipt and delivery tankage tolls.

7.1.1. Receipt Tankage Toll Methodology

149 Upon expiration of the CTS, receipt tankage tolls will continue to be calculated by applying the Declining Bracket Rate methodology[159], which was approved by the NEB in 2006, to the receipt tankage revenue requirement.

150 During the CTS, the receipt tankage revenue requirement was established each year by adjusting the previous year's deemed receipt tankage revenue requirement by 75% of the GDPP Index and adding or subtracting any under- or over-recovery of the previous calendar year's deemed receipt tankage revenue requirement.

151 Enbridge will establish the July 1, 2021 deemed receipt tankage revenue requirement by converting the then-current (in effect on June 30, 2021) deemed receipt tankage revenue requirement to US dollars,[160] escalating the result by 65% of the GDPP Index, and then adding or subtracting the US dollar amount of any

[159] (NEB Filing ID: A0T8G0) approved by the NEB on March 24, 2006.

[160] For all exchange rate conversions for receipt and delivery tankage and receipt and delivery terminalling tolls, Enbridge will use the preceding calendar month's Canada/US exchange rate as published by the Bank of Canada available on the date of the tariff filing.

under- or over-recovery of the previous calendar year's deemed receipt tankage revenue requirement. The deemed receipt tankage revenue requirement for each succeeding year will be calculated by escalating the previous year's deemed receipt tankage revenue requirement by 65% of the GDPP Index and then adjusting for any under- or over-recovery from the previous year.

7.1.2. Delivery Tankage Toll Methodology

152 The delivery tankage tolls will continue to be established on a postage stamp basis by dividing the deemed total tankage revenue requirement by the total tankage throughput for the previous calendar year.[161]

153 Like the receipt tankage revenue requirement, the total tankage revenue requirement is currently calculated each year by adjusting the previous year's deemed total tankage revenue requirement by 75% of the GDPP Index, and adding or subtracting any under- or over-recovery of the previous calendar year's deemed total tankage revenue requirement. Upon expiration of the CTS, Enbridge will convert the deemed total tankage revenue requirement in effect on June 30, 2021 to US dollars, escalate the result by 65% of the GDPP Index and add or subtract the US dollar amount of any under- or over-recovery of the previous calendar year's total tankage revenue requirement. The deemed total tankage revenue requirement for each succeeding year will be calculated by escalating the previous year's deemed total tankage revenue requirement by 65% of the GDPP Index and then adjusting for any under- or over-recovery from the previous year.

7.2. Receipt and Delivery Terminalling Toll Methodology

154 The only circumstance in which tolls for terminalling will be charged separately on the Canadian Mainline is for the transfer of petroleum across a terminal, referred to as a terminal transfer. Tolls for terminal transfers are calculated as the sum of the applicable receipt terminalling toll and the applicable delivery terminalling toll.

155 Enbridge will establish the July 1, 2021 receipt and delivery terminalling tolls by (i) converting to US dollars[162] each terminalling toll in effect on June 30, 2021, less any

[161] The postage stamp delivery tankage toll methodology was established in 1990, as approved by the NEB in NEB Reasons for Decision, Interprovincial Tolls, RHW-1-89.

amount of the receipt terminalling toll that is attributable to the Line 3 Replacement terminalling facilities if the full Line 3 Replacement is already in service[163], and (ii) escalating the result by 65% of the GDPP Index.

156 When the full Line 3 Replacement comes into service, whether before or after July 1, 2021, an additional charge of US$0.04/bbl will be added to the Edmonton and Hardisty receipt terminalling tolls as previously agreed to with shippers.[164]

157 Both receipt and delivery terminalling tolls will continue to attract applicable abandonment surcharges. Any abandonment surcharges will be provided in the Canadian Mainline local tariff filed with the CER and will be charged in US dollars in addition to the terminalling tolls. Enbridge has provided an illustrative calculation of the receipt and delivery terminalling tolls that comprise the terminal transfer tolls in Appendix 36, Illustrative Local Uncommitted Tolls Tariff - Appendix B.

158 Consistent with the approach for committed and uncommitted transportation tolls, the terminalling tolls will be escalated by 65% of the GDPP Index annually commencing on July 1, 2022, irrespective of the timing of the Commencement Date.

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[162] See footnote 160.

[163] As outlined in Final IRS# 2013-02-A, US$0.04/bbl will be added to the Edmonton and Hardisty receipt terminalling tolls once the full Line 3 Replacement comes into service. If it is already in effect, this surcharge is subtracted from the terminalling toll for the conversion to US dollars as it was negotiated in US dollars.

[164] As per Final IRS# 2013-02-A.

8. OPEN SEASON

160 Enbridge intends to hold an open season to provide all interested parties the opportunity to enter into contracts for transportation service on the Canadian Mainline. The open season will be conducted in accordance with the Open Season Procedures (Appendix 17).

161 The Open Season Procedures are detailed and complex and are designed to address both the operational requirements of the Enbridge Mainline and the diverse, often diverging, needs of a wide variety of shippers.

162 Prior to filing this Application, Enbridge had intended to conduct an open season for firm service on the Canadian Mainline in accordance with the August 2, 2019 open season procedures. Enbridge expects that, had the open season been conducted, the Commission would have considered whether the open season was fair, transparent and consistent with Enbridge's common carrier requirements.

163 As a result of the Commission's September 27, 2019 decision, Enbridge now intends to conduct the open season after the Commission has approved the Application. To facilitate the conduct of this open season, Enbridge is requesting that the Commission now consider the appropriateness of the Open Season Procedures and make a finding that they will lead to an open season that is fair, transparent and consistent with Enbridge's common carrier requirements.

164 The Open Season Procedures were established through negotiation with potential shippers as described in Application Section 4. The appended shipper letters of support substantiate that the negotiations leading to the Mainline Contract Offering, including the Open Season Procedures, were fair, balanced and productive, and that the package of terms, conditions and tolls are acceptable to these shippers.[165]

165 Like the other parts of this Application, the Open Season Procedures represent a compromise that strikes a balance not only between the desires of Enbridge and its potential shippers, but also among the desires of various and diverse potential shippers. For example, Service Haul Segment limits were set considering that some shippers wanted them higher, while others wanted them lower. Individual shipper

[165] See Appendix 4.

contract limits were set recognizing that some shippers wanted no limits while others were adamant that limits be imposed. The 100% pro-rata allocation methodology and reduced minimum volume commitment were established specifically to make the Mainline Contract Offering accessible to small volume shippers.

166 Overall, the Open Season Procedures establish a fair, open and transparent process for offering contracts on the Canadian Mainline.

167 The open season will be fair and open to potential shippers of all sizes and types, including producers, refiners, integrated companies and marketers. Furthermore, all contracts – regardless of petroleum type, volume, term, toll or whether they are a Requirements or Take or Pay Contract – will have equal access to committed capacity.

168 The open season process will be transparent because it will be run in strict accordance with the Open Season Procedures, which are documented in detail, will have been reviewed and approved by the CER, and will be available to all interested parties ahead of the open season.

169 The Open Season Procedures were reviewed by Mr. Reed, who found the Open Season Procedures to be appropriate and consistent with NEB precedent and Enbridge's common carrier obligations.[166]

8.1. Open Season Process

170 During the open season, potential shippers will be able to contract for priority access on the Canadian Mainline under one or more of the eight TSAs discussed in Application Section 5. To contract for capacity, potential shippers must submit TSAs before the end of the open season and include a completed Schedule "A" indicating the desired contract term(s), Service Haul(s) and volume. In the case of a Requirements Contract, the potential shipper must also identify the production interests or production or refining facilities it would like to designate and provide any required supporting documentation to allow Enbridge to confirm that the designated interests or facilities support the shipper's monthly volume request.

[166] John Reed Evidence at PDF pp. 47-49 (Appendix 5).

8.2. Contractible Capacity

171 In the open season, Enbridge will offer contracts for up to 90% of the available Canadian Mainline capacity. Given the physical attributes and operational complexities of the Enbridge Mainline system, the specific capacity that Enbridge will offer for contracts is different for each Service Haul Segment and petroleum type. Enbridge determined the contractible capacity for each Service Haul Segment and petroleum type based on the physical and operational constraints of the Enbridge Mainline, historical and projected utilization of the system and shipper requirements expressed during negotiations. This approach to determining the contractible capacity will help to ensure that throughput on the Enbridge Mainline continues to be optimized and markets continue to be served.

172 The amount of contractible capacity that Enbridge proposes to offer for each petroleum type and in each Service Haul Segment is set out in Table 8.1 below.

Table 8.1: Contractible Capacity Limits

Petroleum Type	Service Haul Segment	Contractible Capacity Limit (kbpd)
Crude Oil	E2H	400 kbpd[167]
	Short Haul	200 kbpd[168]
	Medium Haul	475 kbpd[169]
	Long Haul	2,285 kbpd[170]
NGL	E2H, Short Haul and Medium Haul	N/A
	Long Haul	75 kbpd[171]
Refined Petroleum Products	E2H, Medium Haul and Long Haul	N/A
	Short Haul	90 kbpd[172]

173 Contractible capacity within each of the Short, Medium and Long Haul Segments will be allocated equally to contracts for service from Edmonton and contracts for service from Hardisty, subject to a limit on contracts for service from Edmonton as set out in Table 8.2 below. Once the limit on contracts for service from Edmonton is reached,

[167] Open Season Procedures Section II(B)(1)(a).
[168] Open Season Procedures Section II(B)(1)(b).
[169] Open Season Procedures Section II(B)(1)(c).
[170] Open Season Procedures Section II(B)(1)(d).
[171] Open Season Procedures Section II(B)(2).
[172] Open Season Procedures Section II(B)(3).

the remaining capacity in that Service Haul Segment will be allocated to contracts for service from Hardisty. A limit on contracts for service from Edmonton is required because there is less pipeline capacity available from Edmonton than there is from Hardisty, and also because some of the capacity between Edmonton and Hardisty is being offered for contracts in the E2H Service Haul Segment.

174 Table 8.2 below shows the maximum aggregate volume that can be contracted for service from Edmonton.

Table 8.2: Maximum Contractible Volumes ex-Edmonton

Petroleum Type	Service Haul Segment	Contractible Capacity	Maximum volumes awarded ex-Edmonton
Crude Oil	E2H	400 kbpd	400 kbpd[173]
	Short Haul	200 kbpd	100 kbpd[174]
	Medium Haul	475 kbpd	225 kbpd[175]
	Long Haul	2,285 kbpd	1,040 kbpd[176]
NGL	E2H, Short Haul and Medium Haul	N/A	N/A
	Long Haul	75 kbpd	55 kbpd[177]
Refined petroleum products	E2H, Medium Haul and Long Haul	N/A	N/A
	Short Haul	90 kbpd	70 kbpd[178]

8.3. Limits on Shipper Requests for Contracts

175 Potential shippers will be able to request a contract for as little as 2.2 kbpd per Service Haul, which is approximately one batch per month and the minimum amount that can feasibly be scheduled and transported on the Enbridge Mainline.[179] The maximum volume that a shipper can request to contract will depend on the type of

[173] Open Season Procedures Section II(B)(1)(a).
[174] Open Season Procedures Section II(B)(1)(b).
[175] Open Season Procedures Section II(B)(1)(c).
[176] Open Season Procedures Section II(B)(1)(d).
[177] Open Season Procedures Section II(B)(2).
[178] Open Season Procedures Section II(B)(3).
[179] Although contract amounts are expressed in bpd, shippers do not actually ship the specified number of bpd each day. In aggregate, a shipper with a 2.2 kbpd contract will ship approximately 66,000 bbls in a month, which is approximately the standard size of a batch on the Enbridge Mainline.

contract the shipper is seeking. Table 8.3 summarizes the maximum amount a shipper can request under each type of contract including any requests for ramp up volumes.

Table 8.3: Maximum Committed Volume Calculation

TSA	Petroleum Type	Maximum Committed Volume Calculation Criteria
Producer Requirements Contract[180]	Crude oil	90% of the average actual production[181] of crude oil produced from the designated production interests during the 24 months prior to the launch of the open season.
Delivering Refiner Requirements Contract[182]	Refined petroleum products	The least of: i. 90% of the nameplate refining capacity of the designated Delivering Refinery; ii. the average of the actual deliveries of refined petroleum products to receipt points in Western Canada from the designated Delivering Refinery during the 24 months prior to the launch of the open season; or iii. 90 kbpd.[183]
Delivering NGL Shipper Requirements Contract[184]	NGL	The least of: i. 90% of the nameplate capacity of the delivering NGL Facility; ii. the average of the actual deliveries of NGL to the Enbridge Mainline at receipt points in Western Canada from the designated delivering NGL Facility during the 24 months prior to the launch of the open season; or iii. 75 kbpd.[185]

[180] Open Season Procedures Section III(B)(2).
[181] Actual production as grossed up or down, as applicable, in relation to any blending or processing of the production as required to meet the minimum pipeline specifications for Crude Petroleum set out in the Crude Petroleum Rules Tariff.
[182] Open Season Procedures Section III(B)(3).
[183] This amount is based upon the maximum contractible capacity for refined petroleum products, as set out in Table 8.1: Contractible Capacity Limits.
[184] Open Season Procedures Section III(B)(5).
[185] This amount is based upon the maximum contractible capacity for NGLs, as set out in Table 8.1: Contractible Capacity Limits.

TSA	Petroleum Type	Maximum Committed Volume Calculation Criteria
Receiving NGL Shipper Requirements Contract[186]	NGL	The least of: i. 90% of the nameplate refining capacity of the applicable designated receiving NGL Facility; ii. the average of the actual deliveries of NGL originating from receipt points in Western Canada and delivered off of the Enbridge Mainline to the designated receiving NGL Facility during the 24 months prior to the launch of the open season; or iii. 75 kbpd[187].
Receiving Refiner Requirements Contract[188]	Crude oil	The greater of (i) or (ii): i. the lesser of (a) 90% of the nameplate refining capacity of the designated Receiving Refinery, or (b) the average of the actual deliveries of crude oil off the Enbridge Mainline to the designated Receiving Refinery during the 24 months prior to the launch of the open season; or ii. shipper's current commitment (which must still be in effect as of July 1, 2021) to a downstream pipeline system directly connected to the Enbridge Mainline that can deliver to the applicable designated Receiving Refinery.
Crude Petroleum Take or Pay Contract[189]	Crude oil	The greater of: i. 300 kbpd less any amounts for which the potential shipper has made a request for Service under a Producer or Receiving Refiner Requirements Contract; or ii. 68.2 kbpd.[190]

[186] Open Season Procedures Section III(B)(4).
[187] This amount is based upon the maximum contractible capacity for NGLs, as set out in Table 8.1: Contractible Capacity Limits.
[188] Open Season Procedures Section III(B)(1).
[189] Open Season Procedures Section III(B)(6).
[190] The maximum committed volume for this contract type within the Short Haul Segment is 68.2 kbpd.

TSA	Petroleum Type	Maximum Committed Volume Calculation Criteria
Refined Petroleum Products Take or Pay Contract[191]	Refined petroleum products	68.2 kbpd
NGL Take or Pay Contract	NGL	68.2 kbpd
Aggregate limit across all Take or Pay contracts	Crude oil + NGL + Refined petroleum products	300 kbpd[192]
Ramp Up Committed Volumes with Commencement Date prior to January 1, 2022	All	68.2 kbpd[193] for each petroleum type.

8.4. Capacity Allocation in the Event of Undersubscription

176 If, after contract capacity has been allocated in accordance with Table 8.3 above, the capacity for crude oil in a particular Service Haul is undersubscribed (e.g. there is more capacity on offer in that Service Haul than there are requests for service), then Enbridge will use the un-subscribed capacity to, first, award contracts for certain other Service Hauls as detailed in Table 8.4 below or, second, increase the spot capacity in that Service Haul.[194] This re-allocation process will help maximize system utilization and ensure that contractible capacity will be allocated efficiently and fairly, while giving due consideration to the Enbridge Mainline system's operational constraints and market demand.

177 Table 8.4 below indicates how un-subscribed capacity in a particular Service Haul will be used by Enbridge to fulfill requests for contracts in another Service Haul.

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[191] Open Season Procedures Section III(B)(7).
[192] Open Season Procedures Section III(B)(10).
[193] Open Season Procedures Section III(B)(9).
[194] This re-allocation option does not apply to capacity for NGL and refined petroleum products because, as indicated in table 8.1 above, these petroleum types are each only transported over one Service Haul Segment.

Table 8.4: Re-allocation of Contractible Capacity

Undersubscribed Service Haul	Permitted Service Hauls for Re-allocation of Remaining Contractible Capacity
ex-Edmonton Medium Haul service	ex-Edmonton Long Haul service[195]
ex-Edmonton Long Haul service	ex-Edmonton Medium Haul service[196]
ex-Hardisty Medium Haul service	ex-Hardisty Long Haul service[197]
ex-Hardisty Long Haul service	ex-Hardisty Medium Haul service[198]

8.5. Contract Allocation in the Event of Oversubscription[199]

178 If, after applying the procedures for allocating contract capacity described in Application Sections 8.2 and 8.3 above, any Service Haul is oversubscribed for a particular petroleum type (e.g. there is not enough contractible capacity to fulfill all of the requests for contracts), then Enbridge will award contracts for that Service Haul and petroleum type using the following process:

STEP 1: Enbridge will allocate capacity first to contracts that have a commitment commencing prior to January 1, 2022[200] and to which a Flex Service Term does not apply. If there is not enough contractible capacity to fulfill all of these contracts, then Enbridge will allocate the capacity pro rata amongst these contracts. If this pro-rata allocation would result in more than one contract being allocated less than 2.2 kbpd, then Enbridge will allocate this capacity by means of a lottery, in increments of 2.2 kbpd, until all the capacity has been fully allocated or a volume of less than 2.2 kbpd remains.

STEP 2: If, after Step 1, the Service Haul is not fully contracted, then Enbridge will allocate remaining capacity to contracts that have a commitment commencing prior

[195] Open Season Procedures Section II(B)(1)(f).
[196] Open Season Procedures Section II(B)(1)(g).
[197] Open Season Procedures Section II(B)(1)(h).
[198] Open Season Procedures Section II(B)(1)(i).
[199] Open Season Procedures Section IV.
[200] Committed Volumes and Ramp Up Committed Volumes with a Ramp Up Commencement Date prior to January 1, 2022.

to January 1, 2022 and to which a Flex Service Term applies. As in Step 1, if there is not enough remaining contractible capacity to fulfill all of these contracts, then Enbridge will allocate the capacity pro rata amongst these contracts. If this pro-rata allocation would result in more than one contract being allocated less than 2.2 kbpd, then Enbridge will allocate this capacity by means of a lottery, in increments of 2.2 kbpd, until all the capacity has been fully allocated or a volume of less than 2.2 kbpd remains.

STEP 3: If, after Step 2, the Service Haul is still not fully contracted, then Enbridge will allocate remaining capacity to contracts with a commitment that commences on or after January 1, 2022.[201] These contracts will be allocated capacity in chronological order beginning with the earliest requested ramp up commencement date. In the event that two or more potential shippers have requested the same ramp up commencement date and there is insufficient contractible capacity available to satisfy all requests for service, then the remaining contractible capacity will be allocated pro rata to each potential shipper.[202]

8.6. Additional Options

179 In addition to the optionality provided through the numerous contract types, contract lengths, Service Hauls, and possible volume commitments, the Open Season Procedures also provide shippers with options to withdraw their contracts in the event that they do not receive their desired amount of contract capacity in the open season[203], and to contract for service from an alternate receipt point if they do not receive a contract for service from their preferred receipt point[204].

8.7. Open Season Results

180 Once all contract capacity has been allocated in accordance with the Open Season Procedures, Enbridge will notify shippers of the contract capacity that they have

[201] Ramp Up Committed Volumes with a Ramp Up Commencement Date on or after January 1, 2022.
[202] Oversubscription Allocation Procedure for Third Tranche Requests for Service, Open Season Procedures Section IV.
[203] Open Season Withdrawal Option, Open Season Procedures Section V.
[204] Alternate Receipt Point Option, Open Season Procedures Section V.

received by returning to each potential shipper a signed copy of their TSA(s) including Schedule "A", which will be revised to the extent necessary to reflect the capacity awarded through the open season process.

9. ENBRIDGE RULES TARIFF AMENDMENTS

181 Enbridge proposes several changes to its Rules Tariffs (Appendices 38-40), most of which are required to implement the TSAs and uncommitted service changes included in this Application. These changes are described below.

9.1. Destination Verification

182 Since 2013, Enbridge has applied the Destination Verification Procedure ("DSV Procedure" – see Appendix 41) to all Enbridge Mainline nominations, whether they are received or delivered in Canada or the US. The DSV Procedure ensures that every barrel has a destination that is capable of and intends to accept it before it is injected into the Enbridge Mainline. If barrels cannot be delivered as scheduled, Enbridge may be forced to slow down or, in extreme cases, shut down a pipeline. Such operational upsets result in decreased throughput, increased costs to Enbridge and potential broader disruptions to industry.

183 Enbridge implemented the DSV Procedure in July 2013 following an extensive review by the FERC. Enbridge did not add the DSV Procedure to its Canadian Rules and Regulations Tariff at the time because it viewed existing Rule 6(c) as giving it sufficient discretion to verify nominations in accordance with the procedure. When United Refining filed a letter[205] requesting that the NEB determine whether Enbridge's Canadian tariff needed to incorporate the wording of the procedure, the Board decided that the wording of the tariff did not need to change[206].

184 Enbridge is now adding the DSV Procedure to the Rules Tariffs[207] to provide clarity to all shippers, committed and uncommitted, that the DSV Procedure will continue to apply following the implementation of Mainline contracting so that Enbridge can ensure the continued efficient scheduling and operation of the Enbridge Mainline.

185 The DSV Procedure requires officers of downstream facilities connected to the Enbridge Mainline, i.e. refineries, storage facilities or connecting pipelines, to verify

[205] United Refining Company letter to NEB dated November 7, 2012 seeking clarification regarding Enbridge IJT (NEB 326/FERC 45.1.0).
[206] NEB letter dated January 31, 2013 in response to United Refining Company's letter requesting clarification.
[207] Crude Petroleum Rules Tariff, Section 6(c); NGL Rules Tariff, Section 7(c); Refined Petroleum Products Rules Tariff, Section 7(c).

through an affidavit a maximum capability they are able to take off the Enbridge Mainline. The formulas to determine this capability were developed in consultation with shippers. Each month, a representative of each destination facility must also swear an affidavit certifying that the facility expects and can receive volumes nominated to it by specific shippers.

9.2. Apportionment

186 Committed volumes will have priority access to up to 90% of available capacity of the Canadian Mainline each month. If for any reason the capacity available for committed volumes is below the aggregate committed nominations in a month, all committed nominations will be apportioned on a pro-rata basis by comparing total committed nominations to total committed available capacity.[208]

187 At least 10% of the Canadian Mainline available capacity will always be available for uncommitted volumes, and uncommitted nominations will also be apportioned on a pro-rata basis by comparing total uncommitted nominations to total uncommitted available capacity.[209]

188 The Rules Tariffs clarify that in the event nominations originating on the Canadian Mainline must be apportioned in order to be transported on the Lakehead System (for example, if Lakehead capacity is reduced for operational reasons), all verified nominations – whether committed or uncommitted – originating in Western Canada that will cross the border will be reduced on a pro-rata basis in accordance with the Lakehead Rules and Regulations Tariff.[210]

9.3. Failure to Tender Charge

189 Concurrent with the shift to Mainline contracting, Enbridge is removing the non-performance penalty from the Rules Tariffs and implementing the new Failure to

[208] Crude Petroleum Rules Tariff, Section 16(b); NGL Rules Tariff, Section 17(b); Refined Petroleum Products Rules Tariff, Section 17(b).
[209] Crude Petroleum Rules Tariff, Section 16(b); NGL Rules Tariff, Section 17(b); Refined Petroleum Products Rules Tariff, Section 17(b).
[210] Crude Petroleum Rules Tariff, Section 16(c); NGL Rules Tariff, Section 17(c). As refined petroleum products are not shipped across the Canadian border, this provision is not found in the Refined Petroleum Products Rules Tariff.

Tender Charge for committed and uncommitted volumes.[211] The Failure to Tender Charge is described in more detail in Application Sections 5.2.12 and 6.5.

190 Unlike with the non-performance penalty, shippers will not have an ability to claim a force majeure to be relieved from paying a Failure to Tender Charge. Enbridge sees this as the appropriate allocation of risk, as Enbridge should not bear the risk for events upstream of its system as it has no way to control or mitigate such risks. While those events may be outside the direct control of shippers, they are certainly more within the shippers' control than they are within Enbridge's, and it is Enbridge that bears the costs for volumes that are nominated but not tendered, through throughput loss, increased maintenance costs, and decreased operational efficiencies resulting in higher power usage.

9.4. Other Changes

191 The remainder of the Rules Tariff changes are:

- minor revisions required to implement the TSAs (e.g. new definitions for service hauls and receipt and delivery points, revised definition of "Prime Rate" to align with the TSA definition,[212] committed shipper obligations,[213] etc.);
- a requirement that, in the event of apportionment, shippers must revise their nominations in accordance with the Maximum Allowable Nomination Notice sent by Enbridge;[214]
- adding an interest payment on unpaid invoices;[215] and
- adding an invoicing dispute resolution process.[216]

[211] Crude Petroleum Rules Tariff, Section 7; NGL Rules Tariff, Section 8; Refined Petroleum Products Rules Tariff, Section 8.
[212] Rules Tariffs, Section 1.
[213] Crude Petroleum Rules Tariff, Section 8; NGL Rules Tariff, Section 9; Refined Petroleum Products Rules Tariff, Section 9.
[214] Crude Petroleum Rules Tariff, Section 16(d); NGL Rules Tariff, Section 17(d); Refined Petroleum Products Rules Tariff, Section 17(c).
[215] Crude Petroleum Rules Tariff, Section 10(b); NGL Rules Tariff, Section 11(b); Refined Petroleum Products Rules Tariff, Section 11(b).
[216] Crude Petroleum Rules Tariff, Section 10(c); NGL Rules Tariff, Section 11(c); Refined Petroleum Products Rules Tariff, section 11(c).

10. EXEMPTIONS

192 Subsection 5(1) of the OPUAR requires Enbridge, as a Group 1 pipeline company, to:

- keep separate books of account in a manner consistent with generally accepted accounting principles;
- unless otherwise instructed by the Board, keep accounts in the manner set out in the OPUAR; and
- keep the system of accounts prescribed by the OPUAR.

193 Enbridge complies with these requirements with the exception that it does not keep its general ledger according to the system of accounts prescribed by the OPUAR. Instead, Enbridge keeps its general ledger according to its own chart of accounts as a part of the Enbridge Inc. group of companies whose requirements to manage and report on its consolidated businesses drive the system of accounts used in its day-to-day operations.

194 In keeping with past Board approvals of Enbridge tolling settlements and Enbridge's practice for the past 24 years, Enbridge seeks exemption, pursuant to subsection 389(2) of the CER Act, from the requirement to keep its general ledger using the system of accounts described by the OPUAR. If, despite granting the exemption, the Commission were to later require it, Enbridge could recast its general ledger according to the system of accounts prescribed by the OPUAR.

11. CONSULTATION ON APPLICATION

195 Enbridge has conducted shipper and commercial third-party consultation on this Application in accordance with Section 3.5 of the CER's Filing Manual. In addition to the numerous discussions, consultations and bilateral negotiations that resulted in the Mainline Contract Offering and the proposed uncommitted service detailed in this Application, Enbridge held a third-party notification and information session in Calgary on November 26, 2019 to provide an overview of the Application. A notice regarding this event was emailed to all parties that signed a confidentiality agreement and the Enbridge Mainline tariff subscriber list, as well as posted to Enbridge's Swiftlink shipper information portal on November 15, 2019. Appendix 42 contains the notice, the list of companies that attended the session and the presentation that was distributed to session attendees.

196 Enbridge stakeholders have expressed a number of concerns in relation to the Mainline Contract Offering and the Application, including concerns related to Enbridge's rationale for contracting, the level of the tolls, the amount of capacity reserved for spot service, the allocation of contract capacity in the event the open season is over-subscribed, the credit requirements that must be met to contract, and the impact the proposal might have on crude oil markets. Although Enbridge has addressed many of its stakeholders' concerns through discussions, information provided in the Application and modifications to the Mainline Contract Offering, Enbridge was unable to address all of the concerns of all of its diverse stakeholders, many of whom have competing interests. Enbridge anticipates that any outstanding concerns in relation to the Application will be addressed through the applicable CER process.

12. RELIEF REQUESTED

197 Enbridge requests an order of the CER:

(a) approving the implementation of firm service on 90% of the available capacity of the Canadian Mainline to be provided in accordance with all terms and conditions, including the toll methodology, contained in the Pro-Forma TSAs and the Rules Tariffs, pursuant to sections 226, 230 and 231 and subsection 239(1) of the CER Act;

(b) approving the reservation of 10% of the available capacity of the Canadian Mainline for uncommitted volumes and the implementation of uncommitted service in accordance with all terms and conditions, including the toll methodology, contained in this Application, the Pro-Forma TSAs, the Rules Tariffs and the Illustrative Uncommitted Tolls Tariffs pursuant to sections 226, 230 and 231 of the CER Act;

(c) approving the methodologies to set the Canadian Mainline receipt and delivery tankage revenue requirement and receipt and delivery terminalling tolls as set out in this Application pursuant to sections 226, 229, 230 and 231 of the CER Act;

(d) declaring that the Open Season Procedures are appropriate and will lead to an open season that is fair, transparent and consistent with Enbridge's common carrier requirements pursuant to sections 32, 226, 231 and 235 and subsection 239(1) of the CER Act;

(e) approving the continuation of Enbridge's exemption, formerly issued under subsection 129(1.1) of the *National Energy Board Act*, from the requirement to keep the system of accounts described by the OPUAR pursuant to subsection 389(2) of the CER Act; and

(f) granting such further and other relief as Enbridge may request or the CER may consider appropriate pursuant to section 68 of the CER Act.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 19th day of December, 2019.

ENBRIDGE PIPELINES INC.

Per: ____________________
Lászlo Varsányi
~~VP Mainline Tolling Strategy~~

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GLOSSARY OF TERMS, ABBREVIATIONS AND UNITS

2021 Negotiating Team	the team Enbridge, interested members of the Representative Shipper Group and others established in 2018 to negotiate a post-CTS tolling arrangement, as required by section 25.1 of the CTS
Allocated Nomination	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and in section 1 of the Rules Tariffs, and generally means a shipper's original nomination for a month less any reductions made to that nomination in accordance with the Rules Tariffs to reflect any applicable apportionment on the Canadian Mainline
Application	this application by Enbridge Pipelines Inc. for approval of committed and uncommitted transportation service to be provided and toll methodologies to be used on the Canadian Mainline pursuant to Parts 1, 3 and 9 of the *Canadian Energy Regulator Act*
Applicable Law	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means all laws and statutes, including regulations, rules, by-laws, ordinances and other statutory instruments enacted thereunder; all judgments, decrees, rulings and orders of courts, tribunals, commissions and other similar bodies of competent jurisdiction; all orders, rules, directives, policies and guidelines having force of law issued by any Governmental Authority; and all terms and conditions of any applicable permits; that are in effect as of the relevant time
Available Capacity	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and section 1 of the Rules Tariffs and generally means: (1) for crude oil, the capacity of the Canadian Mainline available to transport crude oil in that month as determined by Enbridge in its sole discretion, and (2) for refined petroleum products and NGLs, the capacity of the Canadian Mainline available to transport refined petroleum products, NGLs and associated buffer material in that month as determined by Enbridge in its sole discretion
Base Toll	the committed toll of US$5.70/bbl for a Hardisty to Chicago (Lockport, Mokena, Griffith and Flanagan) heavy crude oil movement

bbl	barrel
bpd	barrels per day
Canadian Mainline	the Canadian portion of the Enbridge Mainline, operated by Enbridge Pipelines Inc., as further described in Application Section 2.1
CER or Commission	Canada Energy Regulator
CER Act	*Canadian Energy Regulatory Act*
CLT	Canadian local tariff
Commencement Date	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means the commencement date of services and payment of committed tolls under the TSAs, which shall be the later of: (a) July 1, 2021; (b) the first day of the month following the first full month in which all of the conditions precedent set out in Section 3.1 of the TSAs are satisfied; or (c) the first day of the month following the first full month that the Line 3 Replacement has been brought into service
Committed service or firm service	contract service in accordance with the TSAs with priority access on the Canadian Mainline
Committed Shipper	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means a shipper on the Canadian Mainline that has entered into a Requirements Contract or Take or Pay TSA
Committed Toll	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means the tolls payable for services provided to committed shippers under the TSAs for committed volumes, which tolls are set out in Schedule “B” of the TSAs
Committed Volume	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means, for a committed shipper, the aggregate volume of a specific petroleum type set out in Paragraphs 8 and 9 of Schedule “A” of the committed shipper’s TSA
CTS	Competitive Toll Settlement
Deficiency Charge	has the meaning given to it in section 1.1 of the Pro-

	Forma TSAs and generally means ninety percent (90%) of the volume weighted average of the Committed Tolls applicable to the Monthly Volume Commitment paid by a committed shipper in the immediately preceding 12 month period for the requested Service Haul
Deficiency Credit Account	has the meaning given to it in section 1.1 of the Requirements Contract Pro-Forma TSAs and generally means an account established by Enbridge for each Service Haul Segment in which a Requirements Contract committed shipper has committed volumes, to account for Deficiency Payments paid by that committed shipper for shortfall volumes that occur in a month within that Service Haul Segment
Deficiency Payment	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means the product of a shipper's shortfall volume for a requested Service Haul (unless that shortfall is the result of an excused event) and the Deficiency Charge pertaining to the requested Service Haul
Draft TSAs	draft Transportation Services Agreements issued to all parties that signed confidentiality agreements, commencing on August 27, 2018; November 7, 2018; December 18, 2018; April 5, 2019; May 28, 2019; and August 2, 2019
DSV Procedure	Destination Verification Procedure
E2H Segment	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means committed service in the Edmonton to Hardisty (E2H) Service Haul Segment
Enbridge	Enbridge Pipelines Inc.
Enbridge Mainline	the combined Canadian Mainline and Lakehead System
ex-Edmonton service	committed service from Edmonton
ex-Hardisty service	committed service from Hardisty, Kerrobert, Regina or Cromer

Excused Event	has the meaning given to it in sections 1.1 and 5.5 of the Pro-Forma TSAs and generally means an event as a result of which a committed shipper is relieved from its obligations to deliver its Monthly Volume Commitment or pay a Deficiency Payment under the TSAs
Failure to Tender Charge (Committed)	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and section 1 of the Rules Tariffs and generally means the charge payable by a committed shipper on the committed volume portion of its Allocated Nomination that it did not tender in a month (less a 3% tolerance), which charge shall be the Deficiency Charge applicable to the shipper in that month
Failure to Tender Charge (Uncommitted)	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and section 1 of the Rules Tariffs and generally means the charge payable by a shipper on the uncommitted volume portion of its Allocated Nomination that it did not tender in a month (less a 3% tolerance), which charge shall be ninety percent (90%) of the uncommitted toll (less any specified abandonment surcharges) that would have applied if the applicable volumes had been tendered
Failure to Tender Payment	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means the sum of: (a) the uncommitted volume portion of a committed shipper's Allocated Nomination that it did not tender in a month (less a 3% tolerance) multiplied by the Failure to Tender Charge (Uncommitted) applicable for that month; and (b) the committed volume portion of a committed shipper's Allocated Nomination that it did not tender in a month (less a 3% tolerance) multiplied by the Failure to Tender Charge (Committed) for that month
Feedstock Impairment	has the meaning given to it in section 14.4(a) of the Pro-Forma TSAs and generally means a change in Applicable Law in the US or Canada that that exclusively targets Western Canadian petroleum
FERC	Federal Energy Regulatory Commission
Firm service or committed	contract service in accordance with the TSAs with

service	priority access on the Canadian Mainline
Flex Service Term	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means a service term for a requested Service Haul that may be terminated by a committed shipper on 36 months' notice to Enbridge
Force Majeure	has the meaning given to it in section 13.1 of the Pro-Forma TSAs and generally means any event, condition or occurrence (and the effect thereof) that is beyond the reasonable control of Enbridge or its affiliates, which neither Enbridge nor its affiliates could reasonably overcome or mitigate, and that causes a delay or disruption in the performance of any obligation imposed on Enbridge or any of its Affiliates under the TSAs
GDPP	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means the annual average Canada Gross Domestic Product at Market Prices Index, published by Statistics Canada (or its successor) on or about February 28th, for the prior year
GDPP Index	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally, in any given year, is calculated as the ratio of the annual change in GDPP over the GDPP for the prior year and is expressed as a percentage
GDPP Multiplier	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and means, in any given year, the sum of 65% of the GDPP Index (converted to a decimal) plus one (1)
Governmental Authority	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means any government, governmental, administrative or regulatory entity, authority, commission, board, agency, instrumentality, bureau or political subdivision and any court, tribunal or judicial or arbitral body
IJT	International Joint Tariff
Illustrative Uncommitted Tolls Tariffs	illustrative Canadian Mainline Local and International Joint Uncommitted Tolls Tariffs included in the Application as Appendices 36 and 37

kbpd	thousand barrels per day
ITS	Incentive Toll Principles of Settlement governing the 1995-99 period for the Canadian Mainline
Lakehead System	the US portion of the Enbridge Mainline, operated by Enbridge Energy, Limited Partnership, as further described in Application Section 2.1
Line 3 Replacement	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and means the Line 3 Replacement Program as discussed in the February 24, 2014, Line 3 Replacement issue resolution sheets – Final IRS 2013-02-A and Final IRS 2013-02-B
Line 3 Replacement Minnesota Decommissioning Surcharge	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and means any surcharge to recover the costs related to a decommissioning trust to be established for the Line 3 Replacement, as mandated by the Minnesota Public Utilities Commission
Line 3 Replacement Surcharge	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and means the Line 3 Replacement surcharge as determined by the Line 3 Replacement issue resolution sheets (Final IRS 2013-02-A and Final IRS 2013-02-B) which will be charged when the Line 3 Replacement has been brought into service
Line 5 Surcharge	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and means any Line 5 surcharge related to a project to replace those certain Line 5 pipelines crossing the Straits of Mackinac
Long Haul Segment	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means ex-Edmonton service and ex-Hardisty service to delivery points downstream of the Canada/US border near Gretna, Manitoba
LMCI	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and means the NEB Land Matters Consultation Initiative (RH-2-2008) and the decisions, directions and orders issued in that proceeding as well as any subsequent decisions, directions and orders of the NEB or CER pertaining to the NEB Land Matters Consultation Initiative (RH-2-2008)

Mainline Contracting Offering	means, together, the Pro-Forma TSAs and the Open Season Procedures
Make-Up Credit Account	has the meaning given to it in section 1.1 of the Take or Pay Pro-Forma TSAs and generally means an account established by Enbridge for each Service Haul Segment in which a Take or Pay committed shipper has committed volumes, to account for Deficiency Payments paid by that committed shipper for shortfall volumes that occur in a month within that Service Haul Segment
Medium Haul Segment	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means ex-Edmonton service and ex-Hardisty service to Clearbrook, Minnesota and Superior, Wisconsin
Monthly Volume Commitment	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means, for a month, the product of: (a) the Committed Volume of a shipper and (b) the number of days in the month
NEB or Board	National Energy Board
NEB Act	*National Energy Board Act*
NGL	Natural Gas Liquids
Open Season Procedures	the November 29, 2019 Canadian Mainline Open Season Procedures included in the Application as Appendix 17
OPUAR	*Oil Pipeline Uniform Accounting Regulations*
Outside Date	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and means December 31, 2023
Petroleum	has the meaning given to it in section 1 of the Rules Tariffs and means crude oil, refined petroleum products and Natural Gas Liquids
Pro-Forma TSAs	the November 29, 2019 TSAs included in the Application as Appendices 9 - 16
Ramp Up	has the meaning given to it in section 6.3 of the Pro-Forma TSAs and generally means a request for committed service that is awarded in the open season

	for additional committed volumes that will come into effect after the Commencement Date and prior to or on December 31, 2025
Renewal Period	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means an extension of a TSA service term that is equal to 50% of the initial service term set forth in Schedule "A" of the TSA
Requirements Contract	means any of a Producer, Receiving Refiner, Delivering Refiner, Delivering NGL Shipper or Receiving NGL Shipper Requirements Contract TSA
Rules Tariffs	Pro-Forma Rules and Regulations Tariffs for Crude Petroleum, Natural Gas Liquids and Refined Petroleum Products included in the Application as Appendices 38 - 40
Service Haul	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and means any of E2H Service, ex-Edmonton Short Haul Service, ex-Hardisty Short Haul Service, ex-Edmonton Medium Haul Service, ex-Hardisty Medium Haul Service, ex-Edmonton Long Haul Service and ex-Hardisty Long Haul Service, while "**Service Hauls**" refers to all of them. Service Hauls allows committed shippers to contract for transportation service within a specified path, which may include a number of receipt and delivery points from which committed shippers can choose when nominating committed volumes each month.
Service Haul Segments	means, as the context requires: the E2H Segment, the Short Haul Segment, the Medium Haul Segment or the Long Haul Segment, and "**Service Haul Segments**" refers to all of them
Shortfall Volumes	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means the positive difference, if any, between a committed shipper's Monthly Volume Commitment in a Service Haul and the shipper's actual committed volume deliveries in that Service Haul in a month
Short Haul Segment	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means ex-Edmonton service and ex-Hardisty service to delivery points upstream of the Canada/US border near Gretna,

	Manitoba
Take or Pay Contract or TSA	means any of a Crude Petroleum, Refined Petroleum Products or Natural Gas Liquids Take or Pay TSA
TSA	Transportation Services Agreement
Uncommitted or spot shipper	means a shipper on the Canadian Mainline that has not entered into a TSA
Uncommitted Volumes or spot volumes	has the meaning given to it in section 1.1 of the Pro-Forma TSAs and generally means either (i) the volumes shipped by an uncommitted or spot shipper on the Canadian Mainline, or (ii) volumes shipped by a committed shipper on the Canadian Mainline that are in excess of the committed shipper's Monthly Volume Commitment or are tendered onto the Canadian Mainline at a receipt point downstream of the US/Canada border
WCSB	Western Canada Sedimentary Basin