

**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 Trans Mountain Pipeline ULC on behalf of Trans Mountain Pipeline L.P. pursuant to Section 67 and the Traffic, Tolls and Tariffs provisions in Part 3 of the *Canadian Energy Regulator Act* for approval of Interim Commencement Date Tolls and Other Matters Related to the Transportation of Petroleum on the Expanded Trans Mountain Pipeline System.

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**APPLICATION FOR APPROVAL OF  
INTERIM COMMENCEMENT DATE TOLLS AND OTHER MATTERS  
RELATED TO THE TRANSPORTATION OF PETROLEUM  
ON THE EXPANDED TRANS MOUNTAIN PIPELINE SYSTEM**

**June 1, 2023**

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To: The Secretary  
Canada Energy Regulator  
517 Tenth Ave SW  
Calgary, Alberta T2R 0A8

## Table of Contents

I.	Application and Action Sought.....	4
II.	Background.....	5
	A.    Trans Mountain and the Existing Trans Mountain Pipeline System.....	5
	B.    The Expansion of the TMPL System and the Methodology for Determining the Tolls for Transportation Service on the Expanded System.....	5
III.	Overview of the Interim Commencement Date Tolls.....	9
IV.	The Toll Methodology and the Determination of the Interim Firm Service Tolls and the Interim Uncommitted Service Tolls.....	12
	A.    The Fixed Toll Component.....	13
	B.    The Variable Toll Component.....	16
V.	Other Charges, Fees and Penalties.....	19
VI.	Subsequent Developments.....	19
	A.    Variable Toll Component – Indigenous Consultation and Accommodation.....	19
	B.    Edmonton-to-Edmonton Tolls.....	21
VII.	Consultation on Interim Commencement Date Tolls.....	21
VIII.	The Interim Nature of the Applied for Tolls and the Proposed True-Up Mechanism.....	22
	A.    The Interim Nature of the Firm Service and Uncommitted Service Tolls.....	23
	B.    The Proposed True-Up Mechanisms.....	25
IX.	Requested Timing for Commission Decision and Effective Date for Interim Commencement Date Tolls.....	29
X.	Annual and Compliance Reporting.....	30
XI.	Requested Amendments to Orders.....	31
XII.	Relief Requested.....	33

**Tabs**

Tab 1: Summary of Consultation

Tab 2: Consultation Phase I – April 18, 19, and 28, 2023 – Toll Structure Presentation

Tab 3: Consultation Phase I – May 8, 2023 – Westridge Fees Presentation

Tab 4: Consultation Phase II – May 15, 2023 – Commencement Date Toll Preview Presentation

**Attachments**

Attachment 1: Toll Schedule – Interim Tolls Applying on the Transportation of Petroleum

Attachment 2: Toll Calculation Schedules

Attachment 3: Determination of the Fixed Toll Component for the Interim Tolls

Attachment 4: Determination of the Variable Toll Component for the Interim Tolls

Attachment 5: Additional Charges, Fees and Penalties

**Figures**

Figure 1: Expanded System

Figure 2: Expanded System - Receipt Points and Delivery Points

Figure 3: Fixed and Variable Toll Components

Figure 4: Indicative Timeline of the Single Settlement Approach

**I. Application and Action Sought**

1. Trans Mountain Pipeline ULC, as general partner of Trans Mountain Pipeline L.P. (collectively, Trans Mountain), hereby applies to the Commission (Commission) of the Canada Energy Regulator (CER) pursuant to section 67 and the Traffic, Tolls and Tariffs provisions in Part 3 of the Canadian Energy Regulator Act (CER Act) for the issuance of an order or orders approving interim commencement date tolls for firm service (Interim Firm Service Tolls), uncommitted service (Interim Uncommitted Service Tolls), and Edmonton to Edmonton Service (Interim Edmonton Service Tolls), and for other charges and fees (collectively, the Interim Commencement Date Tolls or Interim Tolls) for the transportation of petroleum on the expanded Trans Mountain Pipeline system (Expanded System), and related matters (Application).
2. The Interim Tolls are set out in the Toll Schedule included as Attachment 1 to this Application.
3. Trans Mountain, Shippers, producers, refiners, and other parties have a significant interest in ensuring that the Expanded System is placed into service as soon as possible following mechanical completion. Interim Tolls must be in effect prior to Trans Mountain commencing service on the Expanded System.
4. The Interim Tolls that are applied for in this Application are not final. They will be trued-up following the completion of the Trans Mountain Expansion Project (Expansion Project or TMEP) when as-built costs and expenses for the Expansion Project are finalized.
5. At this time, mechanical completion of the Expansion Project is expected to occur by the end of 2023. Trans Mountain anticipates that TMEP will be complete and the Expanded System will be available to provide service (Commencement Date) in the first quarter of 2024, subject to receipt of leave to open approvals and once all applicable pre-operation conditions set out in CPCN OC-065,<sup>1</sup> as amended, have been satisfied by Trans Mountain (or relief from such conditions has been obtained by Trans Mountain as may be granted by the Commission).
6. For these reasons, Trans Mountain respectfully requests a Commission decision on the Application on or before September 14, 2023.

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<sup>1</sup> Filing ID [C00061-3](#).

7. As described in Section IX of this Application, the issuance of a Commission decision on the Application by September 14, 2023 will provide critical commercial and regulatory certainty for Trans Mountain, Shippers and industry. It will facilitate the finalization of Trans Mountain's subsequent tariff filings that are required for the implementation of the Interim Tolls, and will ensure that the Interim Tolls are implemented and in effect at 7:00 am Mountain Time on the Commencement Date.

## **II. Background**

### **A. Trans Mountain and the Existing Trans Mountain Pipeline System**

8. Trans Mountain Pipeline ULC is an Alberta corporation, with its head office in Calgary, Alberta.
9. Trans Mountain Pipeline ULC is the general partner of Trans Mountain Pipeline L.P., a limited partnership registered in Alberta and the owner of the existing Trans Mountain Pipeline (TMPL) system. Trans Mountain is the holder of the authorizations for the TMPL system and for the Expansion Project and is a "company" as that term is defined in the CER Act.
10. The TMPL system is an approximately 1,147 km pipeline system between Edmonton, Alberta and Burnaby, B.C., which transports a range of crude petroleum and refined products to multiple locations in B.C. and Washington State, and to the Westridge Marine Terminal (Westridge Terminal) for offshore export. The TMPL system has a nominal capacity of approximately 300,000 bpd (47,690 m<sup>3</sup>/d).
11. In addition to the pipeline facilities, there are twenty-three (23) pump stations along the pipeline route of the TMPL system and five (5) terminals at Edmonton, Kamloops, Sumas, Burnaby and Westridge.

### **B. The Expansion of the TMPL System and the Methodology for Determining the Tolls for Transportation Service on the Expanded System**

12. Following numerous requests from Shippers to address capacity constraints and increase the capacity of the TMPL system, Trans Mountain commenced discussions in early 2011 with existing Shippers and other interested parties concerning their express desire to ship additional volumes of petroleum on the TMPL system pursuant to firm service arrangements.

13. Between October 20, 2011 and November 28, 2012, Trans Mountain held a binding Open Season process (consisting of three rounds) to obtain commitments from existing Shippers and other interested parties for firm service capacity on an expanded TMPL system.<sup>2</sup> The Open Season resulted in thirteen (13) Shippers executing firm service transportation agreements for 15 and 20-year terms, with total contracted volumes of approximately 707,500 bpd (112,480 m<sup>3</sup>/d).<sup>3</sup>
14. In advance of filing a facilities application with the National Energy Board (NEB, predecessor to the CER) for the construction of facilities to expand the capacity of the TMPL system, Trans Mountain applied to the NEB in June 2012 pursuant to Part IV of the National Energy Board Act (NEB Act) for approval of the toll methodology and the terms and conditions that would apply to an expanded Trans Mountain Pipeline system if such an expansion was built in the future.<sup>4</sup> Trans Mountain filed a revised application pursuant to Part IV of the NEB Act in January 2013 (Part IV Application).<sup>5</sup>
15. In the Part IV Application, the relief that Trans Mountain requested included orders from the NEB:<sup>6</sup>
  - (a) approving the implementation of Firm Service on up to eighty (80) percent of the Expanded System's nominal capacity, to be provided pursuant to the terms and conditions, including the toll methodology, set out in the FSA and TSA negotiated between Trans Mountain and Expansion Project Shippers; and
  - (b) approving the reservation of a minimum of twenty (20) percent of the Expanded System's nominal capacity for Uncommitted Service, and the implementation of Uncommitted Service pursuant to the applied for toll methodology.
16. In support of the Part IV Application, Trans Mountain filed the proforma facilities support agreement (FSA), the proforma transportation service agreement (TSA), the schedules to

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<sup>2</sup> Filing ID [A3E7A5](#), PDF 2 - 8 of 8.

<sup>3</sup> Filing ID [A3S0R0](#), PDF 8 and 12 of 43. Where Trans Mountain refers to bpd and m<sup>3</sup>/d, it has used the definition of "Cubic Meter" or "m<sup>3</sup>" in the Expanded System Rules & Regulations for the conversion (Filing ID [C23061-3](#), section 1.23), which provides that a "cubic meter" is converted into barrels at a conversion factor of 6.2898108 barrels.

<sup>4</sup> Filing ID [A42489](#).

<sup>5</sup> Filing ID [A50046](#).

<sup>6</sup> Filing ID [A3E7A3](#), PDF 17 of 18.

the FSA and TSA<sup>7</sup> and the rules and regulations that would govern transportation service on an expanded pipeline.

17. In May 2013, the NEB issued Reasons for Decision RH-001-2012 (RH-001-2012 or Decision).<sup>8</sup>
18. In the Decision and the associated Toll Order TO-004-2013,<sup>9</sup> the NEB approved the Part IV Application. Specifically, the NEB approved the toll methodology for Firm and Uncommitted Service on an expanded TMPL system as applied for by Trans Mountain, including the revised FSA, TSA, and the rules and regulations.
19. With respect to the rules and regulations for service on the Expanded System, Trans Mountain filed an application with the CER on January 27, 2023 requesting Commission approval of amendments to the rules and regulations that were initially approved by the NEB in the Decision.<sup>10</sup> On May 16, 2023, the CER approved the applied-for amendments to the rules and regulations (Expanded System Rules & Regulations).<sup>11</sup>
20. With respect to Trans Mountain's applied-for toll methodology (Toll Methodology), in RH-001-2012, the NEB stated the following in its approval of the Toll Methodology:<sup>12</sup>

After considering the entirety of the record, the Board finds, on balance, that the toll methodology as proposed by Trans Mountain will produce tolls that will be just, reasonable and not unjustly discriminatory, pursuant to Part IV of the *National Energy Board Act* (NEB Act). The Board approves the toll methodology as applied for, including the revised Facilities Support Agreement, the Transportation Service Agreement and the Rules and Regulations.

21. With the commercial underpinnings reflected by the executed FSA and TSA and the NEB's Decision approving the Toll Methodology, Trans Mountain considered that it had the necessary commercial support to proceed with an application to the NEB for approval to construct and operate the expansion to the TMPL system.

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<sup>7</sup> The FSA, TSA and associated schedules were filed with the NEB as Filing ID [A3E7D3](#), [A3E7D4](#), and [A3E7D5](#), respectively. In a Letter Decision dated August 2012 (Filing ID [A44942](#)), the NEB directed that Trans Mountain remove section 2.2 from the FSA. Trans Mountain then conducted a supplemental Round 3 to the Open Season to allow parties who would have executed an FSA but for section 2.2 to do so. Trans Mountain filed the revised FSA with section 2.2 removed in September 2012 (Filing ID [A3A014](#)). Parties that had signed an FSA with section 2.2 included were not bound by that provision of the FSA: Filing ID [A3E7F6](#) at PDF 9-10, TM.SEMI-SEPP-1.3(b)(c).

<sup>8</sup> Filing ID [A51913](#).

<sup>9</sup> Filing ID [A51914](#).

<sup>10</sup> Filing ID [C23061](#).

<sup>11</sup> Filing ID [C24509](#). The revisions approved by the Commission do not change the Toll Methodology approved by the NEB in the Decision.

<sup>12</sup> Filing ID [A51913](#), PDF 13 of 54.

22. Accordingly, and in response to the requests for transportation service from Western Canadian oil producers and West Coast refiners and the requests for increased capacity on the TMPL system, Trans Mountain filed an application with the NEB in December 2013 requesting the issuance of the required authorizations for it to construct and operate the Expansion Project (TMEP Application).<sup>13</sup> In its cover letter to the TMEP Application, Trans Mountain stated:<sup>14</sup>

In May 2013, pursuant to the National Energy Board's Reasons for Decision RH-001-2012, the Project received approval pursuant to Part IV of the *National Energy Board Act* for the tolling methodology that would apply to the Project. This approval reinforces market support for the Project and provided Trans Mountain with the necessary economic incentive to proceed with design, consultation and regulatory applications for the Project.

23. The construction and operation of the TMEP was subsequently authorized under Part III of the NEB Act through the issuance of a series of regulatory instruments following decisions by the NEB in the OH-001-2014 and MH-052-2018 regulatory proceedings.
24. Construction of the Expansion Project is more than eighty (80) percent complete. As stated in paragraph 5 above, mechanical completion of TMEP is currently expected to occur by the end of 2023. Trans Mountain anticipates that the Commencement Date for the Expanded System will be in the first quarter of 2024.
25. As shown in Figure 1 below, the TMEP includes construction of: approximately 980 km of new pipeline and 193 km of reactivated pipeline; twelve (12) new pump stations; nineteen (19) new tanks; and three (3) new berths at the Westridge Terminal in Burnaby, B.C.

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<sup>13</sup> NEB File [OF-Fac-Oil-T260-2013-03-01](#).

<sup>14</sup> Filing ID [A3S0QZ](#), PDF 1 of 113.



Figure 1: Expanded System



26. When TMEP is complete, nominal pipeline capacity on the TMPL system is expected to increase from approximately 300,000 bpd (47,690 m<sup>3</sup>/d) to approximately 890,000 bpd (141,500 m<sup>3</sup>/d). The existing TMPL system and the TMEP will be operated as the Expanded System.

### III. Overview of the Interim Commencement Date Tolls

27. As described above, the Toll Methodology was the result of extensive negotiations between Trans Mountain and prospective Shippers through an Open Season conducted by Trans Mountain in three (3) binding rounds from October 2011 to November 2012.

28. The negotiated Toll Methodology is not based on cost-of-service. It is reflected in the terms and conditions of the FSA<sup>15</sup> and TSA<sup>16</sup> executed by Expansion Project Shippers that

<sup>15</sup> Filing ID [A3E7D3](#) and Filing ID [A3E7D5](#).

<sup>16</sup> Filing ID [A3E7D4](#) and Filing ID [A3E7D5](#).

subscribed for 15-year and 20-year terms through the Open Season (TMEP Shippers) and the Expanded System Rules & Regulations.

29. Attachment 1 to this Application provides the Toll Schedule for transportation services on the Expanded System. The Toll Schedule sets out each of the Interim Commencement Date Tolls that Trans Mountain is requesting approval of in this Application.

30. The Toll Schedule is divided into the following six (6) sections:

Section I – *Net Tolls for Ex-Edmonton Transportation Service*. This Section includes five (5) tables setting out the Interim Uncommitted Service Tolls and the Interim Firm Service Tolls. Section I of the Toll Schedule includes the Interim Tolls for transportation services applying to:

- Uncommitted Shippers
- Firm Service Shippers with a 15-year term commitment and a volume commitment of less than 75 kbpd
- Firm Service Shippers with a 15-year term commitment and a volume commitment of 75 kbpd or greater
- Firm Service Shippers with a 20-year term commitment and a volume commitment of less than 75 kbpd
- Firm Service Shippers with a 20-year term commitment and a volume commitment of 75 kbpd or greater

Section II – *Net Tolls for Edmonton Service*. This Section includes the Interim Edmonton Service Tolls. As described in Section VI.B of this Application below, the Interim Edmonton Service Tolls have been set at the rates currently in effect for Edmonton Service on the existing TMPL system.<sup>17</sup>

Section III – *Elements included within the Variable Toll Component*. This Section identifies the elements that are included within the Variable Toll, the interim charges or fees included in the Variable Toll associated with each of those elements, and the Total Variable Toll applicable to service on the Expanded System for different receipt and delivery points.

Section IV – *Charges Applicable to All Movements*. This Section includes the Petroleum Loss Allowance Percentages, which will apply to all movements on the Expanded System.

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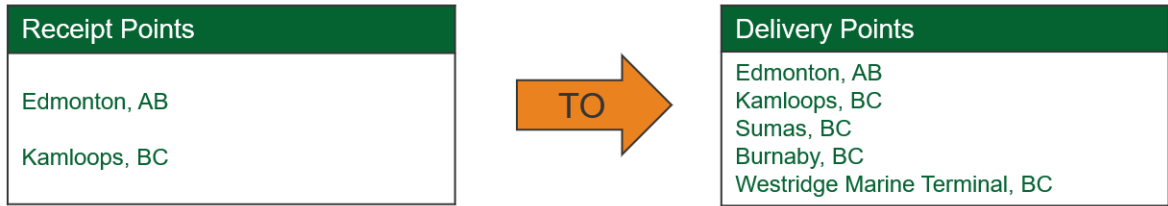
<sup>17</sup> Filing ID [A8L3S6](#), PDF 3 of 6.

Section V – *Additional Charges Applicable to Petroleum Loaded over the Westridge Marine Terminal.* This Section includes the charges that are applicable to all petroleum loaded over the Westridge Terminal, including the Westridge Dock Bid Premium, Bulk Oil Cargo Fee(s) (BOCF), Capital Asset & Loan Fee (CALF) and the Gateway Infrastructure Fee 2 (GIF2).

Section VI – *Additional Charges Set Out in the Rules & Regulations.* This Section includes the charges that are assessed as described therein for the Non-Performance Penalty, the Demurrage Charge and the Alternate Delivery Point Fee.

31. Attachment 2 to this Application provides the Toll Calculation Schedules which describe how Trans Mountain will calculate tolls and provide to the CER required reporting. Specifically, Schedules 1-8 in Attachment 2 show how Trans Mountain has calculated the components included in the Interim Tolls. Schedules CER 1-7 will address certain of Trans Mountain's reporting requirements, including pursuant to Guide BB and TO-004-2013. Trans Mountain anticipates filing with the Commission this set of Schedules, with the addition of a Schedule that will show the calculations for the Variable Toll True-Up, on an annual basis. Further details regarding the Toll Calculation Schedules are provided below in Section X.
32. The five (5) tables provided in Section I of the Toll Schedule (Attachment 1) reflect each of the transportation services that will be provided on the Expanded System. As shown in Attachment 1, the Interim Firm Service Tolls and the Interim Uncommitted Service Tolls in Section I of the Toll Schedule are different depending on service type (Tank Metered or Direct Inject), Firm Service contract term and contracted volume, distance of haul, and petroleum type.
33. As approved by the NEB in RH-001-2012, Trans Mountain will provide transportation services for refined, light, and heavy petroleum on the Expanded System.
34. Consistent with service provided on the existing TMPL system, Trans Mountain will provide transportation services from and to the following Receipt and Delivery Points on the Expanded System:

**Figure 2: Expanded System - Receipt Points and Delivery Points**



35. As shown in the Toll Schedule (Attachment 1), Trans Mountain will provide Tank Metered and Direct Inject service on the Expanded System. Volumes tendered at Edmonton that do not utilize Trans Mountain’s tankage facilities will receive a direct inject credit equal to \$0.13/bbl (approximately \$0.82/m3).<sup>18</sup> Further details of the Tank Metered and Direct Inject services are provided in Section I of the Toll Schedule.

**IV. The Toll Methodology and the Determination of the Interim Firm Service Tolls and the Interim Uncommitted Service Tolls**

36. The Interim Firm Service Tolls and the Interim Uncommitted Service Tolls are comprised of a fixed toll component (Fixed Toll component) and a variable toll component (Variable Toll component), as follows:<sup>19</sup>

**Figure 3: Fixed and Variable Toll Components**



37. Trans Mountain describes below in Sections IV.A and IV.B how the Fixed and Variable Toll components of the Interim Firm Service Tolls and the Interim Uncommitted Service Tolls have been determined in accordance with the Toll Methodology. Section VI below describes how Trans Mountain has accounted for two tolling matters that were not specifically contemplated by the approved Toll Methodology.

<sup>18</sup> All references herein to dollar amounts are to lawful currency of Canada. All cost estimates and tolls in this Application are based on a Commencement Date of January 1, 2024. If the Commencement Date is different from January 1, 2024, any resulting differences in costs or tolls may be adjusted in the latter part of 2024 or early 2025. The tolls in the Toll Schedule (Attachment 1) are shown to four decimal places. For purposes of this Application, Trans Mountain is showing tolls rounded to two decimal places.

<sup>19</sup> Filing ID [A3E7D5](#): Schedules to the FSA and TSA, Section 1, Schedule C – Toll Principles. In addition, petroleum loss allowance will be collected on all volumes. All petroleum loaded over the Westridge Terminal will also pay Westridge Dock Bid Premiums, BOCFs, CALF and the GIF2. Demurrage Charges, Non-Performance Penalties and Alternative Delivery Point Fees may also be applicable.

**A. The Fixed Toll Component**

38. The Fixed Toll component for the Interim Firm Service Tolls and the Interim Uncommitted Service Tolls is based on Trans Mountain’s latest forecasted cost estimate for the Expansion Project of \$30.9 billion.<sup>20</sup>
39. As Trans Mountain stated in the RH-001-2012 proceeding, the Fixed Toll component is to cover all costs with the exception of power and uncontrollable costs.<sup>21</sup> This includes costs of operating and maintaining the Expanded System except where such costs are uncontrollable costs and included in the Variable Toll component.<sup>22</sup> The complete description of the Toll Methodology was provided in Trans Mountain’s Part IV Application.<sup>23</sup>
40. During the Open Season for the Expansion Project, Trans Mountain offered two term commitments: 15-year and 20-year terms.
41. Table 1 below shows that the 15-year Edmonton to Burnaby toll for volumes less than 75 kbpd is the “benchmark” or “base” fixed toll (Base Fixed Toll).<sup>24</sup> Table 1 also shows the discounts or premiums applied to this “benchmark” toll for transportation services that differ from the term and/or volume commitment of the Base Fixed Toll.<sup>25</sup>

**Table 1: Base Fixed Toll, Premiums and Discounts**

Edmonton to Burnaby Movements			
Contract Term	Volume Commitment		
	Uncommitted	Less than 75 KBPD	75 KBPD or greater
No Contract	Base +10%		
15-Year Contract		Base Fixed Toll (Base)	Base -7.5%
20-Year Contract		Base -10%	Base -16.75%

Note: Discount for “20-Year Contract”, “75 KBPD or greater” is calculated as:  $1 - (0.9 \times 0.925) = 0.1675$ , or 16.75%.

<sup>20</sup> This estimate, and all estimates provided in this Application and in all Tabs and Attachments are preliminary and subject to change. As with all projects of this size, risks to the final costs and schedule will remain as work continues to complete the Expansion Project. The current cost estimate does not include reserves for extraordinary risks that can impact projects of this nature.

<sup>21</sup> Filing ID [A3E7A3](#), PDF 11 of 18.

<sup>22</sup> Filing ID [A3E7F6](#), PDF 101-102 of 128.

<sup>23</sup> Filing ID [A3E7A3](#), and Filing ID [A3E7A6](#).

<sup>24</sup> Filing ID [A51913](#), RH-001-2012, PDF 33 and 34 of 54.

<sup>25</sup> Filing ID [A51913](#), RH-001-2012, PDF 33 and 34 of 54.

42. In addition to the adjustments for term commitment and volume commitment, the Fixed Toll component is also adjusted for distance, and tolls to Westridge also incorporate costs and expenses for the expansion of the Westridge Terminal.<sup>26</sup>
43. The initial Fixed Toll components for Firm Service were provided at the time the FSA and TSA were negotiated between Trans Mountain and TMEP Shippers. At that time, Trans Mountain provided in Schedule B to the FSA and TSA the “Initial Cost Estimate” for TMEP and the “Indicative Toll Estimates” for service on the Expanded System, including the initial estimate of the Firm Service Tolls as required pursuant to section 3.2(a) of the FSA.<sup>27</sup> Further detail regarding the initial Fixed Toll component for the Indicative Toll Estimates is provided in Attachment 3 to this Application.
44. Under the terms of the FSA, the initial Fixed Toll component as shown in Schedule B to the FSA and TSA was to be adjusted at pre-determined milestones in accordance with the pre-set formula set out in the FSA.
45. The first milestone at which the Initial Cost Estimate and the initial Fixed Toll components were adjusted is described in Section 3.2(b) of the FSA.<sup>28</sup>
46. Pursuant to section 3.2(b) of the FSA, and following issuance of a Certificate of Public Convenience and Necessity for TMEP,<sup>29</sup> Trans Mountain delivered to TMEP Shippers in February 2017 the CPCN Cost Estimate and the Revised Toll. Further information regarding the CPCN Cost Estimate and the Revised Toll, and the audit conducted by the TMEP Shippers in respect of the CPCN Cost Estimate and Revised Toll pursuant to section 6.1(c) of the FSA,<sup>30</sup> is provided in Attachment 3 to this Application.
47. As part of the negotiations reflected in the commercial terms of the FSA and the Schedules to the FSA and TSA, Trans Mountain and TMEP Shippers agreed that costs for the Expansion Project would be included in either a “capped” cost (Capped Costs) or “uncapped” cost (Uncapped Costs) category, as defined in the FSA.<sup>31</sup> The categorization of costs between “Capped Costs” and “Uncapped Costs” was refined through the audit

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<sup>26</sup> Filing ID [A3E7D5](#), Schedules to the FSA and TSA, section 2.3, Schedule C – Toll Principles.

<sup>27</sup> Filing ID [A3E7D3](#), PDF 14 of 31.

<sup>28</sup> Filing ID [A3E7D3](#), PDF 14 of 31.

<sup>29</sup> Filing ID [A80871-1](#) and [A80871-3](#). The CPCN was issued on May 3, 2016 and received Governor in Council (GIC) approval on November 29, 2016. The NEB provided Trans Mountain with a copy of the GIC-approved CPCN by letter dated December 1, 2016.

<sup>30</sup> Filing ID [A3E7D3](#), PDF 21-22 of 31.

<sup>31</sup> Filing ID [A3E7D3](#), PDF 6 and 10 of 31.

conducted by TMEP Shippers pursuant to section 6.1(c) of the FSA in respect of the CPCN Cost Estimate.<sup>32</sup>

48. The parties to the FSA also negotiated the “Capped Costs Toll Limit”, which is defined in the FSA as the amount of the Fixed Toll component calculated for each Service Option using the CPCN Cost Estimate exclusive of Uncapped Costs.<sup>33</sup> In the Part IV Application, Trans Mountain described the Capped Costs Toll Limit and its relation to the Fixed Toll component as follows:<sup>34</sup>

When the Revised Toll is established a “Capped Costs Toll Limit”, which is a component of the Fixed Toll, is set and cannot be increased. ... If the capped portion of the Commencement Date Cost Estimate increases from the CPCN Cost Estimate, the Capped Cost Toll Limit component of the Fixed Toll will remain the same as when it was established at CPCN.

49. Based on the Capped Costs for the Expansion Project reflected in the CPCN Cost Estimate as audited by the TMEP Shippers, the Capped Cost Toll Limit was fixed at \$4.40/bbl (\$27.68/m3) for the Base Fixed Toll. Because the Capped Cost portion of the Fixed Toll was set at the time of the CPCN Cost Estimate, any increase in the Capped Costs between the CPCN Cost Estimate and the Commencement Date Cost Estimate has no impact on the tolls that are to be paid by Shippers.
50. The second milestone at which the TMEP cost estimate and the Fixed Toll component is to be adjusted is described in section 3.2(c) of the FSA,<sup>35</sup> which requires that Trans Mountain deliver to TMEP Shippers the “Commencement Date Cost Estimate”, and the “Commencement Date Toll” based on the Commencement Date Cost Estimate. The Commencement Date Toll determined pursuant to section 3.2(c) of the FSA is the Interim Base Fixed Toll, and adjustments to that toll in accordance with Table 1 and paragraph 42 above derive the Interim Firm Service Tolls and Interim Uncommitted Service Tolls.

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<sup>32</sup> Filing ID [A3E7D3](#), PDF 21-22 of 31.

<sup>33</sup> Filing ID [A3E7A6](#), PDF 4 of 10. Section 1.1 of the FSA (PDF 6 of 31) defines “Capped Costs” as “all Costs and Expenses that are not Uncapped Costs.” The “Capped Costs Toll Limit” is defined in Section 1.1 of the FSA (PDF 6 of 31) as “the amount of the Fixed Toll component calculated for each Service Option using the CPCN Cost Estimate exclusive of Uncapped Costs.” “Uncapped Costs” are defined in Section 1.1 of the FSA (PDF 10 of 31) as “the Costs and Expenses resulting from or relating to: (a) consultation and accommodation costs, (b) price of steel for pipe, (c) acquisition of property rights, and (d) pipeline construction and inspection.”: Filing ID [A3E7D3](#). See also, Filing ID [A3E7D5](#), Schedule B to the FSA.

<sup>34</sup> Filing ID [A3E7A6](#), PDF 4 of 10.

<sup>35</sup> Filing ID [A3E7D3](#), PDF 14-15 of 31.



51. The determination of the Commencement Date Tolls uses the CPCN Cost Estimate/Revised Toll as the basis for that determination, adjusted in accordance with the formula set out in section 3.2(c) of the FSA, which states:<sup>36</sup>

**3.2 Firm Service Toll Determination**

...

(c) Not less than thirty (30) days before the Commencement Date, the Carrier will deliver the Commencement Date Cost Estimate, together with a commencement date toll (the "**Commencement Date Toll**"). The Commencement Date Toll shall be determined as the amount of the Revised Toll plus or minus:

\$0.07 per barrel for every additional one hundred million dollar (\$100,000,000), or portion thereof, increase or decrease, respectively, in the Commencement Date Cost Estimate from the CPCN Cost Estimate, as distance adjusted for destinations other than Burnaby, provided that in no event shall the Fixed Toll include any amount in respect of Capped Costs in excess of the Capped Costs Toll Limit.

52. In accordance with the Toll Methodology, including the Capped Cost Toll Limit described above, it is only the increase in the Uncapped Costs portion of Expansion Project costs that can be reflected in the adjustment pursuant to section 3.2(c) of the FSA in the determination of the Interim Base Fixed Toll.<sup>37</sup>
53. As further described in Attachment 3 and as shown in Table 3-11 and 3-12, the Uncapped Costs included in the Commencement Date Cost Estimate are \$9.087 billion, and the Uncapped Cost component for the Interim Base Fixed Toll is \$6.48/bbl (\$40.76/m3).<sup>38</sup>

**B. The Variable Toll Component**

54. The Variable Toll component of the Interim Firm Service Tolls and the Interim Uncommitted Service Tolls will be the same for all Shippers on the Expanded System (whether Firm Service Shippers or Uncommitted Service Shippers) that nominate the same petroleum type from the same Receipt Point to the same Delivery Point. The

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<sup>36</sup> As described in Attachment 4, power is adjusted for both distance and petroleum type.

<sup>37</sup> Filing ID [A2U4S7](#), PDF 4 of 9. Pursuant to the Toll Methodology, the Fixed Toll component will escalate by two and one-half (2.5) percent annually commencing on the first anniversary of the Commencement Date. No toll escalation is included in the Fixed Toll component of the Interim Commencement Date Tolls which are the subject of this Application.

<sup>38</sup> This estimate, and all estimates provided in this Application and in all Tabs and Attachments are preliminary and subject to change. As with all projects of this size, risks to the final costs and schedule will remain as work continues to complete the Expansion Project. The current cost estimate does not include reserves for extraordinary risks that can impact projects of this nature.



Variable Toll component is therefore adjusted for distance<sup>39</sup> but does not vary depending on the committed volumes or term.

55. The Variable Toll component is based on the annual forecasted cost for each item included in the Variable Toll. Trans Mountain is required to calculate an annual reconciliation of these forecast costs within ninety (90) days of the end of each calendar year at which time Trans Mountain will provide a reconciliation between the actual variable costs for each item included in the Variable Toll and the amounts collected through the Variable Toll over that same time period.<sup>40</sup>
56. As directed in the RH-001-2012 Decision, this reconciliation will include a clear statement of the adjustments and supporting evidence.<sup>41</sup> Any under/over collection between the actual variable costs and the amounts collected will be collected/refunded in the following year's Variable Toll through a true-up, as shown in the Toll Calculation Schedules.
57. As Trans Mountain stated in the RH-001-2012 proceeding, the Variable Toll component will recover "power and uncontrollable costs resulting from changes in operations that are not currently anticipated or could not reasonably be included in calculating the toll",<sup>42</sup> which would be flowed through to Shippers and reconciled annually. The complete description of the Toll Methodology was provided in Trans Mountain's Part IV Application.<sup>43</sup>
58. Pursuant to the Toll Methodology and as described in Schedule C to the FSA and TSA,<sup>44</sup> the Variable Toll component for the Expanded System tolls is to include:
  - (i) power costs;<sup>45</sup>
  - (ii) revenue sharing;
  - (iii) uncontrollable costs (as justified by Carrier with supporting evidence), whether operating or capital, resulting from changes in operations which were not anticipated by Trans Mountain or could not reasonably be included in calculating the toll, including:

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<sup>39</sup> As described in Attachment 4, power is adjusted for both distance and petroleum type.

<sup>40</sup> Filing ID [A3E7D5](#), Schedules to the FSA and TSA, Schedule C – Toll Principles, section 3(d).

<sup>41</sup> Filing ID [A51913](#), PDF 39 of 54.

<sup>42</sup> Filing ID [A3E7A3](#), para 23.

<sup>43</sup> Filing ID [A50046](#).

<sup>44</sup> Filing ID [A3E7D5](#), Schedules to the FSA and TSA, Schedule C – Toll Principles, section 3.

<sup>45</sup> Filing ID [A3E7D5](#), Schedules to the FSA and TSA, Schedule C – Toll Principles, PDF 5-6 of 7, which indicates power costs will be adjusted for distance and petroleum type. See also, Filing ID [A3D7G9](#), PDF 5 of 24, TM.NEB-1.2(d).

- a. increases in costs resulting from changes in legislation, regulations, orders or directions from any government or regulatory body, including the NEB or CER, which result in changes to safety, integrity, environmental practices or procedures, land use rezoning;
  - b. the collection of pipeline abandonment costs pursuant to NEB Order RH-2-2008 and any subsequent NEB or CER orders;<sup>46</sup>
  - c. increases in costs resulting from any programs or facilities requested by Shippers and agreed to by Trans Mountain that are consistent with the Trans Mountain Investment Policy as may be amended from time to time; and
  - d. costs resulting from terrorism, sabotage or civil disturbances.
59. The items listed in (iii)(a)-(d) above (as per section 3.3(a) – (d) of Schedule C to the FSA/TSA) are not exhaustive. Other costs may be recovered in the Variable Toll component.<sup>47</sup>
60. The following ten (10) Variable Toll elements are anticipated to be included in the Variable Toll component of the Expanded System tolls:<sup>48</sup>
- (i) Power Costs
  - (ii) Indigenous Consultation and Accommodation Costs
  - (iii) Pipeline Reclamation Surcharge
  - (iv) Enhanced Response Regime Cost Recovery Fee (ECRF)
  - (v) Fibre Optic-based Leak Detection
  - (vi) Greenhouse Gas (GHG) Offset Costs
  - (vii) Revenue Sharing
  - (viii) ITS Reconciliation
  - (ix) Westridge Dock Bid Premium Surcredit
  - (x) Variable Toll True-Up
61. However, only items (i)-(iv) listed above are applicable at the Commencement Date of the Expanded System.

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<sup>46</sup> Filing ID [A3E7A6](#), PDF 2 of 10.

<sup>47</sup> See for example, Filing ID [A3E7F6](#), PDF 18-20 of 128 where the Variable Toll was described in reference to unanticipated costs arising out of terrestrial spill response and clean-up, the need for thicker wall pipe, additional valves and manning of pump stations.

<sup>48</sup> See Section VI.A. below regarding the Variable Toll component for Indigenous Consultation and Accommodation Costs. See also, Filing ID [A3E7F0](#), PDF 5-6 of 24.

62. Each of the ten items listed in paragraph 60 above are discussed in Attachment 4 to this Application.

**V. Other Charges, Fees and Penalties**

63. As discussed in further detail in Attachment 5, in addition to the Fixed Toll component and the Variable Toll component for the Interim Tolls, transportation services on the Expanded System will also be subject to additional charges and fees as set out Sections IV-VI of the Toll Schedule (Attachment 1).

64. Section IV of the Toll Schedule identifies the Petroleum Loss Allowance Percentages that will apply to all movements on the Expanded System.

65. Section V of the Toll Schedule identifies the following charges that will be applicable to all petroleum loaded over the Westridge Terminal:

- Westridge Dock Bid Premium
- Bulk Oil Cargo Fee(s) (BOCF)
- Capital Asset & Loan Fee (CALF)
- Gateway Infrastructure Fee 2 (GIF2)

66. Section VI of the Toll Schedule identifies the following charges and fees that will be applied by Trans Mountain in the circumstances indicated therein and which are described in the Expanded System Rules & Regulations:

- Non-Performance Penalty
- Demurrage Charge
- Alternate Delivery Point Fee

**VI. Subsequent Developments**

67. Trans Mountain is requesting Commission approval for the following two (2) tolling matters that were not specifically contemplated by the Toll Methodology.

**A. Variable Toll Component – Indigenous Consultation and Accommodation**

68. As of the date of this filing, Trans Mountain has signed 69 Indigenous consultation and accommodation agreements, including mutual benefit agreements (MBAs), representing 81 Indigenous groups (Indigenous Agreements). The total current cost for these

Indigenous Agreements is approximately \$660 million, before consumer price index (CPI) escalation is applied.

69. Trans Mountain initially considered that its obligations under the Indigenous Agreements would be in the form of lump sum payments and incurred prior to the Commencement Date. This was reflected in the Toll Methodology which contemplates that consultation and accommodation costs would be included in the Uncapped Cost portion of the Fixed Toll component for Expansion System tolls.<sup>49</sup>
70. As Trans Mountain's engagement with Indigenous groups progressed, the approach to accommodation under the Indigenous Agreements included not only lump sum payments to Indigenous groups in advance of the Commencement Date, but also payments that would be made over time after the Commencement Date.
71. Of the approximately \$660 million total costs under the Indigenous Agreements, approximately \$274 million will be incurred by Trans Mountain prior to, or within thirty (30) days of, the Commencement Date. Approximately \$386 million (before adjustments for CPI) of these costs will be incurred by Trans Mountain over an approximate 20-year period following the Commencement Date, in accordance with the terms of those Indigenous Agreements.<sup>50</sup>
72. Through consultations, Trans Mountain and TMEP Shippers agreed that costs under the Indigenous Agreements incurred by Trans Mountain up to and within thirty (30) days of the Commencement Date will continue to be included as a capital cost of TMEP and as part of the Uncapped Cost portion of the Fixed Toll component. Trans Mountain and TMEP Shippers also agreed that costs paid pursuant to the terms of the Indigenous Agreements after this period will be included in the Variable Toll component. Consistent with the toll methodology for the Variable Toll, Trans Mountain will forecast these costs annually and will reconcile them on an annual basis at the time of the Variable Toll True-Up.
73. The Indigenous Consultation and Accommodation Costs that have been included in the Variable Toll component of the Interim Tolls are further detailed in Section III of the Toll Schedule (Attachment 1) and Schedules 5 and 5.7 of the Toll Calculation Schedules (Attachment 2).

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<sup>49</sup> Filing ID [A3E7D5](#), PDF 4 of 7.

<sup>50</sup> See footnote 18 above: All cost estimates and tolls in this Application are based on a Commencement Date of January 1, 2024.

**B. Edmonton-to-Edmonton Tolls<sup>51</sup>**

74. On the TMPL system, Edmonton-to-Edmonton volumes are charged a toll to transit the Edmonton Terminal to contract tanks at the Edmonton Terminal or another third-party facility or pipeline. Following the Commencement Date for the Expanded System, Trans Mountain will continue to provide Edmonton-to-Edmonton Service on an uncommitted basis.
75. In this Application, Trans Mountain is requesting Commission approval for interim tolls for Edmonton-to-Edmonton Service (Interim Edmonton Service Tolls) that are at the same toll that Trans Mountain currently charges for this same service.<sup>52</sup> The 2023 toll for Tank Metered, Non-Pipe is \$0.28/bbl (\$1.77/m<sup>3</sup>); and the toll for Metered In, 3rd Party is \$0.06/bbl (\$0.36/m<sup>3</sup>).<sup>53</sup>
76. Trans Mountain is proposing that the current 2023 tolls for Edmonton-to-Edmonton Service established under the Incentive Toll Settlement be charged on an interim basis as a starting point for further discussions with Shippers. Trans Mountain will continue to assess the Interim Edmonton Service Tolls, and following the Commencement Date, may develop new tolls in consultation with its Shippers and Edmonton Terminal users, if necessary.
77. Further information regarding the Interim Edmonton Service Tolls is provided in Section II of the Toll Schedule (Attachment 1).

**VII. Consultation on Interim Commencement Date Tolls**

78. Trans Mountain has engaged with Shippers and interested commercial third parties in accordance with Section 3.5 of the CER's Filing Manual.
79. As detailed in Tab 1, in April and May 2023, Trans Mountain engaged in consultations with TMEP and existing Shippers and other commercially interested parties with a commercial interest in the Expanded System for the purpose of reviewing the approved Toll Methodology and providing the foundation for the determination of the Interim Tolls set out in the Toll Schedule (Attachment 1).

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<sup>51</sup> Services at the Edmonton terminal have evolved over the last twenty years. Tolls for these services have been approved through previous Settlements, Toll Applications, etc. See for example Filing ID [A51111](#).

<sup>52</sup> Filing ID [A8L3S6](#), PDF 3 of 6.

<sup>53</sup> Filing ID [A8L3S6](#), PDF 3 of 6.

80. During Phase I of the consultation process, Trans Mountain held three separate meetings between April 18 and April 28, 2023 to provide an overview of the toll structure and approved Toll Methodology for Expansion System Tolls and an overview of other charges and fees for transportation service on the Expanded System.
81. As detailed in Tab 1, during Phase I of the consultation process, Trans Mountain met separately with (i) TMEP Shippers, (ii) Canadian Association of Petroleum Producers (CAPP) and the Trans Mountain Pipeline System Committee members (TMPL Committee), and (iii) other Shippers, connected facilities, and parties with a commercial interest in the Expanded System.
82. Trans Mountain discussed Westridge Specific Fees as part of the Phase I consultations. However, in response to feedback from Shippers during the Phase I consultations requesting additional detail, Trans Mountain scheduled two additional consultation meetings, both held on May 8, 2023, to discuss in more detail the fees applicable to all petroleum loaded over the Westridge Terminal (Westridge Fees Presentation) in advance of the Phase II consultation taking place.
83. During Phase II of the consultation process, Trans Mountain held a meeting on May 15, 2023, to discuss the determination of the Interim Commencement Date Tolls, including the level of those Interim Tolls.
84. At each meeting described above, Trans Mountain made a presentation with information specific to the topics being discussed at each meeting. The same presentation was used by Trans Mountain at each of the three meetings held in the Phase I consultations related to the Toll Methodology. The same presentation on Westridge Fees was used at each of the two meetings held on May 8, 2023. A copy of these presentations is provided at Tabs 2 and 3, respectively. A copy of the presentation used for the Phase II consultation is provided at Tab 4.
85. All Phase I and Phase II participants were afforded the opportunity to ask questions during the meetings, and all participants were invited to submit comments to Trans Mountain following the close of each session. A summary of the topics that were the subject of questions from participants during and after the meeting is provided in Tab 1.

**VIII. The Interim Nature of the Applied for Tolls and the Proposed True-Up Mechanism**

86. Trans Mountain is requesting approval of the Interim Commencement Date Tolls. These tolls are not final. The Interim Tolls will be adjusted at a later date following the completion

of the TMEP when As-Built Costs and Expenses are finalized and following the Commission's approval of adjusted tolls.

87. In this section, Trans Mountain describes the interim nature of the tolls that are the subject of this Application, and the mechanism that Trans Mountain proposes to true-up any differences between the Fixed Toll component of the Interim Tolls and any adjustments to that component of the Interim Tolls.

**A. The Interim Nature of the Firm Service and Uncommitted Service Tolls**

88. The interim nature of the Fixed Toll component of the Interim Firm Service Tolls and the Interim Uncommitted Service Tolls is described with reference to sections 3.2(c), 3.2(d) and 3.2(e)(iv) of the FSA,<sup>54</sup> and section 3.1(a) of the TSA,<sup>55</sup> as follows:

- (a) The determination of the fixed toll component of the Commencement Date Toll is described in section 3.2(c) of the FSA.
- (b) After the commencement date (as defined in the TSA), Trans Mountain is required to establish a Firm Service Toll that reflects the As-Built Costs and Expenses for TMEP. Trans Mountain is required to establish this toll within ninety (90) days following the first anniversary of the Commencement Date.<sup>56</sup> This provision acknowledges that the As-Built Costs and Expenses would not be available in advance of the Commencement Date.
- (c) Once the As-Built Costs and Expenses are known and an adjusted toll is established to reflect those costs and expenses, Trans Mountain is required to provide to TMEP Shippers a reconciliation between the Fixed Toll component of the tolls established pursuant to section 3.2(c) of the FSA and the Fixed Toll component of the tolls established pursuant to section 3.2(d) of the FSA. The requirement for this reconciliation is set out in section 3.2(e)(iv) of the FSA.<sup>57</sup>
- (d) Also pursuant to section 3.2(e)(iv) of the FSA, Trans Mountain is required to set out any "over payment or under payment of the Firm Service Toll to such date".<sup>58</sup> Based on the Fixed Toll established pursuant to section 3.2(d) of the FSA, Trans Mountain is therefore required to identify any over payment or under payment that each Shipper made since the Commencement Date. This over or under payment would be determined

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<sup>54</sup> Filing ID [A3E7D3](#), PDF 14-15 of 31.

<sup>55</sup> Filing ID [A3E7D4](#), PDF 12 of 22.

<sup>56</sup> Filing ID [A3E7D3](#), PDF 15 of 31. "Firm Service Toll" is defined at PDF 8 of 31 to mean "collectively the Fixed Toll and the Variable Toll, as adjusted in accordance with this Agreement, including without limitation, Schedule C".

<sup>57</sup> Filing ID [A3E7D3](#), PDF 15 of 31.

<sup>58</sup> Filing ID [A3E7D3](#), PDF 15 of 31.

with reference to the Commencement Date Toll charged to each Shipper (section 3.2(c) of the FSA) and the corresponding Firm Service Toll that is established pursuant to section 3.2(d) of the FSA. In order to settle these differences, Trans Mountain is required to set out the methodology it will use.

89. Pursuant to section 3.2(e)(iv) of the FSA, Trans Mountain will: (i) determine the difference between the Commencement Date Toll paid by a Shipper (section 3.2(c) of the FSA) and the applicable Fixed Toll component of the Firm Service Toll and (ii) identify any over or under payment made by each Shipper. The true-up or reconciliation required by section 3.2(e)(iv) of the FSA can only be made if the Fixed Toll component of the Commencement Date Toll is interim.
90. Section 3.1(a) of the TSA provides additional clarity regarding the interim nature of the Commencement Date Tolls and the required adjustments that are to be made to the Interim Tolls.
91. Section 3.1(a) of the TSA provides that the Commencement Date Toll is set “initially”, and is set until the Firm Service Toll is determined based on the As-Built Costs and Expenses pursuant to section 3.2(d) of the FSA. Section 3.1(a) of the TSA states in this regard:<sup>59</sup>

(a) Initially the Firm Service Toll shall be set as the Commencement Date Toll (as defined in the Facility Support Agreement) until the Firm Service Toll is determined and set pursuant to Section 3.2(d) of the Facility Support Agreement.

92. Further, section 3.1(a) of the TSA is explicit that where Costs and Expenses are incurred or determined after the toll is determined pursuant to section 3.2(d) of the FSA, then those further adjustments “shall be made effective as of Commencement Date”. Section 3.1(a) of the TSA states in this regard:<sup>60</sup>

... If subsequent to the delivery of the Notice of Firm Service Toll (as defined in the Facility Support Agreement), further changes in Costs and Expenses (as defined in the Facility Support Agreement) are incurred or determined, Carrier may with notice to Shipper further adjust the Fixed Toll for such changes in Costs and Expenses. ... All such further adjustments to the Firm Service Toll shall be made effective as of Commencement Date. [Emphasis added.]

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<sup>59</sup> Filing ID [A3E7D4](#), PDF 12 of 22.

<sup>60</sup> Filing ID [A3E7D4](#), PDF 12 of 22.



93. In order for such further adjustment to the Firm Service Toll to be effective as of the Commencement Date, the Commencement Date Tolls must be “interim”.
94. In addition to the Fixed Toll component of the Interim Firm Service Tolls and Interim Uncommitted Service Tolls, Trans Mountain is requesting that the Variable Toll component, and the Non-Performance Penalty and Alternate Delivery Point Fee set out in Section VI of the Toll Schedule (Attachment 1) which are based on the applicable Fixed and/or Variable Toll, also be made interim, as further discussed below in Section VIII.B.
95. At this time, construction of TMEP is not complete, and final costs are not yet known. All cost estimates and tolls in this Application are based on a Commencement Date of January 1, 2024. If the Commencement Date is different from January 1, 2024, any resulting differences in costs or tolls will be trued-up in the latter part of 2024 or early 2025. Once the as-built costs are finalized and the Expanded System is in service, Trans Mountain will have the information that it requires to finalize the Fixed and Variable Toll components of the tolls.
96. The provisions of the approved FSA and TSA referenced above confirm that the Commencement Date Toll established pursuant to section 3.2(c) of the FSA must be interim.<sup>61</sup> These tolls will be trued-up once As-Built Costs and Expenses (subject to audit as discussed above) or further adjustments (in accordance with the TSA) are known and adjusted tolls can be established.

**B. The Proposed True-Up Mechanisms**

97. As described in Section IV above, the Interim Firm Service Tolls and the Interim Uncommitted Service Tolls are comprised of a Fixed Toll component and a Variable Toll component.
98. The components of the Variable Toll may be adjusted in the latter part of 2024 or early 2025 or through the Variable Toll True-Up within ninety (90) days of the end of each calendar year.<sup>62</sup> The Variable Toll True-Up will reflect the difference between actual costs and actual collections related to the Variable Toll elements.<sup>63</sup> Trans Mountain does not therefore propose that the true-up mechanism described below be applied to the Variable Toll component of the Interim Tolls. Further details regarding the proposed true-up

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<sup>61</sup> The FSA does not provide a contractual right for TMEP Shippers to audit the Commencement Date Toll.

<sup>62</sup> Filing ID [A3E7D5](#), section 3.5.

<sup>63</sup> Filing ID [A3E7D5](#), sections 3.1(c) and (d), 3.4 and 3.5. See also, Filing ID [A3E7A6](#), PDF 1-2 of 10.

mechanism for the Variable Toll component is described in Section IV.B above and Attachment 4.

99. The Fixed Toll component of the Interim Tolls will be adjusted pursuant to section 3.2(d) of the FSA to establish the Firm Service Toll. The Firm Service Toll will reflect the actual as-built costs and expenses for TMEP and must be established no later than ninety (90) days following the first anniversary of the Commencement Date.<sup>64</sup>
100. Before Trans Mountain files for Commission approval of the Firm Service Toll, the TMEP Shippers may exercise their right under section 6.1(c)(ii) of the FSA to request an audit of the Firm Service Toll Costs and Expenses.
101. Through that audit process, Trans Mountain will further discuss the details of the As-Built Costs and Expenses with the TMEP Shippers and provide the auditor with access to applicable documentation and data, thereby providing a significant amount of detail to support the actual as-built costs and expenses and the establishment of the Firm Service Toll. The TMEP Shippers have the contractual right to audit that information under the FSA at that time.
102. The TMEP Shippers exercised a similar audit right pursuant to section 6.1(c)(i) of the FSA respecting the CPCN Cost Estimate and the Revised Toll established under section 3.2(b) of the FSA.<sup>65</sup> Through that audit process, Trans Mountain discussed the CPCN Cost Estimate and Revised Toll in detail with the TMEP Shippers and provided to the TMEP Shippers' auditor a significant amount of detailed information regarding the Capped Costs and Uncapped Costs included in the CPCN Cost Estimate and the Revised Toll. The detailed information that Trans Mountain provided through the audit process in respect of the CPCN Cost Estimate is described in Attachment 3.
103. Once the Firm Service Toll determined pursuant to section 3.2(d) of the FSA is approved by the Commission, Trans Mountain proposes the following steps for the true-up of the Fixed Toll component of the Interim Tolls for any differences between the interim Fixed Toll amounts charged by Trans Mountain starting on the Commencement Date to the date

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<sup>64</sup> Filing ID [A3E7D3](#), PDF 15 of 31.

<sup>65</sup> Filing ID [A3E7D3](#), PDF 14 of 31.

that the Fixed Toll components of the Firm Service Tolls pursuant to section 3.2(d) of the FSA<sup>66</sup> (or section 3.1(a) of the TSA)<sup>67</sup> come into effect (True-Up Mechanism):

- (a) Once an adjusted toll determined pursuant to section 3.2(d) of the FSA (or section 3.1(a) of the TSA) is in effect, Trans Mountain will review each invoice that it issued to each Firm Service Shipper and Uncommitted Service Shipper as of the Commencement Date (each, an Original Invoice);
- (b) Trans Mountain will recalculate the amounts to be charged to each Firm Service Shipper and Uncommitted Service Shipper based on the Fixed Toll component of the Firm Service Tolls determined pursuant to section 3.2(d) of the FSA (or section 3.1(a) of the TSA);
- (c) Trans Mountain will issue an adjustment invoice to each Firm Service Shipper and Uncommitted Service Shipper that received an Original Invoice. The adjusted invoice will be based on the recalculation to be conducted as described in (b) above (each, an Adjusted Invoice);
- (d) Trans Mountain will, based on any difference between each Original Invoice and the associated Adjusted Invoice, either refund or recover from each Firm Service Shipper and Uncommitted Service Shipper any difference between the Original Invoice and the associated Adjusted Invoice (each, a Tolling Difference). This refund or recovery will be made to or from the Shipper that received an Original Invoice; and
- (e) Trans Mountain will use a single settlement approach to reconcile and true-up the Tolling Differences (Single Settlement Approach), as follows:
  - i. if the Original Invoice(s) is lower than the associated Adjusted Invoice(s), Trans Mountain will recover from the applicable Shipper the Tolling Difference(s) by issuing a single settlement invoice to that Shipper. The settlement invoice shall be for the full amount of all Tolling Difference(s) applicable to that Shipper.
  - ii. If the Original Invoice(s) is higher than the associated Adjusted Invoice(s), Trans Mountain will refund to the applicable Shipper the Tolling Difference(s) by issuing a settlement payment to that Shipper. The settlement payment shall be for the full amount of all Tolling Difference(s) applicable to that Shipper.

104. The following diagram provides an indicative timeline of Trans Mountain's current expectations regarding the Single Settlement Approach discussed above. The timeline to establish the tolls pursuant to section 3.2(d) of the FSA and settle over or under payments could be expedited with, for example, TMEP Shipper support to advance the

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<sup>66</sup> Filing ID [A3E7D3](#), PDF 15 of 31.

<sup>67</sup> Filing ID [A3E7D4](#), PDF 12 of 22.

commencement of the audit and have it completed in a time frame that would facilitate an earlier determination of the tolls required to complete the single settlement discussed above.

**Figure 4: Indicative Timeline of the Single Settlement Approach**



105. As Trans Mountain continues towards Expansion Project completion and finalizing as-built costs and expenses for the Expansion Project, it will monitor the impact of further cost adjustments on tolls and the timing of a TMEP Shipper Audit and consider whether to request an interim adjustment to the Interim Tolls pending finalization and Commission approval of the Firm Service Toll pursuant to section 3.2(d) of the FSA or section 3.1 of the TSA.
106. Trans Mountain will include in each settlement invoice or settlement payment as described above a charge for or payment of, as the case may be, interest at the TD Bank Prime Rate minus 2%. In the event of a recovery from Shippers, interest will be calculated on the Tolling Difference(s) from the due date of each Original Invoice until the date upon which Trans Mountain issues the settlement invoice. In the event of a refund from Trans Mountain, interest will be calculated on the Tolling Difference(s) from the date Trans Mountain received payment for the applicable Original Invoice to the date upon which Trans Mountain issues the settlement payment for the amount of the refund.
107. In the event Trans Mountain issues invoices to recover Tolling Differences, those invoices shall be paid by the applicable Shipper within thirty (30) days of the issuance date, and any such invoice not paid within that thirty (30) day period will be charged interest from the due date of such invoice at the TD Bank Prime Rate plus 2% until paid in full to Trans Mountain.

**IX. Requested Timing for Commission Decision and Effective Date for Interim Commencement Date Tolls**

108. Trans Mountain and its Shippers, and producers, refiners and other parties, have a significant interest in ensuring that the Expanded System is placed into service as soon as possible following mechanical completion of the Expansion Project.
109. When construction of the TMEP is complete and the pipeline and associated facilities are placed into service, Trans Mountain will begin to incur significant additional costs for the operation of the Expanded System, which will be comprised of not only the existing TMPL system, but all assets that are being constructed as part of the TMEP. These pipelines and facilities will be used to provide service to Shippers on the Expanded System in accordance with and pursuant to Trans Mountain's Rules & Regulations and Toll Schedule. Trans Mountain needs to be able to recover from Shippers the tolls associated with the provision of service on the Expanded System once the TMEP assets are placed into operation, and Shippers should be required to pay tolls for the transportation services that they receive. Interim Tolls must be in effect prior to Trans Mountain providing service on the Expanded System.
110. For these reasons, Trans Mountain is requesting an order from the Commission authorizing the Interim Tolls in the Toll Schedule to be effective at 7:00 am Mountain Time on the Commencement Date, pursuant to sections 67(4) and 228 of the CER Act.
111. Trans Mountain is requesting that the Commission render a decision on this Application by September 14, 2023.
112. At this time, Trans Mountain anticipates mechanical completion of the TMEP by the end of 2023 with a Commencement Date of the Expanded System in the first quarter of 2024, and as early as January 2024, subject to receipt of required leave to open approvals and once all applicable pre-operation conditions set out in CPCN OC-065, as amended, have been satisfied by Trans Mountain (or relief from such conditions has been obtained by Trans Mountain as may be granted by the Commission). Currently, the Advanced Dock Nomination Date for January 2024 shipments is December 11, 2023. Other nominations to the Expanded System for January 2024 shipments are due to be submitted to Trans Mountain by December 13, 2023.
113. A Commission decision on the Application by September 14, 2023 is expected to provide sufficient time for Trans Mountain to satisfy any Commission directions associated with

the Commission's decision on this Application, and file the CER-approved Interim Tolls at least three (3) months prior to the Commencement Date, which would require the administrative filing to be made early in the fourth quarter of 2023. The anticipated timing for this filing will ensure that Interim Commencement Date Tolls and the Toll Schedule are on file with the Commission in advance of first nominations of petroleum to the Expanded System, which as indicated above, Shippers may need to submit to Trans Mountain as early as mid-December.

114. The anticipated administrative filing of the tariff document in the fourth quarter of 2023 will ensure that all Shippers have sufficient notice of the tolls that will be in effect for service on the Expanded System prior to first nominations. This critical market information will provide needed commercial and regulatory certainty for Trans Mountain and its Shippers, and ensure that Shippers and market participants can finalize negotiations and conclude necessary supply, market and operational arrangements, all of which will need to be in place to support nominations to the Expanded System in advance of the Commencement Date.

**X. Annual and Compliance Reporting**

115. Schedules 1-8 to the Toll Calculation Schedules (Attachment 2) provide details regarding the build-up and derivation of the Fixed Toll component, the Variable Toll component, and the other charges and fees. The Toll Calculation Schedules provide information that is similar to the information that Trans Mountain has historically provided with its annual incentive toll settlement (ITS) filings.<sup>68</sup>
116. The Schedules in Attachment 2 also include CER Compliance Reporting Schedules (CER 1-7) similar to what Trans Mountain currently reports in the ITS schedules and which it anticipates filing in its future annual true-up processes. To comply with reporting requirements of Order TO-004-2013<sup>69</sup> and Guide BB of the CER Filing Manual, the following CER Compliance Reporting schedules are included:
- CER 1 Actual Uncommitted Volumes Report
  - CER 2 Revenue Sharing and Toll Impact Report
  - CER 3 Rate Base Information
  - CER 4 Annual Integrity Spending

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<sup>68</sup> See for example, Filing ID [A8L3S5](#).

<sup>69</sup> Filing ID [A51913](#), PDF 52 of 54.

- CER 5 Annual Return on Equity
  - CER 6 Summary of the Due from Westridge Shippers Deferral Account (to recover amounts in the Due from Westridge Shippers Deferral Account as authorized in CER Order TO-001-2016)
  - CER 7 Costs Recovered from Merchant Services at the Edmonton Terminal (per NEB letter dated March 6, 2008 in relation to Order XO-T246-04-2008).
117. Additional reporting requirements that do not align with the timing of the annual reconciliation process for the Variable Toll component of the Firm Service Tolls and Uncommitted Service Tolls, such as quarterly throughput data and the annual filing of financial statements, will continue to be completed in a manner consistent with current Trans Mountain practices.

#### **XI. Requested Amendments to Orders**

118. As part of the relief that Trans Mountain is requesting in this Application, Trans Mountain requests, if required, an amendment to Order TO-004-2013 issued April 23, 2013<sup>70</sup> and an amendment to Order TO-001-2023 issued April 21, 2023,<sup>71</sup> as discussed below.
119. Pursuant to Order TO-004-2013, the NEB approved Trans Mountain's Part IV Application, including the Toll Methodology, implementation of firm transportation service on up to 80% of the Expanded System's nominal capacity, and a reservation of 20% of the Expanded System's nominal capacity for uncommitted volumes. Order TO-004-2013 includes the following paragraph:<sup>72</sup>

**IT IS FURTHER ORDERED** pursuant to section 19 of the NEB Act that this Toll Order and specific relief is contingent on the Expanded System's facilities being approved under Part III of the NEB Act and shall come into force if and when the Expanded System's facilities are placed into service. [Emphasis added.]

120. Pursuant to this paragraph, Order TO-004-2013 is contingent on two events: First, that the Expanded System's facilities have been approved by the NEB; and second, the Expanded System's facilities are placed into service. The first contingency has been satisfied.
121. With respect to the second contingency, Trans Mountain requests that the Commission amend the portion of Order TO-004-2013 underlined above to provide that the Order shall

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<sup>70</sup> Filing ID [A51913](#), PDF 51-53 of 54.

<sup>71</sup> Filing ID [A51914](#).

<sup>72</sup> Filing ID [A51914](#), PDF 4 of 4.

come into force on the date that Trans Mountain makes its administrative filing of the Interim Tolls following the CER's approval of them. This filing is currently anticipated to be made at least three (3) months prior to the Commencement Date.

122. The requested adjustment to the wording of Order TO-004-2013 will provide commercial and regulatory certainty that the authorizations issued in the Order will be in force in advance of first nominations of petroleum to the Expanded System, and that Trans Mountain is authorized to offer and provide transportation services in accordance with the approvals and authorizations granted by the NEB in the RH-001-2012 Decision and in the Order. This commercial and regulatory certainty is critical to ensure that Shippers and market participants can proceed to finalize negotiations and conclude necessary supply, market and operational arrangements needed to support nominations to the Expanded System, all of which will need to be in place in advance of the Commencement Date.
123. In Order TO-001-2023, the CER approved Trans Mountain's 2023 final tolls effective May 1, 2023. Paragraph 3 of Order TO-001-2023 states:<sup>73</sup>
  3. Unless the Commission otherwise directs, the tolls being charged on 31 December 2023 shall continue to be charged on an interim basis effective 1 January 2024 pending a Commission decision on 2024 final tolls.
124. Trans Mountain submits that paragraph 3 of Order TO-001-2023 is not consistent with the terms agreed to, and approved by the CER, in the 2022-2023 Incentive Toll Settlement (ITS)<sup>74</sup>.
125. As further described in Attachment 4, section 24 of Trans Mountain's ITS provides a mechanism to reconcile the ITS components if the ITS expires in accordance with its terms (section 24.1) or terminates earlier upon the Commencement Date (section 24.2). Trans Mountain may carry these amounts forward into the annual reconciliation process in accordance with the Toll Methodology (which would not require Trans Mountain to file final 2024 tolls for Commission approval) or manage these amounts through a negotiated resolution with Shippers (which also may not contemplate Trans Mountain filing final 2024 tolls for Commission approval).
126. Further, and by way of example, if the 2023 final tolls were in effect on an interim basis for January 2024 with the Expanded System coming into service on February 1, 2024, Trans

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<sup>73</sup> Filing ID [A8L7V3](#), PDF 2 of 2.

<sup>74</sup> Filing ID [A7Z0U1](#), PDF 28 of 85.



Mountain would not be in a position to file for approval of 2024 final tolls until later in February 2024 at the earliest, with a Commission decision to follow. The current wording of the Toll Order would require that Trans Mountain continue to charge the 2023 final tolls until a Commission decision is issued on 2024 final tolls, rather than the CER-approved Interim Tolls as of the Commencement Date.

127. In accordance with the authority afforded to the Commission in paragraph 3 of Order TO-001-2023, Trans Mountain requests that the Commission amend paragraph 3 of Order TO-001-2023<sup>75</sup> to otherwise direct as follows [proposed additions underlined; deletions struck]:

3. Unless the Commission otherwise directs, the tolls being charged on 31 December 2023 shall continue to be charged on an interim basis effective 1 January 2024 until the effective date of Interim Tolls for transportation service on the expanded Trans Mountain Pipeline System pending a Commission decision on 2024 final tolls.

## **XII. Relief Requested**

128. In the RH-001-2012 Decision, the NEB approved the Toll Methodology for the Expanded System as applied for by Trans Mountain. Trans Mountain describes in the Application how the Interim Firm Service Tolls and the Interim Uncommitted Service Tolls have been determined in accordance with the approved Toll Methodology and how the applied for Interim Tolls account for two tolling matters that were not specifically contemplated by the approved Toll Methodology.
129. Trans Mountain respectfully requests Commission approval of the Interim Commencement Date Tolls on or before September 14, 2023 pursuant to section 67 and the Traffic, Tolls and Tariffs provisions in Part 3 of the CER Act, including the issuance of the following order or orders from the Commission:
- (a) approving the implementation of the Interim Firm Service Tolls and Interim Uncommitted Service Tolls as shown in Section I of the Toll Schedule (Attachment 1) to this Application, to be effective at 7:00 am Mountain Time on the Commencement Date, pursuant to sections 67(4) and 228 of the CER Act;
  - (b) approving the implementation of the Interim Edmonton Service Tolls as shown in Section II of the Toll Schedule (Attachment 1) to this Application,

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<sup>75</sup> Filing ID [A8L7V3](#), PDF 2 of 2.

to be effective at 7:00 am Mountain Time on the Commencement Date, pursuant to sections 67(4) and 228 of the CER Act;

- (c) approving the implementation of the Non-Performance Penalty and Alternate Delivery Point Fee as shown in Section VI of the Toll Schedule (Attachment 1) to this Application, on an interim basis to be effective at 7:00 am Mountain Time on the Commencement Date, pursuant to sections 67(4) and 228 of the CER Act;
- (d) approving the implementation on a final basis of the charges, fees and penalties as shown in Sections IV and V of the Toll Schedule (Attachment 1) to this Application and the Demurrage Charge shown in Section VI of the Toll Schedule (Attachment 1) to be effective at 7:00 am Mountain Time on the Commencement Date pursuant to section 228 of the CER Act;
- (e) directing, pursuant to section 232 of the CER Act, that upon determination by the Commission of an adjusted fixed toll component for tolls for transportation service on the Expanded System, Trans Mountain refund or recover, as the case may be, any difference between the Interim Commencement Date Tolls charged to Shippers and the adjusted tolls based on and in accordance with the Single Settlement Approach;
- (f) amending Toll Order TO-004-2013 pursuant to section 69 of the CER Act, and amending paragraph 3 of Toll Order TO-001-2023 pursuant to the Commission's authority in Order TO-001-2023 to "otherwise direct", as discussed in section XI of the Application; and
- (g) granting such further and other relief as Trans Mountain may request or the Commission may consider appropriate, pursuant to section 68 of the CER Act.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 1<sup>st</sup> DAY OF JUNE 2023.**

**TRANS MOUNTAIN PIPELINE ULC  
ON BEHALF OF TRANS MOUNTAIN PIPELINE L.P.**

Dorothy Golosinski  
Vice President, Regulatory  
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All notices and other communications with respect to this Application should be directed to Trans Mountain and its legal counsel as follows:

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**Tab 1**

**Summary of Consultation**

## Tab 1

### Summary of Consultation

1. As described in the Application, Trans Mountain undertook consultations with TMEP and existing Shippers and other commercially interested parties in two main phases. Through that consultation, Trans Mountain shared information regarding the approved Toll Methodology and Trans Mountain's determination of the Interim Tolls. Trans Mountain describes in further detail below the consultation it undertook in advance of the filing of this Application. A summary of the topics that were the subject of questions from participants during and after the meeting is provided below at paragraph 20.

#### **A. Phase I Consultation – Expanded System Toll Structure**

2. During the Phase I Consultation sessions, Trans Mountain delivered a presentation that provided background information on the Toll Methodology, the Interim Tolls, and the proceeding that resulted in the RH-001-2012 Decision. Trans Mountain also reviewed the consultation process it was proposing and “next steps”, including the anticipated timeline for Trans Mountain's filing of this Application to request approval of the Interim Tolls and related matters, and the importance of having Interim Tolls for service on the Expanded System effective on the Commencement Date.

3. Trans Mountain held three meetings during its Phase I Consultation as follows:

- (i) On April 18, 2023, Trans Mountain met virtually with the TMEP Shippers. An invitation to attend this meeting was sent to 32 parties. In total, 19 participants attended the meeting, representing 11 organizations.
- (ii) On April 19, 2023, CAPP held a hybrid in-person / virtual meeting with the TMPL Committee and Trans Mountain. CAPP sent an invitation to this meeting to 29 parties. In total, 10 participants attended the meeting, representing 10 organizations.
- (iii) On April 28, 2023, Trans Mountain met virtually with other interested commercial parties. An invitation to attend this meeting was sent to 141 parties. In total, 28 participants attended the meeting, representing 17 organizations. The organizations that attended included current Trans Mountain Shippers, prospective Shippers, TMEP Shippers, merchant Edmonton customers and connected facilities.

4. Each of these consultation sessions included an opportunity for participants to ask questions or seek additional clarity regarding the information presented. Trans Mountain also invited comments from the participants to be submitted following the close of each

meeting. Trans Mountain requested that any comments be provided to Trans Mountain by May 5, 2023.

5. The same presentation was used for each of these three meetings. A copy of the presentation is provided at Tab 2, which was distributed to all meeting participants following the close of the meeting.

**B. Westridge Fees Presentation**

6. In response to comments from attendees during the Phase I Consultations, Trans Mountain hosted two presentations on May 8, 2023 to provide more information on the fees applicable to all Petroleum loaded over the Westridge Terminal.
7. The first presentation was given during a regularly scheduled Marine Shipper Subcommittee (MSSC) meeting, which includes marine consultants and experts representing shippers with an interest in shipping at the Westridge Terminal. At this meeting, 22 participants attended representing 11 organizations.
8. An invitation to attend the second meeting was sent to TMEP Shippers, the CAPP TMPL Committee, commercial representatives of current and prospective Westridge Terminal shippers, and other organizations identified as having a commercial interest in understanding the Toll charges that would apply to Petroleum loaded over the Westridge Terminal. An invitation to attend this meeting was sent to 32 parties. In total, 15 participants attended the meeting, representing 13 organizations.
9. At the Westridge Fees Presentations, Trans Mountain discussed:
  - (i) an overview of Expanded System Tolls and Westridge Specific Fees
  - (ii) a history and overview of the Western Canada Marine Response Corporation (WCMRC) and its associated fees, including:
    - the Enhanced Response Regime (ERR), the assets related to the ERR and the current funding of the ERR through the TMEP BOCF
    - the roll in of the ERR assets into WCMRC existing assets and the BOCF after the Commencement Date
    - recovery of the TMEP BOCF through the ERR Cost Recovery Fee (ECRF)
    - the existing and future Bulk Oil Cargo Fee(s) (BOCF)
    - the Capital Asset & Loan Fee (CALF)

- (iii) an overview of the Vancouver Fraser Port Authority (VFPA) and its Gateway Infrastructure Fee 2 (GIF2).
10. The same presentation was used for each of the Westridge Fees presentations. A copy of the presentation is provided at Tab 3, which was distributed to the MSSC and all meeting participants following the close of the meeting.
  11. These consultation sessions included an opportunity for participants to ask questions or seek additional clarity regarding the information presented. Trans Mountain also invited comments from the participants to be submitted following the close of each meeting. Trans Mountain requested that any comments be provided to Trans Mountain by May 12, 2023.
  12. On May 10, 2023 Trans Mountain received questions regarding Westridge fees from an MSSC member that was unable to attend the Westridge Fees Presentation. Trans Mountain met with that party on May 30, 2023. Trans Mountain reviewed with this MSSC member the same presentation that was presented at the May 8, 2023 Westridge Fees Presentation, and all of that member's questions were addressed at that time.

**C. Phase II Consultation – Commencement Date Toll Preview**

13. On May 15, 2023, Trans Mountain held a Commencement Date Toll Preview (Toll Preview) session to further engage with Shippers and interested parties regarding the Interim Commencement Date Tolls.
14. An invitation to attend the Toll Preview session was sent to representatives of all organizations that were invited to the Phase I consultation meetings, including individuals representing current Trans Mountain Shippers, TMEP Shippers, connected facilities, and other interested commercial parties. The invitation was also provided to CAPP for distribution to the TMPL Committee.
15. In total, 49 participants attended the Toll Preview, representing 35 organizations. The participants were representatives of current Trans Mountain Shippers, TMEP Shippers, connected facilities, CAPP, and other interested commercial parties.
16. At the Toll Preview session, Trans Mountain met with a broad cross-section of commercially interested parties. It made a presentation that provided a brief background on the Toll Methodology, and discussed in detail a forecast of interim tolls. In these discussions, Trans Mountain presented and reviewed in detail a document similar to the document attached hereto as Attachment 1 – Toll Schedule. A copy of the presentation is

included at Tab 4, which was distributed to all meeting participants following the close of the meeting.

17. This Toll Preview session included an opportunity for participants to ask questions or seek additional clarity regarding the information presented. Trans Mountain also invited comments from the participants to be submitted on the matters discussed at the meeting following the close of the meeting. Trans Mountain requested that any comments be provided to Trans Mountain by May 24, 2023. A summary of the topics that were the subject of questions received by Trans Mountain during and after the meeting is provided below at paragraph 20.
18. During the consultation period following the Toll Preview, Trans Mountain met with TMEP Shippers during a regularly scheduled TMEP Shipper Working Group meeting at which time additional questions regarding the Expanded System tolls were raised by TMEP Shippers and responded to by Trans Mountain.
19. On May 17, 2023 Trans Mountain was contacted by a party that was invited and registered to attend the Toll Preview, but was unable to attend. Trans Mountain held an additional Toll Preview session with that party on May 19, 2023 during which the same presentation was reviewed as that presented at the May 15, 2023 Toll Preview, and all questions were addressed at that time.
20. During the Phase I and II consultations in advance of filing this Application, the following general topics were the subject of questions from participants that Trans Mountain responded to:
  - Timing for the annual toll filing
  - Timing and regulatory process for the Commencement Date Tolls Application
  - Project timing and cost estimates used in the calculation of the Fixed Toll component
  - Annual escalation of the Fixed Toll component
  - Format and structure of the Toll Schedule
  - Available capacity for Uncommitted Shippers to the Westridge Terminal and service levels on the Expanded System
  - Treatment of the direct inject credit



- Assumptions underlying the Power Costs and the Indigenous Consultation and Accommodation costs elements of the Variable Toll component
  - Treatment of Variable Toll elements including the fibre optic-based leak detection costs, greenhouse gas offsetting costs and revenue sharing
  - Westridge Fees including the Bulk Oil Cargo Fee, Enhanced Response Regime Cost Recovery Fee, Capital Asset & Loan Fee and the Gateway Infrastructure Fee 2
  - Consultation process for additional fees collected on behalf of third parties
  - Petroleum Loss Allowance Percentages
  - Demurrage, Non-Performance Penalty and the Alternate Delivery Point Fee
21. Through the consultation process, participants raised concerns with respect to Trans Mountain's collection of the Gateway Infrastructure Fee 2 (GIF2) on behalf of the Vancouver Fraser Port Authority, and Trans Mountain retaining Demurrage Charges for its account. Participants also expressed a preference for Trans Mountain to recover the balance in the Due from Westridge Shippers Account over a five (5) year period, rather than the four (4) year period proposed by Trans Mountain.
22. During the consultation process, Trans Mountain responded to the questions and concerns from participants. It explained the inclusion of GIF2 in the Toll Schedule, the treatment of Demurrage Charges, and the period for the collection of the balance in the Due from Westridge Shippers Deferral Account. Trans Mountain understands that participants continue to have concerns with respect to the GIF2 and Demurrage Charges as described above.
23. Additionally, through recent correspondence, concerns have also been raised regarding the level of the Interim Tolls, and Trans Mountain's filing of the Commencement Date Tolls Application at this time in advance of Shippers conducting a detailed review of the costs and expenses for the Expansion Project. The FSA provides the TMEP Shippers with the right to audit the Costs and Expenses in respect of the CPCN Cost Estimate established pursuant to section 3.2(b) of the FSA and the Firm Service Toll established pursuant to section 3.2(d) of the FSA. The TMEP Shippers' contractual right to audit does not extend to the Costs and Expenses in respect of the Interim Commencement Date Tolls. The Interim Commencement Date Tolls are not final. They will be trued-up once the actual as-built costs and expenses are known.

**D. Changes Made Following the Commencement Date Toll Preview**

24. Following the Toll Preview and Shipper feedback, Trans Mountain modified the format of the Toll Schedule to simplify the presentation of the tolls and to provide additional transparency and clarity. The key changes include the following items:
- (i) The Direct Inject Credit is now listed in a separate column in the Uncommitted and Firm Service Tolls tables in Section I of the Toll Schedule to align with the principles of the approved Toll Methodology.
  - (ii) The ECRF was removed from the *Additional Charges Applicable to Petroleum Loaded over the Westridge Marine Terminal* section of the Toll Schedule and has been included as an element of the Variable Toll in Section I and in Section III.
  - (iii) The Pipeline Reclamation Surcharge and Westridge Dock Bid Premium Surcredit were removed from the *Charges Applicable to All Movements* section (previously Section III, now Section IV) of the Toll Schedule, and is now shown as an element of the Variable Toll in the new Section III: *Elements Included Within the Variable Toll Component*.
  - (iv) Section III: *Elements Included Within the Variable Toll Component* was added to the Toll Schedule to allow Shippers to easily identify each element included in the Variable Toll listed in Section I. This will provide additional clarity and transparency for Shippers.
  - (v) Reference to the Capital Asset & Loan Fee (CALF) has been removed from the description of the Bulk Oil Cargo Fee(s) (BOCF) and added as a separate fee within Section V: *Additional Charges Applicable to Petroleum Loaded over the Westridge Marine Terminal*.
  - (vi) The Fibre Optic-based Leak Detection element was included as part of the Variable Toll component that was presented during the May 15 Consultation Session. Trans Mountain is not including the Fibre Optic-based Leak Detection cost in the Variable Cost component for the Interim Commencement Date Tolls as it is not expected to be fully functional on the Commencement Date. Not including Fibre Optic-based Leak Detection in the Variable Toll component means that the Interim Variable Toll is lower than the amount discussed during the Commencement Date Toll Preview on May 15, 2023. While not included in the Commencement Date Interim Tolls, this element will be included in the Variable Toll component in future tolls.

**Tab 2**

**Consultation Phase I  
April 18, 19, and 28, 2023 Toll Structure Presentation**



# Expanded System Toll Structure

April 2023



# Confidentiality

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# Competition Law Compliance Reminder



The participants are meeting today to discuss specific topics, as outlined on the agenda in this presentation.

All participants at this meeting will comply at all times with the *Competition Act (Canada)*, and the competition law compliance policies, practices and guidelines that have been implemented by their own companies. To that end, the participants agree: to discuss only topic related matters; to not disclose to each other any information except as may be necessary to satisfy the stated purpose; and to not disclose to each other any competitively sensitive information.

If at any time during this meeting a question arises regarding competition law compliance, the participants will cease discussions immediately and contact their legal counsel for guidance.



# Forward-Looking Statements



This presentation contains certain forward-looking information and statements (“forward-looking statements”). Forward-looking statements relate to future results or events, are based upon internal plans, intentions, expectations, and beliefs, and are subject to risks and uncertainties that may cause actual results or events to differ materially from those indicated or suggested therein. All statements other than statements of current or historical fact constitute forward looking statements. Forward-looking statements are typically, but not always, identified by words such as “plan”, “target”, “goal”, “believe”, “will”, “continue”, “expect”, “committed”, “estimate”, “reach”, “should” and similar or other expressions indicating or suggesting future results or events. The forward-looking statements reflect Trans Mountain’s beliefs and assumptions with respect to such things as the outlook for general economic, market and industry trends and conditions, the integrity and reliability of Trans Mountain’s assets, and the governmental, regulatory and legal environment. Forward-looking statements are not promises of future outcomes. There is no assurance that the results or events indicated or suggested by the forward-looking statements, or the plans, intentions, expectations or beliefs contained therein or upon which they are based, are correct or will in fact occur or be realized (or if they do, what benefits Trans Mountain may derive therefrom).

Undue reliance should not be placed on these forward-looking statements and information as they are based on assumptions made by Trans Mountain as of the date hereof. While Trans Mountain believes the expectations and assumptions reflected in these forward-looking statements are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Forward-looking statements are subject to known and unknown risks and uncertainties which may cause actual performance and financial results to differ materially from the results expressed or implied, The forward-looking statements contained in this presentation speak only as of the date of this presentation. Unless required by law, Trans Mountain assumes no obligation to update forward looking statements and information should circumstances or management’s expectations, estimates, projections or assumptions change. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

# Glossary of Acronyms

Term	Definition
ACE	Abandonment Cost Estimate
BOCF	Bulk Oil Cargo Fee
BPD	Barrels Per Day
C\$	Canadian dollars
C\$ /m <sup>3</sup>	Canadian Dollars per cubic metre
CAPP	Canadian Association of Petroleum Producers
CER	Canada Energy Regulator
cSt	Centistokes
ECRF	ERR Cost Recovery Fee
ERR	Enhanced Response Regime
FSA	Facility Support Agreement(s)
GHG	Greenhouse Gas
ISD	In Service Date

Term	Definition
ITS	Incentive Toll Settlement
KBPD	Thousand Barrels Per Day
kg/m <sup>3</sup>	Kilogram per cubic metre
m <sup>3</sup>	Cubic metre
MBA	Mutual Benefit Agreement
MT	Mountain Time
NEB	National Energy Board
PLAPs	Petroleum Loss Allowance Percentage
TD	Toronto-Dominion Bank
TMEP	Trans Mountain Expansion Project
TSA	Transportation Service Agreement(s)
WCMRC	Western Canadian Marine Response Corporation
WDBP	Westridge Dock Bid Premium



# Agenda

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- Interim Commencement Date Tolls
- Expanded System Toll Methodology
- Expanded System Overview
- Expanded System Toll Structure
  - Fixed Toll Component
  - Variable Toll Component
  - Other Charges and Fees
  - Westridge Specific Fees
- Annual Toll Filing Process
- Q&A / Next Steps

# Interim Commencement Date Tolls: Overview



- Trans Mountain is consulting with Shippers and Interested Parties to review the approved toll methodology that will apply to the Expanded System
  - The Interim Commencement Date Tolls will be provided at the *Commencement Date Tolls Preview* on May 15, 2023
- Interim Commencement Date Tolls must be in place before service can begin on the Expanded System
  - Without Interim Commencement Date Tolls, operation of the Expanded System may be delayed
- Interim Commencement Date Tolls are not final and will be trued up once As-Built Tolls, based on As-Built Costs and Expenses (subject to audit), are available
- Trans Mountain will recalculate shipper invoices using As-Built Tolls and refund/invoice the difference

**The Expanded System requires Interim Tolls to be in place before service can begin.  
Interim Tolls are not final and will be trued up once As-Built Tolls are available.**

# Interim Commencement Date Tolls: Expected Process & Timeline



Date*	Step [Responsible Party]	Description
April 18-30, 2023	<b>Toll Methodology Consultation</b> [Trans Mountain]	Trans Mountain to provide an overview of the approved toll methodology through scheduled meetings with Shippers and Interested Parties
May 3, 2023	<b>Comments Due</b> [Shippers & Interested Parties]	Shippers and Interested Parties may provide comments and questions to Trans Mountain regarding the April Toll Methodology presentations
May 15, 2023	<b>Commencement Date Tolls Preview</b> [Trans Mountain]	Trans Mountain to provide Interim Commencement Date Tolls through a single meeting with all Shippers and identified Interested Parties
May 24, 2023	<b>Comments Due</b> [Shippers & Interested Parties]	Shippers and Interested Parties may provide comments and questions to Trans Mountain regarding the Commencement Date Tolls Preview presentation
May 31, 2023	<b>CER Application Filing</b> [Trans Mountain]	Target date for Trans Mountain to file its Application to the Canada Energy Regulator (CER) for approval of Commencement Date Tolls
June, 2023	<b>Comment Period (Anticipated)</b> [Shippers & Interested Parties]	The Commission is expected to set a comment period during which interested parties may file comments with the CER
June-September, 2023	<b>CER Process</b> [CER]	To be determined by the CER
September 14, 2023	<b>CER Decision (Requested)</b> [CER]	Trans Mountain will be requesting a decision by September 14, 2023 to allow time for the administrative filing of Interim Commencement Date Toll Tariff
Q4, 2023	<b>Administrative Tariff Filing</b> [Trans Mountain]	Trans Mountain will file with the CER the Interim Commencement Date Toll Tariff that will reflect the approved Interim Commencement Date Tolls, any Commission-directed revisions, and required administrative information such as the tariff number and effective date.
Commencement Date	<b>Interim Commencement Date Toll Tariff becomes effective</b>	Interim Commencement Date Toll Tariff will become effective at 7:00AM (MT) on the Commencement Date of the Expanded Trans Mountain Pipeline System (Expanded System)

\* Subject to change

# Expanded System Toll Methodology: Background



- On June 29, 2012, Trans Mountain applied to the National Energy Board (NEB) for approval of the proposed toll methodology if an expansion of the system was approved
  - The proposed toll methodology was the result of extensive negotiations over three Open Seasons
  - Results are reflected in the Facility Support Agreements (FSA) and the Transportation Service Agreements (TSA) executed by subscribing Trans Mountain Expansion Project (TMEP or the Project) Shippers for 15 and 20-year terms
- In its 2013 [Reasons for Decision RH-001-2012](#), the NEB approved “...the toll methodology as applied for, including the revised Facilities Support Agreement, the Transportation Service Agreement and the Rules and Regulations”
- Trans Mountain will be calculating Interim Commencement Date Tolls in accordance with [RH-001-2012](#) using the latest forecasted costs for the Project

**The toll methodology for the Expanded System was approved by the NEB in 2013**

# Expanded System Toll Methodology: Setting Interim Commencement Date Tolls

- [Reasons for Decision RH-001-2012](#) approved a toll methodology but did not specify the Commencement Date Tolls as the costs of the Trans Mountain Expansion Project were not known at the time
- As the Project nears completion, Trans Mountain now has the information required to calculate the Interim Commencement Date Tolls
- Commencement Date Tolls require CER Approval:
  - From the CER Act: 229 – Authorized Tolls
    1. A company is prohibited from charging a toll unless the toll is
      - a) specified in a tariff that is filed with the Regulator and is in effect; or
      - b) approved by an order of the Commission
- Trans Mountain is consulting with Shippers and Interested Parties to review the approved toll methodology to provide the foundation for the determination of the Interim Commencement Date Tolls
  - The Interim Commencement Date Tolls will be provided at the *Commencement Date Tolls Preview* on May 15, 2023

**The 2013 Reasons for Decision approved a toll methodology for the Expanded System, but Commencement Date Tolls were intended to be calculated closer to the Project's completion**

# Expanded System Toll Methodology: Two-Phase Consultation Process



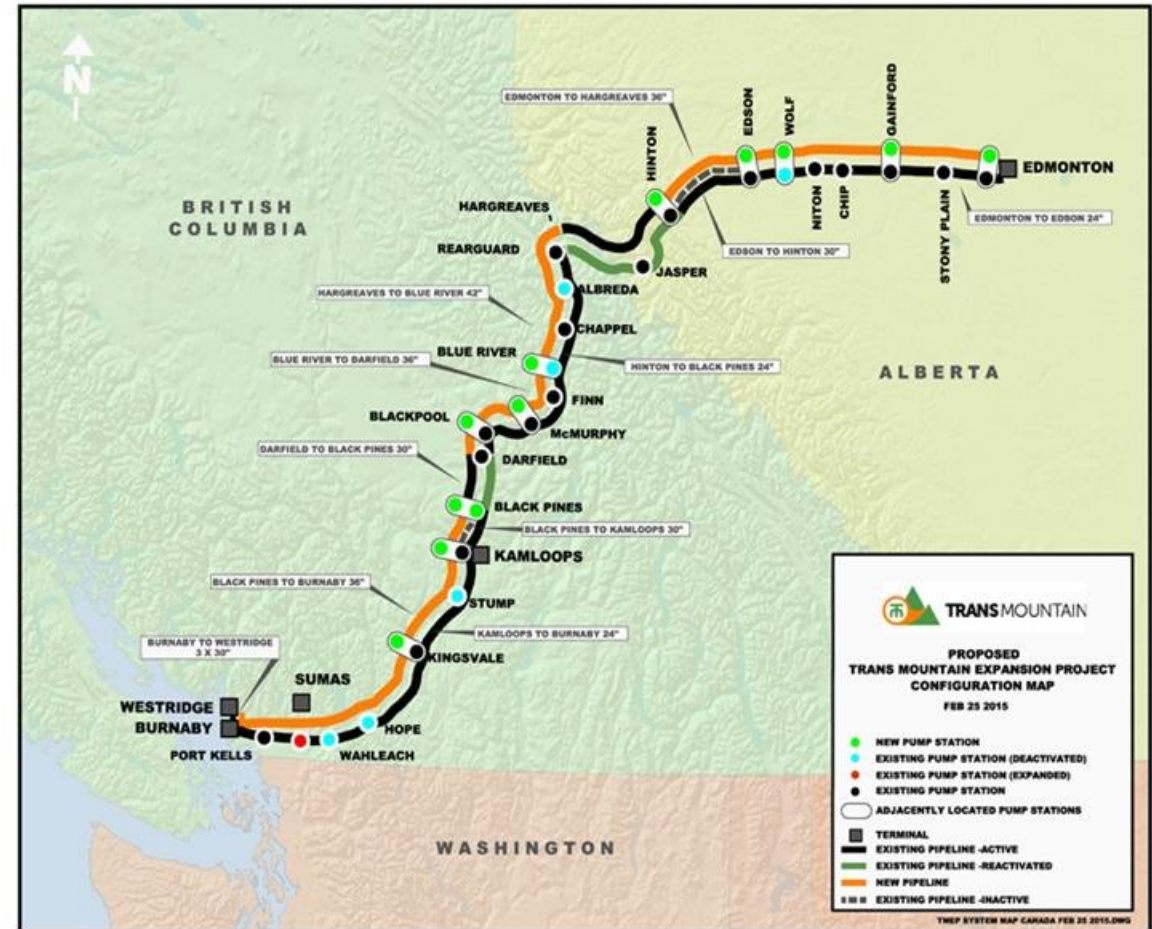
- Phase I: Toll Methodology Overview
  - Trans Mountain will be meeting with interested parties to provide an overview of the toll methodology for the Expanded System
    - TMEP Firm Shippers
    - CAPP TMPL Committee
    - Other Interested Parties
- Phase II: Commencement Date Tolls Preview
  - Information on the Interim Commencement Date Tolls will be provided
- All interested parties have the opportunity to submit comments to the CER after the Application is submitted

**Trans Mountain's consultation process will provide interested parties with an opportunity to review, ask questions, and voice any concerns with the Commencement Date Tolls and the Toll Tariff**



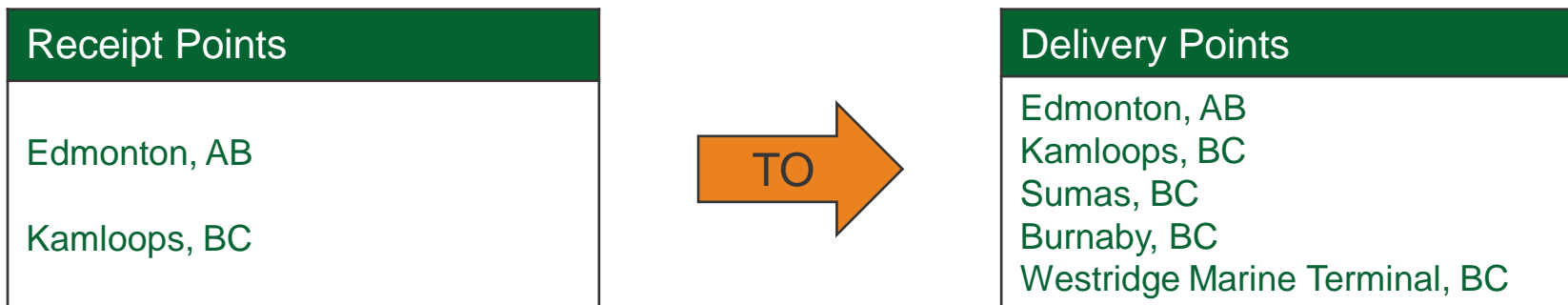
# Expanded System Overview: Trans Mountain Expansion Project

- TMEP includes:
  - ~980 km of new pipeline
  - 193 km of reactivated pipeline
  - 12 new pump stations
  - 19 new tanks will be added to the existing terminals in Burnaby (14), Sumas (1), and Edmonton (4)
  - 3 new berths at Westridge Marine Terminal which will increase capacity from 1 tanker per month to 1 tanker per day
- The pipelines will be operated together as the Expanded System
- The nominal capacity is expected to increase from 300 KBPD to 890 KBPD
  - Line 1: 350 KBPD – primarily light service
  - Line 2: 540 KBPD – primarily heavy service
- Nominal Committed Capacity: ~707.5 KBPD
  - ~80% of nominal capacity
- Remaining capacity (~20% of nominal capacity) reserved for Uncommitted service
  - 80% of Uncommitted Capacity reserved for Land Destinations
  - 20% of Uncommitted Capacity reserved for Dock



# Expanded System Overview: Services on the Expanded System

- The Expanded System will continue to provide transportation services from:



- Crude Service Types:

Type	Density (kg/m <sup>3</sup> )	Viscosity (cSt)
Light and Refined Products	600 to <880	0.4 to <30
Heavy	880 to 940	30 to 350*

\* This presentation has been updated to correct a typographical error that was included in the April 18<sup>th</sup> and 19<sup>th</sup>, 2023 presentations regarding the viscosity specification for heavy crude. Complete quality specifications for Petroleum on the Expanded System can be found in Rule 23 of the Proposed Expanded System Rules & Regulations ([C23061](#)).

- Trans Mountain will provide Tank Metered and Direct Inject service on the Expanded System
  - Volumes tendered at Edmonton which do not utilize Trans Mountain’s tankage facilities will receive a direct inject credit (see [TSA/FSA Schedule B](#))
- Edmonton Terminal tolls will continue to be set on a Cost-of-Service basis



# Expanded System Toll Structure: Overview of Expanded System Tolls

- Expanded System Firm Service and Uncommitted Tolls will be comprised of the:

## FIXED TOLL

- Based on the capital cost of the Project as adjusted in accordance with the FSA/TSA
- Will vary depending on the term commitment and volume commitment
- Distance adjusted



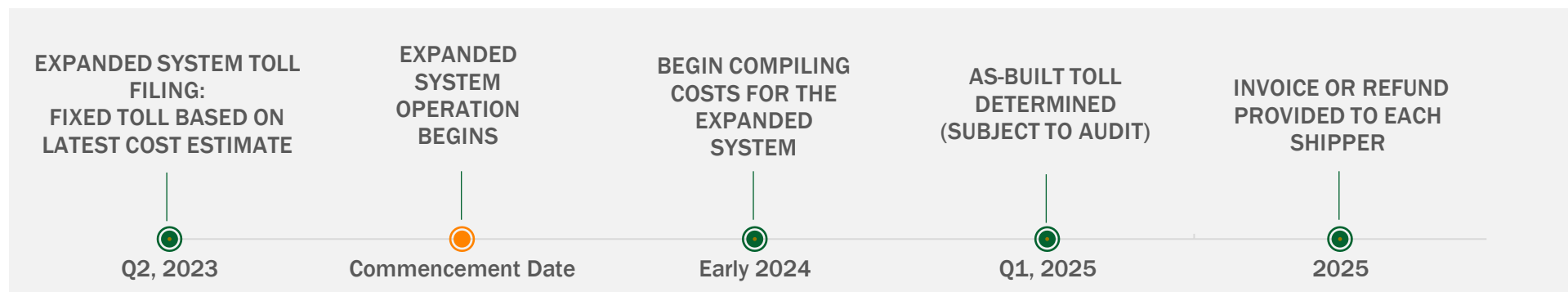
## VARIABLE TOLL

- Based on forecast costs with annual true-up
- Intended to recover power and other variable/required regulatory costs
- Distance adjusted
- Power is distance and petroleum density adjusted

- Other amounts collected on all volumes:
  - Petroleum Loss Allowance
- Charges applicable to Westridge volumes:
  - Including any Bulk Oil Cargo Fees, Dock Bid Premiums and Enhanced Response Regime (ERR) Cost Recovery Fee
- Other Charges and Fees (as applicable):
  - Demurrage Charge, Non-Performance Penalty and Alternate Delivery Point Fee

# Expanded System Toll Structure: Commencement Date vs As-Built Fixed Tolls

- The May 2023 filing of Interim Commencement Date Tolls will reflect the latest cost estimate for the Project
- As-Built Costs and Expenses will be determined within 15 months of the Commencement Date
  - Shippers have the right to audit As-Built Costs and Expenses
- Trans Mountain shall recalculate all invoices for each shipper using the As-Built Fixed toll and the difference will be invoiced or refunded by cheque to each shipper



# Expanded System Toll Structure: Sample Proposed Toll Tariff



- The Expanded System Toll Tariff will contain all tolls to be charged on the Expanded System
  - Section I will include a table of tolls for each commitment level (including uncommitted) and Edmonton to Edmonton
  - Section II – V outline other charges and definitions (e.g: Westridge fees, Petroleum Loss Allowance, Non-Performance Penalty, Demurrage, etc.)
- All rates shown in Canadian Dollars per cubic metre (C\$ /m<sup>3</sup>)

**I. Net Tolls for Mainline Transportation Service**

Uncommitted Transportation Rates (C\$ / m <sup>3</sup> )						
Receipt	Delivery	Density	Service Type	Fixed Toll	Variable Toll	Total Toll
Edmonton	Kamloops	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			
	Sumas	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			
	Burnaby	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			
Westridge	Light	Tank Metered				
		Direct Inject				
	Heavy	Tank Metered				
		Direct Inject				
Kamloops	Sumas	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			
	Burnaby	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			

**I. Net Tolls for Mainline Transportation Service**

15 Year Contract Term Transportation Rates with Volume Commitment of 74,999 barrels per day or less (C\$ / m <sup>3</sup> )						
Receipt	Delivery	Density	Service Type	Fixed Toll	Variable Toll	Total Toll
Edmonton	Kamloops	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			
	Sumas	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			
	Burnaby	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			
Westridge	Light	Tank Metered				
		Direct Inject				
	Heavy	Tank Metered				
		Direct Inject				
Kamloops	Sumas	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			
	Burnaby	Light	Tank Metered			
			Direct Inject			
		Heavy	Tank Metered			
			Direct Inject			

**I. Net Tolls**

Tolls for Edmonton to Edmonton Movements				
Receipt	Delivery	Density	Service Type	Toll
Edmonton	Edmonton	All	Metered In, 3rd Party	
Edmonton	Edmonton	All	Tank Metered, Non-Pipe	

- Trans Mountain will continue to provide a build-up of tolls outlined in Section I of the Toll Tariff within the Schedules to be filed with the CER as part of the annual Variable Toll application



## **FIXED TOLL COMPONENT**

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# Fixed Toll Component: Overview

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- The Fixed Toll is comprised of the Capped Cost and the Uncapped Cost components based on the Project Costs and Expenses
  - The application for Interim Commencement Date Tolls will be based on the latest cost estimate for the Project
  - Final Tolls will be based on the actual As-Built cost of the Project
- The Capped Cost component of the Fixed Toll is based on the total Capped Costs of the Project
  - The Capped cost component of the Fixed Toll was fixed based on the 2017 Certificate of Public Convenience and Necessity Cost Estimate and determined in accordance with the FSA
- The Uncapped Cost component of the Fixed Toll is based on the Uncapped Costs of the Project
  - The Uncapped Cost component of the Fixed Toll can increase/decrease by C\$0.07 per barrel (~C\$0.44/m<sup>3</sup>) per C\$100 million (or portion thereof) of Uncapped Cost above/below the [2013 Initial Cost Estimate](#)



# Fixed Toll Component: Calculation Methodology

- The NEB approved Toll Methodology specifies the discounts and premiums to be applied to the Fixed Toll component
  - The Fixed Toll component is adjusted for distance, term discount/premium, and volume commitment discount
  - The Base Fixed Toll is the Edmonton to Burnaby 15-year Fixed Toll with volume commitment of less than 75 KBPD
- Trans Mountain offered TSA's with two term commitments: 15-year term and 20-year term
- An additional 7.5% discount was available for shippers willing to commit to ship greater than 75 KBPD

Contract Term	Volume Commitment		
	Uncommitted	Less than 75 KBPD	75 KBPD or greater
No Contract	Base +10%		
15-Year Contract		Base Fixed Toll (Base)	Base -7.5%
20-Year Contract		Base -10%	Base -16.75%

Note: Discount for "20-Year Contract, 75 KBPD or greater" is calculated as:  $1 - (0.9 \times 0.925) = 16.75\%$

- Fixed Toll component escalates at 2.5% annually on anniversary of Commencement Date



## VARIABLE TOLL COMPONENT

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# Variable Toll Component: Overview

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- The Variable Toll component will be based on the annual forecasted cost for each element included in the Variable Toll component
- Variable Toll component will be adjusted for distance and does not vary depending on commitment level
  - Power will be adjusted for distance and density
- As per TSA/FSA Schedules, the Variable Toll component will include:
  - Power
  - Revenue Sharing
  - Increases in cost as a result of regulatory orders from any government or regulatory body (e.g., CER)
  - Pipeline abandonment
  - Shipper requested programs or facilities
  - Costs resulting from terrorism, sabotage or civil disturbances
  - Other items as agreed upon with Shippers (for payments made after the Commencement Date)
- Within 90 days of the end of each calendar year, Trans Mountain will provide a reconciliation between the collection and the actual costs
  - The difference will be added to the following year's Variable Toll component as the Variable Toll True-Up



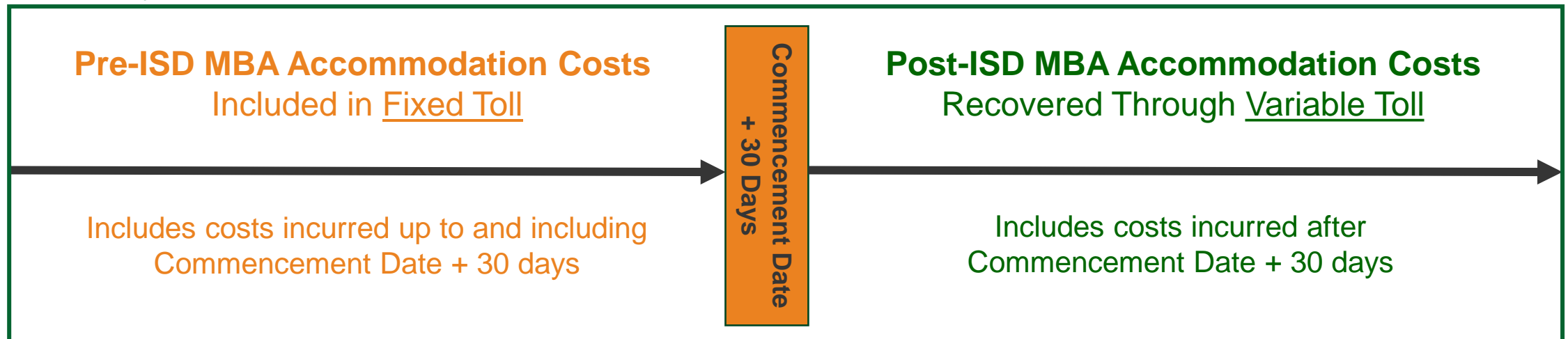
# Variable Toll Component: Elements

Variable Toll Element	Included in Interim Commencement Date Tolls	Included in Second Year Tolls	Basis of Cost Forecast	Toll Methodology	True-Up
Power	✓	✓	Crude slate, power costs, throughput	Distance and density adjusted	Included in next year's power tolls
Mutual Benefit Agreements (MBA) Accommodation Costs	✓	✓	Annual contractual commitments	Distance adjusted	Included as a part of the Variable Toll True Up
Pipeline Abandonment	✓	✓	CER approved Abandonment Cost Estimate (ACE)	Distance adjusted	Adjusted every 5 years during ACE review or as directed by CER
Fibre Optic Leak Detection	✓	✓	Cost-of-Service basis	Distance adjusted	Included in next year's Fibre Optic Leak Detection revenue requirement
Greenhouse Gas (GHG) Offset Cost		✓	Annual offsets multiplied by offset cost per metric ton	Distance adjusted	Included as a part of the Variable Toll True Up
Revenue Sharing		✓	Prior year uncommitted revenue and Available Capacity	Distance adjusted	Included as a part of the Variable Toll True Up
ITS Carry Over		✓	2023 ITS actuals	Distance adjusted	Included as a part of the Variable Toll True Up
Westridge Dock Bid Premiums Refunds		✓	2024 collections	Distance adjusted	Offset against next year's refunds
Variable Toll True Up		✓	Actual over/under collection	Distance adjusted	Recalculated annually

- Note: this list is not exhaustive and other items may be added or removed from time to time as per the NEB approved Toll Methodology

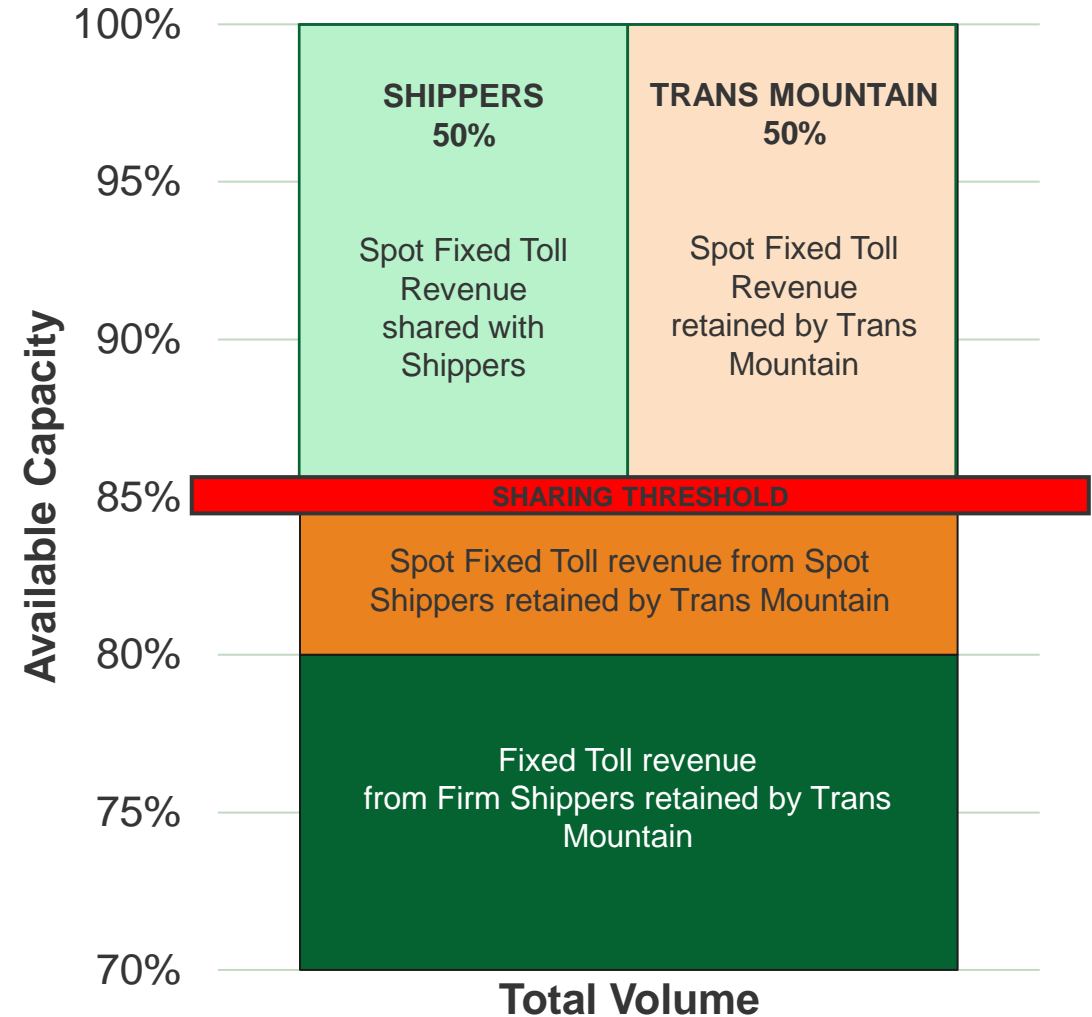
# Variable Toll Component: Mutual Benefit Agreements

- As of the time of this presentation, Trans Mountain has signed 69 Mutual Benefit Agreements (MBA) representing approximately 80 Indigenous groups
  - Per the TSA, Consultation and Accommodation costs are included as an Uncapped Cost of the Fixed Toll
- Through consultations with TMEP Shippers, Trans Mountain agreed that only MBA Accommodation costs which are spent up to Commencement Date or payments made within 30 days of the Commencement Date (referred to collectively as Pre-ISD MBA Accommodation Costs) would be included in the Fixed Toll
  - This has the effect of reducing the Fixed Toll for all Shippers
- Post-ISD MBA Accommodation Costs will be recovered through the Variable Toll based on the annual amount payable as stipulated in each MBA



# Variable Toll Component: Revenue Sharing

- As per clause 3.2 of the TSA/FSA Schedules, Trans Mountain shall share 50% of all Fixed Toll revenue from Uncommitted (Spot) Shippers on volumes shipped in excess of 85% of Available Capacity
- The first year of revenue sharing (if any) is anticipated to be in 2025 based on 2024 spot volumes shipped
- Trans Mountain will report the shared volumes and revenues on an annual basis as directed by the Regulator
- An annual true up will be included as a part of the Variable Toll True Up in the following year
- Illustrative example shown here





## OTHER CHARGES AND FEES

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# Other Charges and Fees: Demurrage, Non-Performance, Alternate Delivery

## Demurrage Charge

- Charged to a Shipper if failure to remove petroleum from delivery point could result in unfavourable operating conditions or impacts to other Shippers
- Rule 7.5 of the proposed Expanded System Rules & Regulations
- Charge will be listed in Section III of the Toll Tariff

## Non-Performance Penalty

- Charged if an Uncommitted Shipper tenders less than 95% of their allocated volume during a month of apportionment
- Rule 7.6 of the proposed Expanded System Rules & Regulations
- Charge will be listed in Section III of the Toll Tariff

## Alternate Delivery Point Fee

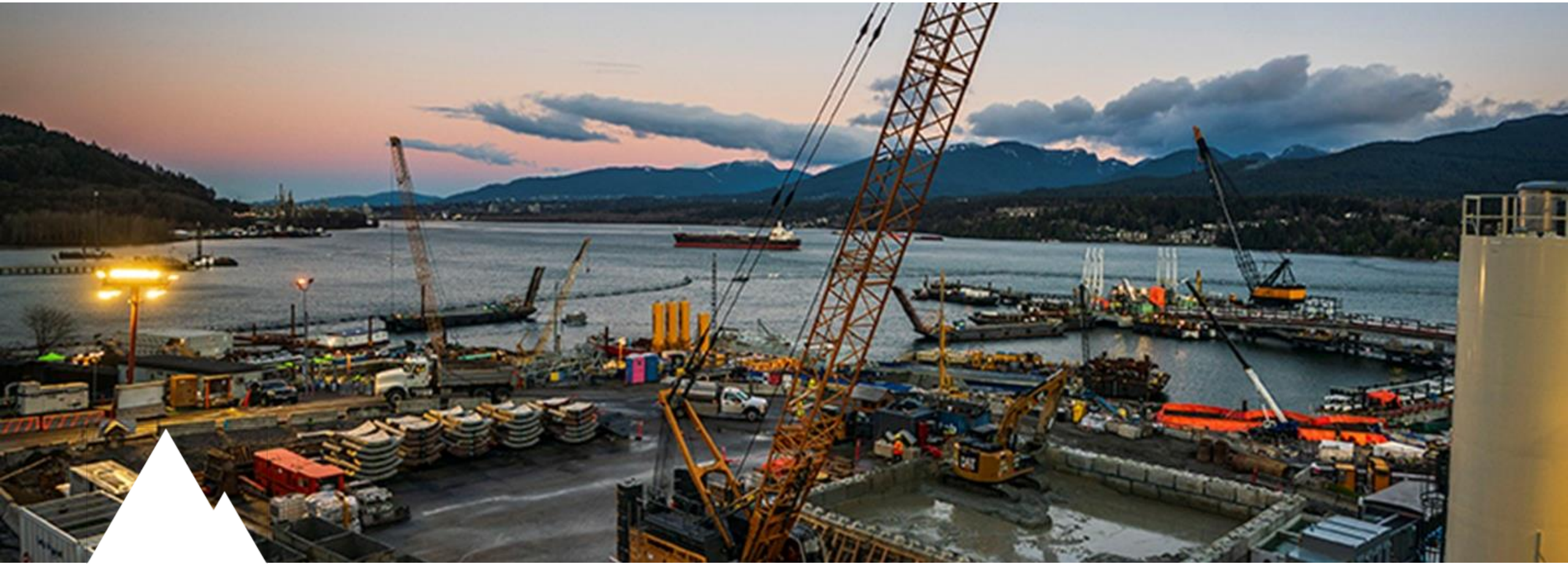
- Charged if a Firm Shipper nominates to an alternate delivery point
- The Fixed Toll charged will be the higher of the Fixed Toll to the alternate delivery point and the Fixed Toll to the original delivery point
- The Variable Toll charged will be the Variable Toll applicable to the alternate delivery point
- Rule 7.8 of the proposed Expanded System Rules & Regulations

- See proposed Expanded System Rules & Regulations for full details, CER Filing ID [C23061](#)
- All fees collected will be to Trans Mountain's account

# Other Charges and Fees: Petroleum Loss Allowance

- Trans Mountain will continue to apply Petroleum Loss Allowance Percentages (PLAPs) as described in Rule 11.4 of the proposed Expanded System Rules & Regulations:
  - *“all Shippers shall be responsible for their proportionate share of physical losses of petroleum resulting from normal pipeline operations including line losses and shrinkage. Carrier will apply separate Petroleum loss allowance percentages for: i) Mainline System Crude Petroleum; ii) non Mainline System Petroleum; and iii) Mainline System Refined Petroleum to all Delivered volumes. Carrier will publish the Petroleum loss allowance percentages in its Toll Schedule.”* ([C23061](#))
- PLAPs will be listed in Section III of the Toll Tariff, and will be applied as follows:
  - X% for Mainline System Crude Petroleum – Meets heavy specifications
  - X% for Mainline System Crude Petroleum – Does not meet heavy specifications
  - X% for Mainline System Refined Petroleum
  - X% for Non-Mainline System Petroleum
- Trans Mountain will endeavor to maintain a neutral petroleum loss allowance balance (approximately +/- C\$5 million) and will report the balance annually in its toll schedules accompanying the filing
  - Trans Mountain will monitor the inventory settlement Balance Sheet amount and review the PLAPs annually to determine whether adjustments are required





## WESTRIDGE SPECIFIC FEES

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# Westridge Specific Fees: Overview

- Volumes destined for Westridge Marine Terminal are subject to other fees in addition to the Fixed and Variable Toll Components
  - Westridge specific fees are in addition to amounts included in the Fixed Toll Component for 100% of costs and expenses for Westridge Marine Terminal Improvements
- Westridge specific fees:

Fees collected by Trans Mountain on behalf of another party	ERR Cost Recovery Fee (ECRF)	Westridge Dock Bid Premiums
<ul style="list-style-type: none"> <li>• Trans Mountain collects fees or charges specified by third parties from Shippers and remits to the respective party</li> <li>• These may include fees such as:               <ul style="list-style-type: none"> <li>• Applicable Bulk Oil Cargo Fees (BOCF)                   <ul style="list-style-type: none"> <li>• Payable to the Western Canada Marine Response Corporation (WCMRC)</li> </ul> </li> <li>• Gateway Infrastructure Fees                   <ul style="list-style-type: none"> <li>• Payable to Vancouver Fraser Port Authority</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Trans Mountain paid the TMEP Bulk Oil Cargo Fee to the WCMRC on behalf of Shippers to fund the Enhanced Response Regime (ERR)</li> <li>• Amounts have been accumulated in a deferral account</li> <li>• ECRF will recover amounts in the deferral account as authorized in TO-001-2016 (<u>A75224</u>)</li> </ul>	<ul style="list-style-type: none"> <li>• Shippers may submit a Bid Premium for uncommitted capacity at Westridge</li> <li>• Bid Premiums will be collected from Shippers during months of apportionment</li> <li>• Collections to be tracked and refunded through Variable Tolls</li> </ul>



# Westridge Specific Fees: Westridge Dock Bid Premiums

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- During months of apportionment, uncommitted Westridge capacity shall be allocated to the Shipper(s) with the highest Bid Premium(s)
  - Trans Mountain will track the Westridge Dock Bid Premiums (WDBP) collections and review refund options with Shippers
    - Historically, the refund was used to offset the Pipeline Reclamation Surcharge, Shipper/CER approved charges and then to reduce tolls
    - Trans Mountain shall continue to report WDBP collected 45 days after the quarter and accumulate interest at TD Prime minus 2%
- Trans Mountain shall include the WDBP refund as a surcredit within the Variable Toll component
- The first year of WDBP refunds (if any) are anticipated to be in 2025 based on 2024 WDBP collections

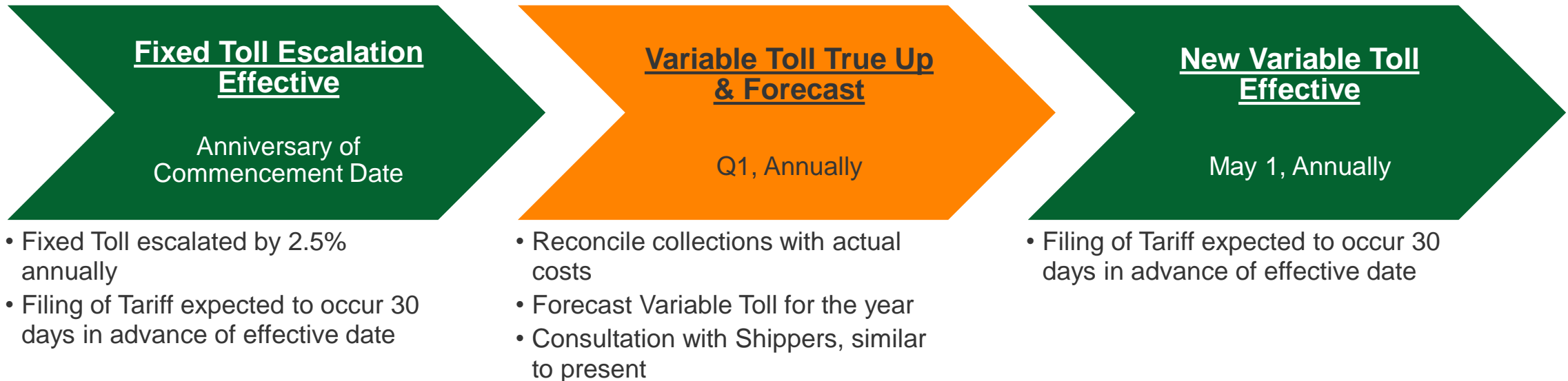


## ANNUAL TOLL FILING PROCESS

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# Annual Toll Filing Process

- After final As-Built Tolls are determined, the annual toll filing process for Trans Mountain Expanded System Tolls is expected to occur in 2 parts:
  1. Fixed Toll Escalation: anniversary of the Commencement Date
  2. Variable Toll Forecast: first quarter after the end of each year



- Questions?
- Next Steps:
  - Participants may send comments or questions to [Tariffs@TransMountain.com](mailto:Tariffs@TransMountain.com) by May 3, 2023
  - Trans Mountain will provide information about the Interim Commencement Date Tolls to all Shippers and Interested parties at the Commencement Date Tolls Preview on May 15, 2023 prior to the filing the Application
  - Trans Mountain plans to file its application for CER approval of the Proposed Interim Commencement Date Toll Tariff on May 31, 2023, following Commencement Date Tolls Preview consultation
  - All interested parties have the opportunity to submit comments to the CER after the Application is submitted

**Tab 3**

**Consultation Phase I  
May 8, 2023 Westridge Fees Presentation**





# Westridge Marine Terminal Specific Post-Expansion Fees

May 2023



# Competition Law Compliance Reminder

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The participants are meeting today to discuss specific topics, as outlined on the agenda in this presentation.

All participants at this meeting will comply at all times with the *Competition Act (Canada)*, and the competition law compliance policies, practices and guidelines that have been implemented by their own companies. To that end, the participants agree: to discuss only topic related matters; to not disclose to each other any information except as may be necessary to satisfy the stated purpose; and to not disclose to each other any competitively sensitive information.

If at any time during this meeting a question arises regarding competition law compliance, the participants will cease discussions immediately and contact their legal counsel for guidance.



- Overview of Expanded System Tolls & Westridge Specific Fees
- Western Canadian Marine Response Corporation (WCMRC)
  - WCMRC Overview
  - BOCF
  - CALF
  - TMEP BOCF / ECRF
- Vancouver Fraser Port Authority (VFPA)
  - VFPA & GIF Overview
  - VFPA GIF2
- Sample Proposed Toll Tariff
- Q&A / Next Steps

# Overview of Expanded System Tolls

- Expanded System Firm Service and Uncommitted Tolls will be comprised of the:

## FIXED TOLL

- Based on the capital cost of the Project as adjusted in accordance with the FSA/TSA
- Will vary depending on the term commitment and volume commitment
- Distance adjusted



## VARIABLE TOLL

- Based on forecast costs with annual true-up
- Intended to recover power and other variable/required regulatory costs
- Distance adjusted
- Power is distance and petroleum density adjusted

- Other amounts collected on all volumes:

- Petroleum Loss Allowance

- Charges applicable to Westridge volumes:

- Including any Bulk Oil Cargo Fees, any Gateway Infrastructure fee, Dock Bid Premiums, and Enhanced Response Regime (ERR) Cost Recovery Fee

- Other Charges and Fees (as applicable):

- Demurrage Charge, Non-Performance Penalty and Alternate Delivery Point Fee

# Overview of Westridge Specific Fees

- Volumes destined for Westridge Marine Terminal are subject to other fees in addition to the Fixed and Variable Toll Components
  - Westridge specific fees are in addition to amounts included in the Fixed Toll Component for 100% of costs and expenses for Westridge Marine Terminal Improvements
- Westridge specific fees:

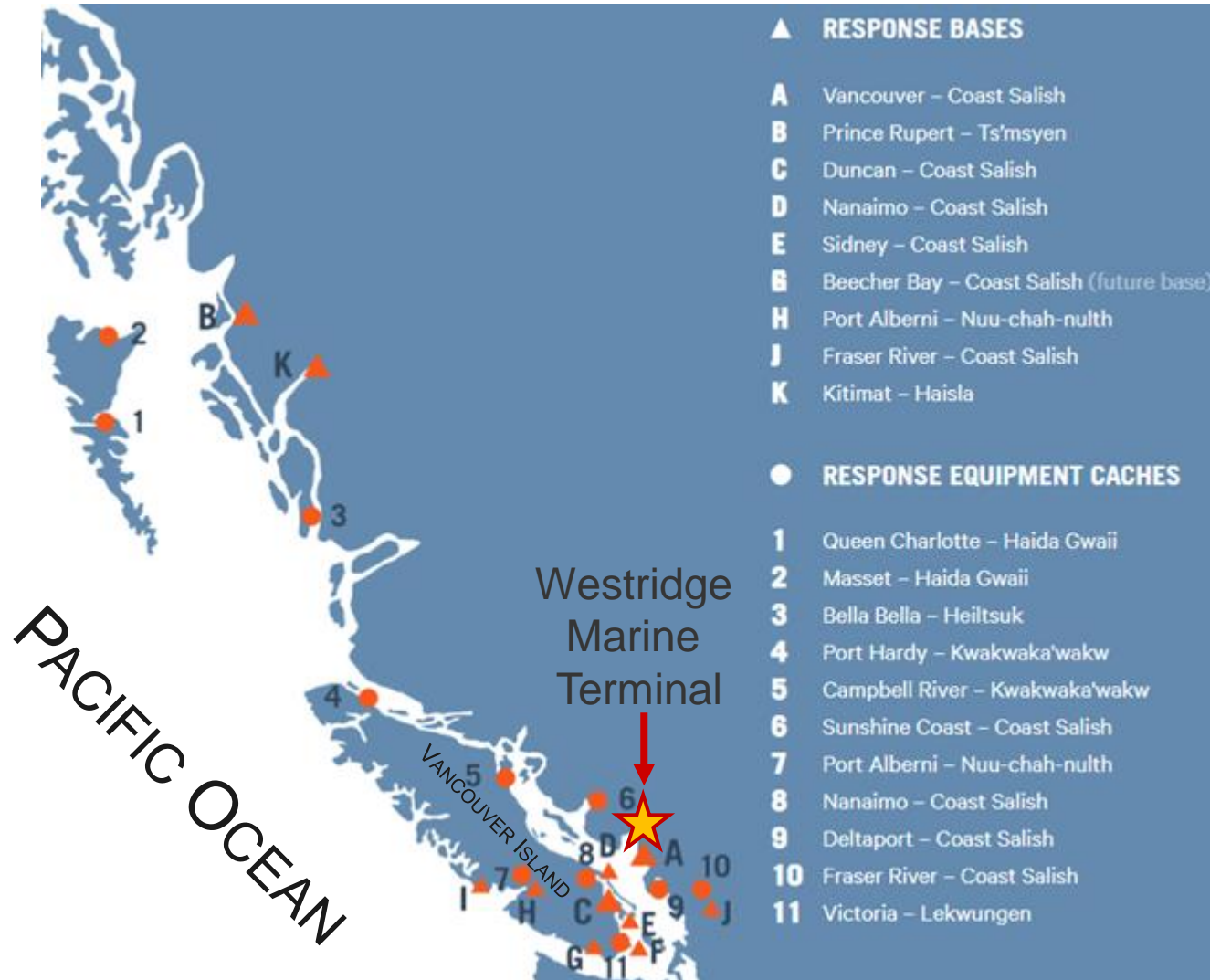
Fees collected by Trans Mountain on behalf of another party	ERR Cost Recovery Fee (ECRF)	Westridge Dock Bid Premiums
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## **WESTERN CANADIAN MARINE RESPONSE CORPORATION (WCMRC) FEES**

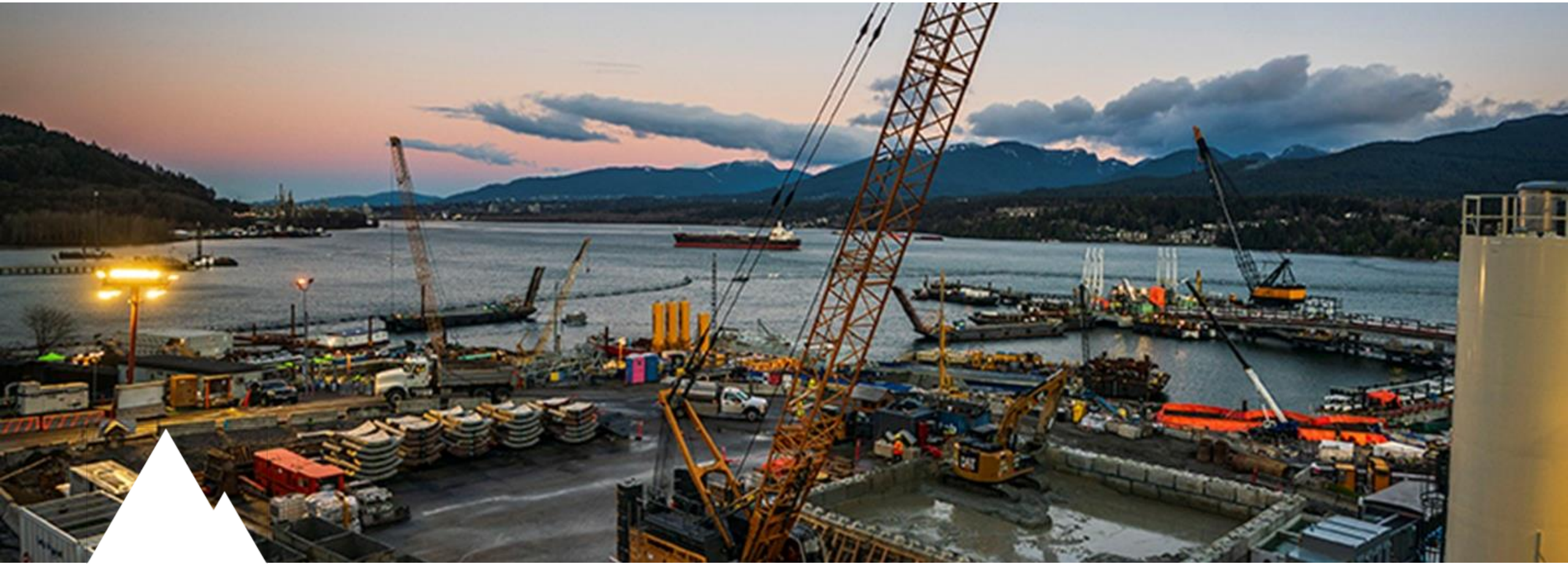
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# Current WCMRC Operations



- The Western Canadian Marine Response Corporation (WCMRC) was formed to respond to spills in Western Canada's navigable waters
- Geographic area of response covers all 27,000 km of Western Canada's coastline, extending to the 200 nautical mile limit
- The WCMRC is the response organization for Trans Mountain and several other organizations
- WCMRC has more than 2,300 members





## **WCMRC FEES**

### **TMEP BULK OIL CARGO FEE (TMEP BOCF)**

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## Present State: TMEP Bulk Oil Cargo Fee (TMEP BOCF)

- The Trans Mountain Expansion Project (TMEP) includes an increase in pipeline capacity and the construction of 3 new berths at the Westridge Marine Terminal to replace the existing berth (Pier 61)
- Condition 133b of NEB [Certificate OC-065](#) approving TMEP construction required that an enhanced marine oil spill response regime be in place that is capable of:
  - a) delivering 20,000 tonnes of capacity within 36 hours of notification, with dedicated resources staged within the study area; and
  - b) initiating a response within 2 hours for spills in Vancouver Harbour, and within 6 hours for the remainder of the Salish Sea shipping route to the 12 nautical-mile territorial sea limit.
- Trans Mountain entered into an agreement with WCMRC to develop and implement an Enhanced Response Regime (ERR) to meet the requirements of Condition 133b, including:
  - Double the WCMRC fleet with an additional 44 new response vessels (89 total)
  - 6 new spill response bases with two staffed for 24/7 operations (Vancouver, Sidney)
    - 127 new employees to staff new bases (227 total)
  - Ability to treat 3,000m of shoreline (from statutory requirement of 500 m)
  - Accompanying operating infrastructure
- Equipment and resources available to all subscribers of WCMRC but would remain resident in the Salish Sea (South Coast of BC shipping lanes)
- ERR to be verified by an independent 3rd party (Lloyd's Register) - COMPLETED



# Marine Spill Response Enhancements



# Present State: TMEP Bulk Oil Cargo Fee (TMEP BOCF)

- As the ERR is to apply to the Expanded System, it was agreed that Trans Mountain would initially reimburse the WCMRC for all capital costs associated with the ERR through a separate WCMRC calculated TMEP BOCF effective January 1, 2016.
- These costs would then be recovered from Westridge Shippers upon commencement of the Expanded System.
  - Trans Mountain and Shippers agreed to the methodology, and it was NEB approved ([TO-001-2016](#))
  - TMEP BOCF rates are published on the [WCMRC website](#)
- Trans Mountain has been tracking the amounts paid and financing costs in the ‘Due from Westridge Shippers’ deferral account (Deferral Account)
  - Trans Mountain most recently reported the balance in its [2023 ITS Filing](#)
- The estimated balance in the Deferral Account is ~C\$185M

	2022 Actual (C\$ 000)	2023 Forecast (C\$ 000)
Opening Balance	84,856	130,994
Additions	40,384	46,426
Interest	5,754	7,998
<b>Closing Balance</b>	<b>130,994</b>	<b>185,418</b>

\*Additional costs may be incurred in Q1 2024

- True up of final amount will be needed in 2025

## Future State:

### TMEP BOCF / ERR Cost Recovery Fee (ECRF)



- Once the Expanded System is in-service, Trans Mountain will begin recovering funds in the Deferral Account through a new ERR Cost Recovery Fee (ECRF)
  - The approved methodology states the following:
    - Collection of a financing cost will cease upon commencement of service on the Expanded System
    - Trans Mountain will begin charging a fixed amount per m<sup>3</sup> loaded over the Westridge Marine Terminal to recover funds in the Deferral Account upon commencement of service on the Expanded System
    - Recovery of the Deferral Account will not exceed 5 years
    - The fixed amount per m<sup>3</sup> shall be established, in coordination with Shippers, no later than 6 months prior to the commencement of the Expanded System
    - Annually, once collection of the Deferral Account begins, Trans Mountain will compare the amount collected to the balance in the Deferral Account and may adjust the fixed amount per m<sup>3</sup> in coordination with Shippers
- Trans Mountain will be including a fixed ECRF in the Interim Commencement Date Tolls for the Expanded System
  - These tolls will go into effect on the Commencement Date of the Expanded System
  - Target date for Trans Mountain to file its Application to the Canada Energy Regulator (CER) for approval of Commencement Date Tolls is May 31, 2023
- True up of final amount will be needed in 2025 as total costs to be recovered will not be known until after commencement of service on the Expanded System

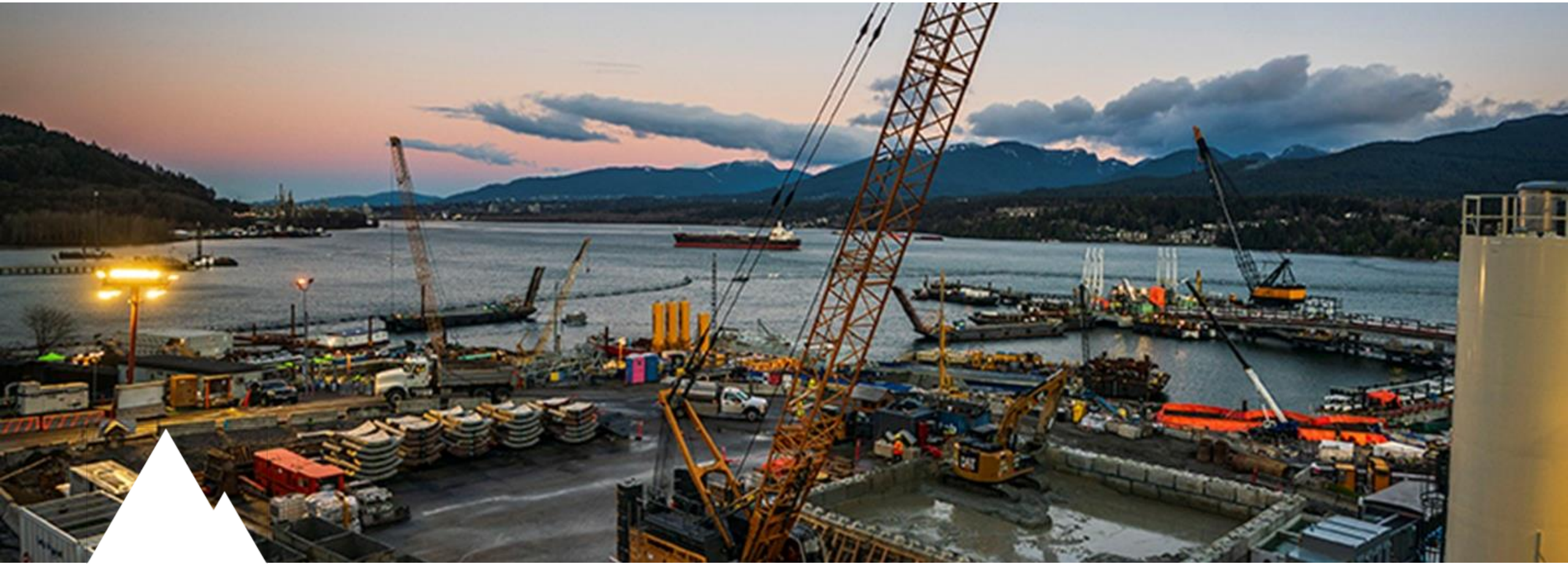
## Future State: TMEP BOCF / ERR Cost Recovery Fee (ECRF)

- Trans Mountain is proposing recovering the balance of the Deferral Account over a 4-year period
  - Balance in the Deferral Account will be amortized using a “Remaining Life” methodology
  - The ECRF may be adjusted, in coordination with shippers
  - Trans Mountain will reserve the last year to true up any over and under collection

Year			1	2	3	4
Years Remaining			3	2	1	True-Up
Opening Balance	C\$M	(a) = previous (f)	180	130	65	10
Forecast Recovery	C\$M	(b)	60	60	60	10
Forecast Westridge Volumes	Millions of bbl	(c)	200	200	200	200
<b>ECRF</b>	<b>C\$/bbl</b>	<b>(d) = (b) ÷ (c)</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>	<b>0.05</b>
Actual Recovery	C\$M	(e)	50	65	55	10
Closing Balance	C\$M	(f) = (a) – (e)	130	65	10	0

- The level of the ECRF will be reported within the Toll Tariff under the additional charges applicable to Westridge volumes
- Trans Mountain will consult with Shippers on the level of the ECRF prior to annual toll filings
- Trans Mountain will report the balance in the Deferral Account, the annual collection and other information within the Toll Schedules which will accompany its annual toll filing for the Variable Toll





## **WCMRC FEES**

### **BULK OIL CARGO FEE (BOCF)**

Confidential – Non-Binding – For Discussion Purposes Only – Not for Distribution

# Present State: Bulk Oil Cargo Fee (BOCF)

- The WCMRC sets the BOCF annually to cover its operating expenses
- The BOCF is applied to each tonne of oil transferred
- The rate is calculated based on:
 
$$\frac{\text{Expenses (debt servicing + operating costs + return on equity - other revenues)}}{\div \text{Annual Volume (total volume of bulk oil unloaded/loaded + ship-to-ship transfers)}} = \text{Bulk Oil Cargo Fee}$$

- Rates are published on the [WCMRC website](#):
  - 2023 Business as Usual (BAU) BOCF rate: \$1.760 per tonne (~\$0.26/bbl)
    - Effective January 1, 2023
  - Currently applicable to all WCMRC members including Trans Mountain Shippers
- Trans Mountain collects BOCF fees from Westridge Shippers and remits to the WCMRC

BOCF FEE CALCULATION		
	2022 Budget Effective: 2022	2023 Budget Proposed: 2023
<b>Revenue</b>		
Deferred Revenue Previous Year	2,200,000	1,700,000
Interest and Other	50,000	35,000
Projects	928,844	1,000,000
Registration Fees	1,550,000	1,550,000
	<b>4,728,844</b>	<b>4,285,000</b>
<b>Expenses</b>		
Depreciation	1,616,269	1,001,000
Insurance	420,000	420,000
Technology and R&D	149,680	63,200
Maintenance and Readiness	2,242,603	2,099,009
Office	1,150,640	926,719
Travel	449,915	432,068
Interest and Other	175,800	411,831
Public Relations	69,900	56,950
Professional Fees	370,400	425,625
Rent and Moorage	1,002,110	978,118
Salaries	8,726,922	8,880,076
Training	308,663	398,080
	<b>16,682,903</b>	<b>16,092,676</b>
<b>Other</b>		
ROE 6.40% (7.44%- 2020)	-	-
Absorption of Contingency	-	-
Equity Repurchase	-	-
	-	-
<b>Total Funds Required</b>	<b>11,954,059</b>	<b>11,807,676</b>
<b>Total Volumes</b>	<b>6,200,418</b>	<b>6,710,727</b>
<b>Bulk Oil Cargo Fee</b>	<b>\$ 1.928</b>	<b>\$ 1.760</b>

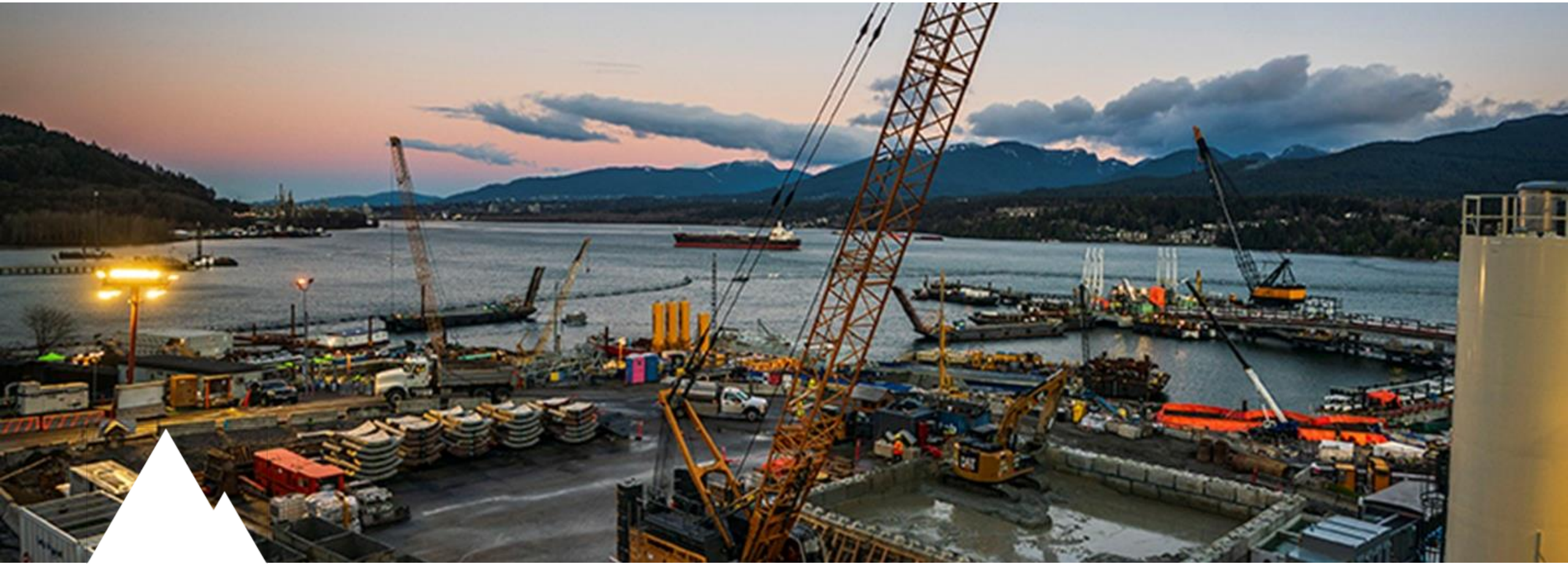
Source: [WCMRC 2023 Fee Justification Document](#)

## Future State: Bulk Oil Cargo Fee (BOCF)

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- Post-Expansion, the ERR assets will be put into service and the associated incremental operational costs will need to be recovered through fees as determined and calculated by the WCMRC
- The WCMRC will determine if the incremental operational costs of the ERR are offset by the incremental throughput associated with the Trans Mountain Expansion
  - If so:
    - All WCMRC members will continue to pay a single BOCF
  - If not:
    - All WCMRC members will pay a **Business as Usual (BAU) BOCF** that excludes costs and throughput associated with the ERR and Trans Mountain Expansion
    - Trans Mountain marine shippers will pay an additional **Westridge BOCF** to cover incremental costs associated with the ERR
- Trans Mountain will continue to collect all BOCF fees from Westridge Shippers and remit to the WCMRC





## **WCMRC FEES**

### **CAPITAL ASSET & LOAN FEE (CALF)**

Confidential – Non-Binding – For Discussion Purposes Only – Not for Distribution

## Present State: Capital Asset & Loan Fee (CALF)

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- The WCMRC sets the CALF annually to cover any capital purchases and interest
- The CALF is applied to each tonne of oil transferred
- The rate is calculated based on:

$$\frac{\text{Capital Purchases (capital budget + loan repayment)}}{\div \text{Annual Volume (total volume of bulk oil unloaded/loaded + ship-to-ship transfers)}} = \text{Capital Asset \& Loan Fee}$$

- Rates are published on the [WCMRC website](#):
  - 2023 CALF: \$0.000 per tonne (~\$0.00/bbl)
    - Effective January 1, 2021
  - Would be applicable to all WCMRC members including Trans Mountain Shippers
- Trans Mountain would collect CALF fees from Westridge Shippers and remit to the WCMRC

## Future State: Capital Asset & Loan Fee (CALF)

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- No changes anticipated for the treatment or recovery of any Current Capital Asset & Loan Fee's (CALF) put in place by the WCMRC
- Trans Mountain would continue to collect CALF fees from Westridge Shippers and remit to the WCMRC

# Summary of Present and Future State WCMRC Fees

## Present State (Pre-Expanded System)

### TMEP Bulk Oil Cargo Fee (TMEP BOCF)

- Paid by Trans Mountain on behalf of Shippers for the capital costs related to the Enhanced Response Regime (ERR); amounts collected in a deferral account

### Bulk Oil Cargo Fee (BOCF)

- BOCF charged to cover the annual operating expenses of WCMRC

### Capital Asset Loan Fee (CALF)

- CALF covers capital purchases and interest



## Future State (Expanded System)

### ERR Cost Recovery Fee (ECRF)

- Charged by Trans Mountain to recover the amounts in the deferral account; fee ceases once balance in deferral account is zero

### Bulk Oil Cargo Fee (BOCF)

- BOCF charged to cover the annual operating expenses of WCMRC including operation of ERR assets  
**OR**  
• BAU BOCF + Westridge BOCF

### Capital Asset Loan Fee (CALF)

- CALF covers capital purchases and interest





## VANCOUVER FRASER PORT AUTHORITY (VFPA) – GIF2

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- The Vancouver Fraser Port Authority (VFPA) is the federal agency responsible for the stewardship of the lands and waters that make up the Port of Vancouver, Canada's largest port
  - Under Section 51 of the Canada Marine Act (CMA), the Vancouver Fraser Port Authority (VFPA) has the authority to set or amend fees payable by port users.
- The Gateway Infrastructure Fee (GIF) is a mechanism to leverage government and private funds towards improvement of Port of Vancouver infrastructure. It is intended to recover 90% of the port authority investments and costs associated with the GIF program
  - The Vancouver Fraser Port Authority developed the Gateway Infrastructure Program (GIP) to invest in supply chain improvements beyond traditional port activities and lands.
- GIF has been in place for several years but has not been applicable to cargo terminals East of Second Narrows (including Westridge Marine Terminal)

- GIF2 (formerly GIF2022) includes the development of infrastructure projects and initiatives in four trade areas to increase efficiency and productivity in the supply chain:
  - Roberts Bank
  - **North Shore** (including Westridge Marine Terminal)
  - South Shore
  - Fraser River
- GIF2 is expected to apply to cargo terminals East of Second Narrows (including Westridge) from January 1, 2024, for 29-years (Dec 31, 2052)
  - The GIF2 will be assessed to each metric tonne of oil
  - The fee is payable by “owner of cargo”
- The rates are calculated by the VFPA and published on the [VFPA website](#):
  - Non-containerized cargo terminals East of Second Narrows will be assessed @C\$0.13/mt (~C\$0.02/bbl)
- VFPA requires terminal operators to collect the GIF and remit to VFPA monthly





## **SAMPLE PROPOSED TOLL TARIFF**

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# Sample Proposed Toll Tariff

- The fees applicable to Westridge will be shown in their own section of the Interim Commencement Date Toll Tariff for the Expanded System (Toll Tariff)
- A sample of the expected format of the Toll Tariff is shown here:

Tariff No. •  
Page 9 of 10

**IV. Additional Charges Applicable to Movements Loaded over the Westridge Terminal**

<b>Bulk Oil Cargo Fee (BOCF)</b>	
Description	Rate
All Petroleum loaded over the Westridge Marine Terminal is subject to the Western Canada Marine Response Corporation's Bulk Oil Cargo Fee and Capital Asset/Loan as published on the WCMRC website at <a href="http://www.wcmrc.com">www.wcmrc.com</a> .	Posted Rate

<b>Enhanced Response Regime Cost Recovery Fee (ECRF)</b>	
Description	Rate
All Petroleum loaded over the Westridge Marine Terminal is subject to the ECRF. As approved by the NEB in TO-001-2016, the ECRF is charged by the carrier to recover the amount in the Due from Westridge Shippers deferral account.	\$X.XX / m <sup>3</sup>

<b>Gateway Infrastructure Fee 2 (GIF2)</b>	
Description	Rate
All Petroleum loaded over the Westridge Marine Terminal may be subject to the Vancouver Fraser Port Authority's Gateway Infrastructure Fee 2 as published on their website at <a href="http://www.portvancouver.com/fees">www.portvancouver.com/fees</a> .	Posted Rate

<b>Westridge Dock Bid Premium</b>	
Description	Rate
During Months of apportionment, Uncommitted Shippers receiving an allocation by the Carrier for Nominations to the Westridge Marine Terminal will be liable for payment of the Bid Premium on the volume of Petroleum Delivered, regardless of the Vessel's loading date in accordance with Rule 7.7 from the current Rules and Regulations.	As Bid

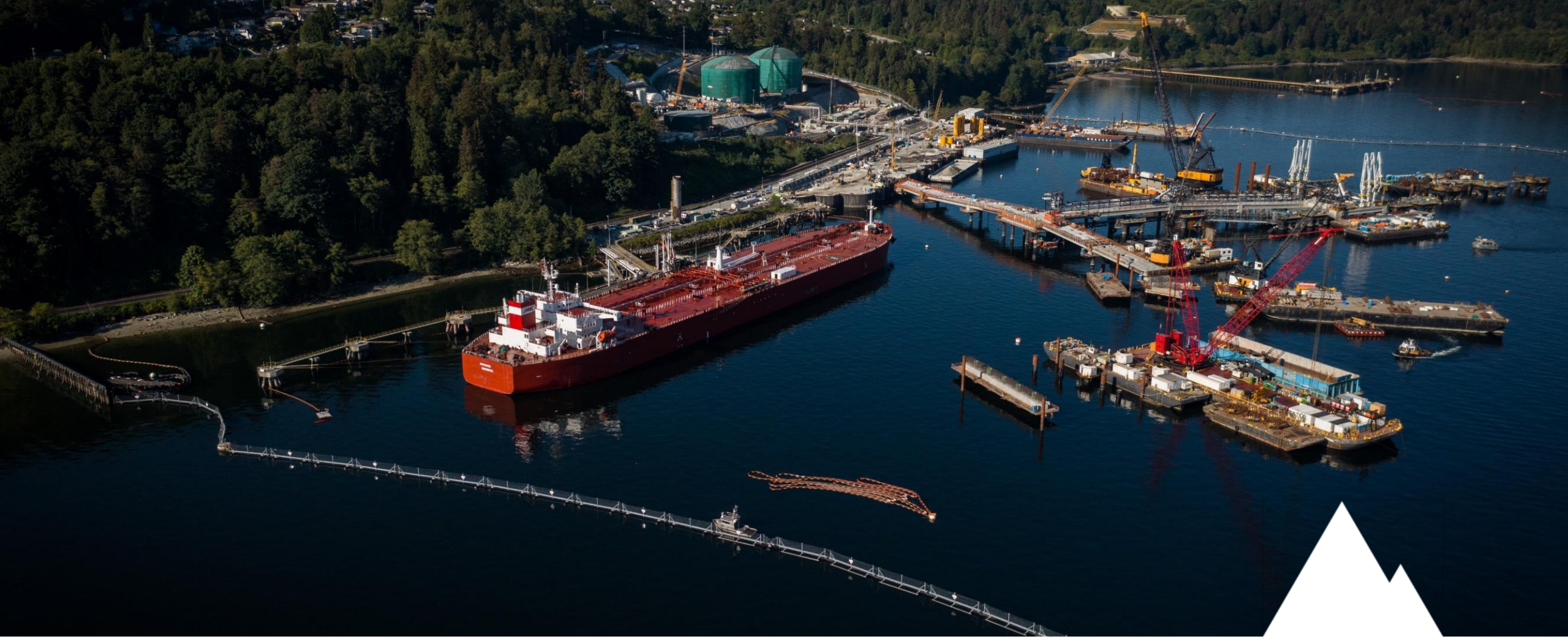
- Questions?
- Next Steps:
  - Participants may send comments or questions to [Tariffs@TransMountain.com](mailto:Tariffs@TransMountain.com) by May 12, 2023
  - Information on the ECRF will be included as a part of the presentation on the Interim Commencement Date Tolls to all Shippers and Interested parties at the Commencement Date Tolls Preview on May 15, 2023, prior to the filing the Application
  - Trans Mountain plans to file its application for CER approval of the Proposed Interim Commencement Date Toll Tariff on May 31, 2023, following Commencement Date Tolls Preview consultation
  - All interested parties have the opportunity to submit comments to the CER after the Application is submitted

**Tab 4**

**Consultation Phase II**

**May 15, 2023 Commencement Date Toll Preview Presentation**





# Commencement Date Tolls Preview Shippers & Interested Parties

May 15, 2023



# Confidentiality

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# Competition Law Compliance Reminder

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The participants are meeting today to discuss specific topics, as outlined on the agenda in this presentation.

All participants at this meeting will comply at all times with the *Competition Act (Canada)*, and the competition law compliance policies, practices and guidelines that have been implemented by their own companies. To that end, the participants agree: to discuss only topic related matters; to not disclose to each other any information except as may be necessary to satisfy the stated purpose; and to not disclose to each other any competitively sensitive information.

If at any time during this meeting a question arises regarding competition law compliance, the participants will cease discussions immediately and contact their legal counsel for guidance.

# Forward-Looking Statements



This presentation contains certain forward-looking information and statements (“forward-looking statements”). Forward-looking statements relate to future results or events, are based upon internal plans, intentions, expectations, and beliefs, and are subject to risks and uncertainties that may cause actual results or events to differ materially from those indicated or suggested therein. All statements other than statements of current or historical fact constitute forward looking statements. Forward-looking statements are typically, but not always, identified by words such as “plan”, “target”, “goal”, “believe”, “will”, “continue”, “expect”, “committed”, “estimate”, “reach”, “should” and similar or other expressions indicating or suggesting future results or events. The forward-looking statements reflect Trans Mountain’s beliefs and assumptions with respect to such things as the outlook for general economic, market and industry trends and conditions, the integrity and reliability of Trans Mountain’s assets, and the governmental, regulatory and legal environment. Forward-looking statements are not promises of future outcomes. There is no assurance that the results or events indicated or suggested by the forward-looking statements, or the plans, intentions, expectations or beliefs contained therein or upon which they are based, are correct or will in fact occur or be realized (or if they do, what benefits Trans Mountain may derive therefrom).

Undue reliance should not be placed on these forward-looking statements and information as they are based on assumptions made by Trans Mountain as of the date hereof. While Trans Mountain believes the expectations and assumptions reflected in these forward-looking statements are reasonable as of the date hereof, there can be no assurance that they will prove to be correct. Forward-looking statements are subject to known and unknown risks and uncertainties which may cause actual performance and financial results to differ materially from the results expressed or implied, The forward-looking statements contained in this presentation speak only as of the date of this presentation. Unless required by law, Trans Mountain assumes no obligation to update forward looking statements and information should circumstances or management’s expectations, estimates, projections or assumptions change. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

# Glossary of Acronyms

Term	Definition
ACE	Abandonment Cost Estimate
BOCF	Bulk Oil Cargo Fee
BPD	Barrels Per Day
C\$	Canadian dollars
C\$ /m <sup>3</sup>	Canadian Dollars per cubic metre
CAPP	Canadian Association of Petroleum Producers
CER	Canada Energy Regulator
cSt	Centistokes
ECRF	ERR Cost Recovery Fee
ERR	Enhanced Response Regime
FSA	Facility Support Agreement(s)
GHG	Greenhouse Gas
ISD	In Service Date

Term	Definition
ITS	Incentive Toll Settlement
KBPD	Thousand Barrels Per Day
kg/m <sup>3</sup>	Kilogram per cubic metre
m <sup>3</sup>	Cubic metre
MBA	Mutual Benefit Agreement
MT	Mountain Time
NEB	National Energy Board
PLAPs	Petroleum Loss Allowance Percentage
TD	Toronto-Dominion Bank
TMEP	Trans Mountain Expansion Project
TSA	Transportation Service Agreement(s)
WCMRC	Western Canadian Marine Response Corporation
WDBP	Westridge Dock Bid Premium

- Interim Commencement Date Tolls
- Expanded System Toll Methodology
- Expanded System Overview
- Expanded System Toll Structure
  - Fixed Toll Component & Level of Fixed Toll Component
  - Variable Toll Component & Level of Variable Toll Component
  - Other Charges and Fees
  - Westridge Specific Fees
- Toll Summary & Toll Schedule Preview
- Annual Toll Filing Process
- Q&A / Next Steps

# Interim Commencement Date Tolls: Overview

- Trans Mountain consulted with Shippers and Interested Parties in April to review the approved toll methodology that will apply to the Expanded System
- Today (May 15, 2023), Trans Mountain will review the Interim Commencement Date Tolls and Toll Schedule that will be filed in its application to the CER on May 31, 2023 (the Application)
- Interim Commencement Date Tolls must be in place before service can begin on the Expanded System
  - Without Interim Commencement Date Tolls, operation of the Expanded System will be delayed
- Interim Commencement Date Tolls are not final and will be trued up once As-Built Tolls, based on As-Built Costs and Expenses (subject to audit), are available
- Trans Mountain will recalculate shipper invoices using As-Built Tolls and refund/invoice the difference

**The Expanded System requires Interim Tolls to be in place before service can begin.  
Interim Tolls are not final and will be trued up once As-Built Tolls are available.**

# Interim Commencement Date Tolls: Expected Process & Timeline



Date*	Step [Responsible Party]	Description
April 18-30, 2023	<b>Toll Methodology Consultation</b> [Trans Mountain]	Trans Mountain to provide an overview of the approved toll methodology through scheduled meetings with Shippers and Interested Parties
May 3, 2023	<b>Comments Due</b> [Shippers & Interested Parties]	Shippers and Interested Parties may provide comments and questions to Trans Mountain regarding the April Toll Methodology presentations
May 15, 2023	<b>Commencement Date Tolls Preview</b> [Trans Mountain]	Trans Mountain to provide Interim Commencement Date Tolls through a single meeting with all Shippers and identified Interested Parties
May 24, 2023	<b>Comments Due</b> [Shippers & Interested Parties]	Shippers and Interested Parties may provide comments and questions to Trans Mountain regarding the Commencement Date Tolls Preview presentation
May 31, 2023	<b>CER Application Filing</b> [Trans Mountain]	Target date for Trans Mountain to file its Application to the Canada Energy Regulator (CER) for approval of Commencement Date Tolls
June, 2023	<b>Comment Period (Anticipated)</b> [Shippers & Interested Parties]	The Commission is expected to set a comment period during which interested parties may file comments with the CER
June-September, 2023	<b>CER Process</b> [CER]	To be determined by the CER
September 14, 2023	<b>CER Decision (Requested)</b> [CER]	Trans Mountain will be requesting a decision by September 14, 2023 to allow time for the administrative Tariff filing of Interim Commencement Date Toll Schedule
Q4, 2023	<b>Administrative Tariff Filing</b> [Trans Mountain]	Trans Mountain will file with the CER the Interim Commencement Date Toll Schedule that will reflect the approved Interim Commencement Date Tolls, any Commission-directed revisions, and required administrative information such as the tariff number and effective date.
Commencement Date	<b>Interim Commencement Date Tolls become effective</b>	Interim Commencement Date Tolls will become effective at 7:00AM (MT) on the Commencement Date of the Expanded Trans Mountain Pipeline System (Expanded System)

\* Subject to change



# Expanded System Toll Methodology: Background



- On June 29, 2012, Trans Mountain applied to the National Energy Board (NEB) for approval of the proposed toll methodology if an expansion of the system was approved
  - The proposed toll methodology was the result of extensive negotiations over three Open Seasons
  - Results are reflected in the Facility Support Agreements (FSA) and the Transportation Service Agreements (TSA) executed by subscribing Trans Mountain Expansion Project (TMEP or the Project) Shippers for 15 and 20-year terms
- In its 2013 [Reasons for Decision RH-001-2012](#), the NEB approved “...the toll methodology as applied for, including the revised Facilities Support Agreement, the Transportation Service Agreement and the Rules and Regulations”
- Trans Mountain will be calculating Interim Commencement Date Tolls in accordance with [RH-001-2012](#) using the latest forecasted costs for the Project

**The toll methodology for the Expanded System was approved by the NEB in 2013**

# Expanded System Toll Methodology: Setting Interim Commencement Date Tolls



- [Reasons for Decision RH-001-2012](#) approved a toll methodology but did not specify the Commencement Date Tolls as the costs of the Trans Mountain Expansion Project were not known at the time
- As the Project nears completion, Trans Mountain now has the information required to calculate the Interim Commencement Date Tolls
- Commencement Date Tolls require CER Approval:
  - From the CER Act: 229 – Authorized Tolls
    1. A company is prohibited from charging a toll unless the toll is
      - a) specified in a tariff that is filed with the Regulator and is in effect; or
      - b) approved by an order of the Commission
- Trans Mountain consulted with Shippers and Interested Parties to review the approved toll methodology to provide the foundation for the determination of the Interim Commencement Date Tolls
  - Today (May 15, 2023), Trans Mountain will review the Interim Commencement Date Tolls that will be filed in its Application on May 31, 2023

**The 2013 Reasons for Decision approved a toll methodology for the Expanded System, but Commencement Date Tolls were intended to be calculated closer to the Project's completion**

# Expanded System Toll Methodology: Two-Phase Consultation Process



- Phase I: Toll Methodology Overview
  - Trans Mountain has met with interested parties to provide an overview of the toll methodology for the Expanded System
    - TMEP Firm Shippers
    - CAPP TMPL Committee
    - Other Interested Parties
- Phase II: Commencement Date Tolls Preview
  - Information on the Interim Commencement Date Tolls will be provided
- All interested parties have the opportunity to submit comments to the CER after the Application is submitted

**Trans Mountain's consultation process will provide interested parties with an opportunity to review, ask questions, and voice any concerns with the Commencement Date Tolls and the Toll Schedule**

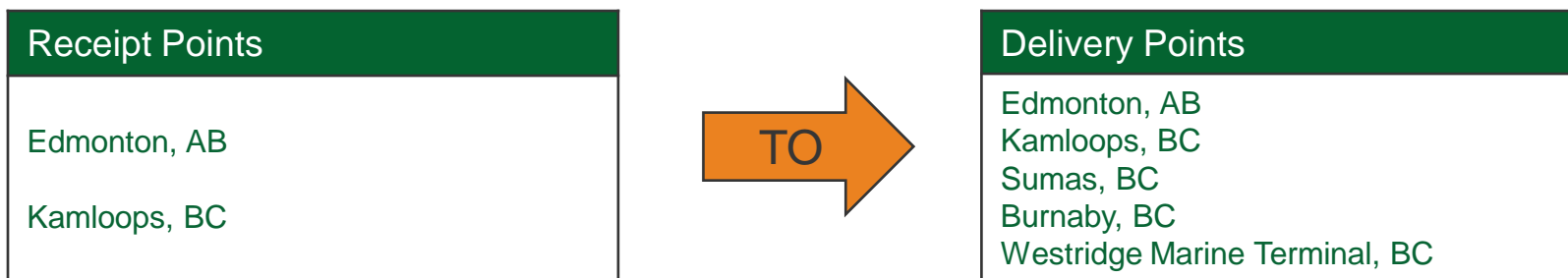
# Expanded System Overview: Trans Mountain Expansion Project

- TMEP includes:
  - ~980 km of new pipeline
  - 193 km of reactivated pipeline
  - 12 new pump stations
  - 19 new tanks will be added to the existing terminals in Burnaby (14), Sumas (1), and Edmonton (4)
  - 3 new berths at Westridge Marine Terminal which will increase capacity from 1 tanker per month to 1 tanker per day
- The pipelines will be operated together as the Expanded System
- The nominal capacity is expected to increase from 300 KBPD to 890 KBPD
  - Line 1: 350 KBPD – primarily light service
  - Line 2: 540 KBPD – primarily heavy service
- Nominal Committed Capacity: ~707.5 KBPD
  - ~80% of nominal capacity
- Remaining capacity (~20% of nominal capacity) reserved for Uncommitted service
  - 80% of Uncommitted Capacity reserved for Land Destinations
  - 20% of Uncommitted Capacity reserved for Dock



# Expanded System Overview: Services on the Expanded System

- The Expanded System will continue to provide transportation services from:



- Petroleum Service Types:

Type	Density (kg/m <sup>3</sup> )	Viscosity (cSt)
Light Crude and Refined Petroleum	600 to <880	0.4 to <30
Heavy Crude Petroleum	880 to 940	30 to 350*

\* This presentation has been updated to correct a typographical error that was included in the April 18<sup>th</sup> and 19<sup>th</sup>, 2023 presentations regarding the viscosity specification for heavy crude. Complete quality specifications for Petroleum on the Expanded System can be found in Rule 23 of the Proposed Expanded System Rules & Regulations ([C23061](#)).

- Trans Mountain will provide Tank Metered and Direct Inject service on the Expanded System
  - Volumes tendered at Edmonton which do not utilize Trans Mountain’s tankage facilities will receive a direct inject credit (see [TSA/FSA Schedule B](#))
  - Direct Inject Credit will be C\$0.13/bbl (~C\$0.8177/m<sup>3</sup>)
- Edmonton Terminal tolls will initially be set at the rates currently in effect for the existing system
  - Once service commences on the Expanded System, these tolls will be assessed and new rates developed if necessary

# Expanded System Toll Structure: Overview of Expanded System Tolls

- Expanded System Firm Service and Uncommitted Tolls will be comprised of the:

## FIXED TOLL

- Based on the capital cost of the Project as adjusted in accordance with the FSA/TSA
- Will vary depending on the term commitment and volume commitment
- Distance adjusted



## VARIABLE TOLL

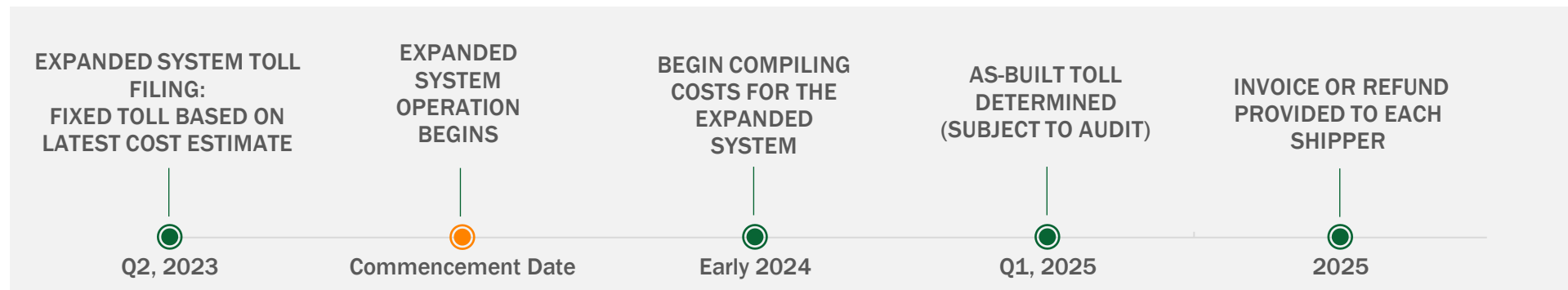
- Based on forecast costs with annual true-up
- Intended to recover power and other variable/required regulatory costs
- Distance adjusted
- Power is distance and petroleum density adjusted

- Other amounts collected on all volumes:
  - Petroleum Loss Allowance
- Charges applicable to Westridge volumes:
  - Including any Bulk Oil Cargo Fees, Gateway Infrastructure Fees, Dock Bid Premiums and Enhanced Response Regime (ERR) Cost Recovery Fee
- Other Charges and Fees (as applicable):
  - Demurrage Charge, Non-Performance Penalty and Alternate Delivery Point Fee



# Expanded System Toll Structure: Commencement Date vs As-Built Fixed Tolls

- The May 31, 2023, Application for approval of the Interim Commencement Date Tolls will reflect the latest cost estimate for the Project
- As-Built Costs and Expenses will be determined within 15 months of the Commencement Date and tolls will be trued up at that time
  - Shippers have the right to audit As-Built Costs and Expenses
- Trans Mountain shall recalculate all invoices for each shipper using the As-Built Fixed toll and the difference will be invoiced or refunded by cheque to each shipper



# Expanded System Toll Structure: Sample Proposed Toll Schedule



- The Expanded System Toll Schedule will contain all tolls to be charged on the Expanded System
  - Section I will include a table of tolls for each commitment level (including uncommitted)
  - Section II will outline tolls for Edmonton-to-Edmonton movements
  - Section III will outline charges which are applicable to all movements
    - Petroleum Loss Allowance, Pipeline Reclamation Surcharge, Westridge Dock Bid Premium Surcredit
  - Section IV will outline Westridge specific fees & charges
    - Bulk oil cargo fees, ERR Cost Recovery Fee, Dock Bid Premiums
  - Section V will outline other charges and fees which are applied when warranted
    - Non-Performance Penalty, Demurrage charge, Alternate delivery point fee
- All rates shown in Canadian Dollars per cubic metre (C\$/m<sup>3</sup>)
- Trans Mountain will continue to provide a build-up of tolls outlined in Section I within the Calculation Schedules to be filed with the CER as part of the annual Variable Toll application

## I. Net Tolls for Mainline Transportation Service

Uncommitted Tolls						
Receipt	Delivery	Petroleum Type	Service Type	Fixed Toll	Variable Toll	Total Toll
Edmonton	Kamloops	Refined Petroleum & Light Crude Petroleum	Tank Metered			
			Direct Inject			
	Sumas	Light Crude Petroleum	Tank Metered			
			Direct Inject			
		Heavy Crude Petroleum	Tank Metered			
			Direct Inject			
	Burnaby	Refined Petroleum & Light Crude Petroleum	Tank Metered			
			Direct Inject			
Westridge	Light Crude Petroleum	Tank Metered				
		Direct Inject				
	Heavy Crude Petroleum	Tank Metered				
		Direct Inject				
Kamloops	Sumas	Light Crude Petroleum	N/A			
	Burnaby	Light Crude Petroleum	N/A			

## I. Net Tolls for Mainline Transportation Service

Firm Service Tolls						
20 Year Contract Term Transportation Rates with Volume Commitment ≥ 75,000 barrels per day						
Receipt	Delivery	Petroleum Type	Service Type	Fixed Toll	Variable Toll	Total Toll
Edmonton	Kamloops	Refined Petroleum & Light Crude Petroleum	Tank Metered			
			Direct Inject			
	Sumas	Light Crude Petroleum	Tank Metered			
			Direct Inject			
		Heavy Crude Petroleum	Tank Metered			
			Direct Inject			
	Burnaby	Refined Petroleum & Light Crude Petroleum	Tank Metered			
			Direct Inject			
Westridge	Light Crude Petroleum	Tank Metered				
		Direct Inject				
	Heavy Crude Petroleum	Tank Metered				
		Direct Inject				
Kamloops	Sumas	Light Crude Petroleum	N/A			
	Burnaby	Light Crude Petroleum	N/A			





## FIXED TOLL COMPONENT

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# Fixed Toll Component: Overview

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- The Fixed Toll is comprised of the Capped Cost and the Uncapped Cost components based on the Project Costs and Expenses
  - The Application for Interim Commencement Date Tolls will be based on the latest cost estimate for the Project
  - The Fixed Toll Component for deliveries to Westridge will also include 100% of costs and expenses for the Westridge Marine Terminal improvements
  - Final Tolls will be based on the actual As-Built cost of the Project
- The Capped Cost component of the Fixed Toll is based on the total Capped Costs of the Project
  - The Capped Cost component of the Fixed Toll was fixed based on the 2017 Certificate of Public Convenience and Necessity (CPCN) Cost Estimate and determined in accordance with the FSA
- The Uncapped Cost component of the Fixed Toll is based on the Uncapped Costs of the Project
  - The Uncapped Cost component of the Fixed Toll can increase/decrease by C\$0.07 per barrel (~C\$0.44/m<sup>3</sup>) per C\$100 million (or portion thereof) of Uncapped Cost above/below the [2013 Initial Cost Estimate](#)

# Fixed Toll Component: Calculation Methodology

- The NEB approved Toll Methodology specifies the discounts and premiums to be applied to the Fixed Toll component
  - The Fixed Toll component is adjusted for distance, term discount/premium, and volume commitment discount
  - The Base Fixed Toll is the Edmonton to Burnaby 15-year Fixed Toll with volume commitment of less than 75 KBPD
- Trans Mountain offered TSA's with two term commitments: 15-year term and 20-year term
- An additional 7.5% discount was available for shippers willing to commit to ship greater than 75 KBPD

Contract Term	Volume Commitment		
	Uncommitted	Less than 75 KBPD	75 KBPD or greater
No Contract	Base +10%		
15-Year Contract		Base Fixed Toll (Base)	Base -7.5%
20-Year Contract		Base -10%	Base -16.75%

Note: Discount for "20-Year Contract, 75 KBPD or greater" is calculated as:  $1 - (0.9 \times 0.925) = 16.75\%$

- Fixed Toll component escalates at 2.5% annually on anniversary of Commencement Date

# Fixed Toll Component: Estimated Base Fixed Toll

- The total cost of the Project is estimated to be C\$30.9B\*
- Capped Cost Toll was fixed at the delivery of the 2017 CPCN at C\$4.40/bbl for the Base Fixed Toll from Edmonton to Burnaby
  - No further adjustments to the Capped Cost Toll after the 2017 CPCN as stipulated in the FSA
- Uncapped Cost component can increase/decrease by C\$0.07 per barrel (~C\$0.44/m<sup>3</sup>) per C\$100 million or portion thereof
  - Uncapped Cost: C\$9.1B

Commencement Date Uncapped Costs	Amount (millions of C\$)
2017 CPCN Uncapped Cost	\$1,767
Commencement Date Uncapped Toll Estimate	\$9,087
Increase in cost from 2017 CPCN	\$7,320

\*As with all projects of this size, risks to the final costs and schedule will remain as work continues to complete the Project.

Edmonton to Burnaby Toll Base Fixed Toll (Edmonton to Burnaby - 15-year term, <75kbpd volume commitment)	Capped Cost Toll (C\$/bbl)	Uncapped Cost Toll (C\$/bbl)	Total Fixed Toll (C\$/bbl)
2013 Initial Estimate	\$3.42	\$0.91	\$4.33
2017 CPCN	\$4.40	\$1.36	\$5.76
Interim Commencement Date (est.)	\$4.40	\$6.48	\$10.88

Base Fixed Toll



# Fixed Toll Component: Estimated Fixed Tolls based on Delivery Point

- The table below shows Fixed Toll Component for different delivery points and commitment levels
  - Fixed Toll is adjusted based on distance
  - Fixed Toll discounts/surcharges discussed on slide 19 are applicable depending on the term commitment and volume commitment

Fixed Toll Component					
Term Commitment	Spot	15 year	15 year	20 year	20 year
Volume Commitment	N/A	<75kbpd	≥75kbpd	<75kbpd	≥75kbpd
Edmonton to...	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl
Kamloops	\$8.54	\$7.76	\$7.18	\$6.99	\$6.46
Sumas	\$11.42	\$10.39	\$9.61	\$9.35	\$8.65
Burnaby	\$11.97	\$10.88	\$10.07	\$9.80	\$9.06
Westridge	\$12.61	\$11.46	\$10.60	\$10.32	\$9.54

Base Fixed Toll

- Tolls are interim and subject to refund once the As-Built Fixed Toll is determined based on the As-Built Costs and Expenses for the Project
  - The true up for the Fixed Toll Component between the Interim Commencement Date Tolls and the As-Built Tolls will be refunded by cheque or invoiced to each Shipper





## VARIABLE TOLL COMPONENT

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# Variable Toll Component: Overview

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- The Variable Toll component will be based on the annual forecasted cost for each element included in the Variable Toll component
- Variable Toll component will be adjusted for distance and does not vary depending on commitment level
  - Power will be adjusted for distance and density
- As per TSA/FSA Schedules, the Variable Toll component will include:
  - Power
  - Revenue Sharing
  - Increases in cost as a result of regulatory orders from any government or regulatory body (e.g., CER)
  - Pipeline abandonment
  - Shipper requested programs or facilities
  - Costs resulting from terrorism, sabotage or civil disturbances
  - Other items as agreed upon with Shippers (for payments made after the Commencement Date)
- Within 90 days of the end of each calendar year, Trans Mountain will provide a reconciliation between the collection and the actual costs
  - The difference will be added to the following year's Variable Toll component as the Variable Toll True-Up

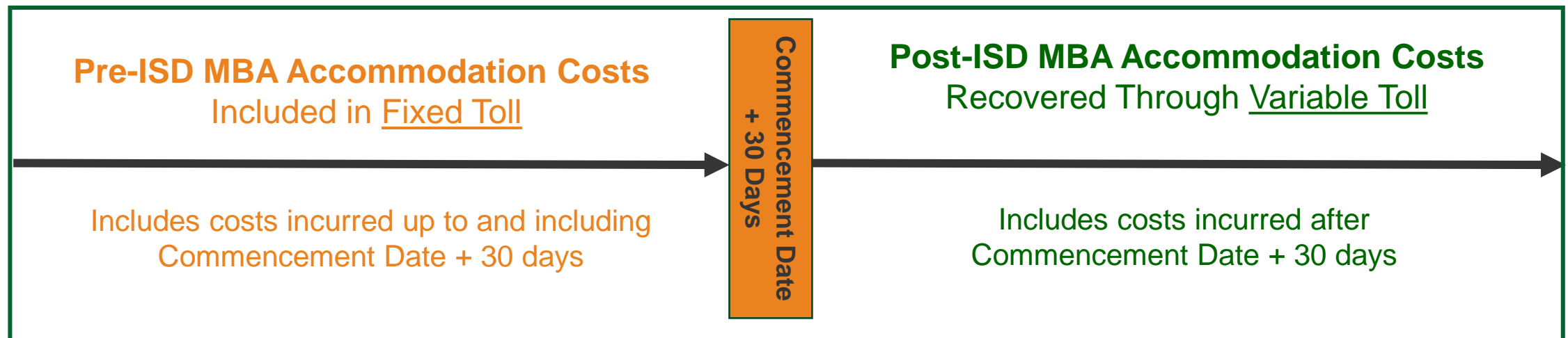
# Variable Toll Component: Elements

Variable Toll Element	Included in Interim Commencement Date Tolls	Included in Second Year Tolls	Basis of Cost Forecast	Toll Methodology	True-Up
Power	✓	✓	Crude slate, power costs, throughput	Distance and density adjusted	Included in next year's power tolls
Mutual Benefit Agreements (MBA) Accommodation Costs	✓	✓	Annual contractual commitments	Distance adjusted	Included as a part of the Variable Toll True Up
Pipeline Reclamation Surcharge	✓	✓	CER approved Abandonment Cost Estimate (ACE)	Distance adjusted	Adjusted every 5 years during ACE review or as directed by CER
Fibre Optic Leak Detection	✓	✓	Cost-of-Service basis	Distance adjusted	Included in next year's Fibre Optic Leak Detection revenue requirement
Greenhouse Gas (GHG) Offset Cost		✓	Annual offsets multiplied by offset cost per metric ton	Distance adjusted	Included as a part of the Variable Toll True Up
Revenue Sharing		✓	Prior year uncommitted revenue and Available Capacity	Distance adjusted	Included as a part of the Variable Toll True Up
ITS Carry Over		✓	2023 ITS actuals	Distance adjusted	Included as a part of the Variable Toll True Up
Westridge Dock Bid Premiums Refunds		✓	2024 collections	Distance adjusted	Offset against next year's refunds
Variable Toll True Up		✓	Actual over/under collection	Distance adjusted	Recalculated annually

- Note: this list is not exhaustive and other items may be added or removed from time to time as per the NEB approved Toll Methodology

# Variable Toll Component: Mutual Benefit Agreements

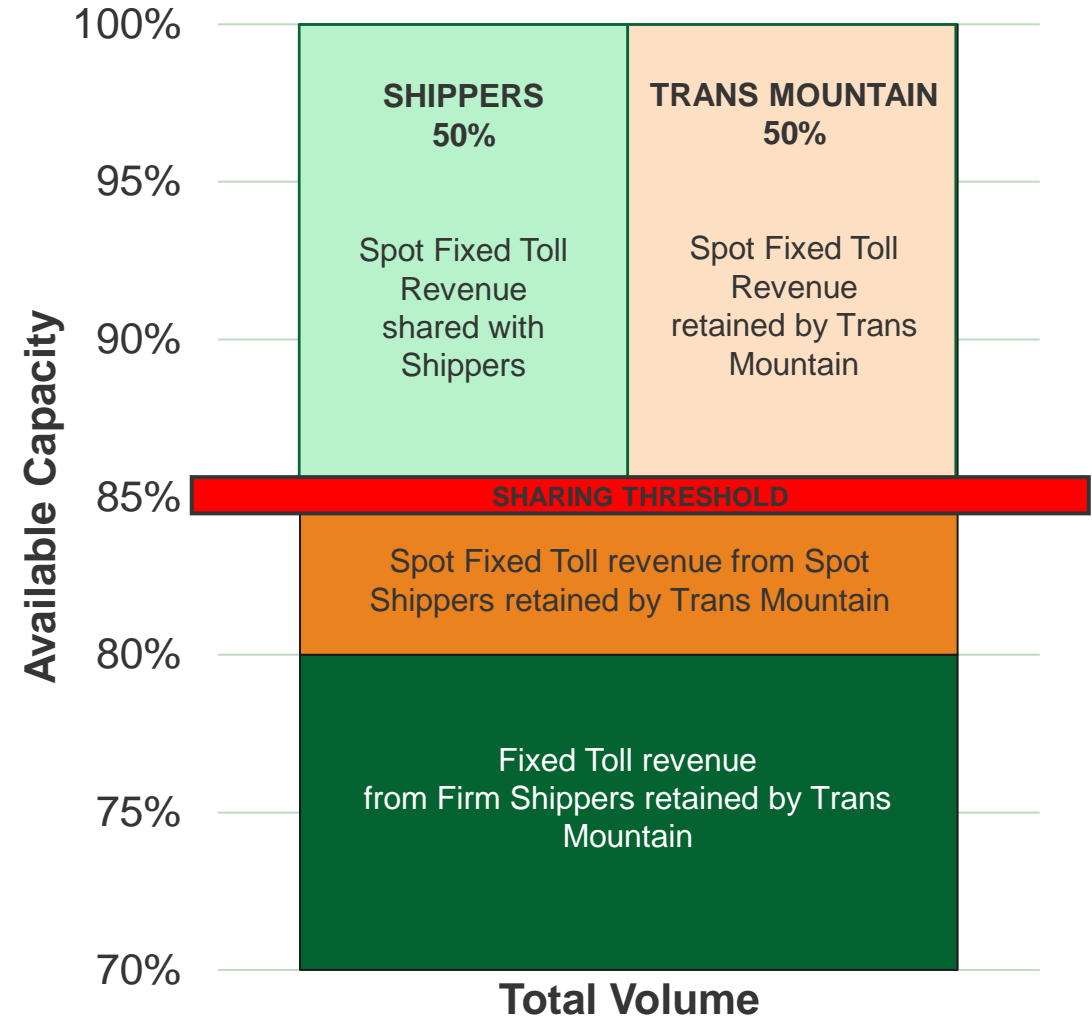
- As of the time of this presentation, Trans Mountain has signed 69 Mutual Benefit Agreements (MBA) representing approximately 80 Indigenous groups
  - Per the TSA, Consultation and Accommodation costs are included as an Uncapped Cost of the Fixed Toll
- Through consultations with Firm Shippers, Trans Mountain agreed that only MBA Accommodation costs which are spent up to Commencement Date or payments made within 30 days of the Commencement Date (referred to collectively as Pre-ISD MBA Accommodation Costs) would be included in the Fixed Toll
  - This has the effect of reducing the Fixed Toll for all Shippers
- Post-ISD MBA Accommodation Costs will be recovered through the Variable Toll based on the annual amount payable as stipulated in each MBA





# Variable Toll Component: Revenue Sharing

- As per clause 3.2 of the TSA/FSA Schedules, Trans Mountain shall share 50% of all Fixed Toll revenue from Uncommitted (Spot) Shippers on volumes shipped in excess of 85% of Available Capacity
- The first year of revenue sharing (if any) is anticipated to be in 2025 based on 2024 spot volumes shipped
- Trans Mountain will report the shared volumes and revenues on an annual basis as directed by the Regulator
- An annual true up will be included as a part of the Variable Toll True Up in the following year
- Illustrative example shown here



# Variable Toll Component: Elements of the Interim Commencement Date Variable Toll



Variable Toll Component			
Variable Toll Element	Forecasted Cost (in millions of \$)	Forecasted Toll (\$/bbl) Edmonton to Burnaby	
		Refined & Light Petroleum	Heavy Crude Petroleum
Power	\$130.5	\$0.38	\$0.45
MBA Accommodation Costs	\$28.4	\$0.09	
Pipeline Reclamation Surcharge	N/A	\$0.11	
Fibre Optic Leak Detection	\$15.7	\$0.05	
<b>Interim Commencement Date Variable Toll</b>		<b>\$0.63</b>	<b>\$0.71</b>

\*Totals may not add due to rounding

# Variable Toll Component: Estimated Tolls based on Delivery Point

- The Variable Toll Component of the Interim Commencement Date Tolls will include:
  - Power (also adjusted for petroleum density)
  - Mutual Benefit Agreement Accommodation Costs
  - Pipeline Reclamation Surcharge
  - Fibre Optic Leak Detection

Variable Toll Component		
Delivery Point Edmonton to...	Petroleum Type	
	Refined & Light	Heavy
	C\$/bbl	C\$/bbl
Kamloops	\$0.45	\$0.50
Sumas	\$0.60	\$0.67
Burnaby	\$0.63	\$0.71
Westridge	\$0.63	\$0.71

\*Direct Inject volumes will receive a \$0.13/bbl credit to the Variable Toll Components shown





## OTHER CHARGES AND FEES

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# Other Charges and Fees: Demurrage, Non-Performance, Alternate Delivery

## Demurrage Charge

- Charged to a Shipper if failure to remove petroleum from delivery point could result in unfavourable operating conditions or impacts to other Shippers
- Rule 7.5 of the proposed Expanded System Rules & Regulations
- Charge will be listed in Section V of the Toll Schedule
- Charge shall be \$0.75/m<sup>3</sup> on every full or partial 24-hour period

## Non-Performance Penalty

- Charged if an Uncommitted Shipper tenders less than 95% of their allocated volume during a month of apportionment
- Rule 7.6 of the proposed Expanded System Rules & Regulations
- Charge will be listed in Section V of the Toll Schedule
- Charge shall be the Fixed Toll Component to the delivery point nominated

## Alternate Delivery Point Fee

- Charged if a Firm Shipper nominates to an alternate delivery point
- The Fixed Toll charged will be the higher of the Fixed Toll to the alternate delivery point and the Fixed Toll to the original delivery point
- The Variable Toll charged will be the Variable Toll applicable to the alternate delivery point
- Rule 7.8 of the proposed Expanded System Rules & Regulations

- See proposed Expanded System Rules & Regulations for full details, CER Filing ID [C23061](#)
- All fees collected will be to Trans Mountain's account



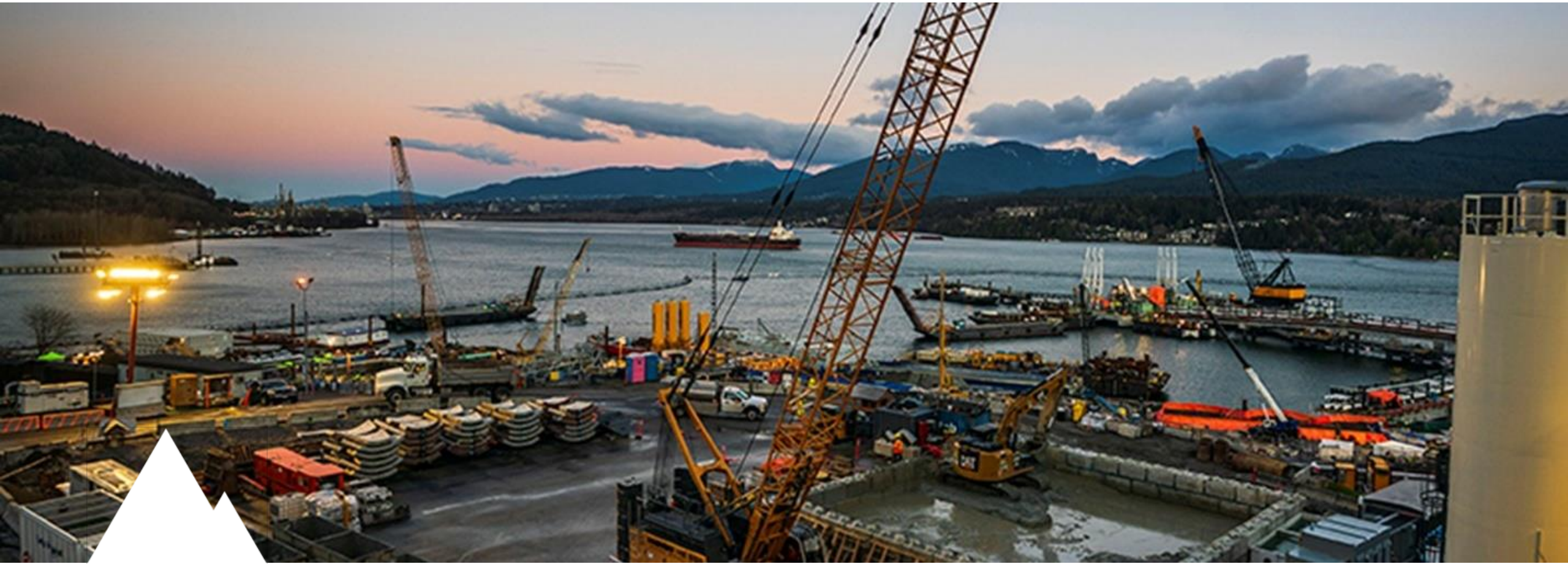
# Other Charges and Fees: Petroleum Loss Allowance

- Trans Mountain will continue to apply Petroleum Loss Allowance Percentages (PLAP's) as described in Rule 11.4 of the proposed Expanded System Rules & Regulations:
  - *“all Shippers shall be responsible for their proportionate share of physical losses of petroleum resulting from normal pipeline operations including line losses and shrinkage. Carrier will apply separate Petroleum loss allowance percentages for: i) Mainline System Crude Petroleum; ii) non Mainline System Petroleum; and iii) Mainline System Refined Petroleum to all Delivered volumes. Carrier will publish the Petroleum loss allowance percentages in its Toll Schedule.” (C23061)*

- PLAP's will be listed in Section III of the Toll Schedule, and will be applied as follows:

Petroleum Loss Allowance Percentages	
Mainline System Heavy Crude Petroleum	0.10%
Mainline System Light Crude Petroleum	0.10%
Mainline System Refined Petroleum	0.07%
Non-Mainline System Petroleum	0.03%

- Trans Mountain will endeavor to maintain a neutral petroleum loss allowance balance (approximately +/- C\$5 million) and will report the balance annually in its toll schedules accompanying the filing
  - Trans Mountain will monitor the inventory settlement Balance Sheet amount and review the PLAP's annually to determine whether adjustments are required



## WESTRIDGE SPECIFIC FEES

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# Westridge Specific Fees: Overview

- Volumes destined for Westridge Marine Terminal are subject to other fees in addition to the Fixed and Variable Toll Components
  - Westridge specific fees are in addition to amounts included in the Fixed Toll Component for 100% of costs and expenses for Westridge Marine Terminal Improvements
- Westridge specific fees:

Fees collected by Trans Mountain on behalf of another party	ERR Cost Recovery Fee (ECRF)	Westridge Dock Bid Premiums
<ul style="list-style-type: none"> <li>• Trans Mountain collects fees or charges specified by third parties from Shippers and remits to the respective party</li> <li>• These may include fees such as:               <ul style="list-style-type: none"> <li>• Applicable Bulk Oil Cargo Fees (BOCF)                   <ul style="list-style-type: none"> <li>• Payable to the Western Canada Marine Response Corporation (WCMRC)</li> </ul> </li> <li>• Gateway Infrastructure Fees                   <ul style="list-style-type: none"> <li>• Payable to Vancouver Fraser Port Authority</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Trans Mountain paid the TMEP Bulk Oil Cargo Fee to the WCMRC on behalf of Shippers to fund the Enhanced Response Regime (ERR)</li> <li>• Amounts have been accumulated in a deferral account</li> <li>• ECRF will recover amounts in the deferral account as authorized in TO-001-2016 (<u>A75224</u>)</li> </ul>	<ul style="list-style-type: none"> <li>• Shippers may submit a Bid Premium for uncommitted capacity at Westridge</li> <li>• Bid Premiums will be collected from Shippers during months of apportionment</li> <li>• Collections to be tracked and refunded through Variable Tolls</li> </ul>

# Westridge Specific Fees: ERR Cost Recovery Fee

- The CER made the Enhanced Response Regime (ERR) a requirement of the Project (Condition 133b)
- Trans Mountain has an agreement with WCMRC to develop and implement the Project Execution Plan for the ERR and then operate the assets as part of WCMRC’s combined operations
- In order to pay for the assets associated with the ERR, the WCMRC has been collecting a fee, the TMEP BOCF, from Trans Mountain
  - As approved in [TO-001-2016](#), Trans Mountain has been tracking the amounts paid in the Due from Westridge Shippers deferral account (Deferral Account) and will recover the balance in the Deferral Account after the Expanded System begins service
- Trans Mountain is proposing recovering the balance in the Deferral Account over 4 years
  - Balance in the Deferral Account (~\$178.9M) will be amortized using a “Remaining Life” methodology
  - The annual charge for the ECRF may be adjusted, in coordination with shippers
  - Trans Mountain will reserve the last year to true up any over and under collection

Year			2024
Opening Balance	C\$M	(a)	\$178.9
Forecast Annual Recovery	C\$M	(b) = $\frac{(a)}{3}$	\$59.6
Forecast Westridge Volumes	Millions of bbl	(c)	206.8
<b>ECRF</b>	<b>C\$/bbl</b>	<b>(d) = <math>\frac{(b)}{(c)}</math></b>	<b>\$0.29</b>

- ECRF Charge for 2024 expected to be ~\$0.29/bbl
- Final true up of Deferral Account in 2025



# Westridge Specific Fees: Westridge Dock Bid Premiums

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- During months of apportionment, uncommitted Westridge capacity shall be allocated to the Shipper(s) with the highest Bid Premium(s)
  - Trans Mountain will track the Westridge Dock Bid Premiums (WDBP) collections and review refund options with Shippers
    - Historically, the refund was used to offset the Pipeline Reclamation Surcharge, Shipper/CER approved charges and then to reduce tolls
  - Trans Mountain shall continue to report WDBP collected 45 days after the quarter and accumulate interest at TD Prime minus 2%
- Trans Mountain shall include the WDBP refund as a surcredit within the Variable Toll component
- The first year of WDBP refunds (if any) are anticipated to be in 2025 based on 2024 WDBP collections





## TOLL SUMMARY & TARIFF PREVIEW

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# Toll Summary & Toll Schedule Preview: Interim Commencement Date Tolls in \$/bbl



Fixed Toll Component					
Term Commitment	Spot	15 year	15 year	20 year	20 year
Volume Commitment	N/A	<75kbpd	≥75kbpd	<75kbpd	≥75kbpd
Edmonton to...	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl
Kamloops	\$8.54	\$7.76	\$7.18	\$6.99	\$6.46
Sumas	\$11.42	\$10.39	\$9.61	\$9.35	\$8.65
Burnaby	\$11.97	\$10.88	\$10.07	\$9.80	\$9.06
Westridge	\$12.61	\$11.46	\$10.60	\$10.32	\$9.54

Variable Toll Component		
Delivery Point Edmonton to...	Petroleum Type	
	Refined & Light	Heavy
	C\$/bbl	C\$/bbl
Kamloops	\$0.45	\$0.50
Sumas	\$0.60	\$0.67
Burnaby	\$0.63	\$0.71
Westridge	\$0.63	\$0.71

\*Volumes directly injected will receive a \$0.13/bbl credit to the Variable Toll Components shown

Base Tolls



# Toll Summary & Toll Schedule Preview: Sample Toll Schedule

## I. Net Tolls for Mainline Transportation Service

<b>Firm Service Tolls</b>						
<b>15 Year Contract Term Transportation Rates with Volume Commitment &lt; 75,000 barrels per day</b>						
<b>Receipt</b>	<b>Delivery</b>	<b>Petroleum Type</b>	<b>Service Type</b>	<b>Fixed Toll</b>	<b>Variable Toll</b>	<b>Total Toll</b>
Edmonton	Kamloops	Refined Petroleum & Light Crude Petroleum	Tank Metered	48.8260	2.8306	51.6565
			Direct Inject	48.8260	2.0129	50.8389
	Sumas	Light Crude Petroleum	Tank Metered	65.3277	3.7865	69.1143
			Direct Inject	65.3277	2.9688	68.2966
		Heavy Crude Petroleum	Tank Metered	65.3277	4.2369	69.5646
			Direct Inject	65.3277	3.4192	68.7469
	Burnaby	Refined Petroleum & Light Crude Petroleum	Tank Metered	68.4568	3.9705	72.4274
			Direct Inject	68.4568	3.1529	71.6097
	Westridge	Light Crude Petroleum	Tank Metered	72.0933	3.9846	76.0780
			Direct Inject	72.0933	3.1669	75.2603
		Heavy Crude Petroleum	Tank Metered	72.0933	4.4585	76.5519
			Direct Inject	72.0933	3.6409	75.7342
Kamloops	Sumas	Light Crude Petroleum	N/A	16.1568	0.9367	17.0935
	Burnaby	Light Crude Petroleum	N/A	16.1568	0.9367	17.0935

Tolls shown above may be subject to change prior to May 31<sup>st</sup>

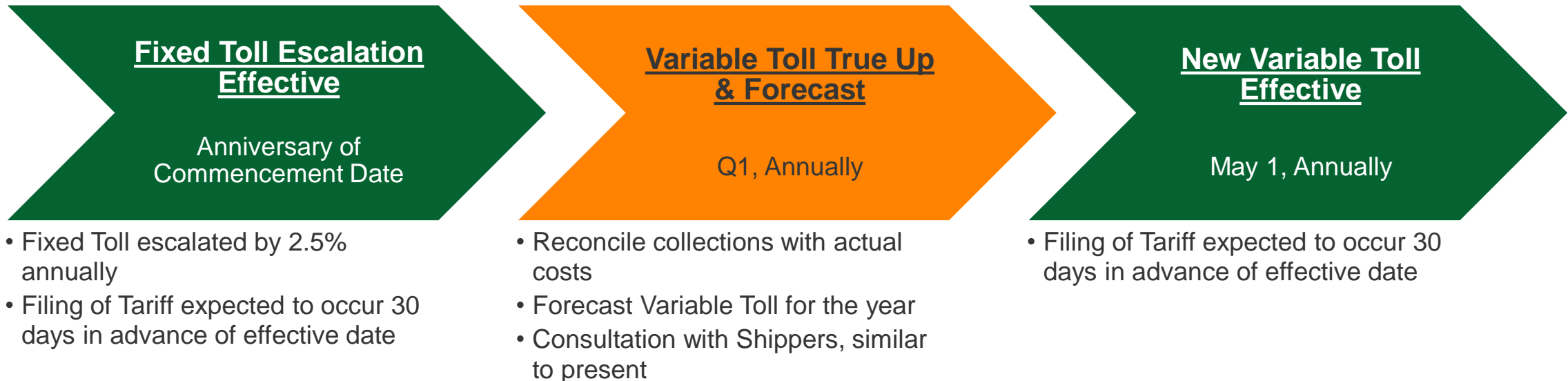


## ANNUAL TOLL FILING PROCESS

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# Annual Toll Filing Process

- After final As-Built Tolls are determined, the annual toll filing process for Trans Mountain Expanded System Tolls is expected to occur in 2 parts:
  1. Fixed Toll Escalation: anniversary of the Commencement Date
  2. Variable Toll Forecast: first quarter after the end of each year





- Questions?
- Next Steps:
  - Participants may send comments or questions to [Tariffs@TransMountain.com](mailto:Tariffs@TransMountain.com) by May 24, 2023
  - Trans Mountain plans to file its Tariff Application for CER approval of the Proposed Interim Commencement Date Toll Schedule on May 31, 2023, following Commencement Date Tolls Preview consultation
  - All interested parties have the opportunity to submit comments to the CER after the Application is submitted