

GENERAL TERMS AND CONDITIONS
FOR T-1 and OT-1 SERVICES

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1. DEFINITIONS

The following words and terms, whenever and wherever used or appearing in these General Terms and Conditions for T-1 and OT-1 Services, the T-1 Toll Schedule, OT-1 Toll Schedule, or in the T-1 Service Agreement, shall have the following meanings:

10³m³ shall mean one thousand (1000) Cubic Metres of Gas. (*10³m³*)

Allocable Share shall mean for any Billing Month a fraction, the numerator of which shall be the Customer's Maximum Daily Receipt Volume for the Billing Month and the denominator of which shall be the aggregate of all Customers' Maximum Daily Receipt Volumes for the Billing Month. (*Part attribuable*)

Banking Day shall mean any day that the Royal Bank of Canada, Main Branch, Calgary, Canada conducts business. (*Jour ouvré*)

Billing Adjustment shall be as defined in Section 9 of the T-1 Toll Schedule. (*Rabais de facturation*)

Billing Adjustment Rate shall be as defined in subsection 9.1 of the T-1 Toll Schedule. (*Taux de rabais de facturation*)

Billing Adjustment Volume shall be as defined in subsection 9.1 of the T-1 Toll Schedule. (*Volume de rabais de facturation*)

Billing Commencement Date shall mean the Day designated as such by Company by not less than one Day's Notice to Customer, which Notice shall state that Company has facilities which are ready for service and are capable of rendering service to Customer in accordance with the provisions of Customer's T-1 Service Agreement. (*Date de début de la facturation*)

Billing Month shall mean the period beginning at 09:00 hours CCT, on the first day of the calendar month and ending at 09:00 hours CCT, on the first day of the next succeeding month. (*Période de facturation mensuelle*)

Biogas shall mean gas produced through the fermentation of organic material in the absence of oxygen. (*Biogaz*)

BNQ Standard shall mean Bureau de normalisation du Québec – BNQ 3672 – 100 Biomethane – Quality Specifications for Injection into Natural Gas Distribution and Transmissions Systems, as may be amended from time to time. (*Norme BNQ*)

Calendar Year shall mean the period measured from 09:00 hours CCT on January 1st of a year to 09:00 hours CCT on January 1st of the next succeeding year. (*Année civile*)

CCT shall mean the standard time according to the North American Energy Standards Board, Central Clock Time. (*HDC*)

CER shall mean the Commission of the Canadian Energy Regulator or any regulatory or government authority hereafter having a similar jurisdiction in substitution therefor. (*REC*)

CER Act shall mean the Canadian Energy Regulator Act (Canada), as amended from time to time. (*Loi sur la Régie canadienne de l'énergie*)

Company shall mean Trans Québec & Maritimes Pipeline Inc. and its successors. (*Société*)

Cubic Metre of Gas shall mean the volume of gas which, at a temperature of 15 degrees Celsius and at a pressure of 101.325 kPa absolute, occupies one cubic metre.
(*Mètre cube de gaz*)

Customer shall mean the party which has entered into a T-1 Service Agreement with Company. (*Client*)

Daily Abandonment Surcharge shall mean the daily abandonment surcharge set out in the List of Tolls. (*Supplément journalier de cessation d'exploitation*)

Day shall mean a period of 24 consecutive hours, beginning and ending at 09:00 hours CCT, or at such other time as may be mutually agreed upon by Customer and Company. The reference date for any Day shall be the calendar date upon which the 24-hour period shall commence. (*Jour*)

Delivery Point shall mean any point on Company's Transportation System at or adjacent to the outlet side of a measuring station on Company's Transportation System, or at a point of interconnection with another party's facilities where gas is delivered from the Transportation System as specified in Part II of the Index of Service Obligations of the T-1 Service Agreement. (*Point de livraison*)

Electricity and Gas Inspection Act shall mean the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c.E-4) as amended from time to time including all regulations and specifications promulgated pursuant to such Act (Electricity and Gas Inspection Act). (*Loi sur l'inspection de l'électricité et du gaz*)

Energy shall mean the Gross Heating Value of gas multiplied by the volume of gas delivered by Customer. (*Pouvoir calorifique total*)

Existing Term shall be as defined in Article 3, Subsection 3.1 of the T-1 Service Agreement. (*Durée existante du contract*)

Expansion Facilities shall be as defined in Subsection 10.4 of the T-1 Toll Schedule. (*Installations d'agrandissement*)

Financial Assurances shall be as defined in subsection 15.1 hereof. (*Garantie financière*)

First Billing Month shall mean the Billing Month in which Customer's Billing Commencement Date occurs. (*Première période de facturation mensuelle*)

Force Majeure shall be as defined in subsection 14.1 hereof. (*Force majeure*)

Gas Transportation Tariff shall mean the T-1 GT&C, the T-1 Toll Schedule, the OT-1 Toll Schedule, the List of Tolls and the T-1 Service Agreement. (*Tarif de transport de gaz*)

Governmental Authority shall mean any domestic or foreign federal, provincial, state, territorial, county, regional district, borough, city, municipal or other government or any agency, board, bureau, commission, court, department, or other instrumentality of any such government, in each case having jurisdiction or authority in regard to the applicable person or thing. (*Autorité gouvernementale*)

Gross Heating Value shall mean the total Joules expressed in MJ/m³ produced by the complete combustion at constant pressure, of one (1) Cubic Metre of Gas with air, with the gas free of water vapour, and the temperature of the gas, air, and products of combustion to be at 15 degrees Celsius and all water formed by combustion reaction to be condensed to the liquid state. (*Pouvoir calorifique supérieur*)

Joule (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. (*Joule*)

List of Tolls shall mean the list setting out the tolls and charges applicable for each service, as amended and approved from time to time by the CER. (*Liste de droits*)

Make-Up Gas shall be as defined in Subsection 8.2 of the T-1 Toll Schedule. (*Gaz d'appoint*)

Make-Up Gas Transportation Payment shall be as defined in Section 9 of the T-1 Toll Schedule. (*Paiement pour le transport de gaz d'appoint*)

Maximum Daily Delivery Volume shall mean the aggregate volume of gas (expressed in 10^3m^3 per Day) Company is obligated to deliver to Customer at each Delivery Point in any one Day specified in Part II of the Index of Service Obligations of the T-1 Service Agreement. (*Volume quotidien maximale de livraison*)

Maximum Daily Receipt Volume shall mean the aggregate volume of gas (expressed in 10^3m^3 per Day) Company is obligated to receive from Customer for Transportation in any one Day at all of Customer's Receipt Points specified in Part I of the Index of Service Obligations of the T-1 Service Agreement. (*Volume quotidien maximale de réception*)

MJ/m³ shall mean megajoules per cubic metre. (*MJ/m³*)

Month shall mean the period beginning at 09:00 hours CCT, on the first day of the calendar month and ending at 09:00 hours CCT, on the first day of the next succeeding month. (*Mois*)

Monthly Abandonment Surcharge shall mean the monthly abandonment surcharge set out in the List of Tolls. (*Supplément mensuel de cessation d'exploitation*)

Monthly Charge shall be as defined in Section 6 of the T-1 Toll Schedule. (*Frais mensuelles*)

Natural Gas Interchangeability Indices shall be as defined in Subsection 2.6 hereof. (*Indices d'interchangabilité du gaz naturel*)

NEB shall mean the National Energy Board of Canada or any other tribunal which may hereafter exercise jurisdiction over this Gas Transportation Tariff, including the CER. (*ONE*)

Notice shall be as defined in Article 5, Subsection 5.1 of the T-1 Service Agreement. (*Avis*)

OT-1 Toll shall mean the toll set out in the List of Tolls for service under the OT-1 Toll Schedule. (*Droit OT-1*)

OT-1 Toll Schedule shall mean the toll schedule applicable to authorized overrun service for Transportation to domestic or export markets through Company's Transportation System. (*Cédule tarifaire OT-1*)

person an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unlimited liability corporation, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status. (*personne*)

Receipt Deficiencies shall be as defined in subsection 8.1 of the T-1 Toll Schedule.
(*Volume de reception déficitaire*)

Receipt Point shall mean any point on Company's Transportation System at or adjacent to the outlet of a measuring station or at the point of interconnect with another party's facilities where gas is received into the Transportation System as specified in Part I of the Index of Service Obligations of the T-1 Service Agreement.
(*Point de réception*)

Refined Biogas shall mean gas obtained from the purification of Biogas that meets the technical specifications required by Company and shall be subject to the BNQ Standard. (*Biogaz raffiné*)

Renewal Notice shall be as defined in Subsection 10.1 of the T-1 Toll Schedule.
(*Préavis de renouvellement*)

T-1 GT&C shall mean these General Terms and Conditions for T-1 and OT-1 Services as amended from time to time. (*DG T-1*)

T-1 Service Agreement shall mean, at any time with respect to any Customer, an executed T-1 Service Agreement for service under this Gas Transportation Tariff.
(*Contrat T-1*)

T-1 Toll shall mean the toll set out in the List of Tolls for service under T-1 Toll Schedule. (*Droit T-1*)

T-1 Toll Schedule shall mean the toll schedule applicable to T-1 Service for Transportation to domestic or export markets through Company's Transportation System. (*Cédule tarifaire T-1*)

Transportation shall mean the receipt of gas at the Receipt Point(s) and delivery of gas at any one of the Delivery Point(s) on Company's Transportation System and may include storage gas. (*Transport*)

Transportation System shall mean the pipelines, storage and related facilities registered in the name of Company and required in the Transportation of gas from the Receipt Points to various Delivery Points. (*Réseau de transport*)

Term-up Notice shall be as defined in Subsection 10.4 of the T-1 Toll Schedule. (*Avis de prolongation*)

TQM Partnership shall be as defined in Article 7, Subsection 7.1 of the T-1 Service Agreement. (*Société en commandite Gazoduc TQM*)

Year shall mean a period of 365 consecutive days; PROVIDED HOWEVER, that any such year which contains a date of February 29 shall consist of 366 consecutive days. (*Année*)

2. QUALITY OF GAS

The following specifications shall apply to (i) the gas which Customer delivers or causes to be delivered to Company for Transportation, and (ii) the gas Company delivers to Customer or for Customer's account; provided, however, that gas which Company delivers at the Delivery Points shall have the constituent parts that result from the commingling of the gas in Company's facilities.

2.1 Natural Gas

Natural gas shall be the gas obtained either from wells or from residue remaining after the natural gas has been treated for the removal of any of its constituent parts other than methane, and for the removal of methane to such extent as is necessary in removing such other constituents.

2.2 Freedom from impurities

The gas to be received and delivered by Company hereunder:

- (a) Shall be commercially free from sand, dust, gums, oils, hydrocarbons liquefiable at temperatures in excess of minus ten degrees (-10°) Celsius at five thousand five hundred (5500) kPa absolute, impurities, other objectionable substances which may become separated from the gas, and other solids or liquids which will render it unmerchantable or cause injury to or interference with proper operations of the lines, regulators, meters or other appliances through which it flows and shall not contain any substance not contained in the gas at the time the same was produced other than traces of those materials and chemicals necessary for the transportation and delivery of the gas and which do not cause it to fail to meet any of the quality specifications herein set forth.
- (b) Shall not contain more than twenty-three (23) milligrams of hydrogen sulphide per cubic metre.
- (c) Shall not contain more than one hundred and fifteen (115) milligrams of total sulphur per cubic metre.
- (d) Shall not contain more than two per cent (2%) by volume of carbon dioxide.
- (e) Shall have been dehydrated, if necessary, for removal of water present therein in a vapour state, and in no event contain more than sixty-five (65) milligrams of water vapour per cubic metre.
- (f) Shall not exceed a temperature of fifty degrees (50°) Celsius.
- (g) Shall be as free of oxygen as practicable and shall not in any event contain more than four tenths of one percent (0.4%) by volume of oxygen.
- (h) Shall not have a total inert gas content in excess of 4% when used as a diluent to meet Natural Gas Interchangeability Indices.

- (i) Shall be free of any microbiological organisms, active bacteria or bacterial agents, including but not limited to sulphate reducing bacteria, iron oxidizing bacteria, and/or acid producing bacteria.
- (j) Volumes of Refined Biogas Customer delivers or causes to be delivered to Company for Transportation shall also comply with the BNQ Standard gas quality requirements.

2.3 Heating Value

The gas shall have a minimum Gross Heating Value to be received and delivered of 36.00 MJ/m³. The maximum Gross Heating Value of the gas to be received and delivered to Company shall be 41.34 MJ/m³.

2.4 Failure to Conform to Specifications

- (a) If the gas tendered for Transportation shall fail at any time to conform to any part of the specifications set forth in this Section 2, then Company shall notify Customer of such deficiency and may, at its option, refuse to accept receipts pending correction. If the deficiency in quality is not promptly remedied, Company may accept receipt of such gas and make changes necessary to bring such gas into conformity with such quality specifications and Company shall be reimbursed for any reasonable expenses incurred in effecting such changes.
- (b) Company shall have the right to discontinue receipt of gas from Customer without notice should the gas fail to meet the specifications set forth in Subsection 2.2.

2.5 Quality Tests

Company shall establish reasonable methods and procedures, including instrumentation, for making tests to determine whether gas tendered by Customer to Company for Transportation or delivered by Company to Customer, meets the specifications set forth in this Section 2, or such other test methods as is mutually agreeable to Company and Customer.

2.6 Natural Gas Interchangeability Indices

The natural gas received by Company shall conform to the following specifications (“Natural Gas Interchangeability Indices”):

- i) Weaver Incomplete Combustion Index less than or equal to 0.05;
- ii) AGA Yellow Tipping Index greater than or equal to 0.86;
- iii) The minimum Wobbe Index of the gas shall be 47.23 MJ/m³;
- iv) The maximum Wobbe Index of the gas shall be 51.16 MJ/m³;
and
- v) Shall not contain greater than 1.5 mole per cent (%) Butanes Plus.

The Natural Gas Interchangeability Indices are based on the following historical supply gas composition:

Compound	Mole %
Methane	95.6734
Ethane	1.6241
Propane	0.1410
I-Butane	0.0180
N-Butane	0.0173
I-Pentane	0.0034
N-Pentane	0.0034
N-Hexane	0.0014
N-Heptane	0.0007
N-Octane	0.0002
Nitrogen	1.8419
Carbon Dioxide	0.6411
Helium	0.0339

3. PRESSURE

3.1 Receipt Pressure

Customer shall deliver gas to Company at the Receipt Points at a pressure sufficient to cause it to flow into Company's pipeline, provided Customer shall not be required to deliver gas to Company at the Receipt Points at a pressure in excess of the maximum pressure specified in Part 1 of the Index of Service Obligations of the T-1 Service Agreement.

3.2 Delivery Pressure

Company shall deliver gas to Customer at each of Customer's Delivery Points at the pressure existing in Company's pipeline at such Delivery Point, provided that Company shall not deliver gas to Customer at any Delivery Point at a pressure less than the minimum pressure specified with respect to such Delivery Point in Part II of the Index of Service Obligations of the T-1 Service Agreement.

4. MEASUREMENT AND MEASURING EQUIPMENT

4.1 Measurement

Measuring equipment, measuring gas delivered by Customer to Company for Transportation, or delivered by Company to Customer shall be subject to the following unless otherwise agreed upon.

- (a) Customer shall be responsible for the measurements and measuring equipment at the Receipt Points while Company shall be responsible for such measurements and measuring equipment at the Delivery Points.
- (b) Company and Customer will – in conjunction with affected parties – establish necessary metering, dispatch, and operating procedures to provide information required by Company, Customer, or such affected parties.

4.2 Compliance with Standards

All measuring equipment, devices and material used for custody transfer shall be approved by Measurement Canada as authorized under the Electricity and Gas Inspection Act. When orifice meters are used, such meters shall be installed and maintained, and gas volumes shall be computed in accordance with the specifications prescribed in the Electricity and Gas Inspection Act. When ultrasonic and Coriolis meters are used, such meters shall be installed and maintained, and gas volumes shall be computed in accordance with Measurement Canada specifications for such meter.

All meter types shall be equipped with Measurement Canada approved integrating devices (e.g., flow computer or electronic volume corrector) for reporting standard volumetric flow rates used for custody billing. When positive displacement and turbine meters are used, they shall be equipped with a counting device for indicating the actual volume of gas passing through the meter and gauges for properly recording the pressure and temperature relative to time of such gas. The data recorded by such a device shall be sufficient to allow the determination of receipt of delivery volumes relative to time. They may also be equipped with a device for recording flow rate and/or a device for integrating the product of the volume of gas measured and the pressure and temperature corrections and indicating the volume of gas delivered or received. If an integrating device is used, correction for the deviation from Boyle's Law may be built into the device; otherwise such correction shall be applied to the volume of gas indicated.

4.3 Check Measuring Equipment

Customer or Company may install, maintain and operate at the expense of the party installing such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Customer or Company's measuring equipment as the case may be. Any pressure or volume control regulators installed by Customer or

Company shall be operated so as not to interfere with Customer or Company's measuring facilities.

4.4 Rights of Parties

The measuring equipment so installed by either party together with any building erected by either party for such equipment, shall be and remain property of the party installing equipment or erecting a building. However, Customer and Company shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of receipt or delivery of gas. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.

4.5 Care Required

All installation of equipment applying to or affecting receipts or deliveries of gas shall be made in such manner as to permit an accurate determination of the volume of gas received or delivered and ready verification of the accuracy of measurement. Care shall be exercised by both parties in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume of gas received or delivered.

4.6 Calibration and Test of Measuring Equipment

The accuracy of measuring equipment shall be verified by the responsible party at reasonable intervals, and if requested, in the presence of representatives of other party, but Company or Customer shall not be required to verify the accuracy of such equipment more frequently than once in any thirty-day period. In the event either party shall notify the other

that it desires a special test of any measuring equipment the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by either party, shall be borne by party requesting same if the measuring equipment, except for recording gravimeters and calorimeters, tested is found to be in error by not more than 2%; and with regard to gravimeters if found to be in error by not more than 1%; and with regard to recording calorimeters if found to be in error by not more than 0.5%.

If upon test:

- (a) any measuring equipment, except for recording gravimeters and calorimeters, is found to be in error by not more than 2%, or
- (b) any gravimeter is found to be in error by not more than 1%, or
- (c) any recording calorimeter is found to be in error by not more than 0.5%,

then previous recordings of such equipment shall be considered accurate in computing receipts or deliveries of gas but such equipment shall be adjusted at once to record accurately.

If, for the period since the last preceding test, it is determined that:

- (a) any measuring equipment, except for gravimeters and recording calorimeters, shall be found to be inaccurate by an amount exceeding 2% at a recording corresponding to the average hourly rate of flow for such period, and/or
- (b) any gravimeter shall be found to be inaccurate by an amount exceeding 1%, and/or
- (c) for recording calorimeters, the MJ content measurement is in error in any amount exceeding 0.5%,

then the previous readings of measurement equipment and/or recording calorimeters, as the case may be, shall be corrected to zero error for any period which is known definitely but in case the period is not known or

agreed upon such correction shall be for a period extending over 50% of the time elapsed since the date of the last test, not exceeding a correction period of 16 days.

Notwithstanding the foregoing, when the parties mutually agree that a measurement instrument inaccuracy occurred at a definite point in time, a volume correction shall be made even though said inaccuracy is less than the limits specified in (a), (b) and (c) above.

4.7 Correction of Metering Errors - Failure of Meters

In the event a meter is out of service, or registering inaccurately, the volume of gas received or delivered shall be determined by the most equitable method. Such methods shall include but not be limited to:

- (a) mathematical calculations and comparisons including prevailing ratio with a parallel meter,
- (b) the use of check measuring equipment, and
- (c) comparison to receipts or deliveries under similar conditions when the meter was registering accurately.

4.8 Preservation of Metering Records

Each party shall each preserve for a period of at least six (6) years all its test data, charts and other similar records. Electronic copies of the original documents shall be considered accurate records.

4.9 Atmospheric Pressure

For the purposes of measurement, the atmospheric pressure at the Receipt Points or any Delivery Point shall be established by a recognized formula applied to the nearest 0.001 kPa increment and deemed to be a constant for that point. This formula shall be in accordance with the methodology prescribed in the Electricity and Gas Inspection Act.

4.10 Gas Characteristics

The gas characteristics, including heat content, specific gravity, nitrogen and carbon dioxide content of the gas tendered by Customer to Company for Transportation or delivered by Company at a Delivery Point shall be determined in a manner approved under the Electricity and Gas Inspection Act, or if such specification is not set out in such Act, in accordance with industry accepted standards, and, in any event, in such manner as to ensure that the gas characteristics so determined are representative of the gas received or delivered at the Receipt Point or Delivery Point.

The gas characteristics used in computing gas measurement, depending upon the method utilized, shall be (i) the arithmetical average recorded each Day or part thereof if continuous recording equipment is used or (ii) where sampling is utilized, determinations available from analyses of such samples.

4.11 Flowing Temperature

The flowing temperature used in computing gas measurement shall be the arithmetical average of temperature measured during periods when gas is being received or delivered.

4.12 Access to and Exchange of Metering Records

Company and Customer shall exchange, upon request of either party, copies of all measuring and testing charts, data and information as soon as practicable for any such request.

5. BILLING AND PAYMENT

5.1 Billing

On or before the tenth (10th) day of the month following a Billing Month, commencing with the First Billing Month, Company shall render a bill to Customer for the Billing Month. When information necessary for billing by Company is in control of Customer, Customer shall furnish such information

to Company on or before the fifth (5th) day of the month in connection with services rendered during the prior month.

5.2 Payment

Customer shall make payment of such bill to Company on or before the twentieth (20th) day of the month following such Billing Month. The bill shall be payable in lawful money of Canada.

5.3 Late Billing

If presentation of a bill by Company is delayed after the tenth (10th) day of the month following the Billing Month, then the time for payment shall be extended correspondingly unless Customer is responsible for such delay.

5.4 Interest on Unpaid Amounts

If Customer fails to pay the total amount of any bill rendered by Company when such amount is due, Company shall have the right to charge interest on the unpaid portion of the bill at the rate of interest which is equal to the prime rate of interest at any Canadian chartered bank where Company has its accounts in effect from time to time, plus one per cent (1%) in addition thereto, from the date such payment shall be due until the date payment is actually made by Customer.

5.5 Disputed Bills

In the event Customer disputes any part of a bill, Customer shall nevertheless pay to Company the full amount of the bill within the time such payment is due.

5.6 Settlement of Disputes

In the event Company and Customer are unable to satisfactorily settle any disputed bill within ninety (90) days of objection being advised, such dispute shall take its course according to law.

5.7 Remedies for Non-Payment

If Customer fails to pay the full amount of any bill when payment is due, Company may upon four (4) Banking Days written Notice immediately suspend any or all service being or to be provided to Customer provided however, such suspension shall not relieve Customer from any obligation to pay any tolls, charges or other amounts payable to Company. If at any time during such suspension Customer pays the full amount of the bill to Company, Company shall within two (2) Banking Days recommence such suspended service.

Following suspension, Company may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written Notice to Customer immediately:

- (a) terminate any or all service being or to be provided to Customer; and
- (b) declare any and all amounts payable now or in the future by Customer to Company for any and all service to be immediately due and payable as liquidated damages and not as a penalty.

6. LIABILITIES

6.1 Title and Indemnification

Customer represents and warrants that it owns or controls and has the right to deliver the gas or cause the gas to be delivered to Company for Transportation, and such gas shall be free and clear from all liens, encumbrances and claims whatsoever. Customer will indemnify and hold harmless Company from and against all claims of every nature and description whatsoever, including Company's costs of disputing such claims or defending any actions in respect thereof, made against Company by any person or persons claiming title to or any interest in the gas which Customer delivers or causes to be delivered to Company.

6.2 Possession of Gas

Gas received by Company from Customer for Transportation shall be deemed to be in the custody and under the control of Company from the time such gas is accepted for Transportation at the Receipt Points and until delivered by Company to Customer at the Delivery Points.

7. DELIVERIES OF GAS

7.1 Commingled Gas

It is recognized that the gas received by Company from Customer under its T-1 Service Agreement may be commingled in Company's Transportation System with gas received by Company from other Customers under their Service Agreements or Gas Service Contracts as defined in the General Terms and Conditions Applicable to SGT, and BGT2 Services, and that the gas which Company will deliver to Customer may not be the identical gas which Company will receive from Customer. Company's sole obligation is to deliver to Customer gas meeting the specifications set forth in the T-1 GT&C.

7.2 Daily Scheduling

The daily volumes of gas to be received by Company at the Receipt Points, and to be delivered by Company at the Delivery Points will be pursuant to dispatcher's schedules, which shall to the extent practicable, reflect variations in Gross Heating Value of the gas.

7.3 Balancing for Energy

Gas delivered at the Delivery Points by Company shall balance with the gas delivered by Customer to Company on an Energy basis.

7.4 Balancing

Due to variations in operating conditions, daily and monthly deliveries to Customers by Company may differ from the corresponding daily and monthly receipts by Company for the account of Customers. Each, Customer and Company, shall cooperate to keep such differences to a minimum permitted

by operating conditions, and to eliminate such differences as soon as practicable. Any such differences are to be made up in gas, and receipt and delivery of such balancing gas shall be scheduled by mutual agreement of dispatchers of Company and each Customer.

7.5 Scheduling of Alterations and Repairs

Company shall have the right to interrupt or reduce service to Customer when necessary for alterations, modifications, enlargements or repairs to any facilities or property comprising a part of Company's Transportation System or otherwise related to the operation thereof. Except in the event of unforeseen emergency, Company shall provide affected Customer with as much notice as practicable under the circumstances, and Company shall endeavour to schedule such alterations, modifications, enlargements or repairs in cooperation with Customer so that Customer may arrange for alternate supply or otherwise accommodate its operations to such reduction or interruption of service.

8. GAS USED AND UNACCOUNTED FOR

8.1 Gas Used and Unaccounted For

Company shall have the right but shall not be obligated to purchase gas from Customer for use in the operation, maintenance and construction of Company's facilities; such use to include among other things:

- (a) Fuel used in the operation of compressor stations;
- (b) Fuel used in buildings;
- (c) Purging and testing for Company's facilities or any part thereof;
- (d) Lost and unaccounted for gas.

The provisions of this Section relative to apportionment, shall apply to Customer's gas used by Company.

As an alternative to purchasing gas for the purposes identified in this Section, Company may require Customer to provide fuel-in-kind at the Receipt Point pursuant to the terms and conditions for fuel indicated by Company.

8.2 Storage and Linepack

Company shall have the right but shall not be obligated to purchase gas from Customer for storage and linepack.

8.3 Price to be Paid for Gas

The price of gas purchased from Customer shall be as agreed to between Company and Customer.

8.4 Apportionment Among Customers

The gas used and lost by Company shall be apportioned each month among all Customers receiving Transportation service from Company in the same proportion that the volumes being transported for Customer bear to the total volumes being transported for all Customers immediately preceding the point of use or loss. Unaccounted for gas will be apportioned each month in the same proportion that the volumes received from a Customer bear to the total volumes received from all Customers. Company may make estimates of the apportionment of gas used and lost and unaccounted for gas each month, but estimates shall be subject to a final balancing as of December 31 of each year, at the time when final determinations are made for such Calendar Year.

9. DELIVERIES AT MORE THAN ONE POINT FOR ONE CUSTOMER

If Customer has more than one Delivery Point, it shall each Day designate the portion of the gas to be delivered at each Delivery Point and Company shall endeavour to make deliveries in accordance with such designation; provided that Company shall not be obliged to deliver to Customer, at any such Delivery Point on any Day a volume of gas in excess of Customer's Maximum Daily Delivery Volume.

10. CO-OPERATIVE EXCHANGE OF INFORMATION

Company and Customer shall, on request by either made to the other, co-operate in providing such certificates, estimates and information as shall be in its possession,

and as shall be reasonably required by the other for the purpose of financing, for the purpose of operations, for obtaining any permits required for the construction of additional facilities, or for the purpose of complying with the provisions of any deed of trust and mortgage to which it is a party.

11. DEFAULT, TERMINATION AND ASSIGNABILITY

11.1 Default and Termination

If Customer fails to perform any of the covenants or obligations imposed upon it by the T-1 Service Agreement into which the T-1 GT&C are incorporated, Company may at its option terminate said T-1 Service Agreement by proceeding as follows: Company shall cause a written Notice to be served on the Customer stating specifically the cause for terminating the T-1 Service Agreement and declaring it to be the intention of Company to terminate the same. Thereupon the Customer shall have thirty (30) days after service of the aforesaid Notice to remedy or remove the cause or causes stated in the Notice for terminating the T-1 Service Agreement; if within said period of thirty (30) days the Customer does so remove and remedy said cause or causes and fully indemnify Company for any and all consequences of such breach, then such Notice shall be withdrawn and the T-1 Service Agreement shall continue in full force and effect. In case the Customer does not so remedy and remove the cause or causes or does not indemnify Company for any and all consequences of such breach, within said period of thirty (30) days, then Company may at its option terminate the T-1 Service Agreement. Any termination of the T-1 Service Agreement pursuant to the provisions of this paragraph shall be without prejudice to the right of Company to collect any amounts then due to it for gas delivered prior to the time of cancellation and shall be without prejudice to the right of the Customer to receive any gas which it has not received but of which it has paid prior to the time of termination. Any termination of the T-1 Service Agreement pursuant to the provisions of this paragraph shall be without

waiver any other remedy to which the Company may be entitled for Customer violations of the T-1 Service Agreement.

No waiver by Company of any default by the Customer shall operate as a waiver of any continuing or future default, whether of a like or different character.

11.2 Assignability

The T-1 Service Agreement shall bind and enure to the respective successors and assigns of each party thereto, but no assignment shall release either party from such party's obligations thereunder without the written consent of the other party. Nothing contained herein shall prevent either party from pledging or mortgaging its right as security for any indebtedness.

12. TARIFF SUBJECT TO APPLICABLE LAW

The T-1 Service Agreement, T1 and OT-1 Toll Schedules, the T-1 GT&C, the List of Tolls, and the rights and obligations of the parties are subject to all present and future laws, rules, regulations, and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction over the subject matter thereof.

13. INDEMNIFICATION

13.1 Company and Customer

Company and Customer shall each indemnify and save harmless the other from all liability, damages, costs, losses and charges of every character resulting from any claim made against each other by any person for injury or death to persons, or damage to property, in any way connected with the property and equipment of the indemnitor or the presence of gas deemed hereby to be the responsibility of the indemnitor, unless such injury, death or damage is caused by the negligence or wilful default of the indemnitee or any person for whose actions the indemnitee is responsible in law; provided that neither Company nor Customer shall be liable to indemnify the other

unless the person requesting indemnification shall have promptly notified the other in writing of any claim, suit, or action for or in respect of which indemnification is to be claimed. The person receiving such notification shall be entitled to participate in any such suit or action, and, to the extent that it may wish, assume the defense thereof with counsel who shall be to the reasonable satisfaction of the person requesting indemnification, and after Notice from the indemnitor to the indemnitee of its election so to assume the defense thereof, the indemnitor will not be liable to the indemnitee for any legal or other expenses incurred by the indemnitee in connection with the defense thereof. An indemnitor shall not be liable to indemnify an indemnitee on account of any settlement of any claim, suit or action effected without the consent of such indemnitor.

Claims made under this Section 13 with respect to injury or death to persons or damage to property occurring during the term of a Customer's T-1 Service Agreement shall survive the termination thereof.

13.2 Company Liability

Notwithstanding anything to the contrary contained in the T-1 and OT-1 Toll Schedules, the T-1 Service Agreement, and these T-1 GT&C:

- (a) Company will have no liability for consequential damages;
- (b) Company will have no liability in damages to Customer in respect of a failure, for any reason whatsoever, other than Company's wilful default, to accept receipt of or deliver gas pursuant to the provisions of Customer's T-1 Service Agreement;
- (c) and notwithstanding a failure for any reason whatever of Company to accept receipt of or deliver gas, Customer shall make payments to Company of all amounts required to be paid under the provisions of Customer's T-1 Service Agreement.

14. FORCE MAJEURE

14.1 Force Majeure Defined

As utilized herein, force majeure (“Force Majeure”) shall mean (i) any act of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightening, earthquakes, floods, storms, fires, washouts, arrests and restraints of governments and peoples, civil disturbances, explosions, breakage or accidents to machinery or pipelines, hydrate obstructions of pipelines or appurtenances thereto, temporary failure of gas supply, freezing of wells, freezing of lines of pipe or delivery facilities, well blowouts, cratering; (ii) inability to obtain materials, labour, or equipment; (iii) inability to obtain permits, orders, licences, certificates or other authorizations; (iv) Force Majeure on an upstream or downstream pipeline system; (v) order of any court, board or Governmental Authority having jurisdiction; (vi) any act or omission which is excused by any event or occurrence of the character herein defined as constituting Force Majeure; (vii) or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the applicable party and which by the exercise of due diligence such party is unable to prevent or overcome. Provided however, under no circumstances will lack of finances be construed to constitute Force Majeure.

14.2 Obligations Excused

If either party fails to perform any obligation imposed by the T-1 Service Agreement for Transportation, including the applicable Toll Schedule and the T-1 GT&C of this Gas Transportation Tariff, and such failure shall be caused or materially contributed to by any occurrence of Force Majeure, such failure shall be deemed not to be a breach of the obligation of such party, and such party shall use reasonable diligence to put itself in a position to carry out its obligations. Provided, however, that the settlement of strikes or lockouts shall be entirely within the discretion of each party, and that the above

requirement that any Force Majeure shall be remedied with the exercise of due diligence shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the appropriate party.

14.3 Notwithstanding subsections 14.1 and 14.2, no cause affecting the performance of obligations by any party:

- (a) shall relieve any party from its obligation to make payment of amounts pursuant to this Gas Transportation Tariff.
- (b) shall relieve any party from any other obligation unless such party shall give Notice of such cause in writing to the other party with reasonable promptness and like Notice shall be given upon termination of such cause, nor shall such cause continue to relieve such party from such other obligation after the expiration of a reasonable period of time within which, by the use of due diligence, such party could have remedied the situation.

14.4 Interruption or Reduction of Service

When Company is required to interrupt or reduce service hereunder as a result of any of the causes set out in this Section 14 or for any other cause, then such interruption or reduction will be apportioned among the Customers receiving Transportation services from Company in the same proportion as each Customer's Maximum Daily Receipt Volume.

15. FINANCIAL ASSURANCES

15.1 Financial Assurances for Performance of Obligations

Company may request that Customer (or any assignee) at any time from time to time prior to and during service, provide Company with an irrevocable standby letter of credit or other assurance acceptable to Company, in form and substance satisfactory to Company and in an amount

determined in accordance with Subsection 15.3 hereof (the “Financial Assurances”).

15.2 Failure to Provide Financial Assurances

Company may withhold the provision of service until Company has received a requested Financial Assurance.

If Customer fails to provide a requested Financial Assurance to Company within four (4) Banking Days of Company’s request, Company may upon four (4) Banking Days written Notice immediately suspend any or all service being or to be provided to Customer pursuant to the T-1 Contract provided however that any such suspension shall not relieve Customer from any obligation to pay any rate, toll, charge, or other amount payable to Company. If at any time during such suspension Customer provides such Financial Assurance to Company, Company shall within two (2) Banking Days recommence such suspended service.

If Customer fails to provide Financial Assurance during such suspension, Company may, in addition to any other remedy that may be available to it, upon four (4) Banking Days written Notice to Customer immediately:

- (a) terminate any or all service being or to be provided to Customer pursuant to the T-1 Contract; and
- (b) declare any and all amounts payable now or in the future by Customer to Company for any and all service to be immediately due and payable as liquidated damages and not as a penalty.

Any Notice provided by Company to Customer to withhold, suspend, or terminate service pursuant to Subsection 15.2 hereof shall be filed concurrently with the CER.

15.3 Amount of Financial Assurance

The maximum amount of Financial Assurance Company may request from Customer (or assignee) for existing capacity and the provision of all Transportation and related services shall be as determined by Company an amount equal to:

- a) for the provision of any gas transportation other than Subsection 15.3 b), the aggregate of all tolls, charges or other amounts payable to Company for a period of seventy (70) days. Provided however, the amount of the Financial Assurance for all tolls, charges, or other amounts payable to Company, other than the Monthly Charge pursuant to Article 6 of the T-1 Toll Schedule, shall be based on the daily average of the actual charges billed for service for the preceding twelve (12) month period with the initial forecast to be provided by Customer.
- b) for the provision of any gas transportation and related services where Company determines it must construct facilities the aggregate of all rates, tolls, charges or other amounts payable to Company for a period of seventy (70) days plus one (1) month for each remaining year of the term of such service, up to a maximum of twelve (12) months total

Nothing in this Paragraph 15 shall limit Customer's right to request the CER to issue an order, under Subsection 239(2) of the CER Act, requiring Company to receive, transport and deliver gas offered by Customer for transmission by the Company, or to grant such other relief as Customer may request under the circumstances, notwithstanding Customer's default under this Paragraph 15.

16. MISCELLANEOUS PROVISIONS

16.1 Effect of Headings

The headings used throughout this Gas Transportation Tariff are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms and provisions thereof, nor to be deemed in

any way to qualify, modify, or explain the effects of any such provisions or terms.

16.2 Words in Singular or Plural

In the interpretation of this Gas Transportation Tariff, words in the singular shall be read and construed in the plural and words in the plural shall be read and construed in the singular where the context so requires.

16.3 Inconsistency

In the event there is any inconsistency between any provision of the T-1 GT&C, any provision of the T-1 Toll Schedule, any provision of the OT-1 Toll Schedule or any provision of the T-1 Service Agreement, the provision of the T-1 Service Agreement shall prevail over the T-1 Toll Schedule and/or OT-1 Toll Schedule, which in turn shall prevail over the T-1 GT&C.