

UNION SOUTH - RATE M16  
GENERAL TERMS & CONDITIONS

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the construction and placing into service of the Union Expansion Facilities, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the firm and interruptible contract demands;

**"Authorized Quantity"** shall have the meaning given thereto in Schedule "B 2010" of the C1 Rate Schedule;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the Commencement Date or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;

**"cricondentherm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Custody Transfer Point"** That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Dehydration Contract"** shall mean the contract for Dehydration Service between Union and the Shipper as detailed in Schedule 1 of the Contract;

**"Delivery Point"** shall mean the point(s) where Union shall deliver gas to Shipper as defined in Schedule 1 of the Contract;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

"**gas**" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Sch. B, as amended, supplemented or re-enacted from time to time;

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) 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 at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**hydrocarbon dewpoint**" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline system;

"**Interruptible Service HUB Contract**" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"**interruptible**" shall mean service subject to curtailment or interruption, after notice, at any time;

"**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. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**m<sup>3</sup>**" shall mean cubic metre of gas and "**10<sup>3</sup>m<sup>3</sup>**" shall mean 1,000 cubic metres of gas;

"**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**OEB**" means the Ontario Energy Board;

"**pascal**" ("**Pa**") shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "**kilopascal**" ("**kPa**") shall mean 1,000 pascals;

"**Pool Quantity**" shall mean the actual daily quantity of gas delivered to or received from Shipper at the Custody Transfer Point;

"**Pool Station**" shall mean the physical location of Union's measurement and control facilities to the pool; the pool name as detailed in Schedule 1 of the Contract;

"**Receipt Point**" shall mean any one of the points where Union shall receive gas from Shipper as detailed in Schedule 1 of the Contract;

"**Shipper**" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"**Shipper Quantity**" shall, on any Day, be equal to the greater of: (i) the Authorized Quantity for that Day; and (ii) the nomination duly made by Shipper in good faith prior to the nomination deadline for the first nomination window applicable for that Day; provided that in no event shall the Shipper Quantity exceed the firm contract demand;

"**specific gravity**" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**Taxes**" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"TCPL" means TransCanada PipeLines Limited;

"Union" shall mean Enbridge Gas Inc. operating as Union Gas;

"Union Expansion Facilities" shall mean any facilities necessary for Union to provide the Services, including without limiting the generality of the foregoing:

- a. a meter and any associated recording gauges as are necessary;
- b. pressure and/or flow control devices, over pressure protection and telemetry equipment as are necessary;
- c. a suitable gas odourizing injection facility if Union deems such a facility to be necessary
- d. piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;
- e. gas chromatograph, moisture analyzer, piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;

"Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## II. GAS QUALITY

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one

point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,

- k. shall not exceed forty-three degrees Celsius (43°C), and,
- l. shall not be odourized by Shipper.

3. Non-conforming Gas:

- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
- c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.

4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.

5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

6. Odourization of Gas:

- a. Union may odourize or deliver odourized gas under the Contract,
- b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.

2. Determination of Volume and Energy:

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "Act") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "Regulations"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.

- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

**IV. RECEIPT POINT AND DELIVERY POINT**

The point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other.

**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

- 1. Possession of Gas: Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
- 2. Liability: Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

**VI. FACILITIES ON SHIPPER'S PROPERTY**

- 1. Union Equipment: All of the Union Expansion Facilities shall remain the property of Union. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter the Pool Station to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract.
- 2. Shipper Obligations: Shipper shall, at Shipper's own cost and expense:
  - a. obtain the Pool Station Land Rights; and
  - b. furnish, install, set, and maintain suitable pressure and quantity control equipment and such additional equipment as required on Shipper's delivery system, to protect against the over pressuring of Union's facilities as set out in Article VI of the Contract and Schedule 1 of the Contract, protect Union from receiving gas not meeting the quality specification as set out in Article II herein, and to limit the daily flow of gas to the corresponding parameters as set out in the Article II of the Contract.
- 3. Maintenance Costs: Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station or any Union Expansion Facilities requested by Shipper, or as required by law or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.

4. Operation and Maintenance: Subject to this Article VI Section 3, each party shall be fully responsible for the continued operation, maintenance, repair and replacement of its respective facilities. Both parties agree to maintain cathodic protection on their respective facilities.
5. Inspection: Each party shall inspect its facilities as required by industry standards or by the appropriate regulatory body.
6. Repair or Replacement: Each party shall decide, in its sole discretion, whether its facilities need to be repaired or replaced. In the event that repair or replacement is needed, the party undertaking such work will, to the extent possible, give the other party sixty (60) days' notice and will ensure that the work be done in a manner so as to minimize the amount of time the pipeline has restricted flows.

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper 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 deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. 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 (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

**VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled under the Contract, Union shall have the right to amend its statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

**IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such

overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Union under the Contract, then Union shall be entitled to reduce the amount payable by Union to Shipper under the Contract or any other contract by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.
6. Aid to Construction: Shipper agrees to reimburse Union for the Aid to Construction.

In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the gas metering station prior to being notified by Shipper of Shipper's intention to terminate the Contract, Shipper shall promptly remit to Union such actual costs on presentation to Shipper of an invoice for same from Union.

All applicable Taxes will be applied to all amounts to be paid under this Section. Shipper warrants and represents that no payment to be made by Shipper under the Contract is subject to any withholding tax.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. FORCE MAJEURE

1. Definition: The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and



any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

2. Notice: In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Exclusions: Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. Notice of Remedy: The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. Obligation to Perform: An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm contract demand for the Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. Unforeseen Reduction: In addition to the definition of force majeure in Article XI, Section 1 herein, for the purposes of the Contract, it shall also include the unforeseen reduction in natural gas usage and/or capacity of the local transmission system as described in Schedule 1 of the Contract, regardless of the duration of such unforeseen reduction, or any other cause, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming relief hereunder and which, by the exercise of due diligence, such party is unable to prevent or overcome.

## XII. DEFAULT AND TERMINATION

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make

delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

**XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI. RESERVED FOR FUTURE USE**

N/A

**XVII. RENEWALS**

The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper or Union may reduce the contract demands or terminate the Contract, with notice in writing to the other party, at least two (2) years prior to the expiration thereof.

**XVIII. SERVICE CURTAILMENT**

1. Capacity Sharing: Where requests for interruptible service hereunder exceed the capacity available for such Service, Union will authorize nominations from shippers and allocate capacity as per Union's procedures and policies and shippers shall be so advised. Any interruptible service provided herein are subordinate to any and all firm service supplied by Union, and subordinate to Union's own operational or system requirements.
2. Capacity Procedures: Union reserves the right to change its procedures and policies for sharing interruptible capacity and will provide Shipper with two (2) months' notice of any such change.

3. Maintenance: Union's facilities from time to time may require maintenance or construction. In the event that such event occurs and in Union's sole opinion, acting reasonably, may impact its ability to meet Shipper's requirements, Union shall provide at least ten (10) days' notice to the Shipper, except in the case of emergencies. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed to be in breach of the Contract. To the extent that Union's ability to receive or deliver gas is impaired, Demand Charge Relief shall be calculated and credited to Shipper's invoice in accordance with Article XI, Section 8 herein. Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, that can be scheduled and completed, and which would normally be expected to impact on Union's ability to meet its obligations of any Contract Year, during the period from April 1 through to October 31.
4. Shipper's Facilities: Shipper shall complete and maintain a plan which depicts all of Shipper's production storage facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.

**XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "Material Event"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

3. License: Shipper represents and warrants to Union that Shipper possesses all licenses and permits needed to inject gas into, store gas in, and remove gas from the pool.

**XX. MISCELLANEOUS PROVISIONS**

1. Assignment: Shipper may not assign the Contract without the written consent of Union and, if required, the approval of the OEB. Should Union consent to the assignment, and if OEB approval is needed, Union will apply for OEB approval with all costs of the application to be paid by Shipper.
2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

XXI. PRECONDITIONS TO TRANSPORTATION SERVICES

1. Union Conditions: The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible Service HUB Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
  - e. Shipper shall have paid any amounts owing pursuant to Schedule 1 Aid to Construction; and,
  - f. With regard to the Union Expansion Facilities:
    - i. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations required to construct the Union Expansion Facilities;
    - ii. Union shall have obtained all internal approvals that are necessary or appropriate to construct the Union Expansion Facilities;
    - iii. Union shall have completed and placed into service the Union Expansion Facilities; and,
  - g. Shipper shall, at Shipper's own cost and expense, have obtained a registered lease or freehold ownership in Union's favour for the Union Expansion Facilities located at the Pool Station satisfactory to Union and sufficient to provide Union with free uninterrupted access to, from, under and above the Pool Station for a term (and extended terms) identical to the Contract, plus sixty (60) days (such land rights being referred to as the "**Pool Station Land Rights**"), and shall provide Union with a bona fide copy of such agreements prior to Union commencing the construction of the Union Expansion Facilities.
2. Shipper Conditions: The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,

- c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Satisfaction of Conditions: Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfill the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f i., f iii., and g and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. Non-Satisfaction of Conditions: If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.