

POLICIES & GUIDELINES

Policy #: 10-DP-DCQS-009

Subject: Setting new, and increasing or decreasing existing Daily Contract Quantity (DCQ) or Parkway Call for customers that are eligible to choose the Firm Billing Contract Demand (FBCD).	Effective: April 21, 2010
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Applies to: All new or existing T1, T3 or U7 direct purchase customers that are eligible to choose for FBCD by having new or incremental loads greater than 1,200,000 m ³ /day and that are directly connected to: i) the Dawn to Trafalgar transmission system in close proximity to Parkway; or ii) a third party pipeline.
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Purpose: This policy will ensure consistent and fair treatment for setting and changing (either increases or decreases) a T1/T3/U7 customer's Daily Contract Quantity (DCQ) and a U7 customer's Parkway Call.

Background: *(Not to limit the applicability of the policy)*

The direct purchase contract identifies the DCQ for the term of the contract. This policy addresses situations where either a new contract requires a DCQ to be set or a change in an existing DCQ is requested by a customer or their agent, or is required at the time of contract renewal or contract amendment. For a U7 customer, the DCQ is not obligated but the firm entitlement at Parkway is subject to call back at Parkway.

The Firm Operational Contract Demand (FOCD) is the maximum firm daily requirement of the end use facility (i.e. 24 hours x peak hour). This has traditionally been used for the billing of demand charges.

A FBCD is a billing parameter used to recover Union's facility and ongoing costs to serve the end use location over the term of the contract. The FBCD was developed to respond to the competitive pressure of physical by-pass. Pursuant to the Natural Gas Electricity Interface Review (NGEIR) Decision, the FBCD is provided, at the customer's option, as an alternative for the billing of demand charges. The FBCD lowers the customer's demand charge commitment over the term of the initial contract. The customer's actual daily firm consumption requirement is equal to 100% of the FOCD. Daily consumption volumes that fall between the FBCD parameter and the CD parameter are firm, and will be invoiced at the T1 or U7 firm transportation Authorized Overrun Rate.

Customers initiating contracts after December 31, 2006, are eligible to choose the FBCD if new or incremental loads are greater than 1,200,000 m³/day and are directly connected to: i) the Dawn to Trafalgar transmission system in close proximity to Parkway; or ii) a third party pipeline. If the customer does not meet these criteria, they would not be eligible for the FBCD option.

West of Dawn – customers' end use locations served by the PanHandle 16 and 20 inch lines as well as the Sarnia Industrial line.

East of Dawn – customers' end use locations served by the Dawn to Trafalgar transmission line.

Summary of DCQ Calculations

- For T1/T3 customers who are eligible for and have chosen the FBCD, the DCQ is calculated as 100% of their FOCD.
- For T1/T3 customers who are not eligible for and have not chosen the FBCD, the DCQ is equal to a minimum of 80% of the FOCD.
- For U7 customers who are eligible for and have chosen the FBCD, their Parkway Call is equal to 100 % of their FOCD or will deliver all of their firm entitlement at Parkway in the same hourly pattern as their plant is consuming.
- For U7 customers who are not eligible for and have not chosen the FBCD, their Parkway Call is equal to 80% of their FOCD or they will deliver all of their firm entitlement at Parkway in an amount equal to at least 80% of their hourly consumption.

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Policy:

When initiating a contract, the DCQ and, if applicable, Parkway Call will be set to reflect the historical and/or forecasted consumption for the contract term. At contract renewal/amendment, the DCQ and, if applicable, Parkway Call may be increased or decreased, to reflect the historical and/or forecasted consumption for the contract term.

Setting the DCQ for new Contract customers served under rates: T1 or T3 with new incremental consumption > 1,200,000 m³/day.

New T1/T3 customers located East of Dawn

- a. Who are eligible and have chosen a FBCD:
 - i) Will require obligated Ontario Deliveries at Parkway equal to 100% of their FOCD; **OR**
 - ii) Will contract for M12 Dawn to Parkway transportation equal to 100% of their FOCD and assign such to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR**
 - iii) Can elect any combination of options a.(i) or a.(ii) above that would sum to 100% of their FOCD.
- b. Who are not eligible or have not chosen the FBCD option:
 - i) Will require obligated Ontario Deliveries at Parkway equal to at least 80% of their FOCD; **OR**
 - ii) Will contract for M12 Dawn to Parkway transportation equal to at least 80% of their FOCD and assign such to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR**
 - iii) Can elect any combination of options b.(i) or b.(ii) above that would sum to at least 80% of their Firm CD.

New T1/T3 customers located West of Dawn

- i) Have an option to contract for Non-Obligated DCQ requirement at Dawn contingent on Union's facilities. Otherwise the DCQ will be an Obligated DCQ or a combination of Non-Obligated and Obligated DCQ.

Setting DCQ and Parkway Call for new Contract customers served under U7 rate with new incremental consumption > 1,200,000 m³/day.

New U7 customers located East of Dawn.

- a. Who have chosen a FBCD:
 - i) Will maintain arrangements sufficient to meet their Parkway Call provision equal to 100% of their FOCD; **OR**
 - ii) Will deliver their supply at Parkway in the same hourly pattern as their plant is consuming; **OR**
 - iii) Can elect any combination of options a(i) or a(ii) above
- b. Who are not eligible or have not chosen the FBCD option:
 - i) Will maintain arrangements sufficient to meet their Parkway Call provision equal to at least 80% of their FOCD; **OR**
 - ii) Will deliver their supply at Parkway in an amount equal to at least 80% of their hourly consumption.; **OR**
 - iii) Can elect any combination of options b(i) or b(ii) above

New U7 customers located West of Dawn

- i) Have an option to contract for Non-Obligated DCQ requirement at Dawn, and no Parkway Call, contingent on Union's facilities.

Increase to DCQ for existing

Contract customers served under rates T1 or T3 with a Firm Transportation Demand > 1,200,000 m³/day.

T1/T3 customers located **East of Dawn**

- a. Who are eligible and have chosen a FBCD:
 - i) The increase will be managed through additional obligated Ontario Deliveries at Parkway equal to 100% of their revised FOCD; **OR**
 - ii) Will contract for M12 Dawn to Parkway transportation equal to 100% of their revised FOCD and assign such to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR**
 - iii) Can elect any combination of options a.(i) or a.(ii) above that would sum to 100% of their revised FOCD.
- b. Who are not eligible or have not chosen the FBCD option:
 - i) The increase will be managed through additional obligated Ontario Deliveries at Parkway equal to at least 80% of their revised FOCD; **OR**
 - ii) Will contract for M12 Dawn to Parkway transportation equal to at least 80% of their revised FOCD and assign such to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR**
 - iii) Can elect any combination of options b.(i) or b.(ii) above that would sum to at least 80% of their revised Firm CD.

T1/T3 customers located **West of Dawn**

- i) Will have an option to contract for Non-Obligated DCQ requirement at Dawn contingent on Union's facilities. Otherwise the DCQ will be an Obligated DCQ or a combination of Non-Obligated and Obligated DCQ.

Increase in DCQ and Parkway Call for existing Contract customers served under U7 rate with a Firm a Transportation Demand > 1,200,000 m³/day

U7 customers located **East of Dawn.**

- a. Who have chosen a FBCD:
 - i) Will maintain arrangements sufficient to meet their Parkway Call Back provision equal to 100% of their revised FOCD; **OR**
 - ii) Will deliver their supply at Parkway in the same hourly pattern as their plant is consuming; **OR**
 - iii) Can elect any combination of options a.(i) or a.(ii) above
- b. Who have not chosen the FBCD option:
 - i) Will maintain arrangements sufficient to meet their Parkway Call Back provision equal to at least 80% of their revised FOCD; **OR**
 - ii) Will deliver their supply at Parkway in an amount equal to at least 80% of their hourly consumption; **OR**
 - iii) Can elect any combination of options b.(i) or b.(ii) above

U7 customers located **West of Dawn**

- i) Have an option to contract for Non-Obligated DCQ requirement at Dawn, and no Parkway Call, contingent on Union's facilities.

Decrease to Obligated DCQ for existing

Contract customers served under rates T1 or T3 with a Firm Transportation Demand > 1,200,000 m³/day with decreased consumption.

T1/T3 customers located **East of Dawn**

- a. Who are eligible and have chosen a FBCD:
 - i) The decrease will be managed through a reduction in obligated Ontario Deliveries at Parkway equal to 100% of the reduction in their FOCD; **OR**
 - ii) Will contract for M12 Dawn to Parkway transportation equal to 100% of their revised FOCD and assign the adjusted capacity to Union which will allow the customer to contract for non-obligated Ontario deliveries; **OR**
 - iii) Can elect to retain any combination of options a.(i) or a.(ii) above

that would sum to 100% of their revised FOCD.

- b. Who have not chosen the FBCD option:
 - i) The decrease will be managed through a reduction in obligated Ontario Deliveries at Parkway equal to at least 80% of their revised FOCD; **OR**
 - ii) Will contract for M12 Dawn to Parkway transportation equal to at least 80% of their revised Firm CD and assign the adjusted capacity to Union which will allow the customer to contract for non-obligated Ontario deliveries at Dawn; **OR**
 - iii) Can elect any combination of options b.(i) or b.(ii) above that would sum to at least 80% of their revised Firm CD.

T1/T3 customers located **West of Dawn**

- i) Will have an option to reduce Non-Obligated or Obligated DCQ requirement at Dawn to meet the revised Contracted Demand.

Decrease to DCQ and Parkway Call for existing Contract customers served under U7 rate with a Firm Transportation Demand > 1,200,000 m³/day with decreased consumption

U7 customers located **East of Dawn.**

- a. Who are eligible and have chosen a FBCD:
 - i) Will maintain arrangements sufficient to meet their Parkway Call Back provision equal to 100% of their revised FOCD; **OR**
 - ii) Will deliver their supply at Parkway in the same hourly pattern as their plant is consuming; **OR**
 - iii) Can elect any combination of options a.(i) or a.(ii) above
- b. Who have not chosen the FBCD option:
 - i) Will maintain arrangements sufficient to meet their Parkway Call Back provision equal to at least 80% of their revised FOCD; **OR**
 - ii) Will deliver their supply at Parkway in an amount equal to at least 80% of their hourly consumption; **OR**
 - iii) Can elect any combination of options b.(i) or b.(ii) above

U7 customers located **West of Dawn**

- i) Do not have a Parkway Call.

Procedures

- 1) The DCQ and, if applicable, Parkway Call will be determined as outlined in the policy based on information available approximately 80 days prior to the effective date of the contract or contract renewal.
- 2) Customer may propose and Union Gas may accept an alternative consumption forecast (with a resulting change in DCQ and, if applicable, Parkway Call) provided the contract holder provides justification acceptable to Union Gas for the change. The forecast of expected consumption to support the requested DCQ and, if applicable, Parkway Call must be provided no later than 54 days before the contract's renewal date. Requests received after this date will be dealt with on a reasonable efforts basis.
- 3) Union Gas will issue a contract or contract amendment (reflecting parameters consistent with the above policy, and the resulting balancing requirements) approximately 35 days before the effective date of the contract or contract amendment for customer signature. If applicable, an M12 contract for Dawn to Parkway transportation will also be issued to customer for signature.
- 4) Customer will sign and return the contract(s) or contract amendment(s) to Union Gas at least 25 days before the effective date of the amendment.

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- 5) Union Gas will sign the contract(s) or contract amendment(s) and provide a copy to the customer approximately 1 week after receiving the signed amendment from customer.
- 6) Union Gas will prepare and Union Gas/customer will sign and execute temporary assignment paperwork for upstream pipelines, as necessary, in accordance with their respective schedules.
- 7) Customer will nominate deliveries to Union Gas reflecting the above contract(s) or contract amendment(s).