

POLICIES & GUIDELINES

Policy #: 03-DP-VS-003

Subject: Daily Contract Quantity (DCQ) increases of less than 300 GJ per day	Effective: November 2011
Applies to: South Direct Purchase customers who have not been previously vertically sliced and have not accumulated an annual DCQ increase, resulting from addition of end use locations served under Union Gas's sales service, of at least 300 GJ/day.	
Purpose: To simplify the administration for both customer and Union Gas for minor DCQ increases.	
Background: <i>(Not to limit the applicability of the policy)</i> Note: Direct purchase customers and/or the direct purchase customers' appointed agents are jointly referred to as 'customers'. The vertical slice methodology allocates upstream transportation capacity to customers moving from sales service to direct purchase in the same proportion that it exists in Union Gas's sales service upstream transportation portfolio. In Union Gas's vertical slice hearing (EB-2001-0441), Union Gas agreed to provide a mechanism to allocate 100% TCPL capacity, if available, as per the previous Board approved allocation methodology to maintain simplicity for very small customers. The agreed to threshold of 300 GJ/day was established and subsequently implemented. The following guidelines will be used to determine if the requested DCQ increase is deemed to fall under the 300 GJ threshold: <ol style="list-style-type: none">If any direct purchase contract held by the customer has previously been allocated vertical slice then all future DCQ increases resulting from additions from sales service will be allocated vertical slice.If the requested increase causes the accumulated increases since the preceding April 1 to exceed 300 GJ then the requested DCQ increase, and all future increases, will be allocated vertical slice. Note that the customer can choose to receive an allocation of Union Gas's vertical slice for DCQ increases instead of TCPL capacity (even if the DCQ increase is deemed to fall under the 300 GJ threshold).	
Policy: <ul style="list-style-type: none">▪ When Union Gas has TCPL capacity available in the south sales service portfolio, it will be allocated to applicable customers. Customers may choose to receive an allocation of Union Gas's vertical slice.▪ When Union Gas's TCPL capacity in the South sales service portfolio is depleted beyond a minimum operating level, it will temporarily cease allocation of 100% TCPL capacity. Customers will then have the following choices:<ul style="list-style-type: none">▪ Remain on sales service and be placed in a queue until TCPL capacity is made available; or▪ Receive an allocation of Union Gas's vertical slice (Policy #03-DP-VS-002).	

Supersedes:

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Procedures

1. A sales service customer requests a direct purchase contract with a DCQ less than 300 GJ/day (per the guidelines noted above); or, an existing direct purchase customer requests a contract amendment/renewal to reflect an increase in DCQ resulting from the addition of end use locations previously served under Union's sales service that is less than 300 GJ/day (per the guidelines noted above).
2. If TCPL capacity is available then the increase in DCQ will be reflected as Western on the Contract Parameter Report and in the DCQ section of Schedule 1 of the direct purchase contract.
3. If TCPL capacity is not available then the customer will either:
 - a. Decide to delay their change to a direct purchase contract and leave the applicable end use locations on sales service, in which case the customer must:
 - i. Execute the transaction required to terminate any pending enrolments, if applicable; and
 - ii. Optionally elect to be added to a queue until Western TCPL capacity is made available
 - b. Decide to receive the vertical slice per the vertical slice procedure ([Policy #03-DP-VS-002](#)).
4. The customer will nominate supply per the nomination deadlines outlined in the contract. Customer must identify the contract SA# when nominating the supply. Further, customer must identify the supplier if customer had not previously done so.
5. Union Gas will confirm/schedule the nomination as outlined in the contract.
6. Gas will arrive as nominated and will be reflected in the Banked Gas Account through the receipts column of the DP Status Report or the storage account for a U2 customer.