

POLICIES & GUIDELINES

Policy #: 07-DP-Auth-014

Subject: Authorization of Interruptible Direct Purchase (DP) Balancing Transactions	Effective: November 2011
Applies to: Customer with a Direct Purchase contract (Bundled-T, T1, T3 or Unbundled (U2, U5, U7, U9 incremental supply only)) in Union Gas's Southern or Union Gas's Northern and Eastern Operations area.	
Purpose: To define the process and evaluation criteria Union Gas applies when a customer requests authorization for an interruptible direct purchase balancing transaction.	
Background: <i>(Not to limit the applicability of the policy)</i> Customer's consumption on an actual basis will differ from what was forecasted when the contract was established or amended. DP balancing transactions are used to manage consumption variances at the end use location, balancing supply to demand. In the case of a Bundled-T customer the Balancing Criteria section of the Direct Purchase (DP) status report summarizes the calculations used to determine the customer/agent's potential balancing actions. It includes two variances: <ol style="list-style-type: none">1. Current BGA Variance - The difference between the current BGA balance and forecasted BGA balance for the same month from the most recent contract amendment; and2. Projected BGA Variance at Next Balancing Point - The difference between the projected BGA balance (reflecting actual information to date and any new forecast information) and the forecasted BGA balance for the next balancing point (checkpoint or contract expiry) based on the most recent contract amendment. Generally, Union Gas accepts balancing actions based on the lesser of the two variances -- provided that the balancing action will bring the BGA balance closer to the forecast curve without overcorrecting. Customers may transact based on the projected variance only when the DP Status report for activity two months prior to a checkpoint or expiry month is available (e.g. mid-August for September checkpoint). DP balancing transaction types, fees, and considerations are outlined on Union Gas's Web Site. For more information see: http://www.uniongas.com/business/accountservices/unionline/contractsRates/services/balancinginfo.asp	
Policy: Bundled-T <ul style="list-style-type: none">• Union Gas will authorize balancing transactions based on the following criteria:<ul style="list-style-type: none">○ There is a demonstrated need for the requested transaction.○ Requested transaction will not negatively impact Union Gas's system.○ The transaction will not take the customer outside their current credit limits.• All Bundled-T balancing transactions require an Authorization Notice prior to the transaction being nominated.• If approved by Union Gas (Union Gas shall not unreasonably withhold acceptance), the customer is responsible for all applicable charges identified by Union Gas, if charges are applicable.• Ex-Franchise Transfers, Diversions, Suspensions and Incremental Supply transactions are interruptible (see Priority of Service Policy) and subject to Union's operational capability.• Authorization of a balancing transaction does not constitute authorization of any other service or overrun of any other contract parameter.	
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T1 and T3

- Only firm (DCQ Assignments) and market-based (Storage and Loan) services require an Authorization Notice or contract amendment prior to the transaction being nominated. T1/T3 customers nominate In-Franchise Transfers (IFT), Ex-Franchise Transfers (EFT), Diversions, Suspensions, or Incremental Supply balancing transactions directly.
- If scheduled by Union Gas through the nomination process, the customer is responsible for all applicable charges identified by Union Gas on the web site,
- With the exception of In-Franchise Transfers and DCQ Assignments, all balancing transactions are interruptible (see [Priority of Service Policy](#)) and subject to Union's operational capability.
- Scheduling of the balancing transaction does not constitute authorization of any other service or overrun of any other contract parameter.

Unbundled

- Only incremental supply transactions that will exceed contract entitlements require an Authorization Notice prior to the transaction being nominated.
- Union will authorize the transaction provided the requested transaction will not negatively impact Union Gas's system.
- Scheduling of the balancing transaction does not constitute authorization of any other service or any overrun of any other contract parameter.

Procedures:

1. Where an Authorization Notice or contract amendment is required, customer's request should be made at least 3 business days in advance of the effective date of the transaction. Requests made with shorter notice will be evaluated on a reasonable efforts basis. Transactions submitted via Unionline can be processed with only 1 business day's notice. If an Authorization Notice or contract amendment is not required, a T1, T3 or Unbundled customer can go directly to Step 8. Refer to [Balancing Services on Union Gas's Web Site for processing timelines](#).
2. The customer's transaction request must specify the contract SA#, the quantity of gas, start date, end date, the "from" party, the "to" party (if applicable), a supplier and receipt point (if applicable).
3. Union Gas will evaluate the request based on the outlined criteria.
4. Union Gas will consider any restrictions that may exist for its system at the time, whether credit requirements are met, and whether all contract paperwork is current.
5. If acceptable, Union Gas will issue an authorization notice or contract amendment to customer to confirm acceptance of the request.
6. Customer must sign the authorization notice or contract amendment and return signed notice/amendment back to Union Gas.
7. Union Gas will sign and provide a copy of the fully executed authorization notice or contract amendment to customer.
8. If applicable, Customer must nominate the transaction per the nominations procedures outlined in the contract. Customer must identify the contract SA# when nominating the supply and must identify the other party to the transaction if customer had not previously done so.
9. Union Gas will confirm/schedule the nomination as outlined in the contract.
10. The transaction will flow as nominated and will be reflected in customer's BGA/Storage Account, unless otherwise interrupted.

Note: Signed authorization may include electronic means.