

POLICIES & GUIDELINES

Policy #: 06-DP-TB-012

Subject: Turn Back of TransCanada Pipeline (TCPL) Capacity by Direct Purchase Customers.	Effective: July 24, 2008
Applies to: Any Direct Purchase customer in Union Gas's Southern Operations area who has a contracted Western DCQ and/or Ontario DCQ with a temporary assignment of TCPL capacity or any T-service customer in Union Gas's Northern or Eastern Operations area who has been temporarily assigned TCPL capacity as part of their Direct Purchase (DP) contract.	
Purpose: To facilitate applicable customers' requests to turn back TCPL capacity.	
Background: <i>(Not to limit the applicability of the policy)</i> Note: Direct purchase customers and/or the direct purchase customers' appointed agent are jointly referred to as 'customers'. Since 1999, Union Gas has facilitated a TCPL non-renewal or "turn back" policy. In determining if a TCPL turn back program can be offered, Union Gas will consider many factors, including but not limited to, the Contracted Demand, renewal dates and average term of the remaining TCPL contracts in the Union Gas portfolio, and the overall operation of the system. Southern Operations area customers who have turned back TCPL capacity must replace that capacity with an equal quantity of obligated gas deliveries to the appropriate delivery area.	
Policy: <ul style="list-style-type: none">• The offering of a TCPL turn back program to applicable customers in any given year is at the sole discretion of Union Gas.• If Union Gas determines that it is able to offer applicable customers the ability to turn back a portion of the TCPL capacity underlying their contract, Union Gas will determine and communicate the percentage of the Daily Contract Quantity (DCQ) eligible for election.• Unless otherwise agreed, all approved turn back elections will take effect following the expiry date of Union Gas's contract with TCPL.• For direct purchase customers with a TCPL assignment in Union Gas's Southern Operations area, the capacity turned back must be replaced with an equal quantity of obligated deliveries on the TCPL side of the Parkway interconnect upon the turn back date.• For T-service customers with a TCPL assignment in Union Gas's Northern and Eastern Operations area, quantities turned back should be replaced with deliveries to the same TCPL delivery area upon the turn back date.	

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Procedures

1. Section 8 "Renewal Rights" of the TCPL Toll Schedule provides the procedure Union Gas must follow when providing TCPL with renewal (and therefore non-renewal or turn back) notice. Union Gas reviews all TCPL contracts approaching renewal to determine whether any turn back will be available within the Southern, Northern and Eastern Operations Areas. In order to meet a 6-month renewal notice provision within TCPL's Toll Schedule, this review occurs approximately 7 months prior to the termination date of Union Gas's TCPL contracts.
2. If Union Gas determines that TCPL turn back will be available, the following steps are followed:
 - a. A letter advising that TCPL turn back is available for election will be issued to each applicable customer approximately 7 months prior to the termination date of Union Gas's contract with TCPL. This letter will outline the amount of turn back available, associated deadlines, effective date and will include a turn back request form. Union Gas will also issue a Factsline communication to advise Energy Marketers of the turn back opportunity.
 - b. The customer will fill out and return the turn back request form (indicating the amount of turn back elected) to Union Gas within the stated timelines to allow Union Gas to compile and provide notice to TCPL. If the customer does not fill out the form as specified in 2(a) above then their TCPL related contract parameters do not change.
 - c. Union Gas will advise TCPL of the revised Contracted Demand with no less than 6 months prior notice to the termination date of the TCPL contract.
 - d. Once in receipt of this timely notice, TCPL will confirm Union Gas's renewal (i.e. turn back) election, effective as of the commencement date of the subsequent term of the contract between Union Gas and TCPL.
 - e. The revised contract parameters will be reflected in an amendment to the customer's direct purchase contract(s) and/or, where applicable, TCPL Temporary Contract Assignment Agreements effective upon the renewal date of the TCPL contract with Union Gas. The amendment is issued to the customer approximately 35 days before the effective date of the amendment.
 - f. The customer will sign and return the direct purchase contract amendment and, where applicable, TCPL Temporary Contract Assignment Agreements to Union Gas no later than 25 days before the effective date of the turn back.
 - g. Union Gas will sign the direct purchase contract amendment and return a copy to the customer approximately 1 week after receiving the signed amendment from the customer.
 - h. Union Gas will sign the TCPL Temporary Contract Assignment Agreement and forward details to TCPL.
 - i. The customer will nominate supply to reflect the changes per the nomination deadlines 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.
 - j. Union Gas will confirm/schedule the nomination as outlined in the direct purchase contract.