

POLICIES & GUIDELINES

Policy #: 03-DP-VS-004

Subject: Requests to turn back Vertical Slice capacity that has been allocated/assigned under Direct Purchase Contract	Effective: July 24, 2008
Applies to: South Direct Purchase customers who have been allocated/assigned Vertical Slice capacity on contracts that have turn back flexibility on or after November 1, 2003. For Vertically Sliced TransCanada Pipeline (TCPL) Capacity refer to Turn Back of TCPL Capacity (Policy #06-DP-TB-012).	
Purpose: To facilitate Direct Purchase customer requests to turn back Vertical Slice capacity that has been allocated/assigned under the Vertical Slice program on or after November 1, 2003.	
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'. In order to provide Direct Purchase customers with more flexibility in their upstream transportation capacity allocations Union reviews the sales service upstream transportation portfolio annually to determine what Vertically Sliced capacity can be eligible for turn back. Direct Purchase customers, allocated/assigned capacity under the Vertical Slice program, are periodically provided an opportunity to return a portion of this capacity and replace it with a firm delivered service at the obligated delivery point thereafter.	
Policy: <ul style="list-style-type: none">• Direct Purchase customers who have been allocated/assigned capacity on or after November 1, 2003 will be given the opportunity to return all or a portion of the capacity that has been allocated/assigned to them, subject to the maximum amount that Union Gas can offer annually.• If the amount of capacity turn back requested by Direct Purchase customers in total exceeds the maximum amount that Union Gas can offer, all requests will be prorated equally based on the original request. Each pipeline request will be treated independently of the other pipeline requests.• The quantity turned back must be replaced with obligated deliveries at the obligated receipt point specified in the contract effective the date of the turn back (e.g. Vector is obligated at Dawn).• All turn back will be effective November 1st of the applicable year.	

Supersedes:
July 27, 2005 Version

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Procedures

1. If turn back is available, Union Gas will issue a communication to eligible customers notifying them that turn back of capacity is available effective November 1 and indicate that customers are to specifically identify the amount to be turned back to Union Gas.
2. Customers will give written notification identifying by SA# (contract identifier) and the amount of turn back requested 2 weeks after the above communication is provided by Union Gas.
3. Union Gas will consolidate all requests to turn back capacity and will compare the requested amount to the amount available for turn back. If the total amount of turn back requested is in excess of the amount of turn back available, Union Gas will prorate all turn back requests in proportion to the original request.
4. Union Gas will notify customers of the amount of turn back awarded to them, by contract.
5. The revised contract parameters will be reflected in an amendment to the customer's direct purchase contract(s) and/or, where applicable, assignment agreements with the upstream pipeline companies effective November 1. The amendment is issued approximately 35 days before the effective date of the amendment for customer signature.
6. The customer will sign and return the direct purchase contract amendment and, where applicable, assignment agreements with the upstream pipeline companies to Union Gas no later than 25 days before gas flow.
7. 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.
8. 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.
9. Union Gas will confirm/schedule the nomination as outlined in the contract.
10. Gas will arrive as nominated and will be reflected in the Banked Gas Account through the receipts column of the DP status report for a bundled-t customer or the storage account for a T1, T3, or unbundled customer.