



uniongas

A Spectra Energy Company



Updated August 12, 2010
July 19, 2010

Re: Union Gas Limited 2011-2013 Non-Binding Service Open Season

In response to continued interest in Marcellus gas supplies coming to Ontario through Kirkwall as well as deliveries of gas from Dawn to Parkway, Union Gas Limited is pleased to announce its non-binding open season for service commencing as early as November 1, 2011 (the “**2011-2013 Open Season**”).

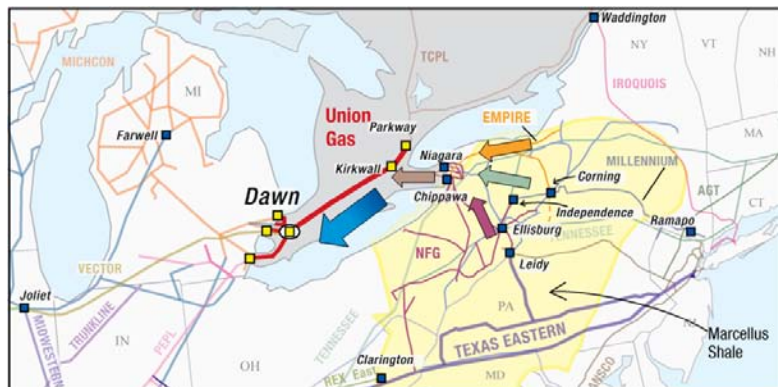
Based on requests from Shippers for additional optionality and flexibility between interconnects, Union is proposing to offer the following services:

- 1) new firm westerly C1 transportation service from Kirkwall to Dawn;
- 2) new firm M12-X transportation service;
- 3) conversion of existing firm Dawn to Parkway and Dawn to Kirkwall M12 transportation service to new firm M12-X transportation service; and
- 4) firm M12 Dawn to Parkway or Dawn to Kirkwall transportation service.

This open season has been extended and now closes at **12:00 noon Eastern Daylight Time on August 31, 2010.**

These services offer Shippers flexible and reliable transportation from supply basins in both eastern and western North America. The new M12-X transportation service offers the flexibility to transport gas between any two M12 points (Dawn, Parkway and Kirkwall), easterly or westerly, all on a firm basis. For Shippers with Marcellus Shale gas supplies in the eastern U.S., these services offer access to Dawn. Shippers at Dawn enjoy access to a premium storage facility with a diverse portfolio of storage services and a liquid and diverse hub. For Shippers who have end-use needs or market demands in Ontario, eastern Canada or U.S. northeast, these services provide flexible and firm transportation options to source gas supplies at Dawn, western basins or the new, growing Marcellus Shale.

This non-binding open season is being offered in order to allow Union Gas the opportunity to better understand market interest and requirements for services which accommodate easterly and westerly flow on the Union Gas transportation system. Following the close of this non-binding open season, and based on Shipper interest, Union Gas will contact successful responding parties to transition to binding agreements using the standard forms of agreement. If the transition to binding agreements results in the need for a system expansion, such capacity may be available either November 1, 2012 or November 1, 2013, and will be subject to both internal and Ontario Energy Board (OEB) approvals.



The term of all services offered in this open season shall be a minimum of ten (10) years, with an end date of October 31. The minimum term aligns with the terms offered in recent open seasons for other upstream pipelines (Empire State Pipeline, National Fuel Gas Supply and TransCanada Pipelines). The rates for services included in this non-binding open season are subject to Ontario Energy Board (OEB) approval. Union Gas will file the appropriate applications for the new services with the OEB and approvals are expected during the 4th quarter of 2010.



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1. Westerly Firm Transportation Service

Union Gas invites your company to submit non-binding bids (expressions of interest) for long-term firm transportation from Kirkwall to Dawn for service commencing as early as November 1, 2011. Service is proposed to be in accordance with the Union Gas C1 Rate Schedule. Union Gas is offering 800,000 GJ/day of new firm westerly C1 transportation service from Kirkwall to Dawn.

Westerly Firm Transportation Service Parameters

- Transportation service commencement date is flexible in order to align with upstream offerings, ranging from as early as November 1, 2011, to as late as November 1, 2013, as requested by Shipper.
- Receipt Point is Kirkwall.
- Delivery Point is Dawn (Facilities).
- Term of the bid will be a minimum term of 10 years.
- The expected demand charge rate for this service is between \$0.035 - \$0.045 Cdn/GJ/day, subject to OEB approval.
- The expected fuel requirement for this service is approximately 0.357% April-October and 0.332% November-March in accordance with the C1 Rate Schedule, subject to OEB approval.

View the [Westerly Firm Transportation Service Bid Form](#).

View the [Rate Schedule, General Terms and Conditions and Standard Contract](#).

2. M12-X Firm Transportation Service

Union Gas invites your company to submit non-binding bids (expressions of interest) for flexible long-term firm transportation between Dawn, Parkway and Kirkwall – the M12-X service. This new service allows a Shipper to transport gas between any of Dawn, Parkway and Kirkwall, in any direction and on a firm basis. On any day, Shipper may receive gas at any of Dawn, Parkway or Kirkwall and deliver gas to any of Dawn, Parkway or Kirkwall. The M12-X transportation service commences as early as November 1, 2011 and is proposed to be in accordance with the Union Gas M12 Rate Schedule.

The M12-X transportation service is available to existing customers holding M12 transportation service who are interested in the flexibility to transport on a firm basis between Dawn, Parkway or Kirkwall on any day. In this non-binding open season, existing Shippers can elect to convert their existing M12 Dawn to Parkway and/or Dawn to Kirkwall transportation service to the M12-X transportation service on a one-for-one GJ/day of capacity basis. A portion or all of the Shipper's existing M12 contracted capacity can be converted.

The M12-X transportation service is also available to new customers and existing customers who are seeking incremental firm, flexible capacity between Dawn, Kirkwall and Parkway.

Union Gas is offering 400,000 GJ/day of firm M12-X transportation service converted from existing firm Dawn to Parkway M12 transportation service. In addition, Union Gas is offering 340,000 GJ/day (subject to capacity turn back and may require system expansion which is subject to internal and OEB approvals) of new firm M12-X transportation service, firm M12-X transportation service converted from existing firm Dawn to Kirkwall M12 transportation service and firm M12 Dawn to Parkway or Dawn to Kirkwall transportation service.



M12-X Firm Transportation Service Parameters

- Transportation service commencement date is flexible in order to align with upstream offerings, ranging from as early as November 1, 2011, to as late as November 1, 2013, as requested by Shipper.
- Receipt Points are Dawn, Parkway and Kirkwall.
- Delivery Points are Dawn (Facilities), Parkway and Kirkwall.
- Term of the bid will be a minimum term of 10 years.
- The expected rate for the service is approximately \$0.095 - \$0.11 Cdn/GJ/day, subject to OEB approval.
- The fuel rates for this service will be in accordance with the M12 Rate Schedule and incurred based on the nominated path, subject to OEB approval.

View the [M12-X Firm Transportation Service Bid Form](#).

View the [Rate Schedule, General Terms and Conditions and Standard Contract](#).

3. M12 Firm Transportation Service

Union Gas invites your company to submit non-binding bids (expressions of interest) for point to point long term firm transportation from Dawn to Parkway or from Dawn to Kirkwall using the M12 transportation service. This firm service allows a Shipper to transport gas between two points on the Union Gas system. The M12 transportation service commences as early as November 1, 2011 and will be in accordance with the Union Gas M12 Rate Schedule.

The M12 transportation service is available to existing and new customers looking for firm point-to-point transportation service. Union Gas is offering 340,000 GJ/day (subject to capacity turn back and may require system expansion which is subject to internal and OEB approvals) of firm M12 Dawn to Parkway or Dawn to Kirkwall transportation service, new firm M12-X transportation service and firm M12-X transportation service converted from existing firm Dawn to Kirkwall M12 transportation service.

M12 Firm Transportation Service Parameters

- Transportation service commencement date is flexible in order to align with upstream offerings, ranging from as early as November 1, 2011, to as late as November 1, 2013, as requested by Shipper.
- Path Options are Dawn to Parkway or Dawn to Kirkwall.
- Term of the bid will be a minimum term of 10 years.
- The rate for this service will be in accordance with the M12 Rate Schedule as per the contracted path.
- The fuel rates for this service will be in accordance with the M12 Rate Schedule.

View the [M12 Firm Transportation Service Bid Form](#).

View the [Rate Schedule, General Terms and Conditions and Standard Contract](#).



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4. Submitting a Non-Binding Bid for Service

If you wish to participate in the 2011-2013 Open Season, please complete, sign and return either the attached Westerly Firm Transportation Service Bid Form, the M12-X Firm Transportation Service Bid Form and/or the M12 Firm Transportation Service Bid Form via email or fax to:

ATTN: Tina Hodgson
Email: thodgson@uniongas.com
Fax: (519) 436-4643

Completed forms must be returned on or before 12:00 noon Eastern Daylight Time on August 31, 2010. Union Gas will acknowledge Shipper's bid in writing on or before 2:30 p.m. Eastern Daylight Time September 1, 2010. All complete bids will be considered valid, indicative and non-binding until a binding agreement is reached between the parties. Only those Shippers and customers who submit non-binding bids for the Westerly Firm Transportation Service, the M12-X Firm Transportation Service or the M12 Firm Transportation Service will be contacted. Union Gas will first contact all responding parties who meet the requirements of the open season. Union Gas in its sole discretion reserves the right to reject any and all proposals received. Capacity requests that meet the respective service parameters during this open season will be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("**NPV**"). Union Gas expects successful bidders to transition to binding agreements and will award capacity and execute contracts by no later than December 1, 2010.

If you have any questions about the 2011-2013 Open Season, please feel free to contact your [Account Manager](#).

Yours truly,
UNION GAS LIMITED

Tina Hodgson
Business Development Manager
Phone: (519) 436-4606
Email: thodgson@uniongas.com



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Page 1 of 1

M12-X FIRM TRANSPORTATION SERVICE BID FORM

If you wish to participate in the 2011-2013 Open Season, please complete, sign and return this M12-X Firm Transportation Service Bid Form on or before 12:00 noon Eastern Daylight Time on **August 31, 2010** via email or fax to:

ATTN: Tina Hodgson **Email:**thodgson@uniongas.com **Fax:** (519) 436-4643

This is a non-binding bid. The purpose of the open season is for Union Gas to address market interest in this proposed service. Based on the results of this open season, Union Gas will determine whether or not to proceed with offering this service as defined in this open season. By signing and returning this M12-X Firm Transportation Service Bid Form, Shippers submitting successful bids will be contacted by Union Gas to enter into discussions to transition to a binding agreement for this service. The Firm Transportation Service Agreement with Union Gas can be found at uniongas.com/openseason.

Please indicate your requirements as shown below:

M12-X Firm Transportation Service Non-Binding Bid:

Receipt Points include **Dawn, Kirkwall and Parkway**

Delivery Points include **Dawn (Facilities), Kirkwall and Parkway**

Start Date (must be no earlier than **November 1, 2011**
and no later than **November 1, 2013**) _____

NEW Quantity _____ Maximum _____ (GJ/d)

CONVERSION Quantity (from existing M12 capacity) Maximum _____ (GJ/d)

Contract Reference (e.g. M12000): _____

TOTAL Quantity (sum of New + Conversion) Maximum _____ (GJ/d)

Term (years) _____ (10 year minimum ending October 31)

Would there be Conditions Precedent to taking this service?(circle one) **Yes*** **No**

*If yes, please articulate those conditions in an attachment

Dated this _____ day of _____ 2010

SHIPPER LEGAL NAME _____

By: _____

Signature:

E-mail:

Name:

Phone:



M12 FIRM TRANSPORTATION SERVICE BID FORM

If you wish to participate in the 2011-2013 Open Season, please complete, sign and return this M12 Firm Transportation Service Bid Form on or before 12:00 noon Eastern Daylight Time on **August 31, 2010** via email or fax to:

ATTN: Tina Hodgson **Email:** thodgson@uniongas.com **Fax:** (519) 436-4643

This is a non-binding bid. The purpose of the open season is for Union Gas to address market interest in this service. Based on the results of this open season, Union Gas will determine whether or not to proceed with offering this service as defined in this open season. By signing and returning this M12 Firm Transportation Service Bid Form, Shippers submitting successful bids will be contacted directly to enter into discussions to transition to a binding agreement for this service. The Firm Transportation Service Agreement with Union Gas can be found at uniongas.com/openseason.

Please indicate your requirements as shown below:

M12 Firm Transportation Service Non-Binding Bid:

Transportation Path: Please indicate by circling either 1) or 2) below

- 1) Receipt Point: **Dawn** and Delivery Point: **Parkway**
- 2) Receipt Point: **Dawn** and Delivery Point: **Kirkwall**

Start Date (must be no earlier than **November 1, 2011** and no later than **November 1, 2013**) _____

Quantity _____ Maximum _____ (GJ/d)

Term (years) _____ (10 year minimum ending October 31)

Would there be Conditions Precedent to taking this service? (circle one) **Yes*** **No**
*If yes, please articulate those conditions in an attachment

Dated this _____ day of _____ 2010

SHIPPER LEGAL NAME _____

By: _____

Signature: _____ E-mail: _____

Name: _____ Phone: _____