

POLICIES & GUIDELINES

Policy #: 05-DP-DCQN-008

North South North and South

Subject: Setting new, and increasing or decreasing existing, Obligated Daily Contract Quantity (DCQ) - Union North	Effective: November 1, 2017
Applies to: All new or existing Bundled-T (BT) Direct purchase customers in Union North (the combined North West and North East Zones). This policy excludes Union North T-Service customers.	
Purpose: This policy ensures equitable treatment for setting and changing (either increases or decreases) a customer's Obligated Daily Contract Quantity (DCQ).	
Background: <i>(Not to limit the applicability of the policy)</i> Union Gas's system is designed based on Firm deliveries arriving at specified Receipt Points. Maintaining deliveries at these Receipt Points is integral to managing costs and ensuring system operations, integrity and reliability. BT Direct purchase customers are allocated a DCQ with Receipt Points that are reflective of Union Gas's upstream transportation portfolio, used to serve the customer's delivery zone, as of November 1 each year. The customer DCQ is Obligated – the customer must deliver at those Receipt Points unless specifically authorized otherwise by Union Gas. Union updates the Union North BT Direct purchase Obligated DCQ Receipt Point quantities annually at November 1 to reflect the percentage of Union's transportation portfolio at the various Receipt Points. The percentages that set the Obligated DCQ at the Receipt Points remain in effect for the gas year (November 1 to October 31) and is rounded to the nearest 5%. Union establishes the percentages prior to the end of August each year. The BT Direct purchase Contract identifies the Obligated DCQ and Receipt Points for the term of the Contract. This policy addresses situations where: <ul style="list-style-type: none">• a new End-Use Location requires an initial DCQ to be set; or• a change in Obligated DCQ for an existing Contract is requested by the Contract holder or their Agent; or• a change in an existing Obligated DCQ is required at the time of Contract renewal or Contract amendment. Definitions <ul style="list-style-type: none">• End-Use Location<ul style="list-style-type: none">○ The metered point(s) associated with any Contract.• New End-Use Location<ul style="list-style-type: none">○ An End-Use Location that has not had an active connection to the Union Gas distribution system in the last three (3) years Unless otherwise outlined above, all defined terms within this policy are as per the General Terms & Conditions of the relevant Service.	
Policy: Union Gas sets the Receipt Point allocations on a prorata basis to reflect the Union Gas upstream transportation capacity portfolio for each delivery zone in effect as of November 1. When a Contract is initiated, the DCQ is set to reflect the historical and/or forecasted consumption for the Contract term. When a Contract renews or is amended, the DCQ may increase or decrease to reflect the historical and/or forecasted consumption for the Contract term. The DCQ is Obligated for BT Contracts.	

A minimum DCQ of four (4) GJ/day is required for a Contract. At Contract initiation or renewal/amendment, if the calculated DCQ falls below four (4) GJ/day, the DCQ will be set at the Contract minimum. If the DCQ allocation results in a Receipt Point with less than four (4) GJ/day, the Receipt Point with less than four (4) GJ/day is adjusted to zero (0) and the Receipt Point with the highest allocation is increased by the amount of the DCQ reduced at the other Receipt Point.

DCQ (GJ/day) is equal to twelve (12) months historical and/or forecasted volumetric consumption (Firm includes general service and Firm Contract rate consumption) at the End Use Locations underlying the Direct purchase Contract / 365 days * Average Heat Value. If the Contract term is greater than twelve (12) months, the DCQ is calculated by dividing the historical consumption for the term of the Contract by the number of days in the Contract term. The consumption of general service End-Use Locations is weather normalized.

Setting the DCQ for new BT Direct purchase customers

The DCQ on a new BT Direct purchase Contract must reflect Union Gas's upstream transportation arrangements used to serve the applicable delivery zone (Union North East Zone or Union North West Zone), in effect at the time of initiation. Each year, prior to the end of August, Union Gas reviews the Receipt Point allocations for customers and makes any required changes to align with the upstream transportation portfolio in effect for the upcoming November 1.

Changing the DCQ on an existing BT Direct purchase Contract

All DCQ changes are processed to reflect Union Gas's upstream transportation arrangements used to serve the applicable delivery zone, in effect at the time of making the change. Examples of transactions that cause a DCQ change include:

- End-Use Locations transferring to/from Union Gas's Sales Service; or
- End-Use Locations transferring to/from another Direct purchase Contract; or
- Increases or decreases in consumption

All service switching requests must meet the requirements as outlined in Policy #: [15-DP-SS-022](#).

Procedures

- 1) Union Gas calculates or recalculates DCQ under the following circumstances:
 - a. Upon Contract renewal, or
 - b. Upon the addition or deletion of End-Use Locations to/from the Contract based on an effective date that is other than the Contract renewal date. End-Use Locations may be added or deleted to the Contract pursuant to the Gas Distribution Access Rule (GDAR) Electronic Business Transactions Standard. An amendment to the Contract in this event is created at Union Gas's discretion.
- 2) For BT Direct purchase Contracts comprised primarily of telemetered General Service and Contract End-Use Locations, the DCQ calculation at Contract renewal is based on information available approximately eighty (80) days prior to Contract renewal.
 - a) For BT Direct purchase Contracts where an alternate forecast of consumption is not expected to be provided by the customer:
 - i. Union Gas issues a Contract amendment and a Contract Parameters Report summarizing forecast consumption, changes in obligated DCQ, and corresponding changes in Receipt Point allocation consistent with the above policy approximately sixty (60) days prior to the Contract's renewal date.
 - ii. Customer acknowledges acceptance of the amendment.
 - b) For BT Direct purchase Contracts where an alternate forecast of consumption is expected to be provided by the customer:
 - i. Union Gas issues a Contract Parameters Report summarizing forecast consumption, changes in obligated DCQ, and corresponding changes in Receipt Point allocation consistent with the above policy approximately sixty-six (66) days prior to the Contract's renewal date.

- ii. Customer may propose, and Union Gas may accept, an alternate forecast (with a resulting change in Obligated DCQ) provided the Contract holder provides justification acceptable to Union Gas for the increase or decrease. A forecast of expected consumption to support the requested Obligated DCQ must be provided no later than fifty-four (54) days before the Contract's renewal date. Requests received after this date are dealt with on a reasonable efforts basis.
 - iii. Customer returns the signed Contract Parameters Report approximately fifty-four (54) days prior to the Contract's renewal date.
 - iv. Union Gas issues a final Contract Parameters Report and Contract amendment (reflecting Obligated DCQ changes consistent with the above policy) approximately thirty-five (35) days before the effective date of the amendment.
 - v. Customer acknowledges acceptance of the amendment.
 - c) For BT Direct purchase Contracts comprised primarily of cycle read accounts, with additions/deletions of End-Use Locations during the term of the Contract, and where no alternate forecast is provided:
 - i. The DCQ calculation at Contract amendment/renewal is based on information available approximately forty-four (44) days prior to the effective date of the change.
 - ii. Union Gas issues a Contract renewal/amendment and a Contract Parameters Report summarizing forecast consumption, changes in Obligated DCQ, and corresponding changes in upstream transportation allocation consistent with the above policy approximately thirty-five (35) days prior to the Contract's renewal date.
 - iii. Customer acknowledges acceptance of the amendment.
- 3) Customer electronically accepts, or signs and returns, the Contract renewal/amendment to Union Gas at least twenty-five (25) days before the effective date of the amendment.
- 4) Union Gas electronically accepts, or signs and returns a copy of, the Contract renewal amendment to the customer approximately one (1) week after receiving the renewal/amendment from customer.
- 5) Customer nominates deliveries to Union Gas reflecting the above Contract renewal/amendment.