

POLICIES & GUIDELINES

Policy #: 16-DP-TRAN-020

North South North and South

<p>Subject: North T-Service Transportation from Dawn Service</p>	<p>Effective: November 1, 2016</p>
<p>Applies to: Union North T-service customers in the Union North East Zone who contract with Union for transportation capacity from Dawn to their respective delivery area.</p>	
<p>Purpose: Provide customers with the option to purchase firm transportation capacity from Dawn to any of Union's North East delivery areas.</p>	
<p>Background: <i>(Not to limit the applicability of the policy)</i></p> <p>Union North T-Service customers are responsible for arranging supply and transportation to their delivery area. Due to changing North American supply dynamics, customers requested access to Dawn supply and the ability to transport this supply on a Firm basis to the Union North East Zone. Union responded to customer requests by introducing the optional North T-Service Transportation from Dawn service. This service provides Customers the ability to contract directly with Union for Firm transportation capacity from Dawn to their delivery area.</p> <p>There are two service offerings: Base Service and Supplemental Service. Eligible customers may elect either service offering or both.</p> <p><u>Base Service</u> Customers can request Firm Daily Quantity up to the greater of:</p> <ul style="list-style-type: none"> • Firm Contract Demand for distribution service; or • Peak day in the previous 12 months; <p>But, in any case, no more than 3,000 GJ/day.</p> <p><u>Supplemental Service</u></p> <ul style="list-style-type: none"> • No Firm Daily Quantity limitation. <p>Quantities and terms for both Service offerings are subject to availability and terms of underpinning transportation capacity.</p> <p><u>Definitions</u></p> <ul style="list-style-type: none"> • Firm Daily Quantity (FDQ) – the transportation capacity that eligible customers elect to contract for from Dawn to their respective delivery area. 	
<p>Policy:</p> <p><u>Base Service and Supplemental Service</u></p> <p style="text-align: center;">Annual Fuel Factor Adjustment</p> <p style="text-align: center;">Union will adjust the customer's Dawn to Parkway transportation capacity to facilitate the movement of fuel required for the TransCanada transportation capacity from Parkway to the Union delivery area.</p> <p style="text-align: center;">The Fuel Factor Adjustment will be updated at November 1 to reflect the highest TransCanada</p>	
<p>Supersedes: NEW</p>	<p>Page 1 of 2</p>

fuel rate from Parkway to the delivery area for the most recent three years. Union Gas will issue a communication to customers advising of the Fuel Factor Adjustment change.

Assignability

Customers who meet Union and TransCanada credit requirements may request a temporary or permanent assignment of Union's Dawn to Parkway transportation capacity, or TransCanada's Parkway to delivery area transportation capacity, or both.

Base Service temporary assignments are a minimum 1-year term, beginning every November 1st. Under a permanent assignment, all contractual obligations, including renewal and deferral account clearing, remain with any transportation capacity assigned on a permanent basis.

Base Service Only

Decreases to Base Service FDQ

At least three (3) months prior to contract renewal, a Customer may request a reduction to their Base Service FDQ if **both** the Total Distribution Contract Demand and the Maximum Hourly Flow parameters decrease by at least 5% of the distribution contract.

At contract renewal, Union will reduce a customer's FDQ in proportion to the smallest percentage change in the above parameters.

Deferral Account Treatment of Excess Capacity

Union will attempt to re-market any excess capacity from Parkway to the delivery area. The costs remaining from any excess TransCanada capacity will be recorded in the Base Service North T-Service TransCanada Deferral Account. As part of Union's existing annual deferral disposition process, Union will apply to the OEB to dispose of any deferral account balances. This annual deferral account balance will be cleared amongst all Base Service participants.

Procedures