

## POLICIES & GUIDELINES

Policy #: 06-DP-TB-012

North  South  North and South

<b>Subject:</b>  Turnback of TransCanada Pipeline (TCPL) Capacity by Direct Purchase Customers.	<b>Effective:</b>  November 1, 2017
<b>Applies to:</b>  Any T-service customer in Union North (the combined North West and North East Zones) who has been temporarily assigned TCPL capacity as part of their Direct Purchase (DP) contract.	
<b>Purpose:</b>  To facilitate applicable customers' requests to turn back TCPL capacity.	
<b>Background:</b> <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 "turnback" policy.  In determining whether a TCPL turnback program can be offered, Union Gas considers 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.	
<b>Policy:</b> <ul style="list-style-type: none"><li>• The offering of a TCPL turnback program to applicable customers in any given year is at the sole discretion of Union Gas.</li><li>• 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.</li><li>• Unless otherwise agreed, all approved turnback elections will take effect following the expiry date of Union Gas's contract with TCPL.</li></ul>	
<b>Procedures:</b> <ol style="list-style-type: none"><li>1. Section 8 "Renewal Rights" of the TCPL FT Toll Schedule provides the procedure Union Gas must follow when providing TCPL with renewal (and therefore non-renewal or turnback) notice. Union Gas reviews all TCPL contracts approaching renewal to determine whether any turnback will be available. In order to meet a 24-month renewal notice provision within TCPL's Toll Schedule, this review occurs at least 25 months prior to the termination date of Union Gas's TCPL contracts.</li><li>2. If Union Gas determines that TCPL turnback will be available, the following steps are followed:<ol style="list-style-type: none"><li>a. A letter advising that TCPL turnback is available for election is issued to each applicable customer at least 25 months prior to the termination date of Union Gas's contract with TCPL. This letter outlines the amount of turnback available, associated deadlines, effective date and includes a turnback request form. Union Gas also issues a communication to advise energy marketers of the turnback opportunity.</li></ol></li></ol>	

- b. The customer fills out and returns the turnback request form (indicating the amount of turnback 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 advises TCPL of the revised Contracted Demand with at least 24 months prior notice to the termination date of the TCPL contract.
- d. Once in receipt of this timely notice, TCPL confirms Union Gas's renewal (i.e. turnback) election, effective as of the commencement date of the subsequent term of the contract between Union Gas and TCPL.
- e. Any revised contract parameters are 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.
- f. The customer signs and returns the direct purchase contract amendment and, where applicable, TCPL Temporary Contract Assignment Agreements to Union Gas within 5 business days of receiving the amendment from Union (targeted to be 25 calendar days prior to the effective date).
- g. Union Gas signs the direct purchase contract amendment and returns a copy to the customer after receiving the signed amendment from the customer.
- h. Union Gas signs the TCPL Temporary Contract Assignment Agreement and forwards details to TCPL.
- i. The customer nominates 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 confirms/schedules the nomination as outlined in the direct purchase contract.