

## STORAGE SERVICE AGREEMENT

This agreement is made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_

BETWEEN:

**Market Hub Partners Canada L.P.**, by its general partner Market Hub Partners Management Inc., a limited partnership formed pursuant to the laws of the Province of Ontario,

(hereinafter referred to as “**COMPANY**”)

-and-

**[CUSTOMER Corporate Description]**

(hereinafter referred to as “**CUSTOMER**”)

WHEREAS COMPANY owns the St. Clair Pool natural gas storage facility;

AND WHEREAS CUSTOMER wishes to retain COMPANY to provide the Storage Services as set out herein, and COMPANY has agreed, subject to the terms and conditions of this Agreement, to provide the Storage Services requested;

NOW THEREFORE the Parties covenant and agree as follows:

### 1. INTERPRETATION

#### 1.1 Definitions

Words, terms and phrases used in this Agreement shall, unless otherwise herein defined, be construed to have the following meanings set out in Appendix “A”. In addition, the following terms shall be construed to have the following meanings:

“**Authorized Overrun**” shall mean the amount on any Day by which CUSTOMER’s Authorized Quantity exceeds the Daily Maximum Injection Demand or Daily Maximum Withdrawal Demand, as the case may be;

“**Authorized Quantity**” shall have the meaning given to such term in Appendix D;

“**Bank Account**” shall have the meaning given to such term in Section 7.2;

“**Commencement Date**” shall have the meaning given to such term in Section 3.1;

“**Daily Maximum Injection Demand**” has the meaning given to such term in Section 4.2;

“**Daily Maximum Withdrawal Demand**” has the meaning given to that term in Section 4.3;

“**Head Agreement**” means the main body of this Agreement;

“**Nomination**” shall have the meaning given to such term in Appendix D;

“**Quantities Available**” shall have the meaning given to such term in Appendix D;

“**Revised Nomination**” shall have the meaning given to such term in Appendix D;

“**Stabilization Period**” has the meaning given to that term in Section 4.1(d);

“**Storage Services**” has the meaning given to that term in Section 4.1 (a);

“**Termination Date**” means [*month, day, year*]; and

“**Unauthorized Overrun**” shall have the meaning given to such term in Appendix D;

“**Union**” means Union Gas Limited.

## **1.2 Appendices and Conflicts**

The following appendices are attached to and form an integral part of this Agreement by reference as if fully set forth herein:

- Appendix A – General Terms and Conditions
- Appendix B – Term Sheet
- Appendix C – Points and Pressures
- Appendix D - Nominations

Except as expressly stated in this Agreement, in the event of any conflict between the provisions of the Head Agreement and those of an Appendix, or between any of the Appendices, such conflict shall be resolved in accordance with the provisions of the document having the higher priority in the following order of prevalence:

- (a) Head Agreement;
- (b) Appendix A – General Terms and Conditions;
- (c) Appendix B – Term Sheet;
- (d) Appendix C – Points and Pressures; and
- (e) Appendix D - Nominations.

## **2. CONDITIONS PRECEDENT**

### **2.1 COMPANY’S Conditions Precedent**

The obligations of COMPANY pursuant to this Agreement are subject to the following conditions precedent, which are for the sole benefit of COMPANY and which, subject to Section 2.3, may be waived or extended in whole or in part by COMPANY as provided for in this Agreement:

- a) COMPANY shall, on or before [month, day, year] have received from CUSTOMER the requisite security or financial assurances that COMPANY determines to be reasonably necessary to ensure CUSTOMER's ability to honour the provisions of this Agreement in a form acceptable to COMPANY as per Appendix "A" Section XVIII; and
- b) COMPANY shall, on or before [month, day, year] have secured the third party transportation services necessary to provide the Storage Services hereunder, including, without limitation, an M16 Transportation Contract with Union.

## **2.2 CUSTOMER's Conditions Precedent**

The obligations of CUSTOMER pursuant to this Agreement are subject to the following condition precedent, which is for the sole benefit of CUSTOMER and which, subject to Section 2.3, may be waived or extended in whole or in part by CUSTOMER as provided for in this Agreement:

- (a) CUSTOMER shall, on or before [month, day, year], as required, have entered into the necessary contracts with COMPANY and/or others to facilitate the Storage Services contemplated herein, including contracts for upstream and downstream transportation, and shall have an executed and valid Interruptible HUB Service Contract or equivalent with Union;

## **2.3 Satisfaction of Conditions Precedent**

CUSTOMER and COMPANY shall each use due diligence and reasonable efforts to satisfy and fulfill the conditions precedent specified in this Article 2. Each Party shall notify the other forthwith in writing of their respective satisfaction or waiver of each condition precedent for such Party's benefit. If a Party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such Party may, upon written notice to the other Party, terminate this Agreement and upon the giving of such notice, this Agreement shall be of no further force and effect and each of the Parties shall be released from all further obligations thereunder.

## **2.4 Conditions Not Met**

In the event that any of the conditions precedent set forth in Sections 2.1 and 2.2 are not satisfied or waived by the Party entitled to the benefit of that condition precedent on or before the date specified for satisfaction of such condition precedent, if any, then either Party may, upon written notice to the other Party, terminate this Agreement and upon the giving of such notice, this Agreement shall be of no further force and effect and each of the Parties shall be released from all further obligations hereunder, subject to Article XIX (8) of Appendix "A"; provided that any rights or remedies that a Party may have for breaches of this Agreement prior to such termination and any liability a Party may have incurred before such termination shall not thereby be released.

### 3. TERM AND TERMINATION

#### 3.1 Term

This Agreement shall be effective as of the date of execution hereof; however, the Storage Service obligations, terms and conditions hereunder shall commence on the later of:

- i. [month, day, year]; and
- ii. the Day following the date that all conditions precedent set out in Sections 2.1 and 2.2 have been satisfied or waived by the Party entitled to the benefit thereof;

(such later date being referred to as the “**Commencement Date**”) and shall continue in full force and effect until the expiry of the Termination Date.

#### 3.2 Termination

This Agreement may be terminated prior to the Termination Date in accordance with Section XI of Appendix “A” and pursuant to this Article 3.

### 4. STORAGE SERVICES

#### 4.1 Storage Services

- (a) COMPANY agrees on any Day and subject to this Article 4, to either receive a quantity of Gas from CUSTOMER at a Receipt Point and credit CUSTOMER's Storage Account, or to deliver a quantity of Gas to CUSTOMER at a Delivery Point and debit CUSTOMER's Storage Account, such quantity of Gas as CUSTOMER may nominate and COMPANY schedules (the "**Storage Services**").
- (b) The Storage Services include the provision of storage space and will be provided by COMPANY as a combination of Firm Storage Service and Interruptible Storage Service, subject to the remainder of this Article 4.
- (c) The Storage Services that are to be provided on an Interruptible Storage Service basis or on an Authorized Overrun basis shall be provided at COMPANY's sole discretion on a commercially reasonable efforts basis.
- (d) Notwithstanding anything else in this Agreement, COMPANY shall have no obligation to deliver Gas to CUSTOMER or to receive Gas from CUSTOMER for a period determined solely by COMPANY and not to exceed thirty (30) calendar days after seasonal injections by CUSTOMER have been substantially completed and after seasonal withdrawals by CUSTOMER have been substantially completed (the

“**Stabilization Period**”). Two Stabilization Periods shall be required between each April 1 and the following March 31, the commencement of which shall be agreed to by CUSTOMER and COMPANY.

(e) The Maximum Storage Balance shall be as set out in Appendix “B”.

#### **4.2 Injections**

- (a) The "**Daily Maximum Injection Demand**" shall be [quantity] GJ/Day.
- (b) CUSTOMER may nominate Gas for delivery to COMPANY, subject to this Article 4, as follows:
- (i) from May 1 to August 15, inclusive, in a calendar year, CUSTOMER may nominate for delivery to COMPANY quantities of Gas up to the Daily Maximum Injection Demand on a Firm Storage Service basis provided that CUSTOMER’s Storage Account is less than or equal to [quantity] GJ;
  - (ii) from August 16 to October 31, inclusive, in a calendar year, CUSTOMER may nominate for delivery to COMPANY quantities of Gas up to the Daily Maximum Injection Demand on an Interruptible Storage Service basis;
  - (iii) from May 1 to the October 31, inclusive, in a calendar year, CUSTOMER may nominate for delivery to COMPANY quantities of Gas in excess of the Daily Maximum Injection Demand on an Authorized Overrun basis; and
  - (iv) CUSTOMER may nominate for delivery to COMPANY quantities of Gas between November 1 and April 30 of the following calendar year, inclusive, on an Authorized Overrun basis,

provided that at no time shall CUSTOMER nominate for delivery to COMPANY quantities of Gas greater than the difference between the Maximum Storage Balance and CUSTOMER's Storage Account at such time.

#### **4.3 Withdrawal**

- (a) The "**Daily Maximum Withdrawal Demand**" shall be:
- (i) [quantity] GJ/Day for the Days that CUSTOMER’s Storage Account is greater than or equal to twenty-five percent (25%) of the Maximum Storage Balance;
  - (ii) [quantity] GJ/Day for the Days that CUSTOMER’s Storage Account is less than twenty-five percent (25%) and greater than or equal to five percent (5%) of the Maximum Storage Balance; and
  - (iii) [quantity] GJ/Day for the Days that CUSTOMER’s Storage Account is less than five percent (5%) of the Maximum Storage Balance.

- (b) CUSTOMER may nominate Gas for delivery by COMPANY, subject to this Article 4, as follows:
- (i) from November 1 to March 31 of the following calendar year, inclusive, for the Days that the Daily Maximum Withdrawal Demand is [quantity] GJ/Day, CUSTOMER may nominate for delivery by COMPANY quantities of Gas up to [quantity] GJ/Day on a Firm Storage Service basis and quantities of Gas up to [quantity] GJ/Day on an Interruptible Storage Service basis;
  - (ii) from November 1 to March 31 of the following calendar year, inclusive, for the Days that the Daily Maximum Withdrawal Demand is [quantity] GJ/Day, CUSTOMER may nominate for delivery by COMPANY quantities of Gas up to [quantity] GJ/Day on a Firm Storage Service basis and up to [quantity] GJ/Day on an Interruptible Storage Service basis; and
  - (iii) from November 1 to March 31 of the following calendar year, inclusive, for the Days that the Daily Maximum Withdrawal Demand is [quantity] GJ/Day, CUSTOMER may nominate for delivery by COMPANY quantities of Gas up to the Daily Maximum Withdrawal Demand on an Interruptible Storage Service basis;
  - (iv) from November 1 to March 31 of the following calendar year, inclusive, CUSTOMER may nominate for delivery by COMPANY quantities of Gas in excess of the Daily Maximum Withdrawal Demand on an Authorized Overrun basis; and
  - (v) CUSTOMER may nominate for delivery by COMPANY quantities of Gas between April 1 and October 31 of the same calendar year, inclusive, on an Authorized Overrun basis;

provided that at no time shall CUSTOMER nominate for delivery by COMPANY quantities of Gas greater than the quantity of Gas in CUSTOMER's Storage Account at such time.

#### **4.4 No Unauthorized Overruns**

No Unauthorized Overruns shall be permitted.

### **5. CHARGES AND RATES**

#### **5.1 Demand Charges**

The monthly demand charges and rates to be billed by COMPANY and paid by CUSTOMER for the Storage Services (other than on an Authorized Overrun basis) shall be as set out in Appendix "B".

## **5.2 Fuel Charges**

CUSTOMER shall pay to COMPANY the fuel requirements on a daily basis for all Gas injections and withdrawals under this Agreement. Fuel charges and rates shall be as set out in Appendix "B".

## **5.3 Variable Storage Charges**

The variable storage charges and rates to be billed by COMPANY and paid by CUSTOMER for the Storage Services, including Authorized Overrun, shall be as set out in Appendix "B".

## **5.4 Taxes**

The amounts set forth in Appendix "B" do not include any applicable Harmonized Sales Tax or other taxes, royalties or levies (including but not limited to charges under any form of cap and trade, carbon tax or similar system) charged on provisioning of services or on services themselves. CUSTOMER is responsible for, and shall pay, any applicable Harmonized Sales Tax or other taxes, royalties or levies (including but not limited to charges under any form of cap and trade, carbon tax or similar system) charged on provisioning of services or on services themselves, imposed currently or subsequent to the commencement of this Agreement.

# **6. DELIVERY AND RECEIPT**

## **6.1 Points and Pressures**

Appendix "C" sets out the Receipt Points, Delivery Points and delivery pressures for Gas delivered and received under this Agreement.

## **6.2 Risk and Possession**

CUSTOMER shall be responsible for securing and maintaining all necessary transportation services associated with the transportation of Gas prior to the delivery to COMPANY and subsequent to the delivery to CUSTOMER hereunder, and all related approvals, fees, taxes, levies, charges or expenses (including, without limitation, receipt, delivery or exchange fees) shall be for the account of CUSTOMER.

### 6.3 Nominations

The Storage Services shall be provided in accordance with the prescribed Nominations procedure set out in Appendix "D".

## 7. NOTICES AND PAYMENTS

### 7.1 Notices

Other than as provided elsewhere in this Agreement and in respect to Nominations, which shall be addressed in accordance with Appendix "D", all communications and notices to the Parties pursuant to this Agreement shall be directed as follows:

If to COMPANY: Market Hub Partners Canada L.P.

P.O. Box 2001  
50 Keil Drive North  
Chatham, Ontario  
N7M 5M1

Attention: Vice-President  
Facsimile: (519) 358-4449

If to CUSTOMER: [Company Name]  
[Address #1]  
[Address #2]  
[City, Province]  
[Postal Code]

Attention: [Title]  
Facsimile: [Number]

### 7.2 Payments

COMPANY's bank account information for receipt of amounts owed by CUSTOMER under this Agreement (the "**Bank Account**") is as follows:

Bank: [Bank Name]  
Address: [Bank Address]  
Transit Number: [Transit Number]  
Account Number: [Account Number]

COMPANY may change its Bank Account at any time by providing written notice of same to CUSTOMER.



IN WITNESS WHEREOF this Agreement has been properly executed by the Parties as of the date first above written.

**MARKET HUB PARTNERS CANADA L.P.**, by  
its general partner, MARKET HUB PARTNERS  
MANAGEMENT INC.

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

**[ CUSTOMER NAME ]**

Per: \_\_\_\_\_  
Name:  
Title:

## APPENDIX A:

### GENERAL TERMS AND CONDITIONS

#### I. DEFINITIONS

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Head Agreement. Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms and Conditions and in any agreement into which these General Terms and Conditions are incorporated, shall be construed to have the following meanings:

1. **Agreement** means the Head Agreement and the appendices (including these General Terms and Conditions) attached thereto, including any amendments thereto.
2. **Authorized Quantity** has the meaning given to that term in Appendix D to the Agreement.
3. **Business Day** means any day which is not Saturday, Sunday or a statutory holiday.
4. **COMPANY** has the meaning given to that term in the Agreement and shall also include the COMPANY's agent(s).
5. **COMPANY's Facilities** means the natural gas storage facilities owned and operated by COMPANY.
6. **cubic metre** shall mean the volume of Gas which occupies one cubic metre when such Gas is at a temperature of 15 degrees Celsius and at a pressure of 101.325 kiloPascals absolute.
7. **CUSTOMER** has the meaning given to that term in the Agreement and shall also include CUSTOMER's agent(s).
8. **Daily Maximum Injection Demand** has the meaning given to that term in the Agreement.
9. **Daily Maximum Withdrawal Demand** has the meaning given to that term in the Agreement.
10. **Day** means a period of twenty-four (24) consecutive hours beginning and ending at nine hundred hours (09:00) Central Standard Time or such other period as is then standard or customary in the North American petroleum and natural gas industry as designated by COMPANY. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence.
11. **Delivery Point** has the meaning given to that term in Appendix C to the Agreement.
12. **Drafted Storage Balance** means the amount by which the Storage Account is less than zero, from time to time.

13. **Firm Storage Services** means Storage Services that are not subject to curtailment or interruption except under Articles X and XI of these General Terms and Conditions.
14. **Force Majeure** has the meaning given to that term in Article X of these General Terms and Conditions.
15. **Gas** means gas as defined in the Ontario Energy Board Act (Ontario), as amended, supplemented or re-enacted from time to time.
16. **Gross Heating Value** means the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of Gas with air, with the Gas free of water vapour and the temperature of Gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state.
17. **Interconnecting Pipeline** means a pipeline that directly connects to the COMPANY's Facilities and/or to the Union Gas Limited pipeline system and any related interconnection facilities.
18. **Interruptible Storage Services** means Storage Services that are subject to curtailment or interruption, after notice, at any time.
19. **joule or (J)** means the work done when the point of application of a force of one (1) Newton is displaced a distance of one (1) metre in the direction of the force. The term “**megajoule**” (MJ) shall mean 1,000,000 joules. The term “**gigajoule**” (GJ) shall mean 1,000,000,000 joules.
20. **m<sup>3</sup>** means cubic metre and “**10<sup>3</sup>m<sup>3</sup>**” shall mean 1,000 cubic metres.
21. **Maximum Storage Balance** means the quantity of storage space held by COMPANY for CUSTOMER's utilization, as set out in Appendix B to the Agreement.
22. **Month** means a period beginning at nine hundred hours (09:00), Central Standard Time, on the first day of a calendar month and ending at nine hundred hours (09:00), Central Standard Time, on the first day of the following calendar month.
23. **OEB** means the Ontario Energy Board.
24. **Party** means a party to the Agreement and Parties means all such parties.
25. **Pascal or (Pa)** means the pressure produced when a force of one (1) Newton is applied to an area of one (1) square metre. The term “kilopascal” (kPa) shall mean 1,000 Pascals.
26. **Person** means an individual, firm, partnership, body corporate or other legal entity, a government or any department or agency thereof, a trustee, any unincorporated organization

and the heirs, executors, administrators or other legal representatives of an individual, as the case may be.

27. **Receipt Point** has the meaning given to that term in Appendix C to the Agreement.
28. **Security** has the meaning given to that term in Article XVIII of these General Terms and Conditions.
29. **Storage Account** means the CUSTOMER's Gas balance with COMPANY, being the quantity of Gas received by COMPANY for CUSTOMER's account less the quantity of Gas delivered to CUSTOMER by COMPANY.
30. **Year** means a period of three hundred and sixty five (365) consecutive days, provided however, that any such period which contains a date of February 29, shall consist of three hundred and sixty six (366) consecutive days.

## II. QUALITY

1. Natural Gas: The minimum Gross Heating Value of the Gas delivered to/by COMPANY hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum Gross Heating Value of the Gas delivered to/by COMPANY hereunder shall be forty point two (40.2) megajoules per cubic metre. The Gas to be delivered hereunder to COMPANY may be a commingled supply from CUSTOMER's natural gas sources of supply. The Gas to be delivered by COMPANY may be a commingled supply from COMPANY's sources of Gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to CUSTOMER. Further, COMPANY may subject, or permit the subjection of, the Gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from Objectionable Matter: The Gas to be delivered to/by COMPANY hereunder:
  - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the Gas or any other objectionable substance in sufficient quantity so as to render the Gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows;
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of Gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of Gas as determined by standard methods of testing;
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of Gas;
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the Gas;
  - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the Gas;

- f. shall not contain more than zero point four (0.4) molar by volume of oxygen in the Gas;
- g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the Gas;
- h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the Gas;
- i. shall not have a hydrocarbon dew point exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5,500) kPa pressure;
- j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the Gas; and
- k. shall at all times be interchangeable with other pipeline Gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for Gas according to AGA Research Bulletin No. 36.

Despite the foregoing, COMPANY will also accept Gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines similarly accept such quality of Gas.

- 3. In addition to any other right or remedy of a Party, each Party shall be entitled to refuse to accept delivery of any Gas which does not conform to any of the specifications set out in Article II.

### **III. MEASUREMENTS**

- 1. Storage Unit: The unit of Gas delivered to COMPANY shall be a megajoule or a gigajoule. The unit of Gas stored by COMPANY shall be a megajoule or a gigajoule. The unit of Gas re-delivered by COMPANY shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at COMPANY's discretion.
- 2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Agreement shall be determined in accordance with the *Electricity and Gas Inspection Act* (Canada), assented to 31 March, 1982 and any regulations or other documents issued thereunder, and any amendments thereto (collectively, the "Act").
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for the Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with the American Gas Association Transmission Measurement Committee Report No. 8, November, 1992, at COMPANY's discretion, all as amended from time to time.
  - c. The volume and/or energy of the Gas delivered to/by COMPANY hereunder shall be determined by the measurement equipment designated in Article VI of these General Terms and Conditions.

### **IV. RECEIPT POINT, DELIVERY POINT AND DELIVERY PRESSURES**

- 1. Receipt Point: Unless otherwise specified in the Agreement, COMPANY shall receive and take possession of any Gas delivered by CUSTOMER under the Agreement at the outlet side of the Receipt Point.

2. Delivery Point: Unless otherwise specified in the Agreement, COMPANY shall deliver and CUSTOMER shall take possession of any Gas delivered to CUSTOMER under the Agreement at the outlet side of the Delivery Point.
3. Delivery Pressures: Under no circumstances shall COMPANY be obligated to receive or deliver Gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall COMPANY be required to make any physical delivery or to accept any physical receipt of Gas which COMPANY's Facilities or any Interconnecting Pipeline cannot accommodate.

## **V. TITLE AND RESPONSIBILITY FOR GAS**

1. CUSTOMER's Title to Gas: CUSTOMER represents and warrants to COMPANY that CUSTOMER shall have good and marketable title to, or legal authority to deliver to COMPANY, all Gas delivered to COMPANY hereunder. Furthermore, CUSTOMER hereby agrees to indemnify and save COMPANY harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such Gas or on account of royalties, taxes, license fees, or other charges thereon.
2. Title to Gas in COMPANY's Possession: COMPANY shall have the right to commingle the quantity of Gas referenced herein with Gas owned by the COMPANY or Gas being stored and/or transported by COMPANY for third parties. Notwithstanding any commingling of Gas, the common law or Section 14 of the Warehouse Receipts Act (Ontario), CUSTOMER shall retain title to all of CUSTOMER's Gas while it is in COMPANY's possession.
3. Insurance: CUSTOMER agrees that COMPANY is not a common carrier and is not responsible for insuring CUSTOMER's Gas while it is in COMPANY's possession. CUSTOMER shall be solely responsible for insuring CUSTOMER's Gas against loss while it is in COMPANY's possession, and any such insurance shall include a waiver of subrogation in favour of COMPANY. If CUSTOMER has or obtains any such insurance, CUSTOMER shall provide a copy of such insurance to COMPANY at COMPANY's request.

## **VI. MEASURING EQUIPMENT**

1. Metering by COMPANY: COMPANY will install and operate, or cause to be installed and operated, meters and related equipment (collectively, the "Measuring Equipment") as required in accordance with the Act.
2. Metering by Others: In the event that all or any Gas delivered to/by COMPANY hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then COMPANY and CUSTOMER agree to accept that metering for the purpose of determining the volume and energy of Gas delivered to/by COMPANY on behalf of CUSTOMER. The standard of measurement and tests for the Gas delivered to/by COMPANY hereunder shall be in accordance with the general terms and

conditions as incorporated in that Interconnecting Pipeline's gas tariff as approved by its regulatory body, as applicable.

3. Measurement of Interconnecting Pipelines: COMPANY shall cause CUSTOMER to obtain measurement of the total quantity of Gas to be received by COMPANY hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between COMPANY and the Interconnecting Pipeline.
4. Measurement Error of Interconnecting Pipelines: In the event of an error in the Interconnecting Pipeline's metering or an Interconnecting Pipeline meter failure (such error or failure being determined by any available method, including check measurement if applicable), CUSTOMER shall enforce its rights with the Interconnecting Pipelines(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.
5. Check Measuring Equipment: CUSTOMER may install, maintain, and operate, at the interconnection of the COMPANY's Facilities to any Interconnecting Pipeline, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of the Measuring Equipment at or near the aforementioned interconnection, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to the Measuring Equipment.
6. Rights of Parties: The measuring equipment installed by either Party, together with any building erected by it for such equipment, shall be and remain its property. However, each Party shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other Party's measuring equipment used in measuring or checking the measurement of deliveries of Gas to/by COMPANY under the Agreement. Each Party will give the other Party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
7. Calibration and Test of Measuring Equipment: The accuracy of the Measuring Equipment shall be verified by COMPANY at reasonable intervals, and if requested, in the presence of representatives of CUSTOMER, but COMPANY shall not be required to verify the accuracy of the Measuring Equipment more frequently than once in any thirty (30) day period. In the event either Party shall notify the other that it desires a special test of any Measuring Equipment, the Parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by CUSTOMER, shall be borne by CUSTOMER if the measuring equipment tested is found to be in error by not more than two percent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per

cent (2%), previous recordings of such equipment shall be considered accurate in computing deliveries of Gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act.

8. Preservation of Metering Records: COMPANY and CUSTOMER shall each preserve for a period of at least six (6) Years all test data and other relevant records.

## **VII. BILLING**

1. Monthly Billing Date: COMPANY shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Storage Services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. COMPANY shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to CUSTOMER is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless CUSTOMER is responsible for such delay.
2. Right of Examination: Both COMPANY and CUSTOMER shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Agreement.
3. Accounting for Storage Services: All quantities of Gas delivered to/by COMPANY shall be accounted for on a daily basis.

## **VIII. PAYMENTS**

1. Monthly Payments: CUSTOMER shall, unless otherwise directed by COMPANY, pay directly into COMPANY's Bank Accounts by electronic funds transfer so that COMPANY shall receive from CUSTOMER, on or before the twentieth (20<sup>th</sup>) day of each month, payment on the bill provided by COMPANY. If the payment date is not a Business Day, then the payment must be received in COMPANY's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-Payment: Should CUSTOMER fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. CUSTOMER shall pay to COMPANY interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of COMPANY's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after the payment is due, COMPANY, in addition to any other remedy it may have under the Agreement may suspend the Storage Services until such amount is paid.



Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place. If CUSTOMER, in good faith, disputes the amount of any such bill or part thereof CUSTOMER shall pay to COMPANY such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by COMPANY, CUSTOMER shall furnish financial assurances satisfactory to COMPANY, guaranteeing payment to COMPANY of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgment of the courts, as may be the case. COMPANY shall not be entitled to suspend the Storage Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to COMPANY hereunder.

Notwithstanding the foregoing paragraphs, CUSTOMER is not relieved from the obligation to continue its deliveries of Gas to COMPANY under the terms of any agreement, where CUSTOMER has contracted to deliver specified quantities of Gas to COMPANY.

3. Set Off: If either Party shall, at any time, be in arrears under any of its payment obligations to the other Party, under the Agreement, or otherwise indebted to the other Party, then the Party not in arrears shall be entitled to reduce any amount payable by it to the Party in arrears under the Agreement, or any other agreement, by an amount equal to the amount of such arrears or other indebtedness to the other Party. In addition to the foregoing remedy, COMPANY may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take title to and possession for its own behalf of any or all of CUSTOMER's Gas under the Agreement and any enhancements to the Agreement, which shall be deemed to have been assigned to COMPANY, to reduce such arrears or other indebtedness to COMPANY.
4. Billing Adjustments: If it shall be found that any at time or times CUSTOMER has been overcharged or undercharged in any form whatsoever under the provisions of the Agreement and CUSTOMER shall have actually paid the bills containing such overcharge or undercharge, COMPANY shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of the refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of COMPANY's principal banker, and CUSTOMER shall pay the amount of any such undercharge, but without interest. In the event COMPANY renders a bill to CUSTOMER based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by COMPANY, such error shall be adjusted by COMPANY. Such overcharge, undercharge or error shall be adjusted by COMPANY on the bill next following its determination (where the term "bill next following" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that

claim therefore shall have been made within six (6) Years from the date of the incorrect billing. In the event any refund is issued with CUSTOMER's bill, the aforesaid date of refund shall be deemed to be the date of issuance of the bill.

5. Final Determination: For the purpose of completing a final determination of the actual quantities of Gas handled in any of the Storage Services to CUSTOMER, the parties shall have the right to amend their statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) Years from the date of termination of the Agreement.

## **IX. ARBITRATION**

If and when any dispute, difference or question shall arise between the Parties touching the Agreement or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either Party. Upon such request COMPANY and CUSTOMER shall each appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon the parties. In all other respects the provisions of the Arbitration Act (Ontario), or any act passed in amendment thereof or substitution therefor, shall apply to each such submission. Operations under the Agreement shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the Parties.

## **X. FORCE MAJEURE**

1. Definition: The term "Force Majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission by parties not controlled by the Party claiming Force Majeure, and any other similar cases not within the control of the Party claiming Force Majeure, which by the exercise of due diligence such Party is unable to prevent or overcome.
2. Notice of Force Majeure: In the event that either CUSTOMER or COMPANY is rendered unable, in whole or in part, by Force Majeure, to perform or comply with any obligation or condition of the Agreement, such Party shall give notice and full particulars of such Force Majeure and the Party's reliance on this Article as a result thereof in writing delivered by hand, facsimile or other direct written electronic means to the other Party as soon as possible after the occurrence of the Force Majeure.
3. Effect of Force Majeure: An event of Force Majeure shall suspend a Party's obligations under the Agreement, except for payment obligations, to the extent such obligations are

affected by, and for the duration of, such Force Majeure, and the Party's failure to perform such suspended obligations shall be deemed to not be a breach of this Agreement.

4. Exceptions: A Party shall not be entitled to the benefit of the provisions of this Article in the following circumstances: if the Force Majeure was caused solely by the negligence of the Party claiming Force Majeure; to the extent the Party claiming Force Majeure fails to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); to the extent the Party claiming Force Majeure fails to resume the performance of its affected obligations with reasonable dispatch after the cessation of the Force Majeure; if the Force Majeure was caused by lack of funds; if the Party claiming Force Majeure did not, as soon as possible after determining , or within the period within which it should acting reasonably have determined, that an occurrence was in the nature of Force Majeure and would affect its ability to observe or perform any of its obligations under the Agreement, give to the other Party the notice required hereunder.
5. Notice of Cessation of Force Majeure: The Party claiming Force Majeure shall give notice as soon as possible after the Force Majeure condition is remedied, to the extent that the same has been remedied, and that such Party has resumed or is then in a position to resume the performance of obligations under the Agreement.
6. Upstream or Downstream Force Majeure: The receipt by either Party of written notice of an event of force majeure affecting an Interconnecting Pipeline or any other pipeline upstream of the Receipt Point or downstream of the Delivery Point, shall constitute Force Majeure for the purposes of this Article, regardless of whether the force majeure described in such notice constitutes Force Majeure as defined in this Article.
7. Demand Charge Relief: If on any Day COMPANY fails to receive or deliver the Authorized Quantity (up to the Daily Maximum Injection Demand or the Daily Maximum Withdrawal Demand, as applicable) by reason of Force Majeure, then for that Day COMPANY shall credit to CUSTOMER's bill an amount equal to half of the applicable Daily Demand Rate as defined in this paragraph, multiplied by the difference between the quantity of Gas actually delivered or received by COMPANY during such Day and the Authorized Quantity (up to the Daily Maximum Injection Demand or the Daily Maximum Withdrawal Demand, as applicable) on such Day. The term "Daily Demand Rate" shall mean the monthly demand charge or equivalent (as stipulated in the Agreement) divided by the number of days in the month for which such rate is being calculated.
8. Alternate Arrangements: If on any Day COMPANY fails to receive or deliver the Authorized Quantity by reason of Force Majeure and CUSTOMER agrees to accept delayed receipts or deliveries as contemplated by this Section; then COMPANY shall make all reasonable efforts to receive or deliver the Authorized Quantity as soon as practicable and on such Day or Days as are agreed to by CUSTOMER and COMPANY. To the extent that CUSTOMER receives or delivers the Authorized

Quantity on this basis, CUSTOMER shall not receive any demand charge relief as contemplated in Section 7.

9. Allocation: If on any Day, by reason of an event of Force Majeure, COMPANY is unable to receive or deliver the Authorized Quantity on that Day, the available storage capacity of COMPANY's Facilities shall be allocated by COMPANY to each Firm Storage Services customer whose Authorized Quantities are affected by the Force Majeure as a percentage of the Authorized Quantity of such Firm Storage Services customer for that Day divided by the sum of all Firm Storage Services customer Authorized Quantities for that Day multiplied by the actual quantity of gas delivered or received by COMPANY.

## **XI. DEFAULT AND TERMINATION**

In the case of the bankruptcy, insolvency, liquidation, winding-up or making of an assignment for the benefit of its creditors or breach by a Party, or the non-observance or non-performance on the part of a Party of any covenant, proviso, condition, restriction or stipulation contained in the Agreement (but not including herein failure to take or make delivery in whole or in part of the Gas delivered to/by COMPANY hereunder occasioned by any of the reasons provided for in Articles X or XV) which has not been waived by the other Party (the "Non-Defaulting Party"), then and in every such case and as often as the same may happen, the Non-Defaulting Party may give written notice to the other Party (the "Defaulting Party") requiring it to remedy such default and in the event of the Defaulting Party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-Defaulting Party may at its sole option declare the Agreement to be terminated and thereupon the Agreement shall be terminated for all purposes other than and except as to any liability of the Parties incurred before and subsisting as of such termination. Additionally, if the Non-Defaulting Party is COMPANY, the Non-Defaulting Party may exercise, without notice, its rights of set-off pursuant to Article VII (3) and its rights under the Initial Financial Assurances and the Security (if any). The rights hereby conferred upon each Party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XII. STORAGE SERVICE PROVISIONS**

CUSTOMER's Storage Account is to be zero as of the Termination Date. It is the CUSTOMER's responsibility to schedule its deliveries to ensure that CUSTOMER's Storage Account is zero on the Termination Date, except in the event that a Force Majeure, as provided in and subject to Article X hereof, has prevented delivery of quantities by COMPANY to CUSTOMER such that the CUSTOMER could not reasonably comply with this provision. Any Gas remaining in CUSTOMER's Storage Account as of the Termination Date, subject to other agreement of the Parties, shall be immediately forfeited to COMPANY without further recourse.

## **XIII. LAWS, REGULATIONS AND ORDERS**

1. Compliance: The Agreement and the respective rights and obligations of the Parties are subject to all present and future valid laws, orders, rules and regulations (including the

Affiliate Relationships Code for Gas Utilities) of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction, including the OEB, and the Agreement shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Agreement.

2. Law of Contract: COMPANY and CUSTOMER agree that the Agreement is made in the Province of Ontario and that, subject to Article IX, the courts of the Province of Ontario shall have exclusive jurisdiction in all matters contained herein. The parties further agree the Agreement shall be construed exclusively in accordance with the laws of the Province of Ontario.

#### **XIV. LIMITATIONS OF LIABILITY**

1. Consequential Damages: The liability of the Parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either Party be liable to the other Party for consequential, incidental, punitive, or indirect damages, whether in tort, contract or otherwise.
2. Loss of Gas: COMPANY shall not be liable to CUSTOMER for loss of Gas in COMPANY's possession except to the extent such loss is caused by COMPANY's gross negligence or wilful misconduct.

#### **XV. MAINTENANCE OR CONSTRUCTION**

COMPANY's Facilities and/or any Interconnecting Pipeline may from time to time require maintenance or construction. If such maintenance or construction is required, and in COMPANY's sole opinion, acting reasonably, such maintenance or construction may impact COMPANY's ability to meet CUSTOMER's requirements, COMPANY shall promptly provide notice of same to CUSTOMER, provided that if it is COMPANY's Facilities that are undergoing maintenance or construction, COMPANY shall provide at least five (5) Business Days notice to CUSTOMER, except in the case of an emergency. In the event the maintenance impacts COMPANY's ability to meet CUSTOMER's requirements, COMPANY shall not be liable for any damages and shall not be deemed to be in breach of the Agreement.

To the extent that COMPANY's ability to accept and/or deliver CUSTOMER's Gas is impaired, the monthly demand charge shall be reduced in accordance with Article X.

COMPANY shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction on COMPANY's Facilities will occur and also limit the extent and duration of any impairments. COMPANY will endeavour to schedule and complete such maintenance and construction on COMPANY's Facilities which would normally be expected to impact on COMPANY's ability to meet CUSTOMER's requirements during the period from April 1 through November 1 of each year.

#### **XVI. NOTICES**

All communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth in the Agreement, or to such other address as either Party may from time to time designate to the other in such manner, or as may be otherwise agreed in writing, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the Business Day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh Business Day following the day on which it is postmarked.

Notwithstanding the above, nominations shall be made as set out in Appendix D to the Agreement and will be deemed to be received on the same day and same time as sent. Each Party may from time to time change its address for the purpose of the Agreement by giving notice of such change to the other Party in accordance with this Article.

#### **XVII. ASSIGNMENT**

CUSTOMER may not assign the Agreement without the written consent of COMPANY, and the provision by CUSTOMER of any Security as required by COMPANY.

#### **XVIII. CUSTOMER'S OBLIGATIONS**

1. Nominations: Storage Services provided hereunder shall be in accordance with the prescribed nominations procedure as set out in Appendix D to the Agreement.
2. CUSTOMER's Warranty: CUSTOMER warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits, and other approvals or authorizations that are required from any federal, state, or provincial authorities for Gas quantities handled under the Agreement.
3. Financial Representations: Should COMPANY have reasonable grounds to believe that CUSTOMER will not be able to perform or continue to perform any of its obligations under the Agreement as a result of one of the following events ("Material Event"):
  - a. CUSTOMER is in default, which default has not been remedied, of the Agreement or is in default of any other material agreement with COMPANY or another party;
  - b. CUSTOMER's corporate or debt rating falls below investment grade according to at least one of the nationally recognized rating agencies;
  - c. CUSTOMER ceases to be rated by a nationally recognized agency;

- d. Such other events as may be agreed to by the parties in the Agreement; or
- e. CUSTOMER has exceeded its available credit limit, as determined by COMPANY from time to time,

then CUSTOMER shall within five (5) Business Days of receipt of such written notice by COMPANY, obtain and provide to COMPANY a letter of credit or other security in the form and amount reasonably required by COMPANY (the "Security").

In the event that CUSTOMER in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from COMPANY and to the extent that the Material Event has been mitigated or eliminated, COMPANY shall return all or a portion of the Security to CUSTOMER within fourteen (14) Business Days after receipt of the request.

CUSTOMER represents and warrants that any Security (including the Initial Financial Assurances) required to be provided pursuant to the Agreement shall remain in place throughout the term hereof, unless CUSTOMER and COMPANY agree otherwise. CUSTOMER shall notify COMPANY in the event of any changes to the Security (including the Initial Financial Assurances) throughout the term hereof.

#### **XIX. MISCELLANEOUS PROVISIONS**

1. Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage and distribution or sale of natural gas have an accepted meaning shall have that meaning.
2. Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein" and "hereunder" and words of similar import refer to the entirety of the Agreement, including the Appendices incorporated into the Agreement, and not only to the Article in which such use occurs.
3. Measurements: Units set out in SI (metric) measurement are the governing units for the purpose of the Agreement. Units set out in Imperial measurement in parenthesis beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (metric) shall prevail.
4. Currency: All references to dollars in the Agreement shall mean Canadian dollars, unless explicitly stated otherwise in the Agreement.
5. Entire Agreement: The Agreement contains the complete agreement between the Parties pertaining to the subject matter hereof. The Agreement supersedes any prior agreement between the Parties, whether written or verbal, in respect to the subject matter hereof.
6. Further Assurances: Each Party will execute and deliver all such further acts, documents, and assurances as may reasonably be required for the carrying out and performance of the Agreement.
7. Joint and Several Liability: In the event that CUSTOMER is more than one Person, the obligations of all such Persons shall be joint and several and the COMPANY shall not

- be required to exhaust its rights and remedies against any one Person prior to exercising its rights and remedies in respect of any other Person.
8. Confidentiality: Except for credit purposes, unless the Parties otherwise expressly agree in writing, the terms of this Agreement will remain strictly confidential except as otherwise required by applicable law or by any competent regulatory body or court of competent jurisdiction.
  9. Waiver of Breach: No waiver of any provision of the Agreement shall be effective unless the same shall be in writing and signed by the Party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of CUSTOMER or COMPANY to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Agreement shall operate as a waiver thereof. All remedies afforded in the Agreement will be taken and construed as cumulative.
  10. Time of Essence: Time shall be of the essence hereof.
  11. Counterparts: The Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The Agreement may be executed by facsimile.
  12. Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.
  13. Amendments: Except for Appendix A, Appendix C and Appendix D, which may be amended at any time by COMPANY in its sole discretion, and subject to Article XIII of Appendix A, no amendment or modification of the Agreement shall be effective unless the same shall be in writing and signed by each of the CUSTOMER and COMPANY.



## APPENDIX "B"

### TERM SHEET

1. **Maximum Storage Balance**

The Maximum Storage Balance shall be (quantity) GJ.

2. **Monthly Demand Charges**

CUSTOMER agrees to pay COMPANY a monthly demand charge of  $\$(quantity)$  per month for the Storage Services.

3. **Fuel Charges**

CUSTOMER agrees to pay for fuel for all injections and withdrawals to COMPANY. The fuel charges for injections and withdrawals shall be as per Union's Market Price Service Schedule, as last adopted by Union from time to time and as posted to Union's website, Part (C) Pricing, Storage Services, Commodity Charges, if Shipper (as that term is defined within such document) supplies fuel.

4. **Variable Storage Charges**

CUSTOMER agrees to pay COMPANY the following variable charges for the Storage Services.

a. **Authorized Overrun**

The charges and rates to be billed by COMPANY and paid by CUSTOMER for Authorized Overruns associated with the Storage Services provided under this Agreement shall be in accordance with the authorized overrun rate for transportation for Customers located West of Dawn in Union's M16 Transportation Rate Schedule or such other replacement as approved by the Ontario Energy Board and subject to change from time to time.

b. **Cycling**

From April 1 to March 31 of the following calendar year after CUSTOMER has, in total, injected into and withdrawn from the Storage Account a quantity of Gas equal to two (2) times the Maximum Storage Balance, any further quantities of Gas injected or withdrawn from the Storage Account shall be charged at  $\$(quantity)/GJ$ , net of fuel.

5. **Other Charges**

Any and all other charges as may be set out in this Agreement.

## APPENDIX "C"

### POINTS AND PRESSURES

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point), which may be revised from time to time by COMPANY upon written notice to CUSTOMER:

**R**    **DAWN (TCPL):**

At the junction of Union's and TransCanada Pipeline's (TCPL) facilities, at or adjacent to Dawn (Facilities).

**R, D**    **DAWN (FACILITIES):**

Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton.

### Receipt and Delivery Pressures

(a) All Gas tendered by or on behalf of CUSTOMER to COMPANY shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of CUSTOMER to COMPANY shall be tendered at the Delivery Point at Union's prevailing pressure at the Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall COMPANY be obligated to receive or deliver Gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall COMPANY be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

## **APPENDIX “D”**

### **NOMINATIONS**

1. For Storage Services required on any Day under this Agreement, CUSTOMER shall provide COMPANY with a nomination(s) providing CUSTOMER’s requested Receipt Point(s), Delivery Point(s) contract numbers, the applicable service, the quantity of Gas to be injected/withdrawn, and such additional information as COMPANY determines to be necessary (a “Nomination”).
2. All Nominations shall be made by facsimile or other recorded electronic means, subject to execution of any necessary agreements, satisfactory to COMPANY, and will be deemed to be received on the same day and same time as sent. All nomination communications and notices shall be directed as follows:

If to COMPANY:     *[COMPANY Department Name]*  
                              *[COMPANY Address]*  
                              *[City, Province Postal Code]*  
          Attention:     *[NOM Contact Name]*  
          Phone:         *[Phone Number]*  
          Facsimile:    *[Facsimile Number]*

If to CUSTOMER:    *[CUSTOMER Name]*  
                              *[CUSTOMER Address]*  
                              *[City, Province Postal Code]*  
          Attention:     *[NOM Contact Name]*  
          Phone:         *[Phone Number]*  
          Facsimile:    *[Facsimile Number]*

Each Party may from time to time changes its address for Nominations by giving notice of such change to the other Party in writing by the means noted within this Section.

3. COMPANY, in its sole discretion, may amend or modify the nominating procedures at any time. Nominations shall be submitted so as to be received by COMPANY in accordance with timelines established by COMPANY, which reflect the NAESB standard nomination cycles. COMPANY will accept all Nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of COMPANY. All times referred to herein are Eastern Clock Time. For greater certainty, NAESB nomination cycle timelines are as follows:

- a. The Timely Nomination Cycle: 12:45 pm for Nominations leaving control of the nominating party; 3:30 pm for receipt of Quantities Available by CUSTOMER; 4:30 pm for receipt of completed confirmations by COMPANY from upstream and downstream connected parties; 5:30 pm for receipt of Scheduled Quantities by CUSTOMER (Day prior to flow).
  - b. The Evening Nomination Cycle: 7:00 pm for Nominations leaving control of the nominating party; 9:00 pm for receipt of Quantities Available by CUSTOMER; 10:00 pm for receipt of completed confirmations by COMPANY from upstream and downstream connected parties; 11:00 pm for receipt of Scheduled Quantities by CUSTOMER (Day prior to flow).
  - c. The Intra-day 1 Nomination Cycle: 11:00 am for Nominations leaving control of the nominating party; 1:00 pm for receipt of Quantities Available by CUSTOMER; 2:00 pm for receipt of completed confirmations by COMPANY from upstream and downstream connected parties; 3:00 pm for receipt of Scheduled Quantities by CUSTOMER, on that Day. Quantities Available resulting from Intra-day 1 Nominations should be effective at 6:00 pm on the same Day.
  - d. The Intra-day 2 Nomination Cycle: 6:00 pm for Nominations leaving control of the nominating party; 8:00 pm for receipt of Quantities Available by CUSTOMER; 9:00 pm for receipt of completed confirmations by COMPANY from upstream and downstream connected parties; 10:00 pm for receipt of Scheduled Quantities by CUSTOMER on that Day. Quantities Available resulting from Intra-day 2 Nominations should be effective at 10:00 pm on the same Day.
4. COMPANY shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event COMPANY determines that it will not schedule such Nomination, COMPANY shall advise CUSTOMER of the reduced quantity (the "Quantities Available") for Storage Services at the applicable points as outlined in each nomination cycle. After receiving such advice from COMPANY, but no later than one half hour after the Quantities Available deadline, as outlined in each nomination cycle, CUSTOMER shall provide a revised Nomination ("Revised Nomination") to COMPANY which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
5. For Storage Services requiring CUSTOMER to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.
6. All Timely Nominations shall have rollover options. Specifically, CUSTOMER shall have the ability to nominate for several Days, Months or Years, provided the Nomination start date and end date are both within the term of this Agreement.

7. Nominations received after the nomination deadline shall, if accepted by COMPANY, be scheduled after Nominations received before the nomination deadline.
8. All Storage Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent COMPANY is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, COMPANY shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the Parties, or until such time that COMPANY determines that the Nomination is invalid at which time COMPANY shall reject the Nomination.
10. That portion of Nomination or Revised Nomination, as set out in paragraphs 1 and 4 above, which COMPANY shall schedule for Storage Services hereunder, shall be known as CUSTOMER's "Authorized Quantity".
11. If on any Day the actual quantities handled by COMPANY, for the Storage Services authorized, exceed CUSTOMER's Authorized Quantity, and such excess was caused by either CUSTOMER's incorrect Nomination or by its delivering or receiving too much Gas, then the amount by which the actual quantities handled for each of the Storage Services exceed CUSTOMER's Authorized Quantity shall be deemed "Unauthorized Overrun".
12. The daily quantity of Gas nominated by CUSTOMER will be delivered by CUSTOMER at rates of flow that are as nearly constant as possible, however, COMPANY shall use reasonable efforts to take receipt of Gas on any Day at an hourly rate of flow up to one twentieth ( $1/20^{\text{th}}$ ) of the quantity received for that Day. COMPANY shall have the right to limit Storage Services when on any Day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth ( $1/20^{\text{th}}$ ) of the quantity handled for that Day, for the Storage Services.
13. CUSTOMER may designate a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and COMPANY shall only accept Nominations from the agent. CUSTOMER shall provide COMPANY with written notice of such designation, such notice to be acceptable to COMPANY. Any such designation, if acceptable to COMPANY, shall be effective starting the Month following the receipt of the written notice and will remain in effect until revoked in writing by CUSTOMER.