



ENBRIDGE SOUTHERN LIGHTS GP INC.

on behalf of

ENBRIDGE SOUTHERN LIGHTS LP

DILUENT TARIFF

RULES AND REGULATIONS

Governing the

TRANSPORTATION

of

DILUENT

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1. DEFINITIONS

As used in this tariff, the following terms have the following meanings:

“**API**” means American Petroleum Institute.

“**ASTM**” means American Society for Testing and Materials.

“**Available Capacity**” means the capacity of the Diluent Pipeline, expressed in barrels per day, available to transport in a month, given operating conditions in that month.

“**Business Day**” means any day that is not a Saturday, Sunday or a statutory holiday in Calgary, Alberta or Chicago, Illinois.

“**Carrier**” means Enbridge Southern Lights LP.

[N] “**CER**” means Canada Energy Regulator.

“**Celsius**” (°C) is equivalent to the fahrenheit temperature minus 32 divided by the factor 1.8.

“**Committed Toll**” means the toll charged to a Committed Shipper for Services relating to the Committed Volume of Diluent transported on the Diluent Pipeline pursuant to Carrier’s toll schedules.

“**Committed Shipper**” means a Shipper that has contracted for transporting or paying for a Committed Volume on the Diluent Pipeline pursuant to the terms of a TSA entered into with Carrier during a public open season.

“**Committed Volume**” means, with respect to a Committed Shipper, the minimum daily volume of Diluent to be received by Carrier set out in Schedule A to the Committed Shipper’s TSA in respect of the Diluent Pipeline.

“**Cubic Meter**” means 264.1720 United States gallons and 6.289811 barrels at a temperature of 15 degrees Celsius.

“**Deficiency Payment**” means payments to be made by a Committed Shipper as determined in accordance with Article 7 of the TSA.

“**Delivery Point**” means any point of interconnection between a delivery flange that is included in the Diluent Pipeline and another facility.

“**Density**” means mass per unit volume at 15 degrees Celsius expressed in kilograms per Cubic Meter.

“**Diluent**” means a liquid hydrocarbon having properties conforming to those specified in Rule 4(a).

“**Diluent Pipeline**” means Carrier’s pipeline system to transport Diluent from a Receipt Point near the Canada/U.S. border near Neche, North Dakota to Edmonton, Alberta.

“**Excess Capacity**” means, for a month, the positive difference resulting from the subtraction of the aggregate nominations for committed volumes from the Available Capacity.

“**Financial Assurances**” means the financial assurances provided by Shipper and accepted by Carrier in accordance with Rule 21.

“**Idle Loopfill**” means the volume of Diluent necessary to fill a section of the Diluent Pipeline that may be idled by Carrier from time to time.

“**Kilopascal**” is equivalent to 0.1450377 pounds per square inch.

“**Minimum Volume**” means, for the Diluent Pipeline, a minimum continuous volume of 20,000 barrels or 3,000 cubic meters of Diluent received or delivered at one time.

“**Monthly Volume**” means the product of the Committed Volume multiplied by the number of days in the relevant month.

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[C] ~~“NEB” means the National Energy Board.~~

“**Receipt Point**” means any point of interconnection between a receipt flange that is included in the Diluent Pipeline and another facility.

“**Regular Delivery Point**” means a Delivery Point for the delivery of Diluent as provided for in Carrier's toll schedules.

“**Regular Receipt Point**” means a Receipt Point for the receipt of Diluent as provided for in Carrier's toll schedules.

“**Retention Stock**” means the combination of Working Stock, Tank Bottoms and Idle Loopfill.

“**Services**” means the receipt of Diluent for a Shipper's account at a designated Regular Receipt Point and the terminalling, transportation and delivery of such Diluent to a designated Regular Delivery Point.

“**Shipper**” means a party that contracts with Carrier for the provision of Services pursuant to the rules, regulations and rates in Carrier's tariff, and that has satisfied Carrier of that party's capacity to perform its financial obligations that may arise from the provision of Services, and includes a Committed Shipper and a transferee of a Shipper's rights and obligations, as approved in accordance with Rule 21(c).

“**Southern Lights U.S.**” means Enbridge Pipelines (Southern Lights) LLC.

“**Southern Lights U.S. Diluent Pipeline**” means Southern Lights U.S.' pipeline system for the transportation of Diluent from Chicago, Illinois to the Canada/U.S. border near Neche, North Dakota.

“**Tank Bottoms**” means the volume of Diluent required by Carrier, at locations where Carrier owns tankage, to float tank roofs to working levels and to maintain that level.

“**Tender**” means an offer by Shipper to Carrier in accordance with this tariff for the transportation of a stated quantity of Diluent from a Regular Receipt Point to a Regular Delivery Point.

“**TSA**” means a Transportation Services Agreement executed by Carrier and a Committed Shipper pursuant to a public open season.

[N] “**Unacceptable Volume Allocation**” means a capacity allocation that does not meet the Minimum Volume requirements set forth in Rule 7.c.

[N] “**Unallocated Capacity**” means, for a month, the portion of the Excess Capacity that, if allocated on a pro rata basis in accordance with Rule 17.c.i, would result in Unacceptable Volume Allocations.

“**Uncommitted Toll**” means the toll charged to a Shipper for transportation pursuant to Carrier's toll schedules that is not subject to a TSA.

[N] “**Uncommitted Shipper**” means any Shipper that is not a Committed Shipper and a Committed Shipper to the extent of any Nomination by such Committed Shipper of volumes in excess of its Committed Volume.

“**Uncommitted Volumes**” means: (i) volumes of Diluent received by Carrier for transportation for a Shipper that is not a Committed Shipper; (ii) volumes of Diluent received by Carrier for transportation for a Committed Shipper in a month that are in excess of the product of such Committed Shipper's Committed Volume and the number of days in such month, and (iii) volumes of Diluent received by Carrier for transportation for a Committed Shipper prior to the applicable shipper commencement date provided for in its TSA.

“**Vapour Pressure**” means the dry vapour pressure equivalent as determined using the American Society for Testing and Materials (ASTM International) Standard D5191 “Standard Test Method for Vapour Pressure of Petroleum Products (Mini Method)”.

“**Viscosity**” means the property which offers resistance to flow and is based on Carrier's reference pipeline temperature at the time of receipt.

“**Working Stock**” means the volume of Diluent required by Carrier as linefill for its pipeline, pump stations and terminals for operational and scheduling purposes, as specified from time to time by Carrier.

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2. COMMODITY

- a. This tariff applies to the transportation of Diluent by Carrier.

3. ORIGIN AND DESTINATION

- a. Subject to the further provisions of this tariff, Carrier will only accept Diluent for transportation:
 - i. at Regular Receipt Points;
 - ii. when the Diluent has been specified to be delivered to one or more Regular Delivery Points;
 - iii. when the party taking delivery of the Diluent has been specified in writing to Carrier; and
 - iv. when Shipper has evidenced, to the satisfaction of Carrier, that arrangements have been made for Shipper to take delivery of the Diluent.

4. SPECIFICATIONS AS TO QUALITY

- a. Shipper shall not deliver to Carrier and Carrier shall not be obligated to accept Diluent that, as determined by Carrier, has on receipt:
 - i. a temperature greater than 38 degrees Celsius;
 - ii. a Vapour Pressure in excess of 103 Kilopascals;
 - iii. sediment and water in excess of 0.5 percent by volume;
 - iv. a Density less than 600 kilograms per cubic meter, or in excess of 775 kilograms per cubic meter at 15 degrees Celsius;
 - v. a kinematic viscosity in excess of 2 square millimeters per second determined at Carrier's reference temperature;
 - vi. any untreated cracked material which will include, but will not be limited to, coker by-products, olefin plant by-products and cat cracked stocks;
 - vii. any organic chlorides;
 - viii. physical or chemical characteristics that may render such Diluent not readily transportable by Carrier or that may materially affect the quality of other commodities transported by Carrier or that may otherwise cause disadvantage to Carrier; and
 - ix. any characteristics that are inconsistent with the Diluent Acceptance Practice referenced in Rule **[W] 24 ~~23~~**.

In the event of any conflict or discrepancy between clauses (i) through (viii) above, on the one hand, and the Diluent Acceptance Practice referenced in clause (ix), on the other, whichever is the more stringent shall apply.

Shipper shall not deliver to Carrier and Carrier shall not be obliged to accept Diluent that is inconsistent with the NAFTA Practice referenced in Rule **[W] 24 ~~23~~**.

- b. Shipper shall, as required by Carrier, provide to Carrier a certificate with respect to the specifications of Diluent listed in (i) through (ix) above to be received by Carrier from Shipper. If Shipper fails to provide Carrier with such certificate, then Carrier will not be obligated to accept Shipper's Diluent.

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- c. If Carrier determines that a Shipper does not comply with the provisions of paragraph (a) of this Rule 4, then such Shipper shall remove its Diluent from the Diluent Pipeline as directed by Carrier.
- d. If a Shipper fails to remove its Diluent from the Diluent Pipeline in accordance with the provisions of paragraph (c) of this Rule 4 or fails to remove its Diluent from a Regular Delivery Point, then Carrier shall have the right to remove and sell such Diluent in such lawful manner as deemed appropriate by Carrier. Carrier shall pay from the proceeds of such sale all costs incurred by Carrier with respect to the storage, arrangement of alternate transportation, removal, marketing and sale of such Diluent. The remainder of such proceeds, if any, shall be held by Carrier for Shipper and any other party lawfully entitled to such proceeds.

5. CHANGES IN QUALITY AND SEGREGATION

- a. Shipper acknowledges and agrees that Diluent delivered to the Diluent Pipeline by all Shippers will be commingled and that Carrier will not endeavor to deliver substantially the same type of Diluent as that received from Shipper.
- b. Diluent tendered to the Carrier for transportation will be received by the Carrier on the condition that it shall be subject to such changes, which include but are not limited to, density, quantity, value and quality while in transit as may result from transportation (and all services and procedures related thereto), commingling or intermixing thereof, including, without limitation the generality of the foregoing, the mixing of a Shipper's Diluent with other Diluent in the facilities of the Carrier.

6. EQUALIZATION

- a. Carrier shall, for each month, calculate an equalization adjustment to account for quality differences for Diluent tendered to the Diluent Pipeline by or on behalf of each Shipper. The equalization adjustment shall be determined by Carrier using the procedures set out in the Equalization Practice referenced in Rule ~~[W] 24 23~~. All measurements of the Diluent tendered by Shipper shall be determined pursuant to Rule 12. Carrier may recover all costs incurred for calculating the equalization adjustments (including but not limited to sampling and testing) by spreading all such costs pro rata across the positive and negative equalization adjustments calculated under Rule 6(b).
- b. Where any Shipper has a positive equalization adjustment, Shipper shall pay the adjustment to Carrier. Carrier shall pay any negative equalization adjustments to Shippers tendering Diluent to the Diluent Pipeline and entitled thereto; provided that Carrier assumes no liability for payment of negative equalization adjustments unless Carrier receives payment of the positive equalization adjustments, and, if there is any shortfall, payments actually received by Carrier will be allocated on the basis of amounts owed. Carrier may calculate, and Shipper shall be liable for, retroactive equalization adjustments for a period of up to twelve (12) months from the month for which the equalization statement in question has been issued.
- c. Carrier will balance and settle Shipper Diluent volume over/short positions on a monthly basis.

7. TENDERS AND QUANTITIES

- a. Tenders shall be submitted to Carrier, or its designated agent acting for Carrier for such purpose, in accordance with the notice of shipment format prescribed by Carrier no later than the time and date set out in Carrier's monthly nomination schedule. Carrier shall notify all Shippers of the monthly nomination schedule twelve (12) consecutive months in advance through Carrier's Shipper Information Portal Website, the location of which will be provided by Carrier from time to time. Notice of any amendment to a monthly nomination date shall be provided by Carrier to all Shippers at minimum twenty-four (24) hours in advance of the proposed change in

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nomination date. Carrier may, subject to the availability of space and the operating conditions of the facilities of Carrier, accept Tenders or revised Tenders after such time.

- b. Shipper shall, upon notice from Carrier, provide written third party verification as required by Carrier that Shipper has sufficient volumes accessible to support such Shipper's Tender. Carrier shall not be obligated to accept a Shipper's Diluent where such verification is, in the sole discretion of Carrier, unacceptable to Carrier.
- c. Carrier shall not be obligated to accept Shipper's Diluent if the volume of such Diluent is less than the Minimum Volume or if the receipt flow rate at which such Diluent is received by Carrier is less than or greater than the receipt flow rates specified from time to time by Carrier for each Regular Receipt Point. Carrier shall not be obligated to make a delivery of a Shipper's Diluent of less than the Minimum Volume or at a delivery flow rate less than or greater than the delivery flow rates specified from time to time by Carrier for each Regular Delivery Point.
- d. Shipper shall supply its share of Retention Stock by types and volumes as determined from time to time by Carrier.

8. COMMITTED SHIPPER NOMINATIONS

- a. In the event that a Committed Shipper fails to nominate and/or tender a volume of Diluent equal to the Monthly Volume, it shall nevertheless pay to Carrier the Deficiency Payment in accordance with the TSA.
- b. Whether nominations and tenders meet Monthly Volume requirements will be assessed relative to receipts at the receipt point.

9. COMMITTED SHIPPER REIMBURSEMENT RIGHTS

- a. Committed Shippers who pay Deficiency Payments and Uncommitted Tolls for transportation of Uncommitted Volumes during the same calendar year will be subject to uniform provisions with respect to potential entitlement to reimbursement of all or part of such Deficiency Payments, all as set forth in the TSA.

10. APPLICATION OF TOLLS

- a. Carrier shall charge Shipper the applicable toll for the transportation of Diluent that is in effect on the date of receipt of such Diluent by Carrier, subject to adjustment as provided for in Carrier's toll schedules.

11. PAYMENTS OF RATES AND LIEN FOR UNPAID CHARGES

- a. Shipper shall pay all charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the transportation of Shipper's Diluent by Carrier. Shipper shall pay such charges and costs upon receipt of Carrier's invoice respecting such charges and costs. If required by Carrier, Shipper shall pay such charges and costs before delivery, or before acceptance of a transfer, of Shipper's Diluent by Carrier.
- b. Carrier shall have a general lien on all of a Shipper's Diluent that is in the possession of Carrier to secure the payment of all charges and costs as provided for in this tariff or otherwise lawfully due to Carrier relating to the transportation of Shipper's Diluent by Carrier. The general lien provided herein shall be in addition to any lien or security interest otherwise provided by law or contract. Carrier may withhold Shipper's Diluent from delivery and may exercise any other rights and remedies provided at law or by contract, until all such charges and costs have been paid.

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- c. If charges for the transportation of a Shipper's Diluent remain unpaid for ten days after notice of demand for payment of such charges and costs is made to such Shipper by Carrier, then Carrier shall have the right to remove and sell any or all of such Shipper's Diluent that is in the possession of Carrier in such lawful manner as deemed appropriate by Carrier.
- d. Carrier shall pay from the proceeds of such sale all charges and costs accruing or due relating to the transportation of such Shipper's Diluent by Carrier and all costs incurred by Carrier with respect to the storage, removal and sale of such Shipper's Diluent. The remainder of such proceeds, if any, shall be held by Carrier for Shipper and any other party lawfully entitled to such proceeds.
- e. When required, Carrier shall, with or without notice to Shipper, appoint agent(s) to retain possession of Shipper's Diluent on behalf of Carrier for the purpose of enforcing the general lien described in this Rule. Carrier hereby advises that it may appoint an agent to hold possession of Shipper's Diluent for the purpose of enforcing its general lien.

12. MEASURING, TESTING AND DEDUCTIONS

- a. Carrier shall gauge or meter, or cause to be gauged or metered, Shipper's Diluent in accordance with Carrier's standard operating procedures, upon receipt and delivery by Carrier. Shipper or the designate of Shipper may be present at such gauging or metering. If tank gauges are used, the volume of Diluent shall be computed from tank tables on a 100 percent (100%) volume basis. Carrier shall have the right to enter the premises where Diluent is received or delivered by Carrier and shall be granted access to all facilities for the purpose of gauging, metering or auditing and to make any examination, inspection, measurement or test as required by Carrier to verify the accuracy of such facilities and the quality of Shipper's Diluent. If there is any discrepancy between Carrier's meters and the metering equipment used by Shipper or a third party, the measurement indicated by Carrier's meters will be deemed to be the correct measurement.
- b. Carrier shall correct the Density and volume of Diluent received and delivered by Carrier from the actual temperature of such Diluent to 15 degrees Celsius by use of API 2540 Petroleum Measurement Standards or the latest revision to such Standards.
- c. Carrier shall correct the metered volume of Diluent for compressibility by the use of API Manual of Petroleum Measurement Standards, Chapters 11.2.1 M or 11.2.1 or the latest revision to such Chapters.
- d. Carrier shall determine the percentage of sediment and water in Diluent by the use of a centrifuge or other method agreed to by Carrier and Shipper. Carrier shall deduct the amount of sediment and water from the corrected volume of such Diluent.
- e. Carrier shall, as deemed necessary by Carrier, adjust the measured volume of Diluent for shrinkage in accordance with API Chapter 12.3 or the latest revisions to such standard.
- f. Carrier shall, as deemed necessary by Carrier, determine the kinematic Viscosity of Diluent received by Carrier in accordance with ASTM D 445 or the latest revision to such Standard or such other test as may be agreed to by Carrier and Shipper.
- g. Shipper shall be entitled to have delivered to it only that portion of its shipment as may remain after deduction of its pro rata share of any loss of Diluent while in the custody of Carrier, as determined by Carrier in accordance with Rule 15(b), and after any deductions or adjustments made by Carrier pursuant to the foregoing provisions of this Rule 12.
- h. The results of all such gauging, metering and testing by Carrier shall be final.

13. EVIDENCE OF RECEIPTS AND DELIVERIES

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- a. Carrier shall evidence the receipt and delivery of Diluent by tickets showing the volume, temperature, Density, sediment and water and any other data with respect to such Diluent as may be specified from time to time by Carrier. Tickets shall be signed by Shipper, or the designate of Shipper, and Carrier, but whether or not so signed, by Shipper or its designate shall be conclusive evidence of the information set forth therein.

14. DELIVERY AND ACCEPTANCE; OWNERSHIP OF DILUENT; IMPORT OBLIGATIONS

- a. Shipper or the designate of Shipper shall accept such Shipper's Diluent upon arrival at the designated Regular Delivery Point for such Diluent and shall remove Shipper's Diluent immediately upon delivery.
- b. If a Shipper or its designate fails to remove its Diluent from the Diluent Pipeline in accordance with paragraph (a) of this Rule 14, then Carrier shall have the right to remove and sell such Diluent in such lawful manner as deemed appropriate by Carrier. Carrier shall pay from the proceeds of such sale all costs incurred by Carrier with respect to the storage, removal, and sale of such Diluent. The remainder of such proceeds, if any, shall be held by Carrier for Shipper and any other party lawfully entitled to such proceeds.
- c. Under no circumstances will Carrier be deemed to have acquired legal or beneficial ownership in any Diluent delivered to the Diluent Pipeline. Nothing in the foregoing shall limit or affect the lien or other rights of Carrier set forth in Rule 11.
- d. Shipper shall be the importer of the Diluent into Canada, and agrees to be subject to and responsible for the reporting, accounting and other obligations applicable to importers under the Canadian Customs Act and other applicable laws and regulations. Shipper shall account for all imports of Diluent into Canada and shall pay all duties, taxes and other amounts that may be levied or payable in respect of such imports within the time and in the manner required by the Canadian Customs Act, the Canadian Customs Tariff, the Canadian Excise Tax Act and/or other applicable laws or regulations. Shipper shall report to the Canada Border Services Agency all importations of Diluent into Canada.
- e. Shipper shall indemnify, hold harmless and reimburse Carrier for any and all duties, taxes, penalties, interest, costs and/or other amounts incurred by or which become payable by Carrier as a result of Shipper's failure to comply with its obligations under Rule 4(a) or 14(d) or in connection with Carrier's rights under Rules 11(b) or (c) hereof or the exercise of such rights.

15. LIABILITY OF CARRIER

- a. Except where caused by the direct negligence of the Carrier, the Carrier shall not be liable to a Shipper for any delays, damages, or losses experienced as a result of the Carrier's transportation (and all services and procedures related thereto), commingling, or intermixing of such Diluent in the facilities of the Carrier. Notwithstanding anything to the contrary contained in this tariff, unless caused by the gross negligence or willful misconduct of the Carrier, the Carrier's liability, if any, shall not extend to any indirect, consequential, incidental, or punitive damages, or to any loss of profits or revenues incurred by such Shipper that may result from the transportation (and all services and procedures related thereto), commingling or intermixing of Diluent with other Diluent under this tariff, regardless of whether such claim arises under or results from contract, tort, or strict liability. In no event shall this tariff create any liability for damages on behalf of any third party (whether or not affiliated with the Shipper).
- b. If damage or loss to Diluent results from any cause other than the direct negligence of Carrier while Carrier is in possession or control of such Diluent, then Carrier may apportion the cost of such damage or loss on a pro rata basis among all Shippers. Each Shipper's share of such cost shall be determined by Carrier based on the proportion of the volume of Shipper's Diluent in the possession of Carrier on the date of such loss to the total

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volume of Diluent in the possession of Carrier on the date of such loss. Carrier shall be obligated to deliver only that portion of the Crude Petroleum remaining after such deduction.

16. INDEMNIFICATION BY SHIPPER

- a. A Shipper shall indemnify Carrier for any damage, loss, costs or consequential loss incurred by Carrier or any other party as a result of such Shipper's failure to comply with any provision of this tariff, excluding any damage, loss, costs or consequential loss caused by the direct negligence of Carrier.

17. PRIORITY SERVICE AND APPORTIONMENT

- a. If, in a month, the aggregate nominations for Service by all Shippers exceed the Available Capacity for such month then, as set forth below, Carrier will apportion the Services as outlined in Rule 17(b) below. The method of allocating Service among Shippers is outlined in Rule 17(c) below.
- b. Apportionment of the Services to Uncommitted Volumes will be required in a Month when the aggregate nominations for Uncommitted Volumes exceeds the Excess Capacity. In such Month, Carrier will apportion the Services such that the aggregate Uncommitted Volume is equal to the Excess Capacity.
- c. Where the Services are apportioned among Shippers, capacity will be allocated to:
 - i. nominations for Uncommitted Volumes in the proportion that each such nomination bears to the aggregate nominations for Uncommitted Volumes; and
 - ii. nominations for committed volumes in the proportion that a Committed Shipper's Committed Volume bears to the aggregate of the committed volumes, provided that;
 - iii. capacity will not be allocated to a Shipper in excess of such Shipper's nomination.

[N] iv. If the pro rata allocation of Excess Capacity for Uncommitted Volumes referenced in step i. above would result in more than one Shipper receiving an Unacceptable Volume Allocation then the Carrier will instead allocate the Unallocated Capacity by way of a lottery using a software-generated random process. Detailed procedures regarding the Carrier's lottery process are outlined in Rule 22.

[N] v. Any capacity remaining after step iv. above will be allocated to nominations for Uncommitted Volumes in the proportion that each such nomination bears to the aggregate nominations for Uncommitted Volumes provided that capacity will not be allocated to a Shipper in excess of such Shipper's nomination.

- d. In a month where volumes of Diluent are apportioned in accordance with Rule 17(b), if less than 95% of the Uncommitted Volumes that are nominated by Shipper and accepted for shipment by Carrier are physically tendered to Carrier by Shipper, in addition to payment of the Uncommitted Toll on Uncommitted Volumes physically tendered to Carrier, Shipper shall pay to Carrier a compensating shortfall payment equal to the product of (i) the Uncommitted Toll, and (ii) the shortfall in the Uncommitted Volumes nominated and accepted for shipment, but not physically tendered to Carrier.

18. REQUESTED CHANGE BY SHIPPER

- a. Subject to the operating conditions of the facilities of Carrier and the other terms and conditions of this tariff, Carrier may, upon the written request of a Shipper, allow a Shipper to change: (i) the designated volume and type of its Diluent to be received at a designated Regular Receipt Point; (ii) the designated volume of its Diluent to be delivered to a designated Regular Delivery Point; and (iii) the party designated to take delivery of its

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Diluent.

19. ADVERSE CLAIMS AGAINST DILUENT

- a. Shipper shall not Tender or deliver to Carrier Diluent which is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind unless Shipper provides written notification to Carrier of such litigation, dispute, lien or charge not less than twenty (20) days before such Tender is made to Carrier.
- b. Carrier shall not be obligated to accept Diluent that is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind.
- c. A Shipper shall advise Carrier in writing if, at any time while Shipper's Diluent is in the possession of Carrier, such Diluent becomes involved in litigation, the ownership of such Diluent becomes in dispute or such Diluent becomes encumbered by a lien or charge of any kind.
- d. A Shipper shall, upon demand from Carrier, provide a bond or other form of indemnity satisfactory to Carrier protecting Carrier against any liability or loss that may arise as a result of such Shipper's Diluent that is involved in litigation, the ownership of which may be in dispute or which is encumbered by a lien or charge of any kind.

20. CLAIMS, SUITS AND TIME FOR FILING

- a. A Shipper shall advise Carrier in writing of any claim for delay, damage or loss resulting from the transportation of such Shipper's Diluent by Carrier within nine months of delivery of such Diluent by Carrier or, in the case of a failure to make delivery, then within nine months after a reasonable time for delivery has elapsed.
- b. A Shipper shall institute any action arising out of any claim against Carrier within two years from the date that written notice is given by Carrier to Shipper that Carrier has disallowed such claim or any part of such claim.
- c. If a Shipper fails to comply with the provisions of paragraph (a) or paragraph (b) of Rule 20, then such Shipper waives all rights it has to bring an action against Carrier with respect to such claim.

21. FINANCIAL ASSURANCES

- a. At all times any prospective or existing Shipper shall either:
 - i. maintain a credit rating or credit ratings for senior unsecured long term debt that are no lower than any of the minimum credit ratings set forth below; or
 - ii. if a Shipper or prospective Shipper has at least one credit rating for senior unsecured long term debt that is lower than one of the minimum credit ratings set out below or does not maintain a credit rating for senior unsecured long term debt, such Shipper or prospective Shipper shall have and maintain a guarantee in favor of Carrier, in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to Carrier in the form and substance acceptable to Carrier in its sole discretion, from a guarantor that is credit rated and has no credit ratings that are lower than any of the minimum credit ratings set out below and that either is a direct or indirect parent of Shipper or prospective Shipper at the time such guarantee is delivered to Carrier or provides a legal opinion to Carrier confirming the enforceability of such guarantee, from an issuer and in form and substance acceptable to Carrier (the "Guarantee");

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<u>Agency</u>	<u>Minimum Credit Rating</u>
Moody's Investor Services	Baa3
Standard & Poor's	BBB-
Dominion Bond Rating Service	BBB (low)

b. If Carrier reasonably determines that:

- i. Shipper's credit rating has fallen below one or more of the minimum credit ratings set forth above, or has otherwise become impaired or unsatisfactory; or
- ii. if the Guarantee required in accordance with Rule 21(a) no longer provides adequate security for the performance of Shipper's obligations arising from the transportation of Diluent under this tariff or the credit rating of the guarantor falls below one or more of the minimum credit ratings set forth in Rule 21(a),

then Shipper shall, within ten (10) Business Days after written notice from Carrier, deliver to Carrier one or more of the following Financial Assurances, as selected by Shipper, for payment of all charges and costs as provided for in this tariff, or otherwise lawfully due to Carrier:

- A. prepayment of an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to Carrier;
- B. a letter of credit in favor of Carrier in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to Carrier, in a form and from an institution reasonably acceptable to Carrier, such letter of credit to allow Carrier to demand full or partial payment thereunder in the event of a Shipper Default; and/or
- C. another Guarantee in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to Carrier, in a form and from a third party acceptable to Carrier

provided that in the case of a Committed Shipper the amount of the prepayment pursuant to (A) above and the letter of credit pursuant to (B) above shall be equal to the product of (i) the Committed Volume, multiplied by (ii) 365, multiplied by (iii) the Committed Toll (the "Financial Assurances").

Carrier shall not be obligated to accept Diluent for transportation from an existing or prospective Shipper if such existing or prospective Shipper fails to deliver the Financial Assurances to Carrier within ten (10) Business Days of Shipper's receipt of Carrier's written request for such Financial Assurances.

For so long as Shipper or the guarantor maintains at least a credit rating for senior unsecured long term debt from at least one of the rating agencies set forth above and no such credit rating has fallen below one or more of the minimum credit ratings set forth above, then Carrier shall not be entitled to require any prepayment, posting of a letter of credit or another Guarantee if and for so long as Shipper or the guarantor has a credit rating no lower than Baa1 (Moody's), BBB+ (Standard & Poor's) or BBB (high) (Dominion) from any of the above rating agencies.

c. If Rule 21(a) is not satisfied or required Financial Assurances are not provided in accordance with Rule 21(b), upon the request of Carrier, any prospective or existing Shipper that is not a publicly held company shall provide information to Carrier that will allow Carrier to determine the prospective or existing Shipper's capacity to perform any financial obligations that could arise from the transportation of that Shipper's Diluent under the terms of this tariff, including the payment of transportation charges, equalization obligations and the value of the negative Shipper's balance positions. Carrier shall not be obligated to accept Diluent for transportation from an existing or prospective Shipper that is not a publicly held company if Shipper or prospective Shipper fails to provide the requested information to Carrier within ten (10) Business Days of

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Carrier's written request, or if Carrier's review of the requested information reveals that the existing or prospective Shipper does not have the capacity to perform any financial obligations that could arise from the transportation of Shipper's Diluent under the terms of this tariff, including the payment of transportation charges, equalization obligations and negative Shipper's balance positions.

[N] **22. LOTTERY PROCESS**

Carrier will administer a lottery process to allocate Unallocated Capacity to Uncommitted Shippers pursuant to Rule 17.c.iv., as follows:

- a. Carrier will use a random number generating software to randomly assign each applicable Uncommitted Shipper a number from one to the number representing the total number of Uncommitted Shippers participating in the lottery (i.e. if there are thirty Uncommitted Shippers participating in the lottery, numbers one through thirty will be assigned).
- b. The Uncommitted Shipper assigned number one will receive the first monthly Minimum Volume allocation. Thereafter, monthly Minimum Volume allocations will be assigned to Uncommitted Shippers participating the lottery sequentially, from lowest assigned number to the highest assigned number, until the total number of Minimum Volume allocations available for such month are fully allocated.

[W] ~~22.~~ **23. INTERPRETATION**

- a. Unless otherwise expressly specified herein, (i) defined terms in the singular will also include the plural and vice versa, (ii) the words "hereof", "herein", "hereunder" and other similar words refer to this tariff as a whole, (iii) Rule references in this tariff are to the Rules in this tariff, and (iv) words of any gender (masculine, feminine, neuter) mean and include correlative words of the other genders.
- b. The captions in this tariff are for convenience only and will not in any way affect the meaning or construction of any provision of this tariff.
- c. Unless the context otherwise requires, "including" means "including without limitation".

[W] ~~23.~~ **24. INCORPORATION OF PRACTICES**

In addition to these Rules and Regulations, Enbridge Southern Lights' Rules and Regulations Tariff incorporates the following practices:

- | | |
|--------------------------------|---------------------------------|
| a. Diluent Acceptance Practice | Effective Date: July 1, 2017 |
| b. Equalization Practice | Effective Date: January 1, 2011 |
| c. NAFTA Practice | Effective Date: July 1, 2010 |

Copies of Carrier's Practices are available online at:

<http://www.enbridge.com/Projects-and-Infrastructure/For-Shippers/Tariffs/Enbridge-Southern-Lights-GP-Inc-Southern-Lights-Canada-Tariffs.aspx>

SYMBOLS:

[C] – Cancel

[N] – New

[W] – Change in wording only