

ENBRIDGE PIPELINES INC.

RECEIPT TANKAGE

RULES AND REGULATIONS

Governing

Receipt Tankage

of

CRUDE PETROLEUM

▲ Denotes changes in wording from RT No. 7

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RULES AND REGULATIONS

RECEIPT TANKAGE

- a) These Rules are intended to supplement the Carrier's Crude Petroleum Tariff Rules and Regulations ("Crude Rules and Regulations") and apply specifically in respect of Receipt Tankage use.
- b) Capitalized terms used but not defined in these Rules and Regulations shall have the same meaning as those in the Crude Rules and Regulations. In these Rules and Regulations, the following terms shall have the meanings as set out below:

"Commingle" or "Commingling" means the physical combination of separate Crude Streams into a single New Crude Stream upstream of or in Receipt Tanks.

"Cracked" means Crude Petroleum having certain characteristics as determined by the Carrier from time to time and in accordance with industry standard practice, which Crude Petroleum gives rise to certain operational and or refining challenges requiring special handling measures such as the use of batch buffers.

"Crude Stream" means a stream consisting of one or more Crude Types received at a Regular Receipt Point or Points.

"Crude Type" means Crude Petroleum that has certain characteristics, whether physical, chemical or otherwise which distinguish it from other Crude Petroleum.

"Expanded Crude Stream" means a Crude Stream for which a Shipper has provided a Shipper's Election setting out a forecast for the next Tariff Year for increased Volumes for that Crude Stream where the forecast increase meets the requirements of Rule (g).

"Forecast Shortfall Penalty" has the meaning in Rule (l).

"High TAN" means in respect of a sample of Crude Petroleum, obtaining a lab result in excess of 1.1 milligrams of potassium hydroxide per 1 gram of sample for the ASTM D664 Acid Number of Petroleum Products by Potentiometric Titration test.

"New Commodity Approval Process" means the process established by the Carrier for responding to requests for a New Crude Stream or a new transportation service.

"New Crude Stream" means a Crude Stream, which has not utilized Receipt Tanks under the Carrier's Crude Petroleum Tariff in at least one of the 12 consecutive months immediately preceding the date on which the Receipt Tankage Toll first takes effect or the first day of the Tariff Year.

"Ratable" the movement of Crude Petroleum into, through or out of the Carrier's system is considered to be ratable if it is consistent and predictable.

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“Receipt Tanks” means Crude Petroleum tanks owned by the Carrier and allocated for use to receive Crude Petroleum for transportation service.

“Receipt Tankage Toll” has the meaning in Rule (c).

“Service Levels” means benchmarks for service established by the Carrier for Crude Petroleum transportation service that are set out in the 2005 – 2009 Incentive Tolling Settlement between Enbridge Pipelines Inc. and the Canadian Association of Petroleum Producers or its successor settlement, or, absent an applicable tolling settlement, the benchmarks for Crude Petroleum Transportation service established by the Carrier from time to time.

“Shipper’s Election” means Shipper designations, elections or forecasts as contemplated in these Rules and provided to the Carrier in the form prescribed by the Carrier from time to time.

“Shipper Representative” means a Shipper or a party authorized by one or more Shippers to file a Shipper’s Election on behalf of one or more Shippers.

“Tank Share” means the shared use of the same Receipt Tanks by different Crude Streams without necessarily physically combining the Crude Streams.

“Tariff Year” means a period of 12 consecutive months commencing the effective date of the Carrier’s annual toll filing, which is currently April 1.

“Volume” means a quantity, measured in m³/d, of Crude Petroleum shipped which utilizes Receipt Tanks.

- c) Carrier shall charge Shipper the applicable Carrier’s toll for use of Receipt Tanks (“Receipt Tankage Toll”) that is in effect on the date that such of the Shipper’s Crude Petroleum is delivered at the designated Regular Delivery Point for such Crude Petroleum. Receipt Tankage Tolls will be specified by Crude Stream or New Crude Stream.
- d) Shipper or a Shipper Representative may at any time in the Tariff Year:
- (i) subject to Rule (p) elect to Commingle and thereby create a New Crude Stream;
 - (ii) subject to Rule (q) and (t) elect to Tank Share;
 - (iii) subject to Rule (p) ▲ and Rule (f), provide a forecast for a New Crude Stream;
 - (iv) subject to Rule (g) provide a forecast for an Expanded Crude Stream;

by providing to the Carrier a Shipper’s Election. In the event that a Shipper Representative provides a Shipper’s Election to the Carrier, the Shipper Representative shall, for the purposes of these Rules and Regulations and all matters and issues

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arising from the application of these Rules and Regulations, thereby be deemed to be the agent for any and all other Shippers whose shipments are covered by the Shipper's Election.

Existing Crude Stream

- e) The Receipt Tankage Toll applicable to a Crude Stream will be established by the Carrier based on the aggregate Volume shipped as that Crude Stream in the previous calendar year. For any Crude Stream that was a New Crude Stream in the previous calendar year, the Receipt Tankage Toll applicable to the new Crude Stream will be established by grossing up the aggregate volume shipped for the previous calendar year to reflect an annualised aggregate volume.

New Crude Stream

- f) The Receipt Tankage Toll for New Crude Streams will equal the highest of the filed Receipt Tankage Tolls unless:
- (i) the New Crude Stream is the result of Commingling, in which case the Receipt Tankage Toll will be established by the Carrier on the basis the combined aggregate Volume of those Commingling Crude Streams shipped in the previous calendar year, or;
 - (ii) the Shipper or, a Shipper Representative on behalf of Shippers tendering the New Crude Stream, provide to the Carrier a Shipper's Election setting out a Volume forecast for that New Crude Stream in which case the Receipt Tankage Toll will be based on the forecast Volumes. ▲ The Shipper's Election must be provided to the Carrier at least 60 days immediately preceding the month for which the forecast is to apply. Such forecast shall be effective until March 31 of the current Tariff Year. If Shipper wishes to provide a Shippers Election for the subsequent Tariff Year, a Shippers Election must be provided to the Carrier by January 31 or at least 60 days immediately preceding the Tariff Year for which the forecast is to apply; or
 - (iii) the Shipper or, a Shipper Representative on behalf of Shippers tendering the New Crude Stream, have provided to the Carrier a Shipper's Election for Tank Share with a Crude Stream for which there is a published toll in which case, the Receipt Tankage Toll will be the same as the toll applicable to that Crude Stream.

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Expanded Crude Stream

- g) A Shipper's Election may be provided to the Carrier for an Expanded Crude Stream at any time during the Tariff Year if:
- (i) the anticipated increase in Volume exceeds 2,000 m³/d;
 - (ii) the Shipper's Election is supported by a forecast of all Volumes for the Expanded Crude Stream for the next Tariff Year; and
 - (iii) the Shipper's Election is provided to the Carrier at least 60 days immediately preceding the month for which the forecast is to apply. ▲ Such forecast shall be effective until March 31 of the current Tariff Year. If Shipper wishes to provide a Shippers Election for the subsequent Tariff Year, a Shippers Election must be provided to the Carrier by January 31 or at least 60 days immediately preceding the Tariff Year for which the forecast is to apply.
- h) The Receipt Tankage Toll applicable to an Expanded Crude Stream will be established by the Carrier on the basis of the forecast Volume (see Rule (g)) for that Expanded Crude Stream.

Tank Share

- i) Where a single Shipper has filed a Shipper's Election for Tank Share, the following conditions shall apply:
- (i) the Shipper's Election for Tank Share can be provided to the Carrier any time during the Tariff Year for which the Tank Share is to apply but must be provided at least 60 days immediately preceding the month for which the Tank Share is to occur. ▲ Such Tank Share shall be effective until March 31 of the current Tariff Year. If Shipper wishes to provide a Shippers Election for the subsequent Tariff Year, a Shippers Election for Tank Share must be provided to the Carrier by January 31 or at least 60 days immediately preceding the Tariff Year for which the forecast is to apply;
 - (ii) receipts of all Crude Streams designated to the Tank Share must be intermittent and Ratable otherwise they may be physically combined in the Receipt Tank;
 - (iii) the receipt schedule of batches of the Crude Streams must allow the previous batches to be completely injected into the mainline system prior to initiating receipt into the Receipt Tank of the following

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batch, otherwise they may be physically combined in the Receipt Tank and in the event that batches are physically combined, the following shall apply:

- (1) if one of the batches was of a Crude Stream considered Cracked, all of the batches in the Receipt Tank at the time of the combination will be deemed to be Cracked and will, from that point forward, be dealt with accordingly;
 - (2) if one of the batches was of a Crude Stream considered High TAN, all of the batches in the Receipt Tank at the time of the combination will be deemed to be High TAN and will, from that point forward, be dealt with accordingly;
- (iv) injection schedules for the Crude Streams will follow the Carrier's mainline scheduling.
- j) The Receipt Tankage Toll applicable to all Crude Streams covered by a Tank Share election will be established by the Carrier on the basis of the combined aggregate Volume shipped in the previous calendar year for those Crude Streams.
- k) Subject to the availability of tankage, including Receipt Tankage, and to Rule (p), a Shipper's Election may re-designate Crude Streams that Commingled as separate Crude Streams. At that time the re-designated Crude Streams will be treated as New Crude Streams and be subject to the Rules applicable to New Crude Streams.
- l) In addition to the Receipt Tankage Toll, in any Tariff Year when Shipper or Shipper Representative relies on a forecast Volume, if at the end of that Tariff Year that forecast Volume is greater than the Volume actually received, Carrier shall charge the Shipper or the Shipper's Representative that provided the Shipper's Election, a penalty equal to: the applicable Receipt Tankage Toll multiplied by the shortfall in actual Volumes compared to the forecast Volume all multiplied by two, (the "Forecast Shortfall Penalty"); however, the Forecast Shortfall Penalty shall not be charged in respect of that portion of shortfall caused by Force Majeure events.

$$\text{*Forecast Shortfall Penalty} = (\text{Forecast Volume} - \text{Actual Volume}) \times \text{Receipt Tankage Toll applicable to Crude Stream} \times 2$$

- m) At the time of providing a Shipper's Election that relies on forecast Volumes, the Shipper or Shipper Representative providing the Shipper's Election may also provide the Carrier with a fully executed promissory note, in a form acceptable to the Carrier, made by a third party who is acceptable to the Carrier, promising to pay to the Carrier up to the maximum possible Forecast Shortfall Penalty that may be charged to that Shipper or Shipper Representative

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including, for greater certainty, any Forecast Shortfall Penalty that may be related to Volumes attributable to other Shippers covered by the Shipper's Election filed by a Shipper Representative. If the Shipper or Shipper Representative chooses to provide a promissory note to the Carrier, the Carrier shall look first to the maker of the promissory note for payment of any Forecast Shortfall Penalty arising from the Shipper's Election and second to the Shipper or Shipper Representative that provided the Shipper Election.

- n) Forecast Shortfall Penalties collected at the end of a Tariff Year any penalty revenue collected will go to satisfying the revenue requirement for the following year.
- o) Where a single Shipper tenders Crude Petroleum to a Crude Stream, and that Shipper objects to the publication of a toll in respect of that Crude Stream, the Shipper must provide to the Carrier a Shipper's Election to that effect. In that event, the Shipper will be charged the highest of the filed Receipt Tankage Tolls.
- p) Acceptance by the Carrier of New Crude Streams will be conditional upon approval of the relevant New Crude Stream receiving approval through the Carrier's New Commodity Approval Process.
- q) Shippers who elect to Tank Share acknowledge that there may be resulting changes in quality, including density, of the relevant Crude Streams and the Carrier shall not be liable for any resulting damage, loss or consequential loss suffered by the Shipper or the Shipper's customers.
- r) As soon as a New Crude Stream receives approval for segregated service pursuant to the New Commodity Approval Process, the Carrier will file the applicable Receipt Tankage Toll with the National Energy Board.
- s) Shipper Elections pursuant to this Rule shall take effect when the Receipt Tankage Toll for the relevant Crude Stream or New Crude Stream is approved by the National Energy Board.
- t) Notwithstanding any of the foregoing, the Carrier may refuse or terminate a Tank Share arrangement if the operation of the Service Levels of the Carrier could be or are being negatively affected by the designation.