



**ENBRIDGE PIPELINES INC.**

**RULES AND REGULATIONS**

GOVERNING THE TRANSPORTATION  
OF NATURAL GAS LIQUIDS  
BY PIPELINE

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**GENERAL APPLICATION**

**[N]** The Rules and Regulations published herein apply only under tariffs making specific reference by CER number to this tariff; such reference will include supplements hereto and successive issues hereof. Specific rules and regulations published in individual tariffs will take precedence over Rules and Regulations published herein.

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## RULES AND REGULATIONS

### 1. DEFINITIONS

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

**"Accepted Nomination"** means a Shipper's Nomination less any reductions made to that Nomination in accordance with Rules 7 and 15 of these Rules and Regulations.

**"API"** means American Petroleum Institute.

**"ASTM"** means American Society for Testing and Materials.

**"Carrier"** means Enbridge Pipelines Inc.

[N] **"CER"** means Canada Energy Regulator.

**"Crude Petroleum"** means the direct liquid product of oil wells, oil processing plants, the indirect liquid petroleum products of oil or gas wells, oil sands, or a mixture of such products, but does not include Natural Gas Liquids or Refined Petroleum Products.

**"Density"** means mass per unit volume at 15 degrees Celsius expressed in kilograms per cubic metre.

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

**"Force Majeure"** means an event which is unforeseen and beyond the control of the Shipper that either prevents the Shipper from delivering the affected volume to Carrier or prevents the Shipper from accepting delivery of the affected volume from Carrier. The following are the only instances that will be recognized as Force Majeure events: earthquakes; floods; landslides; civil disturbances; sabotage; the acts of public enemies; war; blockades; insurrections; riots; epidemics; the act of any government or other authority or statutory undertaking; the inability to obtain or the curtailment of electric power, water or fuel; strikes, lockouts or other labour disruptions; fires; explosions; breakdowns or failures of pipe, plant, machinery or equipment; and contamination or poisoning of catalyst and/or solvent or biological treatment facilities. For greater certainty, a lack of funds; the availability of a more attractive market; Shipper's inability to purchase NGL; or inefficiencies in operations; or Supply Exceptions do not constitute events of Force Majeure.

**"Kind"** means for the purposes of Rule 4, any individual component or mixture of propane, normal butane, iso-butane, and condensates, as the case may be, having an absolute vapour pressure of greater than 103 kilopascals and less than 1250 kilopascals at 37.8 degrees Celsius.

**"Natural Gas Liquids"** means the indirect liquid petroleum products of oil or gas wells having an absolute vapour pressure in excess of 103 kilopascals.

[C] "**NEB**" means the National Energy Board.

"**NGL**" means Natural Gas Liquids.

"**Nomination**" means an offer by a Shipper to the Carrier in accordance with this tariff for the transportation of a stated quantity of NGL from a Regular Receiving Point to a Regular Delivery Point.

"**Nomination Accuracy Measure**" means the ratio of aggregate System-wide Supply to aggregate System-wide Accepted nominations in a month.

"**Non-Performance Penalty**" means the charge and cost referred to in Rule 19.

"**Petroleum**" means Crude Petroleum, Natural Gas Liquids and Refined Petroleum Products.

"**Refined Petroleum Products**" means the products of a refinery tendered as motor gasoline, aviation fuels, kerosene, diesel fuel and domestic heating oil falling within specifications established in the Carrier's tariff respecting Refined Petroleum Products.

"**Regular Delivery Point**" means a location for the delivery of Natural Gas Liquids as provided for in the Carrier's tariff for Tolls Applying on Crude Petroleum, Natural Gas Liquids and Refined Petroleum Products.

"**Regular Receiving Point**" means a location for the receipt of Natural Gas Liquids as provided for in the Carrier's tariff for Tolls Applying on Crude Petroleum, Natural Gas Liquids and Refined Petroleum Products.

"**Shipper**" means the party that contracts with the Carrier for the transportation of Natural Gas Liquids under the terms of this tariff, and that has satisfied the Carrier of that party's capacity to perform its financial obligations that may arise from the transportation of its NGL under the terms of this tariff, and includes a transferee of a Shipper's rights and obligations, as approved in accordance with Rule 16(c).

"**Supply**" means ticketed receipts from Supply Facilities net of pre-receipts and excludes receipts for which the Regular Receiving Point and the Regular Delivery Point are the same.

"**Supply Exception**" means a circumstance in which a Shipper, as a result of certain circumstances outside of its control, is unable to deliver Petroleum to the Carrier. Whether or not a certain event qualifies as a Supply Exception will be determined in strict accordance with the Supply Exception Procedure as referred to in Rule 22.

"**Supply Facility**" means a third-party facility that interconnects with and delivers Petroleum to the System at a Regular Receiving Point.

"**System**" means the Enbridge Energy, Limited Partnership Lakehead pipeline system and the Enbridge Pipelines Inc. Canadian Mainline pipeline system.

**"Working Stock"** means the volume of Petroleum required by the Carrier for operational and scheduling purposes as specified from time to time by the Carrier.

**"WTI"** means, with regards regard to any month, the NYMEX calendar month average settlement price for West Texas Intermediate for that month in barrels multiplied by 6.289811 barrels per cubic metre.

## **2. COMMODITY**

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This tariff applies to the transportation of NGL by the Carrier.

## **3. ORIGIN AND DESTINATION FACILITIES**

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- (a) Subject to the further provisions of this tariff, the Carrier will only accept NGL for transportation:
- i. at Regular Receiving Points;
  - ii. when the NGL have been specified to be delivered to one or more Regular Delivery Points;  
and
  - iii. when the party taking delivery of the NGL has been specified in writing to the Carrier.
- (b) Except where the Carrier provides such facilities, the Carrier will only accept NGL for transportation when the Shipper has provided the necessary facilities or evidence of other arrangements satisfactory to the Carrier, at the specified Regular Receiving Points and Regular Delivery Points for such NGL, associated buffer and interface material.

## **4. SPECIFICATIONS AS TO QUALITY**

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- (a) Shipper shall not deliver to the Carrier and the Carrier shall not be obligated to accept NGL that, as determined by the Carrier, has on receipt at each Regular Receiving Point:
- i. a composition that does not meet the definition of Kind;
  - ii. a temperature greater than 38 degrees Celsius;
  - iii. an absolute vapour pressure in excess of 1250 kilopascals at 37.8 degrees Celsius;
  - iv. a copper strip corrosion in excess of 2a;
  - v. a particulate concentration greater than 5 milligrams per litre;
  - vi. indication of free water at the Carrier's pipeline operating temperatures;
  - vii. any organic chlorides; or
  - viii. physical or chemical characteristics that may render such NGL not readily transportable by the Carrier or that may materially affect the quality of other commodities transported by the Carrier or that may otherwise cause disadvantage to the Carrier.
- (b) A Shipper shall, if requested by the Carrier, provide and inject corrosion inhibitor compound of a type and amount that is satisfactory to the Carrier into NGL to be received by the Carrier from such Shipper.
- (c) If the Carrier determines that a Shipper does not comply with the provisions of paragraph (a) or (b) of Rule 4 of this tariff, then such Shipper shall remove its NGL from the facilities of the Carrier as directed by the Carrier.

- (d) If a Shipper fails to remove its NGL from the facilities of the Carrier as directed by the Carrier, then the Carrier shall have the right to remove and sell such NGL in such lawful manner as deemed appropriate by the Carrier. The Carrier shall pay from the proceeds of such sale all costs incurred by the Carrier with respect to the storage, removal and sale of such NGL. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other party lawfully entitled to such proceeds.

## 5. BUFFER AND INTERFACE

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- (a) A Shipper shall, if requested by the Carrier, supply Petroleum as buffer material of a type and amount that is satisfactory to the Carrier. The Shipper shall accept at Regular Delivery Points satisfactory to the Carrier the volume of buffer and interface materials applicable to the transportation of tendered NGL as determined by the Carrier.
- (b) Except as otherwise provided for in this tariff, the Carrier's tariff applying on the transportation of Crude Petroleum shall apply to buffer material transported with NGL.

## 6. COMMON STREAM SERVICE

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- (a) NGL accepted for transportation is subject to changes in composition and quality while in transit due to, without limitation, the mixing with other NGL or mixing with other Petroleum in the facilities of the Carrier or facilities of a third party. Delivery shall be made to the Shipper out of a common stream of NGL at Regular Delivery Points. Carrier shall at no time be under any obligation to provide to a Shipper individual batch segregated transportation service.
- (b) Subject to paragraph (a) of Rule 13 of this Tariff, the Carrier shall not be liable for any damage, loss or consequential loss resulting from discoloration, contamination, or deterioration of NGL including, but not limited to, change in density, vapour pressure, quantity or value as may result from its mixture while in transit with other NGL or Petroleum in the facilities of the Carrier or facilities of a third party.

## 7. NOMINATION, RATES AND VOLUMES

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- (a) Nominations shall be submitted to the Carrier in accordance with the notice of shipment format prescribed by the Carrier no later than the time and date set out in the Carrier's monthly nomination schedule. The Carrier shall notify all shippers of the monthly nomination schedule applicable for the calendar year. Notice of any amendment to a monthly nomination date shall be provided by the Carrier to all shippers at minimum 24 hours in advance of the proposed change in nomination date.
- (b) Where applicable, such Nominations shall include the amounts of Petroleum to be used as buffer material with such NGL. The Carrier may, subject to the availability of space and the operating conditions of the facilities of the Carrier, accept Nominations or revised Nominations after such time.
- (c) **[N]** Upon receipt of Nominations from Shippers, and prior to determining whether apportionment is required on the pipeline, the Carrier shall conduct upstream and destination verifications in accordance with the terms of the Mainline Nomination Verification Procedure set forth below. To the extent that a Shipper's Nomination is not fully supported by application of the Mainline Nomination Verification Procedure, as determined by the Carrier in its sole discretion on a non-discriminating basis, the Shipper's Nomination will be limited in accordance with the Mainline Nomination Verification Procedure.

**Mainline Nomination Verification Procedure:** Upon receipt of each month's Nominations, Carrier will verify with: (1) each connected supply facility to ensure that the Shipper has adequate supply to meet the Shipper's Nomination; and (2) each Shipper's designated delivery point to verify adequate take-away capacity based on the lower of volumes nominated to it or the delivery point's maximum allowable volume as determined in accordance with the current Mainline Nomination Verification Procedure. The verification process shall be conducted as follows:

- i. Carrier shall request upstream connecting carriers or facilities to verify the Shipper's Nomination of volume to the Mainline, and may require Shipper to provide written verification in support of its Nominations.
- ii. With respect to Nominations for delivery to a specific destination facility, the Carrier will contact each destination facility and ask the destination facility to verify the volumes which have been nominated to its facility by each shipper. The total volumes verified to each destination facility will be limited to the capability of the destination facility to receive volumes from the Carrier. The procedures for establishing the capability of each destination facility and for conducting destination verification are set out in the Destination Verification Procedure.
- iii. Upon receipt of verifications, the Carrier will accept the Nominations of each shipper up to the volume verified by both the upstream and destination facilities.

~~[C] (c) A Shipper shall, upon notice from the Carrier, provide written third party verification as required by the Carrier in support of such Shipper's Nominations. The Carrier shall not be obligated to accept a Shipper's NGL where such verification is, in the sole discretion of the Carrier, unacceptable to the Carrier.~~

- (d) The Carrier shall not be obligated to accept a Shipper's NGL if the volume of such NGL is less than the minimum volume or if the rate at which such NGL is received by the Carrier is less than or greater than the rates specified from time to time by the Carrier for each Regular Receiving Point.
- (e) The Carrier shall not be obligated to make a delivery of a Shipper's NGL of less than the minimum volume or at a rate less than or greater than the rates specified from time to time by the Carrier for each Regular Delivery Point.
- (f) A Shipper shall supply its share of Working Stock by types and volumes as determined from time to time by the Carrier.
- (g) Nominations Tenders received by the Carrier acting for Enbridge Energy, Limited Partnership for transportation within the United States of America shall be subject to the rates, rules and regulations applicable to transportation by Enbridge Energy, Limited Partnership, which shall invoice the Shipper for such transportation.

## **8. APPLICATION OF TOLLS**

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- (a) The Carrier shall charge a Shipper the Carrier's toll for the transportation of NGL on the volume of NGL transported by the Carrier and the volume of Petroleum blended with such NGL.
- (b) The Carrier shall charge a Shipper, on the volume of buffer material transported with such Shipper's NGL, the Carrier's toll for the transportation of Crude Petroleum.
- (c) The Carrier shall charge a Shipper the Carrier's toll for the transportation of NGL and the Carrier's toll for the transportation of Crude Petroleum that are in effect on the date of delivery at the designated Regular Delivery Point for such Shipper's NGL. If the designated delivery location for a Shipper's NGL is a designated Regular Delivery Point of Enbridge Energy, Limited Partnership, then the Carrier shall charge such Shipper the Carrier's toll for the transportation of NGL and the Carrier's applicable toll for the transportation of Crude Petroleum that are in effect on the date of such delivery.

## **9. PAYMENT OF TOLLS AND LIEN FOR UNPAID CHARGES**

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- (a) A Shipper shall pay all charges and costs as provided for in this tariff, or otherwise lawfully due to the Carrier, relating to the transportation of the Shipper's NGL by the Carrier. The Shipper shall pay such charges and costs upon receipt of the Carrier's invoice respecting such charges and costs. If

required by the Carrier, the Shipper shall pay such charges and costs before delivery, or before acceptance of a transfer, of the Shipper's NGL by the Carrier.

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

## **10. MEASURING, TESTING AND DEDUCTIONS**

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- (a) The Carrier shall meter, or cause to be metered, a Shipper's NGL upon receipt and delivery by the Carrier. The Shipper or the designate of the Shipper may be present at such metering. The Carrier shall have the right to enter the premises where NGL is received or delivered by the Carrier and shall be granted access to all facilities for the purpose of metering and to make any examination, inspection, measurement or test as required by the Carrier to verify the accuracy of such facilities and the quality of such Shipper's NGL.
- (b) The Carrier shall correct the density and volume of NGL received and delivered by the Carrier from the actual temperature of such NGL to 15 degrees Celsius by use of ASTM-IP Petroleum Measurement Tables 53 and 54, Metric Edition, or the latest revision to such Tables.
- (c) The Carrier shall correct the metered volume of NGL for compressibility by the use of API Manual of Petroleum Measurement Standards, Chapter 11.2.2 M or the latest revision to such Chapter.
- (d) The Carrier shall determine the equilibrium vapour pressure of NGL as required by the Carrier for volume corrections.
- (e) The Carrier shall determine the absolute vapour pressure of NGL by the use of ASTM D 1267 or the latest revision to such Standard.
- (f) The Carrier shall, as deemed necessary by the Carrier, adjust the measured volume of NGL for shrinkage resulting from the blending or other addition of Crude Petroleum with NGL in accordance with API Bulletin 2509 C or the latest revision to such Bulletin.
- (g) The Carrier shall determine the copper strip corrosion of NGL by the use of ASTM D 1838 or the latest revision to such Standard.
- (h) The results of all such metering and testing by the Carrier shall be final.

## **11. EVIDENCE OF RECEIPTS AND DELIVERIES**

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The Carrier shall evidence the receipt and delivery of NGL by tickets showing the volume, type, temperature, vapour and meter pressure, density and any other data with respect to such NGL as may be specified from time to time by the Carrier.

## **12. DELIVERY AND ACCEPTANCE**

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- (a) A Shipper or the designate of the Shipper shall accept such Shipper's NGL upon arrival at the designated Regular Delivery Point for such NGL.
- (b) If a Shipper fails to remove its NGL from the facilities of the Carrier in accordance with the provisions of paragraph (a) of Rule 12 of this tariff, then the Carrier shall have the right to remove and sell such NGL in such lawful manner as deemed appropriate by the Carrier. The Carrier shall pay from the proceeds of such sale all costs incurred by the Carrier with respect to the storage, removal and sale of such NGL. The remainder of such proceeds, if any, shall be held by the Carrier for the Shipper and any other party lawfully entitled to such proceeds.

## **13. LIABILITY OF THE CARRIER**

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- (a) Except where caused by the direct negligence of the Carrier, the Carrier shall not be liable to a Shipper for any delay, damage, loss or consequential loss resulting from any cause while the Carrier is in possession or control of such Shipper's NGL, including without limitation the breakdown of the facilities of the Carrier.
- (b) If damage or loss to Petroleum results from any cause other than the direct negligence of the Carrier while the Carrier is in possession or control of such Petroleum, then the 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 the Carrier based on the proportion of the volume of the Shipper's NGL in the possession of the Carrier on the date of such loss to the total volume of Petroleum in the possession of the Carrier on the date of such loss. Carrier shall be obligated to deliver only that portion of the NGL remaining after such deduction.

## **14. INDEMNIFICATION BY THE SHIPPER**

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

## **15. APPORTIONMENT AND SUBSTITUTION**

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- (a) If more Refined Petroleum Products, Natural Gas Liquids and associated buffer material are nominated than can be transported by the Carrier, then the Carrier shall apportion such Nominations among all such Shippers on the basis of such current Nominations and the current operating conditions of the facilities of the Carrier applicable to the transportation of Refined Petroleum Products and Natural Gas Liquids.
- (b) Subject to allocations to priority destinations designated by the [W] CER NEB, the Carrier shall apportion each such Shipper a pro rata share of the capacity of such facilities of the Carrier based on such current Nominations.

## **16. REQUESTED CHANGE BY THE SHIPPER**

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- (a) Subject to the operating conditions of the facilities of the Carrier, the Carrier may, upon the written request of a Shipper, allow a Shipper to change:
  - i. the designated Regular Receiving Point for its NGL;
  - ii. the designated volume of its NGL to be received at a designated Regular Receiving Point;

- iii. the designated Regular Delivery Point for its NGL;
  - iv. the designated volume of its NGL to be delivered to a designated Regular Delivery Point; and
  - v. the party designated to take delivery of its NGL.
- (b) The Carrier may allow a Shipper to transfer, in such manner as may be specified by the Carrier from time to time, such Shipper's rights and obligations under this tariff respecting its NGL to another Shipper.
- (c) A transfer of a Shipper's rights and obligations under Rule 16(b) of this tariff respecting its NGL will not be binding or effective on the Carrier until the Carrier has provided a notice of acceptance to the transferor and transferee. The Carrier will not provide a notice of acceptance of a transfer until such time as the transferee has satisfied the Carrier of its capacity to undertake the transferor's obligations and has provided any Financial Assurances requested by the Carrier in accordance with Rule 21 of this tariff.

#### **17. ADVERSE CLAIMS AGAINST NGL**

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

#### **18. CLAIMS, SUITS AND TIME FOR FILING**

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- (a) A Shipper shall advise the Carrier in writing of any claim for delay, damage or loss resulting from the transportation of such Shipper's NGL by the Carrier within 30 days of delivery of such NGL by the Carrier or, in the case of a failure to make delivery, then within 30 days after a reasonable time for delivery has elapsed.
- (b) A Shipper shall institute any action arising out of any claim against the Carrier within 180 days from the date that written notice is given by the Carrier to such Shipper that the 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 18 of this tariff, then such Shipper waives all rights it has to bring an action against the Carrier with respect to such claim.

#### **19. NON-PERFORMANCE**

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- (a) In months of apportionment, all Accepted Nominations that are directed to apportioned lines shall have the Non-Performance Penalty applied to that portion of the shortfall in receipts by a Shipper that exceeds five (5) percent of that Shipper's apportioned volume that is directed to the

apportioned lines. However, the Non-Performance Penalty will not be applied to that portion of shortfalls caused by: Force Majeure events; Carrier imposed restrictions on feeder pipeline deliveries into the Carrier; Supply Exceptions; or any carry over volumes.

- (b) The Shipper shall provide the Carrier with written notice of the Force Majeure event within four business days of the event. Such notice shall state the nature of the event, the estimated duration of the event, and the estimated volume affected. The Shipper shall use reasonable diligence to remedy the Force Majeure event as quickly as reasonably practicable and shall keep the Carrier informed as to the progress in the efforts to remedy the event; provided the Shipper shall not be required to settle strikes, lockouts or other labour disruptions contrary to its wishes.
- (c) At any time up to thirty (30) calendar days following the receipt of the notice referred to in Rule 19(b) the Carrier will issue written notice to the Shipper informing the Shipper in the event the Carrier disputes all or a portion of the Shipper's claim of Force Majeure. If the Carrier issues such notice, the Carrier shall invoice the Shipper for the amount of the Non-Performance Penalty calculated in accordance with Rule 19 (a) and (f) and the Shipper shall be obligated to make payment of the invoiced amount.
- (d) The Carrier shall publish, on at least a monthly basis, a summary of all Force Majeure notices issued pursuant to Rule 19(b) and 19(c), which shall contain only the name of the Shipper claiming Force Majeure, volume affected, the amount of the Non-Performance Penalty disputed and/or undisputed, and the status of all disputed claims.
- (e) Unless and until a Supply Exception claim is approved in accordance with the Supply Exception Procedure, the Carrier shall invoice the Shipper for the amount of the applicable Non-Performance Penalty calculated in accordance with Rules 19(a) and (f) and the Shipper shall be obligated to make payment of the invoiced amount in accordance with Rule 9.
- (f) The Non-Performance Penalty shall initially be \$17 per cubic metre. If the Nomination Accuracy Measure is less than 0.95 for any three months during a six month period after April 1, 2014, then the Non-Performance Penalty shall increase to 4% of W TI if 4% of W TI is greater than \$17 per cubic metre. If, thereafter, the Non-Performance Penalty is 4% of W TI and the Nomination Accuracy Measure is less than 0.95 for any three months during any six month period, then the Non-Performance Penalty shall increase to the greater of 7% of W TI or \$17 per cubic metre. If the Non-Performance Penalty is 7% of W TI and the Nomination Accuracy Measure is greater than or equal to 0.95 for six consecutive months, then the Non-Performance Penalty shall decrease to the greater of 4% of WTI or \$17 per cubic metre. If the Non-Performance Penalty is 4% of W TI and the Nomination Accuracy Measure is greater than or equal to 0.95 for six consecutive months, then the Non-Performance Penalty shall decrease to \$17 per cubic metre if \$17 per cubic metre is less than 4% of W TI. Under no circumstances will the Non-Performance Penalty be less than \$17 per cubic metre.

## **20. COMPONENT MEASUREMENT AND BALANCING**

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- (a) Subject to paragraph (b) of this Rule, the acceptance by Carrier of any NGL for transportation shall be on the condition that NGL component measurement and balancing shall be the responsibility of the Shippers and shall not be provided for by the Carrier.
- (b) In the event that a Shipper requests transportation service and is unable to arrange for component measurement and balancing as contemplated in paragraph (a) of this Rule, such Shipper may notify the Carrier in writing of its inability to make such arrangements.
- (c) Upon receipt of a notice referred to in paragraph (b) of this Rule, Carrier shall implement in a timely manner a method by which components of tendered NGL will be measured and reported to Shippers and shall endeavour to provide or arrange for a method by which components of tendered NGL will be balanced.

## 21. FINANCIAL ASSURANCES

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- (a) At any time, upon the request of the Carrier, any prospective or existing Shipper shall provide information to the Carrier that will allow the 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 NGL under the terms of this tariff, including the payment of transportation charges, equalization obligations and the value of the allowance oil and negative Shipper's balance positions. The Carrier shall not be obligated to accept NGL for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to provide the requested information to the Carrier within ten (10) days of the Carrier's written request, or if the 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 that Shipper's NGL under the terms of this tariff, including the payment of transportation charges, equalization obligations and the reasonably determined value of the allowance oil and negative Shipper's balance positions.
- (a) Subject to the provisions of Rule 21(c), the Carrier, upon notice to the Shipper, may require one or more of the following Financial Assurances for the payment of all charges and costs as provided for in this tariff, or otherwise lawfully due to the Carrier, to be provided at the expense of the Shipper:
- i. prepayment;
  - ii. a letter of credit in favour of Carrier in an amount sufficient to ensure payment of all costs and charges that could reasonably accrue due to the Carrier, in a form and from an institution acceptable to Carrier;
  - iii. a guarantee in an amount sufficient to ensure payment of all such costs and charges that could reasonably accrue due to the Carrier, in a form and from a third party acceptable to Carrier; or
  - iv. such other enforceable collateral security, including but not limited to security agreements over assets of the Shipper, in a form acceptable to the Carrier (the "Financial Assurances").
- (b) In the event that the Carrier reasonably determines that:
- i. the existing or prospective Shipper's financial condition is or has become impaired or unsatisfactory;
  - ii. any Financial Assurances previously provided by a Shipper no longer provide adequate security for the performance of the Shipper's obligations that could arise from the transportation of its NGL under the terms of this tariff; or
  - iii. the Carrier otherwise determines that it is necessary to obtain Financial Assurances from the Shipper,

then the Shipper shall provide Financial Assurances for the payment of the charges and costs as provided for in this tariff or otherwise lawfully due to the Carrier relating to the transportation of the Shipper's NGL by the Carrier. For the purpose of this tariff, and without limiting the generality of the charges and costs lawfully due to the Carrier relating to the transportation of the Shipper's NGL, those charges and costs shall include transportation charges, equalization obligations, negative Shipper's balance positions and the allowance oil. The Carrier shall not be obligated to accept NGL for transportation from an existing or prospective Shipper if the Shipper or prospective Shipper fails to deliver the Financial Assurances to Carrier within ten (10) days of Shipper's receipt of Carrier's written request for such Financial Assurances.

## **22. PRACTICES**

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In addition to these Rules and Regulations, Enbridge Pipelines Inc. Natural Gas Liquids Tariff also incorporates the following Practices and Procedures:

- |  |   |
|--|---|
| (a) Practice applicable to in-line Transfers             | Effective Date: January 1, 2004                 |
| (b) Supply Exception Procedure                           | Effective Date: April 1, 2014                   |
| (c) <b>[N]</b> <u>Destination Verification Procedure</u> | <b>[N]</b> <u>Effective Date: July 24, 2013</u> |

Copies of Carrier's Practices and Procedures are available on-line at:

<https://www.enbridge.com/Projects-and-Infrastructure/For-Shippers/Tariffs/Enbridge-Pipelines-Inc-Canadian-Mainline-Tariffs.aspx>

### **SYMBOLS:**

**[C]** – Cancel

**[N]** – New

**[W]** – Change in wording only