

**SHORT NOTICE BALANCING SERVICE
(SNB) TOLL SCHEDULE**

INDEX

Section		Sheet No.
1.	DEFINITIONS.....	1
2.	AVAILABILITY	1
3.	APPLICABILITY AND CHARACTER OF SERVICE	3
4.	MONTHLY BILL.....	3
5.	DEMAND CHARGE ADJUSTMENTS.....	3
6.	RENEWAL RIGHTS	3
7.	ASSIGNMENT	4
8.	MISCELLANEOUS PROVISIONS	5

1. DEFINITIONS

1.1 For the purposes of this SNB Toll Schedule the following terms shall be defined as follows:

- (a) "Combined Capacity" shall mean capacity available from TransCanada's gas transmission system and TransCanada's firm transportation entitlement on the Great Lakes Gas Transmission Company system, the Union Gas Limited system, and the Trans Quebec & Maritimes Pipeline Inc. system;
- (b) "Contract" shall mean an SNB Contract;
- (c) "Contract Quantity" shall mean the quantity authorized by TransCanada pursuant to the Transportation Access Procedures of TransCanada's Transportation Tariff for service pursuant to this SNB Toll Schedule which shall not exceed the Contract Demand of the FT-SN Contract;
- (d) "Contract Term" shall mean the term of the Contract which shall not to be less than 1 year in length;
- (e) "Deposit" shall mean the quantity expressed in GJs nominated by Shipper as a credit to Shipper's SNB Account;
- (f) "FT-SN Contract" shall mean Shipper's executed Firm Transportation Short Notice Contract that is identified in Exhibit "A" of the Contract;
- (g) "Renewal Option" shall have the meaning attributed to it in sub-section 6.1 herein;
- (h) "Renewal Term" shall have the meaning attributed to it in sub-section 6.1 herein;
- (i) "SNB Account" shall mean the account that holds the cumulative balance of Withdrawals and Deposits beginning from the Date of Commencement specified in the Contract where the absolute value of the cumulative balance of the SNB Account shall not at any time exceed 50% of the Contract Quantity;
- (j) "SNB Demand Toll" shall mean the applicable monthly demand toll as approved by the NEB and as set forth in the List of Tolls referred to in Section 8 herein; and
- (k) "Withdrawal" shall mean the quantity expressed in GJs nominated by Shipper as a debit from Shipper's SNB Account;

2. AVAILABILITY

2.1 Any Shipper shall be eligible to receive service pursuant to this SNB Toll Schedule provided that:

- (a) there is only 1 FT-SN Contract identified in Exhibit "A" of the Contract and such FT-SN Contract is not identified in any other Contract; and
- (b) Shipper:
 - (i) has entered into a Contract with TransCanada or, has obtained a 71(2) Order requiring TransCanada to transport gas for Shipper subject to the provisions of this Toll Schedule and to the terms and conditions contained in the 71(2) Order;
 - (ii) has a Contract Term or Renewal Term equal to or less than the remaining term of the FT-SN Contract;
 - (iii) has pipeline facilities interconnecting with TransCanada's facilities at the receipt and delivery point specified in the Contract, or has provided TransCanada with adequate assurances that arrangements have been made to have an authorized gas distribution or transmission company act as Shipper's agent in delivering to or receiving from TransCanada the gas to be received or delivered pursuant to this Toll Schedule; and
 - (iv) prior to commencement and at any time during the term of the Contract, Shipper shall provide TransCanada with sufficient financial information to assess their creditworthiness. Based on its assessment, TransCanada, in its sole discretion, may request from Shipper financial assurances in an amount, form and on terms satisfactory to TransCanada prior to commencement or continuation of service pursuant to this SNB Toll Schedule. TransCanada will not be obligated to provide and Shipper shall not be entitled to receive service pursuant to this SNB Toll Schedule until the requested financial assurances are received by TransCanada.

2.2 Facilities Construction Policy

In order to provide service pursuant to this SNB Toll Schedule, TransCanada utilizes its Combined Capacity. If a request for service pursuant to this SNB Toll Schedule requires an increase to the Combined Capacity, TransCanada is prepared to use all reasonable efforts to enable it to increase the Combined Capacity to the extent provided that:

- (a) there is a reasonable expectation of a long term requirement for the increase in the Combined Capacity;
- (b) the NEB approves the additional facilities and/or services necessary to increase the Combined Capacity; and

- (c) the availability provisions of sub-section 2.1 herein are satisfied.

3. APPLICABILITY AND CHARACTER OF SERVICE

- 3.1 Shipper shall be entitled to nominate a Deposit from the FT-SN Contract to Shipper's SNB Account or a Withdrawal from Shipper's SNB Account to the FT-SN Contract.
- 3.2 Shipper shall only be entitled to nominate a Deposit or a Withdrawal through a nomination pursuant to the FT-SN Contract and such nomination will be in accordance with Section XXII of the General Terms and Conditions.

4. MONTHLY BILL

- 4.1 The monthly bill payable to TransCanada for service pursuant to this SNB Toll Schedule shall be the demand charge and shall be equal to the applicable monthly SNB Demand Toll multiplied by Shipper's Contract Quantity. The demand charge is payable by Shipper notwithstanding any failure by Shipper during such month, for any reason whatsoever including Force Majeure, to deliver or receive quantities of gas authorized by TransCanada.

5. DEMAND CHARGE ADJUSTMENTS

- 5.1 If during any Day, TransCanada curtails the Contract Quantity for any reason related solely to TransCanada's operations, including an event of force majeure occurring on any of the pipeline systems of TransCanada's Combined Capacity, then the monthly demand charge shall be reduced by an amount equal to the Daily Demand Toll for service pursuant to this SNB Toll Schedule multiplied by the amount the Contract Quantity has been curtailed by TransCanada on such Day.

6. RENEWAL RIGHTS

- 6.1 If TransCanada determines in its sole discretion that the Contract is serving a long term market, Shipper shall have the option to renew (the "Renewal Option") the Contract for a renewal term (the "Renewal Term") of no less than 1 year, subject to the following conditions:
- (a) the Contract Quantity for the Renewal Term shall not be greater than, but may be less than, the Contract Quantity set out in the Contract;
 - (b) TransCanada receives written notice from Shipper of Shipper's election to exercise the Renewal Option which specifies the Renewal Term and Contract Quantity no less than 6 months prior to the termination of the Contract; and

- (c) Shipper supplies TransCanada at the time of such notice with evidence satisfactory to TransCanada that Shipper will meet the availability provisions of Section 2 herein.

TransCanada may accept late notice of Shipper's election to exercise the Renewal Option if TransCanada, in its sole discretion, determines that TransCanada will have the required capacity available after providing capacity for all of TransCanada's obligations pursuant to prior outstanding requests from Shipper and/or others, that such renewal will not adversely impact TransCanada's system operations and that all of the costs for providing this service will be covered by TransCanada's tolls. Contracts may be revised as of the effective renewal date to adhere to the then current pro forma Intra Day Balancing Service Contract.

Shipper may exercise the Renewal Option each year provided the conditions set out in sub-section 6.1 and 6.2 herein have been satisfied.

- 6.2 Provided TransCanada has either received timely notice as provided in sub-section 6.1(a) herein from Shipper of Shipper's election to exercise the Renewal Option, or accepted late notice from Shipper of its election to exercise the Renewal Option, and provided that Shipper has met the availability provisions of Section 2 herein, the Contract shall be amended as follows:

- (a) the Contract Quantity set out in the Contract shall be revised to the level specified in Shipper's written notice, effective as of the commencement of the Renewal Term; and
- (b) the term of the Contract shall be extended to that specified in Shipper's written notice, effective as of the commencement of the Renewal Term.

7. ASSIGNMENT

- 7.1 Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of TransCanada, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under any Contract into which this Toll Schedule is incorporated and any related contracts. Further, either Shipper or TransCanada may, without relieving itself of its obligations under any Contract into which this Toll Schedule is incorporated (unless consented to by the other party which consent shall not be unreasonably withheld), assign any of its rights and obligations thereunder to another party. Nothing herein shall in any way prevent either party to such Contract from pledging or mortgaging its rights thereunder as security for its indebtedness. Such Contract shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties thereto. No assignment hereunder in respect of a service which has already resulted in a reduction of the affected distributor's Contract Quantity shall entitle such distributor to any further reduction in its Contract Quantity.

- 7.2 Any assignment by Shipper is subject to the following conditions:
- (a) the assignment shall be for the remaining term of the Contract;
 - (b) Shipper shall provide TransCanada with at least 60 days written notice of such assignment prior to the requested assignment date, which shall be the first day of a calendar month;
 - (c) the FT-SN Contract has also been assigned to the same assignee as the Contract; and
 - (d) assignee and assignor shall execute TransCanada's assignment agreement.
- 7.3 Assignments at a discount negotiated between assignors and assignees are permitted, provided that the approved toll continues to be paid to TransCanada.
- 7.4 Prior to the effective date of any assignment of any Contract subject to sub-section XXIII(3)(b) of the General Terms and Conditions of TransCanada's Tariff, assignee shall as requested by TransCanada, execute an assignment of any related Financial Assurances Agreements (as defined in Section 4.4(c)(ii) of the Transportation Access Procedure) or execute a new Financial Assurances Agreement.
- 7.5 Save as herein provided, assignments of any Contracts into which this Toll Schedule is incorporated are expressly prohibited.

8. MISCELLANEOUS PROVISIONS

- 8.1 The General Terms and Conditions and the List of Tolls of TransCanada's Transportation Tariff, as amended from time to time, are applicable to this Toll Schedule and are hereby made a part hereof. If there is any conflict between the provisions of this Toll Schedule and the General Terms and Conditions, the provisions of this Toll Schedule shall prevail.
- 8.2 This Toll Schedule, the List of Tolls and the General Terms and Conditions are subject to the provisions of the National Energy Board Act or any other legislation passed in amendment thereof or substitution therefore.
- 8.3 This Toll Schedule together with the provisions of the General Terms and Conditions supersedes and replaces all previous Toll Schedules applicable to the Contract.