

**Report on Differences between Active Executed Mainline
Transportation Contracts and the *Pro forma* Contracts in the
Tariff as of October 1, 2011**

Introduction

By Order AO-1-TG-6-89, the National Energy Board (“Board”) requires TransCanada PipeLines Limited (“TransCanada”) to provide on a regular basis a summary and explanation of any differences between active executed Mainline Transportation Contracts and the *pro forma* contracts in the Tariff. To comply with this directive, TransCanada has prepared this report which is organized as follows:

- I. Summary and Explanation of Differences between active executed Mainline Transportation Contracts and the *pro forma* contracts in the Tariff as of October 1, 2011;
and
- II. Appendices A-F: Detailed Contract Information.

I. Summary and Explanation of Differences between active executed Mainline Transportation Contracts and the *pro forma* contracts in the Tariff as of October 1, 2011.

1. Alternate Receipt Points

Many Shippers have requested the ability to access supply at points other than the primary receipt point set out in their Firm Transportation (“FT”) contracts. Alternate Receipt points were not contemplated in the FT Toll Schedule or *pro forma* FT Contract. However, in the interest of meeting Shipper needs for supply flexibility, TransCanada added Alternate Receipt points to contracts upon request by the Shipper. TransCanada considered that adding Alternate Receipt points that were in the path of the contract was reasonable because there would be no impact on capacity or other Shippers, but there would be increased flexibility and value for Shippers using FT.

The majority of the Alternate Receipt points are supply locations in Saskatchewan under FT contracts with Empress as the Primary Receipt Point. More recently, downstream locations such as St. Clair and Dawn have been added to some contracts as Alternate Receipt points.

TransCanada has accommodated these Shipper requests for alternate receipt points on a reasonable efforts basis. No facilities have been constructed and no capacity has been reserved for alternate receipts. Over the last few years, TransCanada sought to bring clarity to the priority of service of alternate receipts by adding “commercially reasonable efforts” clauses to all new or amended FT contracts with alternate receipt points. These contracts are listed in Appendix A.

An example of the “commercially reasonable efforts” language, taken from Contract 6570, Kingston CoGen Limited Partnership, follows:

5. In respect of any alternate Receipt Point(s) and any alternate Delivery Point(s) set forth in Exhibit “1” hereto, TransCanada shall only be obligated to use commercially reasonable efforts to receive or deliver gas, as the case may be, at all such alternate Receipt Point(s) and alternate Delivery Point(s).

The same article in the Tariff *pro forma* FT Contract is as follows:

ARTICLE III - DELIVERY POINT(S) AND RECEIPT POINT(S)

3.1 The Delivery Point(s) hereunder are those points specified as such in Exhibit “1” which is attached hereto and made a part hereof.

3.2 The Receipt Point(s) hereunder are those points specified as such in Exhibit “1” hereof.

In 2004 TransCanada raised an issue with the Tolls Task Force to formally add Alternate Receipt points to the Tariff. TransCanada's Alternate Receipt proposal was approved by the Task Force in January, 2005 (Resolution 02.2005) and approved by the Board on March 10, 2005. This Resolution clarifies the priority and tolling of Alternate Receipt points and simplifies the administration of Alternate Receipt points by granting all FT contracts access to all in-the-path receipt points on a blanket basis. As set out in the Resolution, beginning in November 1, 2005 TransCanada would align existing contracts with the revised *pro forma* FT Contract with each renewal.

2. STS Contracts

Originally, Storage Transportation Service ("STS") was specifically designed for eastern local distribution companies with Storage Points at Dawn and Parkway and markets in the Western, Northern and Eastern Zones. The STS contracts listed in Appendix B were issued after January 1997 and provide service to Shippers with markets in other locations (e.g. Vermont Gas at Philipsburg) or with different Storage Delivery Points (e.g. Kirkwall). The then existing *pro forma* STS Contract did not accommodate these additional locations.

TransCanada drafted a revised *pro forma* STS Contract which accommodates storage locations other than Dawn and Parkway and market locations other than the Western, Northern and Eastern Zones. These changes were approved by the Tolls Task Force on February 10, 2005 (Resolution 07.2005) and approved by the Board on March 30, 2005.

The language in Contract 13307, Enbridge Gas Distribution Inc. is as follows:

WHEREAS Shipper has entered into storage and transportation arrangements with Union Gas Limited ("Union") whereby Union will accept gas delivered on Shipper's behalf by TransCanada at the Dawn and/or Parkway-Union delivery points described in Exhibit "A" hereto for storage and Union will deliver gas to TransCanada from storage at Parkway-Union or Kirkwall as described in Exhibit "A" hereto, on Shipper's behalf; and

The language taken from the *pro forma* STS Contract is as follows:

WHEREAS Shipper has entered into transportation arrangements with _____, other Transporter, whereby other Transporter will accept gas delivered on Shipper's behalf by TransCanada at the Storage Injection Point(s) for transportation to storage and other Transporter will deliver gas to TransCanada from storage at the Storage Withdrawal Point on Shipper's behalf; and

The language in Contract 15957, Enbridge Gas Distribution Inc. is as follows:

2.2 On any day during any Winter Period on a firm basis, and at other times on a best efforts basis, TransCanada agrees, in accordance with the provisions of Section 2.2(e) of the STS Toll Schedule, to accept at the ^{Storage} Receipt Point, transport and deliver to Shipper in the Central Delivery Area, thermally equivalent quantities of gas on a firm basis (the "Daily Transportation Quantity"); PROVIDED that TransCanada shall not be obligated to transport a quantity of gas on any one day during the term hereof in excess of the volume (s) set out below, which shall constitute the Contract Demand during the period of time indicated:

- (i) from November 1, 2002, to October 31, 2003: 92,822 GJ

The language in the *pro forma* STS Contract is as follows:

2.2 On any day during any Winter Period on a firm basis, and at other times on a best efforts basis, TransCanada agrees, in accordance with the provisions of sub-Section 2.2(c) of the STS Toll Schedule, to accept at the Storage Withdrawal Point, and transport and deliver to Shipper at the Market Point quantities of gas (the "Daily Withdrawal Quantity"); PROVIDED that TransCanada shall not be obligated to transport a quantity of gas on any one day during the term hereof in excess of _____ GJ (the "Contract Demand").

Exhibit A in Contract 15957, Enbridge Gas Distribution Inc. is as follows:

EXHIBIT 'A'

This is EXHIBIT 'A' to the CONTRACT for STORAGE TRANSPORTATION SERVICE, made as of the 3rd day of May, 2001, between TRANSCANADA PIPELINES LIMITED ("TransCanada") and THE CONSUMERS' GAS COMPANY LTD..

The Storage Delivery Points hereunder are located as follows:

Dawn:

At the junction of the facilities of TransCanada and Union adjacent to Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn, in the County of Lambton.

Parkway-Union:

At the junction of the facilities of TransCanada and Union in Part of Lot Ten (10), Concession Nine (9), New Survey, in the Town of Milton, in the Regional Municipality of Halton.

The Storage Receipt Points hereunder are located as follows:

Parkway-Union:

At the junction of the facilities of TransCanada and Union in Part of Lot Ten (10), Concession Nine (9), New Survey, in the Town of Milton, in the Regional Municipality of Halton.

Exhibit A in the *pro forma* STS Contract is as follows:

EXHIBIT "A"

This is EXHIBIT "A" to the CONTRACT for STORAGE TRANSPORTATION SERVICE, made as of the ____ day of _____, 20__, between TRANSCANADA PIPELINES LIMITED ("TransCanada") and _____.

The storage injection point(s) hereunder is the point of interconnection between the pipeline facilities of TransCanada and _____ which is (are) located at: _____ (the "Storage Injection Point").

The storage withdrawal point hereunder is the point of interconnection between the pipeline facilities of TransCanada and _____ which is located at: _____ (the "Storage Withdrawal Point").

The market point hereunder is the point of interconnection between pipeline facilities of TransCanada and _____ which is located at: _____ (the "Market Point").

3. FT Contract Article 2.1

The FT contracts listed in Appendix C, issued after January 1997, have a minor variation in the wording of Article 2.1 which defines Contract Demand. TransCanada has been unable to determine why the alternate wording was used; however, TransCanada provides that the alternate wording is fully consistent with the intent and spirit of the *pro forma* FT Contract and no changes are proposed.

A sample of the modified language used from Contract 5020, New York State Electric and Gas Corporation follows:

2. Article 2.1 of the Contract is hereby deleted in its entirety and replaced with the following:

"2.1 Subject to the provisions of this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions referred to in Section 7.1 hereof, TransCanada shall provide transportation service hereunder for Shipper in respect of a volume of natural gas which from the Date of Commencement to October 31, 2002, shall not in any one day exceed 28,493 GJ's; and the quantity of gas to be transported in any one day during each period of time is herein referred to as the "Contract Demand" for each such day during such period of time.

The language in the *pro forma* FT Contract is as follows:

2.1 Subject to the provisions of this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions referred to in Section 7.1 hereof, TransCanada shall provide transportation service hereunder for Shipper in respect of a quantity of gas which, in any one day from the Date of Commencement until the ___ day of _____, _____, shall not exceed _____ GJ (the "Contract Demand").

4. Assignment of PALS Contract

Article 7.5 was added to Parking and Loan Service ("PALS") master contracts (see Appendix D) stating that the contract is not assignable. TransCanada did not believe there was a need for assignment of master contracts since they are readily available to all shippers and do not require financial assurances. Specific rights and obligations (i.e. price, term, quantity and financial assurance requirements) are defined in the individual PALS Exhibits and not in the master contracts.

TransCanada will conduct further analysis of the need, costs and risks associated with assignment of master contracts. Upon completion of this analysis, TransCanada will, if necessary, bring forward changes to the *pro forma* PALS Contract to the Tolls Task Force for consideration.

An example of the additional clause from Contract 13736, Corporation of the City of Kitchener, follows:

7.5 This PALS Contract may not be assigned

The *pro forma* PALS Contract contains no such article.

5. Three-Party Agreement

The contracts listed in Appendix E were issued after January 1997 with two or more parties listed as "Shipper". The *pro forma* PALS Contract only contemplates one party as Shipper and signatory. TransCanada submits that the different wording used is fully consistent with the spirit and intent of the *pro forma* PALS Contract and accordingly does not propose any change.

A sample modification from Contract 10469 between TransCanada, UMC Petroleum Corporation and United Meridian Corporation follows:

PARKING AND LOAN SERVICE (PALS) CONTRACT

THIS CONTRACT, made for PARKING AND LOAN SERVICE as of the 19th day of August,
1997.

BETWEEN:

TRANSCANADA PIPELINES LIMITED
a Canadian corporation
("TransCanada")

OF THE FIRST PART

and

UMC PETROLEUM CORPORATION

a Company incorporated under the laws of
the State of Texas
("PALS Account Holder")

OF THE SECOND PART

and

UNITED MERIDIAN CORPORATION
a company incorporated under the laws of
the State of Texas
(UMC)

WITNESSES THAT:

TransCanada PipeLines Limited
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The language in the *pro forma* PALS Contract is as follows:

BETWEEN: TRANSCANADA PIPELINES LIMITED

a Canadian corporation
("TransCanada")

OF THE FIRST PART

and

("PALS Account Holder")

OF THE SECOND PART

6. Miscellaneous

29006 – The *pro forma* Interruptible Backhaul (“ITB”) Contract was re-filed with the Board effective November 29, 2005. Due to a clerical error, incorrect delivery pressures were entered for Emerson 1 and Emerson 2 on this document. TransCanada will re-issue the contract. The table from Article 8.1 of Contract 29006, Boss Energy Ltd. is as follows:

Delivery Point	Interconnecting Pipeline	Pressure Requirement kPa(g)
Emerson I	Viking Gas Transmission Company	Not greater than 5 171
Emerson II	Great Lakes Gas Transmission Limit	Not greater than 5 430

The corresponding table from the *pro forma* ITB Contract is as follows:

Delivery Point	Interconnecting Pipeline	Pressure Requirement kPa(g)
Emerson I	Viking Gas Transmission Company	Not greater than 5 170
Emerson II	Great Lakes Gas Transmission Limit	Not greater than 5 460

35799 – The delivery pressure at Chippawa has increased to 9,930 kpa (g). Article 8.1 of Contract 35799, KeySpan Gas East Corporation includes the following:

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the Chippawa Delivery Point to the pressure necessary for Shipper to have Empire State Pipeline accept receipt of such gas from Shipper for transportation from the Chippawa Delivery Point, provided that such pressure is not greater than 9 930 kPa (g).

The corresponding language from the *pro forma* FT Contract includes the following:

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the Chippawa Delivery Point to the pressure necessary for Shipper to have Empire State Pipeline accept receipt of such gas from Shipper for transportation from the Chippawa Delivery Point, provided that such pressure is not greater than 8 450 kPa (g).

TransCanada proposes no changes to this contract.