APPENDIX 6

FORTISBC ENERGY INC.

RATE SCHEDULE 48

LIQUEFIED NATURAL GAS (LNG) AND RENEWABLE LNG (RLNG) SALES, TRANSPORT, DISPENSING AND JETTY SERVICE

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1 Definitions

1.1 **Definitions** – Except where the context requires otherwise, all words and phrases defined below, in FortisBC Energy's Book of Rules or in the General Terms and Conditions of FortisBC Energy Inc. ("**FortisBC Energy**") and used in this Rate Schedule have the meanings set out below, in FortisBC Energy's Book of Rules or in the General Terms and Conditions of FortisBC Energy. Where any of the definitions set out below conflict with the definitions in the General Terms and Conditions of FortisBC Energy, the definitions set out below govern.

(a) **Authorized Quantity** – means, subject to interruptions or curtailments as provided in Section 9 (Transportation Service) or due to provisions of the Transportation Agreement, the quantity of energy (in Gigajoules) for each Day approved by the Transporter for Transportation Service on the Transporter's pipeline system, based on the quantity requested pursuant to Section 11.1 (Requested Quantity), adjusted as set out in Section 11.2 (Adjustment of Requested Quantity) or the quantity of energy approved for sale by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.

(b) **Available LNG Capacity** – means the total quantity of LNG available for sale to all Customers from LNG Facilities, whether Dispensed from a Marine Jetty or Truck Bay, under the LNG Rate Schedules, as determined by FortisBC Energy in its sole discretion without liability therefor. FortisBC Energy's determination of the Available LNG Capacity may consider FortisBC Energy's assessment of its overall LNG liquefaction and storage requirements, which includes providing peaking and emergency resources.

(c) **Backstopping Gas** – means Gas made available by FortisBC Energy as an interruptible backup supply if on any Day the Authorized Quantity is less than the Requested Quantity, adjusted as set out in Section 11.2 (Adjustment of Requested Quantity).

(d) **Balancing Gas** – means any Gas taken during a Day which is in excess of the Authorized Quantity, subject to Section 12.2 (Provision of Gas Balancing).

(e) **BDN** – means a bunker delivery note.

(f) **Book of Rules** – means the document or documents published on FortisBC Energy's website, as amended from time to time by FortisBC Energy, which set out operational and Marine Vessel-facing requirements, rules, policies and procedures in relation to LNG Service from a Marine Jetty and Dispensing to Marine Vessels.

(g) **Bunker Vessel** – means a Marine Vessel used for receiving Dispensed LNG.

(h) **Cancellation Fee** – means a fee which FortisBC Energy may charge the Customer if there is a Shortfall Quantity and shall be equal to the Marine Jetty Service Charge multiplied by the Shortfall Quantity, subject to any adjustments permitted in the Book of Rules which FortisBC Energy may apply at its sole discretion without liability therefor.

(i) **Commencement Date** – means the day specified as the Commencement Date in the Transportation Agreement.

(j) **Commodity Cost Recovery Charge** – means the commodity cost recovery charge set out in the Table of Charges for LNG Service as approved by the British Columbia Utilities Commission applicable to Customers selecting to purchase natural gas from FortisBC Energy.

(k) **Contract Demand** – means the minimum quantity of LNG, measured in Gigajoules, that FortisBC Energy agrees to supply and the Customer agrees to purchase and pay per year under the LNG Agreement, whether or not such quantity is actually taken by the Customer.

(l) **Contract Term** – means the term specified in the LNG Agreement, and will expire at 12:00 a.m. Pacific Standard Time on the Expiry Date.

(m) **Contract Year** – means a period specified in the Transportation Agreement of 12 consecutive Months commencing at the beginning of the 1st Day of November and ending at the beginning of the next succeeding 1st Day of November.

(n) **Customer** – means a Person entering into the LNG Agreement or Transportation Agreement, as applicable, with FortisBC Energy.

(o) **Customer Group** – means a Customer and its Affiliates.

(p) **Day** – means, subject to Section 1.2 (Change in Definition of "Day"), any period of twenty-four consecutive hours beginning and ending at 12:00 a.m. Pacific Standard Time for LNG Service and 7:00 a.m. Pacific Standard Time for Transportation Service.

(q) **Delivery Charge** – means the sum of:

(i) an LNG Facility Charge, which is the unit cost per Gigajoule to deliver Gas from the Interconnection Point to the LNG Facilities and to produce and store all LNG at the LNG Facilities, excluding the Electricity Surcharge and Marine Jetty Service Charge;

(ii) an Electricity Surcharge, which is the unit cost per Gigajoule for electricity consumed by the LNG Facilities to produce, store and Dispense all LNG at a Marine Jetty, as applicable; and

(r) **Delivery Point** – means the point of Dispensing LNG to a Marine Vessel from a Marine Jetty where the outlet flange connects with the Marine Vessel or, if FortisBC Energy determines in its sole discretion without liability therefor, that a Marine Jetty is unavailable, to a Tanker from a Truck Bay at the outlet flange of the LNG Facilities' mass flow meter or applicable measuring equipment.

(s) **Dispensing** or any form of the verb **Dispense** – means the act of delivering LNG at the Delivery Point.

(t) **DTQ or Daily Transportation Quantity** – means the Firm DTQ.

(u) **EKE** – means the East Kootenay Exchange, an Interconnection Point where the FortisBC Energy System interconnects with the facilities of TransCanada PipeLines Limited (Foothills System, B.C.).

(v) **Expiry Date** – means the date specified in the LNG Agreement or the Transportation Agreement when service under the agreement ceases.

(w) **Firm DTQ** – means the maximum quantity of Gas that FortisBC Energy is obligated to transport for and deliver on a firm basis to a Shipper at the Delivery Point on any particular Day, which reasonably reflects the Shipper's requirements and is specified in a Transportation Agreement.

(x) **Firm Nominated Quantity** – means the quantity of LNG which FortisBC Energy commits to Dispense at a Marine Jetty and the Customer commits to take and pay for.

(y) **Force Majeure** – means any acts of God, strikes, lockouts, or other industrial disturbances, civil disturbances, arrests and restraints of rulers or people, interruptions by government or court orders, present or future valid orders of any regulatory body having proper jurisdiction, acts of the public enemy, wars, riots, blackouts, insurrections, failure or inability to secure materials or labour by reason or regulations or orders of government, serious epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, tsunamis, natural occurrences, explosions, breakage or accident to machinery, liquefaction, storage, and dispensing equipment, or lines of pipes, or freezing of wells or pipelines, or the failure of Gas supply, temporary or otherwise, from a Supplier of Gas, or a declaration of Force Majeure by a gas Transporter that results in Gas being unavailable for delivery at the Interconnection Point, or any major disabling event or circumstance in relation to the normal operations of the party concerned as a whole, whether or not foreseen, which is beyond the reasonable control of the party directly affected and results in a material delay, interruption or failure by such party in carrying out its obligations under the Rate Schedule. Force Majeure events cannot be due to negligence of the party claiming Force Majeure.

(z) **FortisBC Energy Related Parties** – means FortisBC Energy and its Affiliates, and its and their respective directors, officers, employees, contractors, agents, successors and permitted assigns.

(aa) **FSC Window** – means the hours required for food, social and ceremonial fisheries authorized for a First Nation by Fisheries and Oceans Canada.

(bb) **Gas** – means natural gas (including odorant added by FortisBC Energy), or Renewable Liquefied Natural Gas (RLNG), or a mixture of any or all of the above.

(cc) **Group** – means a group of Shippers who each transport Gas under a transportation Rate Schedule, have a common Shipper Agent, and who have each entered into a Transportation Agreement.

(dd) **Interconnection Point** – means a point where the FortisBC Energy System interconnects with the facilities of one of the Transporters of FortisBC Energy, as specified in a Transportation Agreement.

(ee) **LNG** – means liquefied Gas.

(ff) **LNG Agreement** – means the Liquefied Natural Gas and Renewable Liquefied Natural Gas Sales and Dispensing Service Agreement between FortisBC Energy and the Customer for the provision of LNG Service, a form of which is attached to this Rate Schedule.

(gg) **LNG Facilities** – means the current or future LNG production and storage plants and equipment that are owned or operated by FortisBC Energy or are under contract with FortisBC Energy to provide LNG to FortisBC Energy.

(hh) **LNG Output** – means the total quantities of Gas delivered from the LNG Facilities either by vaporization of LNG or Dispensing of LNG.

(ii) **LNG Rate Schedules** – means Rate Schedule 46 and this Rate Schedule.

(jj) **LNG Service** – means the service of the liquefaction and storage of LNG at the LNG Facilities, Dispensing of LNG at the Delivery Point and includes Long-Term LNG Service, Short-Term LNG Service and Spot LNG Service as applicable. LNG Service does not include Transportation Service.

(kk) **LNG Spot Charge** – means the LNG spot charge per Gigajoule of LNG as set out in the Table of Charges for LNG Service and the Table of Charges for Transportation Service.

(ll) **Loading** or any form of the verb **Load** – means **Dispensing.**

(mm) **Loading Charge** – means fee for loading LNG when loading takes in excess of two hours.

(nn) **Long-Term LNG Service** – means LNG Service under this Rate Schedule with a minimum Contract Term of five (5) years or more and a specified Contract Demand for the duration of the Contract Term.

(oo) **Marine Jetty** – means an LNG marine loading facility owned or operated by FortisBC Energy or under contract with FortisBC Energy to Dispense LNG to Marine Vessels.

(pp) **Marine Jetty Service Charge** – means the charge applicable to LNG Service from a Marine Jetty to a Marine Vessel, calculated in Gigajoules. For clarity, if the Delivery Point for LNG Service to a Marine Vessel is a Truck Bay, the Marine Jetty Service Charge is not applicable.

(qq) **Marine Vessel** – means a Marine Vessel of varying size used for receiving LNG Dispensed.

(rr) **Market Adjustment Charge** – means a dollar per Gigajoule charge, determined from time to time by FortisBC Energy in its sole discretion without liability therefor, that is no less than 0 percent and no greater than 10 percent of the sum of the LNG Facility Charge, the Electricity Surcharge, the Marine Jetty Service Charge, the Storage and Transportation Charge and related riders, and the Commodity Cost Recovery Charge as set out in the Table of Charges for LNG Service, irrespective of applicability.

(ss) **Maximum Liability Cap** – means an amount equal to the total cost payable for the quantity of LNG Dispensed as requested by the Customer for each Dispensing occurance.

(tt) **Minimum Monthly Charge** – means a minimum Monthly charge, applicable to Long-Term LNG Service and Short-Term LNG Service only, calculated by multiplying the applicable Minimum Monthly Quantity by the sum of the Delivery Charge and the Marine Jetty Service Charge.

(uu) **Minimum Monthly Quantity** – means, as applicable, either (i) the amount equal to one-twelfth of the annual Contract Demand, or (ii) Customer's committed quantity of LNG to take and pay within each Month allocated to each Month pursuant to the provisions of Section 5.2(b) (Allocation of Contract Demand).

(vv) **Month** – means, subject to any changes from time to time required by FortisBC Energy, the period beginning at 12:00 a.m. Pacific Standard Time on the first day of the calendar month and ending at 12:00 a.m. Pacific Standard Time on the first day of the next succeeding calendar month.

(ww) **Non-Bypass Shipper** – means a Shipper that receives Service under Rate Schedule 23, 25 or 22A and pays rates as set out in the standard table of charges for the applicable Rate Schedule.

(xx) **Other Charges** – means a Demurrage Charge, a Loading Charge and a Cancellation Fee as set out in the Table of Charges for LNG Service and the Table of Charges for Transportation Service.

(yy) **Peak Day Demand** – means the quantity of energy used for the purposes of determining the Peaking Gas and EKE Receipt Service available to a firm Non-Bypass Shipper or Rate Schedule 48 Shipper, as calculated pursuant to Section 14.3 (Peak Day Demand).

(zz) **Peaking Gas** – means Gas which is provided to the Shipper by FortisBC Energy in accordance with the provisions of Section 14 (Peaking Gas Service).

(aaa) **Peaking Gas Quantity** – means the Peaking Gas available to a Non-Bypass Shipper or Rate Schedule 48 Shipper on a Day, determined pursuant to the provisions of Section 14.4 (Peaking Gas Quantity).

(bbb) **Process Fuel Gas** – means:

(i) Gas consumed in the production of LNG at the LNG Facilities; and

(ii) losses of Gas.

Process Fuel Gas is deemed to be a quantity equal to 1% (one percent) of the LNG Dispensed to the Customer for this Rate Schedule after the Available LNG Capacity for all LNG Rate Schedules exceeds 20,000 Gigajoules per Day, but thereafter the Process Fuel Gas percentage will be updated annually based on the prior year's actual percentages of Gas consumed and losses of Gas at the LNG Facilities.

(ccc) **Rate Schedule 48 or this Rate Schedule** – means this Rate Schedule, inclusive of the Table of Charges for LNG Service, the Table of Charges for Transportation Service, the LNG Agreement, and the Transportation Agreement.

(ddd) **Renewable Liquefied Natural Gas (RLNG)** – means raw gas substantially composed of methane that is produced by the breakdown of organic matter in the absence of oxygen which is purified or upgraded to pipeline quality gas (RNG), or gas substantially composed of methane that is produced by other processes and recognized by government to be RNG, and liquefied.

(eee) **RLNG Charge** – means the charge for RLNG Service and Transportation RLNG Service set out in Section 28.4 (Price Determination) of the General Terms and Conditions of FortisBC Energy and the applicable Table of Charges in this Rate Schedule.

(fff) **RLNG Service** – means the RLNG Service provided to Customers under this Rate Schedule.

(ggg) **Replacement Gas** – means Gas which is provided to a Shipper by FortisBC Energy in the event the Shipper fails to return Peaking Gas Quantity pursuant to Section 14.6 (Return of Peaking Gas Quantity).

(hhh) **Requested Peaking Gas Quantity** – means the quantity of energy for each Day requested as Peaking Gas under this Rate Schedule.

(iii) **Requested Quantity** – means the quantity of energy for each Day requested for firm Transportation Service under Rate Schedule 48, or for sales by FortisBC Energy under an applicable Rate Schedule, or any component or aggregate of these quantities, as the context requires.

(jjj) **Shipper** – means a Customer who enters into a Transportation Agreement with FortisBC Energy and who is also the consumer of the Gas transported.

(kkk) **Shipper Agent** – means a person who enters into a Shipper Agent Agreement with FortisBC Energy.

(lll) **Shipper Agent Agreement** – means an agreement between FortisBC Energy and a Shipper Agent, the form of which is appended as Schedule A to the Transportation Agreement.

(mmm) **Shortfall Quantity** – means an amount of LNG that a Customer nominates on a firm basis for Dispensing at a Marine Jetty to a Marine Vessel, but fails to take, and is calculated as the positive difference that is not attributable to any curtailment by FortisBC Energy between:

(i) the Firm Nominated Quantity for the Dispensing of LNG at a Marine Jetty to a Marine Vessel, less the operational tolerance defined in the Book of Rules; and

(ii) the actual quantity of LNG Dispensed at the Marine Jetty to the Marine Vessel.

(nnn) **Short-Term LNG Service** – means the LNG Service under this Rate Schedule with a minimum Contract Term of one (1) year and a maximum Contract Term of less than five (5) years and a specified Contract Demand for the duration of the Contract Term.

(ooo) **Southern Crossing Pipeline** – means the pipeline and other facilities constructed by FortisBC Energy from EKE to an interconnection with existing FortisBC Energy facilities near Oliver that will enable FortisBC Energy to transport Gas between EKE and the Delivery Point.

(ppp) **Spot LNG Service** – means the Dispensing and sale of LNG on a spot load basis to a Customer at the LNG Spot Charge per Gigajoule, as further specified in Section 3.5 (Spot LNG Service Availability).

(qqq) **Storage and Transportation Charge** – means the storage and transport charge as set out in the Table of Charges for LNG Service and approved by the British Columbia Utilities Commission that is applicable for Customers selecting to purchase their Gas from FortisBC Energy.

(rrr) **Sumas Daily Price** – means the "NW Sumas" Daily Midpoint Price as set out in Gas Daily's Daily Price Survey for Gas delivered to Northwest Pipeline Corporation at Sumas, converted to Canadian dollars using the noon exchange rate as quoted by the Bank of Canada one Business Day prior to the Gas flow date, for each Day. Energy units are converted from MMBtu to Gigajoule by application of a conversion factor equal to 1.055056 Gigajoule per MMBtu.

(sss) **Supplier** – means a party who sells Gas to a Shipper or FortisBC Energy or has access to its own supplies of Gas.

(ttt) **Table of Charges for LNG Service** – means the table or tables of prices, fees and charges for LNG Service, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, as appended to this Rate Schedule.

(uuu) **Table of Charges for Transportation Service** – means the table or tables of prices, fees and charges for Transportation Service, as amended from time to time by FortisBC Energy with the consent of the British Columbia Utilities Commission, as appended to this Rate Schedule.

(vvv) **Tanker** – means a cryogenic receptacle used for receiving, storing and transporting LNG, including without limitation, portable tankers, ISO containers, or other similar equipment.

(www) **Timely Nomination Cycle** – means nominations received for the following Day or subsequent Day(s), which closes at 11:00 a.m. Pacific Standard Time.

(xxx) **Transportation Agreement** – means an agreement between FortisBC Energy and a Shipper to provide Transportation Service pursuant to Rate Schedule 48, a form of which is appended to this Rate Schedule.

(yyy) **Transportation Service** – means where a Shipper or Shipper Agent is responsible for the transportation of Gas from a Transporter to an Interconnection Point and FortisBC Energy is responsible for the delivery of the Gas to the Shipper at the Delivery Point.

(zzz) **Transportation RLNG Service** – means RLNG provided to a Transportation Service Customer which is only available under Rate Schedule 11 RNG for Large Volume Interruptible RNG Service.

(aaaa) **Transporter** – means, in the case of the Columbia area, TransCanada PipeLines Limited (Foothills System, B.C.) and NOVA Gas Transmission Ltd., and in the case of the Inland and Lower Mainland service areas, Westcoast Energy Inc., Northwest Pipeline LLC, FortisBC Huntingdon Inc., and any other gas pipeline transportation company connected to the facilities of FortisBC Energy from which FortisBC Energy receives Gas for the purposes of Gas transportation or resale.

(bbbb) **Transporter's Service Terms** – means the general terms and conditions of the applicable Transporter, as filed with and approved from time to time by the Canadian Energy Regulator or other applicable governmental authority.

(cccc) **Truck Bay –** means a specialized loading station where LNG is Dispensed from the LNG Facilities to a Tanker.

(dddd) **Unauthorized Overrun Gas** – means any Gas taken on any Day in excess of the curtailed quantity specified in any notice to interrupt or curtail a Shipper's take or to interrupt or curtail a Group's take, and for greater certainty, Unauthorized Overrun Gas includes all Gas taken by a Shipper or a Group to the extent that the obligation of FortisBC Energy to deliver such Gas is suspended by reason of Force Majeure.

1.2 **Change in Definition of "Day"** – FortisBC Energy may amend the definition of "Day" from time to time to suitably align its operations with those of its Transporters. If FortisBC Energy amends the definition of "Day", a pro-rata adjustment of quantities of Gas and charges to account for any Day of more or less than 24 hours will be made and the terms of the Transportation Agreement will be similarly adjusted.

2 Applicability

2.1 **Applicability** – This Rate Schedule applies to the LNG Service provided by FortisBC Energy to Marine Vessels. This Rate Schedule also applies to Transportation Service if a Customer elects such optional service.

2.2 **Amendment of Rate Schedule** – Amendments to this Rate Schedule must be in accordance with the Direction to the British Columbia Utilities Commission respecting FortisBC Energy's Liquefied Natural Gas Service.

3 Conditions of LNG Service

3.1 **Availability of LNG Service** – FortisBC Energy will only provide LNG Service to a Customer if:

(a) adequate capacity exists on the FortisBC Energy System, as determined by FortisBC Energy in its sole discretion without liability therefor;

(b) there is Available LNG Capacity that is not already subject to Contract Demand under LNG Agreements for Long-Term LNG Service or Short-Term LNG Service under the LNG Rate Schedules; and

(c) the Customer has entered into an LNG Agreement.

FortisBC Energy will endeavor to provide LNG Service from a Marine Jetty but reserves the right, in its sole discretion without liability therefor, to Dispense some or all of the Contract Demand designated at the time of entering the LNG Agreement and/or during the Contract Term from another facility or Delivery Point for Dispensing some or all of the Contract Demand.

3.2 **Book of Rules** – LNG Service from a Marine Jetty is subject to compliance at all times with FortisBC Energy's Book of Rules. If any of the Customer, the Marine Vessel designated to receive LNG for the Customer at the Marine Jetty, or the Marine Vessel's master and crew, does not comply with the Book of Rules, then FortisBC Energy may refuse to provide LNG Service or suspend, curtail, condition or otherwise limit the provision of LNG Service, all at its sole discretion without liability therefor. The Customer shall be responsible to cause the aforementioned Marine Vessel and its master and crew to comply with the Book of Rules. No waiver, modification or other accommodation granted by FortisBC Energy of compliance with any requirement set out in the Book of Rules will operate or be construed as a waiver, modification or other accommodation of any other or future obligation to comply with that or any other requirement in the Book of Rules, whether of a like or different character.

3.3 **Limitation on Short-Term LNG Service** – If, in the determination of FortisBC Energy, the sum of the Contract Demand of all LNG Agreements of all LNG Rate Schedules for Short-Term LNG Service exceeds 20% of the Available LNG Capacity, FortisBC Energy may, in its sole discretion without liability therefor:

(a) decline to enter into new LNG Agreements for Short-Term LNG Service; or

(b) limit the Contract Demand made available under new LNG Agreements for Short-Term LNG Service.

3.4 **LNG Service Priority Where There Are Competing Requests for LNG Service** – In allocating Available LNG Capacity that is not already committed as Contract Demand under an LNG Agreement under the LNG Rate Schedules among competing requests for new Long-Term LNG Service or Short-Term LNG Service, FortisBC Energy will give priority based on:

(a) first, length of Contract Term, with longer terms having priority over shorter terms;

(b) if the desired Contract Term is the same for more than one potential Customer, then by quantity, with larger quantities having priority over smaller quantities; and

(c) if the Contract Term and quantity are equal, FortisBC shall have the right to consider other factors it deems appropriate at the time and determine the priority of competing requests, in its sole discretion without liability therefor.

3.5 **Spot LNG Service Availability** – Spot LNG Service is the lowest priority LNG Service and will be conditional based on the availability of sufficient capacity remaining after deducting the Contract Demand from all LNG Agreements under the LNG Rate Schedules for Long-Term LNG Service and Short-Term LNG Service from the Available LNG Capacity. FortisBC Energy is under no obligation to reserve or set aside Available LNG Capacity for either new or existing Spot LNG Service. The Customer may request Spot LNG Service without contracting for Long-Term LNG Service or Short-Term LNG Service.

3.6 **LNG Service Subject to Curtailment** – LNG Service is subject to curtailment under Section 6.2 (Curtailment of Dispensing Service).

3.7 **Insurance** – a Customer taking service at the Marine Jetty shall, at its own expense, obtain and maintain insurance that meets FortisBC Energy's minimum insurance requirements applicable to such service. The detailed insurance requirements, including without limitation the types of coverage, limits, conditions, and any risk based variations (including those related to vessel size, class, or operations), are set out in the Book of Rules and may be amended from time to time.

4 Conditions of Transportation Service

4.1 **Conditions of Transportation Service** – FortisBC Energy does not provide Transportation Service as a common carrier. FortisBC Energy will only transport Gas under this Rate Schedule to Shippers in the territory served by FortisBC Energy under the FortisBC Energy tariff of which this Rate Schedule is a part if:

(a) the Shipper has entered into a Transportation Agreement; and

(b) adequate capacity exists on the FortisBC Energy System.

4.2 **Security** – In order to secure the prompt and orderly payment of the charges to be paid by the Shipper to FortisBC Energy under the Transportation Agreement, FortisBC Energy may require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Shipper under this Rate Schedule and the Transportation Agreement for a period of 90 Days. Where FortisBC Energy requires a Shipper to provide a letter of credit and the Shipper is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may accept such security, in its sole discretion without liability therefor, in lieu of a letter of credit.

5 Purchase of LNG

5.1 **Determination of Contract Demand** – FortisBC Energy will determine the Contract Demand offered to each Customer, and for acceptance by each Customer by concluding an LNG Agreement, taking into consideration the Customer's forecast Daily or Monthly LNG requirements, the Available LNG Capacity, the Contract Demand under other LNG Agreements under the LNG Rates Schedules, and other service and operational requirements. FortisBC Energy may, in its sole discretion without liability therefor, specify a per Customer or per project limit on the Contract Demand offered to Customers.

5.2 **Allocation of Contract Demand** – At the time the Customer and FortisBC Energy enter into a LNG Agreement, subject to all of the terms and conditions of this Rate Schedule, FortisBC Energy will, at its sole discretion without liability therefor, either:

(a) allocate the Contract Demand equally over either the Days or Months of the year, or annually (with the choice of Days or Months or annually being for FortisBC Energy, in its sole discretion without liability therefor); or

(b) in consultation with the Customer, develop an annual Contract Demand schedule with fluctuations in allocated Contract Demand over different time periods in the year, in which case FortisBC Energy will allocate accordingly the total annual Contract Demand in portions to each Month, which Monthly quantity shall establish Customer's committed quantity of LNG to take and pay within each Month ("**Minimum Monthly Quantity**").

5.3 **Alternative Supplier of LNG** – In the event that FortisBC Energy is not able to supply LNG by reason of a curtailment under Section 6.2 (Curtailment of Dispensing Service), the Customer may utilize a temporary LNG supplier until FortisBC Energy is able to resume supply and the Contract Demand shall be adjusted by the amount of LNG obtained from such temporary supplier.

5.4 **Purchase Over Contract Demand** – A Customer may purchase in excess of the Contract Demand as Spot LNG Service, subject to Section 3.5 (Spot LNG Service Availability). The rate payable for any excess quantity purchased shall be the Spot Load LNG Charge as specified in Section 8.1 (LNG Service Charges).

6 Dispensing of LNG

6.1 **Dispensing of LNG** – Subject to Section 13.2 (Right to Restrict) of the General Terms and Conditions of FortisBC Energy and all of the terms and conditions of this Rate Schedule, the Customer or its agent(s) shall comply at all times with all procedures:

(a) set out in the Book of Rules if taking LNG Service from a Marine Jetty, in accordance with Section 3.2 (Book of Rules); or,

(b) for directly connecting the Tanker or other similar equipment to the LNG Facilities for Dispensing, if FortisBC Energy determines in its sole discretion without liability therefore that a Marine Jetty is unavailable.

6.2 **Curtailment of Dispensing Service** – FortisBC Energy may, for any length of time, curtail under this Rate Schedule by reason of Force Majeure under Section 26 (Force

Majeure), for Periodic Repair by FortisBC Energy under Section 26.7 (Periodic Repair by FortisBC Energy), for designated FSC Window Hours, and for purposes and reasons under Section 13.2 (Right to Restrict) of the General Terms and Conditions of FortisBC Energy.

If FortisBC Energy determines, in its sole discretion without liability therefore, that curtailment under this Section 6.2 (Curtailment of Dispensing Service) is required, FortisBC Energy will ordinarily curtail in the following manner:

(a) Spot LNG Service will be curtailed first.

(b) If further curtailment is required, then Customers that provide written notice to FortisBC Energy that they agree to be curtailed in whole or in part will be curtailed to the extent agreed to in their written notice.

(c) If further curtailment is required, then Short-Term LNG Service will be curtailed before Long-Term LNG Service. Short-Term LNG Service will be curtailed pro-rata based on Contract Demand.

(d) If further curtailment is required, then Long-Term LNG Service with a Contract Term of between five (5) and ten (10) years in duration will be curtailed pro-rata based on Contract Demand.

(e) If further curtailment is required, then Long-Term LNG Service with a Contract Term longer than ten (10) years will be curtailed pro-rata based on Contract Demand.

In the event that FortisBC Energy is not able to supply LNG by reason of a curtailment under this Section 6.2 (Curtailment of Dispensing Service), the Customer may utilize an alternative fuel, if applicable, until FortisBC Energy is able to resume supply and the Contract Demand shall be adjusted by the amount of alternative fuel utilized. For clarity, the amount of alternative fuel will be converted into energy units comparable to gigajoules of LNG as described in Section 22 (Measurement of LNG).

In the event of any curtailment in excess of 72 hours, excluding hours designated as FSC Window Hours, in any given Month, then the Minimum Monthly Charge will be prorated in that Month to reflect the full duration of the curtailment. The Customer remains responsible for the total Minimum Monthly Charge if the curtailment is less than 72 hours, excluding hours designated as FSC Window Hours, in that Month.

For clarity:

(a) In the event of a reduction in capacity due to a limitation in respect of a Marine Jetty, curtailment under this Section 6.2 (Curtailment of Dispensing Service) will apply only in respect of Customers to the extent they are to Dispense LNG from the relevant Marine Jetty.

(b) In the event of a reduction in capacity due to a limitation in respect of the LNG Facilities, curtailment under this Section 6.2 (Curtailment of Dispensing Service) will apply to all Customers.

6.3 **Notice of Curtailment of LNG Service** – Notwithstanding Section 24.1 (Notice), unless prevented by Force Majeure, each notice from FortisBC Energy to the Customer with respect to curtailment of LNG Service by FortisBC Energy will be by telephone or email and will specify the portion of the Customer's Contract Demand that is to be curtailed and the time at which such curtailment is to commence.

6.4 **Title Transfer**

(a) If the Customer has not entered into a Transportation Agreement, title to and risk of loss of, damage to, or damage caused by the LNG sold and Dispensed hereunder shall pass from FortisBC Energy to the Customer at the Delivery Point.

(b) If the Customer has entered into a Transportation Agreement, risk of loss of, damage to, or damage caused by the Gas shall pass from the Shipper to FortisBC Energy at the Interconnection Point, and shall pass back to the Shipper at the Delivery Point.

(c) Where applicable, title to and risk of loss of, damage to, or damage caused by Gas vapour returned from a Marine Vessel to a Marine Jetty during Dispensing operations will pass from the Customer to FortisBC Energy as it passes the point where the outboard faces of the flange coupling of the vapour return line of the Marine Vessel connects with the inlet faces of the flange coupling of the vapour return line of a Marine Jetty.

7 Rights and Responsibilities if Marine Jetty Unavailable

7.1 **Responsibility for Compliance** – The Customer, in its acceptance, transport, use or storage of the LNG, shall at all times be in compliance with the requirements of all applicable laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter, including, but not limited to, the federal Transportation of Dangerous Goods Act and associated regulations and British Columbia’s Environmental Management Act and associated regulations. It is the sole responsibility of the Customer to ensure that any personnel, vehicle or Tanker provided by the Customer or its agent for Dispensing and transportation meets those requirements.

7.2 **Right to Refuse** – Notwithstanding Section 7.1 (Responsibility for Compliance), FortisBC Energy at its sole discretion may refuse to Dispense LNG to the Customer, if in FortisBC Energy’s good faith determination, the Dispensing or transportation of LNG to the Customer may be contrary to any laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction, including, but not limited to, the federal Transportation of Dangerous Goods Act and its associated regulations and British Columbia’s Environmental Management Act and associated regulations.

7.3 **Responsibility for LNG Transportation Emergency Response** – The Customer acknowledges that FortisBC Energy will incur costs to comply with applicable laws relating to emergency response during the transportation of the LNG Dispensed to the Customer under this Rate Schedule. FortisBC Energy reserves the right to charge the Customer for costs FortisBC Energy incurs to comply with such laws.

In the event FortisBC Energy responds to a transportation emergency involving LNG Dispensed to the Customer under this Rate Schedule, the Customer shall at its expense provide assistance to FortisBC Energy upon request. The Customer shall reimburse FortisBC Energy for all costs incurred by FortisBC Energy responding to such an emergency.

7.4 **Required Insurance** – The Customer must maintain General Commercial Liability Insurance for bodily injury, death and property damage in the minimum amount of $5,000,000 per occurrence naming FortisBC Energy as an additional insured with respect to LNG Service provided to the Customer.

8 Terms of Payment

8.1 **LNG Service Charges** – The Customer will pay to FortisBC Energy all of the applicable charges, including the following charges for LNG Service, as set out in the Table of Charges for LNG Service or the Table of Charges for Transportation Service:

(i) For Long-Term LNG Service and Short-Term LNG Service, the Customer will pay to FortisBC Energy all of the following charges each Month:

(A) a charge calculated as the greater of

i. the Delivery Charge, multiplied by the quantity of LNG, measured in Gigajoules, Dispensed to the Customer;

or

ii. the Minimum Monthly Charge; plus

(B) the commodity related charges, calculated by multiplying:

i. the quantity of LNG, measured in Gigajoules, Dispensed to the Customer plus Process Fuel Gas, minus the percentage of a Customer's selection of RLNG measured in Gigajoules;

by

ii. the Commodity Cost Recovery Charge, plus

(C) when the customer selects a percentage of LNG to be supplied as RLNG, a charge for RLNG, calculated by multiplying:

i. the quantity of LNG, measured in Gigajoules, Dispensed to the Customer multiplied by the Customer's selected percentage LNG supplied from RLNG;

by

ii. the RLNG Charge, plus

(D) when the customer is served from a Marine Jetty, a charge for use of the Marine Jetty, calculated by multiplying:

i. the quantity of LNG, measured in Gigajoules, Dispensed to the Customer;

by

ii. the Marine Jetty Service Charge; plus

(E) the quantity of LNG, measured in Gigajoules, Dispensed to the Customer, plus Process Fuel Gas multiplied by the sum of the Storage and Transportation Charge, Rider 6, plus

(F) a market adjustment, calculated by multiplying:

i. the quantity of LNG, measured in Gigajoules, Dispensed to the Customer plus Process Fuel Gas;

by

ii. the Market Adjustment Charge; plus

(G) when applicable, Other Charges.

(ii) A Long-Term LNG Service or Short-Term LNG Service Customer whose Contract Demand is greater than 182,500 Gigajoules may choose to provide its own Gas commodity and Process Fuel Gas to the Interconnection Point, by electing Transportation Service. If a Customer elects Transportation Service, FortisBC Energy and the Customer will enter into a Transportation Agreement in the form appended to this Rate Schedule. In such cases, the Customer will not be subject to the Commodity Cost Recovery Charge, RLNG Charge, the Storage and Transportation Charge, Rider 6, and will pay to FortisBC Energy all of the charges set out in the Table of Charges for Transportation Service.

(iii) Spot Load LNG Charge – For Spot LNG Service, the Customer will pay to FortisBC Energy all of the charges in Section 8.1(i) (LNG Service Charges), except that, in lieu of the charge under Section 8.1(i)(A) (LNG Service Charges), the Customer will pay a Spot Charge calculated by multiplying:

i. the quantity of LNG, measured in Gigajoules, Dispensed to the Customer plus Process Fuel Gas

by

ii. the LNG Spot Charge.

8.2 **Currency** – Unless otherwise indicated, all dollar amounts or the use of the symbol "$" in this Rate Schedule, shall be deemed to refer to Canadian dollars.

8.3 **Payment of Amounts** – The Customer will pay to FortisBC Energy all of the applicable charges set out in:

(a) the Table of Charges for LNG Service, if the Customer has not signed a Transportation Agreement; or

(b) the Table of Charges for Transportation Service, if the Customer has signed a Transportation Agreement.

9 Transportation Service

9.1 **Transportation of Gas** – If the Customer meets the requirements under Section 8.1(ii) (LNG Service Charges) and wishes to receive Transportation Service, and, subject to Section 13 (Interruption of Service) of the General Terms and Conditions of FortisBC Energy, and all of the terms and conditions of this Rate Schedule, FortisBC Energy will on each Day transport for and deliver to the Shipper at the Delivery Point the Authorized Quantity, received at the Interconnection Point from the Transporter up to the Requested Quantity, where adequate capacity exists on the FortisBC Energy System. On each Day, if the Shipper's Gas received at the Interconnection Point is not Dispensed to the Shipper or is not authorized for delivery to the Shipper, FortisBC Energy will be entitled to utilize such Gas subject to all the terms of this Rate Schedule and the Transportation Agreement.

9.2 **Curtailment of Transportation Service** – Consistent with the provisions of Section 11.5 (Failure to Deliver to Interconnection Point), if at any time FortisBC Energy, acting reasonably, determines that it is not able to provide Balancing Gas or Backstopping Gas, FortisBC Energy may curtail the Shipper's take to the lesser of the Authorized Quantity or the Firm DTQ.

9.3 **Default Regarding Curtailment** – The Shipper will comply with each notice to interrupt or curtail the Shipper's take. If the Shipper at any time fails or neglects to comply with a notice to interrupt or curtail the Shipper's take as set out in Section 11.5 (Failure to Deliver to Interconnection Point), FortisBC Energy may, in addition to any other remedy that it may then or thereafter have, at its option without liability therefor and without any prior notice to the Shipper:

(a) refuse to Dispense LNG at a Marine Jetty, as applicable; or

(b) Dispense such LNG and charge the Shipper for such LNG Dispensed on that Day the Unauthorized Overrun Gas charge set out in the Table of Charges for Transportation Service.

9.4 **Maximum Hourly Quantities** – FortisBC Energy will not be obliged to receive or deliver in one Hour more than 5% of the quantity of Gas that the Shipper is authorized to receive on any Day.

10 Table of Charges for Transportation Service

10.1 **Charges** – In respect of all quantities of Gas delivered to the Delivery Point pursuant to this Rate Schedule and the Transportation Agreement, the Shipper will pay to FortisBC Energy all of the charges set out in the Table of Charges for Transportation Service whether or not the Shipper is a member of a Group. The Shipper Agent may elect to pay to FortisBC Energy the charges for the Backstopping Gas and the Balancing Gas taken, any Unauthorized Overrun Gas taken, and any Replacement Gas incurred for members of its Group. In the event the Shipper Agent fails to make an election or pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

10.2 **Charges for Unauthorized Service** – On any Day a Shipper takes Unauthorized Overrun Gas and/or Unauthorized Transportation Service, the Shipper will pay to FortisBC Energy

the Unauthorized Overrun Gas charge set out in the Table of Charges for Transportation Service. The Shipper Agent may elect to pay these charges for the members of its Group. In the event the Shipper Agent fails to make an election or does not pay these charges for and on behalf of the Shippers which are members of its Group, FortisBC Energy will bill the Shippers directly.

10.3 **Payments Not License** – Payments made to FortisBC Energy for Unauthorized Overrun Gas or Unauthorized Transportation Service neither give the right to take Unauthorized Overrun Gas or Unauthorized Transportation Service, nor exclude or limit any other remedies available to FortisBC Energy for the taking or use of Unauthorized Overrun Gas or Unauthorized Transportation Service.

10.4 **Demand Surcharge** – If the Shipper is a member of a Group which includes a Shipper under Rate Schedules 22, 22A or 22B, then the Group and its members will be subject to demand surcharges under Section 7 (Unauthorized Use) of Rate Schedule 22.

11 Nomination

11.1 **Requested Quantity** – The Shipper or Shipper Agent will provide notice to FortisBC Energy on the Web Information and Nomination System ("**WINS**") or other method approved by FortisBC Energy, prior to the Timely Nomination Cycle on each Day (or such other time as may be specified from time to time by FortisBC Energy) such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours and/or subsequent Day(s). If the Shipper or Shipper Agent does not notify FortisBC Energy in accordance with the foregoing, then the Shipper or Shipper Agent's Requested Quantity for the Day commencing in approximately 24 hours will be deemed to be zero, subject to Section 11.2 (Adjustment of Requested Quantity). The Shipper or Shipper Agent is required to provide their best estimate of the quantity of Gas to be Dispensed to the Shipper(s) on such Day.

11.2 **Adjustment of Requested Quantity** – The Shipper or Shipper Agent will provide notice to FortisBC Energy on the WINS, or other method approved by FortisBC Energy, of adjustments to the Requested Quantity for the Day commencing in approximately 24 hours. Adjustments to the Requested Quantity must adhere to the elapsed pro-rata practices of the applicable Transporter(s). FortisBC Energy may adjust, in consultation with the Shipper, the Shipper's Requested Quantity, described in Section 11.1 (Requested Quantity), when in the reasonable opinion of FortisBC Energy such modification is required in order to limit the build-up of inventory account quantities.

11.3 **Request to Transporter** – FortisBC Energy will provide to the Transporter the Shipper's Requested Quantity adjusted as set out in Section 11.2 (Adjustment of Requested Quantity).

11.4 **Delivery to Interconnection Point** – The Shipper will cause to be delivered to the Interconnection Point on each Day a quantity of Gas at least equal to the Shipper's Requested Quantity, adjusted as set out in Section 11.2 (Adjustment of Requested Quantity).

11.5 **Failure to Deliver to Interconnection Point** – If on any Day the Authorized Quantity from the Transporter is less than the quantity requested from the Transporter pursuant to

Section 11.3 (Request to Transporter), then in addition to curtailments permitted under Section 9 (Transportation Service) FortisBC Energy may, in its discretion, interrupt or curtail Service hereunder to the lesser of such Authorized Quantity or the Firm DTQ. Alternatively, FortisBC Energy may deliver additional Gas to the Shipper at the Interconnection Point and charge the Shipper Backstopping Gas as set out in the Table of Charges for Transportation Service.

11.6 **Authorized Quantity** – FortisBC Energy will notify the Shipper or the Shipper Agent on WINS or other method approved by FortisBC Energy if the Authorized Quantity is less than the Requested Quantity.

11.7 **Determination of DTQ** – Subject to Section 4 (Conditions of Transportation Service) and 15.2 (Automatic Renewal), the Shipper will provide to FortisBC Energy by email or other method approved by FortisBC Energy 30 Days prior to the Commencement Day of each Contract Year the Shipper's Firm DTQ for the following Contract Year. If the Shipper does not provide FortisBC Energy notice in accordance with this Section 11.7 (Determination of DTQ), then the Shipper's Firm DTQ for the following Contract Year will be deemed to be the same as the current Contract Year. If a Shipper appoints a Shipper Agent to act on its behalf, the Shipper authorizes the Shipper Agent to determine the DTQ set out in the Transportation Agreement, for each Contract Year. This authorization will remain in effect for the term of the Transportation Agreement or for so long as the Shipper Agent acts as agent for the Shipper, whichever period is shorter.

12 Gas Balancing

12.1 **Gas Balancing** – Gas balancing hereunder is intended for matching day to day imbalances that cannot be reasonably forecast by the Shipper. Subject to all the terms of this Rate Schedule, FortisBC Energy will on each Day balance for the Shipper at the Interconnection Point the difference between the Shipper's Authorized Quantity under the Transportation Agreement and its actual Dispensing of LNG.

12.2 **Provision of Gas Balancing** – When on any Day the Shipper requires Gas for balancing, FortisBC Energy will:

(a) allow the Shipper to use up to the amount available in the Shipper's inventory account pursuant to Section 12.4 (Adjustments to Inventory);

(b) for quantities of Gas above the amount available in the Shipper's inventory, sell to the Shipper at the commodity charge set out in the Table of Charges for Transportation Service; and

(c) for quantities of Gas needed to balance actual Dispensing of LNG that exceeds the greater of 100 Gigajoules or 10% of the Shipper's Authorized Quantity, charge the Shipper for Balancing Gas at the applicable rate(s) as set out in the Table of Charges for Transportation Service.

12.3 **Curtailment of Gas Balancing** – FortisBC Energy may for any reason and for any length of time, interrupt or curtail Gas balancing under this Rate Schedule without liability therefor.

12.4 **Adjustments to Inventory** – When on any Day the Shipper delivers more Gas to the Interconnection Point than the amount of LNG Dispensed to the Shipper, except for Gas purchased by FortisBC Energy under Section 26.8 (Shipper's Gas), FortisBC Energy will maintain an inventory account for the Shipper and will increase the balance in the account by the excess amount received. FortisBC Energy reserves the right to limit Gas quantities maintained in the Shipper's inventory account and will from time to time, at its discretion and in consultation with the Shipper, return excess inventory at no charge to the Shipper; this will not relieve the Shipper from its obligation to provide accurate nominations pursuant to Section 11.1 (Requested Quantity).

12.5 **Balance of Peaking Gas** – Balancing of Peaking Gas is described in Section 14.6 (Return of Peaking Gas Quantity).

12.6 **Imbalance Following Termination** – If FortisBC Energy has received a quantity of Gas in excess of the quantity delivered to the Shipper during the term of a Transportation Agreement, then the Shipper may request the excess quantity be returned within 90 Days following termination of the Transportation Agreement.

13 Group Nominations and Balancing

13.1 **Group Nominations and Balancing** – If a Shipper appoints a Shipper Agent and becomes a member of a Group and if the Shipper and Shipper Agent have agreed to execute or have executed a Shipper Agent Agreement, and if the members of the Group are in the same Service Area of FortisBC Energy and receive Service under a transportation Rate Schedule, the Shipper Agent will nominate and balance on behalf of all members of the Group on an aggregate basis pursuant to Sections 11 (Nomination), 12 (Gas Balancing), and 14 (Peaking Gas Service), as modified by this Section, and the Shipper Agent will be the agent for each of the members of a Group for the purposes of any and all matters set out in Sections 11 (Nomination), 12 (Gas Balancing) and 14 (Peaking Gas Service). The Shipper Agent may also elect pursuant to the Shipper Agent Agreement, to pay some or all of the charges specified in Sections 10.1 (Charges) and 10.2 (Charges for Unauthorized Service) for and on behalf of the Shippers in its Group. The Shipper acknowledges and agrees that FortisBC Energy may rely, for the purpose of payment allocations, on written notification from the Shipper Agent of such election as a basis for the Shipper Agent's authority to act on behalf of the Shipper. Where the Shipper Agent fails to execute a Shipper Agent Agreement, the Shipper will be deemed to be and treated by FortisBC Energy as an individual Group of one Shipper, except for the purposes of Sections 13.4 (Notices To and From Shipper Agents) and 18.1 (Statements to be Provided) hereunder, and will be deemed to have agreed to purchase Gas from FortisBC Energy pursuant to the applicable transportation Rate Schedule and will accordingly be responsible for the payment of all charges thereunder, including any and all Balancing Gas and Unauthorized Overrun Gas charges attributable to that Shipper.

13.2 **Determination of Charges** – The charges for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas and Replacement Gas set out in the Table of Charges for Transportation Service, and demand surcharges as set out in the Rate Schedule 22 Table of Charges, will be determined based on the quantities transported on behalf of all members of the Group on an aggregate basis.

13.3 **Security** – FortisBC Energy may require the Shipper Agent to provide security, as set out in Section 4.2 (Security), with necessary changes, for the performance of the Shipper Agent's obligations under the Shipper Agent Agreement.

13.4 **Notices To and From Shipper Agents** – If the Shipper is a member of a Group then:

(a) communications regarding curtailments or interruptions arising from Gas supply constraints and limitations, quantities of Gas requested and quantities of Gas authorized will be between the Shipper Agent for the Group and FortisBC Energy; and

(b) notices from FortisBC Energy with respect to interruption or curtailment pursuant to Section 6.3 (Notice of Curtailment of LNG Service) arising from Gas supply constraints or limitations will be to the Shipper Agent for the Group and will specify the quantity of Gas to which the Group is curtailed and the time at which such curtailment is to be made; it will be the responsibility of the Shipper Agent to notify Shippers which are members of the Group of interruptions or curtailments.

14 Peaking Gas Service

14.1 **Applicability** – In each Contract Year, Peaking Gas Service is available only to firm Non-Bypass Shippers and Rate Schedule 48 Shippers for Gas which is delivered to a Delivery Point in the Mainland and Vancouver Island Service Area and for which the Transportation Agreement was in effect on the 1st Day of November of the subject Contract Year.

14.2 **15–Day Maximum** – A Non-Bypass Shipper or Rate Schedule 48 Shipper may request Peaking Gas for a maximum of 15 Days during each Contract Year. Any Day for which any portion of the Shipper's Peaking Gas Quantity is requested and authorized will be considered one of the 15 Days of Peaking Gas entitlement even if the quantity of authorized Peaking Gas is not used or is only partially used.

14.3 **Peak Day Demand** – For the purposes of determining the Peaking Gas Quantity available to a Non-Bypass Shipper or Rate Schedule 48 Shipper on a Day, the Peak Day Demand of a Rate Schedule 48 Shipper is the DTQ set out in the Shipper's Transportation Agreement.

14.4 **Peaking Gas Quantity** – The quantity of Peaking Gas available on a Day to a Non-Bypass Shipper or Rate Schedule 48 Shipper ("Peaking Gas Quantity") will be a percentage of that Shipper's Peak Day Demand. The Peaking Gas Quantity available to firm Non-Bypass Shippers or Rate Schedule 48 Shippers for the next Contract Year will be determined by FortisBC Energy, and FortisBC Energy will in writing notify each Non-Bypass Shipper or Rate Schedule 48 Shipper of that Shipper's Peaking Gas Quantity, at least 30 Days prior to the commencement of each Contract Year. The Peaking Gas Quantity available to a Non-Bypass Shipper or Rate Schedule 48 Shipper in a Contract Year will be:

(a) $$\frac{\text{Total Non-Bypass and Rate Schedule 48 Shipper Transport Demand}}{\text{Forecast Sales Demand + Non-Bypass Transport Demand and Rate Schedule 48 Transport Demand}} = \text{Peaking Gas Factor}$$

(b) Peaking Gas Factor * Southern Crossing Pipeline ("SCP") Peaking Gas = Non-Bypass Transport Quantity and Rate Schedule 48 Transport Quantity

(c) $$\frac{\text{Non-Bypass and Rate Schedule 48 Transport Quantity}}{\text{Non-Bypass and Rate Schedule 48 Transport Demand}} = \text{Peaking Gas Percentage}$$

(d) Peaking Gas Percentage * a Non-Bypass or Rate Schedule 48 Shipper's Peak Day Demand = Peaking Gas Quantity

Where:

"**Non-Bypass and Rate Schedule 48 Shipper Transport Demand**" is the aggregate Peak Day Demand of all Non-Bypass and Rate Schedule Shippers for the Contract Year commencing the next November 1st; "**Forecast Sales Demand**" is the FortisBC Energy forecast of the aggregate Peak Day Demand for the Year commencing the next November 1st for all Gas sales Customers of FortisBC Energy excluding those in the Fort Nelson Service Area; and "**SCP Peaking Gas**" is the quantity of Peaking Gas available to FortisBC Energy in the Year commencing the next Contract Year.

14.5 **Requested Peaking Gas Quantity** – A Shipper will notify FortisBC Energy of its Requested Peaking Gas Quantity pursuant to nomination procedures described in Section 11.1 (Requested Quantity) except as otherwise described in Sections 14.5(a) and 14.5(b) (Requested Peak Gas Quantity) below. The Requested Peaking Gas Quantity must be explicitly stated on the nomination and may be less than but may not exceed the Shipper's Peaking Gas Quantity described in Section 14.4 (Peaking Gas Quantity).

(a) **Prior Day Notices of Curtailment** – On a Day when FortisBC Energy has given notice of curtailment for the next or subsequent Day, a Shipper may nominate the Requested Peaking Gas Quantity in WINS for the next Day prior to the evening nomination cycle on the Day preceding the Day for which notice of curtailment has been given.

(b) **Same Day Notices of Curtailment** – On a Day when FortisBC Energy has given notice of curtailment to be effective during that Day, a Shipper may nominate the Requested Peaking Gas Quantity in WINS up until one Hour after the notice of curtailment has been given by FortisBC Energy; provided that FortisBC Energy has usable nomination cycles available during that Day with the Transporter(s). Requests for Requested Peaking Gas Quantity received after the time when FortisBC Energy has usable nomination cycles available during that Day will be authorized only on an as available basis. If notice of Requested Peaking Gas Quantity is given to FortisBC Energy during the Day for which Peaking Gas is being requested then the Peaking Gas Quantity available to a Shipper on that Day will be reduced consistent with the elapsed pro-rata practices of the applicable Transporter(s).

(c) **Non-Curtailment Days** – On Days for which FortisBC Energy has not given notice of curtailment, requests for Peaking Gas Quantity will be made in accordance with the provisions described in Section 11.1 (Requested Quantity).

14.6 **Return of Peaking Gas Quantity** – A Shipper may view its Peaking Gas Quantity authorized, returned, and not yet returned via an inventory report in the WINS. Peaking Gas must be returned to FortisBC Energy within 6 Business Days of the Day in respect of which it was authorized. The Shipper must nominate the returned Peaking Gas Quantity in the WINS described in Section 11.1 (Requested Quantity). Peaking Gas returned will be applied against the earliest Peaking Gas Quantity authorized and not yet returned. The Shipper has the option to elect to return Peaking Gas from the Peaking Gas inventory which is kept for this purpose. If Peaking Gas is not returned to FortisBC Energy within 6 Business Days of the Day in respect of which it was authorized, FortisBC Energy will provide the Shipper with an equivalent quantity of Replacement Gas. The charge for Replacement Gas will be as set out in the Table of Charges for Transportation Service.

14.7 **Last Gas Ordered** – Peaking Gas Quantity will be considered the last Gas ordered and taken during the Day.

14.8 **Transport of Peaking Gas Quantity** – Peaking Gas Quantity will be deemed to be provided to the Shipper at the Interconnection Point, and the quantities will be included in the Shipper's daily transport quantity at the Interconnection Point for the purposes of calculating applicable transport charges.

15 Term of Transportation Agreement

15.1 **Term** – The initial term of the Transportation Agreement will begin on the Commencement Date and will expire at 7:00 a.m. Pacific Standard Time on the next November 1st, provided that if the foregoing results in an initial term of less than one Year, then the initial term will instead expire at the end of one further Contract Year.

15.2 **Automatic Renewal** – Except as specified in the Transportation Agreement, the term of the Transportation Agreement will continue from Year to Year after the expiry of the initial term unless cancelled by either FortisBC Energy or the Shipper, upon not less than 2 months notice prior to the end of the Contract Year then in effect.

15.3 **Early Termination** – The term of the Transportation Agreement is subject to early termination in accordance with Section 23 (Default or Bankruptcy).

15.4 **Survival of Covenants** – Upon the termination of the Transportation Agreement, whether pursuant to Section 23 (Default or Bankruptcy) or otherwise:

(a) all Claims or other outstanding obligations remaining or being unfulfilled as at the date of termination; and

(b) all of the provisions in this Rate Schedule and in the Transportation Agreement relating to the obligation of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with the Transportation Agreement,

will survive such termination.

16 Daily Loading and Scheduling if Marine Jetty Unavailable

This section is applicable only if FortisBC Energy determines in its sole discretion without liability therefore that a Marine Jetty is unavailable, and Dispensing takes place from a Truck Bay. If Dispensing takes place from a Marine Jetty, then Daily Loading and Scheduling is governed by the Book of Rules.

16.1 **Requested Quantity and Loading Schedule** – At least 48 hours in advance of the Day of the Customer's desired loading time, the Customer or its agent will provide FortisBC Energy by fax or email such information as may be requested by FortisBC Energy, which will include, but is not limited to, the Customer's requested quantity of LNG for the given Day.

(a) FortisBC Energy may charge a fee for loading LNG of $150 per hour when loading takes in excess of two hours; and

(b) If the Customer cancels a scheduled loading time with less than 12 hours notice, FortisBC Energy may charge a fee of $500.

16.2 **Adjustment of Loading Schedule** – FortisBC Energy may adjust, in consultation with the Customer or its agents, the Customer's loading schedule when in the reasonable determination of FortisBC Energy such modification is necessary in order to:

(a) minimize the costs to FortisBC Energy of Dispensing LNG; or

(b) accommodate multiple Customers.

17 Term of LNG Agreement

17.1 **Renewal** – There is no right of renewal of a LNG Agreement. A Customer seeking LNG Service beyond the Contract Term must enter into a new LNG Agreement.

17.2 **Early Termination by FortisBC Energy** – The term of the LNG Agreement is subject to early termination by FortisBC Energy in accordance with Section 23 (Default or Bankruptcy).

17.3 **Survival of Covenants** – Upon termination of the LNG Agreement, whether pursuant to Section 23 (Default or Bankruptcy) of this LNG Rate Schedule or otherwise,

(a) all Claims, or other outstanding obligations remaining or being unfulfilled as at the date of termination, and

(b) all of the provisions in the LNG Agreement and this Rate Schedule relating to the obligations of any of the parties to account to or indemnify the other and to pay to the other any monies owing as at the date of termination in connection with this Rate Schedule,

will survive such termination.

18 Statements and Payments

18.1 **Statements to be Provided** – FortisBC Energy will, on or about the 15th Day of each Month, deliver to the Customer, a statement for the preceding Month showing all services provided to the Customer or its agents and the amount due. If the Customer has signed a Transportation Agreement and the Shipper is a member of a Group, then the statement and the calculation of the amount due from the Shipper will be based on information supplied by the Shipper Agent, or based on other information available to FortisBC Energy, as set out in the Shipper Agent Agreement; FortisBC Energy will, on or about the 45th day after the end of a Contract Year, deliver to the Shipper a separate statement for the preceding Contract Year showing the amount required from the Shipper in respect of any indemnity due under this Rate Schedule or a Transportation Agreement. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.

18.2 **Payment and Late Payment Charge** – Payment for the full amount of the statement, including all taxes imposed by any federal, provincial, municipal, territorial, local or any agency or political subdivision thereon, will be made to FortisBC Energy at its office in Surrey, British Columbia, or at such other place in Canada as FortisBC Energy will designate, on or before the 1st business Day after the 30th calendar Day following the billing date. If the Customer or the Shipper fails or neglects to make any payment required under this Rate Schedule, or any portion thereof, to FortisBC Energy when due, FortisBC Energy will include in the next bill to the Customer or the Shipper a late payment charge specified in the Standard Charges Schedule of the General Terms and Conditions.

18.3 **Form of Payments** – All payments required to be made under statements and invoices rendered pursuant to this Rate Schedule will be made by wire transfer to, or cheque or bank cashier's cheque drawn on, a Canadian chartered bank or trust company, payable in lawful money of Canada at par in immediately available funds in Vancouver, British Columbia.

18.4 **Examination of Records** – Each of FortisBC Energy and the Customer or the Shipper will have the right to examine at reasonable times the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge, computation or demand made pursuant to any provisions of this Rate Schedule.

18.5 **Security** – In order to secure the prompt and orderly payment of the charges to be paid by the Customer or its assignees as specified in Section 29.3 (Remedies Cumulative) to FortisBC Energy under this Rate Schedule, FortisBC Energy may require the Customer or its assignees to provide, and at all times maintain, an irrevocable letter of credit in favour of FortisBC Energy issued by a Canadian financial institution acceptable to FortisBC Energy in an amount equal to the estimated maximum amount payable by the Customer under this Rate Schedule for a period of 90 Days and in a form satisfactory to FortisBC Energy. If the Customer or its assignees is able to provide alternative security acceptable to FortisBC Energy, FortisBC Energy may, in its sole discretion without liability therefor, accept such security in lieu of a letter of credit.

19 Quality

19.1 **Minimum Standards**

(a) All Gas delivered to the Interconnection Point by or on behalf of the Shipper will conform to the quality specifications set out in the Transporter's Service Terms.

(b) All LNG Dispensed, measured at the time of Dispensing, shall comply with the quality requirements and specifications in the ISO 23306 standard.

(c) Section 23.1(b) (Default by the Customer or the Shipper) constitutes the whole of FortisBC Energy's obligations with respect to the quality of LNG and all statutory or other conditions and warranties and representations, express or implied, with respect to the description or quality of the LNG, or merchantability or its fitness for any purpose are hereby excluded.

20 Transportation Service Representations, Warranties and Covenants

20.1 **Title** – The Shipper represents and warrants to FortisBC Energy that the Shipper will have good title to all Gas to be delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, free and clear of all liens, encumbrances and Claims.

20.2 **Title Not That of FortisBC Energy** – FortisBC Energy agrees that title to all Gas transported pursuant to the Transportation Agreement remains with the Shipper.

20.3 **Acknowledgement** – The Shipper acknowledges that the Gas transported under the Transportation Agreement will be commingled with Gas within the FortisBC Energy System.

21 Measurement of Gas

21.1 **Unit of Quantity** – The unit of quantity of Gas for all purposes hereunder will be 1 cubic metre at a temperature of 15^{o} Celsius and an absolute pressure of 101.325 kilopascals.

21.2 **Determination of Quantity** – Gas delivered hereunder will be metered using metering apparatus approved by Measurement Canada and the determination of standard quantities delivered hereunder will be in accordance with terms and conditions pursuant to the *Electricity and Gas Inspection Act* of Canada.

21.3 **Conversion to Energy Units** – In accordance with the Electricity and Gas Inspection Act of Canada, quantities of Gas delivered each Day will be converted to energy units by multiplying the standard quantity by the Heat Content of each unit of Gas. Quantities will be specified in 10^3m^3 rounded to two decimal places and energy will be specified in Gigajoules rounded to the nearest Gigajoule.

22 Measurement of LNG

22.1 **Unit of Measurement** – The unit of measurement of LNG for all purposes hereunder will be kilograms or pounds.

22.2 **Determination of Quantity**

(a) At a Marine Jetty

(i) The quantity of LNG Dispensed at a Marine Jetty shall be measured through the use of industry standard measuring methods and measuring equipment, including, without limitation, a mass flow meter.

(ii) Promptly following the completion of Dispensing at a Marine Jetty, FortisBC Energy, or its agent, shall provide to the Customer a BDN which shall be dated on the date of completion of the Dispensing, and coordinated with such quantity documentation that is exchanged between FortisBC and the Marine Vessel receiving the LNG.

(iii) The quantity of the LNG Dispensed as set out in the relevant BDN shall be final and binding on the parties, save for fraud and/or manifest error.

(iv) Customer shall notify FortisBC Energy in writing of any Claim arising out of the BDN setting forth fully the facts on which it is based and fully documented as soon as reasonable after the date when the facts were discovered or reasonably should have been discovered, but in any event no later than 14 days after the date that the LNG is Dispensed or should have been Dispensed, failing which all such Claims shall be waived and forever barred by Customer.

(b) At a Truck Bay – The quantity of LNG Dispensed pursuant to this Rate Schedule shall be measured at the scale at a Truck Bay or an alternate scale that is approved and certified by Measurement Canada. The Tanker or other cryogenic receptacle into which the LNG is Dispensed will be weighed at the scale before and after Dispensing. The measurement of the amount of LNG Dispensed shall be based on the difference, expressed in kilograms or pounds, of these two weights. In the event that the cryogenic receptacle cannot be weighed by the scale, then the quantity of LNG Dispensed shalll be measured through the use of other standard measuring methods and measuring equipment.

22.3 **Conversion to Energy Units** – In accordance with the *Electricity and Gas Inspection Act* of Canada, quantities of LNG Dispensed each Day will be converted to energy units by multiplying the standard quantity by the Heat Content of each unit of LNG. Quantities will be specified in kilograms or pounds rounded to the nearest unit and energy will be specified in Gigajoules rounded to one decimal place. FortisBC Energy will use the following formula to convert kilograms or pounds of LNG to GJ of LNG:

Converting Weight of LNG to Gigajoules

	Gross Weight after LNG Dispensing (kilograms or pounds)
minus	Gross Weight prior to Dispensing (kilograms or pounds)
equals	Net Weight of the Delivered LNG (kilograms or pounds)
	Net Weight of the Delivered LNG (kilograms or pounds)
multiplied by	The energy density as determined by FortisBC Energy through analysis of vaporized LNG on a periodic basis. For greater certainty, unless otherwise determined by FortisBC Energy, the energy density shall be

0.055 gigajoule/kilogram or 0.025 gigajoule/pound equals Delivered LNG (Gigajoule).

23 Default or Bankruptcy

23.1 **Default by the Customer or the Shipper** – If the Customer or the Shipper at any time fails or neglects:

(a) to make any payment due to FortisBC Energy or as designated under this Rate Schedule within 30 calendar Days after payment is due;

(b) to correct any default of any of the other terms, covenants, agreements, conditions or obligations imposed upon it under this Rate Schedule, within 30 calendar Days after FortisBC Energy gives to the Customer or Shipper notice of such default; or

(c) in the case of a default that cannot with due diligence be corrected within a period of 30 Days, the Customer or Shipper fails to proceed promptly after the giving of such notice to correct the same and thereafter to prosecute the correcting of such default with all due diligence,

then FortisBC Energy may in addition to any other remedy that it has, including the rights of FortisBC Energy set out in Sections 9.3 (Default Regarding Curtailment), 10.2 (Charges for Unauthorized Service), 10.3 (Payments Not License), and 10.4 (Demand Surcharge), at its option and without liability therefor:

(d) suspend further LNG Service or Transportation Service to the Customer or the Shipper and may refuse to deliver Gas to the Shipper until the default has been fully remedied, and no such suspension or refusal will relieve the Customer or the Shipper from any obligation under this Rate Schedule;

(e) suspend further LNG Service to the Customer and terminate the Customer's LNG Agreement;

(f) suspend further Transportation Service to the Shipper and may refuse to deliver Gas to the Shipper until the default has been fully remedied, and no such suspension or refusal will relieve the Shipper from any obligation under this Rate Schedule; or

(g) terminate the Transportation Agreement, and no such termination of the Transportation Agreement pursuant hereto will exclude the right of FortisBC Energy to collect any amount due to it from the Shipper for what would otherwise have been the remainder of the term of the Transportation Agreement.

23.2 **Bankruptcy or Insolvency of the Customer or the Shipper** – If the Customer or the Shipper becomes bankrupt or insolvent or commits or suffers an act of bankruptcy or insolvency or a receiver is appointed pursuant to a statute or under a debt instrument or the Customer or the Shipper seeks protection from the demands of its creditors pursuant to any legislation enacted for that purpose or commences proceedings under the *Companies' Creditors Arrangement Act* of Canada, FortisBC Energy will have the right, at its sole discretion without liability therefor, to terminate the supply of LNG, the LNG Agreement or the Transportation Agreement, by giving notice in writing to the Customer or

the Shipper and thereupon FortisBC Energy may cease further supply or delivery of LNG or Gas to the Customer or the Shipper and the amount then outstanding for Gas provided under the Transportation Agreement will immediately be due and payable by the Shipper.

23.3 **Obligations of Customer Upon Suspension or Termination** – In the event of a suspension of LNG Service, or termination of a LNG Agreement or the Transportation Agreement, any amount then outstanding for service provided under this Rate Schedule will immediately be due and payable by the Customer. The Contract Demand shall not be reduced during the period of any suspension. In the event of early termination of a LNG Agreement, an amount equal to the Minimum Monthly Charge that would have otherwise been payable for the remainder of the Contract Term will become immediately due and payable by the Customer.

24 Notice

24.1 **Notice** – Any notice, request, statement or bill that is required to be given or that may be given under this Rate Schedule will be in writing and will be considered as fully delivered when mailed, personally delivered or sent by email to the other in accordance with the following:

If to FortisBC Energy	FORTISBC ENERGY INC.
MAILING ADDRESS:	16705 Fraser Highway Surrey, B.C. V4N 0E8
BILLING AND PAYMENT:	Attention: Industrial Billing Telephone: 1–855–873–8773 Email Industrial.billing@fortisbc.com
CUSTOMER RELATIONS:	Attention: Natural Gas for Transportation and Regional LNG Telephone: (604) 576–7000 Email: LNG@fortisbc.com
LEGAL AND OTHER:	Attention: Director, Legal and Governance Services Telephone: (604) 443–6512

If to the Customer or Shipper, then as set out in the Customer's LNG Service Agreement and, if applicable, Transportation Agreement.

If to the Shipper Agent, then as set out in the Shipper Agent Agreement.

24.2 **Specific Notices**

(a) Notwithstanding Section 24.1 (Notice) and Sections 6.3 (Notice of Curtailment of LNG Service) and 9.2 (Curtailment of Transportation Service), notices with respect to suspension of LNG Service or Transportation Service (if applicable) by FortisBC Energy for reasons of Force Majeure will be sufficient if given by FortisBC Energy in accordance with Section 13.3 (Notice) of the General Terms and Conditions, or in writing by email, or orally in person, or by telephone (to be confirmed in writing) to the person or persons designated from time to time by the Customer or Shipper as authorized to receive such notices; or

(b) Notwithstanding Section 24.1 (Notice), notices with respect to Force Majeure will be sufficient if given by the Shipper by telephone (to be confirmed in writing) in the following manner:

To claim Force Majeure…"Please be advised that (name of company and, as applicable, location of plant and name and flag of nominated Marine Vessel) has (reason for claiming Force Majeure as provided in Section 26 (Force Majeure)) and hereby claims suspension by reason of Force Majeure in accordance with the terms of Rate Schedule 48 effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to become effective, but not to be retroactive)."

To terminate Force Majeure…"Please be advised that (name of company and, as applicable, location of plant and name and flag of nominated Marine Vessel) requests a return to normal natural gas service in accordance with Rate Schedule 48 and the Transportation Agreement effective 7:00 a.m. Pacific Standard Time (date of Force Majeure suspension to end, but not to be retroactive) whereby the suspension by reason of Force Majeure currently in force will be terminated."

25 Indemnity and Limitation on Liability

25.1 **Limitation on Liability**

(a) The FortisBC Energy Related Parties are not responsible or liable for any loss, damage, costs or injury (including death) incurred by the Customer or any person claiming by or through the Customer caused by or resulting from, directly or indirectly, any discontinuance, suspension, interruption or curtailment of, or failure or defect in, or refusal to provide LNG Service or Transportation Service permitted under the General Terms and Conditions of FortisBC Energy or this Rate Schedule, unless the loss, damage, costs or injury (including death) is directly attributable to the gross negligence or willful misconduct of the FortisBC Energy Related Parties; provided, however that, in all events, the FortisBC Energy Related Parties are not responsible or liable for any loss of profit, loss of revenues, or other economic loss, even if the loss is directly attributable to the gross negligence or willful misconduct of the FortisBC Energy Related Parties;

(b) Without limiting the other provisions of this Rate Schedule, but notwithstanding anything herein to the contrary, the maximum aggregate liability of FortisBC to a

Customer in connection with a given Dispensing shall not exceed the Maximum Liability Cap.

25.2 **Customer Indemnity** – The Customer or the Shipper will indemnify and hold harmless the FortisBC Energy Related Parties from all Claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of:

(a) the negligence or willful misconduct of the Customer, or its employees, contractors, or agents;

(b) the breach by the Customer or the Shipper of any of the provisions contained in this Rate Schedule, including those related to the payment by the Customer or the Shipper of all federal, provincial, and municipal taxes (or payments made in lieu thereof);

(c) any defect in title to any Gas delivered to FortisBC Energy at the Interconnection Point on behalf of the Shipper from Suppliers other than FortisBC Energy, or arising from any charges that are applicable to the Gas delivered to FortisBC Energy;

(d) nominations made in accordance with Section 11 (Nomination) by FortisBC Energy to the Transporter with respect to the Shipper's transportation quantities, whether or not the Shipper is a member of a Group;

(e) Gas delivered by the Transporter or the Shipper to FortisBC Energy failing to meet the quality specifications set out in Section 19.1 (Minimum Standards); and

(f) all federal, provincial, municipal taxes (or payments made in lieu thereof) and royalties, whether payable on the delivery of Gas to FortisBC Energy by the Shipper or on the delivery of Gas to the Shipper by FortisBC Energy, or on any other Service provided by FortisBC Energy to the Shipper.

25.3 **Customer Indemnity for LNG Transportation** – Notwithstanding Section 25.2 (Customer Indemnity), the Customer will indemnify and hold harmless the FortisBC Energy Related Parties from all Claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of the conduct of the Customer, its employees, contractors and agents, and the Marine Vessel and its master and crew, where the Customer is responsible for providing or arranging a Marine Vessel and movement of the Marine Vessel to and from a Marine Jetty.

25.4 **Principal Obligant** – If the Shipper is a member of a Group, the obligations of each of the Shipper Agent (acting for and on behalf of the Shippers that are members of the Group) and the Shipper (in the event of the failure of the Shipper Agent to make such payments and limited to the charges related to that Shipper) to pay to, or to the order of, FortisBC Energy the charges for Backstopping Gas, Balancing Gas, Replacement Gas, Unauthorized Overrun Gas charges set out in the Table of Charges for Transportation Service, are those of principal obligant and not of surety and are independent of the respective obligations of the Shipper Agent and the Shipper towards each other pursuant to the Shipper Agent Agreement.

26 Force Majeure

26.1 **Force Majeure** – Subject to the other provisions of this Section 26 (Force Majeure), if either party is unable or fails by reason of Force Majeure to perform in whole or in part any obligation or covenant set out in this Rate Schedule, the obligations of both FortisBC Energy and the Customer will be suspended to the extent necessary for the period of the Force Majeure condition.

26.2 **Curtailment Notice** – If FortisBC Energy claims suspension pursuant to this Section 26 (Force Majeure), FortisBC Energy will be deemed to have issued to the Customer and the Shipper Agent a notice of curtailment.

26.3 **Exceptions** – Neither party will be entitled to the benefit of the provisions of Section 26 (Force Majeure) under any of the following circumstances:

(a) to the extent that the failure was caused by the negligence or contributory negligence of the party claiming suspension;

(b) subject to Section 26.6 (No Exemption for Payments) to the extent that the failure was caused by the party claiming suspension having failed to diligently attempt to remedy the condition and to resume the performance of the covenants or obligations with reasonable dispatch; or

(c) unless as soon as possible after the happening of the occurrence relied on or as soon as possible after determining that the occurrence was in the nature of Force Majeure and would affect the claiming party's ability to observe or perform any of its covenants or obligations under this Rate Schedule, the party claiming suspension will have given to the other party notice to the effect that the party is unable by reason of Force Majeure (the nature of which will be specified) to perform the particular covenants or obligations.

26.4 **Notice to Resume** – The party claiming suspension will likewise give notice, as soon as possible after the Force Majeure condition has ceased, to the effect that it has ceased and that the party has resumed, or is then in a position to resume, the performance of the covenants or obligations.

26.5 **Settlement of Labour Disputes** – Notwithstanding any of the provisions of this Section 26 (Force Majeure), the timing and terms and conditions of the settlement of strikes, labour disputes or industrial disturbances will be entirely within the discretion of the particular party involved and the party may make settlement of it at the time and on terms and conditions as it may deem to be advisable and no delay in making settlement will deprive the party of the benefit of Section 26 (Force Majeure).

26.6 **No Exemption for Payments** – Notwithstanding any of the provisions of this Section 26 (Force Majeure) will not relieve or release either party from its obligations to make payments to the other party under a LNG Agreement. In the event of any Force Majeure event affecting FortisBC Energy that results in a curtailment in excess of 72 hours, excluding hours designated as FSC Window Hours, per Month, then the Minimum Monthly Charge as specified in Section 8.1 (LNG Service Charges) will be prorated accordingly. Should an event of Force Majeure affecting the Customer prevent the Customer from taking LNG Service, the Minimum Monthly Charge will not be reduced.

26.7 **Periodic Repair by FortisBC Energy** – FortisBC Energy may temporarily suspend Dispensing of LNG from a Marine Jetty or shut off the delivery of Gas for the purpose of repairing or replacing a portion of the FortisBC Energy System or its other facilities or equipment and FortisBC Energy will make reasonable efforts to give the Customer as much notice as possible with respect to such suspension or interruption, not to be less than 24 hours prior notice except when prevented by Force Majeure. FortisBC Energy will make reasonable efforts to schedule repairs or replacements to minimize suspension, interruption or curtailment of LNG Service or Transportation Service to the Customer, and to restore Service.

26.8 **Shipper's Gas** – If FortisBC Energy curtails or interrupts transportation of Gas by reason of Force Majeure the Shipper will make its supply of Gas available to FortisBC Energy, to the extent required by FortisBC Energy, to maintain Service priority to those customers or classes of customers which FortisBC Energy determines should be served. FortisBC Energy, in its sole discretion without liability therefor, will either increase the balance in the Shipper's inventory account by the amount taken by FortisBC Energy and return an equivalent quantity of Gas to the Shipper as soon as reasonable, or pay the Shipper an amount equal to either FortisBC Energy's average Gas cost, or the Shipper's average Gas cost, for the Day(s) during which such Gas was taken, whichever Gas cost the Shipper, in its sole discretion, elects.

26.9 **Alteration of Facilities** – The Shipper will pay to FortisBC Energy all reasonable costs associated with the alteration of facilities made at the discretion of FortisBC Energy to measure quantities reduced by reason of Force Majeure claimed by the Shipper and to restore such facilities after the Force Majeure condition ends.

27 Disputes

This section is applicable only if FortisBC Energy determines in its sole discretion without liability therefor that a Marine Jetty is unavailable, and Dispensing takes place from a Truck Bay. If a Dispute arises in connection with Dispensing from a Marine Jetty, then that Dispute will be governed by the Book of Rules.

27.1 **Mediation** – Where any dispute arises out of or in connection with the LNG Service or Transportation Service, FortisBC Energy and the Customer or the Shipper agree to try to resolve the dispute by participating in a structured mediation conference with a mediator under the National Mediation Rules of the ADR Institute of Canada, Inc.. The mediation will take place in Vancouver, BC.

27.2 **Arbitration** – If FortisBC Energy and the Customer or the Shipper fail to resolve the dispute through mediation within 30 days of a party giving written notice of a dispute, then either party may refer the dispute to binding arbitration for final resolution. The place of arbitration will be Vancouver, BC, and the substantive law governing the dispute will be the law of British Columbia. Unless otherwise agreed by the parties in writing, the arbitration will be conducted by a single arbitrator in accordance with the National Mediation Rules of the ADR Institute of Canada, Inc.

27.3 **Award** – The The arbitrator shall have the authority to award:

(a) money damages, to the extent provided in the Rate Schedule;

(b) interest on unpaid amounts from the date due;

(c) specific performance; and

(d) permanent relief.

27.4 **Obligations Continue** – The parties will continue to fulfill their respective obligations pursuant to this Rate Schedule during the resolution of any dispute in accordance with this Section 27 (Disputes) except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule.

28 Interpretation

28.1 **Interpretation** – Except where the context requires otherwise or except as otherwise expressly provided, in this Rate Schedule:

(a) all references to a designated section are to the designated section of this Rate Schedule unless otherwise specifically stated;

(b) the singular of any term includes the plural, and vice versa, and the use of any term is equally applicable to any gender and, where applicable, body corporate;

(c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor by merger, amalgamation, consolidation or otherwise to such entity;

(d) all words, phrases and expressions used in this Rate Schedule that have a common usage in the gas industry and that are not defined in this Rate Schedule or in the General Terms and Conditions of FortisBC Energy, have the meanings commonly ascribed thereto in the gas industry; and

(e) the headings of the sections set out in this Rate Schedule are for convenience of reference only and will not be considered in any interpretation of this Rate Schedule.

29 Miscellaneous

29.1 **No joint venture or partnership** – Nothing contained in this Rate Schedule shall be construed to place the parties in the role of partners or joint venturers or agents and no party shall have the power to obligate or bind any other party in any manner whatsoever.

29.2 **Waiver** – No waiver by either FortisBC Energy or the Customer or the Shipper of any default by the other in the performance of any of the provisions of this Rate Schedule will operate or be construed as a waiver of any other or future default or defaults, whether of a like or different character.

29.3 **Remedies Cumulative** – All rights and remedies of each party under this Rate Schedule are cumulative and may be exercised at any time and from time to time, independently and in combination.

29.4 **Enurement** – This Rate Schedule will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, including without limitation, successors by merger, amalgamation or consolidation.

29.5 **Assignment** – The Customer may not assign its rights under this Rate Schedule in whole or in part without the prior written consent of FortisBC Energy, provided, however, that the Customer may assign without the consent of FortisBC Energy if:

(a) such assignment is made pursuant to the assignment of all of the Customer's rights and obligations hereunder to a partnership, limited liability company, corporation, trust or other organization in whatever form succeeds to all or substantially all of the Customer's assets and business;

(b) the assignee assumes such obligations by contract, operation of law, or otherwise; and

(c) at least five days prior to the assignee taking service under this Rate Schedule, the Customer provides notice in writing to FortisBC Energy of the assignment of its rights and obligations as Customer under this Rate Schedule, and the assignee provides confirmation in writing to FortisBC Energy of its assumption of rights and obligations as Customer under this Rate Schedule.

Upon such assumption of obligations, and if required, the receipt of the prior written consent of FortisBC Energy, which consent shall not be unreasonably delayed or withheld, the Customer shall be relieved of and fully discharged from all obligations hereunder. This provision applies to every proposed assignment by the Customer.

29.6 **Assignment of the Transportation Agreement** – The Shipper will not assign the Transportation Agreement or any of its rights and obligations thereunder without the prior written consent of FortisBC Energy which consent will not be unreasonably withheld or delayed. No assignment will release the Shipper from its obligations under this Rate Schedule or under the Transportation Agreement that existed prior to the date on which the assignment takes effect. This provision applies to every proposed assignment by the Shipper.

29.7 **Amendments to be in Writing** – Except as set out in this Rate Schedule, no amendment or variation of any agreement made pursuant to this Rate Schedule will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

29.8 **Law** – This Rate Schedule will be construed and interpreted in accordance with the applicable laws of the Province of British Columbia and the laws of Canada as applicable therein, without reference to conflict of laws principles.

29.9 **Time is of Essence** – Time is of the essence of this Rate Schedule and of the terms and conditions thereof.

29.10 **Subject to Legislation** – Notwithstanding any other provision hereof, this Rate Schedule and the rights and obligations of FortisBC Energy and the Customer or the Shipper under this Rate Schedule are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over FortisBC Energy or the Customer or the Shipper.

29.11 **Further Assurances** – Each of FortisBC Energy and the Customer or the Shipper will, on demand by the other, execute and deliver or cause to be executed and delivered all such further documents and instruments and do all such further acts and things as the other may reasonably require to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Rate Schedule, and to assure the completion of the transactions contemplated hereby.

29.12 **Post-Dispensing Obligations** – Except for as expressly agreed otherwise in writing by FortisBC Energy, the Customer shall be responsible for:

(a) all permits, licences, approvals, authorizations, customs clearances, and other arrangements;

(b) all taxes, duties, tariffs or other levies applied or assessed by any governmental authorities having jurisdiction anywhere in the world whether national, provincial, state, local, or otherwise; and

(c) all documents and information,

in relation to receipt of LNG Dispensed at the Marine Jetty to or to the order of the Customer, as well as all transportation of the LNG from a Marine Jetty to its place of delivery and unloading of same, and including also any transshipments, lightering, or other intermediary steps therein. Without limiting the generality of the foregoing, the Customer and not FortisBC Energy shall be the exporter of record for any LNG transported out of Canadian waters.

Table of Charges
for LNG Service

All sales and service taxes, duties, port levies or dues or similar charges, carbon tax and any future new taxes, are extra and shall be applied as applicable.

Delivery Charge		
LNG Facility Charge	$	4.920/GJ
Electricity Surcharge	$	1.120/GJ
LNG Spot Charge	**$**	**6.290/GJ**
Marine Jetty Service Charge	**$**	**1.300/GJ**
Commodity Related Charges per Gigajoule		
Storage and Transportation Charge	$	0.784/GJ
Rider 6	$	0.126/GJ
Subtotal of **Storage and Transport** Related Charges	**$**	**0.910/GJ**
Cost of Gas[1,2] (Commodity Cost Recovery Charge)	$	2.230/GJ
Cost of Renewable Liquefied Natural Gas (RLNG Charge)[2,3]	$	22.329/GJ
Market Adjustment Charge	**$**	**0.000/GJ**
Other Charges		
Loading Charge	$	150.00/hour
Demurrage Charge	$	500.00/hour
Cancellation Fee		As calculated per Section 1.1 (h)

Storage and Transport Related Riders

Rider 6 **Midstream Cost Reconciliation Account** – Applicable to Mainland and Vancouver Island and Fort Nelson Service Area Customers for the Year ending December 31, 2025.

Notes:

1. The Cost of Gas is based on the calculation of 100% of a Customer's consumption in Gigajoules, minus the percentage of a Customer's selection of RLNG measured in Gigajoules if applicable, multiplied by the Cost of Gas (Commodity Cost Recovery Charge) per Gigajoule.
2. The percentage of RLNG of a Customer's Gas usage available to Customers to voluntarily select and be set by FortisBC Energy and ranges between 5% of RLNG and 100% of RLNG, increasing by increments of 5%, and can be no lower than zero.
3. The Cost of RLNG (RLNG Charge) is based on the calculation of a Customer's selection of the percentage of RLNG measured in Gigajoules, to be no less than zero, multiplied by the Cost of RLNG (RLNG Charge) per Gigajoule.
4. The LNG Facility Charge, Electricity Surcharge and LNG Spot Charge will be adjusted annually in accordance with (a), (b) and (c) below:
   (a) The LNG Facility Charge shall be escalated annually at the greater of 2% or the British Columbia Consumer Price Index.
   (b) The Electricity Surcharge shall be adjusted by a 2% increase in 2015 and each subsequent year until and including the next annual rate update for this Rate Schedule after the Available LNG Capacity exceeds 20,000 Gigajoules per Day, but thereafter shall be adjusted based upon the estimated prior year electricity use per Gigajoule of LNG Output of the LNG Facilities and approved interim or permanent BC Hydro rate increases incurred at the LNG Facilities.
   (c) The LNG Spot Charge is $0.25/GJ greater than the sum of the LNG Facility Charge and adjusted Electricity Surcharge, as adjusted under (a) and (b) above.
5. The charges for transporting Gas from the Interconnection Point to the LNG Facilities, defined as "firm demand toll" and as set out in Table of Charges in FortisBC Energy Rate Schedule 50, are embedded in the LNG Facility Charge in this Rate Schedule.
6. Process Fuel Gas is applied as set out in Section 8.1(i)(B) (LNG Service Charges).
7. FortisBC Energy may apply the Demurrage Charge for each hour past the end of the Delivery Window, or past the end of the Allowed Bunkering Time, that the Marine Vessel remains at a Marine Jetty. For partial hours, any applicable Demurrage Charge shall always be rounded up. The definitions of Delivery Window and Allowed Bunkering Time, and the procedures for determining the end of same, as set out in and governed by the Book of Rules.
8. FortisBC Energy may apply the Cancellation Fee whenever there is a Shortfall Quantity and the Customer fails to provide FortisBC Energy with a notice of same within the minimum deadlines and procedural requirements as set out in the Book of Rules.

Table of Charges
for Transportation Service

All sales and service taxes, duties, port levies or dues or similar charges, carbon tax and any future new taxes, are extra and shall be applied as applicable.

Delivery Charge		
LNG Facility Charge	$	4.920/GJ
Electricity Surcharge	$	1.120/GJ
LNG Spot Charge	**$**	**6.290/GJ**
Marine Jetty Service Charge	**$**	**1.300/GJ**
Market Adjustment Charge	**$**	**0.000/GJ**
Other Charges		
Loading Charge	$	150.00/hour
Demurrage Charge	$	500.00/hour
Cancellation Fee		As calculated per Section 1.1 (h)
Transportation Charges		
Administrative Charge per Month	$	39.00
Unauthorized Overrun Gas Charges		
(a) Per Gigajoule on first 5% of specified quantity		Sumas Daily Price[2]
(b) Per Gigajoule on all Gas over 5% of specified quantity		The greater of $20.00/GJ or 1.5 x the Sumas Daily Price[3]
Charge per Gigajoule of Balancing Service provided		
(a) Quantities of Gas less than 10% of the Rate Schedule 48 Authorized Quantity		
(i) between and including April 1 and October 31		No charge
(ii) between and including November 1 and March 31		No charge

(b) Quantities of Gas over the greater of 100 Gigajoules **or** equal to or in excess of 10% or less than 20% of the Rate Schedule 48 Authorized Quantity		
(i) between and including April 1 and October 31	$	0.25
(ii) between and including November 1 and March 31	$	0.25
(c) Quantities of Gas over the greater of 100 Gigajoules **or** equal to or in excess of 20% of the Rate Schedule 48 Authorized Quantity		
(i) between and including April 1 and October 31	$	0.30
(ii) between and including November 1 and March 31	$	1.10
Charge per Gigajoule of Balancing and Backstopping Gas		Sumas Daily Price[2]
Replacement Gas[3]		Sumas Daily Price[2] plus 20%

Notes:

1. The LNG Facility Charge, Electricity Surcharge and LNG Spot Charge will be adjusted annually in accordance with (a), (b) and (c) below:
   (a) The LNG Facility Charge will be escalated annually at the greater of 2% or the British Columbia Consumer Price Index.
   (b) The Electricity Surcharge shall be adjusted by a 2% increase in 2015 and each subsequent year until and including the next annual rate update for this Rate Schedule after the Available LNG Capacity exceeds 20,000 Gigajoules per Day, but thereafter shall be adjusted based upon the estimated prior year electricity use per Gigajoule of LNG Output of the LNG Facilities and approved interim or permanent BC Hydro rate increases incurred at the LNG Facilities.
   (c) The LNG Spot Charge is $0.25/GJ greater than the sum of the LNG Facility Charge and adjusted Electricity Surcharge, as adjusted under (a) and (b) above.
2. As defined under Section 1.1 (Definitions), the Sumas Daily Price quoted each Day will apply to Gas Dispensed on that gas day.
3. The Sumas Daily Price for the sixth Business Day following the Day for which the Peaking Gas was authorized plus 20%.
4. The charges for transporting Gas from the Interconnection Point to the LNG Facilities, defined as "firm demand toll" and as set out in Table of Charges in FortisBC Energy Rate Schedule 50, are embedded in the LNG Facility Charge in this Rate Schedule.
5. Process Fuel Gas is applied as set out in Section 8.1(i)(B) (LNG Service Charges).
6. FortisBC Energy may apply the Demurrage Charge for each hour past the end of the Delivery Window, or past the end of the Allowed Bunkering Time, that the Marine Vessel remains at a Marine Jetty. For partial hours, any applicable Demurrage Charge shall always be rounded up. The definitions of Delivery Window and Allowed Bunkering Time, and the procedures for determining the end of same, as set out in and governed by the Book of Rules.

7. FortisBC Energy may apply the Cancellation Fee whenever there is a Shortfall Quantity and the Customer fails to provide FortisBC Energy with notice of same within the minimum deadlines and procedural requirements set out in the Book of Rules.

LIQUEFIED NATURAL GAS AND RENEWABLE LIQUEFIED NATURAL GAS SALES AND DISPENSING SERVICE AGREEMENT

This Agreement (LNG and RLNG Sales and Dispensing Agreement or LNG Agreement) is dated _____, 20___ (Effective Date) between FortisBC Energy Inc. (FortisBC Energy) and _____ (Customer).

WHEREAS:

A. FortisBC Energy owns and operates the FortisBC Energy System in British Columbia.

B. The Customer has requested that FortisBC Energy provide services for liquefaction of natural Gas and Dispensing of LNG from a Marine Jetty or a Truck Bay.

NOW THEREFORE THIS LNG AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule:	48
Type of Service:	☐Long Term ☐ Short Term ☐ Spot
Dispensing Point:	☐Marine Jetty
Customer able to Accept LNG via Truck at Truck Bay if Marine Jetty is Unavailable	☐Yes ☐No
Contract Demand:	_____Gigajoules per Year
Contract Demand Allocation:	☐Daily ☐ Monthly ☐ Annually ☐ Agreed schedule (in accordance with Section 5.2(b) of the Rate Schedule)
Voluntrary RLNG Percentage Selection:	
Commencement Date:	
Expiry Date:	
Service Address:	
Account Number:	
Additional Services (if applicable):	

2. Incorporation of Rate Schedule

2.1 **Additional Terms** – All rates, terms and conditions and definitions set out in the Liquefied Natural Gas and Renewable Natural Gas Sales, Dispensing and Transportation Service Only Rate Schedule, as any of them may be amended in accordance with Section 2.2 (Amendment of Rate Schedule) of the Rate Schedule and in the General Terms and Conditions of FortisBC Energy as any of them may be amended by FortisBC Energy and approved by the British Columbia Utilities Commission, and in the Book of Rules available on FortisBC Energy's website as may be issued and amended from time to time by FortisBC Energy, are in addition to the terms and conditions contained in this LNG Agreement and form part of this LNG Agreement and bind FortisBC Energy and the Customer as if set out in this LNG Agreement.

2.2 **Conflict** – Where anything in this LNG Agreement conflicts with either the other terms in the Rate Schedule or the General Terms and Conditions of FortisBC Energy, the provisions of this LNG Agreement govern. Where anything in the Rate Schedule conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, the provisions of the Rate Schedule govern.

3. General

3.1 **Amendments to be in Writing** – Except as otherwise set out in the Rate Schedule, no amendment or variation of this LNG Agreement will be effective or binding upon the parties unless such amendment or variation is set out in writing and duly executed by the parties.

3.2 **Book of Rules** – LNG Service from a Marine Jetty is subject to the Customer's compliance with FortisBC Energy's Book of Rules. If the Customer does not comply with the Book of Rules, then FortisBC Energy may refuse to provide LNG Service, at its sole discretion without liability therefor

3.3 **Notice** – Any notices or other communication which may be or is required to be given or made pursuant to the Agreement shall, unless otherwise expressly provided herein, shall be in writing and shall be personally delivered to or sent by facsimile to either party at its address set forth below:

If to FortisBC Energy	FORTISBC ENERGY INC.
MAILING ADDRESS:	16705 Fraser Highway Surrey, B.C. V4N 0E8
If to the Customer	_____
MAILING ADDRESS:	_____
	_____
	_____
	Attention: _____

3.4 **Severability** – If any provision of this LNG Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination does not impair or affect the validity, legality or enforceability of any other provision of this LNG Agreement.

3.5 **Execution** – This LNG Agreement may be executed in counterparts, each of which shall be deemed as an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this letter by facsimile or electronic transmission hereof shall be as effective as delivery of an originally executed counterpart hereof.

IN WITNESS WHEREOF the parties hereto have executed this LNG Agreement.

FORTISBC ENERGY INC.

BY: _____
(Signature)

_____
(Title)

_____
(Name – Please Print)

DATE: _____

_____
(here insert name of Customer)

BY: _____
(Signature)

_____
(Title)

_____
(Name – Please Print)

DATE: _____

BY: _____
(Signature)

_____
(Title)

_____
(Name – Please Print)

DATE: _____

TRANSPORTATION AGREEMENT
FOR RATE SCHEDULE 48

This Agreement is dated _____, 20___, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper").

WHEREAS:

A. FortisBC Energy owns and operates the FortisBC Energy System; and

B. The Shipper has requested that FortisBC Energy arrange for the transportation of Gas on a firm basis through the FortisBC Energy System to the LNG Facilities to be liquefied and Dispensed in accordance with Rate Schedule 48 located in British Columbia in accordance with Rate Schedule 48 as set out below and the terms set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Applicable Rate Schedule:	☐ 48
Type of Service:	☐ Firm
Firm DTQ	_____Gigajoules per day
Shipper Agent and / or Group, if applicable:	_____
Commencement Date:	_____
Expiry Date:	_____ (only specify expiry date if term of Transportation Agreement is not automatically renewed from Year to Year as set out in Section 15.2 (Automatic Renewal) of Rate Schedule 48
Service Address:	_____
Account Number:	_____

Interconnection Point:	The point at (_____ km-post _____) where the Transporter's pipeline system in British Columbia interconnects with the FortisBC Energy System
Address of Shipper for receiving notices:	
_____ (name of Shipper)	Attention: _____
_____ (address of Shipper)	Telephone: _____
_____	Email: _____

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable transportation Rate Schedule to any such information is to the information set out above.

2. Rate Schedule 48

2.1 **Additional Terms** – All rates, terms and conditions set out in this Rate Schedule and the General Terms and Conditions of FortisBC Energy, as any of them may be amended by FortisBC Energy and approved from time to time by the British Columbia Utilities Commission, and in the Book of Rules available on FortisBC Energy's website as may be issued and amended from time to time by FortisBC Energy, are in addition to the terms and conditions contained in this Transportation Agreement and form part of this Transportation Agreement and bind FortisBC Energy and the Shipper as if set out in this Transportation Agreement.

2.2 **Payment of Amounts** – Without limiting the generality of the foregoing, the Shipper will pay to FortisBC Energy all of the amounts set out in Rate Schedule 48 for the Services provided under Rate Schedule 48 and this Transportation Agreement.

2.3 **Conflict** – Where anything in Rate Schedule 48 or the General Terms and Conditions of FortisBC Energy conflicts with any of the terms and conditions set out in this Transportation Agreement, this Transportation Agreement governs. Where anything in Rate Schedule 48 conflicts with any of the rates, terms and conditions set out in the General Terms and Conditions of FortisBC Energy, Rate Schedule 48 governs.

2.4 **Member of a Group** – Where the Shipper will be a member of a Group which has a Shipper Agent acting as agent for the members of the Group, the Shipper must complete

Appendix A attached to this Transportation Agreement and the Shipper thereby agrees that the terms and conditions of Appendix A form part of this Transportation Agreement and bind the Shipper as if set out in this Transportation Agreement.

2.5 **Acknowledgement** – The Shipper acknowledges receiving and reading a copy of Rate Schedule 48 and the General Terms and Conditions of FortisBC Energy and agrees to comply with and be bound by all terms and conditions set out therein.

IN WITNESS WHEREOF the parties hereto have executed this Transportation Agreement.

FORTISBC ENERGY INC.	_____ (here insert name of Shipper)
BY: _____ (Signature)	BY: _____ (Signature)
_____ (Title)	_____ (Title)
_____ (Name – Please Print)	_____ (Name – Please Print)
DATE: _____	DATE: _____

APPENDIX A
NOTICE OF APPOINTMENT OF SHIPPER AGENT

1. _____ (Shipper) hereby gives notice to FortisBC
(Name of Shipper)

Energy that Shipper has appointed _____
(Name of Shipper Agent)

(Shipper Agent) to act as agent for Shipper in all matters relating to gas supply and to transportation Service on the FortisBC Energy System. Shipper also gives notice to FortisBC Energy that Shipper wishes to be a member of a Group and the Shipper will cause the Shipper Agent to enter into a Shipper Agent Agreement or other agreement with FortisBC Energy that binds the Shipper Agent to pay the charges which the Shipper Agent elects to pay for and on behalf of the Shipper.

2. Shipper acknowledges and agrees that the Shipper Agent will provide aggregate nominations for the Group to FortisBC Energy.

3. Shipper acknowledges and agrees that if the Group includes a member which is a Shipper under Rate Schedule 22, 22A, or 22B, the Group and its members will be subject to the demand surcharge provisions of Rate Schedule 22.

4. Shipper acknowledges and agrees that when there are constraints or limitations of Gas supply FortisBC Energy will notify the Shipper Agent and it will then be the responsibility of the Shipper Agent to notify Shipper of any curtailment or interruption arising from the constraint or limitation of Gas supply.

5. Shipper acknowledges and agrees that the Shipper Agent will provide FortisBC Energy with information which will be used by FortisBC Energy to bill Shipper for Backstopping Gas, Balancing Gas, Unauthorized Overrun Gas charges and demand surcharges.

6. Shipper acknowledges that FortisBC Energy will bill Shipper on the basis of information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that it is bound by the information supplied to FortisBC Energy by the Shipper Agent and Shipper agrees that it will not dispute the information provided to FortisBC Energy by the Shipper Agent. Shipper agrees that the Shipper Agent may elect to pay some or all of the charges for Gas identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper Agent Agreement and Shipper acknowledges that if the Shipper Agent fails to provide information to FortisBC Energy then notwithstanding any election that has been made by the Shipper Agent to pay some or all of the charges for Gas identified in Section 3.7 (Monthly Billing Information) of the standard form Shipper Agent Agreement, FortisBC Energy will bill Shipper directly on the bases set out in Section 3.8 (Lack of Allocation Information) of the standard form Shipper Agent Agreement of FortisBC Energy. Shipper agrees to pay FortisBC Energy as billed, and if Shipper disagrees with any of the billing information used by FortisBC Energy the Shipper will deal with the Shipper Agent to resolve that disagreement. Disputes between the Shipper and the Shipper

Agent will not constitute a basis for non-payment by Shipper to FortisBC Energy of the amounts billed.

7. Shipper will provide FortisBC Energy with 30 days notice, except with the prior approval from FortisBC Energy, if Shipper wishes to leave the Group, to be effective on the beginning of the next calendar month following the expiry of the notice period.

8. Shipper acknowledges and agrees that FortisBC Energy may disband the Group pursuant to Section 10 (Disbanding of the Group) of the standard form Shipper Agent Agreement.

9. Shipper will indemnify and hold harmless the FortisBC Energy Related Parties from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

10. Shipper acknowledges receiving a copy of the standard form Shipper Agent Agreement of FortisBC Energy.

_____
(here insert name of Shipper)

BY: _____
(Signature)

_____
(Title)

_____
(Name – Please Print)

DATE: _____

SCHEDULE A
SHIPPER AGENT AGREEMENT

This Agreement is dated _____, 20___, between FortisBC Energy Inc. ("FortisBC Energy") and _____ (the "Shipper Agent").

WHEREAS:

A. The Shipper Agent wishes to act as agent on behalf of all members of a Group in respect of transportation Service on the FortisBC Energy System; and

B. The Shippers who are members of the Group have entered into Transportation Agreements with FortisBC Energy.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the terms, conditions and limitations contained herein, the parties agree as follows:

1. Specific Information

Members of Group:
(if space is insufficient, continue list on an additional page)

Commencement Date of this agreement:

_____

Expiry Date of this agreement:

_____
(no expiry date need be specified)

Address of Shipper Agent for receiving notices:

_____
(name of Shipper Agent)

_____
(address of Shipper Agent)

_____

_____

Attention: _____

Telephone: _____

Alternate Tel(s): _____

_____

The information set out above is hereby approved by the parties and each reference in either this agreement or the applicable Transportation Rate Schedules to any such information is to the information set out above.

2. Definitions

2.1 **Definitions in Rate Schedule 48** – Except where the context requires otherwise or except as otherwise expressly provided in this agreement, all words and phrases defined in Rate Schedule 48 or in the General Terms or Conditions of FortisBC Energy have the meanings set out in Rate Schedule 48 and in the General Terms and Conditions of FortisBC Energy.

3. Shipper Agent Obligations

3.1 **Management of Balancing Gas** – The Shipper Agent is responsible for the management of all Balancing Gas for the Group and its members.

3.2 **Management of Backstopping Gas** – The Shipper Agent is responsible for the management of all Backstopping Gas supplied by FortisBC Energy to the Group and its members.

3.3 **Management of Peaking Gas Service** – The Shipper Agent is responsible for the management of all Peaking Gas supplied by FortisBC Energy to the Group and its members as well as the return of Peaking Gas Quantities and any Replacement Gas.

3.4 **Group Nominations and Balancing** – The Shipper Agent will provide Group nomination and balancing to FortisBC Energy in accordance with the sections of the applicable transportation Rate Schedules.

3.5 **Standard Gas Supply Priority Schedule (Standard Priority Schedule)** – Before the Commencement Date of this agreement and before the commencement of each Contract Year the Shipper Agent will provide to FortisBC Energy a Standard Priority Schedule which will advise FortisBC Energy of the priority between members of the Group if a constraint or limitation of Gas supply occurs. The Shipper Agent may provide to FortisBC Energy a revised Standard Priority Schedule from time to time and will provide to FortisBC Energy a revised Standard Priority Schedule if there is a change in membership of the Group.

3.6 **Gas Supply Constraints or Limitations** – Upon receipt of a notice from FortisBC Energy of curtailment or interruptions pursuant to Section 4.4 (Notice of Gas Supply Constraint or Limitation) Shipper Agent will determine the allocation of Gas supply between members of the Group and will notify the Shippers which are members of the Group of the curtailment or interruption. Within two hours of receipt of notice from FortisBC Energy pursuant to Section 4.4 (Notice of Gas Supply Constraint or Limitation), or such longer period as FortisBC Energy considers reasonable in the circumstances, the Shipper Agent will provide to FortisBC Energy a schedule setting out the Gas supply allocation for the Group to apply during that curtailment or interruption. If the Shipper Agent fails to provide a schedule setting out the Gas supply allocation for the Group to apply during the curtailment or interruption then FortisBC Energy will curtail Shippers on the basis set out in the Standard Priority Schedule.

3.7 **Monthly Billing Information** – At the end of each month, and within two Business Days of FortisBC Energy providing to the Shipper Agent a schedule of charges incurred (if any) pursuant to Section 4.2 (Monthly Provision of Data), the Shipper Agent will notify FortisBC Energy which charges the Shipper Agent elects to pay on behalf of the members of the

Group and, if notice is not received, FortisBC Energy will bill the Shippers directly on a pro-rata basis.

3.8 **Lack of Allocation Information** – If, at the end of a month, the Shipper Agent fails to provide to FortisBC Energy the monthly allocation schedule of charges incurred (if any) pursuant to Section 3.7 (Monthly Billing Information) then FortisBC Energy will bill on the basis of the best available information. For Balancing Gas FortisBC Energy will bill on a basis proportional to the actual takes of the Shippers during the month. For Backstopping Gas FortisBC Energy will bill on a basis proportional to the actual Day-to-Day takes of the Shippers during the Days when Backstopping Gas was supplied. For Unauthorized Overrun Gas FortisBC Energy will bill on the basis of the schedule(s) setting out the Gas supply allocation for the Group provided to FortisBC Energy pursuant to Section 3.7 (Monthly Billing Information) or if the Shipper Agent fails to provide a schedule pursuant to Section 3.7 (Monthly Billing Information) then on the basis of the applicable Standard Priority Schedule provided by the Shipper Agent pursuant to Section 3.5 (Standard Gas Supply Priority Schedule (Standard Priority Schedule)). For Replacement Gas FortisBC Energy will bill on a basis proportional to actual Day-to-Day takes of the Non-Bypass Shippers or Rate Schedule 48 Shippers during the Day for which the Peaking Gas Quantities were not returned. For Positive Imbalances and Negative Imbalances for West to East SCP Transportation Service FortisBC Energy will bill on a basis proportional to the Peak Day Demand of the Non-Bypass Shippers or Rate Schedule 48 Shippers. If further information becomes available, FortisBC Energy will adjust the billings on the basis of the further information.

3.9 **Charges for Extra Services** – If FortisBC Energy incurs extra expenses from a Shipper Agent failing to provide information, or failing to provide information in a timely manner, or failing to provide correct information, or otherwise failing to meet its obligations under this agreement, then FortisBC Energy may charge the Shipper Agent for such extra expenses and the Shipper Agent agrees to pay FortisBC Energy the reasonable extra expenses incurred as a result of such failure.

4. FortisBC Energy Obligations

4.1 **Daily Provision of Data** – FortisBC Energy will provide to the Shipper Agent a report on the Web Information and Nomination System ("WINS") setting out FortisBC Energy's best available data on the daily takes of the Group both by individual Shipper and in aggregate on a daily basis.

4.2 **Monthly Provision of Data** – Within 10 working days after the end of each month FortisBC Energy will provide to the Shipper Agent a report on the WINS setting out the finalized daily takes of each member of the Group.

4.3 **Capacity Constraints** – If FortisBC Energy, acting reasonably, determines that it does not have capacity on the FortisBC Energy System to accommodate interruptible transportation Service to any member of the Group then FortisBC Energy will directly notify that Shipper pursuant to the Notice of Curtailment Section of the applicable Rate Schedule and will deal directly with the Shipper if the Shipper takes Unauthorized Overrun Gas or Unauthorized Transportation Service.

4.4 **Notice of Gas Supply Constraint or Limitation** – If Gas supply constraints or limitations occur; either due to a constraint or limitation of supply from FortisBC Energy of

Backstopping Gas or Balancing Gas, or a constraint or limitation of supply from another Supplier; FortisBC Energy will notify the Shipper Agent of any curtailment or interruption, will specify the quantity of Gas to which the Group in aggregate is curtailed and the time at which time such curtailment is to be made. FortisBC Energy will make reasonable efforts to give the Shipper Agent as much notice as possible with respect to such curtailment or interruption, not to be less than 4 hours prior notice unless prevented by Force Majeure.

5. Changes to Group

5.1 **Amendments to Group** – Schedule A sets out the Shippers who are the members of the Group represented by the Shipper Agent to this agreement. No additions or deletions may be made to the Group without the Shipper Agent providing notice to FortisBC Energy, in a method approved by FortisBC Energy, showing such additions and deletions and the effective dates of such additions and deletions in accordance with Section 5 (Changes to Group) of this agreement.

5.2 **Deletions From Group** – If the Shipper Agent wishes to cease acting as agent for a Shipper or a Shipper wishes to cease being a member of the Group, upon receipt by FortisBC Energy of not less than, except with the prior approval of FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, from either the Shipper or Shipper Agent and provided that the Shipper Agent has provided to FortisBC Energy the effective date of deletion of the Shipper from the Group such Shipper will be deleted from the Group on the beginning of the next calendar month following the expiry of the notice period.

5.3 **Additions To Group** – If the Shipper Agent wishes to add a Shipper to a Group and the Shipper wishes to be added to the Group, and the Shipper has entered into a Transportation Agreement and completed an Appendix A – Notice of Appointment of Shipper Agent, and both the Shipper and the Shipper Agent have given to FortisBC Energy not less than, except with the prior approval from FortisBC Energy, 30 days prior written notice, or other method approved by FortisBC Energy, of such addition and provided that the Shipper Agent has provided to FortisBC Energy the effective date of the addition of the Shipper to the Group, such Shipper will be added to the Group effective on the beginning of the next calendar month following the expiry of the notice period.

6. Statements and Payments

6.1 **Statements to be Provided** – If the Shipper Agent elects to pay some or all of the charges for Gas taken by the Shippers as described in Section 3.7 (Monthly Billing Information), FortisBC Energy will, on or about the 15th day of each month, deliver to the Shipper Agent a statement for the preceding month showing the Gas quantities, and the applicable charges for which the Shipper Agent is responsible and the amount due. Any errors in any statement will be promptly reported to the other party as provided hereunder, and statements will be final and binding unless questioned within one year after the date of the statement.

6.2 **Payment and Interest** – Payment for the full amount of the statement, including federal, provincial and municipal taxes or fees applicable thereon, will be made to, or to the order of, FortisBC Energy at its Surrey, British Columbia office (mailing address: P.O. Box 6666 Stn. Terminal, Vancouver, B.C., V6B 6M9), or such other place in Canada as it will

designate, on or before the 1st Business Day after the 10th calendar day following the billing date. If the Shipper Agent or Shipper fails or neglects to make any payment required under this Shipper Agent Agreement, or any portion thereof, to or to the order of FortisBC Energy when due, interest on the outstanding amount will accrue, at the rate of interest declared by the chartered bank in Canada principally used by FortisBC Energy, for loans in Canadian dollars to its most creditworthy commercial borrowers payable on demand and commonly referred to as its "prime rate", plus:

(a) 2% from the date when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper Agent or Shipper has not, during the immediately preceding 6 month period, failed to make any payment when due hereunder; or

(b) 5% from the date when such payment was due to and including the date the same is paid where the Shipper Agent or Shipper has, during the immediately preceding 6 month period, failed to make any payment when due hereunder.

7. Term

7.1 **Term** – The term of this agreement will commence on the Commencement Date specified in Section 1 (Specific Information) of this agreement and will expire either:

(a) 30 days following written notice from the Shipper Agent that the Shipper Agent wishes to cease to nominate for transportation Service and balancing on behalf of the Group;

(b) the expiry or termination of the Transportation Agreements of all of the members of the Group;

(c) the expiry date specified in Section 1 (Specific Information) of this agreement; or

(d) 5 days following notice from FortisBC Energy to the Shipper Agent, and to the Shippers which are members of the Group, under Section 10.1 (Failure to Provide Information) and Section 10.2 (Default).

whichever date is earlier.

7.2 **Survival of Covenants** – Upon the termination of this agreement:

(a) all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of termination; and

(b) all of the provisions in this agreement relating to the obligation of either of the parties to provide information to the other in connection with this agreement,

will survive such termination.

8. Representations, Warranties and Covenants

8.1 **Representations and Warranties** – The Shipper Agent represents and warrants to and covenants with FortisBC Energy as follows:

(a) the members of the Group are listed in Section 1 (Specific Information) of this agreement;

(b) the Shipper Agent is the agent of each of the members of the Group and has the authority of each of the members of the Group for the purposes of any and all matters set out in the applicable transportation Rate Schedule and this agreement; and

(c) FortisBC Energy may rely on any act or thing done, or document executed, by the Shipper Agent in connection with of any and all matters set out in the applicable transportation Rate Schedule and this agreement.

9. Limitation on Liability and Indemnity

9.1 **Limitation on Liability** – The FortisBC Energy Related Parties will not be liable in damages for or on account of any interruption or Curtailment of Transportation Service, as outlined in this Rate Schedule, Section 9.2 (Curtailment of Transportation Service) or Gas supply.

9.2 **Indemnity** – The Shipper Agent will indemnify and hold harmless the FortisBC Energy Related Parties from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from any act or omission of the Shipper Agent related to the agency created by the Shipper Agent Agreement.

10. Disbanding of the Group

10.1 **Failure to Provide Information** – If the Shipper Agent fails to provide FortisBC Energy with the information or schedules which the Shipper Agent is required to provide to FortisBC Energy pursuant to this agreement or is otherwise in breach of this agreement then, acting reasonably in the circumstances and on 5 days notice to the Shipper Agent and to the members of the Group, FortisBC Energy may disband the Group and deal directly with the Shippers which were members of the Group.

10.2 **Default** – If any Shipper which is a member of the Group is in default under the Default or Bankruptcy Section of the applicable Rate Schedule or becomes bankrupt or insolvent, then that Shipper will cease to be a member of the Group.

11. Arbitration

11.1 **Arbitration** – Any dispute between the parties arising from this agreement will be resolved by a single arbitrator pursuant to the Arbitration Act of British Columbia or successor legislation, save as expressly provided herein.

11.2 **Demand for Arbitration** – Either party may commence arbitration proceedings by sending to the other party a demand for arbitration setting out the nature of the dispute.

11.3 **Arbitrator** – The parties will have 10 days from receipt of the demand referred to in Section 11.2 (Demand for Arbitration) to agree upon the arbitrator, failing which either party may apply to the Supreme Court of British Columbia to select the arbitrator. The arbitrator must be sufficiently qualified by education and training to decide the particular questions in dispute. Unless otherwise agreed, the arbitrator may not be a past or present employee, officer or director of either of the parties or their respective successors of affiliates, any supplier of the Shipper or FortisBC Energy, or any member of the Group.

11.4 **Commencement and Decision** – The arbitrator will proceed immediately to hear and determine the matter in dispute and will render a written decision, signed by the arbitrator, within 45 days after the appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the arbitrator fails to render a decision within 60 days after the appointment then either party may elect to have a new arbitrator appointed in like manner as if none had previously been appointed.

11.5 **Decision** – The decision of the arbitrator will be final and binding upon the parties and the parties will abide by the decision and perform the terms and conditions thereof.

12. Notice

12.1 **Notice** – Any notice, request, statement or bill that is required to be given or that may be given under this agreement will, unless otherwise specified, be in writing and will be considered as fully delivered when mailed, personally delivered, or sent by email or other method approved by FortisBC Energy to the other party.

13. Acknowledgement

13.1 **Acknowledgement** – The Shipper Agent acknowledges receiving and reading a copy of Rate Schedules 22, 22A, 22B, 23, 25, 26 and 27 and the General Terms and Conditions of FortisBC Energy and will comply with and be bound by all terms and conditions set out therein.

IN WITNESS WHEREOF the parties hereto have executed this agreement.

FORTISBC ENERGY INC.

(here insert name of Shipper Agent)

BY: _____
(Signature)

_____
(Title)

_____
(Name – Please Print)

DATE: _____

BY: _____
(Signature)

_____
(Title)

_____
(Name – Please Print)

DATE: _____