

TRANS MOUNTAIN PIPELINE ULC

Refined Petroleum Reconciliation Procedure

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1. INTRODUCTION

Trans Mountain Pipeline ULC as general partner of Trans Mountain Pipeline L.P. (“Trans Mountain”) transports a wide variety of Petroleum commodities (Crude Petroleum, Refined Petroleum and semi-refined Petroleum) together in the same pipeline. Trans Mountain transports Refined Petroleum (diesel, gasoline and iso-octane) to Shipper owned facilities in Kamloops and Burnaby and to Trans Mountain’s Burnaby terminal, all located in British Columbia. The movement of multiple Petroleum products is achieved through a process known as “batching”.

When different Petroleum batches are lined up next to each other in the pipeline, some mixing between the batches can occur. This mixing - or interface - is kept to a minimum by sequencing the Refined Petroleum (or “RP”) batches in a specific order. A typical batch sequence (or “batch train”) consists of heavy crude, light crude, gasoline, iso-octane, diesel, light crude and heavy crude. The intermixing of Crude Petroleum and Refined Petroleum is called Transmix.

Gains and losses can be attributed to interfacial batch cuts and the normal intermixing of Petroleum products as they transit the pipeline system. Carrier’s typical batch train sequence for Refined Petroleum is: a lead batch of gasoline destined for Burrard terminal; followed by gasoline destined for Kamloops; followed by gasoline for Burrard terminal; followed by iso-octane for the Burnaby terminal; then gasoline for Burrard terminal and finally diesel for Burrard terminal. Transmix occurs at the front and back-end of the Refined Petroleum batch trains.

All Refined Petroleum delivered by Trans Mountain is subject to a Petroleum Loss Allowance Percentage (“PLAP”). The PLAPs in effect are provided in the Trans Mountain Pipeline ULC Tariff: Tolls Applying on Petroleum¹. Gains or losses for individual Refined Petroleum batches are settled through this procedure; the resulting aggregate net loss is reconciled and identified as Transmix. All Refined Petroleum Shippers are required to participate in this procedure. This document describes the Refined Petroleum Reconciliation Procedure as it applies to Trans Mountain.

Capitalized terms that are not defined in this procedure are as defined in Trans Mountain Pipeline ULC’s Petroleum Tariff: Rules and Regulations or in Trans Mountain’s Inventory Settlement Procedure.¹

2. RECONCILIATION PROCEDURE

Step 1: Refined Petroleum Batch Information (“RPBI”)

Trans Mountain issues the RPBI to all Refined Petroleum Shippers (“RP Shippers”) at the completion of each Refined Petroleum batch train (“RP Train”). A partial RPBI consist of completed deliveries at Kamloops terminal.

The RPBI calculates the batch over/short based on injected volume at Edmonton less custody transfer metered deliveries at either Kamloops or Burrard terminals and tank gauge receipts at

¹ The Trans Mountain Pipeline ULC Tariffs: Tolls Applying on Petroleum and Rules and Regulations Governing the Transportation of Petroleum are on file with the National Energy Board and can be located on the Carrier’s website at <https://www.transmountain.com/tolls-tariffs>.



Trans Mountain's Burnaby terminal.

Step 2: Determination of Delivery and Transportation Tolling Volumes

Each batch within the RP Train delivers and is tolled at the injected volume at Edmonton, with the following exceptions:

- The lead gasoline batch destined for Burrard delivery;
- The lead gasoline batch destined for Kamloops delivery; and
- The final diesel batch destined for Burrard delivery.

The lead Burrard gasoline batch will assume the over/short volume for all Burrard destined gasoline and iso-octane batches. The lead Kamloops batch will assume the over/short volume for all Kamloops destined batches and the last diesel batch assumes over/short volume for all diesel in a RP Train.

Step 3: Determination of Initial Transmix

At the close of each RP Train, the over/short volume for all gasoline batches as defined in Step 2 form the front-end Transmix, while the over/short volume for all diesel batches form the back-end Transmix.

Step 4: Determination of Book Inventory

At the close of each Month, Carrier determines the Book Inventory for each RP commodity and Shipper, as reported on the Shipper Balance Report.

Step 5: Determination of Physical Inventory

At the close of each Month, Carrier determines the Physical Inventory of each RP commodity and Shipper.

Step 6: Determination of Final Transmix Volume

At the close of each Month, Carrier determines the Book to Physical volume differences for each RP commodity and Shipper. Such differences are then applied to the appropriate Transmix commodity (gasoline or diesel) through a Final Transmix Volume adjustment; thus ensuring that the Book to Physical Inventory for all RP remains balanced.

Schedule A: Petroleum Loss Allowance Percentages

The Petroleum Loss Allowance Percentages can be found in the Trans Mountain Pipeline ULC Tariff: Tolls Applying on Petroleum in effect at the time.