



TRANS MOUNTAIN PIPELINE ULC

PETROLEUM TARIFF

RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION OF
PETROLEUM BY PIPELINE

GENERAL APPLICATION

The Rules and Regulations contained herein apply to the
Expanded Trans Mountain Pipeline System.

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1 DEFINITIONS

The following words and terms, when used in this Tariff or in any Contract or Toll Schedule into which this Tariff is incorporated, shall have the following meanings:

- 1.1 "**API**" means American Petroleum Institute.
- 1.2 "**ASTM**" means American Society for Testing and Materials.
- 1.3 "**Actual Monthly Volume**" has the meaning set forth in a Contract.
- 1.4 "**Affiliate**" means, with respect to a Shipper:
- (a) an "affiliate" as defined in the Canada Business Corporations Act, R.S.C. 1985, c. C-44, as may be amended or replaced from time to time;
 - (b) a unit or division of any corporation referred to in Rule 1.4 (a);
 - (c) a Person in which the Shipper or any corporation referred to in Rule 1.4 (a) has a controlling interest;
 - (d) a Person that is the operator of the upstream facility from which the Shipper's Petroleum will be Tendered, or that is the operator of the Land Destination, that is subject to the control of the Shipper or any corporation referred to in Rule 1.4 (a) pursuant to a commercial or operational arrangement with the Shipper or any corporation referred to in Rule 1.4 (a);
 - (e) a third party that is subject to the control of, or has been hired to Nominate or transport the Petroleum of, the operator of either an upstream facility from which the Petroleum will be Tendered or a Land Destination;
 - (f) an agent or other Person acting on behalf of any Person referred to in Rule 1.4 (a) to (e).
- 1.5 "**Allocated Volume**" has the meaning set forth in Rule 6.4.
- 1.6 "**Alternate Delivery Point**" means a destination referenced in a Firm Service Shipper Nomination, other than the Designated Delivery Point.
- 1.7 "**Apportioned Make-up Volumes**" has the meaning set forth in Rule 6.14(c)(ii).
- 1.8 "**Apportioned Volume**" has the meaning set forth in Rule 6.3.
- 1.9 "**Available Capacity**" has the meaning set forth in Rule 14.1.
- 1.10 "**Banking Day**" means any day that the financial institutions designated by the Carrier for payment are open to the general public for business, and specifically excludes Saturdays, Sundays and statutory holidays.
- 1.11 "**Bid Premium**" means the premium offered by an Uncommitted Shipper for a Nomination, expressed in Canadian cents per Cubic Meter.
- 1.12 "**Capability**" and any derivative thereof, means with respect to an Uncommitted Shipper, its physical capacity to Tender the Nominated Volumes and Petroleum types to the Carrier at the Receipt Point and, with respect to an Uncommitted Shipper to a Land Destination, the Land Destination's physical capacity to remove the Nominated Volumes and Petroleum types from the point of physical delivery by the Carrier to the Uncommitted Shipper, as further described in the Officer's Certificate and/or the Officer's Affidavit, as applicable.
- 1.13 "**Carrier**" means Trans Mountain Pipeline ULC as general partner of Trans Mountain Pipeline L.P.
- 1.14 "**Carrier Force Majeure Volume**" means that volume of Petroleum that Shipper was unable to Tender as a result of a Force Majeure declared by Carrier.
- 1.15 "**Commodity Approval Process**" means the process followed by the Carrier to approve Petroleum for transport on the Carrier's Mainline System pursuant to the terms of the Service Standards.
- 1.16 "**Contract**" means an agreement between the Carrier and a Firm Service Shipper for Firm Service on the Mainline System.
- 1.17 "**Contract Tank**" means a Petroleum tank owned and operated by Carrier the capacity of which the Carrier has contracted out exclusive use of for the storage and handling of Petroleum to a Contract Tank Counter Party.
- 1.18 "**Contract Tank Counter Party**" means a party that has contracted with Carrier for the exclusive use of the capacity of a Contract Tank.

- 1.19 "**Contract Volume**" means the daily volume of Petroleum for which a Firm Service Shipper has contracted for transportation under a Contract, as set forth in Schedule "A" of such Contract.
- 1.20 "**Credit Issues**" has the meaning set forth in Rule 19.1.
- 1.21 "**Credit Rating**" means, with respect to a Person, on any date of determination, the ratings of its senior unsecured, unsubordinated long-term debt (not supported by third party credit enhancement) issued by S&P, Moody's or DBRS, or if the Person does not have a rating for its senior unsecured, unsubordinated long-term debt (not supported by third party credit enhancement), then the ratings assigned to the Person's corporate or issuer rating by S&P, the issuer rating by Moody's or the corporate rating by DBRS.
- 1.22 "**Credit Support Provider**" means, with respect to a Shipper, a Person who has provided a guarantee of a Shipper's obligations in respect of the provision of service to the Shipper by the Carrier, where such guarantee is in form and substance acceptable to the Carrier acting reasonably.
- 1.23 "**Crude Petroleum**" means "oil" as defined in the *Canadian Energy Regulator Act* ("Oil"), other than Refined Petroleum; provided that Refined Petroleum shall be deemed to be Crude Petroleum where it is (i) intermixed with Oil (other than Refined Petroleum) prior to being Tendered; (ii) Tendered but subsequently intermixed with Oil including Refined Petroleum; or (iii) Tendered for transportation as Crude Petroleum under the provisions of this Tariff.
- 1.24 "**cSt**" means centistoke, a measurement of viscosity equivalent to one square millimetre per second.
- 1.25 "**Cubic Meter**" or "**m³**" means the volume of Petroleum which occupies one (1) cubic meter when such Petroleum is at a temperature of fifteen degrees Celsius (15°C) and at a pressure of 101.325 kiloPascals, and is converted into barrels at a conversion factor of 6.2898108 barrels.
- 1.26 "**Custody Transfer Point**" means the physical point of interconnection designated in a contract or otherwise defined by the Carrier between the Carrier and (i) Trans Mountain Pipeline (Puget Sound) LLC, (ii) a receipt or delivery facility or terminal, or (iii) a Vessel, where control of Petroleum transfers from the Carrier to the Shipper or from the Shipper to the Carrier. The Custody Transfer Point for Westridge Marine Terminal shall be the outlet flange of the marine loading arms.
- 1.27 "**Custody Transfer System**" means the physical system, gauges, meters, and other equipment used to quantify and qualify Petroleum Tendered or Delivered.
- 1.28 "**DBRS**" means Dominion Bond Rating Service Limited, or any successor thereof.
- 1.29 "**Deliver**" and any derivative thereof, means the physical delivery of Petroleum by the Carrier to the Shipper at the Delivery Point or the Designated Delivery Point, as the case may be.
- 1.30 "**Delivery Point**" means the Custody Transfer Point at any one of Edmonton, Alberta, Kamloops, British Columbia, Sumas, British Columbia, Burnaby, British Columbia or Westridge Marine Terminal, British Columbia.
- 1.31 "**Demurrage Charge**" has the meaning set forth in Rule 7.5.
- 1.32 "**Density**" and any derivative thereof, means mass per unit volume at fifteen degrees Celsius (15°C), expressed in kilograms per Cubic Meter as measured by an approved API MPMS or ASTM Standard.
- 1.33 "**Designated Delivery Point**" means, in respect of a Firm Service Shipper, the Delivery Point designated by such Firm Service Shipper in a Contract.
- 1.34 "**Designated Petroleum Type**" means, in respect of a Firm Service Shipper, the Petroleum type designated by such Firm Service Shipper in a Contract.
- 1.35 "**Designated Receipt Point**" means, in respect of a Firm Service Shipper, the Receipt Point designated by such Firm Service Shipper in a Contract.
- 1.36 "**Financial Assurance**" has the meaning set forth in Rule 19.1.
- 1.37 "**Firm Service**" means firm transportation service to be provided by the Carrier to a Firm Service Shipper in accordance with the Tariff and the Contracts between the Carrier and Firm Service Shippers.
- 1.38 "**Firm Service Shipper**" means a shipper who is party to a Contract.
- 1.39 "**Firm Service Toll**" means the toll payable by a Firm Service Shipper pursuant to its Contract and this Tariff.

- 1.40 "**Fixed Toll**" has the meaning set forth in a Contract, and shall be set out in the Toll Schedule.
- 1.41 "**Flowing Temperature**" means the temperature of Petroleum measured by the Custody Transfer System at the time Petroleum is Tendered.
- 1.42 "**Flush Volume**" means Petroleum that does not have characteristics considered detrimental to other Shipper's Petroleum and that is used to remove Olefinic Petroleum.
- 1.43 "**Force Majeure**" has the meaning set forth in Rule 13.2.
- 1.44 "**Gross Standard Volume**" means a volume of Petroleum measured in Cubic Meters in accordance with standards established by ASTM in the API Manual of Petroleum Measurement Standards, Chapter 12.2 or the latest revision to such standards.
- 1.45 "**Intent**" and any derivative thereof, means the Uncommitted Shipper has in its mind a purpose to Tender its Nominated Volumes and Petroleum types and with respect to an Uncommitted Shipper to a Land Destination, that the Uncommitted Shipper has in its mind the removal of Nominated Volumes and Petroleum types from the Delivery Point, as further described in the Officer's Certificate and/or the Officer's Affidavit, as applicable.
- 1.46 "**Investment Grade**" means the Shipper or, if applicable, its Credit Support Provider, has a Credit Rating of at least BBB- by S&P, Baa3 by Moody's, or BBB(Low) by DBRS. If the Shipper or, if applicable, its Credit Support Provider has only one (1) Credit Rating from S&P, Moody's or DBRS, then that Credit Rating shall apply. If the Shipper or, if applicable, its Credit Support Provider, has a Credit Rating from two (2) or more of S&P, Moody's, and/or DBRS, then the higher Credit Rating shall apply.
- 1.47 "**Kamloops Nominations**" means the Nominations designating Kamloops, British Columbia as the Receipt Point.
- 1.48 "**Kamloops Receipt Window(s)**" has the meaning set forth in Rule 6.12.
- 1.49 "**kiloPascal**" or "**kPa**" is a pressure equivalent to a force of one thousand (1,000) newtons per square meter.
- 1.50 "**Land Destinations**" means refineries or terminals where Petroleum transported by the Carrier is Delivered and are connected at Kamloops, British Columbia, Burnaby, British Columbia, and Puget Destinations.
- 1.51 "**Letter of Credit**" means an irrevocable, transferable, standby letter of credit issued by a Schedule "1" Bank as defined in the *Bank Act* (Canada) having a Credit Rating of at least A- from S&P, A3 from Moody's or A(low) from DBRS.
- 1.52 "**Lifting Vessel**" means a Vessel that has been accepted by Carrier and confirmed by a Shipper pursuant to Rule 21.4 to load Shipper's Nominated Crude Petroleum during the Load Window assigned to such Shipper.
- 1.53 "**Light**" and "**Heavy**" means the different types of Petroleum transported by the Carrier and have the meanings set forth in Rule 23.1.
- 1.54 "**Line 1**" means the pipeline consisting of predominately 24" pipeline and associated facilities.
- 1.55 "**Line 2**" means the pipeline consisting of predominately 36" pipeline and associated facilities.
- 1.56 "**Load Window**" means a designated period of time during which a Vessel is scheduled to fully load the Shipper's Nominated Crude Petroleum. The window shall commence at the Tide Window on the first day and end at the Tide Window on the third day. Carrier may, at its sole discretion, designate a Load Window that is not coincidental with Tide Windows as long as available tidal conditions permit the loading of a Vessel up to the Shipper's Nominated volume.
- 1.57 "**Mainline System**" means the Carrier's pipeline system for the transportation of Petroleum from Receipt Points in the Provinces of Alberta and British Columbia to Delivery Point(s) in the Provinces of Alberta and British Columbia.
- 1.58 "**Make-up Volumes**" means collectively Shortfall Make-up Volumes, Turnaround Make-up Volumes, and Apportioned Make-up Volumes.
- 1.59 "**Marine Shipper**" means a Shipper Tendering Petroleum for Delivery to the Westridge Marine Terminal.
- 1.60 "**Month**" means the period beginning at 7:00 a.m. Mountain Time on the first day of any calendar month and ending at 7:00 a.m. Mountain Time on the first day of the next calendar month.

- 1.61 "**Monthly Marine Nomination Date**" means, with respect to a Month, at or before 7:00 a.m. Mountain Time on the date published by the Carrier for Nominations to be exported over the Westridge Marine Terminal for such Month and posted on the Carrier's website.
- 1.62 "**Monthly Nomination Date**" means, with respect to a Month, at or before 7:00 a.m. Mountain Time on the date published by the Carrier for Nominations for such Month and posted on the Carrier's website.
- 1.63 "**Monthly Volume**" means, for any Firm Service Shipper in respect of a Month, the product of the Contract Volume for such Firm Service Shipper and the number of days in that Month.
- 1.64 "**Moody's**" means Moody's Investors Service, Inc. or any successor thereof.
- 1.65 "**Net Standard Volume**" means the Gross Standard Volume (GSV) corrected to exclude the contaminant content, in accordance with standards established by ASTM in the API Manual of Petroleum Measurement Standards, Chapter 12.2, or the latest revision to such standards.
- 1.66 "**Nominated Volume**" has the meaning set forth in Rule 6.1.
- 1.67 "**Nomination**" and any derivative thereof, means, collectively, the particulars of the volume of Petroleum, the Receipt Point(s) or Designated Receipt Point as the case may be, the Delivery Point(s) or the Designated Delivery Point as the case may be, the type(s) of Petroleum, limited by Contract if applicable, and the Shipper's proposed Load Window(s) if the Delivery Point or the Designated Delivery Point is the Westridge Marine Terminal, as specified in a Shipper's Notice of Shipment in respect of a Month.
- 1.68 "**Non-Performance Penalty**" means the charge and cost as set forth in Rule 7.6.
- 1.69 "**Notice of Arrival**" has the meaning set forth in Rule 21.8.
- 1.70 "**Notice of Preparedness**" means a written notice from the Carrier provided to a Shipper for removal of its Petroleum from the Mainline System or from the custody of the Carrier on the specified date and time.
- 1.71 "**Notice of Readiness**" has the meaning set forth in Rule 21.9.
- 1.72 "**Notice of Shipment**" means the Carrier's prescribed form(s) (including electronic forms) as may be amended from time to time, to be used by the Shipper in notifying the Carrier of proposed Tenders.
- 1.73 "**Officer's Affidavit**" means an affidavit, in a form prescribed by Carrier and posted on Carrier's website, that must be sworn by an officer of an Uncommitted Shipper attesting that such Uncommitted Shipper has the Capability and the Intent to Tender, and with respect to a Land Destination of an Affiliate, that the Land Destination has the Capability and Intent to remove or have removed from the Mainline System or facilities of Trans Mountain Pipeline (Puget Sound) LLC, its Nominated Volume of each Petroleum type and that such Uncommitted Shipper's Supply as defined in the Affidavit is sufficient to satisfy its Nominated Volume of each Petroleum type.
- 1.74 "**Officer's Certificate**" means a certificate, in a form prescribed by Carrier and posted on Carrier's website, that must be signed by an officer of an Uncommitted Shipper certifying that such Uncommitted Shipper has the Capability and the Intent to Tender, and with respect to a Land Destination of an Affiliate, that the Land Destination has the Capability and Intent to remove or have removed from the Mainline System or facilities of Trans Mountain Pipeline (Puget Sound) LLC, its Nominated Volume of each Petroleum type and that such Uncommitted Shipper's Supply as defined in the Certificate is sufficient to satisfy its Nominated Volume of each Petroleum type.
- 1.75 "**Olefinic Petroleum**" means Petroleum that contains olefins greater than 1 wt%.
- 1.76 "**Parties**" means the Carrier and the Shipper(s) collectively, and "**Party**" means either one of them.
- 1.77 "**Payment Due Date**" means the day which is 14 days from the date on which the Carrier issues an invoice pursuant to Rule 8.1; provided that if the Payment Due Date is not a Banking Day, the Payment Due Date will be on the Banking Day immediately prior to the date which would otherwise be the Payment Due Date.
- 1.78 "**Person**" means a natural person, corporation, partnership, limited partnership, joint venture, association, trust, limited liability company or any other entity or organization, including a government agency.
- 1.79 "**Petroleum**" means Crude Petroleum, Refined Petroleum and any other petroleum product approved for transportation in accordance with the Commodity Approval Process.

- 1.80 "**Priority Destination**", and any derivative thereof, means a refinery, marketing terminal or other facility connected to and capable of receiving Petroleum from facilities of the Carrier or those of Trans Mountain Pipeline (Puget Sound) LLC, and so designated by the Regulator by reason that it is not capable of being supplied economically from alternative sources.
- 1.81 "**Puget Destinations**" means export markets in Washington State via the connected facilities of Trans Mountain Pipeline (Puget Sound) LLC.
- 1.82 "**Receipt Point**" means the Custody Transfer Point at Edmonton, Alberta or Kamloops, British Columbia.
- 1.83 "**Reference Line Temperature**" means the temperature used to determine the viscosity of Petroleum when Tendered to the Mainline System. The Reference Line Temperature varies throughout the year, the schedule for which is published on the Carrier's website. Changes to the Reference Line Temperature shall be agreed upon by the Carrier and the Shippers.
- 1.84 "**Refined Petroleum**" means (i) motor gasoline, diesel fuel, and other distillate products; and (ii) any product resulting from the partial or incomplete refining of Crude Petroleum, but not including synthetic crude oil.
- 1.85 "**Regulator**" means the Canada Energy Regulator established pursuant to the *Canadian Energy Regulator Act*, SC 2019, c 28, s 10, and any successor thereof according to law.
- 1.86 "**Rules and Regulations**" means the rules and regulations herein, all as amended, supplemented, modified or replaced from time to time.
- 1.87 "**S&P**" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or any successor thereof.
- 1.88 "**Service Standards**" means Carrier document entitled "Service Standards Regarding the Transportation of Petroleum". The Service Standards provide supplemental information on the operation and service levels for the transportation of Petroleum by the Carrier.
- 1.89 "**Shipper**" means an Uncommitted Shipper or a Firm Service Shipper that Tenders Petroleum pursuant to the Tariff.
- 1.90 "**Shortfall Make-up Volumes**" has the meaning set forth in Rule 6.14(a)(i).
- 1.91 "**Shrinkage**" means the change in volume resulting from mixing hydrocarbons of different densities and properties, and is calculated in accordance with standards established by ASTM in the API Manual of Petroleum Measurement Standards, Chapter 12.3 or the latest revision to such standards.
- 1.92 "**Sumas, British Columbia**" means the point near the International Boundary south of Sumas, British Columbia where the custody of Petroleum is transferred from Trans Mountain Pipeline ULC to Trans Mountain Pipeline (Puget Sound) LLC at the Custody Transfer Point.
- 1.93 "**Standards and Procedures**" means those standards, procedures or processes set forth in Rule 24.
- 1.94 "**Tariff**" means the Rules and Regulations, and the Toll Schedule, all as amended, supplemented, modified or replaced from time to time.
- 1.95 "**Tender**" and any derivative thereof, means a Shipper physically delivering a stated volume and type of Petroleum to the Carrier at a Receipt Point, in accordance with its Allocated Volume, for transportation from such Receipt Point to a Delivery Point.
- 1.96 "**Tide Window**" means the first slack water tide after civil dawn having a height of 3.3m or more as published by the Department of Fisheries and Oceans for Vancouver, British Columbia.
- 1.97 "**Toll Schedule**" means the schedule of tolls for the transportation of Petroleum, as amended, supplemented, modified or replaced from time to time.
- 1.98 "**Turnaround Make-up Volumes**" has the meaning set forth in Rule 6.14(b)(i).
- 1.99 "**Uncommitted Shipper**" means (i) a shipper that is not a Firm Service Shipper; and (ii) a Firm Service Shipper in respect of any volumes of Petroleum Nominated in excess of its Monthly Volume, excluding the Nomination of Make-Up Volumes.
- 1.100 "**Uncommitted Toll**" or "**Uncommitted Service Toll**" means the tolls payable under the Tariff by Uncommitted Shippers for uncommitted volumes shipped on the Mainline System.

- 1.101 "**Variable Toll**" has the meaning set forth in a Contract, and shall be set out in the Toll Schedule.
- 1.102 "**Vessel**" means a seagoing ship or barge proposed by the Shipper and capable of transporting Petroleum, subject to Rule 21.4.
- 1.103 "**Vessel Acceptance Standard**" means the Carrier document entitled Vessel Acceptance Standard.
- 1.104 "**Vessel Proposal**" means submitting by Shipper to Carrier of vessel information and Shipper undertakings in the manner described in the Vessel Acceptance Standard in order to fulfill the provision of Rule 21.3.
- 1.105 "**Westridge Marine Terminal**" means the marine terminal owned by the Carrier and located in Burnaby, British Columbia.

2 COMMODITY

- 2.1 The Tariff covers the transportation of Petroleum by the Carrier and no commodity other than Petroleum will be transported under the Tariff.

3 ORIGIN AND DESTINATION

- 3.1 **Acceptance and Delivery.** Carrier will accept Tenders for transportation on the Mainline System only when Tendered pursuant to Rule 6.5 at a Receipt Point and Nominated for Delivery.

4 QUALITY

- 4.1 **Permitted Petroleum.** The Shipper shall not Tender to the Carrier and the Carrier has no obligation to accept or transport Petroleum that does not conform to the specifications of Petroleum set forth in Rule 23 and the Commodity Approval Process as measured by acceptable test methods as outlined in the Commodity Approval Process, or Petroleum with any physical or chemical characteristics that may render such Petroleum not readily transportable by the Carrier or that may materially affect the quality of other substances transported by the Carrier or otherwise cause disadvantage to the Carrier.
- 4.2 **Specification Guidelines.** Notwithstanding Rule 4.1 or Rule 23 or any other provision to the contrary expressed or implied in the Tariff, the Carrier (i) may in its sole discretion, accept a Tender that does not have the specifications set forth in Rule 23; and (ii) acting reasonably, shall have the right to change the specifications set forth in Rule 23 from time to time provided that the Carrier shall provide the Shippers with written notice of the change of the specifications in Rule 23 at least sixty (60) days prior to the Monthly Nomination Date of the Month for which the change(s) would take effect, unless such change is required due to operational requirements, safety, environmental or regulatory changes in which case such written notice of the change will be provided as soon as practicable.
- 4.3 **Failure to Conform to Specifications.** If the Carrier determines that Petroleum Tendered by a Shipper does not comply with the specifications set forth in Rule 23 then, subject to Rule 4.2(i), such Shipper shall at its sole cost and expense remove such Petroleum from the Mainline System as directed by the Carrier.
- 4.4 **Failure to Remove Objectionable Matter.** If a Shipper fails to remove its Petroleum from the Mainline System in accordance with Rule 4.3, then the Carrier shall have the right to remove and sell such Petroleum in a lawful manner as deemed appropriate by the Carrier. The Carrier shall pay from the proceeds of such sale all costs and expenses incurred by the Carrier with respect to the removal and sale of such Petroleum. The remainder of such proceeds, if any, shall be paid by the Carrier to the Shipper or at the Shipper's direction. The Carrier may take such further action and remedies as it deems appropriate to lessen or mitigate any adverse impact to the Mainline System.

5 DELIVERED QUALITY AND SEGREGATION

- 5.1 **Delivery of Types of Petroleum.** The Carrier shall endeavour to Deliver substantially the same type and quality of Petroleum as Tended; provided, however, the Carrier shall not be obligated to make Delivery of identical Petroleum Tended.
- 5.2 **Responsibility for Quality Delivered.** Carrier will only accept Petroleum for transportation on the condition that it shall be subject to such changes in Density, quality or characteristics as may result from normal pipeline transportation and terminal operations through the Carrier's then existing facilities. The Carrier will use reasonable diligence to transport Petroleum to the Delivery Point, with a minimum amount of contamination. Subject to Rule 12.1, the Carrier shall not be liable for any variations in Density, quality or characteristics or consequential loss or damages as a result thereof while such Petroleum is in the Carrier's custody. Subject to Rule 12.1, any revaluations deemed appropriate by reason of difference in quality that may occur between the Tender by the Shipper and Delivery by the Carrier of Petroleum shall be between and for the account of the Shippers concerned. Subject to Rule 12.1, the Carrier shall have no responsibility in or for such revaluations or settlements other than to furnish data on volumes and Densities of the Petroleum so Tended and Delivered. Each Shipper must accept its proportionate share of the interface or commingled mixtures associated with a batch shipped on the Mainline System.
- 5.3 **Segregated Movement / Special Handling Provisions.** If Petroleum requires segregated movement so as not to contaminate the other Petroleum being transported:
- (a) the Carrier may, as operating conditions permit, and at the Carrier's sole discretion, attempt to make Delivery of substantially the same type and quality of Petroleum at the Delivery Point. The Carrier's obligation to accept specific types of Petroleum will be subject to the availability of the Carrier's compatible tankage at the Receipt Point and Delivery Point as determined by the Carrier acting reasonably; and
 - (b) if requested, the Shipper shall arrange for a Petroleum buffer and/or Flush Volume required for the segregation, of a type and volume specified by the Carrier. The buffer and/or Flush Volume and the associated Petroleum requiring segregation shall be transported by the Carrier in accordance with the Tariff. The Carrier shall, working with the Shipper and acting reasonably, make cuts between Petroleum and the buffer and/or Flush Volume such that impact to Shippers is minimized.

6 TENDERS AND QUANTITIES

- 6.1 **Monthly Nominations.** On or before the Monthly Nomination Date, the Shipper shall provide the Carrier with a Nomination on the Notice of Shipment indicating the volume of Petroleum to be transported for the following Month ("**Nominated Volume**"), the Receipt Point, the Delivery Point, the type(s) of Petroleum, limited by Contract if applicable, and for Uncommitted Shippers the Bid Premium. If a Shipper fails to Nominate any volume, the Shipper's monthly Nomination will be deemed to be zero.
- 6.2 **Nomination Verification.**
- (a) Shipper shall, upon notice from the Carrier, provide written third party verification of the availability of its supply of Petroleum to satisfy its Nominated Volume and of its capability to remove such Petroleum from the Delivery Point(s) as may be required by the Carrier in support of such Shipper's Nomination. If Shipper is unable to provide written third party verification for the reason that the Shipper is the operator of the facility from which such verification is required, then Shipper shall provide written verification in a form satisfactory to Carrier.
 - (b) For Uncommitted Shippers, if each of the third party verifications required above cannot be provided by a non-Affiliate, then such Uncommitted Shipper shall provide such verification in the form of an Officer's Certificate, as may be amended from time to time. The Carrier may, upon written notice, request such verification be further supported by an Officer's Affidavit.
 - (c) The Carrier shall not be obliged to accept the Shipper's Nomination where such verification required by Rule 6.2(a) and Rule 6.2(b) is unacceptable to the Carrier acting reasonably.
 - (d) The Carrier shall curtail the Nomination of any Shipper that is unable to provide the verification required by Rule 6.2(a) or Rule 6.2(b), as applicable, in an amount equal to the greater of the Shipper's unverified supply or unverified removal capability.

(e) Notwithstanding Rule 6.2(a), for Nominations of Petroleum for delivery to or from a Contract Tank, Carrier shall verify that Shipper has the necessary commercial arrangements with the Contract Tank Counter Party to remove the Nominated Petroleum at, and to deliver the Nominated Petroleum from, a Contract Tank. Verification of such Nomination shall be made by Carrier based on Carrier's review of the provisions in the written agreement between Shipper and a Contract Tank Counter Party that specify the (i) facilities that are located upstream of the terminal in which the Contract Tank is located from which Petroleum can be stored in the Contract Tank, and (ii) the facilities that are located downstream of the terminal in which the Contract Tank is located to which Petroleum can be delivered from the Contract Tank. The Carrier shall not verify a Shipper's Nomination for removal at or delivery from a Contract Tank if Carrier determines, acting reasonably, that it is not operationally feasible for the Shipper's Nomination to be removed at or delivered from, a Contract Tank.

- 6.3 **Apportioned Nominations.** After applying Rule 6.2(c) and 6.10(d), when Shippers' Nominations for a Month exceed the Available Capacity for that Month the Carrier shall apportion Nominations pursuant to Rule 14, and each Shipper shall be deemed to have submitted a Nomination equal to the Nomination specified in their Notice of Shipment as may be curtailed by Rule 6.2(c) and Rule 6.10(a) and reduced by the level of apportionment (the "**Apportioned Volume**").
- 6.4 **Allocation.** For each Month, after applying Rule 6.2, Rule 6.3 and Rule 6.10(d), the Carrier shall allocate capacity on the Mainline System to each Shipper whose Nomination has been accepted by the Carrier for that Month in an amount equal to each Shippers' Nominated Volume (as verified under Rule 6.2), or, in months of apportionment, each Shippers' Apportioned Volume for that Month (as the case may be, "**Allocated Volume**").
- 6.5 **Tenders.** For each Month, a Shipper desiring to Tender Petroleum shall make such Tender in accordance with the Shipper's Allocated Volume and Notice of Shipment provided to the Carrier in accordance with Rule 6.1 and Rule 6.4. If the Shipper is unable to remove from the Delivery Point(s) the volume of Petroleum to be Tendered in accordance with reasonable direction of the Carrier, the Carrier may further reduce the Shippers Allocated Volume to match the Shippers capability at the Delivery Point(s).
- 6.6 **Batch Size.** The Carrier will only accept a Tender when the total volume of Petroleum for transportation within the applicable Month is Tendered at a daily rate, in volumes and at times to be specified or accepted by the Carrier. Except as provided herein, the Carrier will not be required to accept a batch size of less than eight thousand Cubic Meters (8,000 m³ or 50,300 barrels) for Line 1 or sixteen thousand Cubic Meters (16,000 m³ or 100,600 barrels) for Line 2. The Carrier may, acting reasonably, take delivery of Petroleum in batches of less than eight thousand Cubic Meters (8,000 m³ or 50,300 barrels) for Line 1 or sixteen thousand Cubic Meters (16,000 m³ or 100,600 barrels) for Line 2 when operating circumstances permit and capacity is available on the Mainline System. However, in no event will the Carrier be obligated to make a single batch Delivery of less than eight thousand Cubic Meters (8,000 m³ or 50,300 barrels) for Line 1 or sixteen thousand Cubic Meters (16,000 m³ or 100,600 barrels) for Line 2. A single batch Delivery is a Delivery in one continuous operation into a single facility to which the Mainline System is connected.
- 6.7 **Late Nominations.** Subject to Rule 13 and Rule 14, if capacity is available and operating conditions permit, the Carrier may, acting reasonably, accept new or revised Nominations after the applicable Monthly Nomination Date.
- 6.8 **Working Stock.** In accordance with the Service Standards, the Shipper shall supply its proportionate share of Petroleum for operational and scheduling purposes by types and volumes as determined from time to time by the Carrier or as may be required pursuant to a Contract.
- 6.9 **Uniform Tenders.** Except as requested by the Carrier, each Shipper shall endeavour to Tender Petroleum to the Carrier in equal daily volumes over each Month to make up its Allocated Volume. The Shipper may be required to accumulate a batch over a defined period of time to accommodate Vessel loadings or batch movements in accordance with Rule 5.3 and Rule 6.6.
- 6.10 **Flow Rates and Volumes.**
- (a) The Carrier shall endeavour to take full stream Tenders of Petroleum at Receipt Points and shall make full stream Deliveries of Petroleum at Delivery Points at flow rates and volumes compatible with the Mainline System rate at that time.
 - (b) The Shipper shall make full stream Tenders of Petroleum at Receipt Points and shall take full stream Delivery at Delivery Points at flow rates and volumes compatible with the Mainline System rate at that time.

- (c) In the event the Carrier's flow rate increases due to expansion, the Carrier shall, as soon as practicable, provide written notice to the Shipper giving the expected peak rate the Shipper is required to meet and the Month for which the change will take effect. The Carrier will act reasonably to allow sufficient time for the Shippers affected to make necessary adjustments.
 - (d) Where a Shipper does not meet the requirements of Rule 6.10(b), the Shipper will be subject to curtailed Nominations as deemed appropriate by the Carrier.
 - (e) Upon request, Shipper will provide to Carrier written verification of the Shipper's Tendering and Delivery rate capabilities at the Shipper's Receipt Point and Delivery Point(s), respectively.
- 6.11 **Firm Service Commodity Changes.** Subject to Carrier discretion, acting reasonably and in accordance with Rule 14, Firm Service Shippers may be permitted to Nominate a Petroleum type other than their Designated Petroleum Type.
- 6.12 **Westridge Commodity Limitations.**
- (a) The Carrier may, at its discretion, limit Crude Petroleum types accepted in each Month for Delivery to the Westridge Marine Terminal to: three (3) pooled Light Crude Petroleum types, three (3) pooled Heavy Crude Petroleum types and one (1) segregated Heavy Crude Petroleum Vessel. Provided however, subject to any other Tariff provisions, that a Shipper shall be permitted upon notice from Carrier to immediately revise or withdraw a Nomination where such Nomination does not contemplate the Crude Petroleum types accepted for such Month.
 - (i) In the event the one (1) segregated Heavy Crude Petroleum Vessel referenced in Rule 6.12(a) is an Olefinic Heavy Crude Petroleum, such Vessel may be limited to no more than sixty-four thousand Cubic Meters (64,000 m³) of Olefinic Heavy Crude Petroleum, not including volumes associated with Rule 5.3(b).
- 6.13 **Kamloops Receipt Windows.** The Mainline System capacity available for Kamloops Petroleum receipts is determined by Petroleum Delivered to Kamloops ("**Kamloops Receipt Window(s)**").
- (a) Carrier will determine the volume of Petroleum to be tendered for each of the Kamloops Receipt Windows.
 - (i) If during apportionment Tenders at Kamloops are less than the volume allocated by the Carrier in Rule 6.12(a) for a given Kamloops Receipt Window; such shortfall will not be accepted outside the Kamloops Receipt Window and Rule 7.6 shall apply.
- 6.14 **Firm Service Shipper Make-Up Rights.**
- (a) Shortfall Make-up
 - (i) Subject to Rule 6.14(a)(ii) and Rule 6.14(a)(iii), in the event that a Firm Service Shipper Nominates and Tenders a volume of Petroleum in any Month that is less than its Monthly Volume, that Firm Service Shipper shall be entitled to Nominate a make-up volume (being the difference between the Monthly Volume and the volume Nominated and Tendered for shipment in that Month ("**Shortfall Make-up Volume**")) in any of the next following eighteen (18) Months; provided that the Firm Service Shipper shall first Tender its Monthly Volume in the Month in which the Shortfall Make-up Volume (or any portion thereof) is to be Tendered.
 - (ii) In the event that a Firm Service Shipper Tenders less than its Nomination, the Firm Service Shipper shall not be afforded any Shortfall Make-up Volume with respect to the volumes Nominated but not Tendered, unless and to the extent that such failure to Tender is a result of a Force Majeure (in which case such volumes not Tendered shall be included as Shortfall Make-up Volumes).
 - (iii) For each Firm Service Shipper that Nominates Shortfall Make-up Volumes, Carrier will accept up to five percent (5%) of such Shipper's Contract Volume as Shortfall Make-up Volumes. Shortfall Make-up Volumes so Nominated may be apportioned in accordance with Rule 14.2(d).
 - (iv) If there is unused Available Capacity after the application of Rule 14.2(d), Carrier may further accept Nominated Shortfall Make-up Volumes up to such Available Capacity in accordance with Rule 14.2(e).

(b) Turnaround Make-up

- (i) With a minimum of one hundred and eighty (180) days prior notice to the Carrier, a Firm Service Shipper who intends to Nominate and Tender a volume of Petroleum in any Month that is less than its Monthly Volume due solely to a planned turnaround at any facility of such Shipper, where such Shipper's facility is (i) connected directly to the Mainline System, (ii) connected via a feeder pipeline to the Mainline System, or (iii) a Puget Destination, shall be entitled to Nominate turnaround make-up volumes (being the difference between the Monthly Volume and the volume which such Shipper plans to Nominate and Tender for shipment during the Month in which the turnaround is planned and as indicated in the notice ("**Turnaround Make-up Volumes**")) during the two (2) month period prior to a turnaround and in the ten (10) month period following such turnaround.
 - (ii) Carrier's transportation of Turnaround Make-up Volumes shall be subject to Firm Service Shipper having first Tendered its Monthly Volume in the Month in which such Turnaround Make-up Volume (or any portion thereof) is to be Tendered and the Turnaround Make-up Volumes to be transported in a Month shall not be greater than Shipper's Monthly Volume.
- (c) Nominations for Make-up Volumes will be allocated and apportioned, as required, in accordance with Rule 14, but shall also be subject to the following:
- (i) In the event a Firm Service Shipper Tenders less than its Nominated Make-up Volume, the Firm Service Shipper shall not thereafter be entitled in any future Month to re-Nominate the volume of Make-up Volume Nominated but not Tendered.
 - (ii) During Months of apportionment, any Make-up Volumes Nominated by a Firm Service Shipper that are not accepted by the Carrier for transportation due to apportionment under Rule 14 ("**Apportioned Make-up Volumes**") may be re-Nominated by the Firm Service Shipper in each consecutive month following the apportionment, provided that the Firm Service Shipper shall not be permitted to Tender such Apportioned Make-up Volume until it has first Tendered its Monthly Volume and all of its Make-up Volume so entitled in accordance with Rule 6.14(a) and Rule 6.14(b).
 - (iii) If a Firm Service Shipper fails to re-Nominate such Apportioned Make-up Volume in each consecutive month following such apportionment, the Firm Service Shipper shall not thereafter be entitled to re-Nominate such Apportioned Make-up Volume.

7 APPLICATION OF TOLLS AND CHARGES

- 7.1 **Effective Tolls.** Petroleum accepted for transportation shall be subject to the tolls in effect on the date of Delivery of such Petroleum by the Carrier after transportation on the Mainline System.
- 7.2 **Firm Service Shipper Shortfall Tolls.** In the event that the Actual Monthly Volume is less than the Monthly Volume, the Firm Service Shipper shall pay to the Carrier the Fixed Toll on the difference.
- 7.3 **Firm Service Shipper Make Up Volumes.** The amount payable by a Firm Service Shipper for transportation of Make-up Volumes will be the Firm Service Toll less the amount of Fixed Toll paid pursuant to Rule 7.2.
- 7.4 **Toll Attribution.** The tolls charged to the Shipper shall be allocated as to volume of Petroleum and type(s) of Petroleum in accordance with the Toll Schedule.
- 7.5 **Demurrage Charge.** Subject to Rule 10.2(a), a Demurrage charge, per the Toll Schedule, shall be charged commencing on the date and at the time specified by the Notice of Preparedness and thereafter on every full or partial 24 hour period on such Petroleum and shall be owing by the Shipper to the Carrier, provided that the Notice of Preparedness has been provided to the Shipper at least twenty-four (24) hours prior to the time indicated on such Notice of Preparedness.

- 7.6 **Non-Performance Penalty for Uncommitted Shippers.** During months of apportionment under Rule 14, Carrier shall charge Uncommitted Shippers a penalty, per the Toll Schedule, for that portion of shortfall in the Uncommitted Shipper's Tenders in excess of five percent (5%) of such Uncommitted Shipper's Allocated Volume (the "**Non-Performance Penalty**"). However, the Non-Performance Penalty will not be applied to that portion of shortfall caused by Force Majeure events or Carrier imposed restrictions on feeder pipeline deliveries into the Mainline System other than by reason of non-compliance with the Tariff.
- 7.7 **Bid Premium.** During Months of apportionment, pursuant to Rule 14, Shippers receiving an allocation by the Carrier for Nominations to the Westridge Marine Terminal pursuant to Rule 14.3(a), will be liable for payment of the Bid Premium on the volume of Petroleum Delivered, regardless of the Vessel's loading date.
- 7.8 **Alternate Delivery Point Fee.** Firm Service Shippers Nominating to an Alternate Delivery Point shall pay to the Carrier the Variable Toll applicable to the Alternate Delivery Point plus the greater of (i) the Fixed Toll applicable to the Alternate Delivery Point, and (ii) the Fixed Toll applicable to the Designated Delivery Point.

8 PAYMENT OF TARIFF CHARGES AND LIEN FOR UNPAID CHARGES

- 8.1 The Carrier shall provide the Shipper semi-monthly invoices by electronic means detailing:
- the charges payable to the Carrier pursuant to the Tariff for Shipper's volumes Delivered since the date of the last invoice; and
 - any other charges for which the Shipper is liable, including, but not limited to, applicable taxes, the Bid Premium, the Firm Service Toll, the Uncommitted Service Toll, toll surcharges and credits, Alternate Delivery Point Fees and any other charges or costs as provided for in this Tariff or a Contract.
- 8.2 The Shipper shall pay to the Carrier all charges and costs as provided for in this Tariff or otherwise lawfully due to the Carrier relating to the transportation of the Shipper's Petroleum by the Carrier. The Shipper shall pay such charges and costs upon receipt of the Carrier's invoice respecting such charges and costs on or before the Payment Due Date.
- 8.3 Should the Shipper fail to pay all of the amount of any invoice as herein provided on or before the Payment Due Date, interest on the unpaid portion of the invoice will accrue daily at a rate of interest per annum equal to the lesser of (i) the prime rate of interest of the Toronto-Dominion Bank of Canada (as it may vary from time to time) plus two percent (2%); and (ii) the maximum lawful interest rate, and the principal and accrued interest to date shall be payable and due immediately upon demand. If such failure to pay continues for ten (10) days after the Payment Due Date, the Carrier, in addition to any other remedy it may have under the Tariff, a Contract, at law, or in equity, may suspend further Tender of Petroleum until such amount is paid or terminate the Contract, if applicable, in accordance with the terms thereof. If said charges remain unpaid ten (10) days after notice and demand therefore, the Carrier shall have the right, through an agent, to remove from the Mainline System and sell any Petroleum Tendered and then in the custody or control of the Carrier or its agent or otherwise traceable and lienable by the Carrier, at public auction from any office of the Carrier on any Banking Day; provided that the auction takes place not less than forty-eight (48) hours after publication of notice of such sale in a daily newspaper of general circulation published in the area of the proposed sale, stating the time, place of sale and volume and location of Petroleum to be sold. At said sale the Carrier shall have the right to bid and, if the highest bidder, to become the purchaser. From the proceeds of said sale the Carrier will pay itself the transportation and all other lawful charges then owed to the Carrier, including interest charges, pending sale and costs and expenses incident to said sale, and the balance remaining, if any, shall be paid to the Shipper without the obligation to pay interest thereon. Any such funds may be commingled in any other account or accounts maintained by the Carrier from time to time.
- 8.4 In addition to any other remedies available to the Carrier under the Tariff, a Contract, at law, or in equity, the Carrier shall have a lien on all Petroleum in its possession belonging to the Shipper to secure the payment of any and all unpaid transportation or other lawful charges that are due to the Carrier (including interest) and unpaid by the Shipper, and the Carrier may withhold such Petroleum from Delivery until all unpaid charges have been paid in full. The lien provided herein shall be in addition to any lien or security interest otherwise provided by law, equity or Contract.

9 EVIDENCE OF TENDERS AND DELIVERIES

- 9.1 The Carrier shall evidence the Tender and Delivery of Petroleum hereunder by records showing the volume, type(s) and any other specifications with respect to such Petroleum as specified by the Carrier from time to time.

10 DELIVERY AND ACCEPTANCE

- 10.1 The Carrier shall transport Petroleum with reasonable diligence and dispatch and the Shipper shall accept and remove, or cause to be accepted and removed, its Petroleum from the Mainline System upon Delivery of the Petroleum.
- 10.2 If the Shipper fails to remove, or have removed, its Petroleum from the Mainline System or custody of the Carrier, then:
- (a) If Carrier determines in its sole discretion that Shipper's failure to remove its Petroleum from the Mainline System could result in unfavorable operating conditions or impacts to other Shippers, the Demurrage Charge shall be charged and owing by the Shipper to the Carrier in accordance with Rule 7.5; and
 - (b) The Carrier shall have the right to remove and sell such Petroleum in accordance with the applicable provisions set forth in Rule 8.3.

11 LIABILITY OF THE SHIPPER

- 11.1 If a Shipper's failure to remove, or have removed, its Petroleum from the Mainline System upon Delivery causes a disruption of the Carrier's operations, the Shipper shall be solely responsible for all losses, damages, costs and expenses (excluding consequential losses) of the Carrier associated with such disruption unless the non-removal of such Petroleum is due to the direct negligence of the Carrier.
- 11.2 The Shipper shall indemnify the Carrier for any losses, damages, costs and expenses (excluding consequential losses) incurred by the Carrier or any other Party as a result of such Shipper's failure to comply with any provision of the Tariff, unless such Shipper's failure to comply is due to the direct negligence of the Carrier.
- 11.3 The Shipper shall pay or cause to be paid any and all taxes, duties, charges, levies or any other assessments made or imposed by any government or regulatory authority having jurisdiction with respect to the Petroleum to be transported by the Carrier and shall indemnify the Carrier from any such taxes, duties, charges, levies or assessments so made or imposed.
- 11.4 All Shippers shall be responsible for their proportionate share of physical losses of Petroleum resulting from normal pipeline operations including line losses and shrinkage. Carrier will apply separate Petroleum loss allowance percentages for: i) Mainline System Heavy Crude Petroleum (except Edmonton-to-Edmonton movements); ii) Mainline System Light Crude Petroleum (except Edmonton-to-Edmonton movements); iii) Mainline System Refined Petroleum (except Edmonton-to-Edmonton movements); and iv) Non-Mainline System Petroleum (Edmonton-to-Edmonton movements) to all Delivered volumes. Carrier will publish the Petroleum loss allowance percentages in its Toll Schedule. Carrier's Inventory Settlement and Refined Petroleum Reconciliation Procedures are located on its website.

12 LIABILITY OF THE CARRIER

- 12.1 The Carrier shall not be liable to the Shipper for any delay, loss, damage, cost or expense (including consequential loss) while the Carrier is in possession or control of the Shipper's Petroleum, except as caused by the direct negligence of the Carrier.
- 12.2 If damage to or loss of Petroleum results from any cause other than the direct negligence of the Carrier while the Carrier is in possession or control of such Petroleum, then the Carrier may apportion the cost of such damage or loss on a pro rata basis among all Shippers. Each Shipper's share of such cost shall be determined by the Carrier based on the proportion of the volume of the Shipper's Petroleum in the possession of the Carrier on the date of such loss to the total volume of Petroleum in the possession of the Carrier on the date of such loss.

- 12.3 The Carrier shall be deemed to be in control and possession of all Petroleum from the time that such Petroleum is Tendered until such Petroleum is Delivered.

13 FORCE MAJEURE

- 13.1 If either the Carrier or a Shipper fails to perform any of its obligations under the Tariff due to Force Majeure, then such failure shall be deemed not to be a breach of such obligations.
- 13.2 The term "**Force Majeure**" shall mean any cause not reasonably within the control of the Party claiming suspension of its obligations hereunder and which by the exercise of due diligence such Party is unable to prevent or overcome. Without limiting the generality of the foregoing (and provided the foregoing requirements are satisfied) Force Majeure includes:
- (a) lightning, storms, earthquakes, landslides, floods, washouts, tsunamis and natural occurrences;
 - (b) fires, explosions and ruptures;
 - (c) breakdown, failure or freezing of pipelines or pumps or obstructions of pipelines or appurtenances thereto;
 - (d) breakdown, failure, or loss of a Lifting Vessel that renders it unseaworthy or uncargoworthy;
 - (e) perils of the sea;
 - (f) strikes, lockouts or other industrial disturbances;
 - (g) civil disturbances, sabotage, acts of public enemies, war, blockades, insurrections, vandalism, riots, epidemics;
 - (h) arrests and restraint of governments and people;
 - (i) the order of any court, government body or regulatory body;
 - (j) inability to obtain or curtailment of supplies of electric power, water, fuel or other utilities or services;
 - (k) inability to obtain or curtailment of supplies of any other materials or equipment; and
 - (l) inability to obtain or revocation or amendment of any permit, licence, certificate or authorization of any governmental or regulatory body, unless the revocation or amendment of such permit, licence, certificate or authorization was caused by the violation of the terms thereof or consented to by the Party holding same.
- 13.3 Notwithstanding Rule 13.2, the following shall not be Force Majeure:
- (a) failure of the Shipper to obtain a Vessel, delay in Vessel arrival (except as a result of causes set out in Rule 13.2) or failure of a Vessel to comply with the Tariff;
 - (b) lack of funds or other financial circumstance;
 - (c) absence of a, or availability of a more attractive, market for Petroleum;
 - (d) insufficiency of a Shipper's Petroleum supplies (except as a result of causes set out in Rule 13.2); or
 - (e) failure, for any reason, to obtain any provincial or federal export or other regulatory authorization required for Shipper to be entitled to remove Petroleum from a province or export Petroleum from Canada.
- 13.4 The Party declaring a Force Majeure shall provide to the other relevant Parties, including Carrier as applicable, written notice of the Force Majeure event as soon as reasonably practicable and in any event within four (4) Banking Days of the event. Such notice shall state the nature of the event, the estimated duration of the event, and the volume of Petroleum affected. The Party declaring Force Majeure shall use reasonable due diligence to remedy the Force Majeure event as quickly and safely as reasonably practicable and shall keep the other relevant Parties, including Carrier as applicable, informed as to the progress in the efforts to remedy the Force Majeure event; provided no Party shall be required to settle strikes, lockouts or other labour disruptions contrary to its wishes.

- 13.5 At any time up to 30 calendar days following the receipt from a Shipper of a notice referred to in Rule 13.4, the Carrier will issue written notice to the Shipper informing the Shipper in the event the Carrier disputes all or a portion of the Shipper's claim of Force Majeure. Should a Shipper disagree with Carrier's dispute regarding all or a portion of the Shipper's claim of Force Majeure, the matter shall be referred to arbitration for final determination pursuant to the *Arbitration Act* (Alberta). Pending resolution of the Carrier's disputed claim of Force Majeure with an Uncommitted Shipper, the Carrier shall invoice the Uncommitted Shipper for the amount of any Non-Performance Penalty payable pursuant to Rule 7.6, and the Uncommitted Shipper shall pay all such amounts in accordance with Rule 8.1. In the event that the arbitrator determines that an Uncommitted Shipper's claim of Force Majeure is valid, the Carrier agrees to refund the Uncommitted Shipper any Non-Performance Penalty paid pursuant to Rule 7.6.
- 13.6 The Carrier shall publish, on at least a monthly basis, a summary of all Force Majeure notices issued pursuant to Rule 13.4, which summary shall contain only the name of the Party claiming Force Majeure, volume affected, the amount if any of the Non-Performance Penalty disputed and/or undisputed, and the status of all disputed claims.
- 13.7 Notwithstanding Rule 13.4, no event of Force Majeure shall relieve any Party from any obligation pursuant to the Tariff after the expiration of a reasonable period of time within which, by the use of its due diligence, such Party could have remedied or overcome the consequences of such event of Force Majeure.
- 13.8 No event of Force Majeure shall relieve any Shipper from its obligations pursuant to the Tariff or a Contract to make payments to the Carrier, provided however the term of a Contract shall extend for a period sufficient to permit shipment of Carrier Force Majeure Volumes, as contemplated in a Contract.

14 MAINLINE SYSTEM ALLOCATION AND APPORTIONMENT

14.1 Determination of Available Capacity.

- (a) As soon as practical following the Monthly Nomination Date, the Carrier will determine the hydraulic capacity of the Mainline System available for transportation of Petroleum in the following Month (the "**Available Capacity**"). The determination of Available Capacity will take into account:
- (i) the characteristics of the Petroleum Nominated for the Month;
 - (ii) planned maintenance; and
 - (iii) volumes initially Tendered in the Nominated Month but scheduled for Delivery in the subsequent Month.
- (b) In the case of an event of Force Majeure affecting the Carrier's pipeline system, any resulting reduction in Mainline System capacity will be allocated pro rata to each of the designated capacity categories described in Rule 14.2.

14.2 Allocation of Available Capacity.

The Carrier will allocate Available Capacity on a pro rata basis within each of the following capacity categories, with the exception of Uncommitted Shipper Nominations to the Westridge Marine Terminal, which will be allocated in accordance with Rule 14.3:

- (a) Firstly, among all Firm Service Shippers Nominating quantities of Designated Petroleum Type for transportation to the Designated Delivery Point, up to a maximum of each such Firm Service Shipper's Monthly Volume;
- (b) Second, subject to Rule 6.11, among Firm Service Shippers Nominating (i) a Petroleum type other than the Designated Petroleum Type, and/or (ii) to a Delivery Point other than their Designated Delivery Point, up to a maximum of each such Firm Service Shipper's Monthly Volume;
- (c) Third, among Shipper Nominations to Priority Destinations;
- (d) Fourth, among (i) Uncommitted Shippers, (ii) Firm Service Shippers Nominating Shortfall Make-Up Volumes, subject to Rule 6.14(a)(iii), and (iii) Firm Service Shippers Nominating Turnaround Make-up Volumes, subject to Rule 6.14(b), all subject to Rule 14.3 and Rule 14.4;
- (e) Fifth, among (i) Firm Service Shippers Nominating Shortfall Make-up Volumes pursuant to Rule 6.14(a)(iv), and (ii) Firm Service Shippers Nominating Apportioned Make-up Volumes pursuant to Rule 6.14(c); and
- (f) Sixth, among Firm Service Shippers Nominating Carrier Force Majeure Volumes prior to the Contract extension contemplated in Rule 13.8.

14.3 Allocation of Capacity to the Westridge Marine Terminal.

The Carrier will allocate twenty percent (20%) of capacity available in Rule 14.2(d) to Shippers Nominating to the Westridge Marine Terminal.

- (a) Uncommitted Shipper Nominations will be ranked by the Carrier from highest to lowest priority based on the Bid Premium;
- (b) If the combined Nominations of two or more Shippers with the same ranking exceed capacity to the Westridge Marine Terminal, the Carrier will allocate such capacity among such Shippers by drawing lots;
- (c) No Shipper will be required to accept an allocation of capacity to the Westridge Marine Terminal that is less than ninety-two and one-half percent (92.5%) of the volume of Petroleum specified in such Shipper's original Nomination.

14.4 Allocation of Capacity Among Shippers Nominating to Land Destinations.

Following the application of Rule 14.3, the remaining capacity available in Rule 14.2(d) will be allocated to Shippers Nominating to Land Destinations.

- (a) If, following the allocation of capacity available in this Rule 14.4, Nominations for Delivery to Puget Destinations exceed the capacity of Trans Mountain Pipeline (Puget Sound) LLC, such Nominations will be further apportioned, and any excess volumes will be reallocated under this Rule 14.4.

14.5 Allocation of Unused Available Capacity.

If following the allocation of capacity under Rule 14.4, there is unused Available Capacity, such capacity will be allocated to unsatisfied Nominations in accordance with Rule 14.2.

15 PETROLEUM INVOLVED IN LEGAL DISPUTES

- 15.1 The Shipper represents and warrants to the Carrier that it owns or controls and has the right to Tender to the Carrier or have Delivered for its account, the Petroleum that it has Tendered to the Carrier.
- 15.2 The Shipper shall not Tender to the Carrier Petroleum which is in any way subject to litigation, the ownership of which may be in dispute, or which is subject to a lien or charge of any kind whatsoever, unless the Shipper provides to the Carrier written notice of such litigation, dispute, lien or charge at least thirty (30) days prior to Tendering such Petroleum to the Carrier, and the Shipper furnishes a bond or other form of indemnity satisfactory to the Carrier, acting reasonably, protecting the Carrier against any liability or loss (including consequential loss and lost profits) as a result of such litigation, dispute, lien or charge.
- 15.3 The Shipper shall notify the Carrier in writing if, at any time while the Shipper's Petroleum is in the possession or control of the Carrier, such Petroleum becomes involved in litigation, the ownership of such Petroleum becomes in dispute or such Petroleum becomes subject to a lien or charge of any kind whatsoever. The Shipper will, on demand in writing from the Carrier, furnish as soon as reasonably practical a bond or other form of indemnity satisfactory to the Carrier, acting reasonably, protecting the Carrier against any liability or loss (including consequential loss and lost profits) as a result of such litigation, dispute, lien or charge.

16 CLAIMS, SUITS AND TIME FOR FILING

- 16.1 As a condition precedent to recovery, claims for loss, damage or delay in connection with the transportation of Petroleum Tendered under the Tariff must be submitted in writing to the Carrier within forty-five (45) days after Delivery of the Petroleum, or, in the case of failure to make Delivery, then within ninety (90) days after a reasonable time for Delivery has elapsed. Lawsuits arising out of such claims must be instituted against the Carrier within one hundred and eighty (180) days from the date when notice in writing is given by the Carrier to the claimant that the Carrier has disallowed the claim or any part or parts thereof specified in the notice. Claims advanced beyond such one hundred and eighty (180) day period shall be null and void as between the Shipper and the Carrier. In Nominating and Tendering Petroleum to be transported under the Tariff, the Shipper agrees to be bound by the provisions of this Rule 16.1 and waives any rights which it might otherwise have at law, equity or otherwise to make a claim after the expiration of said periods of forty-five (45) days or ninety (90) days as may be applicable or to bring an action after the expiration of said period of one hundred and eighty (180) days.

17 MEASUREMENTS

- 17.1 The volumetric measurement unit of Petroleum shall be one (1) Cubic Meter at 15 degrees Celsius at standard pressure. All measurement procedures are to be conducted in accordance with API/ASTM standards and / or such other tests as may be agreed upon by the Carrier and the Shippers.
- 17.2 Carrier, or Carrier's representative, shall gauge, meter and test Tenders and Deliveries using the Custody Transfer System. When the Carrier is the operator of the Custody Transfer System, the Shipper may have a representative present at the gauging, metering and testing at a reasonable frequency and providing at least forty-eight (48) hours' notice. If tank tables are used, volumes will be computed from regularly compiled tank tables showing one hundred percent (100%) of the full capacity of the tanks. Whenever there is evidence of meter or other measurement malfunctions in the Custody Transfer System, the Carrier shall determine an appropriate adjustment, consulting with a connected facility or Vessel, on the basis of the most reliable and accurate information available. Such adjustments may only be claimed for a period of up to 90 days after the date of the meter or other measurement malfunction. Should a Shipper disagree with an adjustment, the matter shall be referred to arbitration for final determination pursuant to the *Arbitration Act* (Alberta).
- 17.3 Petroleum shall be Tendered and Delivered with documented custody transfer tickets or the accepted electronic equivalent, showing:
- (a) Gross Standard Volume and Net Standard Volume Tendered and Delivered;
 - (b) weighted average temperature;
 - (c) weighted average Density;
 - (d) weighted average pressure; and
 - (e) deductions for sediment, water and other impurities.
- 17.4 In the event of a meter or other measurement malfunctions, or similar circumstance, the Shipper shall use commercially reasonable efforts to grant the Carrier reasonable access to a connected facility or Vessel for the purpose of making any examination, inspection, measurement or test provided for under these Rules and Regulations.

18 GOVERNING LAW AND JURISDICTION

- 18.1 The Tariff shall be governed by, construed and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Except as provided for in Rule 13.5 or Rule 17.2, each Party accepts the jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom, and the Federal Court of Canada, as applicable.

19 FINANCIAL ASSURANCES

- 19.1 If at any time the Credit Rating for a Shipper, or the Credit Rating for its Credit Support Provider, is below Investment Grade, or if a Shipper does not have a Credit Rating or a Credit Support Provider, or the Carrier otherwise has reasonable grounds for insecurity regarding the payment or performance of any covenant or obligation of the Shipper pursuant to the Tariff (any of which circumstances are hereafter referred to as "**Credit Issues**"), as applicable, the Carrier may request, and the Shipper shall provide to the Carrier the following ("**Financial Assurance**"):
- (a) with respect to Firm Service Shippers, (i) a Letter of Credit in an amount equal to the lesser of the Firm Service Toll applicable to the remaining Contract term and twelve (12) Months of the Firm Service Toll, as set forth in the Contract based on the Monthly Volume; or (ii) a guarantee not to exceed the outstanding Firm Service Toll set forth in the Contract based on the Monthly Volume; or (iii) such other security acceptable to the Carrier, acting reasonably; and
 - (b) with respect to Uncommitted Shippers, (i) a prepayment of the tolls applicable to the volumes Nominated by the Shipper; or (ii) a Letter of Credit in an amount equal to sixty (60) days of the tolls applicable to the volumes Nominated by the Shipper.

The Shipper shall renew or cause the renewal of the Letter of Credit no later than thirty (30) days prior to the expiry thereof, failing which the Carrier shall be entitled to draw down the entirety of the Letter of Credit. If the financial institution that issued the Letter of Credit has indicated its intention not to renew the Letter of Credit, the Shipper shall provide to the Carrier either a substitute Letter of Credit in the amount determined in accordance with this Rule 19.1 or such other security acceptable to the Carrier, acting reasonably, in each case no later than thirty (30) days prior to the expiration of the Letter of Credit, failing which the Carrier shall be entitled to draw down the entirety of the Letter of Credit. If the Shipper fails to provide Financial Assurance to the Carrier within seven (7) Banking Days of the Carrier's written request thereof, the Shipper shall be deemed to be in default under the Tariff and the Carrier may, in addition to any other remedy it may have under the Tariff, a Contract, at law, or in equity, suspend further Delivery of such Shipper's Petroleum until such Financial Assurance is provided to the Carrier or terminate the Contract.

- 19.2 The Shipper shall furnish to the Carrier, as soon as available, and, in any event, within one hundred and twenty (120) days after the end of each fiscal year of the Shipper, its audited consolidated financial statements (or if the Shipper has a Credit Support Provider, the audited consolidated financial statements of its Credit Support Provider) setting forth in comparative form the corresponding figures of the preceding fiscal year together with an auditors report thereon. In addition, the Shipper shall, at the Carrier's request, furnish to the Carrier, as soon as available, and, in any event, within sixty (60) days after the end of each of the first three fiscal quarters of each fiscal year of the Shipper or, its Credit Support Provider, as applicable, the unaudited consolidated financial statements of the Shipper or its Credit Support Provider, as applicable, prepared on a basis consistent with the corresponding period of the preceding fiscal year. Notwithstanding the foregoing, where the applicable financial statements are made available on an internet site available to the public (such as www.sedar.com), the Shipper shall be deemed to have provided those financial statements to the Carrier when such statements are posted to that internet site. The Shipper shall furnish to the Carrier any other information regarding the business affairs, operations, assets and financial condition of the Shipper or its Credit Support Provider, as applicable, as the Carrier may reasonably request from time to time.
- 19.3 Any Shipper making a Nomination who has not made a Nomination in the previous twelve (12) Month period and which has, or its Credit Support Provider has, Credit Issues, must provide Financial Assurance to the Carrier no later than one (1) Month prior to making a Nomination.

20 REQUESTED CHANGES BY SHIPPER

- 20.1 The Carrier may, upon written request of an Uncommitted Shipper, allow that Uncommitted Shipper to transfer its rights and obligations under the Tariff in respect of a Tender to another Shipper; provided that the successor Shipper (i) satisfies the Financial Assurances requirements set forth in Rule 19; and (ii) assumes all covenants and obligations of the Uncommitted Shipper under the Tariff as of the time the Carrier approves the transfer.

21 WESTRIDGE MARINE TERMINAL

- 21.1 **General.** A reference to a Shipper in this Rule 21 means a Marine Shipper.
- 21.2 **Terminal Operation.** Control and operation of the Westridge Marine Terminal resides exclusively with Carrier who shall provide suitable and safe mooring and berthing. Shipper shall require Lifting Vessel to exercise good navigation and seamanship at all times, which includes: employing suitable pilots and tug assistance as required by Port of Vancouver rules and regulations; complying with all applicable laws, Carrier policies and requirements and standard industry practices; and considering any further guidance or advice of Carrier.
- 21.3 **Proposal of Vessel.** A Shipper shall submit a complete Vessel Proposal to the Carrier at minimum ten (10) days prior to the Shipper's Load Window.
- 21.4 **Acceptance of Vessel.** Vessels must meet the safety, vapour recovery, dimension or other standards and criteria as set from time to time by the Harbour Master of the Port of Vancouver, British Columbia, Pacific Pilotage Authority and the Carrier at all times at the Westridge Marine Terminal. Prior to accepting to schedule a Vessel to the Westridge Marine Terminal, the Carrier shall review Vessels proposed by Shippers in accordance with the Carrier's Vessel Acceptance Standard and communicate to Shipper the Carrier's acceptance or rejection of each Vessel. A Shipper shall confirm the Lifting Vessel and inform the Carrier at minimum eight (8) days prior to the Shipper's Load Window. The Shipper shall have the right to propose a substitute Vessel, whether or not the first proposed Vessel has been deemed by Carrier to be acceptable. Substitute Vessels shall comply with Rule 21.2 and this Rule 21.4 and be proposed by the Shipper pursuant to Rule 21.3.
- 21.5 **Allocation of Load Windows.** Load Windows shall be assigned as follows: (i) firstly to Firm Service Shippers in accordance with the Service Standards, and (ii) second, to Uncommitted Shipper(s), ranked from highest to lowest priority based on the Bid Premium in accordance with Rule 14.3(a).
- 21.6 **Notice of Load Windows.** Prior to the Month of Delivery, the Carrier shall assign Load Windows to Shippers as contemplated in Rule 21.5 and shall issue to Shippers a Load Window schedule confirming the Load Windows for such Month. Shipper-requested changes to Load Windows will be considered by the Carrier provided such requested changes do not impact other Shippers, or unless such other Shipper(s) agree, in writing, to such change.
- 21.7 **Loading of Vessel.** If the Shipper's Lifting Vessel has not finished loading by the end of its allocated Load Window, Rule 7.5 may apply to such volume not yet removed provided that the delay was not due to a Force Majeure event or Carrier imposed restriction.
- 21.8 **Vessel Notices of Arrival.** A Shipper's Lifting Vessel shall provide the Carrier with notices, on behalf of the Shipper, of its estimated and actual times of safe arrival (the "**Notice of Arrival**") at, as applicable, i) any area that has been designated as a waiting area by the Carrier, ii) the designated Pilot Boarding Area for the Port of Vancouver, which is located near Victoria, BC, iii) an allocated anchorage as directed by the Canadian Coast Guard Marine Communications and Traffic Services or the Port of Vancouver, and iv) safely moored at a berth at Westridge Marine Terminal.
- 21.9 **Vessel Notice of Readiness.** A Lifting Vessel having safely arrived at a berth at Westridge Marine Terminal shall tender a Notice of Readiness on behalf of the Shipper to the Carrier confirming the Vessel's readiness in all respects to safely load and transport the Shipper's Nominated Crude Petroleum (the "**Notice of Readiness**"). Carrier shall accept such Notice of Readiness after conducting due diligence and, provided supply is available, loading may commence.
- 21.10 **Early Lifting.** The Carrier may, acting reasonably and provided supply is available, allow a Lifting Vessel to lift prior to its designated Load Window or request a Lifting Vessel that arrives early to lift prior to its designated Load Window provided that such lifting prior to a designated Load Window does not impact other Shippers or unless impacted Shipper(s) agree, in writing, to such change.
- 21.11 **Late Lifting.** Carrier may, at its discretion, adjust the Load Window of a Lifting Vessel to a later Load Window to accommodate i) a request by a Shipper, provided that such request does not impact other Shippers or unless impacted Shipper(s) agree, in writing, to such change, ii) a Lifting Vessel that has provided Notice of Arrival indicating that it may not arrive in time for lifting according to its assigned Load Window, iii) changes to pipeline operations and schedule, or iv) declaration of Force Majeure by a Shipper or the Carrier. Carrier shall apply due diligence to minimize the impact of any such adjustment on Shippers.

22 EXPORT OF PETROLEUM

22.1 **Export Volumes.** Shippers of Petroleum destined for export via Sumas or Westridge Marine Terminal shall make all necessary arrangements with concerned government authorities to accommodate such export. The Carrier shall permit and assist government representatives to witness the testing and measurement of Deliveries.

23 QUALITY SPECIFICATIONS FOR PETROLEUM

23.1 **Petroleum Quality.** Petroleum not meeting the following specifications and the Commodity Approval Process for the specific Petroleum shall not be accepted by the Carrier for transportation on the Mainline System.

Specification	Unit of Measure	Test Method ²	Limit by Petroleum Type		
			Refined Petroleum	Light Crude Petroleum	Heavy Crude Petroleum
Density	kg/m ³ @ 15°C	API Chapter 9	600 - <880	600 - <880	880 - 940
Kinematic Viscosity @ Reference Line Temperature	cSt	ASTM D445 or ASTM D7042	0.4 - <30	0.4 - <30	30 - 350
Kinematic Viscosity @ Flowing Temperature	cSt	ASTM D445 or ASTM D7042	NA	NA	≤600
Vapour Pressure	kPa @ 37.8°C	ASTM D6377 / ASTM D5191 ³	≤103	≤103	≤103
Total Contaminant Content ¹	vol %	ASTM D4928 or ASTM D95 and ASTM D4807 or ASTM D473	≤0.5	≤0.5	≤0.5
Receipt Point Temperature	°C	API 7.3	≤38	≤38	≤38
Hydrogen Sulfide	ppmw	UOP 163	≤425	≤425	≤425
Organic Chlorides	ppmw	ASTM D4929	<1	<1	<1

Notes:

1. Contaminant content means the aggregate of all non-merchantable materials, such as sand, dust, gums, sediment, water or other impurities.
2. Test methods shall be determined based on the most recent version. Carrier reserves the right to utilize other industry accepted testing methods at Carrier's discretion, including subsequent revisions to applicable standards or alternative methods when the listed standard is not suitable in Carrier's discretion.
3. ASTM D6377 applies to Crude Petroleum. ASTM D5191 applies to Refined Petroleum.

23.2 Where the Density of the Petroleum falls within the Density range of one Petroleum type and the viscosity of Petroleum falls within the viscosity range of another Petroleum type, then the Petroleum shall be deemed to be of the type with the higher transportation toll.

24 STANDARDS & PROCEDURES

24.1 **Standards and Procedures.** These Rules and Regulations incorporate by reference the following standards, procedures, and processes:

- (a) Vessel Acceptance Standard
- (b) Service Standards
- (c) Commodity Approval Process

- 24.2 **Amendments.** Carrier shall provide the Shippers with written notice of an amendment, supplement, modification, replacement or removal to any of the Standards and Procedures, at least sixty (60) days prior to the Monthly Nomination Date of the Month for which the change(s) would take effect, unless such change is required due to operational changes, safety, environmental or regulatory changes in which case such written notice of the change will be provided as soon as practicable. Any reference to Standards or Procedures shall be a reference to the amended, supplemented, modified or replacement version of that Standard or Procedure.
- 24.3 **Filing & Publication.** Standards and Procedures shall be filed "for information" with the Regulator and made available on-line at: <https://www.transmountain.com/tolls-tariffs>