

WESTCOAST ENERGY INC.

DELIVERY IMBALANCE REMEDIAL PROCESS

NORMAL OPERATIONS:

During normal operations, the delivery of quantities of gas from the Pipeline System into the Receiving Party's Downstream Pipeline will be managed by both parties at the Delivery Point to minimize any imbalances from occurring on the Pipeline System.

DEFINITIONS:

Delivery Imbalance Notice is a notice given to a Receiving Party by Westcoast when the terms of the Operational Balancing Agreement are not being acted upon and the account could be deemed a failed delivery account. In the event of an Operational Balancing Agreement not in place, any such imbalance that is not corrected after notification may be deemed failed.

Failed Delivery Account is when a Receiving Party does not correct a cumulative delivery account imbalance as per the terms of a Delivery Imbalance Notice.

REMEDIAL ACTION PLAN:

In the event that the Receiving Party at one or more delivery points on the Pipeline System does not work cooperatively with Westcoast to bring a cumulative delivery account imbalance into balance and there is a potential adverse impact on the operations, integrity or safety of the Pipeline System, the issue may be escalated with a written Delivery Imbalance Notice to the Receiving Party.

Should a delivery account imbalance not be corrected as per the Notice, the Pipeline will escalate and reissue a Delivery Imbalance Notice with the remedial action outlined if there is insufficient or no action taken within the final deadline timeframe.

If the imbalance is not corrected within the final deadline timeframe, it may be deemed a Failed Delivery Account and the Pipeline will initiate the remedial course of action.

Note: If an imbalance is incurred during an Operating Emergency or due to an Operating Request, that portion of the imbalance will not be used in calculating the "failed" status of an account.

REMEDIAL COURSE OF ACTION:

1. If the cumulative delivery account imbalance is **positive**, the Shippers' authorized deliveries at the Delivery Point will be decreased to equal the greater of the volume which Westcoast expects the Receiving Party to accept or the elapsed pro rata volume. If such action is to occur, Westcoast will communicate to the affected Shippers as soon as reasonably possible and such reductions will become effective at that time.
2. If the cumulative delivery account imbalance is **negative**, the Pipeline will reduce flow at the Delivery Point or shut the Delivery Point in until such time that the actual amount of gas previously delivered to the downstream pipeline corresponds to the authorized volume of gas. Affected Shippers will be notified of the inability to physically deliver to such Delivery Point until such time that the imbalance is corrected. Nominations to that delivery point will still be authorized.

APPLICATION:

This applies to all Receiving Parties and Shippers on the Westcoast Energy Inc. Pipeline System.