

TransCanada's 2017 Dawn Long Term Fixed Price Service Open Season



February 22, 2017 to March 9, 2017

Overview

TransCanada PipeLines Limited ("TransCanada") is pleased to announce a binding open season ("Open Season") for the Dawn Long Term Fixed Price Service ("LTFP" or the "Service"). This new Service will be for the receipt of gas at the Empress receipt point and delivery to the Dawn (Union SWDA) market. Capitalized terms not defined within the Open Season have the meaning ascribed to them under the TransCanada Mainline Transportation Tariff.

The Western Canadian Sedimentary Basin continues to see production levels at rates that exceed current demands in Western Canada. As a result, producers are increasingly looking for access to markets beyond the NIT market hub. Similarly, eastern markets are increasingly interested in new supplies being supplied into commercial hubs that are proximate to consuming locations. TransCanada has existing capacity available to one of North America's largest trading hubs at Dawn. TransCanada is proposing to provide producers and others a service that will enable them to diversify their portfolio with access to the Dawn hub at competitive rates.

The Service will have a fixed toll of \$0.77 CDN/GJ/d. This toll is inclusive of the Abandonment Surcharge and the Delivery Pressure Charge.

The term of the Service is 10 years. However, LTFP shippers will have the right to reduce the Service term for all or a portion of their contract quantity by 1, 2, 3, 4, or 5 full years provided that a minimum 2 years' prior written notice has been given to TransCanada. Should a shipper elect to reduce the Service term by 1 to 5 full years, an increased toll will apply during the last 2 years of the reduced Service term.

The Service is priced lower than current Firm Transportation ("FT") and does not include flexibility provisions of FT service such as Diversions and Alternate Receipt Points; however, deliveries along the Great Lakes Gas Transmission ("GLGT") Pipeline System to Deward, Farwell, Chippewa, Rattle Run and Belle River Mills will be permitted subject to available capacity and scheduling by GLGT.

The targeted in-service date is November 1, 2017 or as soon as possible thereafter. Shippers have the opportunity to set LTFP contract start dates as late as November 1, 2019.

Provision of the Service is conditional on, among other things, receiving sufficient subscriptions of approximately 1.5 PJ/day ("Minimum Acceptable Level") and any required approvals on terms and conditions satisfactory to TransCanada. TransCanada intends to file an application with the National Energy Board (NEB) for approval of the Service as soon as reasonably possible, following a successful Open Season.

TransCanada's 2017 Dawn Long Term Fixed Price Service Open Season



Figure 1 – TransCanada System



Terms of Service

Key terms of the service are:

- Service applicant bids are binding.
- The contract term is 10 years with shipper having the right to reduce the Service term for all or a portion of the contract by 1, 2, 3, 4, or 5 full years provided that a minimum 2 years' prior written notice has been given to TransCanada and is subject to the payment of an increased toll in the final two years of the reduced Service term. The applicable tolls in the final 2 years of a reduced service term are shown in Table 1.
- A contract start date between November 1, 2017 and November 1, 2019, as requested by service applicant in the bid form. Contracts must start on the first day of a month.
- Requests for this Service are from the Empress receipt point to the Union SWDA delivery point only.
- Mainline FT Diversions and Alternate Receipt Points will not apply.
- Service will have equal priority as FT service.
- Service will be assignable.
- Secondary deliveries to select Delivery Points along the GLGT Pipeline System will be facilitated on a reasonable efforts basis by TransCanada, subject to available capacity and scheduling by GLGT. Those points are: Deward, Farwell, Chippewa, Rattle Run and Belle River Mills.
- The Service is not renewable, although all or a portion of the contract quantity can be converted to FT service at the end of the contract term with a minimum of 2 years' written notice prior to the shipper's Service end date.
- In the event of an eastward extension of the NOVA Gas Transmission Limited ("NGTL") System that allows TransCanada and/or its affiliates to provide a lower total cost for

TransCanada's 2017 Dawn Long Term Fixed Price Service Open Season



service from NIT to the Union SWDA, shipper will have the right to convert all or a portion of its contract quantity to such service(s) for the remainder of the contract term.

- Costs to comply with domestic or foreign laws, regulations or rules that were not in effect or applicable to TransCanada on October 13, 2016 will be recovered from shippers using the Service, subject to NEB approval.
- During the period commencing upon Service Applicant's execution of its Dawn LTFP Contract and ending 10 years following the commencement of Service Applicant's Dawn LTFP Contract, Service Applicant shall not oppose in any way, whether directly or indirectly, pricing discretion for Interruptible Transportation Service and Short Term Firm Transportation Service on any portion of the Mainline.

Transportation Tolls:

The toll for all shipper contracts will be \$0.77 CDN/GJ/d, except if Shipper elects to reduce the Service term for all or a portion of the contract by 1, 2, 3, 4, or 5 full years, in which case the applicable tolls in the final 2 years of a reduced service term are shown in Table 1.

Table 1: Tolls for the last two years of a reduced service term.

Reduced Service Term - Years	5	6	7	8	9
Years	Years 4 & 5	Years 5 & 6	Years 6 & 7	Years 7 & 8	Years 8 & 9
Toll that applies in (CDN\$/GJ/d)	1.05	1.04	1.00	0.95	0.87

As an example, should a shipper be awarded service and subsequently elect to reduce the term of the Service for all or a portion of the contract quantity to 6 years, notice must be provided on or before the expiry of year 4 of the Service. The toll for the Service for the applicable contract quantity will increase from the \$0.77/GJ/d that was paid during the first 4 years of the Service term to \$1.04/GJ/d for years 5 and 6 of the reduced Service term.

Note: Toll is inclusive of Abandonment Surcharge and Delivery Pressure Charge, but exclusive of any applicable Goods and Services Tax (GST) and/or Harmonized Sales Tax (HST) or any costs to comply with domestic or foreign laws, regulations or rules that were not in effect or applicable to TransCanada on October 13, 2016, the recovery of which is approved by the NEB.

How to Bid:

- Service applicants can bid for required capacity.
- Service applicant can submit multiple bids.
- Each bid is binding. No bid deposit is required.
- Service applicants must submit a binding bid using [TransCanada's 2017 Dawn LTFP Bid Form](#) to TransCanada's Mainline Contracting Department via email

TransCanada’s 2017 Dawn Long Term Fixed Price Service Open Season



mainline_contracting@transcanada.com or by fax at 1.403.920.2343. All bids must be received by 1pm EST (11 am Calgary time), March 9, 2017.

This Open Season and the provision of service hereunder, are subject to the following terms and conditions, which may be waived by TransCanada in its sole discretion:

<p>TransCanada Internal and Regulatory Requirements for the Service</p>	<p>TransCanada will require internal and regulatory approvals that it determines necessary to provide the Service, on terms and conditions substantially the same as described in this Open Season and acceptable to TransCanada in its sole discretion.</p> <p>These include NEB approval of the Service, including approval of the applicable abandonment surcharge based on the Empress to Emerson path, and NEB approval of the sale of Mainline facilities between St. Clair and Dawn or equivalent, continued applicability of the pricing discretion approved in the NEB RH-003-2013 and RH-001-2014 Decisions at the commencement of the Service.</p>
<p>Bid Conditions</p>	<p>Shipper may condition the commencement date specified in one or more of its Dawn LTFP bid form(s) on Shipper’s NGTL Firm Transportation – Receipt service at a specified NGTL meter station being declared billable by NGTL (“Meter Station Condition”), provided such condition is agreed to by TransCanada prior to bidding. Shipper must submit a separate bid form for each quantity subject to a Meter Station Condition. No other bid conditions will be accepted.</p>
<p>Transportation by Other (TBO) Capacity</p>	<p>TransCanada obtaining, prior to the commencement of the Service, transportation service on other pipeline systems that it determines necessary (“TBO Capacity”) on terms and conditions acceptable to TransCanada in its sole discretion. TBO Capacity on the GLGT Pipeline System may be less than the aggregate Dawn LTFP contract quantity.</p>

TransCanada’s 2017 Dawn Long Term Fixed Price Service Open Season



<p>Capacity Allocation</p>	<p>In the Dawn LTFP Bid Form, Shipper will specify an initial bid quantity (“Initial Bid Quantity”) and a maximum bid quantity (“Maximum Bid Quantity”), which may be the same quantity.</p> <p>If the aggregate of Initial Bid Quantities is less than the Minimum Acceptable Level, TransCanada will allocate capacity adding an amount to each shipper’s Initial Bid Quantity determined by applying a single percentage to the difference between each shipper’s Initial Bid Quantity and Maximum Bid Quantity such that the total is the Minimum Acceptable Level or each shipper is at their Maximum Bid Quantity (“Allocated Capacity”).</p> <p>Should TransCanada receive acceptable bids with an aggregate of Initial Bid Quantities in excess of 1.5 PJ/d, TransCanada will have the right to apportion bids pro rata down to no less than 1.5 PJ/d. If this proration occurs the Allocated Capacity will be less than the Initial Bid Quantity.</p> <p>A shipper’s Allocated Capacity, as determined by TransCanada, rounded to the nearest GJ/d, will become the shipper’s contract quantity in the event of a successful open season.</p>
<p>Notification to Service Applicants</p>	<p>TransCanada will notify all service applicants of the allocation of capacity within fifteen (15) Banking Days of the close of the Open Season subject to the conditions outlined above.</p>
<p>Service Commencement Dates</p>	<p>Commencement of the Service is subject to a number of factors that may delay the commencement of Service, including, without limitation:</p> <ol style="list-style-type: none"> 1) delays in obtaining any required TBO capacity; and 2) delays in TransCanada receiving any required approvals.
<p>Financial Assurances</p>	<p>TransCanada requires acceptable financial assurances. Please refer to TransCanada Pipelines Limited Transportation Tariff, General Terms and Conditions, Section XXIII Financial Assurances.</p>
<p>Other Shipper Obligations</p>	<p>During the period commencing upon Service Applicant’s execution of its Dawn LTFP Contract and ending 10 years following the commencement of the for the Service Applicant’s Dawn LTFP Contract, Service Applicant shall not oppose in any way, whether directly or indirectly, pricing discretion for Interruptible Transportation Service and Short Term Firm Transportation Service on any portion of the Mainline.</p> <p>During the period commencing upon Service Applicant’s execution of its Dawn LTFP Contract and ending 10 years following the commencement of the Service Applicant’s Dawn LTFP Contract, Service Applicant shall support TransCanada in</p>

TransCanada's 2017 Dawn Long Term Fixed Price Service Open Season



	any regulatory proceeding required to implement or continue Dawn LTFP Service, as determined by TransCanada in its reasonable discretion.
GST or HST Procedures	TransCanada is required to charge the GST or HST, whichever is applicable, on transportation of gas that is consumed in Canada. Shippers may zero-rate GST or HST on contracts intended to serve an export market by making a Declaration on the nomination line in NrG Highway. Shippers may also provide a Declaration for any Unutilized Demand Charges (UDC). For more information, please see GST/HST Procedures .

Questions:

For inquiries regarding this Open Season please direct questions to your Mainline Customer Account Manager.

Calgary	
Gordon Betts	403.920.6834
Michael Mazier	403.920.2651
Toronto	
Amelia Cheung	416.869.2115
Lisa DeAbreu	416.869.2171

This Open Season closes at 1 pm Eastern Standard Time on March 9, 2017.

Paper bid form can be found at the following links:
[Paper Bid Form](#)

Please fax completed bids to 403-920-2343