

**TRANSCANADA PIPELINES LIMITED**

**CANADIAN MAINLINE**

**CODE OF CONDUCT**

**December 21, 2007**

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# **TRANSCANADA PIPELINES LIMITED**

## **CANADIAN MAINLINE**

### **CODE OF CONDUCT**

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## **1 PURPOSE AND OBJECTIVES OF THE CODE**

### **1.1 Purpose of the Code**

The purpose of this Code is to establish standards and conditions for interaction between TCPL, TCPL Mainline and their Affiliates, as defined in clause 2.1, in relation to the provision of TCPL Mainline Services. The Code sets parameters for transactions, information sharing and the sharing of services and resources which protect TCPL Mainline's customers against inappropriate inter-Affiliate behaviour and practices. These parameters also reflect the integrated nature of the TransCanada group of companies and businesses and allow TCPL and TCPL Mainline to engage in inter-Affiliate relationships and transactions to achieve operating efficiencies from economies of scale and scope in a manner that concords with the objectives of the Code.

### **1.2 Objectives of the Code**

The principle objectives of the Code are:

- i) to create a clearly defined set of rules to enhance transparency, fairness and senior management accountability with respect to interactions between TCPL, TCPL Mainline and their Affiliates;
- ii) provide an environment in which inter-Affiliate economies and efficiencies can legitimately occur for the mutual advantage of TCPL Mainline's customers and TCPL shareholders;
- iii) develop support and respect for the Code by the employees, officers and directors of TCPL, which will in turn promote ratepayer confidence in the application of the Code; and
- iv) create regulatory processes and cost efficiencies through the consistent application of a clear set of standards and reporting requirements for transactions between TCPL, TCPL Mainline and their Affiliates, enhanced by a practical, resolution driven, dispute process.

### **1.3 Respect for the Code**

TCPL is committed to upholding the spirit and intent of the Code and requires individuals to whom the Code applies to adhere to and respect it in providing TCPL Mainline Services.

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## 2 GENERAL PROVISIONS

### 2.1 Definitions

In this Code the following words and phrases shall have the following meanings:

- a) **“Affiliate”** means with respect to TCPL Mainline or TCPL:
- i) an “affiliate” as defined in the CBCA;
  - ii) a unit or division within TCPL or any Body Corporate referred to in clause (b)(i) above;
  - iii) a partnership, joint venture, or Person in which TCPL or any Body Corporate referred to in clause (b)(i) above has a controlling interest or that is otherwise subject to the control of TCPL or such Body Corporate, or that has or reasonably expects to have a commercial or operational arrangement with TCPL and TCPL or any Body Corporate referred to in clause (b)(i) above owns more than 10% of the votes necessary to elect directors;
  - iv) any partnership, joint venture, or Person deemed by the NEB to be an affiliate of TCPL Mainline or TCPL for the purposes of this Code; and
  - v) an agent or other Person acting on behalf of any Body Corporate, unit, division, partnership, joint venture or Person referred to in clauses (b)(i) to (iv) above.
- b) **“Affiliated Party Transactions Summary”** unless otherwise directed by the NEB, means in respect of any period of time, a summary overview of each type of business transaction or service performed by an Affiliate for TCPL Mainline or by TCPL Mainline for an Affiliate, which summary shall contain a general description of the transactions and services, the parties involved and the approximate aggregate value of each type of transaction or service during the said period.
- c) **“Body Corporate”** means a “body corporate” as defined in the CBCA.
- d) **“CBCA”** means the *Canada Business Corporations Act*.
- e) **“Code”** means this TCPL Mainline Code of Conduct.
- f) **“Compliance Officer”** shall have the meaning ascribed thereto in section 7.3 hereof.
- g) **“Compliance Plan”** shall mean the document to be prepared and updated by TCPL Mainline pursuant to section 7.5 hereof.
- g.1) **“Compliance Plan Committee”** means a committee which shall meet at least quarterly and be comprised of at least the following TCPL representatives:
- President, Pipelines Division;

- Controller;
  - Chief Compliance Officer; and
  - Senior Vice-President, Canadian and Eastern US Pipelines.
- h) **“Compliance Report”** shall have the meaning ascribed thereto in section 7.6 hereof.
- i) **“Confidential Information”** means any information relating to a specific customer or potential customer of TCPL Mainline, which information TCPL Mainline has obtained or compiled in the process of providing current or prospective TCPL Services and which is not otherwise available to the public.
- j) **“Cost Recovery Basis”** with respect to:
- i) the use by TCPL Mainline of an Affiliate’s personnel, means the fully burdened costs of such personnel for the time period they are used by TCPL Mainline, including salary, benefits, vacation, materials, disbursements and all applicable overheads;
  - ii) the use by TCPL Mainline of an Affiliate’s equipment, means an allocated share of capital and operating costs appropriate for the time period the equipment is utilized by TCPL Mainline;
  - iii) the use by an Affiliate of TCPL Mainline’s equipment, means an allocated share of the capital and operating costs appropriate for the time period the equipment is utilized by the Affiliate;
  - iv) the use by TCPL Mainline of an Affiliate’s services, means the complete costs of providing the services, determined in a manner acceptable to TCPL Mainline, acting prudently;
  - v) the use by an Affiliate of TCPL Mainline’s services, means the complete costs of providing the services, determined in a manner acceptable to TCPL Mainline, acting prudently; and
  - vi) the transfer of equipment, plant inventory, spare parts or similar assets between TCPL Mainline and a Regulated Affiliate, means the net book value of the transferred assets.
- k) **“Fair Market Value”** means the price reached in an open and unrestricted market between informed and prudent parties, acting at arms length and under no compulsion to act.
- l) **“For Profit Affiliate Service”** means any service, provided by TCPL on behalf of TCPL Mainline to an Affiliate, or by an Affiliate to TCPL on behalf of TCPL Mainline on a for-profit basis.
- m) **“Information Services”** means any computer systems, computer services, databases, electronic storage services or electronic communication media utilized by TCPL Mainline relating to TCPL Mainline customers or TCPL Mainline operations.

- n) **“NEB”** means the National Energy Board.
- o) **“Non-Executive Officer”** means an officer of TCPL who is not also a senior officer of TransCanada Corporation with an executive officer title.
- p) **“Non-Regulated Affiliate”** means an Affiliate that is not a Regulated Affiliate.
- q) **“Occasional Services”** shall have the meaning ascribed thereto in section 3.3.6 hereof.
- r) **“Person”** means a “person” as defined in the CBCA.
- s) **“Regulated Affiliate”** means an Affiliate whose tolls and tariffs are regulated by the NEB, the Alberta Energy and Utilities Board or the Federal Energy Regulatory Commission.
- t) **“Services Agreement”** means an agreement entered into between TCPL and one or more Affiliates for the provision of Shared Services or For Profit Affiliate Services to or from TCPL Mainline and shall provide for the following matters as appropriate in the circumstances:
  - i) the type, quantity and quality of service;
  - ii) pricing, allocation or cost recovery provisions;
  - iii) confidentiality arrangements;
  - iv) the apportionment of risk;
  - v) dispute resolution provisions; and
  - vi) a representation by TCPL and each Affiliate party to the agreement that the agreement complies with the Code.
- u) **“Shared Service”** means any service provided on a Cost Recovery Basis by TCPL on behalf of TCPL Mainline to an Affiliate or by an Affiliate to TCPL on behalf of TCPL Mainline.
- v) **“TCPL”** means TransCanada PipeLines Limited.
- w) **“TCPL Mainline”** means the TCPL line of business under which TCPL owns and operates a high pressure natural gas transmission system that extends from the Alberta border across Saskatchewan, Manitoba, Ontario, and through a portion of Quebec, and connects to various downstream Canadian and international pipelines.
- x) **“TCPL Mainline Service”** means a TCPL Mainline service, the terms and conditions of which are regulated by the NEB.

## **2.2 Interpretation**

Headings are for convenience only and shall not affect the interpretation of this Code. Words importing the singular include the plural and vice versa. A reference to a statute, document or a provision of a document includes an amendment or supplement to, or a replacement of, that statute, document or that provision of that document.

## **2.3 To Whom this Code Applies**

TCPL Mainline is obligated to comply with this Code and all Affiliates of TCPL Mainline are obligated to comply with the Code to the extent they interact with TCPL Mainline.

## **2.4 Coming into Force**

This Code comes into force 90 days after approval by the NEB, provided however that, to the extent existing agreements or arrangements are in place between parties to whom this Code applies that do not conform with this Code, such agreements or arrangements must be brought into compliance with this Code within 60 days after this Code comes into force.

## **2.5 Amendments to this Code**

This Code may be reviewed and amended from time to time by the NEB on its own initiative, or pursuant to a request by any party to whom this Code applies or by any interested party.

## **2.6 Exemptions**

TCPL Mainline may apply to the NEB for an exemption with respect to compliance with any provision of this Code. Any such application will specify if the requested exemption is in respect of a particular transaction, series of transactions, for a specified period of time, or is for a general exemption from a particular provision.

## **2.7 Authority of the NEB**

This Code does not detract from, reduce or modify in any way, the powers of the NEB to deny, vary, approve with conditions, or overturn, the terms of any transaction or arrangement between TCPL Mainline and one or more Affiliates that may be done in compliance with this Code. Compliance with the Code does not eliminate the requirement for specific NEB approvals or filings where required by statute, regulation, or by NEB decisions, orders or directions.

# **3 GOVERNANCE AND SEPARATION OF TCPL BUSINESS**

## **3.1 Governance**

### **3.1.1 Separate Operations**

The commercial business and affairs of TCPL Mainline should be managed and conducted separately from the commercial business and affairs of its Non-Regulated Affiliates, except as required to fulfill corporate governance, policy, and strategic direction responsibilities of a corporate group of businesses as a whole.



### **3.1.2 Common Directors**

TCPL may have common directors with its Affiliates.

### **3.1.3 Separate Management**

TCPL Mainline must have a separate management team from its Non-Regulated Affiliates. Subject to Section 3.1.4 hereof, TCPL must have separate officers from TCPL Mainline's Non-Regulated Affiliates. However, TCPL Mainline may share management team members, and TCPL may share officers, with other Regulated Affiliates of TCPL Mainline.

### **3.1.4 Separate Management Exception**

Officers of TCPL may also be officers of any Affiliate, as may be required to perform corporate governance, policy and strategic direction responsibilities of an affiliated group of businesses. However, this exception shall not allow a Non-Executive Officer in a commercial or operational role to be an officer of a Non-Regulated Affiliate that has or reasonably expects to have commercial or operational arrangements with TCPL Mainline.

### **3.1.5 Guiding Principle**

Notwithstanding sections 3.1.2, 3.1.3 and 3.1.4 hereof, an individual shall not act both as a director, or officer of TCPL, or a member of a management team of TCPL Mainline, and as a director, or officer, or member of a management team of any other Affiliate (thereby acting in a dual capacity) unless the individual is able to carry out his/her responsibilities in a manner that preserves the form, and the spirit and intent, of this Code. In particular, an individual:

- (a) shall not agree to act in a dual capacity if the individual, acting reasonably, determines that acting in a dual capacity could be detrimental to the interests of customers of TCPL Mainline; and
- (b) if acting in a dual capacity, shall abstain from engaging in any activity that the individual acting reasonably, determines could be detrimental to the interests of customers of TCPL Mainline.

## **3.2 Degree of Separation**

### **3.2.1 Accounting Separation**

TCPL shall ensure accounting separation of TCPL Mainline from all Affiliates and shall maintain separately identifiable financial records and books of accounts.

### **3.2.2 Separation of Information Services**

Where TCPL Mainline shares Information Services with a Non-Regulated Affiliate, all Confidential Information must be protected from unauthorized access by the Non-Regulated Affiliate. Access to TCPL Mainline's Information Services shall include appropriate computer data management and data access protocols as well as contractual provisions regarding the

breach of any access protocols. Compliance with the access protocols shall be periodically confirmed by TCPL Mainline.

### **3.2.3 Financial Transactions with Affiliates**

TCPL shall ensure that any loan, investment, or other financial support provided by TCPL Mainline to a Non-Regulated Affiliate is provided on terms no more favorable than what that Non-Regulated Affiliate would be able to obtain as a stand-alone entity from the capital markets.

### **3.2.4 Physical Separation**

TCPL Mainline shall put appropriate measures in place to restrict physical access of representatives with commercial responsibilities for Non-Regulated Affiliates to Confidential Information.

## **3.3 Resource Sharing**

### **3.3.1 Sharing of Assets**

The operational plant, assets and equipment of TCPL Mainline shall be separately identifiable from the operation plant, assets and equipment of other TCPL lines of business and separated in ownership from the operational plant, assets and equipment of other Non-Regulated Affiliates.

### **3.3.2 Shared Services Permitted**

Where TCPL determines it is prudent in operating TCPL Mainline's business to do so, it may obtain Shared Services from, or provide Shared Services to, an Affiliate. TCPL shall periodically review the prudence of continuing Shared Services arrangements with a view to making any necessary adjustments to ensure that each of TCPL Mainline and its Affiliates bears its proportionate share of costs.

### **3.3.3 Services Agreement**

TCPL shall enter into a Services Agreement with respect to any Shared Services it provides to, or acquires from, an Affiliate for the operation of TCPL Mainline.

### **3.3.4 Sharing of Employees**

#### **3.3.4.1 TCPL Mainline and its Affiliates**

Subject to section 3.3.4.2 hereof, TCPL Mainline may share employees with an Affiliate on a Cost Recovery Basis, provided that the employees to be shared are able to carry out their responsibilities in a manner that preserves the form, spirit and intent of this Code. In particular, an employee:

- (a) shall not be shared if it could reasonably be considered detrimental to the interests of TCPL Mainline's customers, and
- (b) if being shared, shall abstain from engaging in any activity that could reasonably be considered detrimental to the interests of TCPL Mainline's customers.

### **3.3.4.2 Employees That May Not Be Shared**

TCPL Mainline may not share employees with a Non-Regulated Affiliate that:

- (a) routinely participate in making decisions with respect to the provision of TCPL Mainline Services or how TCPL Mainline Services are delivered;
- (b) routinely deal with or have direct contact with customers of TCPL Mainline; and
- (c) are routinely involved in commercial management of the business of TCPL Mainline.

### **3.3.5 Occasional Services Permitted**

Where TCPL Mainline has otherwise acted prudently, it may receive, or provide, one-off, infrequent or occasional services (“Occasional Services”) to, or from, an Affiliate on a Cost Recovery Basis, documented by way of work order, purchase order or similar instrument. In the event that occasional services become material as to value, frequency or use of resources, TCPL shall enter into a Services Agreement with the Affiliate for Shared Services.

### **3.3.6 Emergency Services Permitted**

In the event of an emergency, TCPL Mainline may share services and resources with an Affiliate without a Services Agreement on a Cost Recovery Basis.

## **4 TRANSFER PRICING**

### **4.1 For Profit Affiliate Services**

Where TCPL determines it is prudent in operating TCPL Mainline’s business to do so, it may obtain For Profit Affiliate Services from an Affiliate or provide For Profit Affiliate Services to an Affiliate.

If TCPL intends to outsource to an Affiliate a service it presently provides for TCPL Mainline, TCPL shall, in addition to any other analysis it may require to demonstrate the prudence of a For Profit Affiliate Services arrangement, undertake a net present value analysis appropriate to the life cycle or operating cycle of the services involved.

TCPL shall periodically review the prudence of continuing For Profit Affiliate Services arrangements.

### **4.2 Pricing For Profit Affiliate Services**

#### **4.2.1 TCPL Acquires For Profit Affiliate Service**

When TCPL acquires For Profit Affiliate Services it shall pay no more than the Fair Market Value of such services. The onus is on TCPL to demonstrate that the For Profit Affiliate Services have been acquired at a price that is no more than the Fair Market Value of such services.

#### **4.2.2 TCPL Provides For Profit Affiliate Service**

When TCPL provides For Profit Affiliate Services, it shall not charge less than the Fair Market Value of such services. The onus is on TCPL to demonstrate that the For Profit Affiliate Services have been charged at a price that is not less than the Fair Market Value of such services.

#### **4.3 Services Agreement**

TCPL shall enter into a Services Agreement with respect to any For Profit Affiliate Services it acquires or provides for the operation of TCPL Mainline.

#### **4.4 Asset Transfers**

Assets transferred, mortgaged, leased or otherwise disposed of by TCPL Mainline to a Non-Regulated Affiliate shall be at Fair Market Value.

#### **4.5 Determination of Fair Market Value**

In demonstrating that Fair Market Value was paid or received pursuant to a For Profit Affiliate Service arrangement or a transaction contemplated by sections 4.1, 4.2 and 4.4 hereof, TCPL Mainline, subject to any prior or contrary direction by the NEB, may utilize any method to determine Fair Market Value that it believes appropriate in the circumstances. These methods may include, without limitation: competitive tendering, competitive quotes, bench-marking studies, catalogue pricing, replacement cost comparisons or recent market transactions. TCPL Mainline shall bear the onus of demonstrating that the methodology or methodologies utilized in determining the Fair Market Value of the subject goods or services was appropriate in the circumstances.

#### **4.6 Asset Transfers Between TCPL Mainline and Regulated Affiliates**

Where operational efficiencies between TCPL Mainline and Regulated Affiliates can be obtained through the use of common facilities (such as shared warehousing or field offices), combined purchasing power or through the use of other cost saving procedures, individual assets or groups of assets used in TCPL Mainline's and Regulated Affiliates' operations (such as equipment, plant inventory, spare parts or similar assets) may be transferred in the ordinary course of business between TCPL Mainline and Regulated Affiliates at net book value or other reasonable standard acceptable to the Board. All such transactions shall be properly accounted for on the books of TCPL.

### **5 EQUAL TREATMENT WITH RESPECT TO TCPL MAINLINE SERVICES**

#### **5.1 Impartial Application of Tariff**

TCPL Mainline shall apply and enforce all tariff provisions relating to TCPL Mainline Services impartially, in the same timeframe, and without preference in relation to its Affiliates and all other customers or prospective customers.

## **5.2 Equal Access**

TCPL Mainline shall not favor any Affiliate with respect to access to information concerning TCPL Mainline Services or with respect to the obtaining of, or the scheduling of, TCPL Mainline Services. Requests by an Affiliate or an Affiliate's customers for access to TCPL Services shall be processed and provided in the same manner as would be processed or provided for other customers or prospective customers of TCPL Mainline.

## **5.3 No Undue Influence**

TCPL Mainline shall not condition or otherwise tie the receipt of TCPL Mainline Services to a requirement that a customer must also deal with an Affiliate. TCPL Mainline shall ensure that its representatives do not, explicitly or by implication, suggest that an advantage will accrue to a customer in dealing with TCPL Mainline if the customer also deals with an Affiliate of TCPL Mainline.

## **5.4 Affiliate Activities**

TCPL Mainline shall take reasonable steps to ensure that an Affiliate does not imply in its marketing material or otherwise, favored treatment or preferential access to TCPL Mainline Services. If TCPL Mainline becomes aware of any such inappropriate activity by an Affiliate, it shall:

- (a) immediately take reasonable steps to notify affected customers of the violation;
- (b) take necessary steps to ensure the Affiliate is aware of the concern; and
- (c) inform the NEB in writing of such activity and the remedial measures that were undertaken by TCPL Mainline.

## **5.5 Access to Shared and Occasional Services**

TCPL Mainline is not required to provide non-Affiliated parties with equal access to Shared Services or Occasional Services.

# **6 CONFIDENTIALITY OF INFORMATION**

## **6.1 TCPL Mainline Information**

Subject to section 6.2 hereof, TCPL Mainline shall not provide Non-Regulated Affiliates with information relating to the planning, operations, finances or strategy of TCPL Mainline before such information is publicly available.

## **6.2 Management Exception**

Officers of TCPL who are also officers of an Affiliate as permitted pursuant to section 3.1.4 hereof may disclose, subject to the provisions of section 3.1.5 hereof, TCPL Mainline planning, operational, financial and strategic information to the Affiliate to fulfill their responsibilities with

respect to corporate governance, policy and strategic direction of an affiliated group of businesses, but only to the extent necessary and not for any other purpose.

### **6.3 No Release of Confidential Information**

Subject to section 6.5, TCPL Mainline shall not release to an Affiliate Confidential Information relating to a customer or prospective customer, without receiving the prior written consent of the customer or prospective customer, unless such Confidential Information may be disclosed to an Affiliate in connection with a disclosure required:

- (a) for the purpose of a court proceeding or a proceeding before a quasi-judicial body to which the customer is a party;
- (b) for the purpose of complying with a subpoena, warrant, or order issued or made by a court, person or body having jurisdiction to compel the production of information or with a rule of court that relates to the production of information;
- (c) to a municipal or provincial police service for the purpose of investigating an offence involving the customer, if the disclosure is not contrary to the express request of the customer;
- (d) by law or by an order of a government or agency having jurisdiction over TCPL Mainline; or
- (e) for the purpose of providing Shared Services or For Profit Affiliate Services to the Affiliate or for the purpose of receiving Shared Services or For Profit Affiliate Services from the Affiliate; provided appropriate measures are first put in place by the Affiliate to protect the Confidential Information and the Confidential Information is used by the Affiliate only for the purpose intended by TCPL Mainline.

### **6.4 Aggregated Confidential Information**

TCPL Mainline may disclose Confidential Information when aggregated with the Confidential Information of other customers in such a manner that an individual customer's Confidential Information can not be identified.

### **6.5 Release of Confidential Information to Regulated Affiliates**

TCPL Mainline may release Confidential Information on an as-needed basis, to a Regulated Affiliate that is operated by the same entity that operates TCPL Mainline, or is operated by any Affiliate of TCPL Mainline, provided that the Regulated Affiliate does not release the Confidential Information to any other entity without receiving the prior written consent of the customer.

## **7 COMPLIANCE MEASURES**

### **7.1 Responsibility for Compliance**

TCPL Mainline shall be responsible for ensuring compliance with this Code.

### **7.2 Communication of Code**

TCPL Mainline shall:

- (a) communicate the contents of the Code, and any modifications to it from time to time, to each of its directors, officers, employees, consultants, contractors, agents and Affiliates; and
- (b) make the Code available on TCPL's web site.

### **7.3 Compliance Officer**

TCPL shall appoint a compliance officer (the "Compliance Officer"). TCPL shall ensure that the Compliance Officer is an officer of TCPL and has adequate resources to fulfill his or her responsibilities.

### **7.4 Responsibilities of the Compliance Officer**

The responsibilities of the Compliance Officer shall include:

- (a) providing advice and information to TCPL Mainline for the purpose of ensuring compliance with this Code;
- (b) monitoring and documenting compliance with the Code by TCPL, TCPL Mainline, and as applicable, their directors, officers, representatives, consultants, contractors and agents;
- (c) monitoring and documenting compliance with the Code by Affiliates of TCPL Mainline with respect to the interactions of the Affiliates with TCPL Mainline;
- (d) providing for the preparation and updating, of a Compliance Plan for TCPL Mainline pursuant to Section 7.5 hereof;
- (e) filing the Compliance Plan and any modifications or replacements with the NEB, posting the Compliance Plan on the TCPL's website, and advising interested parties promptly when the Compliance Plan, or any modifications or replacements, have been posted on the website;
- (f) performing an annual review of compliance with the Compliance Plan and preparing an annual compliance report ("Compliance Report") containing the information required in section 7.6 hereof. The Compliance Officer shall file the Compliance Report with the NEB within 120 days of the fiscal year end of TCPL with respect to the immediately preceding fiscal year, post the Compliance Report on TCPL's website, and advise interested parties promptly when the Compliance Report has been posted on the website;

- (g) receiving and investigating internal and external disputes, complaints and inquiries with respect to the application of, and alleged non-compliance, with the Code in accordance with Section 8 hereof;
- (h) recommending to TCPL Mainline measures required to address events of non-compliance with the Code; and
- (i) maintaining adequate records with respect to all aspects of the Compliance Officer's responsibility.

## **7.5 The Compliance Plan**

TCPL Mainline shall prepare a Compliance Plan. The Compliance Plan shall detail the measures, policies, procedures and monitoring mechanisms that TCPL Mainline will employ to ensure its full compliance with the provisions of the Code by TCPL, TCPL Mainline, and as applicable, their directors, officers, representatives, consultants, contractors and agents, and by Affiliates of TCPL Mainline with respect to the interactions of the Affiliates with TCPL Mainline. TCPL Mainline shall review and update the Compliance Plan at least annually.

### **7.5.1 Responsibilities of the Compliance Plan Committee**

The Compliance Plan Committee will meet at least quarterly, and will discharge its responsibilities as set out in the Compliance Plan by:

- (a) receiving and reviewing the documentation including the certificates and reports as required by the Compliance Plan;
- (b) making appropriate inquiries as to the sufficiency of the aforementioned certificates and reports;
- (c) making appropriate recommendations regarding the sufficiency of the processes and mechanisms intended to maintain compliance as set out in the Compliance Plan;
- (d) identifying any instances of non-compliance as set out in the Compliance Plan and ensuring that any such instance is treated as an inquiry under the Code (see Section 8).

## **7.6 The Compliance Report**

The Compliance Report shall include the following information prepared in respect to the period of time covered by the Compliance Report:

- (a) a copy of the Compliance Plan and any amendments thereto;
- (b) a corporate organization chart for TCPL and its Affiliates indicating relationships and ownership percentages;
- (c) a list of all Affiliates with whom TCPL Mainline transacted business, including business addresses, a list of the Affiliates' officers and directors, and a description of the Affiliates' business activities;



- (d) a list of all Services Agreements in effect at any time during such period;
- (e) an overall assessment of compliance with the Code by TCPL and TCPL Mainline, including as applicable compliance by the directors, officers, representatives, consultants, contractors and agents of TCPL and TCPL Mainline, and by Affiliates of TCPL Mainline with respect to the interactions of the Affiliates with TCPL Mainline;
- (f) an assessment of the effectiveness of the Compliance Plan and any recommendations for modifications thereto;
- (g) in the event of any material non-compliance with the Code, a comprehensive description thereof and an explanation of all steps taken to correct such non-compliance;
- (h) subject to the confidentiality provisions of section 8.1 hereof, a summary of disputes, complaints and inquiry activity during the year;
- (i) an Affiliated Party Transactions Summary;
- (j) a summary list of any exemptions granted to this Code or exceptions utilized, including the exception for emergency services; and
- (k) two certificates, each in the form attached as Schedule “A” attached to this Code, attesting to completeness of the Compliance Report and compliance with the Code, one certificate signed by the Compliance Officer and a second certificate signed by the highest ranking operating officer of TCPL.

#### **7.7 Documents to be Provided to the NEB upon Request**

If required by the NEB, TCPL Mainline shall provide the NEB with a copy of any document referred to in a Compliance Report or other supporting records and material.

#### **7.8 Compliance Records and Audit**

The records required to be maintained by the Compliance Officer pursuant to section 7.4(i) hereof shall be retained for a period of at least six years. Compliance records shall be maintained in a manner sufficient to support a third party audit of the state of compliance with the Code by TCPL and TCPL Mainline, and as applicable, their directors, officers, representatives, consultants, contractors and agents, and by Affiliates of TCPL Mainline with respect to the interactions of the Affiliates with TCPL Mainline. Subject to the confidentiality provisions of section 8.1 hereof, all such records shall be made available for inspection or audit as may be required by the NEB from time to time.

### **8 DISPUTES, COMPLAINTS AND INQUIRIES**

#### **8.1 Filing with the Compliance Officer**

Disputes, complaints or inquiries from within TCPL Mainline, or from external parties respecting the application of, or alleged non-compliance with, the Code shall be submitted in writing to the Compliance Officer and may be made confidentially. The identity of the party

making the submission to the Compliance Officer shall be kept confidential by the Compliance Officer unless the party otherwise agrees.

## **8.2 Processing by TCPL Mainline**

### **8.2.1 Compliance Officer Acknowledgment**

The Compliance Officer shall acknowledge all disputes, complaints or inquiries in writing within five working days of receipt.

### **8.2.2 Disposition**

The Compliance Officer shall respond to the dispute, complaint or inquiry within 21 working days of its receipt. The response shall include a description of the dispute, complaint or inquiry and the initial response of TCPL Mainline to the issues identified in the submission. TCPL Mainline's final disposition of the dispute, complaint or inquiry shall be completed as expeditiously as possible in the circumstances, and in any event within 60 days of receipt of the dispute, complaint or inquiry, except where the party making the submission otherwise agrees.

## **8.3 Referral to the NEB**

In the event:

- (a) TCPL Mainline fails to abide by the process identified in section 8.2 hereof,
- (b) TCPL Mainline or a party is unsatisfied with the resolution of a dispute, complaint or inquiry following the conclusion of the section 8.2 process, or
- (c) of an urgent and significant matter, where there is a reasonable expectation that a party's position may be prejudiced by allowing the process contemplated by section 8.2 to operate,

TCPL Mainline (subject to the confidentiality provisions of section 8.1 hereof) or a party with a dispute, complaint or inquiry may refer the matter to the NEB for consideration. A referral to the NEB must be in writing and shall describe the dispute, complaint, or inquiry and must include the response, if any, of TCPL Mainline to the submission.

## **9 NON-COMPLIANCE WITH THE CODE**

### **9.1 Non-Compliance**

Any non-compliance with the Code by any director, officer, employee, consultant, contractor or agent of TCPL or TCPL Mainline, as applicable, or by an Affiliate (or any director, officer, employee, consultant, contractor or agent of an Affiliate) with respect to the interactions of the Affiliate with TCPL Mainline will be considered to be non-compliance by TCPL Mainline.

**9.2 Consequences for Non-Compliance with Code**

Non-compliance with the Code by TCPL Mainline shall subject TCPL Mainline to the full range of powers and authorities of the NEB. Non-compliance with the Code by a director, officer, employee, consultant, contractor or agent of TCPL or TCPL Mainline, as applicable, may subject such individual to disciplinary action by TCPL.

**SCHEDULE A – OFFICERS CERTIFICATE**

**OFFICER’S CERTIFICATE**

To: The National Energy Board

I, \_\_\_\_\_ of the City of \_\_\_\_\_, in the Province of Alberta, acting in my position as an officer of TransCanada PipeLines Limited and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. My position with TCPL is \_\_\_\_\_, and as such I have personal knowledge of, or have conducted due inquiry of individuals who have personal knowledge of, the facts and matters herein stated.
2. Capitalized terms used herein (which are not otherwise defined herein) shall have the meanings ascribed thereto in the TCPL Mainline Code of Conduct (the Code).
3. I have read the Code, the Compliance Plan of TCPL Mainline dated \_\_\_\_\_ and the Compliance Report of TCPL Mainline dated \_\_\_\_\_.
4. The form and contents of the Compliance Report comply with the requirements of the Code and the matters reported therein are fully and accurately described.
5. I am not aware of any material non-compliance with the provisions of the Code by any director, officer, employee, consultant, contractor or agent of TCPL or TCPL Mainline, as applicable, or by any Affiliate of TCPL Mainline (including any director, officer, employee, consultant, contractor or agent of the Affiliate) with respect to the any interaction between an Affiliate and TCPL Mainline that is not fully and accurately described in the Compliance Report.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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