

March 15, 2019

E-FILED

British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, B.C. V6Z 2N3

Attention: Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

**British Columbia Utilities Commission (Commission)
Application of NorthRiver Midstream Operations LP (NRLP) and North River Midstream
Operations GP Inc. (NRGP) for an Order pursuant to section 88 (3) of the Utilities
Commission Act, R.S.B.C. 1996, c. 473 (the Act)
Project No. 1598989**

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Pursuant to BCUC Order G-49-18 establishing a Workshop in connection with the above referenced application, we write to advise the Commission that NorthRiver will be represented by Mr. Ian Webb and the writer at the Workshop. In addition, the following three representatives of NorthRiver will be in attendance:

1. Mr. Bob Bissett, Chief Commercial Officer - NorthRiver Midstream Operation GP Inc;
2. Mr. Paul Hawksworth, Senior Vice President – Brookfield Asset Management; and
3. Mr. Jay Morrison, External Affairs -NorthRiver Midstream Inc.

We note that the Agenda for the Workshop calls for the Applicant to provide a brief overview of the Application. I will be providing that overview. NorthRiver will then be prepared to respond to any questions the Commission, its staff or counsel may have that relate to the three issues listed as being within the scope in Appendix B to the Commission Order, namely:

- a. The inter-dependency of the “Pricing Principles” and the “Complaints Process”;
- b. How the proposals differ from the “Framework” which all customers have been working under for the past 20 years; and
- c. Consultation efforts with customers and First Nations.

Because we know of no other interested parties, we have not prepared these witnesses to expect questions from any other party or relating to any other issue, notwithstanding the Hearing Order does provide for the possibility of questions from participants. If the Commission permits other parties to ask questions at the Workshop, NorthRiver reserves the right to seek an appropriate adjournment so that the witnesses can be appropriately prepared to respond to their questions as well.

To assist the Commission with respect to issue (b), we have prepared a side-by-side comparison of Appendices II and III to the Proposed Order contained in Exhibit B-1 and the equivalent sections in the Westcoast Framework. The witnesses will be prepared to walk the Commission through that comparison at the Workshop.

If there is anything further that we can do to assist the Commission with respect to the Workshop, please do not hesitate to contact the undersigned.

Yours very truly,

LAWSON LUNDELL LLP



Chris W. Sanderson, Q.C.*

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Differences between Appendices II and III of the Proposed Order and the Westcoast Framework

Purpose of this Document

The purpose of this document is to summarize the differences between the Westcoast Framework (particularly Section C (Contracting Practice) and Section E (Complaint Process) of Schedule E of the Westcoast Framework) and the conditions proposed in Appendix II (Complaint Process) and Appendix III (Principles to be applied by the Commission to Resolve Complaints) to Schedule 1 of the requested Order (the **Proposed Conditions**).

Summary of the Differences between the Framework and the Proposed Conditions

The differences between the Framework and the Proposed Conditions can be categorized as one or more of the following types of differences:

- **Context:** These are changes that have been made to adapt the Framework from the context of the National Energy Board and Westcoast to the context of the British Columbia Utilities Commission and NorthRiver. Examples of context-driven changes include the following:
 - changing "the Board" to "the Commission";
 - changing "Westcoast" to the appropriate NorthRiver entity;
 - changing "shippers" to "customers"; and
 - changing "Canadian Foundation for Dispute Resolution" to "ADR Institute of Canada) (the Canadian Foundation for Dispute Resolution is now a wholly owned subsidiary of the ADR Institute of Canada).
- **Clean-up:** The purpose of these changes are to tidy up the wording. Examples of clean-up-driven changes include the following:
 - removing references to "desire", "belief", or "recommendation".
- **Modification:** There are a few instances in which a modification was made to a provision in the Framework. The rationale for making such a modification is provided in the table below.

**Appendix II (Complaint Process) of Proposed Order v.
Section E (Complaint Process) of Framework**

| Section | Blackline: Proposed Order against Framework | Purpose of the Change |
|---------|--|--|
| 1 | <p>1. The objectives of the complaint process are to provide::</p> <p>(a) a-effective regulatory oversight;</p> <p>(b) b-an avenue for redress to any person who believes that Westcoast<u>NorthRiver Midstream Operations LP ("NRLP") or NorthRiver Midstream Operations GP Inc. ("NRGP")</u> (collectively, "<u>NorthRiver Midstream</u>") is not complying with the policies and practices set out in this Framework, or Appendix III who is unable to reach a satisfactory contractual arrangement with Westcoast<u>NorthRiver Midstream</u>;</p> <p>(c) e-timely and cost-effective resolution of complaints; and</p> <p>(d) d-parties with the option of using an alternative dispute resolution mechanism.</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |
| 2 | <p>2. The Parties recommend<u>While</u> the following procedure for processing complaints arising from, or related to, the Framework. Nothing<u>conditions established by this Order is generally to apply, nothing</u> herein is intended to restrict parties from negotiating dispute resolution provisions in their contracts.</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. |
| 3 | <p>3. A complaint may proceed to:</p> <p>(a) a-mediation, at the option of the complainant; and/or</p> <p>(b) b-arbitration, by the agreement of Westcoast<u>NorthRiver Midstream</u> and the complainant; and/or</p> <p>(c) e-subject to <u>subsection 3(a)</u>, adjudication by the Board<u>Commission</u>, at the option of either Westcoast<u>NorthRiver Midstream</u> or the complainant.</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |
| 4 | <p>4. The complainant will submit its complaint in writing, along with supporting documents, if any, to the Board<u>Commission</u> via its Secretary, and to Westcoast<u>NRGP</u>.</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |

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| 5 | <p>5. Complaints will include the following information:</p> <p>(a) a) name of complainant; complainant address contact at complainant; contact's phone number; date of complaint; general description of complaint; general nature of the relief sought; <u>and</u></p> <p>(b) b) Following<u>following any</u> mediation, the specific relief requested.</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. |
| 6 | <p>6. Mediation</p> <p>(a) a)The complainant may choose whether or not to pursue mediation, and WestcoastNorthRiver Midstream will accept the complainant's choice. The complainant and WestcoastNorthRiver Midstream will have 10<u>ten</u> days following the filing of the complaint to choose a mutually acceptable mediator. If WestcoastNorthRiver Midstream and the complainant cannot agree upon the choice of a mediator, one may be appointed by the BoardCommission. With the agreement of the Board, WestcoastCommission, NorthRiver Midstream and the complainant, the staff of the BoardCommission may act as the mediator. In the event that the BoardCommission is unable or unwilling to appoint a mediator, the complainant may request that a mediator be appointed by the British Columbia International Commercial Arbitration Centre or the Canadian Foundation For Dispute Resolution<u>ADR Institute of Canada ("ADR")</u>.</p> <p>(b) b) Standard Terms of Reference for Mediation</p> <p>(i) i)The representatives of WestcoastNorthRiver Midstream and the complainant who take part in the mediation must have authority to settle the dispute.</p> <p>(ii) ii)As soon as practical after the appointment of the mediator, the complainant and WestcoastNorthRiver Midstream will agree upon an appropriate mediation procedure [(in this regard, they may wish to consider a Model Mediation Procedure, such as that available from the Canadian Foundation For Dispute Resolution<u>the ADR's National Mediation Rules</u>).] The mediation procedure should address issues of confidentiality.</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. The CFDR is now a wholly-owned subsidiary of ADR. <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. The CFDR is now a wholly-owned subsidiary of ADR. |

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| | <p>(iii) iii) <u>WestcoastNorthRiver Midstream</u> and the complainant may choose to authorize the mediator to make a report to the senior management of <u>WestcoastNorthRiver Midstream</u> and the complainant in the event that mediation is unsuccessful.</p> | |
| | <p>(c) e) Both the complainant and <u>WestcoastNorthRiver Midstream</u> will exchange their submissions within 10<u>ten</u> days of the filing of the complaint, or such other time period to which they may agree, and deliver their submissions to the mediator.</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |
| | <p>(d) h) Additional information which describes the complaint in the submissions to the mediator should include the following:</p> <p>(iv) i) how long the problem described has been going on;</p> <p>(v) ii) a description of any other actions which have been taken to resolve the problem; and,</p> <p>(vi) iii) the current status of negotiations.</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. |
| | <p>(e) e) <u>Westcoast</u> <u>Upon request by the mediator, NRG</u> will maintain<u>prepare</u> a spreadsheet which summarizes the significant components of each<u>any</u> negotiated service contract. The shipper<u>customer</u> holding the contract will approve the accuracy of the description of the components included in the spreadsheet which, once approved, may not be changed without approval of the shipper<u>customer</u>. The spreadsheet will be made available to the mediator on a confidential basis for the purpose of determining whether or not the mediator requires any of the contracts to complete their duties. The spreadsheet and any contracts provided by <u>WestcoastNorthRiver Midstream</u> to the mediator will not be available to the complainant. A sample spreadsheet is attached as Appendix C to this Framework.</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. <p>Modification</p> <ul style="list-style-type: none"> Under the Framework, Westcoast was to maintain and attach a spreadsheet summarizing the significant components of each negotiated service contract. Such a spreadsheet has not been maintained by Westcoast and does not exist. Under Appendix II of the Proposed Conditions, NRG will prepare such a spreadsheet if needed (that is, if requested by the mediator of a complaint) consistent with Westcoast’s practice. |
| | <p>(f) f) The complainant and <u>WestcoastNorthRiver Midstream</u> will have 30<u>thirty</u> days from the appointment of the mediator, or such other time period to which they may agree, to resolve the dispute via mediation. The positions taken in the mediation are without prejudice to the position either may take in a subsequent proceeding. If the complaint is not resolved through mediation, <u>WestcoastNorthRiver Midstream</u> and the complainant may both</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |

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| | <p>agree to move to arbitration, or either WestcoastNorthRiver Midstream or the complainant may pursue adjudication by the BoardCommission.</p> | |
| | <p>7. Arbitration</p> <p>a) If WestcoastIf NorthRiver Midstream and the complainant agree to proceed to arbitration, the arbitration will be conducted pursuant to the terms of a written arbitration agreement between the parties (including any prior agreement concerning arbitration negotiated by the parties in conjunction with a service agreementcontract) that will identify the issues to be resolved and the procedures to be adopted in the arbitration, that subject to paragraph 8 may include the commercial arbitration rules of the British Columbia International Arbitration Centre or the Canadian Foundation For Dispute ResolutionADR.</p> <p>(a) b) WestcoastNorthRiver Midstream and the complainant may agree to pursue "final offer" arbitration, for example, if a toprice is in dispute.</p> <p>(b) c) It is the desire of the Parties thatAll hearings before an arbitrator will be designed to preserve confidentiality in the following manner:</p> <p>(i) i) the arbitrator will make an order of confidentiality and the recipients of confidential informationConfidential Information will enter into confidentiality agreements with WestcoastNorthRiver Midstream as a condition to the receipt of such information; or</p> <p>(ii) ii) the arbitration hearing will be conducted in accordance with the procedure set out in Appendix D-section 8.</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. <p>Clean up</p> <ul style="list-style-type: none"> Under the Framework, it was the desire of the Parties that the arbitration hearing would be conducted in accordance with the procedure set out in Appendix D to the Framework. Under the Proposed Conditions, arbitration hearings will be conducted in accordance with the procedure set out in Section 8 of Appendix II which is based on Appendix D to the Framework. |
| 8 | <p>8. Confidential Hearing Procedure</p> <p>The following procedure has been drawn from that of the Canadian International Trade Tribunal. To provide for confidential treatment of all information disclosed in the arbitration process, the following rules will apply:</p> <p>(a) 1- Confidential Information shall be marked "Confidential".</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. |

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| | <p>(b) 2—Confidential Information may only be disclosed to a legal counsel or other advisor to a party to the hearing who has filed an appropriate Declaration and Undertaking with the arbitrator or Board<u>the Commission</u>. The advisor must not be a director, servant or employee of the party. The arbitrator or Board<u>the Commission</u> may grant access or, for sufficient reason, may deny access to any such counsel or advisor.</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |
| | <p>(c) 3—A legal counsel or advisor granted access to confidential information<u>Confidential Information</u> shall not, subject to the direction of the arbitrator or Board<u>the Commission</u>, divulge that information to any person, except a person who has also been granted access to such information or to the arbitrator or to personnel of the Board<u>Commission</u> who have access to such information. For greater certainty, but without limiting the foregoing, such information shall not be divulged to the client of the legal counsel or of the advisor. (Note: this restriction on communication does not apply to information that is already in the possession or knowledge of the party.)</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |
| | <p>(d) 4—Confidential information<u>Information</u>, subject to the direction of the arbitrator or Board<u>the Commission</u>, shall not be photocopied or otherwise reproduced and shall not be communicated by facsimile or telephone.</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |
| | <p>(e) 5—Confidential information<u>Information</u> shall be kept in a secure storage device.</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. |
| | <p>(f) 6—Confidential information<u>Information</u> provided to a legal counsel or other advisor, including notes, charts and memoranda based on such information, shall be returned to the arbitrator or Board<u>the Commission</u> or destroyed within 10<u>ten</u> days of the participation of the counsel or advisor in the proceeding coming to an end. In the case of a change of legal counsel or advisor, the confidential information<u>Confidential Information</u>, including notes, charts and</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the |

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| | <p>memoranda based on such information, may, subject to the direction of the arbitrator or Board<u>the Commission</u>, be entrusted to the new counsel or advisor who has filed the<u>a</u> Declaration and Undertaking and been granted access to confidential information<u>the Confidential Information</u>.</p> | <p>Framework to the BCUC and NorthRiver context.</p> |
| | <p><u>(g)</u> 7. Any violation of these procedures or any change in the facts upon which access to confidential information<u>Confidential Information</u> was granted shall be reported immediately to the arbitrator or Board<u>the Commission</u> by the person who has committed the violation or whose facts have changed.</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |
| | <p><u>(h)</u> 8. Where confidential information<u>Confidential Information</u> is filed in confidence in a hearing before the Board<u>Commission</u>, a copy of the document from which all confidential information has been deleted will be filed as part of the information available to the public. (Arbitration hearings are private.) Confidential information<u>Information</u> shall be examined in a hearing before the arbitrator or the Board<u>Commission</u> in a confidential session attended only by persons having access to confidential information<u>Confidential Information</u> and the information disclosed in the confidential session is itself confidential information<u>Confidential Information</u> governed by this procedure. A separate confidential transcript may be maintained. Where witnesses are examined in a confidential session, the witnesses shall not be referred to confidential information<u>Confidential Information</u> other than confidential information<u>Confidential Information</u> that is already in the possession or knowledge of the witnesses. A summary of the confidential session, which excludes any reference to confidential information<u>Confidential Information</u>, may be prepared and filed as part of the information available to the public.</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |
| | <p><u>(i)</u> 9. The Declaration <u>(i)</u> and Undertaking shall state the facts necessary to be granted access to confidential information<u>Confidential Information</u>, that the person is aware of the requirements concerning confidential information<u>Confidential Information</u>, that the person will</p> | <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. |

| Section | Blackline: Proposed Order against Framework | Purpose of the Change |
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| | comply with these requirements, and will be signed by the person making the Declaration and Undertaking. | |
| 9 | <p>9.8- Adjudication by the Board<u>Commission</u></p> <p>(a) a) Westcoast<u>NorthRiver Midstream</u> or the complainant may elect to have the Board<u>Commission</u> adjudicate the complaint even after arbitration is concluded. At the request of the Board, Parties<u>Commission, parties</u> will provide their positions and any decision in arbitration and, in light of all relevant circumstances, the Board<u>Commission</u> may decide to make an order having regard to the positions or the arbitration decision.</p> <p>(b) b)-The Parties believe it will be beneficial for the Board to continue to<u>Commission will</u> write its decisions in a manner that, while respecting confidentiality, provides guidance to all industry participants as to how the Board<u>Commission</u> decided the issues.</p> <p>(c) e) The Parties believe that<u>All of</u> the contracts, and information concerning the contracts, negotiated between Westcoast<u>NorthRiver Midstream and its shippers</u>customers (collectively the-"Confidential Information") is<u>are</u> commercial in nature, to be treated as confidential information by the shippers<u>customers</u> and Westcoast and that the<u>NorthRiver Midstream and</u> disclosure of Confidential Information could result in a material loss or gain to the shippers or Westcoast<u>customers or NorthRiver Midstream</u>, or could be expected to prejudice the competitive position of the shippers or Westcoast. Accordingly, the Parties believe that it would be highly desirable and necessary to the achievement of goals of the Framework for the Board<u>customers or NorthRiver Midstream. The Commission, in any complaint proceeding brought under the NEB Act to, will</u> exercise its powers under section 16.114 of the NEB Act<u>Rules of Practice and Procedure of the Commission</u> and take all measures and make all orders necessary to ensure the confidentiality of the Confidential Information. Subject to the application of section 16.1 of the NEB Act, the Parties believe that<u>the Rules of Practice and Procedure of the Commission</u>, appropriate measures for the</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. |

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| | <p>Board<u>Commission</u> could include:</p> <p>(i) i) the conduct of a non-public hearing with respect to the complaint with appropriate safeguards such as restricting the participation in the hearing to Westcoast<u>NorthRiver Midstream</u> and the complainant and issuing an order imposing confidentiality on the parties or imposing requirements that the recipients of Confidential Information enter into confidentiality agreements with Westcoast<u>NorthRiver Midstream</u> as a condition to the receipt of such information to ensure the confidentiality of Confidential Information; or</p> <p>(ii) ii) the conduct of the hearing in accordance with the procedure<u>adoption of all or part of the procedures</u> set out in <u>section 8 of this Appendix D</u>.</p> | |

**Appendix III (Principles to be applied by the Commission to Resolve Complaints) of Proposed Order v.
Introduction and Section C (Contracting Practice) of Framework**

| Section | Blackline: Framework to Proposed Condition | Purpose of the Change |
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| 1 | <p><u>1. A. Contracting Practice: When resolving any complaint made pursuant to this Order, the Commission will have regard to the following principles and circumstances:</u></p> <p><u>(a) customers are knowledgeable and have significant information about the provision of gathering and processing services and in many cases have options in how to obtain these services;</u></p> <p><u>(b) all customers, regardless of size, resources, location or the evidence of competitive attendance should be treated fairly;</u></p> <p><u>(c) the Commission will not apply its discretion to permit prices for service to rise to a level that would simply reflect the replacement cost of existing facilities; and</u></p> <p><u>(d) prices for services may vary to reflect market-based considerations and new contracts for small volume captive customers will be priced consistent with service provided to customers who have greater bargaining power.</u></p> | <p>Context</p> <ul style="list-style-type: none"> This section is adapted from A. <i>Introduction</i> of the Framework. In particular: <ul style="list-style-type: none"> Subsection (a) is based on clause 3 of section A. <i>Introduction</i> Subsection (b) is based on clause 4 of Section A of the Framework. Subsection (c) is based on clause 5 of Section A of the Framework. Subsection (d) is based on section 6 of the Framework. These four principles have been adapted to the BCUC and NorthRiver context. |
| 2 | <p><u>2. 1. The tolls and terms and conditions on the Westcoast G&P Facilities prices for services provided by the Field Services Assets will be governed by the contracts negotiated with <u>each individual shippers or groups of shippers customer.</u></u></p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context. |
| 3 | <p><u>2. The Parties believe that in determining whether <u>it is unreasonable to distinguish between</u> two or more <u>shippers are Similarly Situated</u> customers, the parameters of the service desired by each <u>shipper customer</u> are relevant. The goal is to permit negotiations to include any item of value that could be the subject of bargaining in a competitive market. The parameters may allow for recognition of different circumstances and hence different pricing and terms and conditions of service between contracts. <u>In addition, for the purpose of determining whether two or more shippers are Similarly Situated, service and tolls may be compared between supply areas (e.g. Fort Nelson, Fort St. John, Pine River) as well as within supply areas.</u></u></p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context, including the change from "Similarly Situated" to "unreasonable to distinguish". <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to clean up the wording. No substantive change is intended. |

| Section | Blackline: Framework to Proposed Condition | Purpose of the Change |
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| | | <p>Modification</p> <ul style="list-style-type: none"> The last sentence has not been relevant for many years. The market has become increasingly competitive in the 20+ years since the Framework became effective, and the supply areas have become increasingly different (for example, in terms of gas composition and services). Also, Pine River is not part of this transaction. |
| 4 | <p>The following list illustrates<u>provides a non-exclusive list of the type of</u> service parameters to which value may be ascribed during negotiations<u>adjudication by the Commission.</u></p> <p>(a) a-Term of contracts<u>contract.</u></p> <p>(b) b-Volume under contract₂</p> <p>(c) c-Land dedication₂</p> <p>(d) d-Reserve dedication₂</p> <p>(e) e-Drilling commitments₂</p> <p>(f) f-Existence of an economic alternative₂</p> <p>(g) g-Renewal rights₂</p> <p>(h) h-Conditions and circumstances existing at the date of execution of the contract₂</p> <p>(i) i-The extent of compensation for non-performance by WestcoastNorthRiver Midstream.</p> <p>(j) j-Credit worthiness of the customer₂</p> <p>(k) k-Gas composition (absolute gas composition and the composition of the gas relative to the available capacity of the plant when the service is requested)₂</p> <p>(l) l-Location of facilities₂</p> <p>(m) m-Receipt and delivery points₂</p> <p>(n) n-Length of haul₂</p> <p>(o) o-The extent of new facilities, if any, required to provide the service₂</p> | <p>Context</p> <ul style="list-style-type: none"> The purpose of this change is to adapt the Framework to the BCUC and NorthRiver context (including the change from "negotiations" to "adjudications by the Commission"). <p>Clean up</p> <ul style="list-style-type: none"> The purpose of this change is to tidy up the wording. No substantive change is intended. |
| N/A | <p>3. — Contracts</p> <p>Westcoast will make standard contracts available to customers and will also negotiate contracts with customers.</p> | <p>Modification</p> <ul style="list-style-type: none"> Customers are knowledgeable about the business and customers wish to negotiate contracts that suit their purposes. The contracts can be as simple or |

| Section | Blackline: Framework to Proposed Condition | Purpose of the Change |
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| | <p>a) — Standard Contracts</p> <p>Westcoast will make certain standard contracts available to any shippers who do not wish to negotiate all negotiable aspects of their service. The service provided under a standard contract will be either Firm Service or Interruptible Service. The components of a standard contract which may be negotiated include the volume, receipt and delivery point, acid content and toll.</p> <p>The Parties expect that the standard contracts will be similar in form to contracts for service on the Westcoast system today. Westcoast will offer a range of terms for firm service contracts from one year to five years for gathering service, and two years to five years for treatment service and will be prepared to negotiate renewal provisions with an appropriate notice period. A standard contract will also be available for interruptible service. The form of standard contract will be designed and agreed upon by the Parties in order that it may be included in the application to the Board for approval of the Framework.</p> <p>a) — Negotiated Contracts</p> <p>In addition to offering standard contracts, Westcoast will also negotiate contracts with shippers. The service provided by Westcoast under these negotiated contracts may differ from the service defined in the standard contracts, in that certain of the articles contained in Westcoast's GT&C for service may be modified within the negotiated contracts. Each of the articles within Westcoast's current GT&C, as updated for revisions to be effective January 1, 1998, has been classified in Appendix A as either negotiable or non negotiable.</p> <p>Only the following articles, where they pertain to gathering and processing, are negotiable in whole or in part:</p> <p>Article 2, "Term of Service Agreement" — term, renewal rights and requirement to contract for related services</p> | <p>complex as required by the parties. The forms of agreement proposed in 1997 are not preferred by customers.</p> <ul style="list-style-type: none"> • NorthRiver will, at all times, ensure the safe, reliable and environmentally responsible operation of its facilities. Any commercial contracts negotiated with counterparties will maintain this principle such that the clause is not needed. • Clause 5 was intended to facilitate the transition of Westcoast from the type of contract employed prior to the Framework to what would be more appropriate under a more competitive environment. We are well beyond such transition period and references to contractual terms and conditions from prior to 1997 are no longer relevant. |

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| | <p>Article 5, "Receipt and Delivery Pressure" — pressure may not exceed MAOP</p> <p>Article 8, "Contract Demand Credits" — except no higher level of reliability may be negotiated Article 11, "Letter of Credit"</p> <p>Articles 12.01 to 12.03, "Quality"</p> <p>Article 14, "Measuring Equipment" — ownership, which party bears cost and requirement for facilities</p> <p>Articles 16.03 to 16.08, "Possession and Control of Gas" — liquids at Ft. Nelson Article 18.01 (c), "Representation and Warranties"</p> <p>Article 21.02, "Miscellaneous" — as it relates to assignments</p> <p>Shippers will negotiate with Westcoast for the terms and conditions of the service they desire. These negotiations will also define the future renewal rights the shippers wish attached to their service.</p> <p>Westcoast may negotiate contracts with a priority of service lower than firm service. The Parties contemplate that the relevant articles (e.g. articles 3.01 and 3.02) in Westcoast's GT&C will be amended to allow for the provision of any such service.</p> <p>4. — Non Negotiable Terms and Conditions</p> <p>Certain terms and conditions will be non negotiable and, therefore, common to all contracts so that Westcoast can ensure that safe and reliable operating practices are followed and maintain the integrity of system wide operations. The non negotiable articles within Westcoast's GT&C are identified within Appendix A.</p> <p>In addition, Westcoast will not enter into contracts which impair</p> | |

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| | <p>Westcoast's ability to fulfill its contractual obligations to other shippers, except with the agreement of such other shippers.</p> <p>5. —Renewal Rights</p> <p>Shippers with existing 5, 3 and 1 Year Firm Service contracts may exercise their renewal rights as per the Settlement.</p> <p>Westcoast will reinstate the renewal rights contained in its GT&C and applicable to 5, 3 or 1 Year Service which were limited under Article 7.2 of Schedule A to the Settlement. The notice period will be increased from 6 months to 13 months as of October 1, 2000. That is, a party wishing to renew its service effective November 1, 2001 must commit to financial responsibility for that service by October 1, 2000.</p> <p>While it is desirable that the toll for the service be agreed upon by the date on which notice is given to extend service, it is not required. Negotiations, alternate dispute resolution or adjudication by the Board may continue after the renewal date. The shipper remains committed to pay for the capacity at the toll ultimately determined. A toll may even be set on an interim basis if the final toll has not been decided by the start date of the contract.</p> <p>Shippers who hold service today will be permitted to renew that service as long as they are willing to pay a toll which reflects the market price for service. The bid made by one shipper for service held by another shipper will be relevant to the negotiation of the toll, but not determinative. Specifically, existing shippers will not simply be required to match a bid put forth by another shipper for the same service. Tolls paid by Similarly Situated shippers across the entire Westcoast system will also be relevant to the negotiation of the toll.</p> | |