New Service Offerings
Changes for Common Stream Operators
October 2015
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Agenda

- Alliance Types of Services
- Common Stream Operator (CSO) – Business Changes on Alliance Pipeline
- CSO Confirmations
- CSO Allocations
- Invoices & Month End Imbalances
- Receipt Locations with Firm Contracts Dec 1
- Firm Rich Gas Service (FRGS)
- Hydrocarbon Dew Point (HCDP) Off Spec Surcharge
- Non Flow locations
- Gas Quality
- Next Steps
- Contacts
Alliance Types of Service

- **Firm Receipt Service (FRS)**
  - Heat packing to ATP
  - Priority Interruptible Transportation Service (PITS)
  - Minimum 3-year term
- **Firm Delivery Service (FDS)**
  - Fixed heat value
  - ATP receipt, delivery to US border
  - Minimum 1-year term
- **Firm Transportation (FT-1)/IT Transportation (IT-1)**
  - Receipts from FDS, FFPS
  - Minimum 1-year term
- **Firm Full Path Service (FFPS)**
  - Heat packing to US delivery locations
  - PITS (to Cdn border)
  - Minimum 3-year term
- **Firm Rich Gas Service (FRGS)**
  - Must have FRS or FFPS
  - Receipt location specific
  - Subject to availability
- **Alliance Trading Pool Services (ATP)**
  - Term Park & Loan (TPAL)
  - Park & Loan must have a Transportation Service Agreement
Types of Service - Canada

Transportation Service Provider 1000 Services:
Firm Full Path Service (FFPS) – Seasonal, 3-Year, 5-Year
Interruptible Full Path Service (ITFPS)
Firm Receipt Service (FRS) – Seasonal, 3-Year, 5-Year
Interruptible Receipt Service (ITRS)
Firm Delivery Service (FDS) – Seasonal, 1-Year
Interruptible Delivery Service (ITDS)
Title Transfer Agreement (TTA)
Term Park and Loan (TPAL)
Imbalance Contract (ATP)
Types of Service - USA

Transportation Service Provider 2000 Services:
- Firm Transportation (FT-1)
- Interruptible Transportation (IT-1)
- Interruptible Wheeling (IW)
- Title Transfer Agreement (TTA)
- Term Park and Loan (TPAL)
- Imbalance Contract (IMB)
New service types require changes to existing CSO business

New Timelines & Methodology for:
- Confirmations
- Daily & monthly allocations

Gas Inventory Recovery (GIR)
- Changes from physical recovery to financial.
- Introducing Cash Outs on month end imbalances.

Prior Period Adjustments (PPA’s)
- CSO reallocation after the monthly gas balance has closed will no longer be processed at zero charge.
- Minimum administrative charge of $2,000 will be applicable & payable in advance to Alliance Pipeline by the CSO.
CSO - Business Changes on Alliance Pipeline

- **Energy Conversion Factor (ECF)**
  - Receipt locations will use an average of prior month heat value.
  - CSO may request mid month change, requires Alliance approval.

- **New Tariff Changes to Gas Quality**
  - HCDP Spec ≤ -5 °C
  - FRGS allows shippers to exceed tariff spec for HCDP. Some CSO’s may be a FRGS station.

- **Balancing Fees & Surcharges Introduced for Shippers**
  - Daily fee: Out-of-tolerance accounts will be subject to balancing fees of the “higher of” $.16 per GJ/day or the highest TPAL fee (max of $0.54 per GJ/day) last contracted for by Alliance.
  - Month end surcharge: Allocated quantities at month end in excess of shipper’s contracted capacity will be subject to an Overrun Surcharge of 150% of the toll. Allocated quantities will be done against scheduled quantities.
CSO Daily Confirmations

- Confirmations will be completed prior to scheduling the pipe.
- Provide an opportunity for CSO to confirm to a producer/supplier level at a receipt location (if shipper nominates transportation contract at this level).
- Confirms completed in ID1 (Cycle 3), CSO may select “confirm for remainder of gas day”.
- Confirmation window for each cycle will remain open for ½ hour after the nomination deadline. Timelines to be posted on the Alliance Informational Postings site http://info.alliance-pipeline.com.
*Each Confirmation Line* represents a unique combination of nominations based on what the shipper has entered in the **Up Name** and **Up K** fields. i.e. Multiple nomination lines may result in one confirmation line.

**Note:** Although it is transparent to the CSO, Shipper may also use **Pkg Id** to further differentiate the nominations as well as **Rank** to control where cuts are applied.
Predetermined Allocations (PDA’s)

PDA is used to determine how to allocate measured gas at a location to a shipper or contract for a given gas day or month.

- **Operator PDA** - Operator specifies the method, at each location, that will be used to allocate the measured quantity to each shipper. This allocation affects shipper daily imbalance accounts.

- **Shipper PDA** - Shipper then has the ability to specify how that measured quantity is allocated to their scheduled contracts at that location. This determines the quantity for each contract this is used in billing.
CSO Allocations

Location Measurement

Operator
Predetermined Allocation (PDA) Process

Shipper A
Shipper PDA Process
Contract #1
Contract #2

Shipper B
Shipper PDA Process
Contract #1
Contract #2
CSO Allocations

- **Daily**
  - Prior to the start of gas day, CSO will provide a Pre-determined Allocation (PDA) for each shipper at a receipt location.

- **Monthly Allocations**
  - On the 14th day of the month, month end actuals are due. A monthly gas balance calendar will be posted on the Alliance Canada Informational Posting site (IPS).

- **CSO has 3 allocation methods available:**
  - Pro-rata (system default)
  - Rank
  - Percentage (preferred month end method)
Pro-Rata is the default allocation method.

GMS starts to receive station measurements at 10:00 CCT & keeps re-calculating hourly until end of gas day at 09:00 CCT.

Measured gas is allocated based upon scheduled quantities & the PDA.

End of Y-Day results affect shipper daily imbalance.

<table>
<thead>
<tr>
<th>Shipper 1</th>
<th>Method</th>
<th>Scheduled</th>
<th>Measured</th>
<th>Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pro-rata</td>
<td>100</td>
<td>500</td>
<td>125</td>
</tr>
<tr>
<td>Shipper 2</td>
<td>Pro-rata</td>
<td>200</td>
<td></td>
<td>250</td>
</tr>
<tr>
<td>Shipper 3</td>
<td>Pro-rata</td>
<td>100</td>
<td></td>
<td>125</td>
</tr>
</tbody>
</table>
Operator sets order of priority for shipper allocations.

Scheduled quantity (confirmed nomination) is kept whole up until the measured volume no longer exceeds the scheduled quantity.

Operator may provide the same rank to multiple shippers & they will get their scheduled quantity pro-rata.

If there is not enough volume, shippers will get a pro-rated share within the same rank.

<table>
<thead>
<tr>
<th>Method - Rank</th>
<th>Scheduled</th>
<th>Measured</th>
<th>Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipper 1</td>
<td>2</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td>Shipper 2</td>
<td>1</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Shipper 3</td>
<td>3</td>
<td>200</td>
<td></td>
</tr>
</tbody>
</table>
CSO Allocation Method - Percentage

- Allows operator to assign a percentage to each service requestor’s contract.
- Nominations cannot be increased & remains set at percentage of volume (e.g. always 50%) – or Mix-&-Match Options:
  - Contract 1 - Percentage – Set at 50% but mix & match other contracts by Rank
  - Contract 2 – Rank 1 – Fill before Contract 3
  - Contract 3 – Rank 2 – last contract
- Month end allocation method - defines the percentage split to shippers.

<table>
<thead>
<tr>
<th></th>
<th>Method - %</th>
<th>Scheduled</th>
<th>Measured</th>
<th>Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipper 1</td>
<td>25%</td>
<td>50</td>
<td>500</td>
<td>125</td>
</tr>
<tr>
<td>Shipper 2</td>
<td>50%</td>
<td>200</td>
<td></td>
<td>250</td>
</tr>
<tr>
<td>Shipper 3</td>
<td>25%</td>
<td>150</td>
<td></td>
<td>125</td>
</tr>
</tbody>
</table>
Invoices & Month End Imbalances

- Canadian Invoices will be billed on the 20th day of the month and payment shall be received on the 30th day of every month.
- Shippers have until close of business the last Business Day of month to remedy imbalance via imbalance trading.
- Shippers that do not remedy imbalance will be subject to Cash Out. Gas Inventory Recovery (GIR) is no longer available.
# Receipt Points with Dec. 1 Firm Contracts

<table>
<thead>
<tr>
<th>Alberta</th>
<th>British Columbia</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB 09 FOURTH CREEK</td>
<td>AB 34 MOOSE RIVER</td>
</tr>
<tr>
<td>AB 13 GORDONDALE</td>
<td>AB 37 SNIPE MOUNTAIN</td>
</tr>
<tr>
<td>AB 16 PROGRESS</td>
<td>AB 39 GRIZZLY JUNCTION</td>
</tr>
<tr>
<td>AB 17 VALHALLA 1</td>
<td>AB 40 KAYBOB</td>
</tr>
<tr>
<td>AB 20 VALHALLA 2</td>
<td>AB 42 BEAR CREEK</td>
</tr>
<tr>
<td>AB 23 SEXSMITH</td>
<td>AB 43 McLEOD RIVER</td>
</tr>
<tr>
<td>AB 24 HYTHE/BRAINARD</td>
<td>AB 44 EDSON</td>
</tr>
<tr>
<td>AB 25 KNOPCIK</td>
<td>AB 45 KAYBOB SOUTH 3</td>
</tr>
<tr>
<td>AB 29 WAPITI</td>
<td>AB 50 SUNDANCE</td>
</tr>
<tr>
<td>AB 30 GOLD CREEK</td>
<td>AB 63 HEAVY SOUND</td>
</tr>
<tr>
<td>AB 31 KARR</td>
<td>AB 64 SILVER CREEK</td>
</tr>
</tbody>
</table>

*Listing effective October 5, 2015*
Firm Rich Gas Service FRGS (Article 30)

- Allows FRS/FFPS shipper to flow gas that exceeds the HCDP Spec of -5 °C.
- Available to FRS & FFPS shippers with terms ≥ 3 years.
- The FRGS demand surcharge for this service is $0.01/°C/Mcf/d.
- If request is for an existing station, all parties must agree to become a FRGS station.
- If request is at a new station, all parties coming in after must sign up for service or they will be assessed a FRGS demand surcharge.
HCDP Off-Spec Surcharge (Article 30)

- Shippers allocated gas at a station that goes off spec will be charged the HCDP Off-Spec surcharge.
- Shippers allocated gas at a FRGS location that exceeds the contracted FRGS specification will be subject to an HCDP Off-Spec Surcharge.
- HCDP Off-Spec Surcharge is $0.0125/°C/Mcf/d.
- Alliance may post a revised temporary HCDP Spec (Revised HCDP Spec) at specified receipt stations.
Non Flowing Receipt Locations

To reduce operational expenditures Alliance will be looking at reducing maintenance costs at our receipt facilities where there has been no commercial activity.

- At locations where there has been no flow for three (3) months Alliance will reduce the maintenance to a base level. This base level will ensure the integrity of the facility is maintained but the facility will effectively be in “inactive” mode and will require a site visit from Alliance personnel prior to being returned to “active” service.
- As a result Alliance will require fourteen (14) days notice to put that facility back into “active” service.
- If a CSO wishes to have Alliance keep a non flowing facility in “active "service they may be required to pay Alliance a maintenance fee to keep the facility available.
Gas Quality

Change to Alliance Gas Quality Tariff

- Hydrocarbon Dewpoint (HCDP) specification is now minus five degrees Centigrade (– 5 deg C).
- Excursions over specification, FRGS limit or revised specification will be subject to a surcharge.
- Alliance will only intervene on HCDP excursions if they are causing operational issues.
- Total non-hydrocarbons will be limited to a maximum of four percent (4%) by volume. This is comprised of Oxygen, Carbon Dioxide and Nitrogen.
Gas Quality Review

- As a result of the recent H2S event Alliance will be conducting a review with all CSO’s.
- This review will entail detailed discussions with CSO’s on the following items:
  - Plant Processing
  - Gas Quality management at each plant
  - Signal sharing with Alliance
- Alliance Operations personnel will schedule meetings with each facility operator to conduct the review.
- Alliance will require operational contacts for each facility.
Next Steps

- System Training
  - Classroom training at Calgary head office
  - Web ex

- To set up training please contact:
  - **Sara Nejad**
    403-517-7785
    [Sara.nejad@alliancepipeline.com](mailto:Sara.nejad@alliancepipeline.com)
  - **Debi Theriault**
    403-802-6628
    [Debi.theriault@alliancepipeline.com](mailto:Debi.theriault@alliancepipeline.com)
Next Steps continued

- Your station may not be listed on the Firm Contract list, however Shippers may wish to nominate IT service at your station.
- In order to gain access to our new Customer Activities Web Site Dec 2015, a new User Application form & Site Subscribers agreement are required. These will be sent out to stations with Firm Contracts for execution October 9, 2015.
- To ensure system access as well as training please return the documents by close of business Oct. 23, 2015.
Contacts at Alliance

- Comments or Feedback please contact:
  - Joi Wollen
    Joi.wollen@alliancepipeline.com
    403-517-6540
  - Cathie Legge
    Cathie.legge@alliancepipeline.com
    403-517-6585
Firm capacity of 1.325 Bcf/d
56 receipt points
730 km gathering system
8 interconnections in Chicago area plus Aux Sable NGL extraction plant
14 Mainline compressor stations
7 Lateral compressor stations
Alliance Pipeline System Receipt Points

- Receipt Capacity > 4500 MMcfd
- 42” Mainline – Blueberry C/S to Windfall C/S
- 36” Mainline – Windfall C/S to Chicago
- 4” – 24” Laterals