

Transportation Service

Overview

Transportation service involves moving natural gas by pipeline from production sites to the territory served by Énergir.

The largest carrier is TC Energy, the owner of the pipeline.

In addition, near the Ontario/Quebec border, two short sections of the transmission system owned by Champion Pipeline Corporation Limited (Champion) serve Abitibi-Témiscamingue.



Transportation service cost

Price breakdown

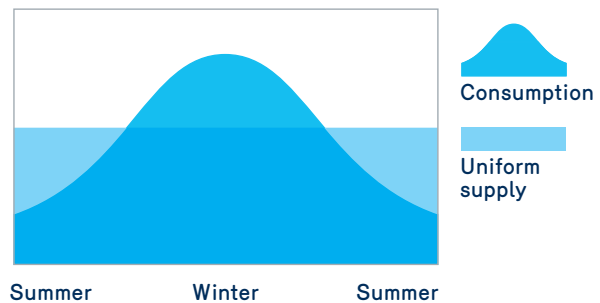
The price of the transportation service consists mainly of TC Energy's transportation tolls. Énergir is billed based on the geographic zone where it receives the gas:

- Énergir's territory, except Abitibi-Témiscamingue, is billed at TC Energy's Eastern Delivery Area (EDA) toll rates;
- The Abitibi-Témiscamingue region is billed at TC Energy's Northern Delivery Area (NDA) toll rates.

Steady transportation for better rate

To get the best possible rate for its customers, Énergir must use the transportation capacity it has contracted with TC Energy continuously and uniformly throughout the year.

The diversity of its clientele and the utilization of various load-balancing tools (see "Load-balancing Service") enable Énergir to ensure it receives a uniform daily quantity of natural gas from TC Energy, in spite of significant variations in summer and winter consumption.



Regulated tolls

TC Energy's transportation tolls are governed by the Canada Energy Regulator (CER), an independent federal body that regulates various aspects of Canada's energy industry.

The prices of Énergir's transportation service are regulated by Québec's Régie de l'énergie. When TC Energy's transportation toll has been approved by the CER, its impact on Énergir's transportation prices is submitted to the Régie de l'énergie for approval.

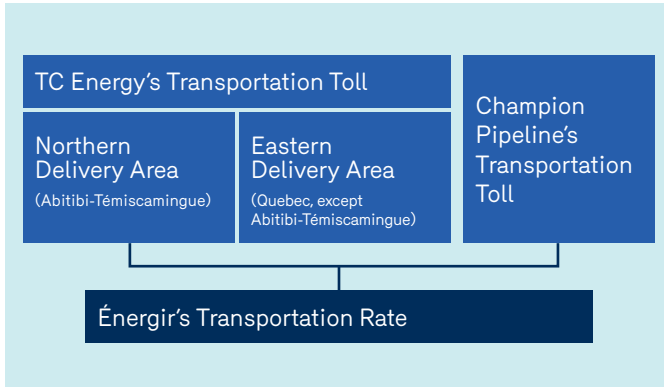
Énergir bills transportation to its customers at the same price as it pays its suppliers. As a result, each change in TC Energy's tolls changes the price for Énergir's customers.

Transportation Service

Énergir's transportation tariff

Transportation price

Énergir establishes a transportation rate for its customers based on its transportation costs.



Minimum Annual Obligations (MAO)

MAOs allow Énergir to ensure that each customer pays for their portion of the reserved TC Energy network volume.

A commitment to a minimum consumption volume may therefore be required, based on the customer's applicable distribution tariff.

- Distribution Rates D_3 and D_4 customers must commit to 78% of their projected annual consumption;
- Distribution Rate D_5 customers must commit to the same level of consumption as agreed in their distribution service contract.

When the commitment is not met, the transportation price is charged on the volume deficit. However, Énergir makes every effort to resell the transportation capacity that is acquired but not used by its customers. Customers are only charged for the portion of the natural gas transportation costs that was not resold. However, a customer in deficit as a result of a transfer to another energy source is charged the full transportation price.

Customer-provided service

As indicated above, the great diversity of customers and the load-balancing tools enable Énergir to get a good price for its transportation service, which lowers the price for all customers.

However, under certain conditions, a customer with a firm service distribution tariff may also choose to provide the transportation service themselves. In this case, the customer must negotiate its transportation contracts directly and manage the delivery of its natural gas to Énergir's network. Énergir will then deliver the gas to the customer's facilities.