

GENERAL TERMS AND CONDITIONS

47. CAPACITY RELEASE

A. Release Options. Any eligible Shipper, excluding certificated 7(c) and GS-T Shippers, may release firm throughput or FDD capacity under one of the following options, as applicable:

- (i) Level I. Permanent Release of Firm Capacity. Capacity will be permanently released for the remaining term of the contract. All contract terms and points remain the same.
- (ii) Level II. Temporary Release of Firm Capacity With No Recall.
- (iii) Level III. Temporary Release of Firm Capacity with Recall. The released capacity is subject to recall based on limitations as stated in the Term Sheet by each Releasing Shipper. The nomination procedure must be adhered to.
- (iv) Levels II and III.
  - (a) Releases for 31 days or less, releases of capacity for more than one year at the maximum tariff rates, releases to an asset manager (AMA), as defined by FERC regulations at 18 C.F.R. 284.8, or releases to a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8, are exempt from the advance posting and bidding requirements. However, the releasing shipper must provide the terms of such releases to Northern for informational posting purposes at the time of the release.
  - (b) No rate limitation applies to the release of capacity for a period of one year or less and all such releases must comply with the advance posting and bidding requirements set forth in this Section 47. Such releases must take effect within one year of the date that the pipeline is notified of the release.
  - (c) With the exception of releases to an AMA or to a participant in a state-required retail access program, releases for 31 days or less are not eligible for: (1) Extension or rollover without first complying with the advance posting and bidding requirements, or, (2) Re-release without posting to the same shipper until twenty-eight (28) days after the first release period has concluded.

The rate charged for a release for more than one year may not exceed the applicable maximum rate.

A Shipper with firm capacity in the Market Area may release its firm capacity only in the Market Area, subject to the availability of capacity in the Market Area. A Shipper with firm capacity in the Field Area may release its firm capacity only in the Field Area, subject to availability of capacity in the Field Area. Segmental releases may be requested. System Management Service (SMS) may be released along with the release of the corresponding throughput capacity.

Offers to release and bids, including pre-arranged releases, shall be posted upon receipt. A releasing shipper may request a later posting time for posting of such offer, and Northern will support such request insofar as it comports with the standard time line in Section 47.D. The acquiring shipper under a pre-arranged release must initiate confirmation of the release electronically.

B. Offers to Release. A Shipper desiring to release firm capacity, must post on Northern's website an offer to release capacity on a Term Sheet no more than twelve (12) months prior to the proposed date of the release unless the prearranged release is negotiated with a project-financed facility to facilitate its financing. An open bidding process will take place. The open bidding will take place for a period of time as specified in Section 47.D. Offers to release firm capacity and bids for released capacity must be complete before being posted.

A Term Sheet is valid only if completed in its entirety, as detailed below. The Term Sheet must include the quantity, term, minimum price, recall provisions, best offer standards, the details of any hourly take restrictions and any other applicable terms. Any best offer standard designated by the releasing Shipper must be objective, non-discriminatory and applicable to all potential acquiring Shippers. Releasing Shippers have the right to allow contingent bids, provided the provisions for such contingent bid(s) are provided in the Term Sheet.