

GENERAL TERMS AND CONDITIONS

Failure by the Shipper to give Northern the notice specified in this section will result in the automatic abandonment of the entitlement and the Shipper's right to the subject capacity at the end of the contract term will cease. Shipper may waive its right to participate in the Right of First Refusal process which will result in automatic abandonment of the entitlement upon the termination of the contract.

2) Bidding Process

Subsequent to Northern's receipt of the Shipper's Right of First Refusal notice described in Section 1) above, Northern will post the designated capacity on its website in order to solicit bids for the capacity. Northern will post any availability of throughput capacity under Right of First Refusal as separate and distinct from generally available throughput capacity. However, Northern may post any availability of Firm Deferred Delivery (FDD) capacity, including FDD capacity available under Right of First Refusal, in a single aggregate posting with the type of capacity identified, e.g., generally available or Right of First Refusal.

A Bidder desiring to obtain the posted capacity must submit a bid to Northern, in accordance with Section 3) below, within forty-five (45) days of the posting to participate in the Right of First Refusal process.

If the tendered bids are less than maximum rate and if Northern is willing to accept such rate, Northern will utilize an iterative bidding process. Each bid will be posted on the website and each iteration's best offer will be posted on the website for informational purposes, along with the name of the highest bidder. In subsequent iteration(s), bidders will have five (5) days to respond to Northern after a posting; thereafter, after each bidding period, Northern will have up to five (5) business days to perform an analysis to determine the best offer as described in Section 4) below. The bidding process must be completed three (3) months before the end of the existing contract term.

If any bid submitted by a bidder is subsequently withdrawn, any new bids submitted by such bidder for the same capacity or path(s) must be at a higher rate and produce a higher net present value (NPV). If the withdrawn bid is at the maximum rate, the new bid must be at the maximum rate and produce a higher NPV.

Northern will have the right to reject, on a non-discriminatory basis, any bid not at the maximum rate.

3) Contents of Bid

Service Agreements, corresponding to the Shipper's bid, will be required and must contain the price, term, amount of capacity desired and primary receipt and delivery points.

When any Shipper bids the maximum rate, such Shipper is only required to bid up to the maximum rate for its requested receipt and delivery points, not the maximum rate which may apply to different receipt and delivery points which could be charged for such service.

Multiple bids for throughput capacity, defined as different bids made for different portions of the total capacity, will be permitted.

Bidders for FDD capacity may submit bids on one or more packages of FDD capacity; provided, however, bidders may submit only one bid per package. In the event that bidder submits bids on more than one FDD package, then bidder must prioritize its bids and indicate a minimum and maximum total cycle quantity desired. However, in the event there is only one package available, a bidder may submit multiple bids that do not exceed the total quantity of the package.