



ETEX Credit Policy

Introduction

This document is intended to provide a guide to ETEX's credit policy. Capitalized terms in this document have the meanings provided to them in the ETEX Customer Contract available on the Website.

ETEX reviews all Customers and potential Customers to determine if financial assurances are required. The provision of financial assurances, when requested, is a condition for obtaining and/or continuing use of the Services.

Financial Assurance Requirements

1. Determination of Creditworthiness

The creditworthiness of all Customer and potential Customers is assessed by ETEX in its sole discretion. All non-creditworthy Customers, as determined by ETEX, are required to post financial assurances upon request.

ETEX determines the creditworthiness of a Customer by using information provided by the Customer, and/ or other information pertaining to the creditworthiness of the Customer that is available. (Section 6 outlines the various forms of financial, credit, and business information that ETEX may use in assessing the financial position of a Customer)

Any Customer determined to be non-creditworthy, including any Customer who does not provide information sufficient for ETEX to establish the Customer's creditworthiness, will be required to provide ETEX with an acceptable financial assurance, in an amount equal enough to satisfy ETEX creditworthiness concerns.

2. Acceptable Financial Assurances

A non-creditworthy Customer must provide, within four Business Days of request, a financial assurance such as cash, an irrevocable letter of credit or other form of financial assurance acceptable to ETEX.

ETEX will, in its sole discretion, accept other forms of financial assurances which may include the provision of an acceptable assurance (such as a guarantee) by a creditworthy party of behalf of the Customer.

3. Amount of Financial Assurances

Non-creditworthy Customers, are required to provide financial assurances in an amount sufficient to cover Completion Payments and other amounts payable (including Taxes) by the Customer.

By way of example, the maximum amount of financial assurances that ETEX may request from a non-creditworthy Customer in this particular example are as follows:

NGTL posted toll: \$331.73 e³m³/month

Transaction price: \$364.90 e³m³/month

Difference: +\$33.17 e³m³/month

Volume: 250 e³m³

Term: 2 months

Maximum amount of Financial Assurance owing:

$$33.17*250*2$$

$$=\$16,585$$

4. Withholding, Suspension and Termination of Service

The Exchange is designed to not allow a bid or offer to be placed if sufficient financial assurances have not been provided. In the event, through technical issues or EEX omission, a completed Order occurs notwithstanding the absence of sufficient financial assurances, the resulting Transaction may be cancelled or suspended without liability to the relevant Customer until requested financial assurances are received by EEX. Customer's failure to provide a requested assurance will be deemed a material breach of the Customer Agreement.

5. Ongoing Review of Financial Assurance Requirements

EEX reviews, on an ongoing basis, the creditworthiness of all Customers, using information provided by each Customer, and/ or other information pertaining to the creditworthiness of the Customer that is available. These ongoing reviews also take into account the Customer's payment record and inventory trends with EEX.

If at any time a non-creditworthy Customer experiences a material change in its financial position whereby it believes that EEX may determine the Customer's financial position to be acceptable, upon request and the receipt of information evidencing the material change, EEX will review the financial position of the Customer. Financial assurances are still required during the review period.

Upon the expiry or termination of the Customer's Customer Agreement, EEX will return any financial assurances, within four Business Days following payment by Customer of all amounts owing to EEX.

6. Information

EEX utilizes various sources of financial, credit, and business information in assessing the financial position of a Customer. This information, as provided by Customers or is otherwise available, may include, but is not limited, to the following:

- audited financial statements;
- annual report;
- List of affiliates, parent companies, and subsidiaries;
- publicly available Information from credit report and bond rating agencies;
- private credit ratings, if obtained by the Customer;
- bank references;
- trade references;
- legal composition;
- length of time business has been in operation;

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- most recent filed documents with the securities and exchange commission (or an equivalent authority) or such other publicly available information;
- For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, controller, or equivalent (“CFO”) that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) or equivalent;
- For non-public entities, including those that are regulated utilities:
 - the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent; and
 - an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the Customer’s current financial condition;
- For regulated utility local distribution companies, documentation from their respective regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism which fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent;
- Such other information as may be mutually agreed to by the parties; or
- Any of the above information for affiliates, parent companies, and subsidiaries.