

COASTAL CAVERNS I, L.P.
Ethylene Transportation Prorationing Policy

Effective: September 15, 2020

Coastal Caverns I, L.P. (“Carrier”) will prorate among Shippers the capacity of its pipeline system to transport Ethylene during any month as to which it determines, on the basis of properly submitted nominations, that the total quantity of Ethylene transportation service nominated by all Shippers during that month exceeds the capacity of the system or portion thereof to provide the nominated quantities of Ethylene transportation service (net of capacity reserved for injections of Ethylene into Carrier’s Storage Facility or withdrawals of Ethylene from Carrier’s Storage Facility under Storage Services Agreements). The quantity of capacity available for the transportation of Ethylene in a given month (after deducting the quantity of capacity reserved for injections of Ethylene into Carrier’s Storage Facility or withdrawals of Ethylene from Carrier’s Storage Facility under Storage Services Agreements) is called the “Prorated Capacity” in this Prorationing Policy.

Capitalized terms and Items appearing in this Prorationing Policy refer to the definitions and Items set forth in Carrier’s Local Pipeline Tariff for Regular Shipper and Committed Shipper Service Applying to the Intrastate Transportation by Pipeline of Ethylene filed with the Railroad Commission of Texas (the “Tariff”), as such Tariff may be revised from time to time.

Step 1 – Allocation of Prorated Capacity to Committed Shippers: Prorated Capacity will be allocated to Committed Shippers as follows:

Each Committed Shipper’s Allocated Quantity in a given month will equal a fraction, the numerator of which will be the lesser of: (i) the quantity of Ethylene (expressed in terms of pounds of Ethylene per month) that the Committed Shipper nominated for transportation during the month in accordance with Item 20 of the Tariff; and (ii) the quantity of Ethylene (expressed in terms of pounds of Ethylene per month) for which the Committed Shipper has paid or has committed to pay the rate specified in the quantity commitment agreement with Carrier executed in accordance with Committed Shipper’s Committed Shipper Program, as described in Item No. 110 (each such calculation, a “Numerator Calculation”), and the denominator of which will be the sum of the Numerator Calculations for all Committed Shippers. The resulting fraction shall be multiplied by the total Prorated Capacity to determine the Committed Shipper’s Allocated Quantity.

Step 2 – Allocation of Prorated Capacity to New Shippers. Not more than five percent (5%) of the total available Prorated Capacity of Carrier’s system or portion thereof shall be made available in any month to New Shippers, if any. Each New Shipper shall be allocated a quantity of the Prorated Capacity available to all New Shippers in a given month equal to the lesser of:

- (a) five percent (5%) of the total available Prorated Capacity of Carrier’s system or portion thereof, divided by the number of New Shippers which nominated quantities for shipment on the system or portion thereof during the month for which the allocation is being calculated; or

- (b) 1.25 percent (one-fourth of 5%) of the available Prorated Capacity of the system or portion thereof for that month.

Step 3 – Allocation of Prorated Capacity to Regular Shippers: Prorated Capacity remaining after completion of the process of allocating capacity to Committed Shippers (Step 1) and to any New Shippers (Step 2) shall be allocated to Regular Shippers as follows:

The Prorated Capacity that remains after completion of Steps 1 and 2 to be allocated in a given month to each Regular Shipper that is not a Committed Shipper will equal a fraction, the numerator of which is that Shipper's aggregate quantity of Ethylene movements on Carrier's system during the latest twelve (12) month period, and the denominator of which is the total quantity of all such movements on Carrier's system by all Regular Shippers during such twelve (12) month period. The resulting fraction shall be multiplied by the total amount of Prorated Capacity available to all Regular Shippers during that month to determine each Regular Shipper's Allocated Quantity.

Invoicing on the Basis of Shipper Tenders: If a Shipper Tenders a quantity of Ethylene greater than or equal to ninety-five percent (95%) of its Allocated Quantity, the Shipper shall be invoiced based on its delivered quantities, in accordance with Item 70, subject to penalties for over Tenders, as set forth below. If a Shipper Tenders a quantity of Ethylene less than ninety-five percent (95%) of its Allocated Quantity, the Shipper shall be invoiced for ninety-five percent (95%) of the Shipper's Allocated Quantity for the month times the applicable Transportation Rate. If any Shipper Tenders a quantity of Ethylene greater than one hundred percent (100%) of its Allocated Quantity, the Shipper shall be invoiced based on its Tendered quantities, in accordance with Item 70, plus an over-Tender penalty of five percent (5%) of the applicable rate per pound of Ethylene Tendered in excess of one hundred percent (100%) of Shipper's Allocated Quantity.