

Canadian Energy Regulator - Model Surety Bond

Last updated: 15 June 2023

This document was initially introduced as Appendix XII in the MH-001-2013 Reasons for Decision ([A60676](#)) and is updated over time, as required.

To: **His Majesty the King in Right of Canada
as represented by the Canadian Energy Regulator (CER) or any successor
administrative body**

CERTIFICATE / ORDER NUMBER: _____ **AMOUNT: Canadian \$** _____

Bond Number:

PIPELINE: _____

Know by these presents that we, _____ (the "Principal") and _____ (the "Surety") are jointly and severally bound to **His Majesty the King in Right of Canada, as represented by the CER or any successor administrative body**, in the sum of **AMOUNT** (\$_____), lawful money of Canada, for the payment of which sum, well and truly to be made, the Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, by this bond.

WHEREAS the Principal has a regulatory authorization issued under the *Canadian Energy Regulator Act* ("CER Act") or previous legislation, including the *National Energy Board Act* (NEB Act) to operate a pipeline.

Whereas the Principal, as holder of a regulatory authorization, must provide a set-aside mechanism pursuant to the CER Act or previous legislation, including the NEB Act, the National Energy Board's RH-2-2008 decision, **[INSERT LETTER DECISION APPROVING ACE]**, and MH-001-2013 decision (the Regulatory Requirements).

Whereas the Principal and Surety acknowledge that they have read the Regulatory Requirements which relate to this bond.

The aforesaid sum shall be paid to the CER forthwith on written demand upon Surety, to be held for purposes of the CER Act. The demand made by the CER shall be honoured by the Surety without enquiring whether the CER has a right as between the CER and the Principal to make such demands, and without recognizing any claim of the Principal, and the Principal and the Surety each consent to the CER obtaining, on written notice, summary judgments for the full amount secured hereunder if payment is not made forthwith upon demand.

The condition of the above obligation is that if the Principal shall well and truly, in all respect duly fulfill, execute, and observe all terms and conditions and requirements of the CER, then this obligation shall be void and of no effect, but otherwise shall be and remain in full force, virtue, and effect.

Nevertheless, if the Surety at any time gives 60 days' notice in writing to the Principal and to the CER of the Surety's intention to put an end to the Suretyship hereby entered into (the "Notice Period") then the Principal shall, during the Notice Period, provide to the CER replacement set-aside mechanism in the same amount and in a form acceptable to the CER to replace this terminated Suretyship. Once the replacement set-aside mechanism has been received and approved by the CER during the Notice Period, then this bond and all accruing responsibility thereunder shall cease and determine except insofar as the Principal has made default prior to the said last day of the Notice Period. Should the Principal fail to provide a replacement set-aside mechanism acceptable to the CER during the 60-day Notice Period, then the CER may, within a 60-day period commencing immediately following the expiry of the Notice Period, make a written demand to the Surety for payment of the aforesaid sum to the CER and said sum shall be paid in accordance with this bond. Once the second 60-day period (the Notice Period plus 60 days) has expired, then this bond and all accruing responsibility thereunder shall cease and determine except insofar as the Principal has made default prior to the said last day of the Notice Period.

Nevertheless, the obligations of the Principal or the Surety for this bond or renewal will be limited to the amount stated above.

This bond will be valid for the term from _____ day of _____, 20__ to _____ day of _____, 20__ and shall be automatically renewed without further documentation from year to year thereunder on the same terms and conditions (including this one for renewal) unless at least 60 days' written notice, as provided for above, is given that it will not be renewed. Failure by the Principal to provide a satisfactory substitute set-aside mechanism to the CER does not constitute default under this bond.

Any notice hereunder may be given:

- (a) in the case of the CER, by registered mail or prepaid courier and fax to:

Canadian Energy Regulator
Suite 210, 517 10 Ave SW
Calgary, AB T2R 0A8
Facsimile: (403) 292-5503
Attn: Secretary of the Commission of the CER

- (b) in the case of the Principal by prepaid mail to:

[INSERT ADDRESS]

- (c) in the case of the Surety by delivery to or by prepaid mail to:

[INSERT ADDRESS]

Any notice by the CER may be signed by the Secretary of the Commission of the CER.

IN WITNESS WHEREOF this bond has been duly signed, sealed, and delivered.

Surety:

Per: _____

Principal:

Per: _____