



uniongas

A Spectra Energy Company

Operations and Services Update

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May 12, 2016



Operational Update

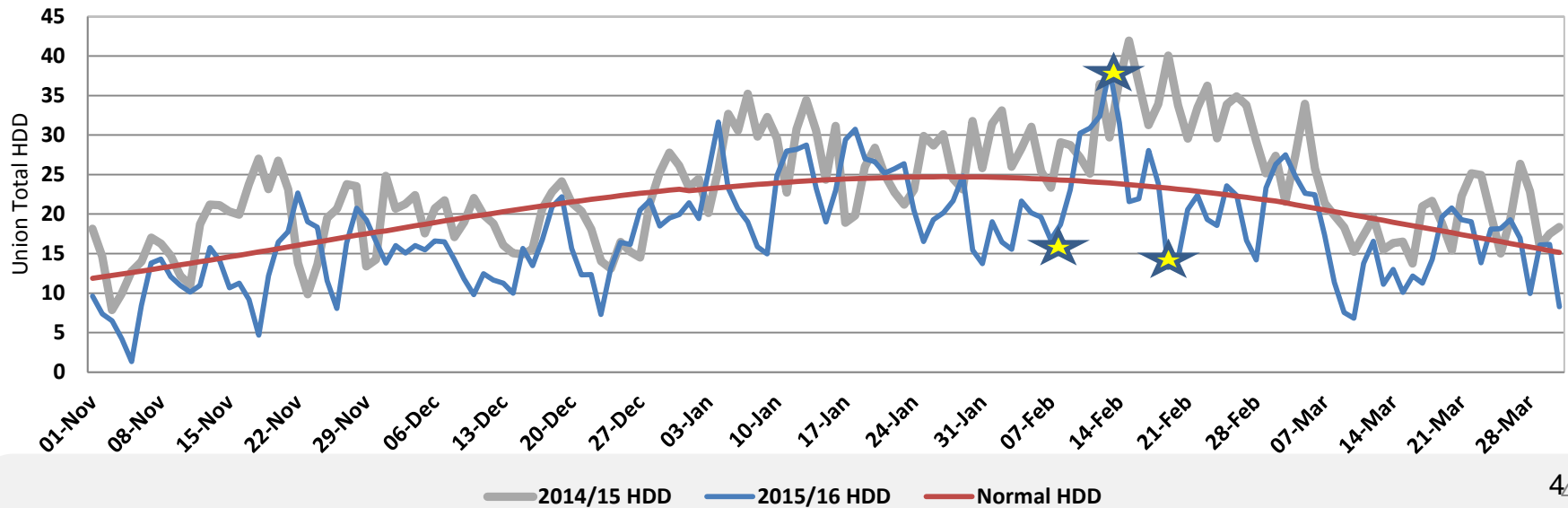
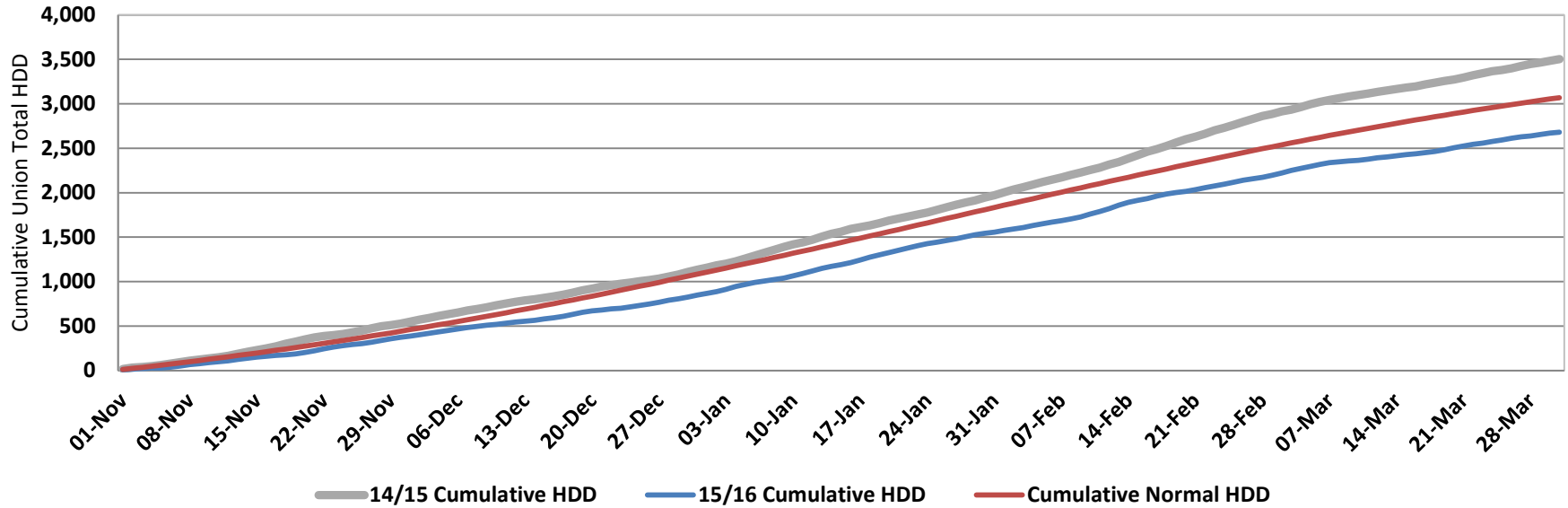
Overall Winter Experience

- Winter 15/16 Actuals vs Normal (Union Merged)

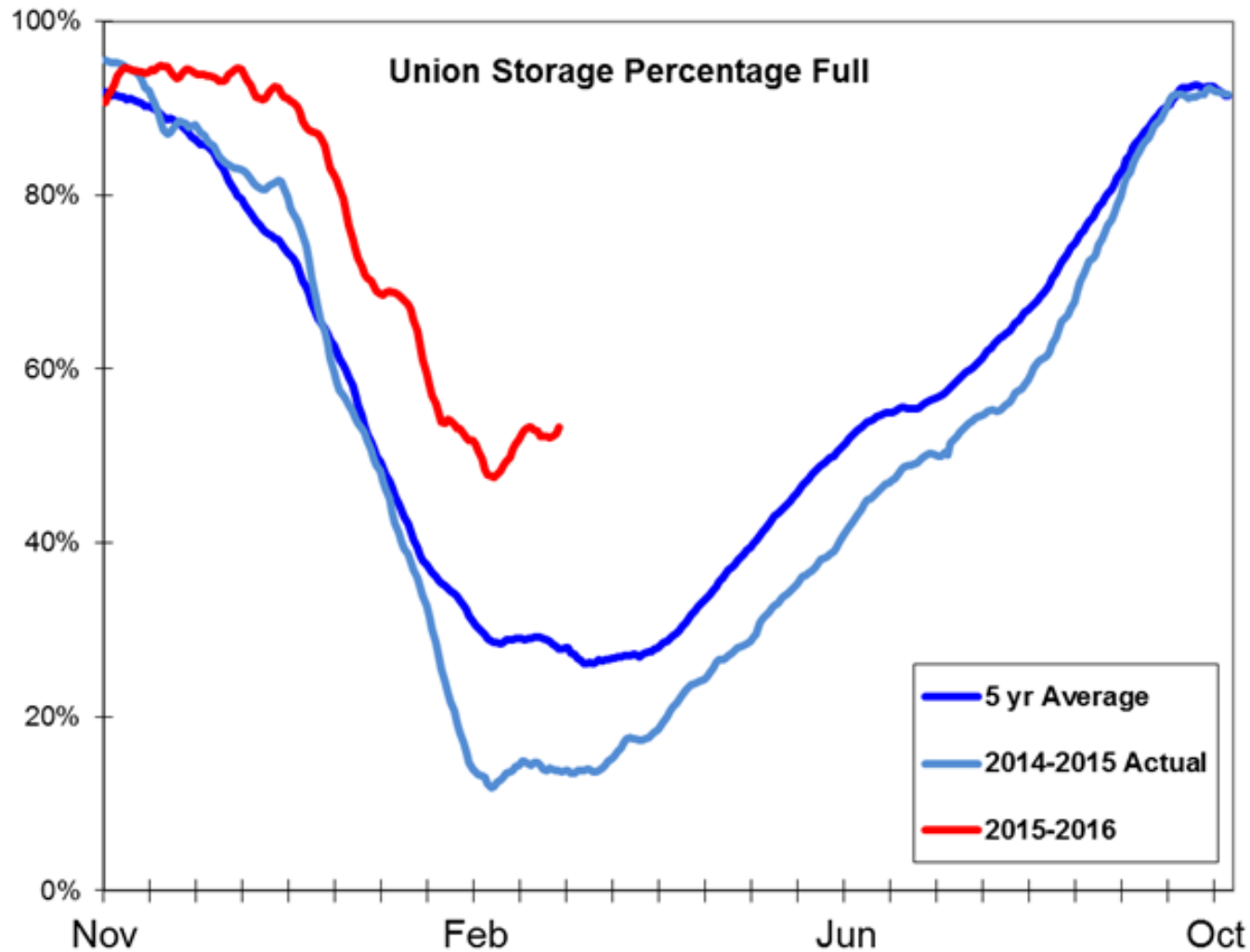
Month	% Warmer than Normal	% Colder than Normal
November	15.3%	-
December	26.3%	-
January	5.2%	-
February	6.6%	-
March	13.0%	-

12.8% warmer than normal in Winter 2015/16

A Winter Tale of Two Extremes

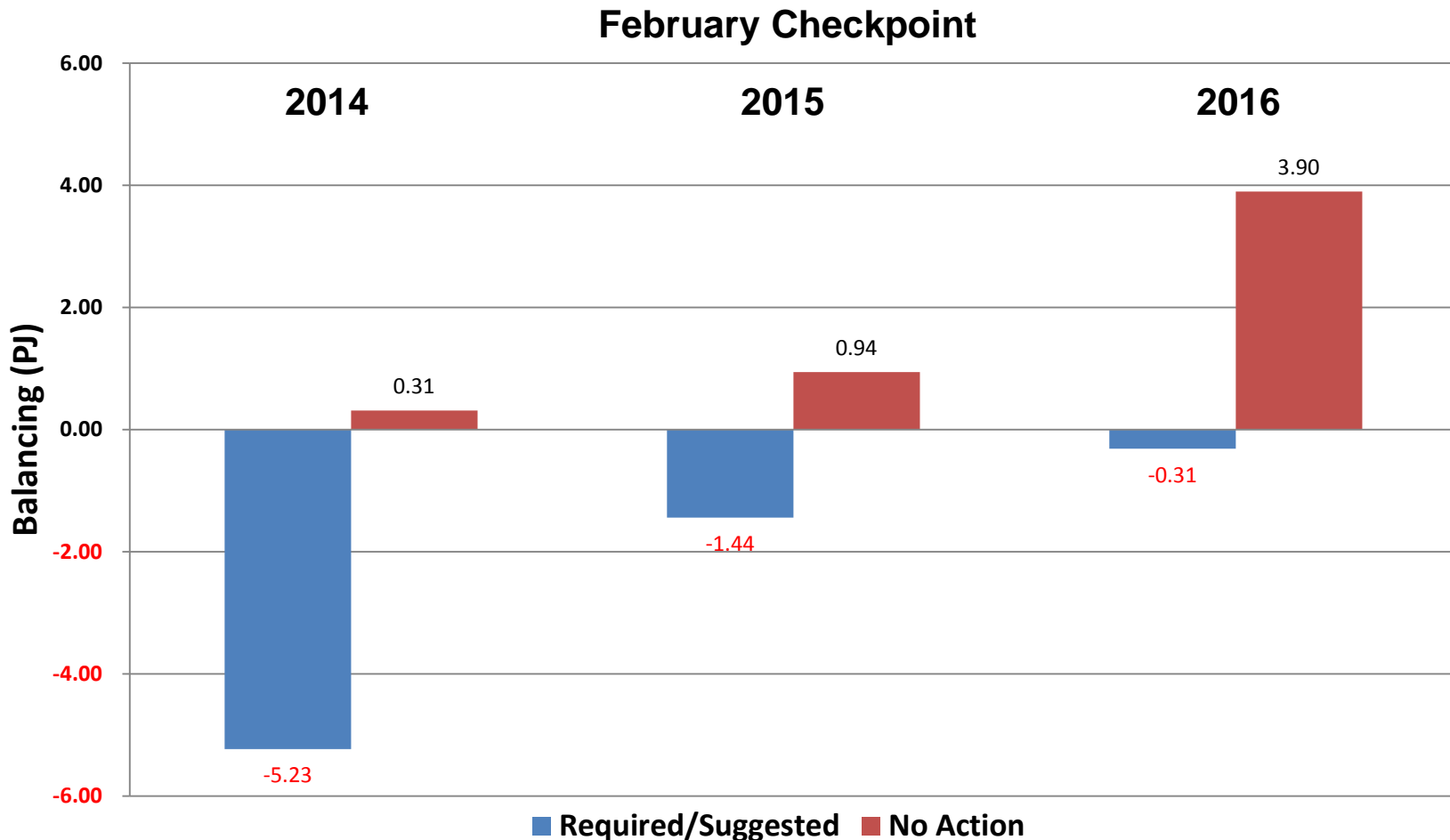


Storage Level



Union will end the winter with a large amount of gas in storage

Bundled Direct Purchases (“DP”) February Checkpoint Balancing



Due to warm winter, customers were not required to deliver as much gas to meet checkpoint

Summer DP Balancing - Long

- Customers consumed ~ 4 PJ's less than planned
 - ~ 2 PJ's by expiry/renewal (before September checkpoint)
 - Remainder by September checkpoint
- Extra communication will be issued to customers
 - Encourage proactive management
 - Understand balancing methods
 - Transfers (IFT/EFT) versus Suspensions of future deliveries
 - Market price influences
 - Understand implications of not balancing - \$6/GJ

Consider balancing options sooner rather than later

Summer DP Balancing - Short

- Customers that have consumed more than planned
 - Will need to bring in gas to balance at contract expiry/renewal
 - Might want to (but not required to) bring in gas at checkpoint
- Storage operations:
 - Starting the season with more gas in storage
 - How quickly will storage levels return to normal?
 - Construction at Dawn
- Interruptible storage injections could be impacted:
 - Incremental supply
 - T-service injection overrun

**Consider incremental supply early and/or
over a number of days**



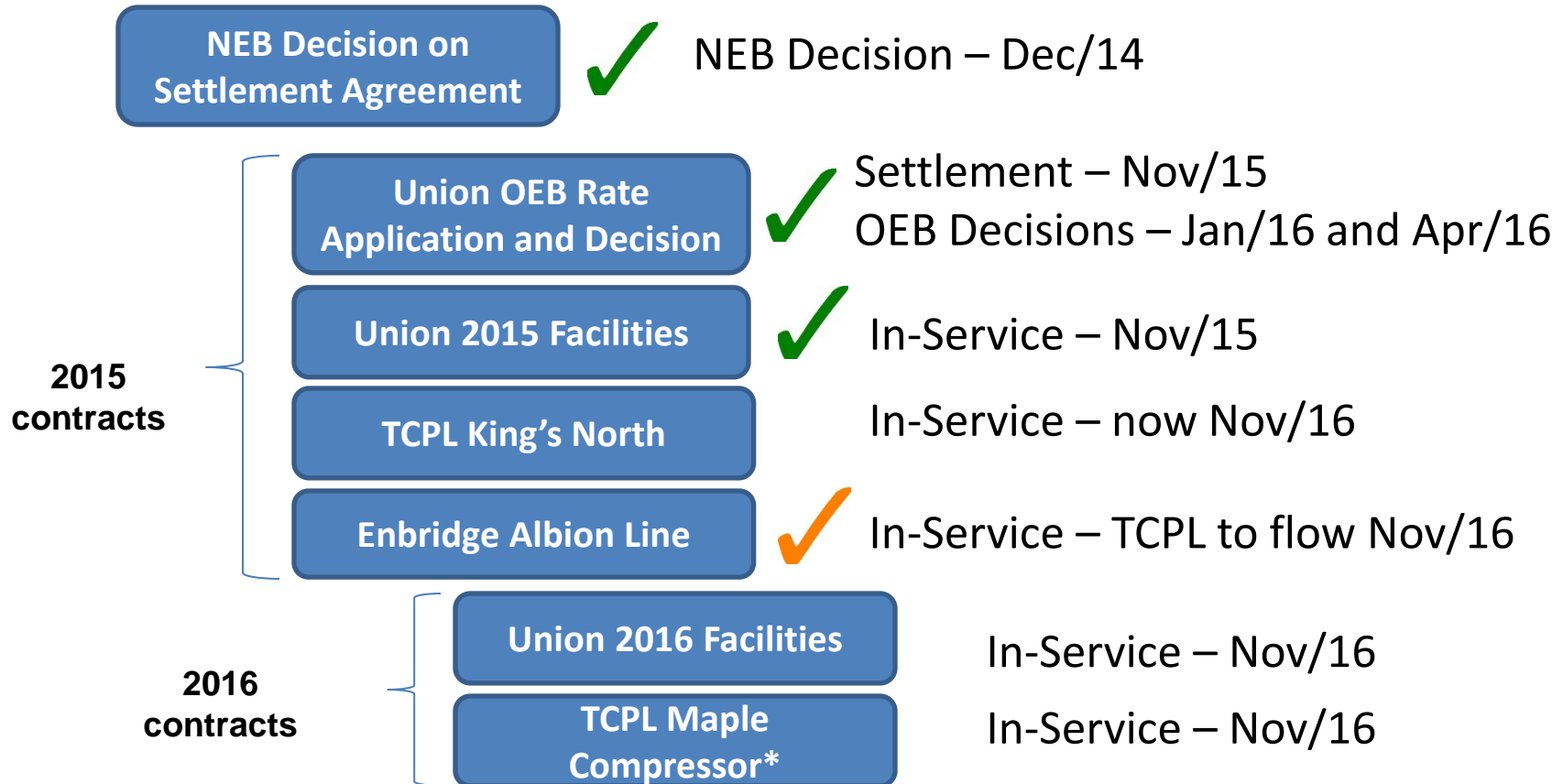
Upcoming Changes

North Bundled Direct Purchase

- Changes coming:
 - Union’s conversion of TCPL long-haul transport to short-haul for sales and BT customers
 - Serving the North with a combination of Empress and Dawn gas
 - Changes to Union’s bundled transportation and storage rates
 - North East Zone (NDA, NCDA, EDA) – Empress and Dawn
 - North West Zone (MDA, WDA, SSMDA) - Empress
 - Mandatory Empress/Dawn DCQ split for NDA, NCDA, and EDA
 - Elimination of fuel in kind (included in bundled rates)
 - Dawn-based reference price for financial settlement at expiry for NDA, NCDA and EDA; Empress-based price continues for others
 - Associated contract changes
 - Balancing transaction pricing changes

North Bundled Direct Purchase

- Dependencies:



**2015 and 2016 contract changes
expected to be combined**

North Bundled Direct Purchase

- Timing considerations:
 - TCPL’s facilities: Targeting November 1 in-service date
 - Notice no later than 10 days prior to flow
 - Contract language changes: 2 months before flow
 - DP contract processing: 1 ½ months before flow
 - Scenarios:
 - Notice from TCPL in August of November in-service
 - »Changes in DCQ allocations effective Nov 1/16
 - Notice from TCPL in October of November in-service
 - »Changes in DCQ allocations effective Jan 1/17
 - »Union manages stub period

**More communication as we get closer
Maintain flexibility in supply arrangements**

South Direct Purchase – Western DCQ

- Mandatory turnback of Western
 - DCQ obligation at Empress become Parkway obligation
 - Last step in the suspension of the vertical slice
 - Requires in-service of TCPL's facilities
 - Targeted for November 1, 2016

**More communication as we get closer
Maintain flexibility in supply arrangements**

South Direct Purchase – Parkway Obligation

- Parkway Delivery Commitment Incentive
 - Effective November 1, 2016
 - Credit provided for obligated deliveries of gas arriving at Parkway
 - Calculated as $\$0.134/\text{GJ} \times \text{Parkway DCQ} \times \# \text{ days in month}$
 - Payment:
 - T-service - netted against other charges
 - Distributor Consolidated Billing – considered with remittances
 - Split billing – electronic payment*

* Payee banking information and verification work this summer

**Strong encouragement for electronic payment
More communication this summer**

South Direct Purchase – Parkway Obligation

- Parkway Obligation Shift

- Facilitated via turnback of M12 Dawn-Kirkwall capacity by S&T customers
- A portion was used to provide small customers 100%

- Next shift:
 - November 1, 2017 for ~ 20% of current Parkway obligation
 - All contracts will have a common shift date
 - Expect some portion will be used to provide 100% to small customers
 - Election process to occur next year

More communication when details are finalized



Unionline Update

Survey Says...

- Bi-annual Unionline survey completed in 2015
- Overall satisfaction increased by 4% to 93%
 - Information available, functions, transactions – up to 91%
 - Usability (navigation, intuitiveness, look) – up to 91%
 - Performance (speed, reliability) – up significantly to 91%
 - Support – steady at 94%
- Also an increase in the number that found Unionline better than comparable platforms from others

Thank you for your feedback!

Contracting and Billing System Upgrade

- Major update to our back-office contracting/billing system
 - One of the systems that underlies Unionline
 - We are about mid-way through a 3+ year project
 - Implementing in 3 waves – first one this summer; others next year
- Ability to enhance Unionline limited during the project
- Should result in a stronger underlying system

More communication as we get closer to implementation



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Q&A

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