Meeting Evolving Market Demand

Jim Redford
Vice-President, Business Development
Storage & Transportation
BDS&T Update
What Have We Focused On?

Positioning the Dawn Hub to best serve the market

- Infrastructure
- New Services
- New Supply
- Building Customer Relationships

Continued focus on evolving the Dawn Hub to meet market needs
Union’s Dawn Storage Utilization

Dawn storage performs across a wide range of market conditions
Dawn supported the Midwest during heat wave/REX outage
The Dawn Hub Storage Value Trend

Historical Value of Storage at Dawn
(Peak to Weak Gross, 1 yr vs 2 yr avg)

Source: NGX, Union-Dawn, Phys FP instruments

Dawn storage pricing continues upwards trend
The Dawn Hub
Future for Dawn Storage

- Eastern Canada and U.S. Northeast markets remain closely linked due to:
  - Availability of Dawn storage
  - Continued pipeline capacity constraints in the U.S. Northeast
  - Limited storage growth in the U.S. Northeast

- Gas-fired generators are seeking deliverability services

- Union customizing storage services and adding 3.3 Bcf (3.6 PJ) of new storage space and over 100 TJ/d of deliverability (2016-2018)

Dawn storage continues to satisfy future market demand
Dawn Parkway System Ready for Future Supply and Demand Growth

Dawn Parkway System Capacity

PJ/d

Dawn Parkway serving long-term market demand increase
2015 Dawn Parkway System Expansion
Parkway West
2016 Dawn Parkway Expansion
NPS 48 Hamilton Milton/Lobo C
2017 Dawn Parkway Expansion
Dawn H/Bright C/Lobo D
Dawn Parkway System
What’s Next?

• Open season for 2019 Dawn Parkway System capacity
  ▪ Announcement in the fall
  ▪ Would be in conjunction with TransCanada
  ▪ Targeting eastern Canadian and U.S. Northeast demand growth

• 2019 Rate Application
  ▪ 2019 Cost of Service application this year
  ▪ Resetting base that establishes rates
  ▪ Will form basis for next multi-year IR mechanism

Dawn Parkway System positioned to meet incremental transportation demand
Panhandle Reinforcement Project
Meeting In-franchise Demand Growth

- Meets the forecasted growth for the next five years (2017-2021)
- Scope – replace 40 kilometres of existing 16” pipe with a new 36” pipe
- Capital Cost – $265 MM
- Capacity Created – over 100 TJ/d
- In-Service – target November 1, 2017
- OEB application – filed June 10, 2016

Union Gas supporting growth of the Ontario economy
Union’s franchise represents robust 0.5 Tcf natural gas market
Utility Supply Portfolio
Evolving with Changing Market Dynamics

Growing and evolving system supply portfolio

2015
- Dawn, 5%
- Chicago, 22%
- WCsb, 53%
- Gulf of Mexico, 4%
- Niagara, 4%
- Mid-Continent, 8%
- Local Production, 1%

2018
- Marcellus/Utica, 29%
- Chicago, 15%
- Mid-Continent, 7%
- Niagara, 4%
- Gulf of Mexico, 4%
- Local Production, 1%
- WCsb, 19%

TCPL Mainline Capacity
NEXUS Capacity
Customer Satisfaction
2016 MASTIO Survey Results

Thank you for your feedback
Customer Satisfaction
What can we improve?

Our goal is service performance excellence:

1. Even more transparency when communicating with customers
2. Higher quality pipeline-initiated communications
3. More creative and innovative solutions
4. More customer focused contract negotiations

Continued focus on driving value and collaborating with customers