

## Condensed consolidated statement of income

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
<b>Revenues</b>		
Canadian Natural Gas Pipelines	1,454	1,371
U.S. Natural Gas Pipelines	1,769	1,858
Mexico Natural Gas Pipelines	426	226
Power and Energy Solutions	211	162
Corporate	1	6
	<b>3,861</b>	3,623
<b>Income (Loss) from Equity Investments</b>	<b>337</b>	305
<b>Operating and Other Expenses</b>		
Plant operating costs and other	1,037	1,010
Commodity purchases resold	73	50
Property taxes	194	224
Depreciation and amortization	723	678
	<b>2,027</b>	1,962
<b>Financial Charges</b>		
Interest expense	838	840
Allowance for funds used during construction	(39)	(248)
Foreign exchange (gains) losses, net	—	(43)
Interest income and other	(33)	(51)
	<b>766</b>	498
<b>Income (Loss) before Income Taxes</b>	<b>1,405</b>	1,468
<b>Income Tax Expense (Recovery)</b>		
Current	67	83
Deferred	187	210
	<b>254</b>	293
<b>Net Income (Loss)</b>	<b>1,151</b>	1,175
Net income (loss) attributable to non-controlling interests	224	169
<b>Net Income (Loss) Attributable to Controlling Interests and to Common Shares</b>	<b>927</b>	1,006

See accompanying Notes to the Condensed consolidated financial statements.

## Condensed consolidated statement of comprehensive income

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
<b>Net Income (Loss)</b>	<b>1,151</b>	1,175
<b>Other Comprehensive Income (Loss), Net of Income Taxes</b>		
Foreign currency translation gains and losses on net investment in foreign operations	<b>364</b>	(41)
Change in fair value of net investment hedges	—	1
Change in fair value of cash flow hedges	<b>27</b>	3
Reclassification to net income of (gains) losses on cash flow hedges	<b>(17)</b>	1
Other comprehensive income (loss) on equity investments	<b>(9)</b>	(12)
	<b>365</b>	(48)
<b>Comprehensive Income (Loss)</b>	<b>1,516</b>	1,127
Comprehensive income (loss) attributable to non-controlling interests	<b>401</b>	149
<b>Comprehensive Income (Loss) Attributable to Controlling Interests and to Common Shares</b>	<b>1,115</b>	978

See accompanying Notes to the Condensed consolidated financial statements.

## Condensed consolidated statement of cash flows

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
<b>Cash Generated from Operations</b>		
Net income (loss)	1,151	1,175
Depreciation and amortization	723	678
Deferred income taxes	187	210
(Income) loss from equity investments	(337)	(305)
Distributions received from operating activities of equity investments	532	336
Employee post-retirement benefits funding, net of expense	(4)	2
Equity allowance for funds used during construction	(33)	(164)
Unrealized (gains) losses on financial instruments	188	17
Expected credit loss provision	19	(2)
Foreign exchange (gains) losses, net – intercompany loan	(59)	5
Other	(23)	(3)
(Increase) decrease in operating working capital	266	(577)
<b>Net cash provided by operations</b>	<b>2,610</b>	<b>1,372</b>
<b>Investing Activities</b>		
Capital expenditures	(1,070)	(1,560)
Capital projects in development	(4)	(4)
Contributions to equity investments	(233)	(245)
Other distributions from equity investments	—	5
Deferred amounts and other	43	68
<b>Net cash (used in) provided by investing activities</b>	<b>(1,264)</b>	<b>(1,736)</b>
<b>Financing Activities</b>		
Notes payable issued (repaid), net	985	1,147
Long-term debt issued, net of issue costs	6	2,427
Long-term debt repaid	(510)	(2,009)
Junior subordinated notes issued, net of issue costs	496	1,054
Advances from parent issued (repaid), net	28	(11)
Dividends on common shares	(884)	(855)
Distributions to non-controlling interests and other	(377)	(220)
Amounts related to factoring arrangement	(226)	—
Loan from affiliate	32	—
<b>Net cash (used in) provided by financing activities</b>	<b>(450)</b>	<b>1,533</b>
<b>Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>19</b>	<b>(8)</b>
Increase (Decrease) in Cash and Cash Equivalents	915	1,161
<b>Cash and Cash Equivalents - Beginning of period</b>	<b>178</b>	<b>820</b>
<b>Cash and Cash Equivalents - End of period</b>	<b>1,093</b>	<b>1,981</b>

See accompanying Notes to the Condensed consolidated financial statements.

## Condensed consolidated balance sheet

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,093	178
Accounts receivable	2,365	2,806
Inventories	857	782
Other current assets	2,503	2,375
Current assets of discontinued operations	5	197
	<b>6,823</b>	<b>6,338</b>
<b>Plant, Property and Equipment</b>	72,021	71,054
net of accumulated depreciation of \$37,754 and \$36,951, respectively		
<b>Net Investment in Leases</b>	8,230	8,110
<b>Equity Investments</b>	11,435	11,358
<b>Restricted Investments</b>	3,563	3,502
<b>Regulatory Assets</b>	2,974	2,913
<b>Goodwill</b>	13,244	13,016
<b>Other Long-Term Assets</b>	2,517	2,467
	<b>120,807</b>	<b>118,758</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes payable	2,223	1,200
Accounts payable and other	4,964	5,347
Due to parent	2,022	1,994
Dividends payable	914	885
Accrued interest	843	858
Current portion of long-term debt	1,424	1,545
Current liabilities of discontinued operations	169	181
	<b>12,559</b>	<b>12,010</b>
<b>Regulatory Liabilities</b>	5,946	5,841
<b>Other Long-Term Liabilities</b>	1,086	1,034
<b>Deferred Income Tax Liabilities</b>	7,973	7,677
<b>Long-Term Debt</b>	45,411	45,247
<b>Junior Subordinated Notes</b>	12,751	12,094
	<b>85,726</b>	<b>83,903</b>
<b>EQUITY</b>		
Common shares, no par value	28,678	28,678
Issued and outstanding:	March 31, 2026 – 993 million shares	December 31, 2025 – 993 million shares
Additional paid-in capital	8	7
Retained earnings (Accumulated deficit)	(4,168)	(4,181)
Accumulated other comprehensive income (loss)	935	747
<b>Controlling Interests</b>	25,453	25,251
<b>Non-Controlling Interests</b>	9,628	9,604
	<b>35,081</b>	<b>34,855</b>
	<b>120,807</b>	<b>118,758</b>

**Commitments, Contingencies and Guarantees** (Note 13)

**Variable Interest Entities** (Note 14)

See accompanying Notes to the Condensed consolidated financial statements.

## Condensed consolidated statement of equity

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
<b>Common Shares</b>		
Balance at beginning and end of period	28,678	28,678
<b>Additional Paid-In Capital</b>		
Balance at beginning of period	7	—
Exercise and forfeitures of stock options	1	2
Balance at end of period	8	2
<b>Accumulated Deficit</b>		
Balance at beginning of period	(4,181)	(3,627)
Net income (loss) attributable to controlling interests	927	1,006
Common share dividends	(914)	(884)
Balance at end of period	(4,168)	(3,505)
<b>Accumulated Other Comprehensive Income (Loss)</b>		
Balance at beginning of period	747	233
Other comprehensive income (loss) attributable to controlling interests	188	(28)
Balance at end of period	935	205
<b>Equity Attributable to Controlling Interests</b>		
	25,453	25,380
<b>Equity Attributable to Non-Controlling Interests</b>		
Balance at beginning of period	9,604	10,768
Net income (loss) attributable to non-controlling interests	224	169
Other comprehensive income (loss) attributable to non-controlling interests	177	(20)
Distributions declared to non-controlling interests	(377)	(171)
Balance at end of period	9,628	10,746
<b>Total Equity</b>	<b>35,081</b>	<b>36,126</b>

See accompanying Notes to the Condensed consolidated financial statements.

# Notes to Condensed consolidated financial statements

## (unaudited)

### 1. BASIS OF PRESENTATION

These Condensed consolidated financial statements of TransCanada PipeLines Limited (TCPL or the Company) have been prepared by management in accordance with U.S. GAAP. The accounting policies applied are consistent with those outlined in TCPL's annual audited Consolidated financial statements for the year ended December 31, 2025, except as described in Note 2, Accounting changes. Capitalized and abbreviated terms that are used but not otherwise defined herein are identified in the 2025 audited Consolidated financial statements.

These Condensed consolidated financial statements reflect adjustments, all of which are normal recurring adjustments that are, in the opinion of management, necessary to reflect fairly the financial position and results of operations for the respective periods. These Condensed consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the 2025 audited Consolidated financial statements. Certain comparative figures have been adjusted to reflect the current period's presentation.

On October 1, 2024, TC Energy completed the spinoff of its Liquids Pipelines business into the new public company, South Bow Corporation (South Bow) (the Spinoff Transaction). The results of the Liquids Pipelines business are presented as discontinued operations and have been excluded from continuing operations and segment disclosures for all periods presented.

Earnings for interim periods may not be indicative of results for the fiscal year in certain of the Company's segments primarily due to:

- Natural gas pipelines segments – the timing of regulatory decisions and negotiated rate case settlements as well as seasonal fluctuations in short-term throughput volumes on U.S. pipelines and marketing activities
- Power and Energy Solutions – the impacts of seasonal weather conditions on customer demand, market supply and prices of natural gas and power as well as maintenance outages in certain of the Company's investments in electrical power generation plants and Canadian non-regulated natural gas storage facilities and marketing activities.

In addition to the factors mentioned above, revenues and segmented earnings are impacted by fluctuations in foreign exchange rates, mainly related to the Company's U.S. dollar-denominated operations and Mexican peso-denominated exposure.

#### **Use of Estimates and Judgments**

In preparing these Condensed consolidated financial statements, TCPL is required to make estimates and assumptions that affect both the amount and timing of recording assets, liabilities, revenues and expenses since the determination of these items may be dependent on future events. The Company uses the most current information available and exercises careful judgment in making these estimates and assumptions. In the opinion of management, these Condensed consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the Company's significant accounting policies included in the annual audited Consolidated financial statements for the year ended December 31, 2025, except as described in Note 2, Accounting changes.

## 2. ACCOUNTING CHANGES

### Future Accounting Changes

#### Disaggregation of Income Statement Expenses

In November 2024, the FASB issued new guidance requiring additional disclosure on the nature of expenses included in the income statement. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The new guidance is effective for annual periods beginning January 1, 2027 and interim periods beginning January 1, 2028. Early adoption is permitted. The guidance is applied prospectively with retrospective application permitted. The Company is currently assessing the impact of the standard on the Company's consolidated financial statements.

#### Internal-Use Software

In September 2025, the FASB issued updated guidance for accounting for internal-use software costs. The updated guidance removes references to project development stages and outlines revised guidance for when capitalization begins for internal-use software costs. The guidance is effective for annual and interim periods beginning January 1, 2028. Early adoption is permitted as of the beginning of an annual reporting period. The guidance can be applied prospectively, retrospectively, or with a modified transition approach. The Company is currently assessing the impact of the standard on the Company's consolidated financial statements.

#### Hedge Accounting Improvements

In November 2025, the FASB issued new guidance to further align hedge accounting with the economics of an entity's risk management activities. The amendments are intended to allow entities to achieve and maintain hedge accounting for highly effective hedges of forecasted transactions. The new guidance is effective for interim and annual reporting periods beginning January 1, 2027. Early adoption is permitted. The guidance is applied on a prospective basis for all hedging relationships that exist at the date of adoption. The Company is currently assessing the impact of the standard on the Company's consolidated financial statements.

#### Government Grants

In December 2025, the FASB established authoritative guidance on the recognition, measurement and presentation requirements for government grants received. The new guidance is effective for annual and interim periods beginning January 1, 2029. Early adoption is permitted. The guidance can be applied with a modified prospective, a modified retrospective, or a retrospective approach. The Company is currently assessing the impact of the standard on the Company's consolidated financial statements.

## 3. DISCONTINUED OPERATIONS

### Spinoff of Liquids Pipelines Business

For the three months ended March 31, 2026 and 2025, the Company did not recognize any income or loss from discontinued operations.

For the three months ended March 31, 2026 net cash provided by operations of discontinued operations was \$168 million (2025 – \$56 million used in operations).

At March 31, 2026, the Company reported current assets of discontinued operations of \$5 million (December 31, 2025 – \$197 million) and current liabilities of discontinued operations of \$169 million (December 31, 2025 – \$181 million).

## 4. SEGMENTED INFORMATION

three months ended March 31, 2026 (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Power and Energy Solutions	Corporate <sup>1</sup>	Total
Revenues	1,454	1,769	426	211	1	3,861
Intersegment revenues <sup>2</sup>	—	26	—	54	(80)	—
	1,454	1,795	426	265	(79)	3,861
Income (loss) from equity investments	26	121	45	145	—	337
Operating costs <sup>2</sup>	(561)	(585)	(58)	(176)	76	(1,304)
Depreciation and amortization	(410)	(256)	(24)	(33)	—	(723)
<b>Segmented Earnings (Losses)</b>	<b>509</b>	<b>1,075</b>	<b>389</b>	<b>201</b>	<b>(3)</b>	<b>2,171</b>
Interest expense						(838)
Allowance for funds used during construction						39
Foreign exchange gains (losses), net						—
Interest income and other						33
<b>Income (Loss) before Income Taxes</b>						<b>1,405</b>
Income tax (expense) recovery						(254)
<b>Net Income (Loss)</b>						<b>1,151</b>
Net (income) loss attributable to non-controlling interests						(224)
<b>Net Income (Loss) Attributable to Controlling Interests and to Common Shares</b>						<b>927</b>
<b>Capital Spending</b>						
Capital expenditures	357	676	20	13	4	1,070
Capital projects in development	—	—	—	4	—	4
Contributions to equity investments	—	—	—	233	—	233
	357	676	20	250	4	1,307

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Operating costs in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

three months ended March 31, 2025 (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Power and Energy Solutions	Corporate <sup>1</sup>	Total
Revenues	1,371	1,858	226	162	6	3,623
Intersegment revenues <sup>2</sup>	—	26	—	—	(26)	—
	1,371	1,884	226	162	(20)	3,623
Income (loss) from equity investments	30	98	34	143	—	305
Operating costs <sup>2</sup>	(511)	(621)	(25)	(142)	15	(1,284)
Depreciation and amortization	(374)	(252)	(24)	(28)	—	(678)
<b>Segmented Earnings (Losses)</b>	516	1,109	211	135	(5)	1,966
Interest expense						(840)
Allowance for funds used during construction						248
Foreign exchange gains (losses), net						43
Interest income and other						51
<b>Income (Loss) before Income Taxes</b>						1,468
Income tax (expense) recovery						(293)
<b>Net Income (Loss)</b>						1,175
Net (income) loss attributable to non-controlling interests						(169)
<b>Net Income (Loss) Attributable to Controlling Interests and to Common Shares</b>						1,006
<b>Capital Spending</b>						
Capital expenditures	416	804	305	30	5	1,560
Capital projects in development	—	—	—	4	—	4
Contributions to equity investments	—	54	—	191	—	245
	416	858	305	225	5	1,809

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Operating costs in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

## Total Assets by Segment

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025
Canadian Natural Gas Pipelines	31,368	31,371
U.S. Natural Gas Pipelines	57,909	56,617
Mexico Natural Gas Pipelines	16,448	16,342
Power and Energy Solutions	10,782	10,764
Corporate	4,295	3,467
	120,802	118,561
Discontinued Operations	5	197
	120,807	118,758

## 5. REVENUES

### Disaggregation of Revenues

The following tables summarize total Revenues for the three months ended March 31, 2026 and 2025:

<b>three months ended March 31, 2026</b>	<b>Canadian Natural Gas Pipelines</b>	<b>U.S. Natural Gas Pipelines</b>	<b>Mexico Natural Gas Pipelines</b>	<b>Power and Energy Solutions</b>	<b>Total</b>
(unaudited - millions of Canadian \$)					
Revenues from contracts with customers					
Capacity arrangements and transportation	1,454	1,618	106	—	3,178
Power generation	—	—	—	54	54
Natural gas storage and other <sup>1</sup>	—	324	73	93	490
	1,454	1,942	179	147	3,722
Sales-type lease income	—	—	247	—	247
Other revenues <sup>2</sup>	—	(173)	—	64	(109)
	1,454	1,769	426	211	3,860
Corporate revenues <sup>3</sup>					1
					3,861

1 The Mexico Natural Gas Pipelines segment includes \$67 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service Transportadora de Gas Natural de La Huasteca (TGNH) pipelines.

2 Includes the Company's marketing activities, financial instruments and \$31 million of operating lease income. Refer to Note 12, Risk management and financial instruments, for additional information.

3 Revenues generated from the Transition Services Agreement with South Bow.

<b>three months ended March 31, 2025</b>	<b>Canadian Natural Gas Pipelines</b>	<b>U.S. Natural Gas Pipelines</b>	<b>Mexico Natural Gas Pipelines</b>	<b>Power and Energy Solutions</b>	<b>Total</b>
(unaudited - millions of Canadian \$)					
Revenues from contracts with customers					
Capacity arrangements and transportation	1,371	1,528	113	—	3,012
Power generation	—	—	—	62	62
Natural gas storage and other <sup>1</sup>	—	258	32	115	405
	1,371	1,786	145	177	3,479
Sales-type lease income	—	—	81	—	81
Other revenues <sup>2</sup>	—	72	—	(15)	57
	1,371	1,858	226	162	3,617
Corporate revenues <sup>3</sup>					6
					3,623

1 The Mexico Natural Gas Pipelines segment includes \$26 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service TGNH pipelines.

2 Includes the Company's marketing activities, financial instruments and \$30 million of operating lease income. Refer to Note 12, Risk management and financial instruments, for additional information.

3 Revenues generated from the Transition Services Agreement with South Bow.

## Contract Balances

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025	Affected line item on the Condensed consolidated balance sheet
Receivables from contracts with customers	1,665	1,822	Accounts receivable
Contract assets	295	216	Other current assets
Long-term contract assets	622	627	Other long-term assets
Contract liabilities <sup>1</sup>	73	46	Accounts payable and other

1 During the three months ended March 31, 2026, \$19 million (2025 – \$13 million) of revenues were recognized that were included in contract liabilities at the beginning of the period.

Contract assets and long-term contract assets primarily relate to the Company's right to revenues for services completed but not invoiced at the reporting date on long-term committed capacity natural gas pipelines contracts. The change in contract assets is primarily related to the transfer to Accounts receivable when these rights become unconditional and the customer is invoiced, as well as the recognition of additional revenues that remain to be invoiced. Contract liabilities primarily represent unearned revenue for contracted services.

### Future Revenues from Remaining Performance Obligations

At March 31, 2026, future revenues from long-term pipeline capacity arrangements and transportation as well as natural gas storage and other contracts extending through 2055 are approximately \$33.7 billion, of which approximately \$5.7 billion is expected to be recognized during the remainder of 2026.

## 6. INCOME TAXES

### Effective Tax Rates

The effective income tax rates were 18 per cent and 20 per cent for the three months ended March 31, 2026 and 2025, respectively. The decrease in the effective income tax rate is primarily due to the impact of Mexico foreign exchange exposure partially offset by a change in the geographic and business mix of earnings and higher flow-through income taxes.

## 7. RELATED PARTY TRANSACTION

Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### Due to Parent

TCPL has an unsecured \$4.5 billion demand revolving credit facility with TC Energy with an outstanding balance of \$2,022 million as at March 31, 2026 (December 31, 2025 – \$1,994 million) that is reflected in Due to parent on the Company's Condensed consolidated balance sheet. TC Energy and TCPL agreed to advance funds on a non-interest bearing basis.

## 8. LONG-TERM DEBT

### Long-Term Debt Repaid/Retired

Long-term debt repaid/retired by the Company in the three months ended March 31, 2026 included the following:

(unaudited - millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
<b>TransCanada Pipelines Limited</b>				
	February 2026	Medium Term Notes	241	8.29%
<b>TC Energía Mexicana, S. de R.L. de C.V.</b>				
	March 2026	Senior Unsecured Term Loan	US 168	Floating

### Subsequent Debt Repayment

On April 13, 2026, TCPL fully repaid and retired \$400 million of medium term notes bearing interest at a fixed rate of 4.35 per cent.

### Capitalized Interest

In the three months ended March 31, 2026, TCPL capitalized interest related to capital projects of \$4 million (2025 – \$3 million).

## 9. JUNIOR SUBORDINATED NOTES

### Junior Subordinated Notes Issued

Junior subordinated notes issued by the Company in the three months ended March 31, 2026 included the following:

(unaudited - millions of Canadian \$, unless otherwise noted)					
Company	Issue date	Type	Maturity date	Amount	Interest rate
<b>TransCanada Pipelines Limited</b>					
	February 2026	Junior Subordinated Notes	August 2056	500	5.13%

In February 2026, TCPL issued \$500 million of junior subordinated notes maturing in 2056 with a fixed interest rate of 5.13 per cent per year until August 20, 2031. The rate on the junior subordinated notes will reset every five years commencing August 2031 until August 2056 to the then Five-Year Government of Canada Yield, as defined in the document governing the subordinated notes, plus 2.24 per cent per annum, subject to a rate-reset minimum. The junior subordinated notes are callable at TCPL's option at any time from May 20, 2031 to August 20, 2031 and on each interest payment and reset date thereafter at 100 per cent of the principal amount plus accrued and unpaid interest to the date of redemption.

### Subsequent Junior Subordinated Notes Issued

On April 17, 2026, TCPL issued US\$500 million of junior subordinated notes maturing in October 2056 with a fixed interest rate of 6.13 per cent until October 17, 2031, and resetting every five years thereafter. The rate on the junior subordinated notes will reset every five years commencing October 2031 until October 2056 to the then current Five-Year Treasury Rate, as defined in the document governing the subordinated notes, plus 2.25 per cent per annum, subject to a rate-reset minimum. The junior subordinated notes are callable at TCPL's option at any time from July 17, 2031 to October 17, 2031 and on each interest payment and reset date thereafter at 100 per cent of the principal amount plus accrued and unpaid interest to the date of redemption.

On April 17, 2026, TCPL issued US\$500 million of junior subordinated notes maturing in October 2056 with a fixed interest rate of 6.38 per cent until October 17, 2036, and resetting every five years thereafter. The rate on the junior subordinated notes will reset every five years commencing October 2036 until October 2056 to the then current Five-Year Treasury Rate, as defined in the document governing the subordinated notes, plus 2.12 per cent per annum, subject to a rate-reset minimum. The junior subordinated notes are callable at TCPL's option at any time from July 17, 2036 to October 17, 2036 and on each interest payment and reset date thereafter at 100 per cent of the principal amount plus accrued and unpaid interest to the date of redemption.

Pursuant to the terms of the junior subordinated notes issued in 2026, TCPL has the option to defer payment of interest for one or more periods of up to ten years without giving rise to an event of default and without permitting acceleration of payment. TCPL would be prohibited from declaring or paying dividends during any deferral period. The junior subordinated notes are subordinated in right of payment to existing and future senior indebtedness and other obligations of TCPL.

## 10. OTHER COMPREHENSIVE INCOME (LOSS) AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Components of other comprehensive income (loss), including the portion attributable to non-controlling interests and related tax effects, were as follows:

<b>three months ended March 31, 2026</b>			
(unaudited - millions of Canadian \$)	Before tax amount	Income tax (expense) recovery	Net of tax amount
Foreign currency translation gains and losses on net investment in foreign operations	360	4	364
Change in fair value of cash flow hedges	36	(9)	27
Reclassification to net income of (gains) losses on cash flow hedges	(22)	5	(17)
Other comprehensive income (loss) on equity investments	(13)	4	(9)
<b>Other Comprehensive Income (Loss)</b>	<b>361</b>	<b>4</b>	<b>365</b>

<b>three months ended March 31, 2025</b>			
(unaudited - millions of Canadian \$)	Before tax amount	Income tax (expense) recovery	Net of tax amount
Foreign currency translation gains and losses on net investment in foreign operations	(40)	(1)	(41)
Change in fair value of net investment hedges	1	—	1
Change in fair value of cash flow hedges	4	(1)	3
Reclassification to net income of (gains) losses on cash flow hedges	2	(1)	1
Other comprehensive income (loss) on equity investments	(17)	5	(12)
<b>Other Comprehensive Income (Loss)</b>	<b>(50)</b>	<b>2</b>	<b>(48)</b>

The changes in AOCI by component, net of tax, were as follows:

<b>three months ended March 31, 2026</b>					
(unaudited - millions of Canadian \$)	Currency translation adjustments	Cash flow hedges	Pension and other post-retirement benefit plans adjustments	Equity investments	Total
AOCI balance at January 1, 2026	22	(7)	101	631	747
Other comprehensive income (loss) before reclassifications <sup>1</sup>	187	27	—	(11)	203
Amounts reclassified from AOCI <sup>2</sup>	—	(17)	—	2	(15)
<b>Net current period other comprehensive income (loss)</b>	<b>187</b>	<b>10</b>	<b>—</b>	<b>(9)</b>	<b>188</b>
<b>AOCI balance at March 31, 2026</b>	<b>209</b>	<b>3</b>	<b>101</b>	<b>622</b>	<b>935</b>

- Other comprehensive income (loss) before reclassifications on currency translation adjustments is net of non-controlling interest gains of \$177 million (2025 – losses of \$20 million).
- Gains related to cash flow hedges reported in AOCI and expected to be reclassified to net income in the next 12 months are estimated to be \$13 million (\$10 million after tax) at March 31, 2026. These estimates assume constant commodity prices, interest rates and foreign exchange rates over time; however, the amounts reclassified will vary based on the actual value of these factors at the date of settlement.

Details about reclassifications out of AOCI into the Condensed consolidated statement of income were as follows:

(unaudited - millions of Canadian \$)	three months ended March 31		Affected line item in the Condensed consolidated statement of income <sup>1</sup>
	2026	2025	
<b>Cash flow hedges</b>			
Commodities	5	4	Revenues (Power and Energy Solutions)
Foreign exchange	20	(3)	Interest expense and Foreign exchange gains (losses), net
Interest rate	(3)	(3)	Interest expense
	22	(2)	Total before tax
	(5)	1	Income tax (expense) recovery
	17	(1)	Net of tax
<b>Equity investments</b>			
Equity income (loss)	(2)	2	Income (loss) from equity investments
	—	—	Income tax (expense) recovery
	(2)	2	Net of tax

1 All amounts in parentheses indicate expenses to the Condensed consolidated statement of income.

## 11. EMPLOYEE POST-RETIREMENT BENEFITS

The components of the net benefit cost (recovery) recognized for the Company's pension benefit plans and other post-retirement benefit plans were as follows:

(unaudited - millions of Canadian \$)	three months ended March 31			
	Pension benefit plans		Other post-retirement benefit plans	
	2026	2025	2026	2025
Service cost <sup>1</sup>	22	25	—	—
<b>Other components of net benefit cost (recovery)<sup>1</sup></b>				
Interest cost	41	41	3	4
Expected return on plan assets	(63)	(63)	(4)	(4)
Amortization of past service costs	—	—	(1)	—
	(22)	(22)	(2)	—
<b>Net Benefit Cost (Recovery)</b>	—	3	(2)	—

1 Service cost and other components of net benefit cost (recovery) are included in Plant operating costs and other in the Condensed consolidated statement of income.

## 12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### Risk Management Overview

TCPL has exposure to market risk and counterparty credit risk and has strategies, policies and limits in place to manage the impact of these risks on its earnings, cash flows and, ultimately, shareholder value.

### Counterparty Credit Risk

TCPL's exposure to counterparty credit risk includes its cash and cash equivalents, accounts receivable, available-for-sale assets, the fair value of derivative assets, net investment in leases and certain contract assets in Mexico.

Market events causing disruptions in global energy demand and supply may contribute to economic uncertainties impacting a number of TCPL's customers. While the majority of the Company's credit exposure is to large creditworthy entities, TCPL maintains close monitoring and communication with those counterparties experiencing greater financial pressures. Refer to TCPL's 2025 audited Consolidated financial statements for more information about the factors that mitigate the Company's counterparty credit risk exposure.

The Company reviews financial assets carried at amortized cost for impairment using the lifetime expected loss of the financial asset at initial recognition and throughout the life of the financial asset. TCPL uses historical credit loss and recovery data, adjusted for management's judgment regarding current economic and credit conditions, along with reasonable and supportable forecasts to determine any impairment, which is recognized in Plant operating costs and other.

For the three months ended March 31, 2026, the Company recorded an expense of \$17 million (2025 – recovery of \$2 million) on the expected credit loss (ECL) provision before tax with respect to the net investment in leases associated with in-service TGNH pipelines.

At March 31, 2026, the balance of the ECL provision was \$162 million (December 31, 2025 – \$141 million) with respect to the net investment in leases associated with in-service TGNH pipelines.

The ECL provision is driven primarily by a probability of default measure for the counterparty, which is calculated using information published by an external third party.

Other than the ECL provision noted above, the Company had no significant credit losses at March 31, 2026, and there were no significant credit risk concentrations or amounts past due or impaired.

TCPL has significant credit and performance exposure to financial institutions that hold cash deposits and provide committed credit lines and letters of credit that help manage the Company's exposure to counterparties and provide liquidity in commodity, foreign exchange and interest rate derivative markets. TCPL's portfolio of financial sector exposure consists primarily of highly-rated investment grade, systemically important financial institutions.

### Net Investment in Foreign Operations

The Company hedges a portion of its net investment in foreign operations (on an after-tax basis) with U.S. dollar-denominated debt as appropriate. The notional amounts and fair values of U.S. dollar-denominated debt designated as a net investment hedge were as follows:

(unaudited - millions of Canadian \$, unless otherwise noted)	March 31, 2026	December 31, 2025
Notional amount	23,900 (US 17,100)	25,700 (US 18,700)
Fair value	23,800 (US 17,100)	25,800 (US 18,800)

## Non-Derivative Financial Instruments

### Fair value of non-derivative financial instruments

Available-for-sale assets are recorded at fair value which is calculated using quoted market prices where available in addition to the Company's LMCI equity securities which are classified in Level I of the fair value hierarchy. Certain other non-derivative financial instruments included in Cash and cash equivalents, Accounts receivable, Other current assets, Net investment in leases, Restricted investments, Other long-term assets, Notes payable, Accounts payable and other, Due to parent, Dividends payable, Accrued interest and Other long-term liabilities have carrying amounts that approximate their fair value due to the nature of the item or the short time to maturity.

Credit risk has been taken into consideration when calculating the fair value of non-derivative financial instruments.

### Balance sheet presentation of non-derivative financial instruments

The following table details the fair value of non-derivative financial instruments, excluding those where carrying amounts approximate fair value and would be classified in Level II of the fair value hierarchy:

(unaudited - millions of Canadian \$)	March 31, 2026		December 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt, including current portion <sup>1,2</sup>	(46,835)	(47,225)	(46,792)	(47,720)
Junior subordinated notes	(12,751)	(12,641)	(12,094)	(12,061)
	(59,586)	(59,866)	(58,886)	(59,781)

1 Long-term debt is recorded at amortized cost, except for \$4.7 billion (December 31, 2025 – \$4.0 billion) that is attributed to hedged risk and recorded at fair value.

2 Net income (loss) for the three months ended March 31, 2026 included unrealized gains of \$26 million (2025 – unrealized losses of \$88 million) for fair value adjustments attributable to the hedged interest rate risk associated with interest rate swap fair value hedging relationships.

The following tables summarize additional information about the Company's restricted investments that were classified as available-for-sale assets and equity securities with readily determinable fair values:

(unaudited - millions of Canadian \$)	March 31, 2026		December 31, 2025	
	LMCI restricted investments	Other restricted investments <sup>1</sup>	LMCI restricted investments	Other restricted investments <sup>1</sup>
Fair value of fixed income securities <sup>2,3</sup>				
Maturing within 1 year	—	121	—	94
Maturing within 1-5 years	41	256	26	251
Maturing within 5-10 years	1,861	4	1,846	4
Maturing after 10 years	—	17	—	16
Fair value of equity securities <sup>2,4</sup>	1,271	92	1,252	94
	3,173	490	3,124	459

1 Other restricted investments have been set aside to fund insurance claim losses to be paid by the Company's wholly-owned captive subsidiary and to pay for certain active employee medical benefits.

2 Available-for-sale assets and equity securities with readily determinable fair values are recorded at fair value and included in Other current assets and Restricted investments on the Company's Condensed consolidated balance sheet.

3 Classified in Level II of the fair value hierarchy.

4 Classified in Level I of the fair value hierarchy.

(unaudited - millions of Canadian \$)	March 31, 2026		March 31, 2025	
	LMCI restricted investments <sup>1</sup>	Other restricted investments <sup>2</sup>	LMCI restricted investments <sup>1</sup>	Other restricted investments <sup>2</sup>
Net unrealized gains (losses) in the period	(14)	(6)	36	3
Net realized gains (losses) in the period <sup>3</sup>	—	—	(16)	—

- 1 Unrealized and realized gains (losses) arising from changes in the fair value of LMCI restricted investments impact the subsequent amounts to be collected through tolls to cover future pipeline abandonment costs. As a result, the Company records these gains and losses as regulatory liabilities or regulatory assets.
- 2 Unrealized and realized gains (losses) on other restricted investments are included in Interest income and other in the Condensed consolidated statement of income.
- 3 Realized gains (losses) on the sale of LMCI restricted investments are determined using the average cost basis.

## Derivative Instruments

### Fair value of derivative instruments

The fair value of foreign exchange and interest rate derivatives has been calculated using the income approach which uses period-end market rates and applies a discounted cash flow valuation model. The fair value of commodity derivatives has been calculated using quoted market prices where available. In the absence of quoted market prices, third-party broker quotes or other valuation techniques have been used. The fair value of options has been calculated using the Black-Scholes pricing model. Credit risk has been taken into consideration when calculating the fair value of derivative instruments. Unrealized gains and losses on derivative instruments are not necessarily representative of the amounts that will be realized on settlement.

In some cases, even though the derivatives are considered to be effective economic hedges, they do not meet the specific criteria for hedge accounting treatment or are not designated as a hedge and are accounted for at fair value with changes in fair value recorded in net income in the period of change. This may expose the Company to increased variability in reported earnings because the fair value of the derivative instruments can fluctuate significantly from period to period.

The recognition of gains and losses on derivatives for Canadian natural gas regulated pipeline exposures is determined through the regulatory process. Gains and losses arising from changes in the fair value of derivatives accounted for as part of rate-regulated accounting, including those that qualify for hedge accounting treatment, are expected to be refunded or recovered through the tolls charged by the Company. As a result, these gains and losses are deferred as regulatory liabilities or regulatory assets and are refunded to or collected from the rate payers in subsequent years when the derivative settles.

## Balance sheet presentation of derivative instruments

The balance sheet classification of the fair value of derivative instruments was as follows:

at March 31, 2026 (unaudited - millions of Canadian \$)	Cash flow hedges	Fair value hedges	Held for trading	Total fair value of derivative instruments <sup>1</sup>
Other current assets				
Commodities <sup>2</sup>	19	—	418	437
Foreign exchange	7	—	28	35
Interest rate	—	4	—	4
	26	4	446	476
Other long-term assets				
Commodities <sup>2</sup>	6	—	119	125
Foreign exchange	—	—	1	1
Interest rate	—	14	—	14
	6	14	120	140
<b>Total Derivative Assets</b>	<b>32</b>	<b>18</b>	<b>566</b>	<b>616</b>
Accounts payable and other				
Commodities <sup>2</sup>	—	—	(507)	(507)
Foreign exchange	—	—	(55)	(55)
Interest rate	—	(9)	—	(9)
	—	(9)	(562)	(571)
Other long-term liabilities				
Commodities <sup>2</sup>	—	—	(72)	(72)
Foreign exchange	(31)	—	(9)	(40)
Interest rate	—	(52)	—	(52)
	(31)	(52)	(81)	(164)
<b>Total Derivative Liabilities</b>	<b>(31)</b>	<b>(61)</b>	<b>(643)</b>	<b>(735)</b>
<b>Total Derivatives</b>	<b>1</b>	<b>(43)</b>	<b>(77)</b>	<b>(119)</b>

1 Fair value equals carrying value.

2 Includes purchases and sales of power and natural gas.

at December 31, 2025 (unaudited - millions of Canadian \$)	Cash flow hedges	Fair value hedges	Held for trading	Total fair value of derivative instruments <sup>1</sup>
Other current assets				
Commodities <sup>2</sup>	13	—	371	384
Foreign exchange	9	—	42	51
Interest rate	—	3	—	3
	22	3	413	438
Other long-term assets				
Commodities <sup>2</sup>	2	—	122	124
Foreign exchange	—	—	15	15
Interest rate	—	22	—	22
	2	22	137	161
<b>Total Derivative Assets</b>	24	25	550	599
Accounts payable and other				
Commodities <sup>2</sup>	(1)	—	(341)	(342)
Foreign exchange	—	—	(30)	(30)
Interest rate	—	(8)	—	(8)
	(1)	(8)	(371)	(380)
Other long-term liabilities				
Commodities <sup>2</sup>	(1)	—	(61)	(62)
Foreign exchange	(51)	—	(2)	(53)
Interest rate	—	(34)	—	(34)
	(52)	(34)	(63)	(149)
<b>Total Derivative Liabilities</b>	(53)	(42)	(434)	(529)
<b>Total Derivatives</b>	(29)	(17)	116	70

1 Fair value equals carrying value.

2 Includes purchases and sales of power and natural gas.

The majority of derivative instruments held for trading have been entered into for risk management purposes and all are subject to the Company's risk management strategies, policies and limits. These include derivatives that have not been designated as hedges or do not qualify for hedge accounting treatment but have been entered into as economic hedges to manage the Company's exposures to market risk.

#### Non-derivatives in fair value hedging relationships

The following table details amounts recorded on the Condensed consolidated balance sheet in relation to cumulative adjustments for fair value hedges included in the carrying amount of the hedged liabilities:

(unaudited - millions of Canadian \$)	Carrying amount		Fair value hedging adjustments <sup>1</sup>	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Long-term debt	(4,711)	(4,068)	4	(22)

1 At March 31, 2026 and December 31, 2025, adjustments for discontinued hedging relationships included in this balance was a liability of \$39 million.

## Notional and maturity summary

The maturity and notional amount or quantity outstanding related to the Company's derivative instruments was as follows:

at March 31, 2026 (unaudited)	Power	Natural gas	Foreign exchange	Interest rate
Net sales (purchases) <sup>1</sup>	10,359	55	—	—
Millions of U.S. dollars	—	—	6,592	3,200
Millions of Canadian dollars	—	—	—	250
Millions of Mexican pesos	—	—	18,750	—
Maturity dates	2026-2044	2026-2032	2026-2030	2030-2039

1 Volumes for power and natural gas derivatives are in GWh and Bcf, respectively.

at December 31, 2025 (unaudited)	Power	Natural gas	Foreign exchange	Interest rate
Net sales (purchases) <sup>1</sup>	10,221	26	—	—
Millions of U.S. dollars	—	—	6,342	2,950
Millions of Mexican pesos	—	—	15,750	—
Maturity dates	2026-2044	2026-2032	2026-2030	2030-2034

1 Volumes for power and natural gas derivatives are in GWh and Bcf, respectively.

## Unrealized and Realized Gains (Losses) on Derivative Instruments

The following summary does not include hedges of the net investment in foreign operations:

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
<b>Derivative Instruments Held for Trading<sup>1</sup></b>		
Unrealized gains (losses) in the period		
Commodities	(128)	(75)
Foreign exchange	(60)	58
Realized gains (losses) in the period		
Commodities	(249)	(29)
Foreign exchange	5	(8)
Interest rate	1	2
<b>Derivative Instruments in Hedging Relationships</b>		
Realized gains (losses) in the period		
Commodities	11	9
Foreign exchange	2	1
Interest rate	(3)	(9)

1 Realized and unrealized gains (losses) on held-for-trading derivative instruments used to purchase and sell commodities are included on a net basis in Revenues in the Condensed consolidated statement of income. Realized and unrealized gains (losses) on foreign exchange and interest rate held-for-trading derivative instruments are included on a net basis in Foreign exchange (gains) losses, net and Interest expense, respectively, in the Condensed consolidated statement of income.

### Derivatives in cash flow hedging relationships

The components of OCI (Note 10) related to the change in fair value of derivatives in cash flow hedging relationships before tax were as follows:

(unaudited - millions of Canadian \$, pre tax)	three months ended March 31	
	2026	2025
Gains (losses) in fair value of derivative instruments recognized in OCI		
Commodities	16	14
Foreign exchange	20	(10)
	36	4

### Effect of fair value and cash flow hedging relationships

The following table details amounts presented in the Condensed consolidated statement of income in which the effects of fair value or cash flow hedging relationships were recorded:

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
<b>Fair Value Hedges</b>		
Interest rate contracts <sup>1</sup>		
Hedged items	(52)	(44)
Derivatives designated as hedging instruments	(3)	(9)
<b>Cash Flow Hedges</b>		
Reclassification of gains (losses) on derivative instruments from AOCI to Net income (loss) <sup>2</sup>		
Commodities <sup>3</sup>	5	4
Foreign exchange <sup>4</sup>	20	(3)
Interest rate <sup>1</sup>	(3)	(3)

1 Presented within Interest expense in the Condensed consolidated statement of income.

2 Refer to Note 10, Other comprehensive income (loss) and accumulated other comprehensive income (loss), for the components of OCI related to derivatives in cash flow hedging relationships.

3 Presented within Revenues (Power and Energy Solutions) in the Condensed consolidated statement of income.

4 Presented within Interest expense and Foreign exchange (gains) losses, net in the Condensed consolidated statement of income.

## Offsetting of derivative instruments

The Company enters into derivative contracts with the right to offset in the normal course of business as well as in the event of default. TCPL has no master netting agreements; however, similar contracts are entered into containing rights to offset. The Company has elected to present the fair value of derivative instruments with the right to offset on a gross basis on the Condensed consolidated balance sheet. The following tables show the impact on the presentation of the fair value of derivative instrument assets and liabilities had the Company elected to present these contracts on a net basis:

at March 31, 2026 (unaudited - millions of Canadian \$)	Gross derivative instruments	Amounts available for offset <sup>1</sup>	Net amounts
<b>Derivative instrument assets</b>			
Commodities	562	(464)	98
Foreign exchange	36	(36)	—
Interest rate	18	(8)	10
	<b>616</b>	<b>(508)</b>	<b>108</b>
<b>Derivative instrument liabilities</b>			
Commodities	(579)	464	(115)
Foreign exchange	(95)	36	(59)
Interest rate	(61)	8	(53)
	<b>(735)</b>	<b>508</b>	<b>(227)</b>

1 Amounts available for offset do not include cash collateral pledged or received.

at December 31, 2025 (unaudited - millions of Canadian \$)	Gross derivative instruments	Amounts available for offset <sup>1</sup>	Net amounts
<b>Derivative instrument assets</b>			
Commodities	508	(367)	141
Foreign exchange	66	(48)	18
Interest rate	25	(5)	20
	<b>599</b>	<b>(420)</b>	<b>179</b>
<b>Derivative instrument liabilities</b>			
Commodities	(404)	367	(37)
Foreign exchange	(83)	48	(35)
Interest rate	(42)	5	(37)
	<b>(529)</b>	<b>420</b>	<b>(109)</b>

1 Amounts available for offset do not include cash collateral pledged or received.

With respect to the derivative instruments presented above, the Company provided cash collateral of \$159 million and letters of credit of \$151 million at March 31, 2026 (December 31, 2025 – \$93 million and \$73 million, respectively) to its counterparties. At March 31, 2026, the Company held cash collateral of \$3 million and \$128 million of letters of credit (December 31, 2025 – less than \$1 million and \$102 million, respectively) from counterparties on asset exposures. Only cash collateral that has been transferred and held at the reporting date is included in collateral disclosures. Margin payable but not yet posted of \$17 million at March 31, 2026 (December 31, 2025 – \$4 million) represents a financial obligation and is excluded from provided cash collateral balances.

### Credit-risk-related contingent features of derivative instruments

Derivative contracts entered into to manage market risk often contain financial assurance provisions that allow parties to the contracts to manage credit risk. These provisions may require collateral to be provided if a credit-risk-related contingent event occurs, such as a downgrade in the Company's credit rating to non-investment grade. The Company may also need to provide collateral if the fair value of its derivative financial instruments exceeds pre-defined exposure limits.

Based on contracts in place and market prices at March 31, 2026, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was \$8 million (December 31, 2025 – net liability of \$5 million), for which the Company has provided no collateral in the normal course of business. If the credit-risk-related contingent features in these agreements were triggered on March 31, 2026, the Company would have been required to provide collateral equal to the fair value of the related derivative instruments discussed above. Collateral may also need to be provided should the fair value of derivative instruments exceed pre-defined contractual exposure limit thresholds. The Company has sufficient liquidity in the form of cash and undrawn committed revolving credit facilities to meet these contingent obligations should they arise.

### Fair Value Hierarchy

The Company's financial assets and liabilities recorded at fair value have been categorized into three categories based on a fair value hierarchy.

Levels	How fair value has been determined
<b>Level I</b>	Quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. An active market is a market in which frequency and volume of transactions provides pricing information on an ongoing basis.
<b>Level II</b>	This category includes interest rate and foreign exchange derivative assets and liabilities where fair value is determined using the income approach and commodity derivatives where fair value is determined using the market approach.  Inputs include published exchange rates, interest rates, interest rate swap curves, yield curves and broker quotes from external data service providers.
<b>Level III</b>	This category includes long-dated commodity transactions in certain markets where liquidity is low. The Company uses the most observable inputs available or alternatively long-term broker quotes or negotiated commodity prices that have been contracted for under similar terms in determining an appropriate estimate of these transactions. Where appropriate, these long-dated prices are discounted to reflect the expected pricing from the applicable markets.  There is uncertainty caused by using unobservable market data which may not accurately reflect possible future changes in fair value.

The fair value of the Company's derivative assets and liabilities measured on a recurring basis, including both current and non-current portions, were categorized as follows:

at March 31, 2026	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II) <sup>1</sup>	Significant unobservable inputs (Level III) <sup>1</sup>	Total
(unaudited - millions of Canadian \$)				
<b>Derivative instrument assets</b>				
Commodities	183	327	52	562
Foreign exchange	—	36	—	36
Interest rate	—	18	—	18
<b>Derivative instrument liabilities</b>				
Commodities	(171)	(403)	(5)	(579)
Foreign exchange	—	(95)	—	(95)
Interest rate	—	(61)	—	(61)
	12	(178)	47	(119)

<sup>1</sup> There were no transfers from Level II to Level III for the three months ended March 31, 2026.

at December 31, 2025	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II) <sup>1</sup>	Significant unobservable inputs (Level III) <sup>1</sup>	Total
(unaudited - millions of Canadian \$)				
<b>Derivative instrument assets</b>				
Commodities	154	279	75	508
Foreign exchange	—	66	—	66
Interest rate	—	25	—	25
<b>Derivative instrument liabilities</b>				
Commodities	(151)	(252)	(1)	(404)
Foreign exchange	—	(83)	—	(83)
Interest rate	—	(42)	—	(42)
	3	(7)	74	70

1 There were no transfers from Level II to Level III for the year ended December 31, 2025.

The Company has entered into contracts which commenced in 2025 and 2026 to sell 50 MW of power with terms ranging from 15 to 20 years provided from specified renewable sources in the Province of Alberta. The fair value of these contracts is classified in Level III of the fair value hierarchy and is based on the assumption that the contract volumes will be sourced approximately 70 per cent from wind generation, 10 per cent from solar generation and 20 per cent from the market (December 31, 2025 – 80 per cent wind generation, 10 per cent solar generation and 10 per cent market).

The following table presents the net change in fair value of derivative assets and liabilities classified as Level III of the fair value hierarchy:

(unaudited - millions of Canadian \$)	three months ended March 31	
	2026	2025
Balance at beginning of period	74	72
Net gains (losses) included in Net income (loss) <sup>1</sup>	(20)	(23)
Transfers to Level II	(3)	(2)
Purchases	(2)	—
Settlements	(2)	(2)
<b>Balance at end of period</b>	<b>47</b>	<b>45</b>

1 For the three months ended March 31, 2026, there were unrealized losses of \$18 million recognized in Revenues attributed to derivatives in the Level III category that were held at March 31, 2026 (2025 – unrealized losses of \$23 million).

## 13. COMMITMENTS, CONTINGENCIES AND GUARANTEES

### Commitments

Capital expenditure commitments include obligations related to the construction of growth projects and are based on the projects proceeding as planned. At March 31, 2026, TCPL had approximately \$1.3 billion of capital expenditure commitments (December 31, 2025 – approximately \$0.8 billion) reflecting contractual commitments entered into for construction on U.S. natural gas pipelines, primarily related to the construction costs associated with ANR and other pipeline projects.

### Contingencies

TCPL and its subsidiaries are subject to various legal proceedings, arbitrations and actions arising in the normal course of business. While the final outcome of such legal proceedings and actions cannot be predicted with certainty, it is the opinion of management that the resolution of such normal course proceedings and actions will not have a material impact on the Company's consolidated financial position or results of operations.

### Guarantees

TCPL and its partner on the Sur de Texas pipeline, IEnova, have jointly guaranteed the financial performance of the entity which owns the pipeline. Such agreements include a guarantee and a letter of credit which are primarily related to the delivery of natural gas.

TCPL and its joint venture partner on Bruce Power, BPC Generation Infrastructure Trust, have each severally guaranteed certain contingent financial obligations of Bruce Power related to a lease agreement and contractor and supplier services.

The Company and its partners in certain other jointly-owned entities have either (i) jointly and severally, (ii) jointly or (iii) severally guaranteed the financial performance of these entities. Such agreements include guarantees and letters of credit which are primarily related to construction services and the payment of liabilities. For certain of these entities, any payments made by TCPL under these guarantees in excess of its ownership interest are to be reimbursed by its partners.

The carrying value of these guarantees has been included in Other long-term liabilities on the Condensed consolidated balance sheet. Information regarding the Company's guarantees is as follows:

(unaudited - millions of Canadian \$)	Term	March 31, 2026		December 31, 2025	
		Potential exposure <sup>1</sup>	Carrying value	Potential exposure <sup>1</sup>	Carrying value
Bruce Power	Renewable to 2065	88	—	88	—
Sur de Texas	Renewable to 2053	80	—	78	—
Other jointly-owned entities	to 2032	55	1	54	1
		<b>223</b>	<b>1</b>	220	1

1 TCPL's share of the potential estimated current or contingent exposure.

## 14. VARIABLE INTEREST ENTITIES

### Consolidated VIEs

A significant portion of the Company's assets are held through VIEs in which the Company holds a 100 per cent voting interest, the VIE meets the definition of a business and the VIE's assets can be used for general corporate purposes. The consolidated VIEs whose assets cannot be used for purposes other than for the settlement of the VIE's obligations, or are not considered a business, were as follows:

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	181	167
Accounts receivable	931	989
Inventories	216	211
Other current assets	82	65
	<b>1,410</b>	<b>1,432</b>
<b>Plant, Property and Equipment</b>	<b>50,121</b>	<b>49,445</b>
<b>Equity Investments</b>	<b>1,036</b>	<b>979</b>
<b>Restricted Investments</b>	<b>1,189</b>	<b>1,150</b>
<b>Regulatory Assets</b>	<b>137</b>	<b>109</b>
<b>Goodwill</b>	<b>464</b>	<b>456</b>
<b>Other Long-Term Assets</b>	<b>164</b>	<b>93</b>
	<b>54,521</b>	<b>53,664</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes Payable	1,178	535
Accounts payable and other	1,500	1,703
Accrued interest	238	216
Current portion of long-term debt	583	575
	<b>3,499</b>	<b>3,029</b>
<b>Regulatory Liabilities</b>	<b>1,513</b>	<b>1,458</b>
<b>Other Long-Term Liabilities</b>	<b>57</b>	<b>51</b>
<b>Deferred Income Tax Liabilities</b>	<b>9</b>	<b>7</b>
<b>Long-Term Debt</b>	<b>14,117</b>	<b>13,904</b>
	<b>19,195</b>	<b>18,449</b>

## Non-Consolidated VIEs

The carrying value of non-consolidated VIEs and the maximum exposure to loss as a result of the Company's involvement with these VIEs are as follows:

(unaudited - millions of Canadian \$)	March 31, 2026	December 31, 2025
<b>Balance Sheet Exposure</b>		
Equity investments		
Bruce Power	7,746	7,780
Coastal GasLink	873	896
Other pipeline equity investments	158	158
<b>Off-Balance Sheet Exposure<sup>1</sup></b>		
Bruce Power	1,781	1,955
Coastal GasLink <sup>2</sup>	200	200
<b>Maximum Exposure to Loss</b>	<b>10,758</b>	<b>10,989</b>

1 Includes maximum potential exposure to guarantees and future funding commitments.

2 TCPL is contractually obligated to fund the capital costs to complete the Coastal GasLink pipeline by funding the remaining equity requirements of Coastal GasLink LP through incremental capacity on the subordinated loan agreement with Coastal GasLink LP until final costs are determined. In addition to the subordinated loan agreement, TCPL has entered into an equity contribution agreement to fund a maximum of \$37 million for its proportionate share of the equity requirements related to the Cedar Link project.