

TransCanada Power Market Update

April 2017

Forward Prices Table

	Flat 7x24 (\$/MWh)	AB - 6x16 On Peak (\$/MWh)	AB - Off-Peak (\$/MWh)	AECO Gas (\$/GJ)	Heat Rate
BOM	\$18.50	\$24.98	\$9.25	\$2.65	7.0
May	\$20.00	\$27.00	\$10.00	\$2.72	7.4
BOY	\$25.75	\$34.76	\$12.88	\$2.87	9.0
2018	\$39.15	\$52.85	\$19.58	\$2.58	15.2
2019	\$39.25	\$52.99	\$19.63	\$2.27	17.3
2020	\$39.75	\$53.66	\$19.88	\$2.28	17.4

All prices are indicative as of indicative of April 6, 2017. For Firm power price quotes please contact TransCanada's Power Marketing team. See contacts on the last page.

Alberta Market Recap – March 2017

On Monday March 20th, spring was welcomed with slightly below average temperatures. However, a few days prior, on Saturday March 18th, temperatures reached a high of 15.4 degrees Celsius and 14.5 degrees Celsius on Wednesday March 15th. These warm double digit temperatures melted away all of the snow and had people out on the patios for multiple days in a row. Besides a few days at the beginning of March where we received a few centimeters of snow and temperatures that dipped down to -17 degrees Celsius, it was a relatively mild month both weather and electricity price wise.

March averaged \$21.01/MWh with only one single hour surpassing \$100/MWh during the morning of Friday March 24th, when the hourly price ended up at \$155.78/MWh. Low wind output, large exports, and five coal units offline simultaneously are all factors that resulted in the temporary price.

The remaining hours during March stayed below the \$50/MWh mark, with only a few hours ending up in the high \$40 range due to coal outages, below normal temperatures at the beginning of the month and minimal wind generation.

Alberta Internal Load (AIL) averaged 9,628 MW ranging from a minimum AIL demand of 8,321 MW to a maximum AIL demand of 10,730 MW during the month. This is an increase from all of March 2016's AIL demand which ranged from 8,056 MW to 10,159 MW and averaged 9,201 MW. Overall, Alberta's average AIL demand increased by roughly 4.6% from March of last year. This is the seventh consecutive month that AIL demand has increased when compared to the same month's prior year's average AIL demand.

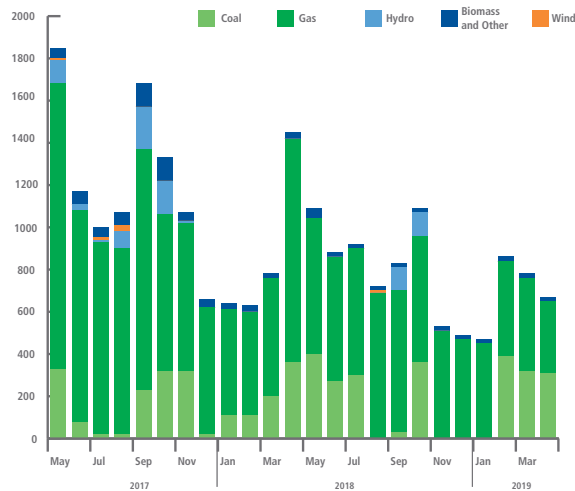
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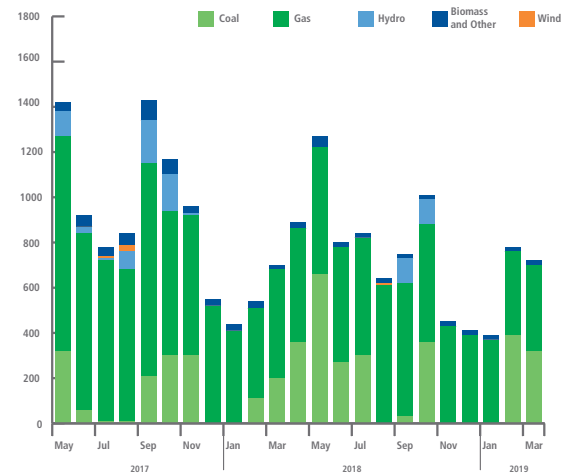
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Monthly Outages

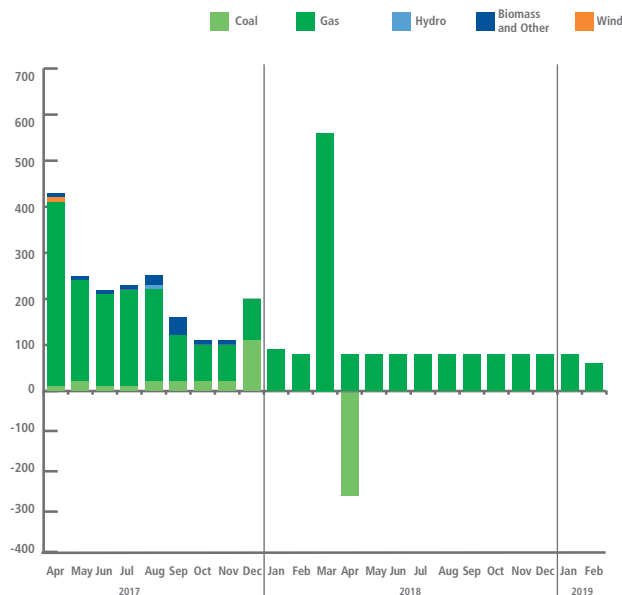
AEIO Monthly Outages (as of April 5, 2017)



AEIO Monthly Outages (as of Mar 1, 2017)



Month-over-Month Change in Outages
(April 2017 over March 2017)

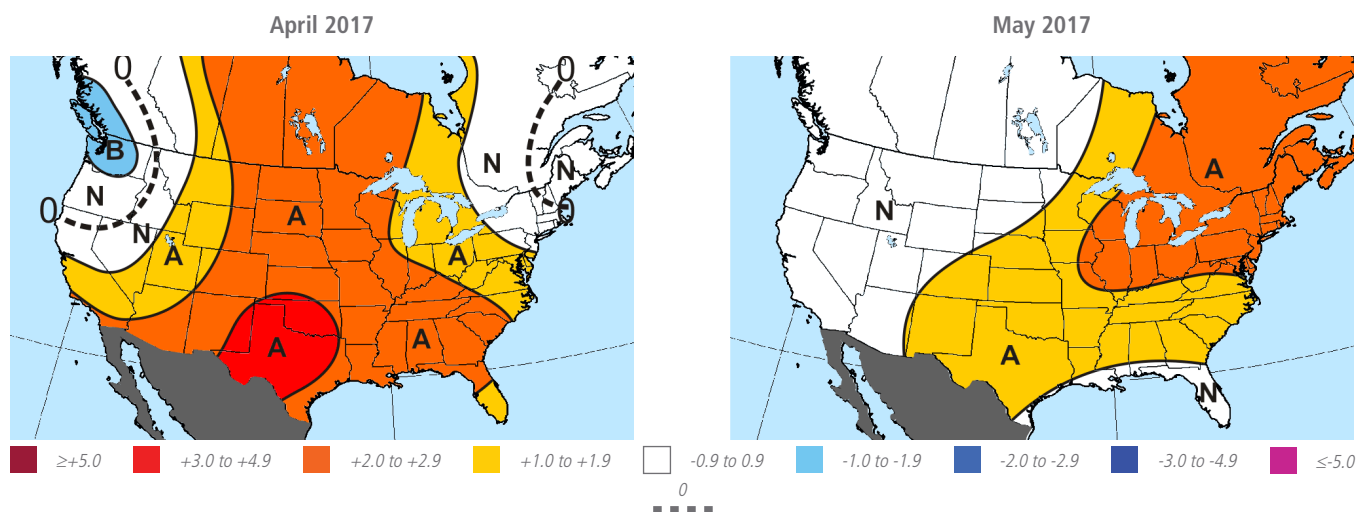


The only month that stands out compared to last month's outage graphs is April 2018. This month has an additional 560 MW of gas generation added to the outage mix. All of the remaining months will see, on average, an additional 100 MWs of generation (primarily gas) offline each month until March 2019.

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MDA Weather Services 30-60 Day Outlook



So far, Spring has been off to a great start weather-wise as the last half of March trended notably warmer than the first half of the month. Temperatures were mild, with a few days even hitting double digit temps in Calgary. For the most part, March ended up being quite warm for Western Canadian provinces.

According to MDA Weather Services' 30-60 Day Outlook, April will be warm for most of Canada and the United States with temperatures in the +3.0 to +4.9 anomaly range. Specifically, Alberta will range from average temperatures to warmer than average temperatures, with parts reaching the +2.0 to +4.9 range. The month of May is not expected to be quite as warm for Central and Western Canada, but we can still expect near normal temps.

Time to warm up the sticks... golf season is here!

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In Other News

Government of Alberta's Output-Based Allocation Policy Decisions

On Friday March 3, 2017 the Government of Alberta (GoA) announced three new policy decisions regarding the implementation of Alberta's Output Based Allocation (OBA) system effective January 1, 2018. The three policy decisions are as follows:

1. Alberta Climate Change Office (ACCO) to require quarterly reporting and compliance payments, along with annual emissions forecasting, for facilities that emit > 1 Megatonne (Mt) per year.
 - There are approx. 26 facilities that emit > 1Mt (2015)
 - This policy helps with the GoA's emissions and compliance forecasting
2. ACCO to implement a 30% usage limit on the amount of tradable credits (Emission Performance Credits (EPCs) & Offsets) that can be used by a facility for compliance per year.
 - ACCO believes that by limiting some of the credit usage, facilities will more likely reduce emissions at the facilities themselves
 - Limiting credit compliance usage will result in more tech fund money
3. All existing credit created within Specified Gas Emitters Regulation (SGER) will carry forward and be recognized under the new OBA system. Both EPCs and Offsets will play an important role in the new regulatory system.

Please note that the above policy announcements may not yet be set in stone, according to the GoA.

The official GoA letter can be found [here](#).

Market Surveillance Administrator (MSA) Offer Behavior Enforcement Guidelines (OBEG)

On Friday March 17th, the MSA announced that it is considering revoking the OBEG which would change the Alberta MSA's enforcement approach regarding economic withholding.

The notice to participants and stakeholders can be found [here](#).

Renewable Electricity Program

On March 24, 2017, the Government of Alberta announced the opening of the first Renewable Electricity Program (REP) competition. The AESO opened a Request for Expressions of Interest (REOI) stage for REP Round 1 on March 31, 2017.

For more details about the REOI and upcoming information session, please visit [here](#).

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