TransCanada
Power Market Update

February 2017

Forward Prices Table

	Flat 7x24 ($/MWh)	AB - 6x16 On Peak ($/MWh)	AB - Off-Peak ($/MWh)	AECO Gas ($/GJ)	Heat Rate
BOM	$23.50	$31.73	$11.75	$2.41	9.8
March	$24.00	$32.40	$12.00	$2.43	9.9
BOY	$26.75	$36.11	$13.38	$2.54	10.5
2018	$36.50	$49.28	$18.25	$2.54	14.4
2019	$38.50	$51.98	$19.25	$2.40	16.0
2020	$40.00	$54.00	$20.00	$2.36	16.9

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

Alberta Market Recap – January 2017

Prices just barely surpassed $50.00/MWh for three hours on January 2nd, 2017 which was one of the coldest days of the month. During these three hours, temperatures were at -25 degrees Celsius with minimal wind output and a few coal derates. The remaining month had lower spot prices, with the exception of one hour during the evening of Monday January 30th, when the hourly spot price reached $50.01/MWh due to a coal plant outage, increased load, and rapidly decreased wind output for the hour. Overall, the month averaged $23.96/MWh, which was just $1.71 MWh higher than January 2016's monthly settle of $22.25/MWh.

Average AIL demand for the month of January was 10,089 MW ranging from a minimum AIL demand of 8,718 MW to a maximum AIL demand of 11,432 MW. January 2017's demand was greater than January 2016, as demand for all of January 2016 averaged 9,869 MW, ranging from 8,625 MW to 10,965 MW.

On Thursday February 2nd, 2017, Alberta's groundhog, Balzac Billy, emerged from his burrow and saw its shadow. It looks like we might be in for 6 more weeks of winter!

TransCanada
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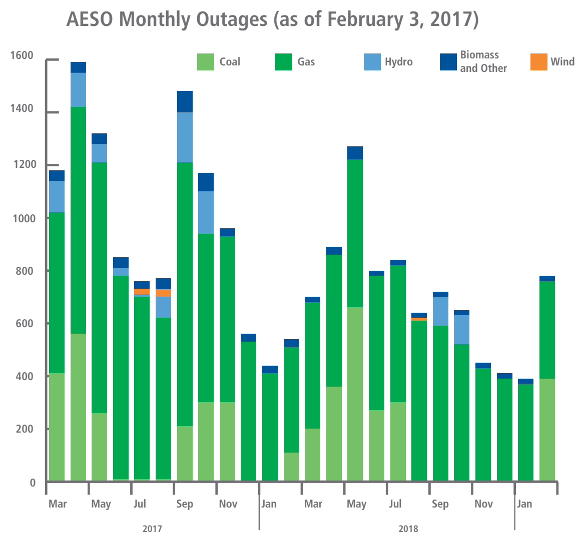
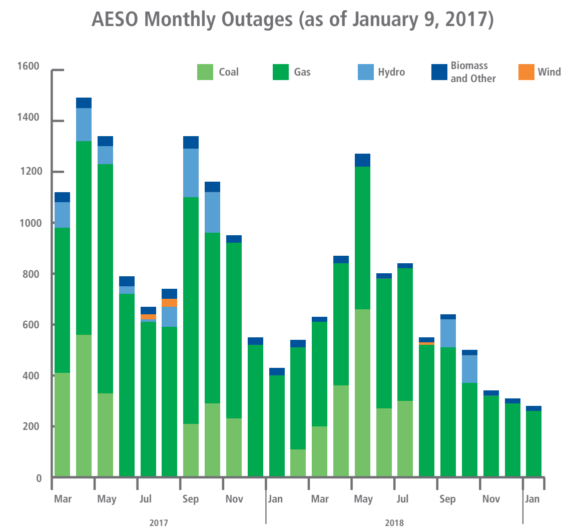
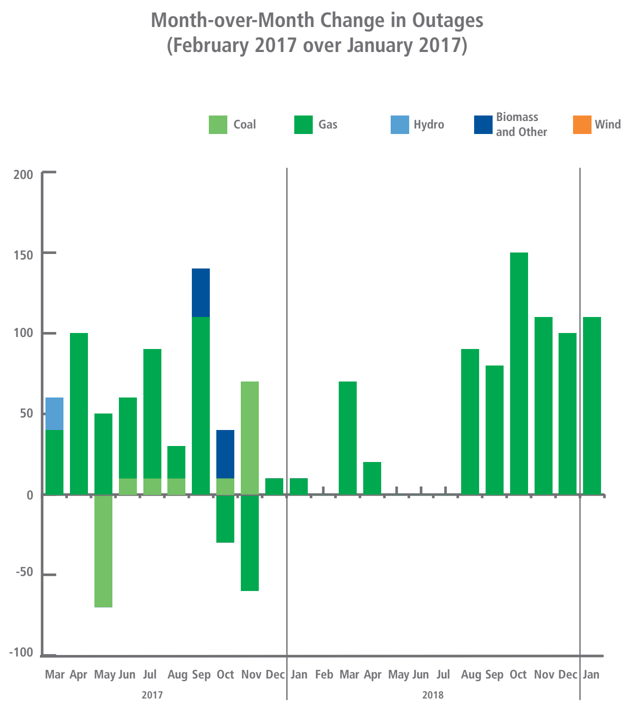
Monthly Outages



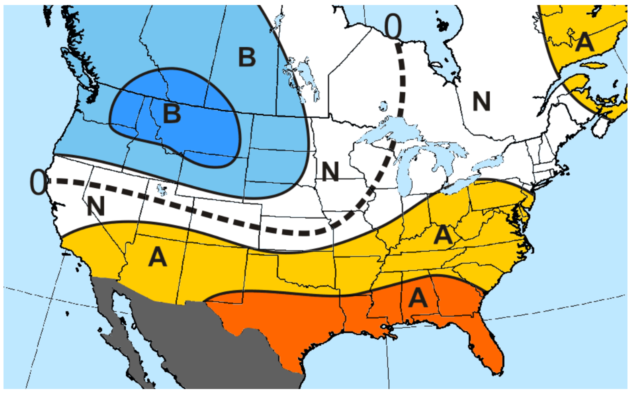




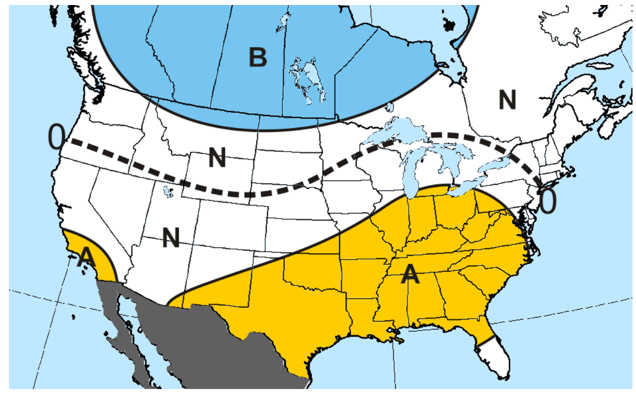
There is not much to report on with the month-over-month change in outages graph. A few extra gas outages have been added to the mix since January, averaging approximately an additional 50 MW each month from March 2017 to January 2019. The highest outage month will likely occur in April of this year according to the AESO, when there could potentially be 560 MW of coal generation, 860 MW of gas generation, 130 MW of wind generation, and 40 MW of biomass generation all on outage during the month.

MDA Weather Services 30-60 Day Outlook

February 2017



March 2017



≥+5.0 | +3.0 to +4.9 | +2.0 to +2.9 | +1.0 to +1.9 | -0.9 to 0.9 | -1.0 to -1.9 | -2.0 to -2.9 | -3.0 to -4.9 | ≤-5.0

0

January started off quite frigid with temperatures reaching as cold as -25 degrees Celsius. However, mid to end January ended up warmer than normal. In fact, Calgary experienced a Chinook with temperatures reaching as high as 10 degrees Celsius on January 16th and January 17th, with both days coming close to previous record warm temperatures. The mild temperatures ended up continuing for a majority of the month.

According to MDA Weather Services, overall, January was warmer than normal in North America, surpassing the 10- and 30-year normal and ranking the 8th-warmest January since 1950.

February's forecast hasn't changed too dramatically compared to last month's report. As seen in the weather images, Alberta and its surrounding provinces are predicted to remain slightly below normal in the -1 to -2.9 anomaly range for both this month and the next.

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In Other News

AESO Stakeholder Engagement

As a follow-up to the Government of Alberta's November 2016 announcement regarding the restructuring of Alberta's Energy Market, the AESO held its first capacity market consultation session.

On January 12th and 16th, the AESO hosted at capacity market stakeholder consultation session in Calgary and Edmonton with the purpose of "starting the capacity market technical design conversation" with stakeholders. Based on the content discussed at this session, the AESO is requesting and allowing feedback from stakeholders until February 10, 2017. The content and feedback matrix can be accessed **here**.

AESO will also be holding an educational session on February 7, 2017 at 1 p.m. to 5 p.m. for stakeholders to learn more about capacity markets. Arrangements for remote access are underway. To access presentations and other resources provided by the AESO, visit **here**.

To RSVP for the upcoming Capacity Market Design Session, visit **here**.

2017 Carbon Pricing Under SGER

Facilities emitting more than 100,000 tCO_2e will face higher costs once again in 2017. Capped emitters will now pay \$30/tCO_2e on a 20% reduction from baseline intensity, rising from \$20/tCO_2e on a 15% reduction in 2016.

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