

TransCanada Power Market Update

January 2016

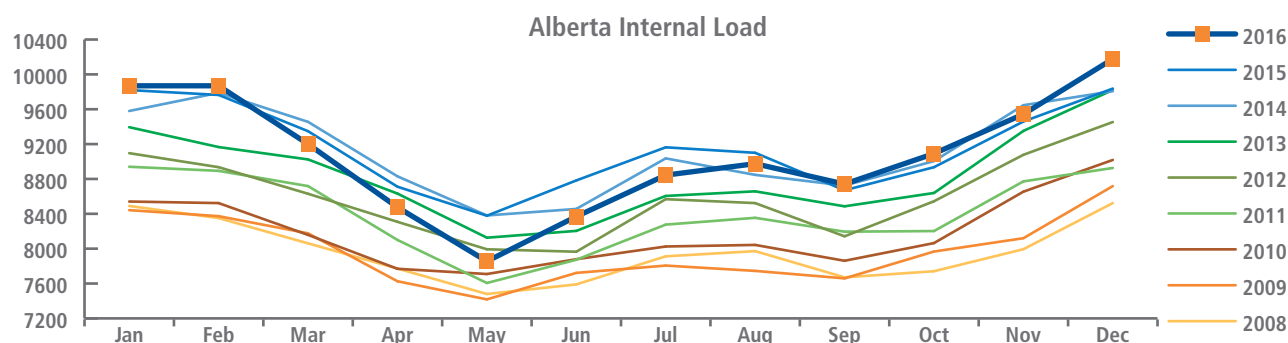
Forward Prices Table

	Flat 7x24 (\$/MWh)	AB - 6x16 On Peak (\$/MWh)	AB - Off-Peak (\$/MWh)	AECO Gas (\$/GJ)	Heat Rate
BOM	\$24.00	\$32.40	\$12.00	\$2.69	8.9
February	\$25.50	\$34.43	\$12.75	\$2.70	9.4
BOY	\$28.60	\$38.61	\$14.30	\$2.80	10.2
2018	\$37.25	\$50.29	\$18.63	\$2.66	14.0
2019	\$39.25	\$52.99	\$19.63	\$2.51	15.6
2020	\$41.00	\$55.35	\$20.50	\$2.50	16.4

All prices are indicative as of indicative of January 10th, 2016. For Firm power price quotes please contact TransCanada's Power Marketing team. See contacts on the last page.

Alberta Market Recap – December 2016

During Alberta's cold spell in the first half of December, Alberta's electricity market set three electricity usage records in a row. According to the Alberta Electric System Operator (AESO), the province consumed a record amount of electricity on December 8th, 2016 between 5:00pm and 6:00pm when AIL demand reached 11,442 MW. This record followed and surpassed the previous records that occurred on December 7th, 2016 when AIL demand reached 11,404 MW and December 5th, 2016 when AIL demand reached 11,400 MW. These three days of record high demand can mainly be attributed to colder than normal temperatures and increased holiday demand across the province. This is the first electricity consumption record since January 2015.



While Alberta set a new record on the demand side, electricity prices in the province also spiked a few times due to cold temperatures, higher demand and lower wind generation. In fact, we had two hours of triple digit pricing during the afternoon of December 11th, 2016 when the pool price reached a maximum of \$123.85/MWh. These are the first triple digit hours we have seen in Alberta since August 2016. Overall, 11 hours reached and exceeded the \$50.00/MWh mark and the monthly average ended up settling at \$24.21/MWh which was \$3.28/MWh higher than December 2015's monthly settle.

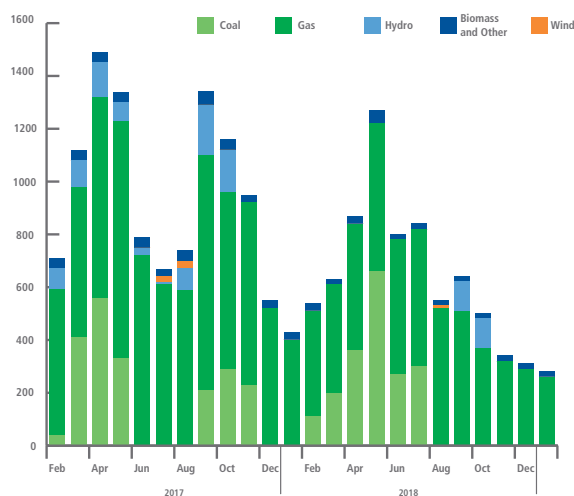
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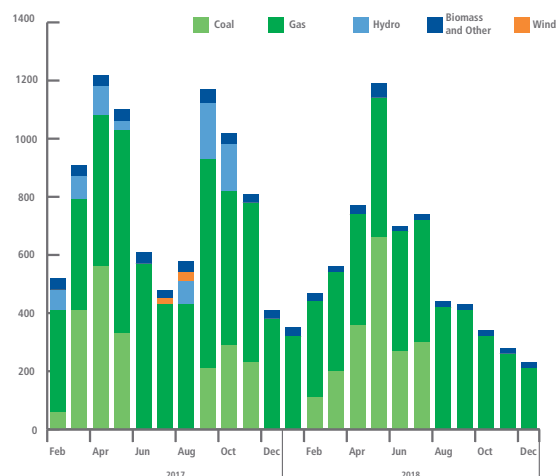
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Monthly Outages

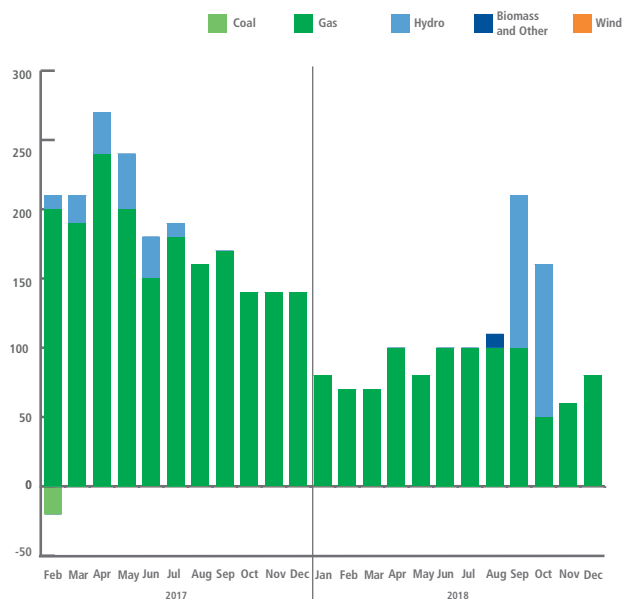
AESO Monthly Outages (as of January 9, 2017)



AESO Monthly Outages (as of December 6, 2016)



Month-over-Month Change in Outages
(January 2017 over December 2016)

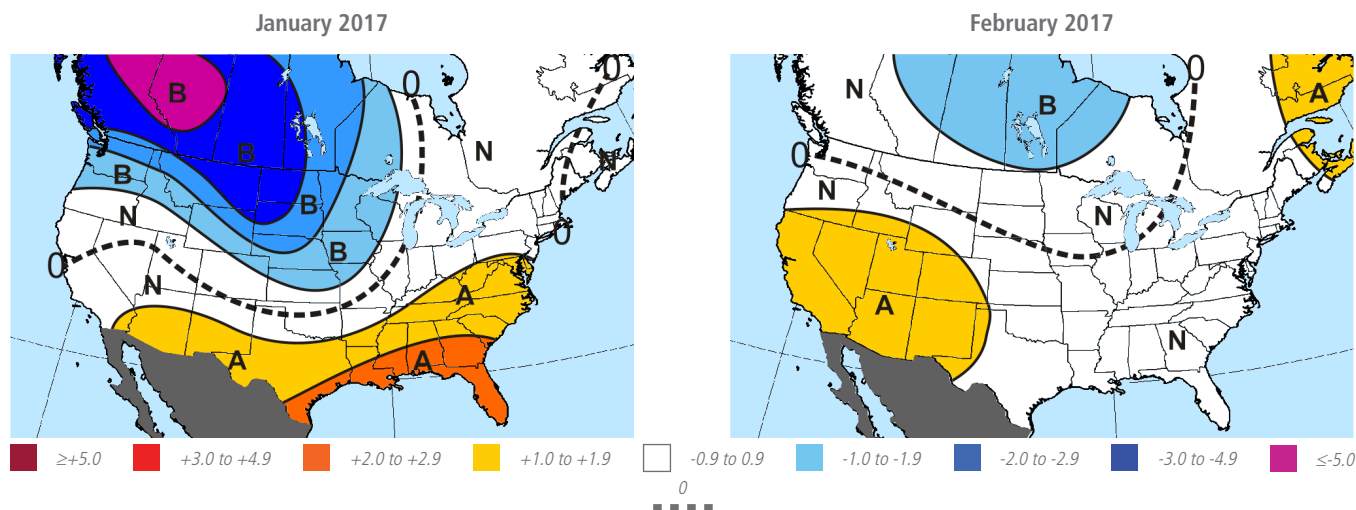


Since last month, a significant number of natural gas outages have been added to the AESO monthly outages going forward until January 2018. These increases averaged 540 MW and ranged anywhere from approximately 260 MW to 900 MW offline each month. Coal, hydro, wind, and biomass outages have all stayed the same since last month and are quite minimal over the next few months.

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MDA Weather Services 30-60 Day Outlook



Although the month of December was off to a cold start during the first few weeks, temperatures warmed up significantly for the latter part of the month. During the first part of December, extreme cold warnings from Environment Canada were put in place for multiple days with temperatures reaching as low as -40 degrees Celsius. These frigid temperatures were considerably cooler than normal.

As seen above, MDA Weather Services is forecasting a cold January in Alberta and the rest of the Prairie Provinces with -5.0 degree anomalies present. February and March will most likely be warmer months compared to January with temperatures slightly below the 30 year normal.

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In Other News

Alberta Power Market 2016 Summary Statistics

		2015	2016	2016 vs. 2015
Average AB Power Pool Price	(C\$/MWh)	\$ 33.34	\$ 18.28	-45.17%
Average AECO Gas Price	(C\$/GJ)	2.55	2.05	-19.61%
Average Heat Rate	(GJ/GWh)	13,030	8,895	-31.73%
AIL Energy Demand	(GWh)	80,257	79,560	-0.87%
AIL Peak Demand	(MW)	11,229	11,458	2.04%

Month	Average of Price (\$)	Average of AIL Demand (MW)
Jan	\$22.25	9,869
Feb	\$17.22	9,543
Mar	\$14.79	9,201
Apr	\$13.63	8,475
May	\$15.89	7,855
Jun	\$15.44	8,369
Jul	\$18.21	8,844
Aug	\$17.90	8,975
Sep	\$17.70	8,741
Oct	\$25.37	9,091
Nov	\$16.32	9,542
Dec	\$24.21	10,177

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