

TransCanada Power Market Update

June 2017

Forward Prices Table

| | Flat 7x24 (\$/MWh) | AB - 6x16 On Peak (\$/MWh) | AB - Off-Peak (\$/MWh) | AECO Gas (\$/GJ) | Heat Rate |
|-------------|-----------------------|-------------------------------|---------------------------|------------------|-----------|
| BOM | \$21.50 | \$29.03 | \$10.75 | \$2.56 | 8.4 |
| July | \$28.50 | \$38.48 | \$14.25 | \$2.52 | 11.3 |
| BOY | \$30.05 | \$40.57 | \$15.03 | \$2.47 | 12.2 |
| 2018 | \$43.50 | \$58.73 | \$21.75 | \$2.47 | 17.6 |
| 2019 | \$43.75 | \$59.06 | \$21.87 | \$2.32 | 18.9 |
| 2020 | \$44.00 | \$59.40 | \$22.00 | \$2.34 | 18.8 |

All prices are indicative as of indicative of June 12, 2017. For Firm power price quotes please contact TransCanada's Power Marketing team. See contacts on the last page.

Alberta Market Recap – May 2017

Starting the month off on May 3rd, Calgary saw temperatures that rose above 20 degrees Celsius for the first time since September 27th, 2016. While things have been warming up, they've also been getting wetter as precipitation rates have been as much as twice the average amount, making conditions damper than they've been in the last two years, particularly during the beginning of the month. Another damaging flood is hard to predict but City of Calgary officials are warning citizens in hopes they'll better understand and prepare for any future flooding events.

There was an increase in pool price of \$2.80/MWh from last month's price of \$19.10/MWh to this month's price averaging at \$21.90 MWh. This is a smaller increase compared to the \$6.01 increase from this time last year. The average Alberta Internal Load (AIL) demand for the entire month averaged 8,746 MW which was a small decrease from last month's demand of 8,858 MW, but close to a 100 MW increase from May 2016.

We did experience some price strength on May 4th and May 15th where several hours reached above \$50.00/MWh. This was largely due to low to moderate wind generation, a handful of major coal outage resulting in over 1,000 MW of generation offline, and more exporting than importing activity. However, towards the month end, prices fell to the market floor, hitting \$0.00/MWh on May 24th for four hours. AESO reported a supply surplus due to ample base load generation and turbulent wind generation averaging over 1,250 MW during the off-peak hours. Likewise, on May 25th low prices continued, settling at \$0.01/MWh for two straight hours. Prices were driven down by wind generation above 1,100 MW and sufficient coal base load generation.

It is worth noting that the forward price of electricity has gapped up quite a bit over the past few weeks following announcements by TransAlta Corporation and ATCO Ltd. On April 19th, TransAlta announced that it will accelerate its transition to gas and renewable generation by retiring Sundance 1 as of and mothballing Sundance 2 effective January 1, 2018, and converting Sundance Units 3 to 6 and Keephills Units 1 and 2 to gas-fired generation between 2021 and 2023. Following this announcement, on May 10th, ATCO Ltd. also announced that it is planning on transitioning its coal power plants to burn natural gas by year 2020.

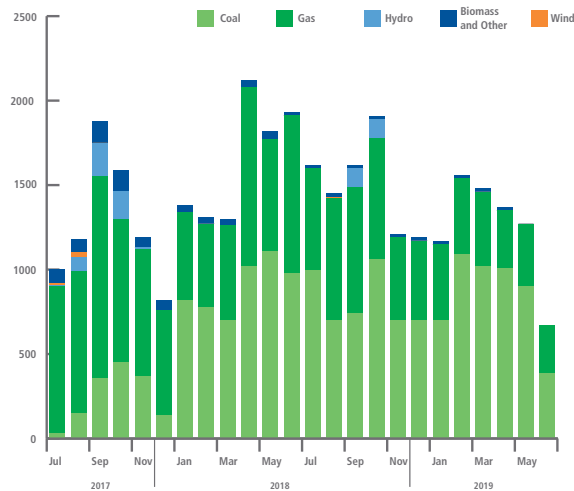
¹FORWARD-LOOKING INFORMATION This publication contains certain information that is forward looking and is intended to provide useful and timely information to Alberta power market participants. All information is from sources deemed reliable and is subject to errors and omissions which we believe to be correct, however, assume no responsibility for. The words "anticipate", "forecast", "expect", "believe", "may", "should", "estimate", "plan" or other similar words are used to identify such forward-looking information. All forward-looking statements reflect TransCanada's beliefs and assumptions based on information available at the time of this publication and are not guarantees of future performance. By their nature, forward-looking statements are subject to various assumptions, risks and uncertainties which could cause actual outcomes to differ materially from the anticipated results or expectations expressed or implied in such statements. Readers are cautioned against placing undue reliance on forward-looking information and not to use future-oriented information or financial outlooks for anything other than their intended purpose. TransCanada undertakes no obligation to update or revise any forward-looking information except as required by law.

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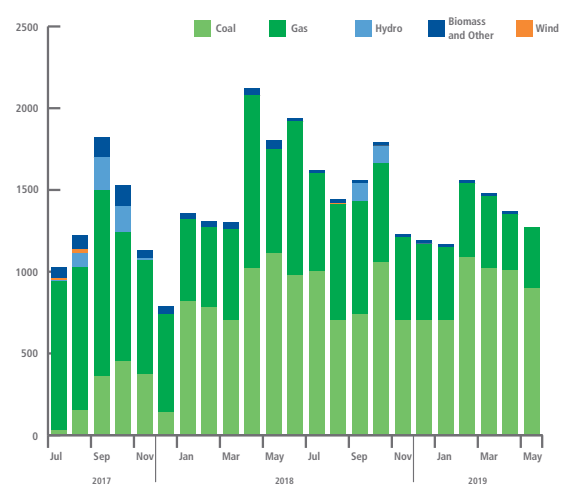
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Monthly Outages

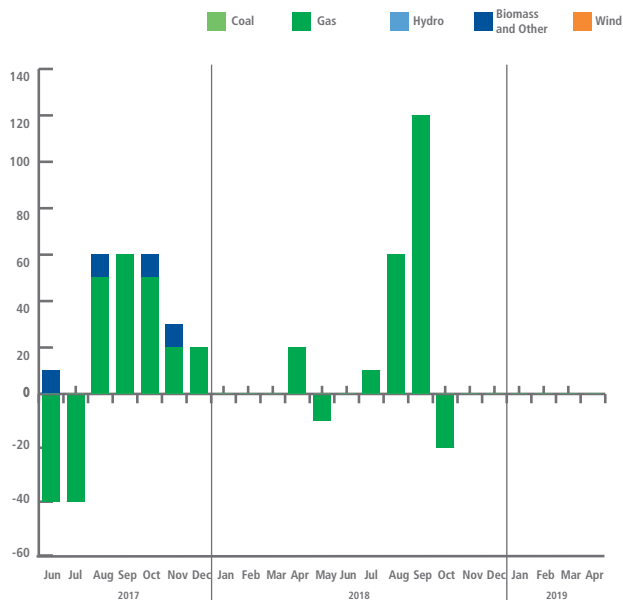
AESO Monthly Outages (as of June 6, 2017)



AESO Monthly Outages (as of May 1, 2017)



Month-over-Month Change in Outages
(June 2017 over May 2017)



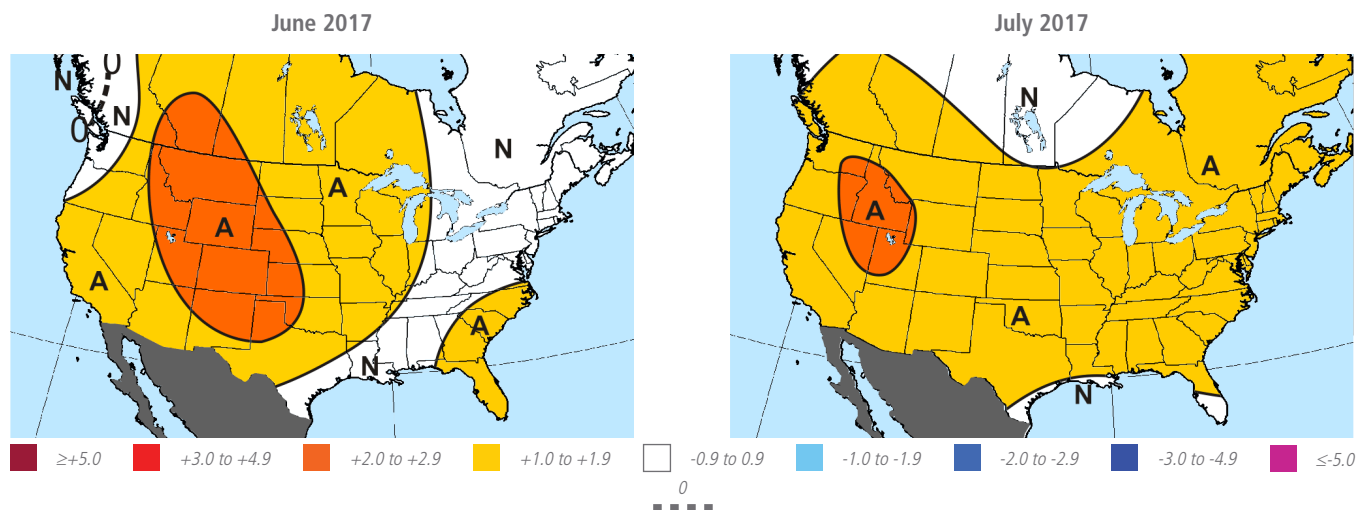
There are very little changes in the AESO's monthly outages, compared to last month's report. As seen in the Month-Over-Month Change in Outages graph, the months between September 2017 and January 2018 will see an increase in gas outages. October 2018 will also see a large jump in gas outages compared to last month's predictions.

We can expect April 2018 to have the most outages with 1,020 MW of coal offline, 1060 MW of gas offline and 40 MW of Biomass and other generation offline throughout the month.

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MDA Weather Services 30-60 Day Outlook



Based on MDA Weather Services final 30 Day Outlook, temperatures appear to be cooler to normal throughout the East with signs of warmer trends starting in the midwest for the month of June. Throughout July we see above average temperatures widespread with cooler impacts from the weak El Nino.

Alberta in particular can expect to see warmer than normal temperatures with anomalies in the +1.0 to +2.0 degrees Fahrenheit range for both June and July.

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In Other News

ATCO's Transition to Natural Gas by 2020

On Wednesday May 10th, ATCO Ltd. announced that it is planning to transition its coal power plants to burn natural gas by 2020. This will include their two coal-fired generating stations in Alberta Battle River and Sheerness which produce a combined total of 1,469 MW.

An Act to Cap Regulated Electricity Rates

On May 23rd, a proposed legislation was introduced to cap electricity prices for those Albertans on the Regulated Rate Option (RRO). This cap would ensure that residents under the RRO would not pay more than 6.8 cents per kilowatt hour starting June 1, 2017 to May 31, 2021. Should rates rise above 6.8 cents, the rate cap would be automatically applied to the bills of consumers on the regulated rate.

The announcement can be found [here](#).

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