

TransCanada Power Market Update

September 2018

Forward Prices Table

	Flat 7x24 (\$/MWh)	AB - 6x16 On Peak (\$/MWh)	AB - Off-Peak (\$/MWh)	AECO Gas (\$/GJ)	Heat Rate
BOM	\$49.50	\$60.39	\$37.97	\$0.85	58.20
October	\$51.00	\$64.77	\$34.99	\$1.18	43.2
BOY	\$53.25	\$66.56	\$37.22	\$1.60	33.3
2019	\$50.25	\$64.82	\$34.47	\$1.52	33.1
2020	\$46.00	\$58.88	\$32.66	\$1.51	30.5

All prices are indicative as of indicative of September 4, 2018. For Firm power price quotes please contact TransCanada's Power Marketing team. See contacts on the last page.

Alberta Market Recap – August 2018

August 2018 ended up settling at \$68.80/MWh, the highest monthly settle of 2018 thus far and the highest August settle since August 2013 which settled at \$83.64/MWh. The top 10% of August 2018's hourly settles contributed a whopping 51% of the monthly settle, while the bottom 90% contributed 49% of the monthly settle.

Contributing to August's monthly settle was the 67 hours settling above the \$100.00/MWh mark, with 62 of those hours occurring in the first half of the month. The triple digit pricing in the beginning of August was attributed to the 30° Celsius days, mild wind generation, thermal unit outages, de-rates, and continued periods of high Mid-C prices constraining economical imports. The highest daily settle of the month occurred on August 9th settling at \$277.46/MWh. Contributing to the high daily settle on August 9th, was five consecutive hours settling above \$900/MWh including HE 16:00 MT settling at the cap of \$999.99/MWh. On the other end of the spectrum, the lowest daily settle occurred on August 26th setting at \$29.11/MWh.

On the load side, average Alberta Internal Load (AIL) for the month was 9,649 MW. This is just 3% greater than the average AIL in August 2017, but up 7.5% from August 2016. On Friday August 10th HE 17:00, Alberta set a new peak demand when load reached 11,169 MW, beating out the last record of 11,099 MW which occurred just last month.

For the last month of summer, hot and sunny weather looked promising throughout the beginning part of the month but quickly deteriorated as the wild fires in British Columbia brought heavy smoke cover into the province. The smoke prompted Environment Canada to release various Air Quality Advisories across Alberta for Mid-August. According to YYC Weather Records, as of August 26th, the city of Calgary hit its 440th smoky hour in 2018, bypassing 2017 which had 315 smoky hours throughout the entire year.

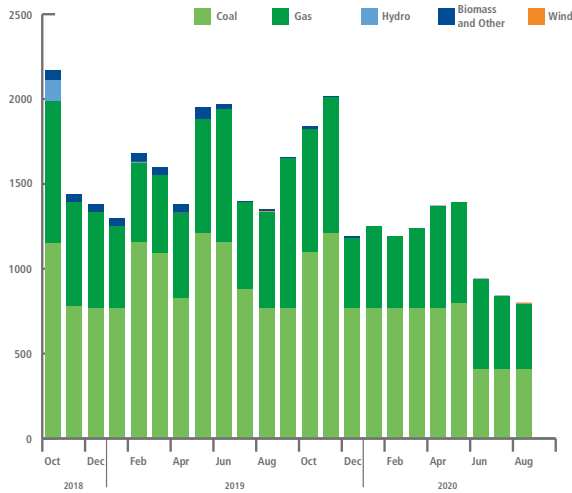
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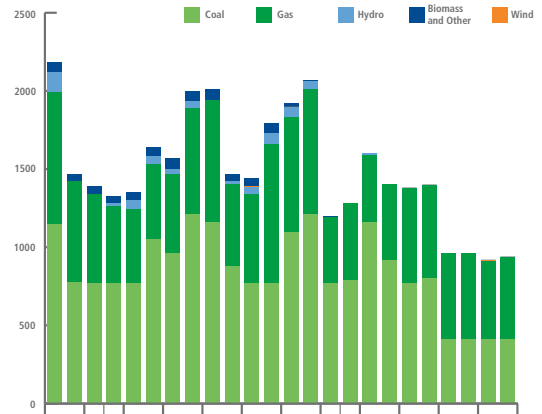
Monthly Outages

AESO Monthly Outages (as of August 1, 2018)

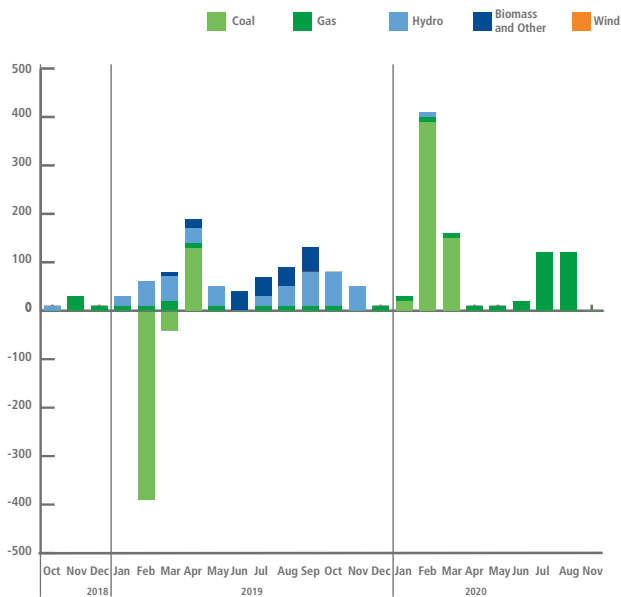


AESO Monthly Outages (as of September 1, 2018)

AESO Monthly Outages (as of September 1, 2018)



Month-over-Month Change in Outages (August 2018 over September 2018)

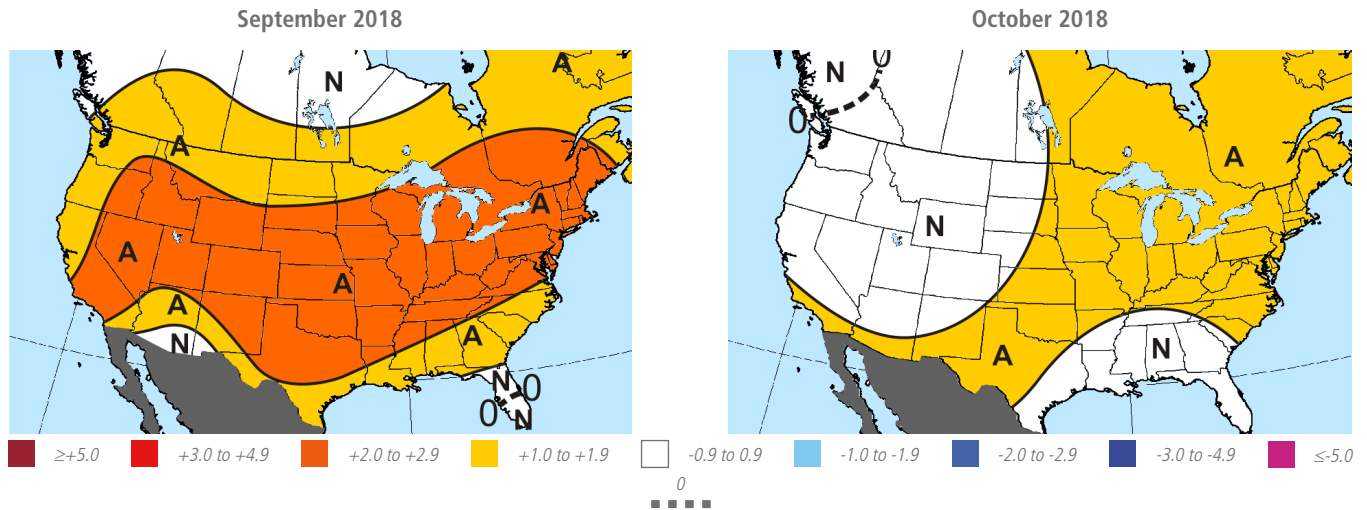


There are not too many significant changes compared to last month's outage report. However, in February 2019 there is a 380 MW outage reduction that has been transferred to February 2020. This shift in outage is most likely an annual coal outage just being moved back a year.

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Radiant Solutions 30-60 Day Outlook



According to Radiant Solutions, August 2018 was the 6th hottest on record since 1950 reaching 358 PWCCDs (National Population-Weighted Cooling Degree Day's) and beating August 2017's PWCCD of 299.5. In particular, the month rolled out as one of the hottest Augusts on record for cities in the Pacific Northeast as well as portions of the Southwest/SoCal. North of the border, although much "cooler" than the south, Alberta experienced its own heat wave in the beginning of the month with multiple days across the province experiencing 30° Celsius days. Although August was off to a hot start, it quickly cooled off with the smoke cover mid-month and cool winds in the back end of the month.

Radiant Solutions 30-60 Day Outlook for September forecasts a cooler than average start to the month for Alberta with a warmer than average front rolling through mid-end of the month. The PWCCD forecast for September 2018 remains at 213 PWCCD which is consistent with September 2017's PWCCD of 204.4.

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Industry News

MSA Response to the AESO's Final CMD Proposal

On August 23rd, 2018, the Market Surveillance Administrator (MSA) released its response to the AESO's Final Comprehensive Market Design (CMD) Proposal which outlines ex-ante market power mitigation measures in both the capacity market and the energy market. In its release, the MSA notified participants that it is "concerned that the current energy-only market may be subject to offer behavior that is not consistent with FEOC during the transition to a capacity market in 2021". (Market Surveillance Administrator, 2018). Therefore, to assist and ensure market participants meet FEOC standards, the MSA is in the process of publishing new 'Offer Behavior Enforcement Guidelines'. The MSA plans to initiate consultation with participants in October 2018 and have the new guidelines in place by the end of 2018.

To read more: [MSA Response to the AESO's Final CMD Proposal](#)

FEOC: Fair, Efficient and Open Competition Regulation under the Alberta Utilities Commission Act & Electric Utilities Act

Alberta pulls out of Federal Climate Plan until Trans Mountain Pipeline moves forward

On August 31st, 2018, Premier Rachel Notley announced Alberta's withdrawal from the Federal Climate Plan following the decision of the Federal Courts to deny the cabinet approval of the Trans Mountain expansion project. The Alberta Premier stated that until construction restarts, Alberta will not be part of the Pan-Canadian Climate Framework set out by the Federal Liberal Government. Instead, Alberta will keep its existing price of \$30 per tonne on carbon but will not go along with the Framework and increase the price of carbon to \$40 per tonne in 2021, or \$50 per tonne in 2022 until construction of the pipeline restarts. Currently, the Pan-Canadian Framework requires carbon in 2018 to be priced at a minimum of \$10 per tonne, increasing by \$10 per year to \$50 per tonne in 2022.

Power Marketing Announcement

With regards to the Power Marketing group, Kelsey Johannson will take on a new role within TransCanada as Project Manager of Canada Gas Measurement Projects. Kelsey will be missed by our group and clients, but we wish her the best with her future endeavors at TransCanada. Emma Howard will be taking over Kelsey's role as Power Marketing Representative. Emma has spent the past 4 years on the Real Time Power Trading Desk, which should translate into a smooth transition over to the marketing side due to her familiarity with the Alberta power market. Please join us in congratulating both Kelsey and Emma.

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