

## TC Energy reports solid third quarter 2024 operating and financial results

*Southeast Gateway makes significant progress toward completion with estimated capital expenditures 11 per cent lower to US\$3.9 to US\$4.1 billion*

*Overall net capital expenditure outlook for 2024 revised eight per cent lower to \$7.4 to \$7.7 billion reflecting project execution and optimization*

CALGARY, Alberta – November 7, 2024 – TC Energy Corporation (TSX, NYSE: TRP) (TC Energy or the Company) released its third quarter results today. François Poirier, TC Energy's President and Chief Executive Officer commented, "Following strong asset performance driven by our focus on safety and operational excellence and reflecting the increase in segmented earnings during the first nine months of 2024, we now expect comparable EBITDA<sup>1</sup> to be at the upper end of our 2024 outlook." Poirier continued, "Our Southeast Gateway pipeline project in Mexico is making significant progress toward commercial in-service no later than mid-next year and we now expect capital expenditures associated with the project to be between US\$3.9 to US\$4.1 billion, approximately 11 per cent (mid-point) below the original cost estimate of US\$4.5 billion. Reflecting strong project execution, we anticipate overall net 2024 capital expenditures to be approximately eight per cent (mid-point) lower, at \$7.4 to \$7.7 billion, further enhancing our financial strength and flexibility."

### Highlights

*(All financial figures are unaudited and in Canadian dollars unless otherwise noted)*

- Third quarter 2024 financial results:
  - Comparable earnings<sup>1</sup> of \$1.1 billion or \$1.03 per common share compared to \$1.0 billion or \$1.00 per common share in 2023 and net income attributable to common shares of \$1.5 billion or \$1.40 per common share compared to net loss attributable to common shares of \$0.2 billion or net loss per common share of \$0.19 in third quarter 2023
  - Comparable EBITDA of \$2.8 billion compared to \$2.6 billion in 2023 and segmented earnings of \$2.6 billion compared to \$0.6 billion in third quarter 2023
- **2024 comparable EBITDA at upper end of outlook and capital expenditures lower:**
  - **Comparable EBITDA** is expected to be at the upper end of our \$11.2 to \$11.5 billion<sup>2</sup> range, which on a TC Energy post-spinoff basis (excluding Liquids Pipelines contribution in 2024) equates to a range of \$9.9 to \$10.1 billion
  - **Comparable earnings per common share** remains consistent with our 2023 Annual Report.
  - **Capital expenditures** are anticipated to be \$8.1 to \$8.4 billion on a gross basis, or \$7.4 to \$7.7 billion on a net basis after considering non-controlling interests, versus previous outlook of \$8.5 to \$9.0 billion or \$8.0 to \$8.5 billion, respectively.
- Completed the successful spinoff of the Liquids Pipelines business (the spinoff Transaction) on October 1, 2024
  - Reduced outstanding long-term debt by approximately \$7.6 billion in October 2024 utilizing proceeds from South Bow Corporation debt issuance and other sources
- Reduced Southeast Gateway pipeline project capital cost estimate to a range of US\$3.9 to US\$4.1 billion, down from the original estimate of US\$4.5 billion with the project tracking towards commercial in-service no later than mid-2025
- Received CER approval for the NGTL System five-year negotiated revenue requirement settlement which commences on January 1, 2025
- Filed a Section 4 Rate Case with FERC on Columbia Gas requesting an increase to the maximum transportation rates, expected to become effective April 1, 2025, subject to refund

<sup>1</sup> Comparable EBITDA, comparable earnings and comparable earnings per common share are non-GAAP measures used throughout this news release. These measures do not have any standardized meaning under GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. The most directly comparable GAAP measures are Segmented earnings, Net income attributable to common shares and Net income per common share, respectively. We do not forecast Segmented earnings. For more information on non-GAAP measures, refer to the Non-GAAP Measures section of this news release.

<sup>2</sup> Prior to the impact of the Liquids Pipelines business spinoff.

- Completed approximately \$1.6 billion of asset divestitures year-to-date including Portland Natural Gas Transmission System (PNGTS) for pre-tax proceeds of approximately \$1.1 billion (US\$0.8 billion), which includes the assumption by the purchaser of US\$250 million of senior notes outstanding at PNGTS and the CFE's equity injection of US\$340 million as well as non-cash consideration for a 13.01 per cent equity interest in TGNH
- Declared a quarterly dividend of \$0.8225 per common share for the quarter ending December 31, 2024 which reflects TC Energy's proportionate allocation following the spinoff Transaction.

(millions of \$, except per share amounts)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Income</b>				
Net income (loss) attributable to common shares	1,457	(197)	3,623	1,366
per common share – basic	\$1.40	(\$0.19)	\$3.49	\$1.33
<b>Segmented earnings (losses)</b>				
Canadian Natural Gas Pipelines	495	(799)	1,510	(782)
U.S. Natural Gas Pipelines	1,330	782	3,135	2,576
Mexico Natural Gas Pipelines	237	210	715	646
Liquids Pipelines	240	253	826	702
Power and Energy Solutions	354	234	826	741
Corporate	(37)	(36)	(121)	(74)
<b>Total segmented earnings (losses)</b>	<b>2,619</b>	<b>644</b>	<b>6,891</b>	<b>3,809</b>
<b>Comparable EBITDA</b>				
Canadian Natural Gas Pipelines	845	781	2,537	2,301
U.S. Natural Gas Pipelines	1,002	968	3,311	3,160
Mexico Natural Gas Pipelines	265	232	765	597
Liquids Pipelines	360	398	1,095	1,078
Power and Energy Solutions	326	256	873	754
Corporate	(7)	(3)	(6)	(9)
<b>Comparable EBITDA</b>	<b>2,791</b>	<b>2,632</b>	<b>8,575</b>	<b>7,881</b>
Depreciation and amortization	(713)	(690)	(2,149)	(2,061)
Interest expense included in comparable earnings	(836)	(865)	(2,516)	(2,413)
Allowance for funds used during construction	210	164	551	443
Foreign exchange gains (losses), net included in comparable earnings	(33)	(25)	(41)	78
Interest income and other included in comparable earnings	61	63	207	157
Income tax (expense) recovery included in comparable earnings	(235)	(220)	(758)	(749)
Net (income) loss attributable to non-controlling interests included in comparable earnings	(145)	(1)	(457)	(18)
Preferred share dividends	(26)	(23)	(76)	(69)
<b>Comparable earnings</b>	<b>1,074</b>	<b>1,035</b>	<b>3,336</b>	<b>3,249</b>
<b>Comparable earnings per common share</b>	<b>\$1.03</b>	<b>\$1.00</b>	<b>\$3.21</b>	<b>\$3.16</b>
<b>Cash flows</b>				
Net cash provided by operations	1,915	1,824	5,612	5,408
Comparable funds generated from operations <sup>i</sup>	1,915	1,755	6,225	5,575
Capital spending <sup>ii</sup>	2,109	3,289	5,597	9,313
Acquisitions, net of cash acquired	—	—	—	(302)
<b>Dividends declared</b>				
per common share	\$0.96	\$0.93	\$2.88	\$2.79
<b>Basic common shares outstanding (millions)</b>				
– weighted average for the period	1,038	1,035	1,038	1,028
– issued and outstanding at end of period	1,038	1,037	1,038	1,037

i Comparable funds generated from operations is a non-GAAP measure used throughout this release. This measure does not have any standardized meaning under GAAP and therefore is unlikely to be comparable in similar measures presented by other companies. The most directly comparable GAAP measure is Net cash provided by operations. For more information on non-GAAP measures, refer to the Non-GAAP Measures section of this release.

ii Capital spending reflects cash flows associated with our Capital expenditures, Capital projects in development and Contributions to equity investments. Refer to Note 4, Segmented information, of our Condensed consolidated financial statements for additional information.

## CEO Message

Underpinned by wide-scale electrification, demand for natural gas and reliable power generation continues to reach record highs. Our forecast highlights North America's natural gas demand increasing by approximately 40 Bcf/d through 2035, largely driven by LNG and power generation demand growth in the critical markets our assets serve. We believe that the strength of our base business combined with the vast opportunity set and disciplined capital allocation will allow us to deliver solid growth, low-risk, repeatable performance, well into the future. Our continued focus on a clear set of priorities for 2024, including safety, operational excellence and project execution has delivered strong operational and financial results. For the first nine months of 2024, comparable EBITDA increased approximately nine per cent, and segmented earnings increased approximately 81 per cent compared to the first nine months of 2023.

We have made continued progress towards our 2024 priorities including significant milestones on the Southeast Gateway pipeline project, executing our plan towards achieving 4.75 times debt-to-EBITDA<sup>3</sup> by year end and continuing to enhance the value of our assets through successfully completing the spinoff of our Liquids Pipelines business into a separate, publicly traded entity, South Bow Corporation. Reflecting strong year-to-date performance and an increase in segmented earnings, we now expect 2024 comparable EBITDA<sup>1</sup> to be at the upper end of our \$11.2 to \$11.5 billion range which on a TC Energy post-spinoff basis (excluding Liquids Pipelines contribution in 2024) equates to a range of \$9.9 to \$10.1 billion. Further, we expect our 2024 net capital expenditures to be approximately \$7.4 to \$7.7 billion versus our previous outlook of \$8.0 to \$8.5 billion after considering capital expenditures attributable to non-controlling interests.

### Operational highlights include:

- Canada Natural Gas Pipelines deliveries averaged 22.2 Bcf/d, up two per cent compared to third quarter 2023
  - Total NGTL System receipts averaged 13.9 Bcf/d, comparable to third quarter 2023
  - Canadian Natural Gas Pipelines set an all-time power delivery record of 1.4 Bcf on July 15, 2024
- U.S. Natural Gas Pipelines daily average flows were 25.9 Bcf/d, up three per cent compared to third quarter 2023
  - U.S. Natural Gas Pipelines set quarterly average delivery records to power generators at 3.8 Bcf/d and continued high deliveries to LNG facilities of 3.2 Bcf/d
- Mexico Natural Gas Pipelines flows averaged 3.2 Bcf/d
  - Began deliveries to LNG facilities this quarter
- The Keystone Pipeline System achieved 95 per cent operational reliability in the third quarter 2024
- Bruce Power achieved 98 per cent availability in third quarter 2024
- Cogeneration power plant fleet achieved 85 per cent availability in third quarter 2024, taking into account a planned outage at MacKay River Cogeneration Plant.

Our continued focus on **project execution** is delivering meaningful results. Southeast Gateway continues to make significant progress, achieving mechanical completion of all major onshore facilities, including the onshore pipeline, both compressor stations, a delivery meter station at Paraiso and hydrotesting of approximately 500 km of offshore pipeline. The remaining shallow water pipe installation is targeted for fourth quarter 2024 and we remain on track to achieve commercial in-service no later than mid-2025. Given our strong project execution, capital expenditures for the project are now expected to be US\$3.9 to US\$4.1 billion relative to the initial cost estimate of US\$4.5 billion. The **Bruce Power** Unit 3 Major Component Replacement (MCR) program continues to advance on plan for both cost and schedule and the Unit 4 MCR is expected to begin in early-2025. Year-to-date, \$1.2 billion of natural gas capacity projects have been placed in service and we continue to expect approximately **\$7 billion of projects** to be placed into service in 2024 and approximately \$8.5 billion of projects in 2025, including the Southeast Gateway pipeline project.

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<sup>3</sup> Debt-to-EBITDA is a non-GAAP ratio. Adjusted debt and adjusted comparable EBITDA are non-GAAP measures used to calculate debt-to-EBITDA. For more information on non-GAAP measures, refer to the non-GAAP measures of this news release. These measures do not have any standardized meaning under GAAP and therefore are unlikely to be comparable to similar measures presented by other companies.

With continued strong performance, revised lower capital expenditures outlook, synergies realized through efficiency and integration measures, and an approximate \$7.6 billion reduction in long-term debt with the proceeds from \$1.6 billion of asset sales transacted and the debt issuance by South Bow Corporation along with other sources, we are on track towards our year end debt-to-EBITDA target of 4.75 times. Further, we remain committed to staying within our \$6 to \$7 billion annual net capital expenditure limit, with a bias to the lower end, in 2025 and beyond. This will allow TC Energy to continue to organically grow comparable EBITDA to support our three to five per cent dividend growth target and further reduce leverage over time.

**TC Energy's pure-play natural gas and power infrastructure assets** are strategically positioned to capture opportunities supported by strong secular demand trends that provide high-quality investment visibility through the end of the decade. Our continental footprint and disciplined capital allocation means we will have the ability to evaluate a vast opportunity set and select those projects that deliver the highest value.

### Teleconference and Webcast

We will hold a teleconference and webcast on Thursday, November 7, 2024 at 6:30 a.m. (MST) / 8:30 a.m. (EST) to discuss our third quarter 2024 financial results and Company developments. Presenters will include François Poirier, President and Chief Executive Officer; Sean O'Donnell, Executive Vice-President and Chief Financial Officer; and other members of the executive leadership team.

Members of the investment community and other interested parties are invited to participate by calling **1-844-763-8274 (Canada/U.S.) or 1-647-484-8814 (International)**. No passcode is required. Please dial in 15 minutes prior to the start of the call. Alternatively, participants may pre-register for the call [here](#). Upon registering, you will receive a calendar booking by email with dial in details and a unique PIN. This process will bypass the operator and avoid the queue. Registration will remain open until the end of the conference call.

A live webcast of the teleconference will be available on TC Energy's website at [TC Energy — Events and presentations](#) or via the following URL: <https://www.gowebcasting.com/13687>. The webcast will be available for replay following the meeting.

A replay of the teleconference will be available two hours after the conclusion of the call until midnight EST on November 14, 2024. Please call 1-855-669-9658 (Canada/U.S.) or 1-412-317-0088 (International) and enter passcode 8801413#.

**The unaudited interim Condensed consolidated financial statements and Management's Discussion and Analysis (MD&A) are available on our website at [www.TCEnergy.com](http://www.TCEnergy.com) and will be filed today under TC Energy's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and with the U.S. Securities and Exchange Commission on EDGAR at [www.sec.gov](http://www.sec.gov).**

### About TC Energy

We're a team of 7,000+ energy problem solvers working to move, generate and store the energy North America relies on. Today, we're delivering solutions to the world's toughest energy challenges – from innovating to deliver the natural gas that feeds LNG to global markets, to working to reduce emissions from our assets, to partnering with our neighbours, customers and governments to build the energy system of the future. It's all part of how we continue to deliver sustainable returns for our investors and create value for communities.

TC Energy's common shares trade on the Toronto (TSX) and New York (NYSE) stock exchanges under the symbol TRP. To learn more, visit us at [www.TCEnergy.com](http://www.TCEnergy.com).

## Forward-Looking Information

This release contains certain information that is forward-looking and is subject to important risks and uncertainties and is based on certain key assumptions. Forward-looking statements are usually accompanied by words such as "anticipate", "expect", "believe", "may", "will", "should", "estimate" or other similar words. Forward-looking statements in this document may include, but are not limited to, statements on the progress of Coastal GasLink and Southeast Gateway, including mechanical completion, offshore installations and landfall construction and in-service dates and related expected capital expenditures, expected comparable EBITDA and comparable earnings per common share and targeted debt-to-EBITDA leverage metrics for 2024, and the sources thereof, expectations with respect to the Cedar Link project, including the financing thereof, expectations with respect to Bruce Power, expected approximate value of projects to be placed in-service in 2024 and 2025, expectations with respect to our strategic priorities, including our multi-year growth plan for the NGTL System, and the execution thereof, our sustainability commitments, expectations with respect to our asset divestiture program and our expected net capital expenditures, including timing. Our forward-looking information is subject to important risks and uncertainties and is based on certain key assumptions. Forward-looking statements and future-oriented financial information in this document are intended to provide TC Energy security holders and potential investors with information regarding TC Energy and its subsidiaries, including management's assessment of TC Energy's and its subsidiaries' future plans and financial outlook. All forward-looking statements reflect TC Energy's beliefs and assumptions based on information available at the time the statements were made and as such are not guarantees of future performance. As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information and should not use future-oriented information or financial outlooks for anything other than their intended purpose. We do not update our forward-looking information due to new information or future events, unless we are required to by law. For additional information on the assumptions made, and the risks and uncertainties which could cause actual results to differ from the anticipated results, refer to the most recent Quarterly Report to Shareholders and the 2023 Annual Report filed under TC Energy's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and with the U.S. Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov) and the "Forward-looking information" section of our Report on Sustainability and our GHG Emissions Reduction Plan which are available on our website at [www.TCEnergy.com](http://www.TCEnergy.com).

## Non-GAAP Measures

This release contains references to the following non-GAAP measures: comparable EBITDA, comparable earnings, comparable earnings per common share, comparable funds generated from operations and net capital expenditures. It also contains references to debt-to-EBITDA, a non-GAAP ratio, which is calculated using adjusted debt and adjusted comparable EBITDA, each of which are non-GAAP measures. These non-GAAP measures do not have any standardized meaning as prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. These non-GAAP measures are calculated by adjusting certain GAAP measures for specific items we believe are significant but not reflective of our underlying operations in the period. These comparable measures are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable except as otherwise described in the Condensed consolidated financial statements and MD&A. Refer to: (i) each business segment for a reconciliation of comparable EBITDA to segmented earnings (losses); (ii) Consolidated results section for reconciliations of comparable earnings and comparable earnings per common share to Net income attributable to common shares and Net income per common share, respectively; and (iii) Financial condition section for a reconciliation of comparable funds generated from operations to Net cash provided by operations. Refer to the Non-GAAP Measures section of the MD&A in our most recent quarterly report for more information about the non-GAAP measures we use. The MD&A is included with, and forms part of, this release. The MD&A can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under TC Energy's profile.

With respect to non-GAAP measures used in the calculation of debt-to-EBITDA, adjusted debt is defined as the sum of Reported total debt, including Notes payable, Long-term debt, Current portion of long-term debt and Junior subordinated notes, as reported on our Consolidated balance sheet as well as Operating lease liabilities recognized on our Consolidated balance sheet and 50 per cent of Preferred shares as reported on our Consolidated balance sheet due to the debt-like nature of their contractual and financial obligations, less Cash and cash equivalents as reported on our Consolidated balance sheet and 50 per cent of Junior subordinated notes as reported on our Consolidated balance sheet due to the equity-like nature of their contractual and financial obligations. Adjusted comparable EBITDA is calculated as comparable EBITDA excluding operating lease costs recorded in Plant operating costs and other in our Consolidated statement of income and adjusted for Distributions received in excess of (income) loss from equity investments as reported in our Consolidated statement of cash flows which we believe is more reflective of the cash flows available to TC Energy to service our debt and other long-term commitments. We believe that debt-to-EBITDA provides investors with useful information as it reflects our ability to service our debt and other long-term commitments. See the Reconciliation section for reconciliations of adjusted debt and adjusted comparable EBITDA for the years ended December 31, 2022 and 2023.

## Reconciliation

The following is a reconciliation of adjusted debt and adjusted comparable EBITDA<sup>i</sup>.

(millions of Canadian \$)	year ended December 31	
	2023	2022
<b>Reported total debt</b>	63,201	58,300
Management adjustments:		
Debt treatment of preferred shares <sup>ii</sup>	1,250	1,250
Equity treatment of junior subordinated notes <sup>iii</sup>	(5,144)	(5,248)
Cash and cash equivalents	(3,678)	(620)
Operating lease liabilities	459	433
<b>Adjusted debt</b>	<b>56,088</b>	<b>54,115</b>
Comparable EBITDA <sup>iv</sup>	10,988	9,901
Operating lease cost	118	106
Distributions received in excess of (income) loss from equity investments	(123)	(29)
<b>Adjusted Comparable EBITDA</b>	<b>10,983</b>	<b>9,978</b>
<b>Adjusted Debt/Adjusted Comparable EBITDA<sup>i</sup></b>	<b>5.1</b>	<b>5.4</b>

i Adjusted debt and adjusted comparable EBITDA are non-GAAP measures. The calculations are based on management methodology. Individual rating agency calculations will differ.

ii 50 per cent debt treatment on \$2.5 billion of preferred shares as of December 31, 2023.

iii 50 per cent equity treatment on \$10.3 billion of junior subordinated notes as of December 31, 2023. U.S. dollar-denominated notes translated at December 31, 2023, U.S./Canada foreign exchange rate of 1.32.

iv Comparable EBITDA is a non-GAAP financial measure. See the Forward-looking information and Non-GAAP measures sections for more information.

### Media Inquiries:

Media Relations

media@tcenergy.com

403.920.7859 or 800.608.7859

### Investor & Analyst Inquiries:

Gavin Wylie / Hunter Mau

investor\_relations@tcenergy.com

403.920.7911 or 800.361.6522

# Quarterly report to shareholders

## Third quarter 2024

### Financial highlights

(millions of \$, except per share amounts)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Income</b>				
Revenues	<b>4,083</b>	3,940	<b>12,411</b>	11,698
Net income (loss) attributable to common shares	<b>1,457</b>	(197)	<b>3,623</b>	1,366
per common share – basic	<b>\$1.40</b>	(\$0.19)	<b>\$3.49</b>	\$1.33
Comparable EBITDA <sup>1</sup>	<b>2,791</b>	2,632	<b>8,575</b>	7,881
Comparable earnings	<b>1,074</b>	1,035	<b>3,336</b>	3,249
per common share	<b>\$1.03</b>	\$1.00	<b>\$3.21</b>	\$3.16
<b>Cash flows</b>				
Net cash provided by operations	<b>1,915</b>	1,824	<b>5,612</b>	5,408
Comparable funds generated from operations	<b>1,915</b>	1,755	<b>6,225</b>	5,575
Capital spending <sup>2</sup>	<b>2,109</b>	3,289	<b>5,597</b>	9,313
Acquisitions, net of cash acquired	—	—	—	(302)
<b>Dividends declared</b>				
per common share	<b>\$0.96</b>	\$0.93	<b>\$2.88</b>	\$2.79
<b>Basic common shares outstanding</b> (millions)				
– weighted average for the period	<b>1,038</b>	1,035	<b>1,038</b>	1,028
– issued and outstanding at end of period	<b>1,038</b>	1,037	<b>1,038</b>	1,037

1 Additional information on Segmented earnings (losses), the most directly comparable GAAP measure, can be found in the Consolidated results section.

2 Capital spending reflects cash flows associated with our Capital expenditures, Capital projects in development and Contributions to equity investments. Refer to Note 4, Segmented information, of our Condensed consolidated financial statements for additional information.



## Management's discussion and analysis

November 6, 2024

This management's discussion and analysis (MD&A) contains information to help the reader make investment decisions about TC Energy Corporation (TC Energy). It discusses our business, operations, financial position, risks and other factors for the three and nine months ended September 30, 2024 and should be read with the accompanying unaudited Condensed consolidated financial statements for the three and nine months ended September 30, 2024, which have been prepared in accordance with U.S. GAAP.

This MD&A should also be read in conjunction with our December 31, 2023 audited Consolidated financial statements and notes and the MD&A in our 2023 Annual Report. Capitalized and abbreviated terms that are used but not otherwise defined herein are defined in our 2023 Annual Report. Certain comparative figures have been adjusted to reflect the current period's presentation.

### FORWARD-LOOKING INFORMATION

We disclose forward-looking information to help the reader understand management's assessment of our future plans and financial outlook and our future prospects overall.

Statements that are **forward looking** are based on certain assumptions and on what we know and expect today and generally include words like **anticipate, expect, believe, may, will, should, estimate** or other similar words.

Forward-looking statements in this MD&A include information about the following, among other things:

- our financial and operational performance, including the performance of our subsidiaries
- expectations about strategies and goals for growth and expansion, including acquisitions
- expected cash flows and future financing options available along with portfolio management
- expectations regarding the size, structure, timing, conditions and outcome of ongoing and future transactions, including our asset divestiture program
- expected dividend growth
- expected access to and cost of capital
- expected energy demand levels
- expected costs and schedules for planned projects, including projects under construction and in development
- expected capital expenditures, contractual obligations, commitments and contingent liabilities, including environmental remediation costs
- expected regulatory processes and outcomes
- statements related to our GHG emissions reduction goals
- expected outcomes with respect to legal proceedings, including arbitration and insurance claims
- expected impact of future tax and accounting changes
- commitments and targets contained in our Report on Sustainability and GHG Emissions Reduction Plan
- expected industry, market and economic conditions, including their impact on our customers and suppliers.

Forward-looking statements do not guarantee future performance. Actual events and results could be significantly different because of assumptions, risks or uncertainties related to our business or events that happen after the date of this MD&A.

Our forward-looking information is based on the following key assumptions and subject to the following risks and uncertainties:

### Assumptions

- realization of expected benefits from acquisitions, divestitures, the spinoff of our Liquids Pipelines business (the spinoff Transaction) and energy transition
- regulatory decisions and outcomes
- planned and unplanned outages and the use of our pipelines, power and storage assets
- integrity and reliability of our assets
- anticipated construction costs, schedules and completion dates
- access to capital markets, including portfolio management
- expected industry, market and economic conditions, including the impact of these on our customers and suppliers
- inflation rates, commodity and labour prices
- interest, tax and foreign exchange rates
- nature and scope of hedging.

### Risks and uncertainties

- realization of expected benefits from acquisitions, divestitures, the spinoff Transaction and energy transition
- our ability to successfully implement our strategic priorities, including the Focus Project, and whether they will yield the expected benefits
- our ability to implement a capital allocation strategy aligned with maximizing shareholder value
- operating performance of our pipelines, power generation and storage assets
- amount of capacity sold and rates achieved in our pipeline businesses
- amount of capacity payments and revenues from power generation assets due to plant availability
- production levels within supply basins
- construction and completion of capital projects
- cost, availability of, and inflationary pressures on, labour, equipment and materials
- availability and market prices of commodities
- access to capital markets on competitive terms
- interest, tax and foreign exchange rates
- performance and credit risk of our counterparties
- regulatory decisions and outcomes of legal proceedings, including arbitration and insurance claims
- our ability to effectively anticipate and assess changes to government policies and regulations, including those related to the environment
- our ability to realize the value of tangible assets and contractual recoveries
- competition in the businesses in which we operate
- unexpected or unusual weather
- acts of civil disobedience
- cybersecurity and technological developments
- sustainability-related risks
- impact of energy transition on our business
- economic conditions in North America, as well as globally
- global health crises, such as pandemics and epidemics, and the impacts related thereto.

You can read more about these factors and others in this MD&A and in other reports we have filed with Canadian securities regulators and the SEC, including the MD&A in our 2023 Annual Report.

As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information and should not use future-oriented information or financial outlooks for anything other than their intended purpose. We do not update our forward-looking statements due to new information or future events unless we are required to by law.

## FOR MORE INFORMATION

You can find more information about TC Energy in our Annual Information Form and other disclosure documents, which are available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

## NON-GAAP MEASURES

This MD&A references the following non-GAAP measures:

- comparable EBITDA
- comparable EBIT
- comparable earnings
- comparable earnings per common share
- funds generated from operations
- comparable funds generated from operations
- net capital expenditures.

These measures do not have any standardized meaning as prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. Discussions throughout this MD&A on the factors impacting comparable earnings are consistent with the factors that impact net income (loss) attributable to common shares, except where noted otherwise. Discussions throughout this MD&A on the factors impacting comparable earnings before interest, taxes, depreciation and amortization (comparable EBITDA) and comparable earnings before interest and taxes (comparable EBIT) are consistent with the factors that impact segmented earnings, except where noted otherwise.

## Comparable measures

We calculate comparable measures by adjusting certain GAAP measures for specific items we believe are significant but not reflective of our underlying operations in the period. Except as otherwise described herein, these comparable measures are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable.

Our decision to adjust for a specific item in reporting comparable measures is subjective and made after careful consideration.

We adjust for the following specific items:

- gains or losses on sales of assets or assets held for sale
- valuation allowances and adjustments resulting from changes in legislation and enacted tax rates
- legal, contractual, bankruptcy and other settlements, including non-recurring third-party settlements
- impairment of goodwill, plant, property and equipment, equity investments and other assets
- acquisition, integration and restructuring costs, including costs related to our Focus Project, the spinoff Transaction and the ownership transfer of the NGTL System from Nova Gas Transmission Ltd. (NGTL Ltd.) to NGTL GP Ltd. (NGTL GP) on behalf of NGTL Limited Partnership (NGTL LP) (NGTL System Ownership Transfer)
- unrealized fair value adjustments related to Bruce Power's risk management activities and its funds invested for post-retirement benefits
- unrealized gains and losses from changes in the fair value of derivatives related to financial and commodity price risk management activities.

We exclude from comparable measures the unrealized gains and losses from changes in the fair value of derivatives related to financial and commodity price risk management activities. These derivatives generally provide effective economic hedges but do not meet the criteria for hedge accounting. The changes in fair value, including our proportionate share of changes in fair value related to Bruce Power are recorded in net income. As these amounts do not accurately reflect the gains and losses that will be realized at settlement, we do not consider them reflective of our underlying operations.

In third quarter 2023, we announced plans to separate into two independent, investment-grade, publicly listed companies through the spinoff Transaction, which was completed on October 1, 2024. A separation management office was established to guide the successful coordination and governance between the two entities, including the development of a separation agreement and transition services agreement. Liquids Pipelines business separation costs related to the spinoff Transaction include internal costs related to separation activities; legal, tax, audit and other consulting fees, and net financial charges related to debt issued and held in escrow, which are recognized in the results of our Liquids Pipelines and Corporate segments. These items have been excluded from comparable measures as we do not consider them reflective of our ongoing underlying operations.

TransCanada PipeLines Limited (TCPL) and Transportadora de Gas Natural de la Huasteca (TGNH) are party to an unsecured revolving credit facility. The loan receivable and loan payable are eliminated upon consolidation; however, due to differences in the currency that each entity reports its financial results, there is an impact to net income reflecting the revaluation and translation of the loan receivable and payable to TC Energy's reporting currency. As the amounts do not accurately reflect what will be realized at settlement, we exclude from comparable measures the unrealized foreign exchange gains and losses on the loan receivable, as well as the corresponding unrealized foreign exchange gains and losses on the loan payable, net of non-controlling interest.

In 2023, we accrued an amount for environmental remediation costs related to the Milepost 14 incident. A portion of these insurance proceeds were collected from our wholly-owned captive insurance subsidiary, which resulted in an impact to net income in the consolidated financial results of TC Energy in second quarter 2023. This amount has been excluded from comparable measures as it is not reflective of our ongoing underlying operations.

In 2022, TGNH and the CFE executed agreements which consolidate a number of operating and in-development natural gas pipelines in central and southeast Mexico under one TSA. As this TSA contains a lease, we have recognized amounts in net investment in leases on our Condensed consolidated balance sheet. In accordance with the requirements of U.S. GAAP, we have recognized an expected credit loss provision related to net investment in leases and certain contract assets in Mexico. The amount of this provision will fluctuate from period to period based on changing economic assumptions and forward-looking information. The provision is an estimate of losses that may occur over the duration of the TSA through 2055. As this provision, as well as a provision related to certain contract assets in Mexico, do not reflect losses or cash outflows that were incurred under this lease arrangement in the current period or from our underlying operations, we have excluded any unrealized changes, net of non-controlling interest, from comparable measures.

The following table identifies our non-GAAP measures against their most directly comparable GAAP measures:

Comparable measure	GAAP measure
comparable EBITDA	segmented earnings (losses)
comparable EBIT	segmented earnings (losses)
comparable earnings	net income (loss) attributable to common shares
comparable earnings per common share	net income (loss) per common share
funds generated from operations	net cash provided by operations
comparable funds generated from operations	net cash provided by operations
net capital expenditures	capital expenditures

Quantitative reconciliations of our comparable measures to their GAAP measures are found throughout this MD&A.

### **Comparable EBITDA and comparable EBIT**

Comparable EBITDA represents segmented earnings (losses) adjusted for specific items described in the Comparable measures section above, excluding charges for depreciation and amortization. We use comparable EBITDA as a measure of our earnings from ongoing operations as it is a useful indicator of our performance and is also presented on a consolidated basis. Comparable EBIT represents segmented earnings (losses) adjusted for specific items and is an effective tool for evaluating trends in each segment. Refer to each business segment for a reconciliation to segmented earnings (losses).

### **Comparable earnings and comparable earnings per common share**

Comparable earnings represents earnings attributable to common shareholders on a consolidated basis, adjusted for specific items described in the Comparable measures section above. Comparable earnings is comprised of segmented earnings (losses), Interest expense, AFUDC, Foreign exchange (gains) losses, net, Interest income and other, Income tax expense (recovery), Net income (loss) attributable to non-controlling interests and Preferred share dividends on our Condensed consolidated statement of income, adjusted for specific items. Refer to the Consolidated results section for reconciliations to Net income (loss) attributable to common shares and Net income (loss) per common share.

### **Funds generated from operations and comparable funds generated from operations**

Funds generated from operations reflects net cash provided by operations before changes in operating working capital. The components of changes in working capital are disclosed in our 2023 Consolidated financial statements. We believe funds generated from operations is a useful measure of our consolidated operating cash flows because it excludes fluctuations from working capital balances, which do not necessarily reflect underlying operations in the same period, and is used to provide a consistent measure of the cash-generating ability of our businesses. Comparable funds generated from operations is adjusted for the cash impact of specific items described in the Comparable measures section above. Refer to the Financial condition section for a reconciliation to Net cash provided by operations.

### **Net capital expenditures**

Net capital expenditures represents capital expenditures, including growth projects, maintenance capital expenditures, contributions to equity investments, and projects under development, adjusted for the portion attributed to non-controlling interests in the entities we control. We use net capital expenditures as we believe it is a useful measure of our cash flow used for capital reinvestment.

## Consolidated results

(millions of \$, except per share amounts)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
Canadian Natural Gas Pipelines	495	(799)	1,510	(782)
U.S. Natural Gas Pipelines	1,330	782	3,135	2,576
Mexico Natural Gas Pipelines	237	210	715	646
Liquids Pipelines	240	253	826	702
Power and Energy Solutions	354	234	826	741
Corporate	(37)	(36)	(121)	(74)
<b>Total segmented earnings (losses)</b>	<b>2,619</b>	<b>644</b>	<b>6,891</b>	<b>3,809</b>
Interest expense	(878)	(865)	(2,558)	(2,418)
Allowance for funds used during construction	210	164	551	443
Foreign exchange gains (losses), net	(38)	(45)	(78)	231
Interest income and other	89	63	235	121
<b>Income (loss) before income taxes</b>	<b>2,002</b>	<b>(39)</b>	<b>5,041</b>	<b>2,186</b>
Income tax (expense) recovery	(351)	(134)	(844)	(733)
<b>Net income (loss)</b>	<b>1,651</b>	<b>(173)</b>	<b>4,197</b>	<b>1,453</b>
Net (income) loss attributable to non-controlling interests	(168)	(1)	(498)	(18)
<b>Net income (loss) attributable to controlling interests</b>	<b>1,483</b>	<b>(174)</b>	<b>3,699</b>	<b>1,435</b>
Preferred share dividends	(26)	(23)	(76)	(69)
<b>Net income (loss) attributable to common shares</b>	<b>1,457</b>	<b>(197)</b>	<b>3,623</b>	<b>1,366</b>
<b>Net income (loss) per common share – basic</b>	<b>\$1.40</b>	<b>(\$0.19)</b>	<b>\$3.49</b>	<b>\$1.33</b>

Net income (loss) attributable to common shares increased by \$1,654 million or \$1.59 per common share and \$2,257 million or \$2.16 per common share for the three and nine months ended September 30, 2024 compared to the same periods in 2023. The following specific items were recognized in Net income (loss) attributable to common shares and were excluded from comparable earnings:

### 2024 results

- an after-tax gain of \$456 million for the three and nine months ended September 30, 2024 related to the sale of Portland Natural Gas Transmission System (PNGTS) which was completed on August 15, 2024
- an after-tax gain of \$63 million in second quarter 2024 related to the sale of non-core assets in U.S. Natural Gas Pipelines and Canadian Natural Gas Pipelines
- a \$4 million after-tax expense and a \$13 million after-tax recovery for the three and nine months ended September 30, 2024 on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico, net of non-controlling interest
- an after-tax charge of \$56 million and \$95 million for the three and nine months ended September 30, 2024 due to Liquids Pipelines business separation costs related to the spinoff Transaction
- after-tax costs of \$42 million for the nine months ended September 30, 2024 related to the NGTL System Ownership Transfer
- an after-tax expense of \$26 million related to a non-recurring third-party settlement in first quarter 2024
- a \$16 million after-tax expense for the three and nine months ended September 30, 2024 related to Keystone XL asset disposition and termination activities

- a \$12 million after-tax charge for the three and nine months ended September 30, 2024 related to the FERC Administrative Law Judge decision on Keystone in respect of a tolling-related complaint pertaining to amounts recognized in prior periods
- a \$3 million and \$11 million after-tax expense for the three and nine months ended September 30, 2024 related to Focus Project costs
- after-tax unrealized foreign exchange losses, net, of \$52 million and nil for the three and nine months ended September 30, 2024 on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest.

#### **2023 results**

- an after-tax impairment charge of \$1,179 million and \$2,017 million for the three and nine months ended September 30, 2023 related to our equity investment in Coastal GasLink Pipeline Limited Partnership (Coastal GasLink LP)
- a \$48 million after-tax charge as a result of the FERC Administrative Law Judge initial decision on Keystone issued in February 2023 in respect of a tolling-related complaint pertaining to amounts recognized in prior periods, which consists of a one-time, pre-tax charge of \$57 million and accrued pre-tax carrying charges of \$5 million
- a \$14 million and \$39 million after-tax expense for the three and nine months ended September 30, 2023 related to Focus Project costs
- a \$36 million after-tax accrued insurance expense recorded in second quarter 2023 related to the Milepost 14 incident
- an \$11 million after-tax expense due to Liquids Pipelines business separation costs incurred in third quarter 2023 related to the spinoff Transaction
- preservation and other costs for Keystone XL pipeline project assets of \$2 million and \$10 million after tax for the three and nine months ended September 30, 2023
- after-tax unrealized foreign exchange gains, net, of \$20 million and \$11 million for the three and nine months ended September 30, 2023 on the peso-denominated intercompany loan between TCPL and TGNH
- an \$80 million after-tax recovery for the nine months ended September 30, 2023 on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico.

Net income in both periods included unrealized gains and losses on our proportionate share of Bruce Power's fair value adjustment on funds invested for post-retirement benefits and derivatives related to its risk management activities, as well as unrealized gains and losses from changes in our risk management activities, all of which we exclude along with the above noted items, to arrive at comparable earnings. A reconciliation of Net income (loss) attributable to common shares to comparable earnings is shown in the following table.

## RECONCILIATION OF NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHARES TO COMPARABLE EARNINGS

(millions of \$, except per share amounts)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Net income (loss) attributable to common shares</b>	<b>1,457</b>	<b>(197)</b>	<b>3,623</b>	<b>1,366</b>
<b>Specific items (net of tax):</b>				
(Gain) loss on sale of PNGTS	(456)	—	(456)	—
(Gain) loss on sale of non-core assets	—	—	(63)	—
Expected credit loss provision on net investment in leases and certain contract assets in Mexico	4	—	(13)	(80)
Liquids Pipelines business separation costs	56	11	95	11
NGTL System ownership transfer costs	—	—	42	—
Third-party settlement	—	—	26	—
Keystone XL asset impairment charge and other	16	—	16	—
Keystone regulatory decisions	12	—	12	48
Focus Project costs	3	14	11	39
Foreign exchange (gains) losses, net – intercompany loan	52	(20)	—	(11)
Coastal GasLink impairment charge	—	1,179	—	2,017
Milepost 14 insurance expense	—	—	—	36
Keystone XL preservation and other	—	2	—	10
Bruce Power unrealized fair value adjustments	(6)	6	(5)	—
Risk management activities <sup>1</sup>	(64)	40	48	(187)
<b>Comparable earnings</b>	<b>1,074</b>	<b>1,035</b>	<b>3,336</b>	<b>3,249</b>
<b>Net income (loss) per common share</b>	<b>\$1.40</b>	<b>(\$0.19)</b>	<b>\$3.49</b>	<b>\$1.33</b>
<b>Specific items (net of tax):</b>				
(Gain) loss on sale of PNGTS	(0.44)	—	(0.44)	—
(Gain) loss on sale of non-core assets	—	—	(0.06)	—
Expected credit loss provision on net investment in leases and certain contract assets in Mexico	0.01	—	(0.01)	(0.08)
Liquids Pipelines business separation costs	0.05	0.01	0.09	0.01
NGTL System ownership transfer costs	—	—	0.04	—
Third-party settlement	—	—	0.03	—
Keystone XL asset impairment charge and other	0.01	—	0.01	—
Keystone regulatory decisions	0.01	—	0.01	0.05
Focus Project costs	—	0.01	0.01	0.04
Foreign exchange (gains) losses, net – intercompany loan	0.05	(0.02)	—	(0.01)
Coastal GasLink impairment charge	—	1.14	—	1.96
Milepost 14 insurance expense	—	—	—	0.03
Keystone XL preservation and other	—	—	—	0.01
Bruce Power unrealized fair value adjustments	—	0.01	—	—
Risk management activities	(0.06)	0.04	0.04	(0.18)
<b>Comparable earnings per common share</b>	<b>\$1.03</b>	<b>\$1.00</b>	<b>\$3.21</b>	<b>\$3.16</b>



1 Risk management activities (millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
U.S. Natural Gas Pipelines	(13)	36	(76)	109
Liquids Pipelines	31	(59)	67	(54)
Canadian Power	7	(4)	67	(25)
U.S. Power	3	4	(8)	5
Natural Gas Storage	33	12	(37)	73
Foreign exchange	24	(40)	(78)	142
Income tax attributable to risk management activities	(21)	11	17	(63)
<b>Total unrealized gains (losses) from risk management activities</b>	<b>64</b>	<b>(40)</b>	<b>(48)</b>	<b>187</b>

## COMPARABLE EBITDA TO COMPARABLE EARNINGS

Comparable EBITDA represents segmented earnings (losses) adjusted for the specific items described above and excludes charges for depreciation and amortization. For further information on our reconciliation of comparable EBITDA to segmented earnings (losses) refer to the financial results section for each business segment.

(millions of \$, except per share amounts)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Comparable EBITDA</b>				
Canadian Natural Gas Pipelines	845	781	2,537	2,301
U.S. Natural Gas Pipelines	1,002	968	3,311	3,160
Mexico Natural Gas Pipelines	265	232	765	597
Liquids Pipelines	360	398	1,095	1,078
Power and Energy Solutions	326	256	873	754
Corporate	(7)	(3)	(6)	(9)
<b>Comparable EBITDA</b>	<b>2,791</b>	<b>2,632</b>	<b>8,575</b>	<b>7,881</b>
Depreciation and amortization	(713)	(690)	(2,149)	(2,061)
Interest expense included in comparable earnings	(836)	(865)	(2,516)	(2,413)
Allowance for funds used during construction	210	164	551	443
Foreign exchange gains (losses), net included in comparable earnings	(33)	(25)	(41)	78
Interest income and other included in comparable earnings	61	63	207	157
Income tax (expense) recovery included in comparable earnings	(235)	(220)	(758)	(749)
Net (income) loss attributable to non-controlling interests included in comparable earnings	(145)	(1)	(457)	(18)
Preferred share dividends	(26)	(23)	(76)	(69)
<b>Comparable earnings</b>	<b>1,074</b>	<b>1,035</b>	<b>3,336</b>	<b>3,249</b>
<b>Comparable earnings per common share</b>	<b>\$1.03</b>	<b>\$1.00</b>	<b>\$3.21</b>	<b>\$3.16</b>

### Comparable EBITDA – 2024 versus 2023

Comparable EBITDA increased by \$159 million for the three months ended September 30, 2024 compared to the same period in 2023 primarily due to the net effect of the following:

- increased Power and Energy Solutions EBITDA mainly attributable to higher contributions from Bruce Power due to increased generation and a higher contract price, partially offset by lower realized power prices, net of lower natural gas fuel costs in Canadian Power and increased business development costs
- increased EBITDA in Canadian Natural Gas Pipelines mainly due to higher flow-through costs and increased rate-base earnings on the NGTL System and Foothills
- increased U.S. dollar-denominated EBITDA from Mexico Natural Gas Pipelines primarily due to higher equity earnings from Sur de Texas as a result of the impact of peso-denominated financial exposure and lower income tax expense, as well as incremental earnings from the lateral section of the Villa de Reyes pipeline which was placed in service in August 2023
- increased U.S. dollar-denominated EBITDA from U.S. Natural Gas Pipelines as a result of incremental earnings from projects placed in service, additional contract sales and increased equity earnings, partially offset by higher operational costs and decreased earnings as a result of the sale of PNGTS, which was completed on August 15, 2024
- decreased EBITDA from Liquids Pipelines primarily due to lower margins from liquids marketing activities, partially offset by higher volumes on the U.S. Gulf Coast section of the Keystone Pipeline System
- the positive foreign exchange impact of a stronger U.S. dollar on the Canadian dollar equivalent comparable EBITDA in our U.S. dollar-denominated operations. U.S. dollar-denominated comparable EBITDA decreased by US\$2 million compared to 2023 and was translated at a rate of 1.36 in 2024 versus 1.34 in 2023. Refer to the Foreign exchange section for additional information.

Comparable EBITDA increased by \$694 million for the nine months ended September 30, 2024 compared to the same period in 2023 primarily due to the net effect of the following:

- increased EBITDA in Canadian Natural Gas Pipelines mainly due to higher flow-through costs and increased rate-base earnings on the NGTL System and Foothills
- increased U.S. dollar-denominated EBITDA from Mexico Natural Gas Pipelines primarily due to higher equity earnings from Sur de Texas as a result of the impact of peso-denominated financial exposure and lower income tax expense, as well as incremental earnings from the lateral section of the Villa de Reyes pipeline which was placed in service in third quarter 2023
- increased Power and Energy Solutions EBITDA mainly attributable to increased contributions from Bruce Power due to a higher contract price and increased generation, partially offset by increased operating and depreciation costs; higher realized Alberta natural gas storage spreads and higher contributions from our U.S. marketing business, partially offset by lower realized power prices, net of lower natural gas fuel costs in Canadian Power and increased business development costs
- increased U.S. dollar-denominated EBITDA from U.S. Natural Gas Pipelines as a result of incremental earnings from projects placed in service, additional contract sales and increased equity earnings, partially offset by higher operational costs and decreased earnings as a result of the sale of PNGTS, which was completed on August 15, 2024
- increased EBITDA from Liquids Pipelines primarily due to higher volumes on the Keystone Pipeline System, partially offset by lower margins from liquids marketing activities
- the positive foreign exchange impact of a stronger U.S. dollar on the Canadian dollar equivalent comparable EBITDA in our U.S. dollar-denominated operations. U.S. dollar-denominated comparable EBITDA increased by US\$204 million compared to 2023 which was translated at a rate of 1.36 in 2024 versus 1.35 in 2023. Refer to the Foreign exchange section for additional information.

Due to the flow-through treatment of certain costs including income taxes, financial charges and depreciation in our Canadian rate-regulated pipelines, changes in these costs impact our comparable EBITDA despite having no significant effect on net income.

### Comparable earnings – 2024 versus 2023

Comparable earnings increased by \$39 million or \$0.03 per common share for the three months ended September 30, 2024 compared to the same period in 2023 and was primarily the net effect of:

- changes in comparable EBITDA described above
- higher net income attributable to non-controlling interests primarily due to the sale of a 40 per cent non-controlling equity interest in Columbia Gas Transmission, LLC (Columbia Gas) and Columbia Gulf Transmission, LLC (Columbia Gulf) in fourth quarter 2023 and the CFE's 13.01 per cent non-controlling equity interest in TGNH completed in second quarter 2024
- higher depreciation and amortization reflecting expansion facilities and new projects placed in service
- higher income tax expense due to higher earnings, net of non-controlling interests, and lower foreign income tax rate differentials, partially offset by the impact of our Mexico foreign exchange exposure
- the impact of hedging activities to manage our foreign exchange exposure to net liabilities in Mexico, partially offset by the revaluation of our peso-denominated net monetary liabilities to U.S. dollars and derivatives used to manage our net exposure to foreign exchange rate fluctuations on U.S. dollar-denominated income
- higher AFUDC primarily due to spending on the Southeast Gateway pipeline project, partially offset by projects placed in service
- lower interest expense primarily due to reduced levels of short-term borrowing and higher capitalized interest, partially offset by the foreign exchange impact from a stronger U.S. dollar on translation of U.S. dollar-denominated interest expense and long-term debt issuances, net of maturities.

Comparable earnings increased by \$87 million or \$0.05 per common share for the nine months ended September 30, 2024 compared to the same period in 2023 primarily due to the net effect of the following:

- changes in comparable EBITDA described above
- higher net income attributable to non-controlling interests primarily due to the sale of a 40 per cent non-controlling equity interest in Columbia Gas and Columbia Gulf in fourth quarter 2023 and the CFE's 13.01 per cent non-controlling equity interest in TGNH completed in second quarter 2024
- the impact of hedging activities to manage our foreign exchange exposure to net liabilities in Mexico, partially offset by the revaluation of our peso-denominated net monetary liabilities to U.S. dollars, derivatives used to manage our net exposure to foreign exchange rate fluctuations on U.S. dollar-denominated income and a net realized gain on the partial repayment of the peso-denominated intercompany loan between TCPL and TGNH
- higher interest expense primarily due to long-term debt issuances, net of maturities and the foreign exchange impact from a stronger U.S. dollar on translation of U.S. dollar-denominated interest expense, partially offset by reduced levels of short-term borrowing and higher capitalized interest
- higher depreciation and amortization reflecting expansion facilities and new projects placed in service, and the acquisitions of Fluvanna Wind Farm and Blue Cloud Wind Farm (Texas Wind Farms) in 2023
- higher income tax expense primarily due to lower foreign income tax rate differentials and higher earnings, net of non-controlling interests, largely offset by the impact of our Mexico foreign exchange exposure and lower flow-through income taxes
- higher AFUDC primarily due to spending on the Southeast Gateway pipeline project, partially offset by projects placed in service
- higher interest income and other due to higher interest earned on short-term investments.

Comparable earnings per common share for the three and nine months ended September 30, 2024 reflect the dilutive effect of common shares issued in 2023.

## Outlook

### Comparable EBITDA and comparable earnings

Our overall comparable EBITDA and comparable earnings per common share outlooks for 2024 remain consistent with our 2023 Annual Report and now include the impact of the spinoff of our Liquids Pipelines business into a separate, publicly traded entity.

We continue to monitor developments in energy markets, our construction projects and regulatory proceedings for any potential impacts on our 2024 comparable EBITDA and comparable earnings per common share.

### Consolidated capital expenditures

Our total capital expenditures for 2024 are now expected to be lower than the range outlined in our 2023 Annual Report as a result of advancing our capital program with continued focus on cost optimization. Prior to adjustments for non-controlling interests, we expect to incur gross capital expenditures of approximately \$8.1 to \$8.4 billion. We anticipate our net capital expenditures in 2024 to be approximately \$7.4 to \$7.7 billion after considering capital expenditures attributable to non-controlling interests of entities we control.

## Capital program

We are developing quality projects under our capital program. These long-life infrastructure assets are supported by long-term commercial arrangements with creditworthy counterparties and/or regulated business models that are expected to generate significant growth in earnings and cash flows. In addition, many of these projects are expected to advance our goals to reduce our own carbon footprint, as well as that of our customers.

Our capital program consists of approximately \$31 billion of secured projects that represent commercially supported, committed projects that are either under construction or are in, or preparing to, commence the permitting stage.

Three years of maintenance capital expenditures for our businesses are included in the Secured projects table. Maintenance capital expenditures on our regulated Canadian and U.S. natural gas pipelines are added to rate base on which we have the opportunity to earn a return and recover these expenditures through current or future tolls, which is similar to our capacity capital projects on these pipelines.

As of October 1, 2024, after the completion of the spinoff Transaction, the committed capital related to the Liquids Pipelines business is the responsibility of South Bow Corporation (South Bow) and will be removed from the Secured projects table in subsequent reporting periods. As at September 30, 2024, our capital program for our Liquids Pipelines business was approximately \$0.5 billion.

During the nine months ended September 30, 2024, we placed approximately \$1.2 billion of natural gas pipeline capacity projects into service along our extensive North American asset footprint. In addition, approximately \$1.6 billion of maintenance capital expenditures were incurred.

All projects are subject to cost and timing adjustments due to factors including weather, market conditions, route refinement, land acquisition, permitting conditions, scheduling and timing of regulatory permits, as well as other potential restrictions and uncertainties, including inflationary pressures on labour and materials. Amounts exclude capitalized interest and AFUDC, where applicable.

In addition to our secured projects, we are pursuing a portfolio of quality projects in various stages of development across each of our business units as discussed in our 2023 Annual Report. Projects under development have greater uncertainty with respect to timing and estimated project costs and are subject to corporate and regulatory approvals, unless otherwise noted. While each business segment also has additional areas of focus for further ongoing business development activities and growth opportunities, new opportunities will be assessed within our capital allocation framework in order to fit within our annual capital expenditure parameters. As these projects advance and reach necessary milestones they will be included in the Secured projects table below. Refer to the Recent developments section for updates to our secured projects and projects under development.

## Secured projects

Estimated and incurred project costs referred to in the following table include 100 per cent of the capital expenditures related to projects within entities that we own or partially own and fully consolidate, as well as our share of equity contributions to fund projects within our equity investments, primarily Coastal GasLink and Bruce Power.

(billions of \$)	Expected in-service date	Estimated project cost	Project costs incurred at September 30, 2024
<b>Canadian Natural Gas Pipelines</b>			
NGTL System	2024	0.7	0.6
	2025	0.1	—
	2026+	1.0	0.1
Coastal GasLink Pipeline <sup>1,2</sup>	2024/2028	5.5	4.8
Regulated maintenance capital expenditures	2024-2026	2.3	0.5
<b>U.S. Natural Gas Pipelines</b>			
Modernization and other <sup>3</sup>	2024-2026	US 1.5	US 1.1
Delivery market projects	2025	US 1.3	US 0.4
Heartland project	2027	US 0.9	—
Other capital	2024-2028	US 1.5	US 0.4
Regulated maintenance capital expenditures	2024-2026	US 2.5	US 0.7
<b>Mexico Natural Gas Pipelines</b>			
Villa de Reyes – south section <sup>4</sup>	—	US 0.4	US 0.3
Tula <sup>5</sup>	—	US 0.4	US 0.3
Southeast Gateway	2025	US 4.0	US 3.5
<b>Liquids Pipelines</b>			
Blackrod Connection project	2026	0.3	0.1
Recoverable maintenance capital expenditures	2024-2026	0.2	0.1
<b>Power and Energy Solutions</b>			
Bruce Power – Unit 3 MCR	2026	1.1	0.8
Bruce Power – Unit 4 MCR	2028	0.9	0.2
Bruce Power – life extension <sup>6</sup>	2024-2027	1.8	0.9
<b>Other</b>			
Non-recoverable maintenance capital expenditures <sup>7</sup>	2024-2026	0.5	0.1
		<b>26.9</b>	<b>14.9</b>
Foreign exchange impact on secured projects <sup>8</sup>		<b>4.4</b>	<b>2.3</b>
<b>Total secured projects (Cdn\$)</b>		<b>31.3</b>	<b>17.2</b>

- 1 Mechanical completion was achieved in November 2023. Commercial in-service of the Coastal GasLink pipeline will occur after completion of plant commissioning activities at the LNG Canada facility and upon receiving notice from LNG Canada. Refer to the Recent developments – Canadian Natural Gas Pipelines section for additional information.
- 2 The estimated project cost represents our share of anticipated partner equity contributions to the project, including approximately \$50 million for the Cedar Link project.
- 3 Includes 100 per cent of the capital expenditures related to our modernization program on Columbia Gas, as well as certain large-scope maintenance projects across our U.S. natural gas pipelines footprint due to their discrete nature and timing for regulatory recovery.
- 4 We are working with the CFE on completing the remaining section of the Villa de Reyes pipeline. The in-service date will be determined upon resolution of outstanding stakeholder issues. Refer to the Recent developments – Mexico Natural Gas Pipelines section for additional information.
- 5 Estimated project cost as per contracts signed in 2022 as part of the TGNH strategic alliance between TC Energy and the CFE. We continue to evaluate the development and completion of the Tula pipeline, with the CFE, subject to a future FID and updated cost estimate. Refer to the Recent developments – Mexico Natural Gas Pipelines section for additional information.
- 6 Reflects amounts to be invested under the Asset Management program, other life extension projects and the incremental uprate initiative.
- 7 Includes non-recoverable maintenance capital expenditures from all segments and are primarily related to our Power and Energy Solutions and other assets.
- 8 Reflects U.S./Canada foreign exchange rate of 1.35 at September 30, 2024.

## Canadian Natural Gas Pipelines

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
NGTL System	598	546	1,797	1,621
Canadian Mainline	193	199	576	578
Other Canadian pipelines <sup>1</sup>	54	36	164	102
<b>Comparable EBITDA</b>	<b>845</b>	<b>781</b>	<b>2,537</b>	<b>2,301</b>
Depreciation and amortization	(350)	(336)	(1,037)	(983)
<b>Comparable EBIT</b>	<b>495</b>	<b>445</b>	<b>1,500</b>	<b>1,318</b>
Specific items:				
Gain (loss) on sale of non-core assets	—	—	10	—
Coastal GasLink impairment charge	—	(1,244)	—	(2,100)
<b>Segmented earnings (losses)</b>	<b>495</b>	<b>(799)</b>	<b>1,510</b>	<b>(782)</b>

1 Includes results from Foothills, Ventures LP, Great Lakes Canada and our proportionate share of income related to investments in Trans Québec & Maritimes (TQM) and Coastal GasLink, as well as general and administrative and business development costs related to our Canadian Natural Gas Pipelines.

For the three months ended September 30, 2024, Canadian Natural Gas Pipelines segmented earnings were \$495 million compared to segmented losses of \$799 million for the same period in 2023. For the nine months ended September 30, 2024, Canadian Natural Gas Pipelines segmented earnings were \$1,510 million compared to segmented losses of \$782 million for the same period in 2023. These amounts included the following specific items which have been excluded from our calculation of comparable EBITDA and comparable EBIT:

- a pre-tax gain on the sale of a non-core asset of \$10 million in second quarter 2024
- a pre-tax impairment charge of \$1,244 million and \$2,100 million for the three and nine months ended September 30, 2023, respectively, related to our equity investment in Coastal GasLink LP. Refer to Note 6, Coastal GasLink, of our Condensed consolidated financial statements for additional information.

Net income and comparable EBITDA for our rate-regulated Canadian natural gas pipelines are primarily affected by our approved ROE, investment base, the level of deemed common equity and incentive earnings. Changes in depreciation, financial charges and income taxes also impact comparable EBITDA, but do not have a significant impact on net income as they are almost entirely recovered in revenues on a flow-through basis.

### NET INCOME AND AVERAGE INVESTMENT BASE

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Net income</b>				
NGTL System	193	191	585	572
Canadian Mainline	61	58	176	169
<b>Average investment base</b>				
NGTL System			19,342	18,843
Canadian Mainline			3,664	3,685

Net income for the NGTL System increased by \$2 million and \$13 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 mainly due to a higher average investment base resulting from continued system expansions. The NGTL System is operating under the 2020-2024 Revenue Requirement Settlement which includes an approved ROE of 10.1 per cent on 40 per cent deemed common equity. This settlement provides the NGTL System the opportunity to increase depreciation rates if tolls fall below specified levels and an incentive mechanism for certain operating costs where variances from projected amounts are shared with our customers.

Net income for the Canadian Mainline increased by \$3 million and \$7 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 mainly due to higher incentive earnings. The Canadian Mainline is operating under the 2021-2026 Mainline Settlement which includes an approved ROE of 10.1 per cent on 40 per cent deemed common equity and an incentive to decrease costs and increase revenues on the pipeline under a beneficial sharing mechanism with our customers.

### **COMPARABLE EBITDA**

Comparable EBITDA for Canadian Natural Gas Pipelines increased by \$64 million and \$236 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 due to the net effect of:

- higher flow-through income taxes, depreciation and financial charges, as well as higher rate-base earnings on the NGTL System due to continued system expansions
- higher flow-through income taxes, financial charges and depreciation, as well as higher rate-base earnings on Foothills primarily due to the NGTL System/Foothills West Path Delivery Program completed during 2023.

### **DEPRECIATION AND AMORTIZATION**

Depreciation and amortization increased by \$14 million and \$54 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023, primarily reflecting incremental depreciation on the NGTL System from expansion facilities that were placed in service.



## U.S. Natural Gas Pipelines

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of US\$, unless otherwise noted)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
Columbia Gas <sup>1</sup>	372	359	1,176	1,113
ANR	138	147	464	473
Columbia Gulf <sup>1</sup>	57	49	178	157
Great Lakes	38	38	148	123
GTN	44	54	138	154
Portland <sup>1,2</sup>	14	23	66	77
Other U.S. pipelines <sup>3</sup>	71	52	265	251
<b>Comparable EBITDA</b>	<b>734</b>	<b>722</b>	<b>2,435</b>	<b>2,348</b>
Depreciation and amortization	(169)	(167)	(522)	(516)
<b>Comparable EBIT</b>	<b>565</b>	<b>555</b>	<b>1,913</b>	<b>1,832</b>
Foreign exchange impact	206	191	688	635
<b>Comparable EBIT (Cdn\$)</b>	<b>771</b>	<b>746</b>	<b>2,601</b>	<b>2,467</b>
Specific items:				
Gain (loss) on sale of PNGTS	572	—	572	—
Gain (loss) on sale of non-core assets	—	—	38	—
Risk management activities	(13)	36	(76)	109
<b>Segmented earnings (losses) (Cdn\$)</b>	<b>1,330</b>	<b>782</b>	<b>3,135</b>	<b>2,576</b>

1 Includes non-controlling interest. Refer to the Corporate section for additional information.

2 The sale of PNGTS was completed on August 15, 2024. Refer to the Recent developments – U.S. Natural Gas Pipelines section for additional information.

3 Reflects comparable EBITDA from our ownership in our mineral rights business (CEVCO), North Baja, Gillis Access, Tuscarora, Bison, Crossroads and our share of equity income from Northern Border, Iroquois, Millennium and Hardy Storage, our U.S. natural gas marketing business, as well as general and administrative and business development costs related to our U.S. Natural Gas Pipelines.

U.S. Natural Gas Pipelines segmented earnings increased by \$548 million and \$559 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 and included the following specific items which have been excluded from our calculation of comparable EBITDA and comparable EBIT:

- a pre-tax gain of \$572 million related to the sale of PNGTS on August 15, 2024
- a pre-tax gain on the sale of a non-core asset of \$38 million in second quarter 2024
- unrealized gains and losses from changes in the fair value of derivatives related to our U.S. natural gas marketing business.

A stronger U.S. dollar for the three and nine months ended September 30, 2024 had a positive impact on the Canadian dollar equivalent segmented earnings from our U.S. dollar-denominated operations compared to the same periods in 2023. Refer to the Foreign exchange section for additional information.

Earnings from our U.S. Natural Gas Pipelines operations are generally affected by contracted volume levels, volumes delivered and the rates charged, as well as by the cost of providing services. Columbia Gas and ANR results are also affected by the contracting and pricing of their natural gas storage capacity and incidental commodity sales. Natural gas pipeline and storage volumes and revenues are generally higher in the winter months because of the seasonal nature of the business.

Comparable EBITDA for U.S. Natural Gas Pipelines increased by US\$12 million and US\$87 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 and was primarily due to the net effect of:

- incremental earnings from growth and modernization projects placed in service, as well as increased earnings from additional contract sales on ANR and Great Lakes
- increased equity earnings from Iroquois and Northern Border
- decreased earnings due to higher operational costs, reflective of increased system utilization across our footprint and higher property taxes from projects placed in service
- decreased earnings as a result of the sale of PNGTS, which was completed on August 15, 2024.

#### **DEPRECIATION AND AMORTIZATION**

Depreciation and amortization increased by US\$2 million and US\$6 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 due to new projects placed in service.

## Mexico Natural Gas Pipelines

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of US\$, unless otherwise noted)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
TGNH <sup>1,2</sup>	62	58	186	171
Topolobampo	40	40	118	119
Guadalajara	14	16	44	49
Mazatlán	17	21	51	54
Sur de Texas <sup>3</sup>	62	38	164	50
<b>Comparable EBITDA</b>	<b>195</b>	<b>173</b>	<b>563</b>	<b>443</b>
Depreciation and amortization	(17)	(17)	(51)	(50)
<b>Comparable EBIT</b>	<b>178</b>	<b>156</b>	<b>512</b>	<b>393</b>
Foreign exchange impact	64	53	184	137
<b>Comparable EBIT (Cdn\$)</b>	<b>242</b>	<b>209</b>	<b>696</b>	<b>530</b>
Specific item:				
Expected credit loss provision on net investment in leases and certain contract assets in Mexico <sup>2</sup>	(5)	1	19	116
<b>Segmented earnings (losses) (Cdn\$)</b>	<b>237</b>	<b>210</b>	<b>715</b>	<b>646</b>

1 TGNH includes the operating sections of the Tamazunchale, Villa de Reyes and Tula pipelines.

2 Includes non-controlling interest. Refer to the Corporate section for additional information.

3 Represents equity income from our 60 per cent interest and fees earned from the construction and operation of the pipeline.

Mexico Natural Gas Pipelines segmented earnings increased by \$27 million and \$69 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 and included an unrealized loss of \$5 million and an unrealized recovery of \$19 million, respectively (2023 – recovery of \$1 million and \$116 million, respectively), on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico, which has been excluded from our calculation of comparable EBITDA and comparable EBIT. Refer to Note 13, Risk management and financial instruments, of our Condensed consolidated financial statements for additional information.

A stronger U.S. dollar for the three and nine months ended September 30, 2024 had a positive impact on the Canadian dollar equivalent segmented earnings from our U.S. dollar-denominated operations in Mexico compared to the same periods in 2023. Refer to the Foreign exchange section for additional information.

Comparable EBITDA for Mexico Natural Gas Pipelines increased by US\$22 million and US\$120 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 due to the net effect of:

- higher equity earnings primarily due to the foreign exchange impacts on the revaluation of peso-denominated liabilities as a result of a weaker Mexican peso and lower income tax expense. We use foreign exchange derivatives to manage the peso-denominated exposure, the impact of which is recognized in Foreign exchange (gains) losses, net in the Condensed consolidated statement of income. Refer to the Foreign exchange section for additional information
- higher earnings in TGNH primarily related to the lateral section of the Villa de Reyes pipeline which was placed in commercial service in third quarter 2023.

### DEPRECIATION AND AMORTIZATION

Depreciation and amortization was generally consistent for the three and nine months ended September 30, 2024 compared to the same periods in 2023.

## Liquids Pipelines

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
Keystone Pipeline System	344	379	1,048	1,028
Intra-Alberta pipelines <sup>1</sup>	18	18	52	53
Other	(2)	1	(5)	(3)
<b>Comparable EBITDA</b>	<b>360</b>	<b>398</b>	<b>1,095</b>	<b>1,078</b>
Depreciation and amortization	(87)	(83)	(258)	(252)
<b>Comparable EBIT</b>	<b>273</b>	<b>315</b>	<b>837</b>	<b>826</b>
Specific items:				
Liquids Pipelines business separation costs	(28)	—	(42)	—
Keystone XL asset impairment charge and other	(21)	—	(21)	—
Keystone regulatory decisions	(15)	—	(15)	(57)
Keystone XL preservation and other	—	(3)	—	(13)
Risk management activities	31	(59)	67	(54)
<b>Segmented earnings (losses)</b>	<b>240</b>	<b>253</b>	<b>826</b>	<b>702</b>
<b>Comparable EBITDA denominated as follows:</b>				
Canadian dollars	100	97	294	282
U.S. dollars	190	226	589	592
Foreign exchange impact	70	75	212	204
<b>Comparable EBITDA</b>	<b>360</b>	<b>398</b>	<b>1,095</b>	<b>1,078</b>

1 Intra-Alberta pipelines include Grand Rapids and White Spruce.

Liquids Pipelines segmented earnings decreased by \$13 million and increased by \$124 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 and included the following specific items which have been excluded from our calculation of comparable EBITDA and comparable EBIT:

- a pre-tax charge of \$28 million and \$42 million for the three and nine months ended September 30, 2024 (2023 – nil) incurred due to Liquids Pipelines business separation costs related to the spinoff Transaction. Refer to the Recent developments – Liquids Pipelines section for additional information
- a \$21 million pre-tax expense for the three and nine months ended September 30, 2024 related to Keystone XL asset disposition and termination activities
- a pre-tax charge of \$15 million for the three and nine months ended September 30, 2024 (2023 – nil and \$57 million, respectively) as a result of the FERC Administrative Law Judge decision on Keystone in respect of a tolling-related complaint pertaining to amounts recognized in prior periods
- pre-tax preservation and other costs of \$3 million and \$13 million for the three and nine months ended September 30, 2023 related to the preservation and storage of the Keystone XL pipeline project assets
- unrealized gains and losses from changes in the fair value of derivatives related to our liquids marketing business.

A stronger U.S. dollar for the three and nine months ended September 30, 2024 had a positive impact on the Canadian dollar equivalent segmented earnings from our U.S. operations compared to the same periods in 2023. Refer to the Foreign exchange section for additional information.

Comparable EBITDA for Liquids Pipelines decreased by \$38 million and increased by \$17 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 primarily due to the net effect of:

- lower margins from liquids marketing activities due to the commencement of incremental WCSB egress capacity
- lower uncontracted volumes on the Keystone Pipeline System in third quarter 2024 compared to the same period in 2023
- higher uncontracted volumes for the nine months ended September 30, 2024 compared to the same period in 2023 as a result of Milepost 14 incident-related capacity impacts in 2023
- higher throughput on the U.S. Gulf Coast section of the Keystone Pipeline System driven by an increase in contracted volumes.

#### **DEPRECIATION AND AMORTIZATION**

Depreciation and amortization increased by \$4 million and \$6 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 primarily as a result of a stronger U.S. dollar.

## Power and Energy Solutions

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
Bruce Power <sup>1</sup>	282	178	613	512
Canadian Power	51	74	219	256
Natural Gas Storage and other <sup>2</sup>	(7)	4	41	(14)
<b>Comparable EBITDA</b>	<b>326</b>	<b>256</b>	<b>873</b>	<b>754</b>
Depreciation and amortization	(22)	(26)	(75)	(66)
<b>Comparable EBIT</b>	<b>304</b>	<b>230</b>	<b>798</b>	<b>688</b>
Specific items:				
Bruce Power unrealized fair value adjustments	7	(8)	6	—
Risk management activities	43	12	22	53
<b>Segmented earnings (losses)</b>	<b>354</b>	<b>234</b>	<b>826</b>	<b>741</b>

1 Represents our share of equity income from Bruce Power.

2 Includes non-controlling interest in the Texas Wind Farms, which is comprised of Class A Membership Interests. Refer to the Corporate section for additional information.

Power and Energy Solutions segmented earnings increased by \$120 million and \$85 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 and included the following specific items which have been excluded from our calculation of comparable EBITDA and comparable EBIT:

- our proportionate share of Bruce Power's unrealized gains and losses on funds invested for post-retirement benefits and risk management activities
- unrealized gains and losses from changes in the fair value of derivatives used to reduce commodity exposures.

Comparable EBITDA for Power and Energy Solutions increased by \$70 million and \$119 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 primarily due to the net effect of:

- improved contributions from Bruce Power primarily due to a higher contract price and increased generation, partially offset by increased operating and depreciation costs. Refer to the Bruce Power section for additional information
- decreased Canadian Power financial results primarily from lower realized power prices, net of lower natural gas fuel costs, partially offset by higher contributions from trading activities in second quarter 2024
- decreased Natural Gas Storage and other results for the three months ended September 30, 2024 primarily due to increased business development costs. Increased financial results for the nine months ended September 30, 2024 were the result of higher realized Alberta natural gas storage spreads and higher contributions from our U.S. marketing business, partially offset by increased business development costs.

### DEPRECIATION AND AMORTIZATION

Depreciation and amortization decreased by \$4 million for the three months ended September 30, 2024 due to revised assumptions for the useful lives of our Texas Wind Farms in 2024 and increased by \$9 million for the nine months ended September 30, 2024 compared to the same periods in 2023 primarily due to the acquisition of the Texas Wind Farms in the first half of 2023.

## BRUCE POWER

The following is our proportionate share of the components of comparable EBITDA and comparable EBIT.

(millions of \$, unless otherwise noted)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Items included in comparable EBITDA and comparable EBIT are comprised of:</b>				
Revenues <sup>1</sup>	608	474	1,620	1,453
Operating expenses	(233)	(211)	(730)	(686)
Depreciation and other	(93)	(85)	(277)	(255)
<b>Comparable EBITDA and comparable EBIT<sup>2</sup></b>	<b>282</b>	<b>178</b>	<b>613</b>	<b>512</b>
<b>Bruce Power – other information</b>				
Plant availability <sup>3,4</sup>	98%	94%	89%	94%
Planned outage days <sup>4</sup>	—	15	160	28
Unplanned outage days	8	9	29	47
Sales volumes (GWh) <sup>5</sup>	5,926	5,060	16,152	15,301
Realized power price per MWh <sup>6</sup>	\$102	\$92	\$100	\$94

1 Net of amounts recorded to reflect operating cost efficiencies shared with the IESO, if applicable.

2 Represents our 48.3 per cent ownership interest and internal costs supporting our investment in Bruce Power. Excludes unrealized gains and losses on funds invested for post-retirement benefits and risk management activities.

3 The percentage of time the plant was available to generate power, regardless of whether it was running.

4 Excludes MCR outage days.

5 Sales volumes include deemed generation, if applicable.

6 Calculation based on actual and deemed generation. Realized power price per MWh includes realized gains and losses from contracting activities and cost flow-through items. Excludes unrealized gains and losses on contracting activities and non-electricity revenues.

Bruce Power's 2024 planned maintenance, excluding the MCR program, was completed in second quarter.

## Corporate

The following is a reconciliation of comparable EBITDA and comparable EBIT (our non-GAAP measures) to segmented earnings (losses) (the most directly comparable GAAP measure).

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Comparable EBITDA and EBIT</b>	<b>(7)</b>	(3)	<b>(6)</b>	(9)
Specific items:				
Liquids Pipelines business separation costs	<b>(25)</b>	(15)	<b>(56)</b>	(15)
Third-party settlement	—	—	<b>(34)</b>	—
Focus Project costs	<b>(5)</b>	(18)	<b>(15)</b>	(50)
NGTL System ownership transfer costs	—	—	<b>(10)</b>	—
<b>Segmented earnings (losses)</b>	<b>(37)</b>	(36)	<b>(121)</b>	(74)

Corporate segmented losses were consistent for the three months ended September 30, 2024 and increased by \$47 million for the nine months ended September 30, 2024 compared to the same periods in 2023. Corporate segmented losses included the following specific items, which have been excluded from our calculation of comparable EBITDA and comparable EBIT:

- a pre-tax charge of \$25 million and \$56 million for the three and nine months ended September 30, 2024 (2023 – \$15 million and \$15 million, respectively) from Liquids Pipelines business separation costs related to the spinoff Transaction. Refer to the Recent developments – Liquids Pipelines section for additional information
- a pre-tax expense of \$34 million (US\$25 million) in first quarter 2024 related to a non-recurring third-party settlement
- a pre-tax charge of \$5 million and \$15 million for the three and nine months ended September 30, 2024 (2023 – \$18 million and \$50 million, respectively) related to Focus Project costs. Refer to the Recent developments – Corporate section for additional information
- a pre-tax charge of \$10 million in second quarter 2024 related to the NGTL System Ownership Transfer. Refer to the Recent developments – Corporate section for additional information.

Comparable EBITDA and comparable EBIT for Corporate decreased by \$4 million and increased by \$3 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023, primarily due to higher litigation expenses in 2024, partially offset by U.S. state tax refunds in second quarter 2024.

## INTEREST EXPENSE

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Interest expense on long-term debt and junior subordinated notes</b>				
Canadian dollar-denominated	<b>(211)</b>	(227)	<b>(656)</b>	(668)
U.S. dollar-denominated	<b>(471)</b>	(458)	<b>(1,415)</b>	(1,219)
Foreign exchange impact	<b>(172)</b>	(157)	<b>(510)</b>	(421)
	<b>(854)</b>	(842)	<b>(2,581)</b>	(2,308)
Other interest and amortization expense	<b>(48)</b>	(76)	<b>(135)</b>	(230)
Capitalized interest	<b>66</b>	53	<b>200</b>	125
<b>Interest expense included in comparable earnings</b>	<b>(836)</b>	(865)	<b>(2,516)</b>	(2,413)
Specific items:				
Liquids Pipelines business separation costs	<b>(42)</b>	—	<b>(42)</b>	—
Keystone regulatory decisions	—	—	—	(5)
<b>Interest expense</b>	<b>(878)</b>	(865)	<b>(2,558)</b>	(2,418)



Interest expense increased by \$13 million and \$140 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 and included the following specific items, which have been excluded from our calculation of comparable EBITDA and comparable EBIT:

- pre-tax Liquids Pipelines business separation costs of \$42 million for the three and nine months ended September 30, 2024 related to interest expense from the South Bow debt issuance on August 28, 2024
- carrying charges of \$5 million for the nine months ended September 30, 2023 related to a pre-tax charge resulting from the FERC Administrative Law Judge decision on Keystone in respect of a tolling-related complaint pertaining to amounts recognized in prior periods.

Interest expense included in comparable earnings decreased by \$29 million and increased by \$103 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 primarily due to the net effect of:

- long-term debt issuances, net of maturities. Refer to the Financial Condition section for additional information
- the foreign exchange impact from a stronger U.S. dollar on translation of U.S. dollar-denominated interest expense
- reduced levels of short-term borrowing
- higher capitalized interest, largely due to funding related to our investment in Coastal GasLink LP.

### ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
Canadian dollar-denominated	8	28	25	81
U.S. dollar-denominated	149	102	387	269
Foreign exchange impact	53	34	139	93
<b>Allowance for funds used during construction</b>	<b>210</b>	<b>164</b>	<b>551</b>	<b>443</b>

AFUDC increased by \$46 million and \$108 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023. The decrease in Canadian dollar-denominated AFUDC is primarily related to NGTL System expansion projects placed in service during 2023. The increase in U.S. dollar-denominated AFUDC is mainly the result of capital expenditures on the Southeast Gateway pipeline project, partially offset by the suspension of AFUDC on the assets under construction for the Tula pipeline project due to the delay of an FID and placing the lateral section of Villa de Reyes pipeline in service in August 2023.

### FOREIGN EXCHANGE GAINS (LOSSES), NET

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Foreign exchange gains (losses), net included in comparable earnings</b>	<b>(33)</b>	<b>(25)</b>	<b>(41)</b>	<b>78</b>
Specific items:				
Foreign exchange gains (losses), net – intercompany loan <sup>1</sup>	(29)	20	41	11
Risk management activities	24	(40)	(78)	142
<b>Foreign exchange gains (losses), net</b>	<b>(38)</b>	<b>(45)</b>	<b>(78)</b>	<b>231</b>

<sup>1</sup> Includes non-controlling interest. Refer to Net (income) loss attributable to non-controlling interests for additional information.

Foreign exchange losses, net, were \$38 million and \$78 million for the three and nine months ended September 30, 2024 compared to foreign exchange losses, net, of \$45 million and foreign exchange gains, net, of \$231 million in the same periods in 2023. The following specific items have been removed from our calculation of Foreign exchange gains (losses), net, included in comparable earnings:

- unrealized foreign exchange gains and losses on the peso-denominated intercompany loan between TCPL and TGNH
- unrealized gains and losses from changes in the fair value of derivatives used to manage our foreign exchange risk. Refer to the Financial risks and financial instruments section for additional information.

Foreign exchange losses, net, included in comparable earnings were \$33 million for the three months ended September 30, 2024 compared to \$25 million in the same period in 2023. The changes were primarily due to the net effect of:

- higher realized losses on derivatives used to manage our foreign exchange exposure to net liabilities in Mexico
- higher foreign exchange gains on the revaluation of our peso-denominated net monetary liabilities to U.S. dollars
- lower net realized losses on derivatives used to manage our net exposure to foreign exchange rate fluctuation on U.S. dollar-denominated income.

Foreign exchange losses, net, included in comparable earnings were \$41 million for the nine months ended September 30, 2024 compared to foreign exchange gains, net, of \$78 million in the same period in 2023. The changes were primarily due to the net effect of:

- realized losses in 2024 compared to realized gains in 2023 on derivatives used to manage our foreign exchange exposure to net liabilities in Mexico
- foreign exchange gains in 2024 compared to foreign exchange losses in 2023 on the revaluation of our peso-denominated net monetary liabilities to U.S. dollars
- lower net realized losses on derivatives used to manage our net exposure to foreign exchange rate fluctuation on U.S. dollar-denominated income
- a net realized gain in second quarter 2024 on the partial repayment of the peso-denominated intercompany loan between TCPL and TGNH.

## INTEREST INCOME AND OTHER

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Interest income and other included in comparable earnings</b>	<b>61</b>	63	<b>207</b>	157
Specific items:				
Liquids Pipelines business separation costs	<b>28</b>	—	<b>28</b>	—
Milepost 14 insurance expense	—	—	—	(36)
<b>Interest income and other</b>	<b>89</b>	63	<b>235</b>	121

Interest income and other increased by \$26 million and \$114 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023. The following specific items have been removed from our calculation of Interest income and other included in comparable earnings:

- pre-tax interest income of \$28 million for the three and nine months ended September 30, 2024 on proceeds from the South Bow debt issuance on August 28, 2024, which were held in escrow
- a \$36 million after-tax accrued insurance expense recorded in second quarter 2023 related to the Milepost 14 incident.

Interest income and other included in comparable earnings decreased by \$2 million and increased by \$50 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 due to higher interest earned on short-term investments and the change in fair value of other restricted investments.

## INCOME TAX (EXPENSE) RECOVERY

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Income tax (expense) recovery included in comparable earnings</b>	<b>(235)</b>	(220)	<b>(758)</b>	(749)
Specific items:				
Gain (loss) on sale of PNGTS	<b>(116)</b>	—	<b>(116)</b>	—
Gain (loss) on sale of non-core assets	—	—	<b>15</b>	—
Expected credit loss provision on net investment in leases and certain contract assets in Mexico	<b>1</b>	(1)	<b>(6)</b>	(36)
Liquids Pipelines business separation costs	<b>11</b>	4	<b>17</b>	4
NGTL System ownership transfer costs	—	—	<b>(32)</b>	—
Third-party settlement	—	—	<b>8</b>	—
Keystone XL asset impairment charge and other	<b>5</b>	—	<b>5</b>	—
Keystone regulatory decisions	<b>3</b>	—	<b>3</b>	14
Focus Project costs	<b>2</b>	4	<b>4</b>	11
Coastal GasLink impairment charge	—	65	—	83
Keystone XL preservation and other	—	1	—	3
Bruce Power unrealized fair value adjustments	<b>(1)</b>	2	<b>(1)</b>	—
Risk management activities	<b>(21)</b>	11	<b>17</b>	(63)
<b>Income tax (expense) recovery</b>	<b>(351)</b>	(134)	<b>(844)</b>	(733)

Income tax expense increased by \$217 million and \$111 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023. The income tax impacts on specified items referenced throughout the MD&A have been removed from our calculation of Income tax expense included in comparable earnings.

Income tax expense included in comparable earnings increased by \$15 million for the three months ended September 30, 2024 compared to the same period in 2023 primarily due to higher earnings, net of non-controlling interests and lower foreign income tax rate differentials, partially offset by the impact of our Mexico foreign exchange exposure.

Income tax expense included in comparable earnings increased by \$9 million for the nine months ended September 30, 2024 compared to the same period in 2023 primarily due to lower foreign income tax rate differentials and higher earnings, net of non-controlling interests, largely offset by the impact of our Mexico foreign exchange exposure and lower flow-through income taxes.

## NET (INCOME) LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

(millions of \$)	Non-Controlling Interests Ownership at September 30, 2024	three months ended September 30		nine months ended September 30	
		2024	2023	2024	2023
Columbia Gas and Columbia Gulf	40.0%	(126)	—	(416)	—
Portland Natural Gas Transmission System <sup>1</sup>	—	(7)	(9)	(30)	(30)
Texas Wind Farms <sup>2</sup>	—	9	8	20	12
TGNH <sup>3</sup>	13.01%	(21)	—	(31)	—
<b>Net (income) loss attributable to non-controlling interests included in comparable earnings</b>		<b>(145)</b>	<b>(1)</b>	<b>(457)</b>	<b>(18)</b>
Specific item:					
Foreign exchange (gains) losses, net – intercompany loan	13.01%	(23)	—	(41)	—
<b>Net (income) loss attributable to non-controlling interests</b>		<b>(168)</b>	<b>(1)</b>	<b>(498)</b>	<b>(18)</b>

- 1 The sale of PNGTS was completed on August 15, 2024. Refer to the Recent developments – U.S. Natural Gas Pipelines section for additional information.
- 2 Tax equity investors own 100 per cent of the Class A Membership Interests, to which a percentage of earnings, tax attributes and cash flows are allocated. We own 100 per cent of the Class B Membership Interests.
- 3 In second quarter 2024, the CFE became a partner in TGNH with a 13.01 per cent equity interest in TGNH. Refer to the Recent developments – Mexico Natural Gas Pipelines section for additional information.

Net income attributable to non-controlling interests increased by \$167 million and \$480 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 and includes the non-controlling interest portion of the unrealized foreign exchange gains and losses on the TGNH peso-denominated intercompany loan payable to TCPL, which has been removed from our calculation of Net (income) loss attributable to non-controlling interests included in comparable earnings.

Net income attributable to non-controlling interests included in comparable earnings increased by \$144 million and \$439 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 primarily due to the sale of a 40 per cent non-controlling equity interest in Columbia Gas and Columbia Gulf to Global Infrastructure Partners in fourth quarter 2023 and the 13.01 per cent non-controlling equity interest in TGNH to the CFE, which was completed in second quarter 2024.

## PREFERRED SHARE DIVIDENDS

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Preferred share dividends</b>	<b>(26)</b>	<b>(23)</b>	<b>(76)</b>	<b>(69)</b>

Preferred share dividends increased by \$3 million and \$7 million for the three and nine months ended September 30, 2024 compared to the same periods in 2023 primarily due to the dividend rate reset on Series 7 preferred shares on April 30, 2024.

## Foreign exchange

### FOREIGN EXCHANGE RELATED TO U.S. DOLLAR-DENOMINATED OPERATIONS

Certain of our businesses generate all or most of their earnings in U.S. dollars and, since we report our financial results in Canadian dollars, changes in the value of the U.S. dollar against the Canadian dollar directly affect our comparable EBITDA and also impact comparable earnings. As our U.S. dollar-denominated operations continue to grow, this exposure increases. A portion of the U.S. dollar-denominated comparable EBITDA exposure is naturally offset by U.S. dollar-denominated amounts below comparable EBITDA within Depreciation and amortization, Interest expense and other income statement line items. A portion of the remaining exposure is actively managed on a rolling forward basis up to three years using foreign exchange derivatives; however, the natural exposure beyond that period remains. The net impact of the U.S. dollar movements on comparable earnings during the three and nine months ended September 30, 2024 after considering natural offsets and economic hedges was not significant.

The components of our financial results denominated in U.S. dollars are set out in the table below, which include our U.S. and Mexico Natural Gas Pipelines operations, along with the majority of our Liquids Pipelines business.

### PRE-TAX U.S. DOLLAR-DENOMINATED INCOME AND EXPENSE ITEMS

(millions of US\$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Comparable EBITDA</b>				
U.S. Natural Gas Pipelines	734	722	2,435	2,348
Mexico Natural Gas Pipelines	195	173	563	443
Liquids Pipelines	190	226	589	592
	<b>1,119</b>	1,121	<b>3,587</b>	3,383
Depreciation and amortization	(235)	(233)	(721)	(713)
Interest expense on long-term debt and junior subordinated notes	(471)	(458)	(1,415)	(1,219)
Allowance for funds used during construction	149	102	387	269
Net (income) loss attributable to non-controlling interests included in comparable earnings and other	(118)	(20)	(356)	(64)
	<b>444</b>	512	<b>1,482</b>	1,656
Average exchange rate – U.S. to Canadian dollars	<b>1.36</b>	1.34	<b>1.36</b>	1.35

### FOREIGN EXCHANGE RELATED TO MEXICO NATURAL GAS PIPELINES

Changes in the value of the Mexican peso against the U.S. dollar can affect our comparable earnings as a portion of our Mexico Natural Gas Pipelines monetary assets and liabilities are peso-denominated, while our financial results are denominated in U.S. dollars for our Mexico operations. These peso-denominated balances are revalued to U.S. dollars, creating foreign exchange gains and losses that are included in Income (loss) from equity investments, Foreign exchange (gains) losses, net and Net income (loss) attributable to non-controlling interests in the Condensed consolidated statement of income.

In addition, foreign exchange gains or losses calculated for Mexico income tax purposes on the revaluation of U.S. dollar-denominated monetary assets and liabilities result in a peso-denominated income tax exposure for these entities, leading to fluctuations in Income from equity investments and Income tax expense. This exposure increases as our U.S. dollar-denominated net monetary liabilities grow.

The above exposures are managed using foreign exchange derivatives, although some unhedged exposure remains. The impacts of the foreign exchange derivatives are recorded in Foreign exchange (gains) losses, net, in the Condensed consolidated statement of income. Refer to the Financial risks and financial instruments section for additional information.

The period end exchange rates for one U.S. dollar to Mexican pesos were as follows:

<b>September 30, 2024</b>	<b>19.70</b>
September 30, 2023	17.42
December 31, 2023	16.91
December 31, 2022	19.50

A summary of the impacts of transactional foreign exchange gains and losses from changes in the value of the Mexican peso against the U.S. dollar and associated derivatives is set out in the table below:

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
Comparable EBITDA - Mexico Natural Gas Pipelines <sup>1</sup>	40	7	85	(67)
Foreign exchange gains (losses), net included in comparable earnings	(31)	(12)	(32)	160
Income tax (expense) recovery included in comparable earnings	43	18	83	(95)
Net (income) loss attributable to non-controlling interests included in comparable earnings <sup>2</sup>	(4)	—	(8)	—
	<b>48</b>	13	<b>128</b>	(2)

1 Includes the foreign exchange impacts from the Sur de Texas joint venture recorded in Income from equity investments in the Condensed consolidated statement of income.

2 Represents the non-controlling interest portion related to TGNH. Refer to the Corporate section for additional information.

## Recent developments

### CANADIAN NATURAL GAS PIPELINES

#### NGTL System

In the nine months ended September 30, 2024, the NGTL System placed approximately \$0.5 billion of capacity projects in service.

#### 2023 NGTL System Intra-Basin Expansion

The NGTL System Intra-Basin Expansion consists of new pipeline and compressor stations and is underpinned by new firm-service contracts with 15-year terms. All assets have been placed in service, with a capital cost for the expansion of \$0.5 billion.

#### NGTL System Revenue Requirement Settlement and Multi-Year Growth Plan

On September 26, 2024, the CER approved the five-year negotiated revenue requirement settlement commencing on January 1, 2025.

The settlement enables an investment framework that supports our Board of Directors' approval to allocate approximately \$3.3 billion of capital towards progression of a new multi-year growth plan for expansion facilities on the NGTL System. It is comprised of multiple distinct projects with targeted in-service dates between 2027 and 2030 that are subject to final company and regulatory approvals. The completion of the multi-year growth plan is expected to enable approximately 1.0 Bcf/d of incremental system throughput.

The settlement maintains an ROE of 10.1 per cent on 40 per cent deemed common equity while increasing NGTL System depreciation rates, with an incentive that allows the NGTL System the opportunity to further increase depreciation rates if tolls fall below specified levels, or if growth projects are undertaken. The settlement introduces a new incentive mechanism to reduce both physical emissions and emissions compliance costs, which builds on the incentive mechanism for certain operating costs where variances from projected amounts and emissions savings are shared with our customers. A provision for review exists in the settlement if tolls exceed a pre-determined level or if final company approvals of the multi-year growth plan are not obtained.

#### Sale of Equity Interest in the NGTL System and Foothills Pipeline Assets

On July 30, 2024, we announced that we entered into an agreement to sell a 5.34 per cent minority equity interest in the NGTL System and the Foothills Pipeline assets to an Indigenous-owned investment partnership for a gross purchase price of \$1.0 billion.

On September 10, 2024, we announced that the equity interest purchase transaction has been delayed due to an identified transaction structuring issue within the NGTL partnership. We will provide more information in the event a revised transaction is entered into between the parties.

## Coastal GasLink

### Coastal GasLink Pipeline

Post-construction reclamation activities remain underway and are expected to continue into 2025. The project remains on track with its cost estimate of approximately \$14.5 billion. Commercial in-service of the Coastal GasLink pipeline will occur after completion of plant commissioning activities at the LNG Canada facility and upon receiving notice from LNG Canada.

Coastal GasLink LP continues to pursue cost recovery, including certain arbitration proceedings which involve claims by, and the defense of certain claims against, Coastal GasLink LP. With the exception of settlements made with respect to certain contractor disputes, including with SA Energy Group, these claims have not yet been conclusively determined, but our expectation is that these proceedings are likely to result in net cost recoveries. Refer to Note 15, Commitments, contingencies and guarantees, of our Condensed consolidated financial statements for additional information.

In June 2024, Coastal GasLink LP successfully completed a \$7.15 billion refinancing of its existing construction credit facility through a private bond offering of senior secured notes to Canadian and U.S. investors. Proceeds from the offering were used to repay the majority of the outstanding \$8.0 billion balance on Coastal GasLink LP's construction credit facility. The remaining balance on the credit facility was settled through the use of proceeds from the unwinding of interest rate swap agreements associated with hedging the underlying interest rate exposure.

### Cedar Link

In June 2024, Coastal GasLink LP sanctioned the Cedar Link project following an announcement by Cedar LNG joint venture partners, Haisla Nation and Pembina Pipeline Corporation, of a positive FID for the construction of the Cedar LNG project, a proposed floating liquefied natural gas facility to be constructed in Kitimat, B.C.

The Cedar Link project is an expansion of the Coastal GasLink pipeline that is expected to enable delivery of up to 0.4 Bcf/d of natural gas to the Cedar LNG facility. With an estimated cost of \$1.2 billion, the expansion project includes the addition of a new compressor station, connector pipeline and meter station to Coastal GasLink's existing pipeline infrastructure.

Funding for the expansion will be provided through project-level credit facilities of up to \$1.4 billion secured by Coastal GasLink LP in June 2024, equity funding to be provided by Coastal GasLink LP partners, including us, and the recovery of construction carrying costs from LNG Canada participants who have elected to make payments on a quarterly basis throughout construction. The incremental funds available through the project-level credit facilities and cash AFUDC payments provide additional contingency to mitigate future funding requirements for Coastal GasLink LP should costs exceed initial estimates of \$1.2 billion. We estimate our share of equity contributions required to fund the Cedar Link project will be approximately \$50 million. All major regulatory permits have been received and construction began in July 2024. The planned in-service date for the Cedar Link project is 2028, subject to the completion of plant commissioning activities at the Cedar LNG facility.



## U.S. NATURAL GAS PIPELINES

### Portland Natural Gas Transmission System

On March 4, 2024, we announced that TC Energy and its partner Northern New England Investment Company, Inc., a subsidiary of Énergir L.P. (Énergir), entered into a purchase and sale agreement to sell PNGTS to BlackRock, through a fund managed by its Diversified Infrastructure business, and investment funds managed by Morgan Stanley Infrastructure Partners (the Purchaser). On August 15, 2024, we completed the sale of PNGTS for a gross purchase price of approximately \$1.6 billion (US\$1.1 billion), which included US\$250 million of senior notes outstanding held at PNGTS and assumed by the Purchaser. A pre-tax gain of \$572 million (US\$408 million) and an after-tax gain of \$456 million (US\$323 million) were recognized for the three and nine months ended September 30, 2024. We are providing customary transition services and will continue to work jointly with the Purchaser to facilitate the safe and orderly transition of this critical natural gas system. Refer to Note 14, Strategic alliance and disposition, of our Condensed consolidated financial statements for additional information.

### Gillis Access Project

In March 2024, the Gillis Access project, a 68 km (42 mile) greenfield pipeline system that connects gas production sourced from the Gillis hub to downstream markets in southeast Louisiana, was placed in service. The capital cost of this project was approximately US\$0.3 billion.

In February 2023, we approved the 63 km (39 mile), 1.4 Bcf/d extension of the Gillis Access project to further connect supplies from Haynesville basin at Gillis. Effective September 1, 2024, all remaining shipper conditions have expired and the project expanded to 1.9 Bcf/d. The project has anticipated in-service dates starting in late 2026 and total estimated costs of US\$0.4 billion.

### Columbia Gas Section 4 Rate Case

In September 2024, Columbia Gas filed a Section 4 Rate Case with FERC requesting an increase to the maximum transportation rates expected to become effective April 1, 2025, subject to refund. We will pursue a collaborative process to find a mutually beneficial outcome with our customers through settlement.

## MEXICO NATURAL GAS PIPELINES

### TGNH Strategic Alliance with the CFE

In 2022, we announced a strategic alliance with Mexico's state-owned electric utility, the CFE, and we reached an FID to develop and construct the Southeast Gateway pipeline, a 1.3 Bcf/d, 715 km (444 mile) offshore natural gas pipeline to serve the southeast region of Mexico. Construction of the project continues, with the completion of the remaining shallow water pipe installation and landfall construction targeted for fourth quarter 2024. The project remains on track to achieve commercial in-service no later than mid-2025, with current estimated project costs trending to approximately US\$4.0 billion, which is lower than the initial cost estimate of US\$4.5 billion.

We continue to work with our partner, the CFE, to complete the south section of the Villa de Reyes pipeline. The in-service date will be determined upon resolution of outstanding stakeholder issues. Additionally, we continue to evaluate the development and completion of the Tula pipeline with the CFE, which is subject to a future FID. Due to the delay of an FID, recording AFUDC on the assets under construction for the Tula pipeline project was suspended in late 2023.

In accordance with the terms of our strategic alliance, during second quarter 2024, upon the CFE's equity injection of US\$340 million as well as non-cash consideration in recognition of the completion of certain contractual obligations, including land acquisition and permitting support, the CFE became a partner in TGNH with a 13.01 per cent equity interest in TGNH. Provided that the CFE's contractual commitments are met related to land acquisition, community relations and permitting support, the CFE's equity in TGNH would build up to a maximum of 15 per cent upon the in-service of the Southeast Gateway pipeline. Refer to Note 14, Strategic alliance and disposition, of our Condensed consolidated financial statements for additional information.

## LIQUIDS PIPELINES

### Spinoff of Liquids Pipelines Business

On October 1, 2024, we completed the spinoff of our Liquids Pipelines business into a separate, publicly traded entity, South Bow Corporation. Common shareholders of TC Energy retained their interest in TC Energy and received 0.2 of a South Bow common share for each TC Energy common share held. South Bow's common shares commenced regular way trading on the TSX on October 2, 2024, and on the NYSE on October 8, 2024, under the ticker symbol SOBO. Refer to Note 3, Spinoff of Liquids Pipelines business, of our Condensed consolidated financial statements for additional information.

We have incurred pre-tax Liquids Pipelines business separation costs related to the spinoff Transaction of \$67 million (\$56 million after tax) and \$112 million (\$95 million after tax) for the three and nine months ended September 30, 2024, respectively, of which, separation costs of \$28 million and \$42 million, respectively, were included in the results of our Liquids Pipelines business segment and \$25 million and \$56 million, respectively, were included in the Corporate segment. For the three and nine months ended September 30, 2024, \$42 million of interest expense and \$28 million of interest income were included in the Corporate segment related to senior unsecured notes and junior subordinated notes issued on August 28, 2024 to establish South Bow's debt capital structure, the net proceeds of which were placed in escrow pending the completion of the spinoff Transaction. These costs have been excluded from comparable measures.

TC Energy and South Bow entered into a Separation Agreement setting forth the terms of the separation of the Liquids Pipelines business from the business of TC Energy, including the transfer of certain assets related to the Liquids Pipelines business from TC Energy to South Bow and the allocation of certain liabilities and obligations related to the Liquids Pipelines business between TC Energy and South Bow. The Separation Agreement provides, among other things, that TC Energy will indemnify South Bow for 86 per cent of total net liabilities and costs associated with the Milepost 14 incident and the existing variable toll disputes on the Keystone Pipeline System (excluding any future impacts to the variable toll after October 1, 2024) subject to a maximum liability to South Bow of \$30 million, in aggregate, for those two matters. Any amounts that may ultimately be payable in respect of these net liabilities and costs above the current accrued amount are indeterminable at this time. As part of the Separation Agreement, any insurance recoveries related to the Milepost 14 incident will remain with TC Energy.

Upon completion of the spinoff Transaction, for reporting periods subsequent to October 1, 2024, the Liquids Pipelines business will be reported as discontinued operations.

### Blackrod Connection Project

Supported by long-term committed contracts, the Liquids Pipelines business is developing the Blackrod Connection project, which will consist of a 25 km (16 mile) crude oil pipeline and a 25 km (16 mile) natural gas lateral; and associated facilities to provide crude oil transportation from International Petroleum Corporation's Blackrod project to the Grand Rapids Pipeline System. The expected total capital cost of the project is approximately \$0.3 billion with a targeted in-service date of early 2026. As of October 1, 2024, after the completion of the spinoff Transaction, the committed capital related to the Blackrod Connection project is the responsibility of South Bow.

### FERC Order on Initial Decision

In 2019 and 2020, three Keystone customers initiated complaints before FERC and the CER regarding certain costs within the variable toll calculation. In February 2023, FERC released its initial decision in respect of the complaint, which addressed previously charged tolls recognized in prior periods. On July 25, 2024, FERC released its Order on Initial Decision (Order) in respect of the complaint. For the three and nine months ended September 30, 2024, we recognized an additional \$15 million pre-tax charge (2023 – nil and \$57 million, respectively) with respect to the decision, which has been excluded from comparable EBITDA and comparable EBIT. On October 8, 2024, South Bow submitted a compliance filing, which is subject to final FERC approval. Subsequent rulings, if any, will be subject to the indemnity provisions as outlined in the Separation Agreement.

## **NAFTA Claim Request for Arbitration**

In 2021, TC Energy filed a Request for Arbitration to formally initiate a legacy North American Free Trade Agreement (NAFTA) claim to recover economic damages resulting from the revocation of the Presidential Permit for the Keystone XL pipeline project. The U.S. objected on the basis that the transition provisions under the United States-Mexico-Canada Agreement (USMCA) that protect investments made while NAFTA was in force apply only in connection with actions taken before July 1, 2020, when USMCA replaced NAFTA. The arbitral Tribunal adjudicating the claim issued a split decision on July 12, 2024, in which the majority of the panel agreed with the U.S. position and concluded that it did not have jurisdiction to hear TC Energy's claim. After assessing the decision and available options to challenge it, TC Energy concluded that, while we continue to believe in the validity of the claim and believe the arbitral Tribunal's decision to be incorrect, there is no viable path forward for the claim within the rules of the investor/state dispute resolution process under USMCA. Accordingly, no further action will be taken. This decision effectively ends TC Energy's claim.

## **CORPORATE**

### **NGTL System Ownership Transfer**

On April 1, 2024, ownership of the NGTL System was transferred from Nova Gas Transmission Ltd. to NGTL GP Ltd. on behalf of NGTL Limited Partnership as part of an ordinary course corporate reorganization to support business optimization and facilitate future minority ownership of the NGTL System, including participation from Indigenous groups. Refer to the Recent developments – Canadian Natural Gas Pipelines section for additional information. The reorganization will not impact the operations of the NGTL System. As a limited partnership, NGTL LP is not subject to Canadian corporate income taxes. The related income tax obligations are those of the partners.

For the nine months ended September 30, 2024, we incurred costs of \$42 million after tax related to the NGTL System Ownership Transfer, which has been excluded from our calculation of comparable measures.

### **2016 Columbia Pipeline Acquisition Lawsuit**

In 2023, the Delaware Chancery Court (the Court) issued its decision in the class action lawsuit commenced by former shareholders of Columbia Pipeline Group Inc. (CPG) related to the acquisition of CPG by TC Energy in 2016. The Court found that the former CPG executives breached their fiduciary duties, that the former CPG Board breached its duty of care in overseeing the sale process and that TC Energy aided and abetted those breaches.

On May 15, 2024, the Court allocated responsibility for the total sale process damages of US\$398 million in the amount of 50 per cent to the former Columbia CEO and CFO, collectively, and 50 per cent to TC Energy. Pursuant to the Final Order and Judgment (Final Judgment), TC Energy's allocated share of the sale process claim damages is US\$199 million, plus US\$153 million in interest as of June 14, 2024. The Court also entered judgment related to a disclosure claim for which TC Energy's allocated share of damages is US\$84 million, plus US\$64 million in interest as of June 14, 2024. The damages for the two claims are not cumulative and TC Energy would only be required to pay the greater of the sale process damages and disclosure claim damages after final determination of those amounts on appeal.

TC Energy disagrees with many of the Court's findings and believes the Court's ruling departs from established Delaware law. TC Energy has filed a notice of appeal of the Court's decision and anticipates that the appeal will conclude by mid-2025. During the appeal process, in lieu of paying the judgment, TC Energy posted an appeal bond in the amount of US\$380 million, which approximates the amount of the Final Judgment plus nine months of post-judgment interest. Our legal assessment is that it is not probable that TC Energy will incur a loss upon completion of the appeal process, and therefore, we have not accrued a provision for this claim at September 30, 2024.

## 2024 Canadian Legislation

On June 20, 2024, two pieces of Canadian legislation, Bill C-59 and Bill C-69, were enacted into law, which, among other things, included the excessive interest and financing expenses limitation (EIFEL) rules and the Global Minimum Tax Act. We do not expect a material impact on our financial performance and cash flows as a result of the new legislation.

## Appointment of Executive Vice-President and CFO

On April 3, 2024, we announced that the Board of Directors appointed Sean O'Donnell, previously Senior Vice-President, Capital Markets and Corporate Planning, who succeeded Joel Hunter as Executive Vice-President and Chief Financial Officer effective May 15, 2024.

## Focus Project

In late 2022, we launched the Focus Project to identify opportunities to improve safety, productivity and cost-effectiveness. To date, we have identified a broad set of opportunities expected to further enhance safety, as well as improve operational and financial performance over the long term.

Certain initiatives have been implemented and we expect to continue designing and implementing additional initiatives beyond 2024, with benefits in the form of enhanced productivity and cost-effectiveness expected to be realized in the future.

For the three and nine months ended September 30, 2024 we have incurred pre-tax costs of \$8 million and \$30 million, respectively, (2023 – \$29 million and \$98 million, respectively) for the Focus Project primarily related to severance costs, of which \$5 million and \$15 million (2023 – \$18 million and \$50 million, respectively, primarily external consulting) was recorded in Plant operating costs and other in the Condensed consolidated statement of income and was removed from comparable amounts. An additional \$1 million and \$11 million for the three and nine months ended September 30, 2024 (2023 - \$4 million and \$19 million, respectively) was recorded in Plant operating costs and other with offsetting revenues related to costs recoverable through regulatory and commercial tolling structures, the net effect of which had no impact on net income. As at September 30, 2024, \$4 million (2023 – \$29 million) was allocated to capital projects.

## Asset Divestiture Program

Our asset divestiture program, which includes completing the sale of PNGTS and the CFE's equity injection resulting in a 13.01 per cent equity interest in TGNH in 2024, as well as the sale of a 40 per cent non-controlling equity interest in Columbia Gas and Columbia Gulf in 2023, have collectively contributed to our deleveraging goal. Any further capital rotation opportunities will be assessed in the normal course of our business.

## Financial condition

We strive to maintain financial strength and flexibility in all parts of the economic cycle. We rely on our operating cash flows to sustain our business, pay dividends and fund a portion of our growth. In addition, we access capital markets and engage in portfolio management activities to meet our financing needs and to manage our capital structure and credit ratings.

We believe that we have the financial capacity to fund our existing capital program through predictable cash flows from operations, access to capital markets, portfolio management activities, joint ventures, asset-level financing, cash on hand and substantial committed credit facilities. Annually, in the fourth quarter, we renew and extend our credit facilities as required.

At September 30, 2024, our current assets totaled \$17.1 billion and current liabilities amounted to \$13.1 billion, leaving us with a working capital surplus of \$4.0 billion compared to a deficit of \$0.4 billion at December 31, 2023. On August 28, 2024, South Bow Canadian Infrastructure Holdings Ltd. and 6297782 LLC completed an offering of approximately \$7.9 billion Canadian-dollar equivalent of senior unsecured notes and junior subordinated notes, of which approximately \$6.2 billion was placed in escrow pending the completion of the spinoff Transaction. Refer to Note 3, Spinoff of Liquids Pipelines business, of our Condensed consolidated financial statements for additional information. Excluding the proceeds in escrow, our working capital deficiency is considered to be in the normal course of business and is managed through:

- our ability to generate predictable cash flows from operations
- a total of \$9.8 billion of TCPL committed revolving credit facilities, of which \$9.4 billion of short-term borrowing capacity remains available, net of \$0.4 billion backstopping outstanding commercial paper balances, and arrangements for a further \$2.0 billion of demand credit facilities, of which \$1.1 billion remains available as of September 30, 2024
- additional \$1.4 billion of committed revolving credit facilities at certain of our subsidiaries and affiliates, which were undrawn as of September 30, 2024
- access to capital markets, including through securities issuances, incremental credit facilities, portfolio management activities and DRP, if deemed appropriate.

## CASH PROVIDED BY OPERATING ACTIVITIES

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Net cash provided by operations</b>	<b>1,915</b>	1,824	<b>5,612</b>	5,408
Increase (decrease) in operating working capital	<b>(203)</b>	(102)	<b>313</b>	15
Funds generated from operations	<b>1,712</b>	1,722	<b>5,925</b>	5,423
Specific items:				
Current income tax (recovery) expense on PNGTS and non-core assets	<b>139</b>	—	<b>148</b>	—
Liquids Pipelines business separation costs, net of current income tax	<b>58</b>	15	<b>100</b>	15
NGTL System ownership transfer costs	—	—	<b>10</b>	—
Third-party settlement, net of current income tax	—	—	<b>26</b>	—
Current income tax (recovery) expense on Keystone XL asset impairment charge and other	<b>(3)</b>	—	<b>(3)</b>	—
Current income tax (recovery) expense on Keystone regulatory decisions	<b>(3)</b>	—	<b>(3)</b>	48
Focus Project costs, net of current income tax	<b>4</b>	15	<b>13</b>	42
Milepost 14 insurance expense	—	—	—	36
Keystone XL preservation and other, net of current income tax	—	3	—	11
Current income tax (recovery) expense on risk management activities	<b>8</b>	—	<b>9</b>	—
<b>Comparable funds generated from operations</b>	<b>1,915</b>	1,755	<b>6,225</b>	5,575

### Net cash provided by operations

Net cash provided by operations increased by \$91 million for the three months ended September 30, 2024 compared to the same period in 2023 primarily due to timing of working capital changes. Net cash provided by operations increased by \$204 million for the nine months ended September 30, 2024 compared to the same period in 2023 primarily due to higher funds generated from operations and timing of working capital changes.

### Comparable funds generated from operations

Comparable funds generated from operations, a non-GAAP measure, helps us assess the cash generating ability of our businesses by excluding the timing effects of working capital changes, as well as the cash impact of our specific items.

Comparable funds generated from operations increased by \$160 million and \$650 million for the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023 primarily due to increased comparable EBITDA, higher distributions received from operating activities of our equity investments, which includes receipt of a \$200 million distribution from Coastal GasLink LP related to an incentive payment that TC Energy accrued in December 2023, partially offset by higher interest expense and realized losses in 2024 compared to realized gains in 2023 on derivatives used to manage our exposure to net liabilities in Mexico that give rise to foreign exchange gains and losses.

## CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Capital spending</b>				
Capital expenditures	(1,756)	(2,042)	(4,668)	(5,945)
Capital projects in development	(8)	(18)	(41)	(122)
Contributions to equity investments	(345)	(1,229)	(888)	(3,246)
	(2,109)	(3,289)	(5,597)	(9,313)
Loans to affiliate (issued) repaid, net	—	—	—	250
Acquisitions, net of cash acquired	—	—	—	(302)
Proceeds from sale of assets, net of transaction costs	743	—	791	—
Other distributions from equity investments	509	—	539	16
Keystone XL contractual recoveries	2	2	7	7
Deferred amounts and other	—	(42)	(133)	(33)
<b>Net cash (used in) provided by investing activities</b>	<b>(855)</b>	<b>(3,329)</b>	<b>(4,393)</b>	<b>(9,375)</b>

Capital expenditures in 2024 were incurred primarily for the development of the Southeast Gateway pipeline, Columbia Gas and ANR projects, as well as maintenance capital expenditures. Lower capital expenditures in 2024 compared to 2023 reflect reduced spending on expansion of the NGTL System and Foothills.

Contributions to equity investments decreased in 2024 compared to 2023 mainly due to lower contributions to Coastal GasLink LP, as well as reduced draws on the subordinated loan by Coastal GasLink LP which are accounted for as in-substance equity contributions.

Other distributions from equity investments increased in 2024 compared to 2023 mainly due to distributions from Millennium as a result of its debt financing program.

## CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
Notes payable issued (repaid), net	(1,137)	(2,401)	421	(6,055)
Long-term debt issued, net of issue costs	7,428	7,434	8,089	15,887
Long-term debt repaid	—	(2,150)	(1,662)	(2,610)
Junior subordinated notes issued, net of issue costs	1,465	—	1,465	—
Disposition of equity interest, net of transaction costs	(7)	—	419	—
Dividends and distributions paid	(1,325)	(616)	(3,699)	(1,979)
Contributions from non-controlling interest	11	—	16	—
Common shares issued, net of issue costs	21	—	21	4
<b>Net cash (used in) provided by financing activities</b>	<b>6,456</b>	<b>2,267</b>	<b>5,070</b>	<b>5,247</b>

Dividends and distributions paid increased in 2024 compared to 2023 mainly due to the impact of common shares issued from treasury under the DRP in 2023, as well as higher distributions paid in 2024 as a result of the sale of a 40 per cent non-controlling equity interest in Columbia Gas and Columbia Gulf to Global Infrastructure Partners in fourth quarter 2023.

## Long-term debt issued

The following table outlines significant long-term debt issuances in the nine months ended September 30, 2024:

(millions of Canadian \$, unless otherwise noted)					
Company	Issue date	Type	Maturity date	Amount	Interest rate
<b>TransCanada PipeLines Limited</b>					
	August 2024	Term Loan <sup>1</sup>	August 2024	US 1,242	Floating
<b>Columbia Pipelines Operating Company LLC</b>					
	September 2024	Senior Unsecured Notes	October 2054	US 400	5.70%
<b>Columbia Pipelines Holding Company LLC</b>					
	September 2024	Senior Unsecured Notes	October 2031	US 400	5.10%
	January 2024	Senior Unsecured Notes	January 2034	US 500	5.68%

1 In August 2024, TCPL entered into a term loan to facilitate the spinoff of its Liquids Pipelines business, and in August 2024, the term loan was fully repaid and retired upon delivery of senior unsecured notes issued by 6297782 LLC.

## South Bow debt issued

(millions of Canadian \$, unless otherwise noted)					
Company	Issue date	Type	Maturity date	Amount	Interest rate
<b>South Bow Canadian Infrastructure Holdings Ltd.</b>					
	August 2024	Senior Unsecured Notes	February 2030	450	4.32%
	August 2024	Senior Unsecured Notes	February 2032	500	4.62%
	August 2024	Senior Unsecured Notes	February 2035	500	4.93%
	August 2024	Junior Subordinated Notes	March 2055	US 450	7.63%
	August 2024	Junior Subordinated Notes	March 2055	US 650	7.50%
<b>6297782 LLC</b>					
	August 2024	Senior Unsecured Notes	September 2027	US 700	4.91%
	August 2024	Senior Unsecured Notes	October 2029	US 1,000	5.03%
	August 2024	Senior Unsecured Notes	October 2034	US 1,250	5.58%
	August 2024	Senior Unsecured Notes	October 2054	US 700	6.18%

On August 28, 2024, South Bow Canadian Infrastructure Holdings Ltd. and 6297782 LLC completed an offering of approximately \$7.9 billion Canadian-dollar equivalent of senior unsecured notes and junior subordinated notes. Approximately \$6.2 billion Canadian-dollar equivalent of the net proceeds was placed in escrow pending the completion of the spinoff Transaction on October 1, 2024 and US\$1.25 billion of senior unsecured notes were used to repay a TCPL term loan. Upon completion of the spinoff Transaction, the escrowed funds were released to South Bow and used to repay indebtedness owed by South Bow and its subsidiaries to TC Energy and its subsidiaries. Refer to Note 3, Spinoff of Liquids Pipelines business, of our Condensed consolidated financial statements for additional information.

At September 30, 2024, restricted cash was \$6.2 billion which was comprised primarily of the proceeds of the South Bow debt offering held in escrow.



## Long-term debt repaid/retired

The following table outlines significant long-term debt repaid in the nine months ended September 30, 2024:

(millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
<b>TransCanada Pipelines Limited</b>				
	August 2024	Term Loan <sup>1</sup>	US 1,242	Floating
	June 2024	Medium Term Notes	750	Floating
<b>Nova Gas Transmission Ltd.</b>				
	March 2024	Debentures	100	9.90%
<b>ANR Pipeline Company</b>				
	February 2024	Senior Unsecured Notes	US 125	7.38%
<b>TC Energía Mexicana, S. de R.L. de C.V.</b>				
	Various	Senior Unsecured Term Loan	US 265	Floating
	Various	Senior Unsecured Revolving Credit Facility	US 185	Floating

1 In August 2024, TCPL entered into a term loan to facilitate the spinoff of its Liquids Pipelines business, and in August 2024, the term loan was fully repaid and retired upon delivery of senior unsecured notes issued by 6297782 LLC.

On August 15, 2024, the Purchaser assumed US\$250 million of senior notes outstanding held at PNGTS as part of the sale of PNGTS. Refer to the Recent developments – U.S. Natural Gas Pipelines section for additional information.

## Subsequent debt repayments

On October 12, 2024, TCPL fully repaid and retired US\$1.25 billion of senior unsecured notes upon maturity, bearing interest at a fixed rate of one per cent.

On October 15, 2024, TCPL purchased and cancelled the following notes at a 7.73 per cent weighted average discount, as a settlement of the cash tender offers previously announced on October 1, 2024:

(millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
<b>TransCanada Pipelines Limited</b>				
	October 2024	Senior Unsecured Notes	US 739	2.50%
	October 2024	Senior Unsecured Notes	US 201	5.00%
	October 2024	Senior Unsecured Notes	US 441	4.88%
	October 2024	Senior Unsecured Notes	US 180	5.10%
	October 2024	Senior Unsecured Notes	US 313	4.75%
	October 2024	Medium Term Notes	575	4.18%

In addition, the following callable bonds were fully repaid and retired on October 31, 2024:

(millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
<b>TransCanada Pipelines Limited</b>				
	October 2024	Senior Unsecured Notes	US 850	6.20%
	October 2024	Senior Unsecured Notes	US 400	Floating
	October 2024	Medium Term Notes	600	5.42%
	October 2024	Medium Term Notes	400	Floating

## DIVIDENDS

On November 4, 2024, we declared quarterly dividends on our common shares of \$0.8225 per share payable on January 31, 2025 to shareholders of record at the close of business on December 31, 2024. The dividend declared reflects TC Energy's proportionate allocation following the spinoff Transaction. Refer to the Recent developments – Liquids Pipelines section for additional information.

## SHARE INFORMATION

At October 30, 2024, we had approximately 1.0 billion issued and outstanding common shares and approximately 6 million outstanding options to buy common shares, of which 4 million were exercisable.

Holders of the Series 9 preferred shares had the option to convert to Series 10 preferred shares by providing notice on or before October 15, 2024. On October 30, 2024, shareholders exercised their option to convert, on a one-for-one basis, 1,297,203 Series 9 preferred shares into Series 10 preferred shares and will receive a floating rate cumulative dividend at an annual rate equal to the 90-day Government of Canada Treasury bill rate plus 2.35 per cent, which will reset every quarter going forward. The fixed dividend rate on the remaining Series 9 preferred shares was reset for five years at 5.08 per cent, per annum. This rate will reset every five years.

Holders of the Series 7 preferred shares had the option to convert to Series 8 preferred shares by providing notice on or before April 15, 2024. As the total number of Series 7 preferred shares tendered for conversion did not meet the established threshold, no Series 7 preferred shares were subsequently converted into Series 8 preferred shares.

## STOCK OPTIONS

On October 1, 2024, as part of the spinoff Transaction, all outstanding TC Energy stock options were cancelled, and an equivalent number of new TC Energy stock options were issued to applicable remaining TC Energy employees and former TC Energy employees (other than those transferred to South Bow pursuant to the spinoff Transaction) who still held TC Energy stock options. The exercise prices of the new TC Energy stock options were adjusted for the change in value of the TC Energy common shares following the spinoff Transaction.

## CREDIT FACILITIES

At October 30, 2024, we had a total of \$10.0 billion of TCPL committed revolving credit facilities, of which \$8.4 billion of short-term borrowing capacity remains available, net of \$1.6 billion backstopping outstanding commercial paper balances. We also have arrangements in place for a further \$2.0 billion of demand credit facilities, of which \$1.1 billion remains available.

## CONTRACTUAL OBLIGATIONS

Long-term purchase obligations at September 30, 2024 have increased by approximately \$1.1 billion from those reported at December 31, 2023, primarily due to the extension of the contract for the Canadian Mainline to transport volumes on the TQM pipeline, which we have 50 per cent ownership interest in, to 2042.

Capital expenditure commitments at September 30, 2024 have decreased by approximately \$0.5 billion from those reported at December 31, 2023, reflecting normal course fulfillment of construction. As at September 30, 2024, capital expenditure commitments include the Liquids Pipelines business commitments, primarily related to the Blackrod Connection project. As of October 1, 2024, after the completion of the spinoff Transaction, the committed capital related to the Blackrod Connection project is the responsibility of South Bow. Refer to the Recent developments – Liquids Pipelines section for additional information.

## Financial risks and financial instruments

We are exposed to various financial risks and have strategies, policies and limits in place to manage the impact of these risks on our earnings, cash flows and, ultimately, shareholder value.

Risk management strategies, policies and limits are designed to ensure our risks and related exposures are in line with our business objectives and risk tolerance.

Refer to our 2023 Annual Report for additional information about the risks we face in our business which have not changed materially since December 31, 2023, other than as noted within this MD&A.

### INTEREST RATE RISK

We utilize both short- and long-term debt to finance our operations which exposes us to interest rate risk. We typically pay fixed rates of interest on our long-term debt and floating rates on short-term debt including our commercial paper programs and amounts drawn on our credit facilities. A small portion of our long-term debt bears interest at floating rates. In addition, we are exposed to interest rate risk on financial instruments and contractual obligations containing variable interest rate components. We actively manage our interest rate risk using interest rate derivatives.

### FOREIGN EXCHANGE RISK

Certain of our businesses generate all or most of their earnings in U.S. dollars and, since we report our financial results in Canadian dollars, changes in the value of the U.S. dollar against the Canadian dollar directly affect our comparable EBITDA and may also impact comparable earnings.

A portion of our Mexico Natural Gas Pipelines' monetary assets and liabilities are peso-denominated, while our Mexico operations' financial results are denominated in U.S. dollars. Therefore, changes in the value of the Mexican peso against the U.S. dollar can affect our comparable earnings. In addition, foreign exchange gains or losses calculated for Mexico income tax purposes on the revaluation of U.S. dollar-denominated monetary assets and liabilities result in a peso-denominated income tax exposure for these entities, leading to fluctuations in Income (loss) from equity investments and Income tax expense (recovery) in the Condensed consolidated statement of income.

We actively manage a portion of our foreign exchange risk using foreign exchange derivatives. We hedge a portion of our net investment in foreign operations (on an after-tax basis) with U.S. dollar-denominated debt, cross-currency interest rate swaps and foreign exchange options, as appropriate.

### COUNTERPARTY CREDIT RISK

We have exposure to counterparty credit risk in a number of areas including:

- cash and cash equivalents
- accounts receivable and certain contractual recoveries
- available-for-sale assets
- fair value of derivative assets
- net investment in leases and certain contract assets in Mexico.

Market events causing disruptions in global energy demand and supply may contribute to economic uncertainties impacting a number of our customers. While the majority of our credit exposure is to large creditworthy entities, we maintain close monitoring and communication with those counterparties experiencing greater financial pressures. Refer to our 2023 Annual Report for more information about the factors that mitigate our counterparty credit risk exposure.

We review financial assets carried at amortized cost for impairment using the lifetime expected loss of the financial asset at initial recognition and throughout the life of the financial asset. We use historical credit loss and recovery data, adjusted for our judgment regarding current economic and credit conditions, along with reasonable and supportable forecasts to determine any impairment, which is recognized in Plant operating costs and other. At September 30, 2024, we had no significant credit risk concentrations and no significant amounts past due or impaired. We recorded a pre-tax loss of \$5 million and pre-tax recovery of \$19 million on the expected credit loss provision on the TGNH net investment in leases and certain contract assets in Mexico for the three and nine months ended September 30, 2024, respectively (2023 – pre-tax recovery of \$1 million and \$116 million, respectively). Refer to Note 13, Risk management and financial instruments, of our Condensed consolidated financial statements for additional information.

We have significant credit and performance exposure to financial institutions that hold cash deposits and provide committed credit lines and letters of credit that help manage our exposure to counterparties and provide liquidity in commodity, foreign exchange and interest rate derivative markets. Our portfolio of financial sector exposure consists primarily of highly-rated investment grade, systemically important financial institutions.

### **LIQUIDITY RISK**

Liquidity risk is the risk that we will not be able to meet our financial obligations as they come due. We manage our liquidity risk by continuously forecasting our cash flows and ensuring we have adequate cash balances, cash flows from operations, committed and demand credit facilities and access to capital markets to meet our operating, financing and capital expenditure obligations under both normal and stressed economic conditions.

### **RELATED PARTY TRANSACTIONS**

Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

#### **Coastal GasLink LP**

We hold a 35 per cent equity interest in Coastal GasLink LP and have been contracted to develop, construct and operate the Coastal GasLink pipeline.

#### ***TC Energy Subordinated Loan Agreement***

TC Energy has a subordinated loan agreement with Coastal GasLink LP under which draws by Coastal GasLink LP will fund the anticipated remaining \$0.7 billion (December 31, 2023 – \$0.9 billion) equity requirement related to the estimated capital cost to complete the Coastal GasLink pipeline. At September 30, 2024, the total capacity committed by TC Energy and Coastal GasLink LP under this subordinated loan agreement was \$3.4 billion.

Any amounts outstanding on this loan will be repaid by Coastal GasLink LP to TC Energy, once final project costs are known. Coastal GasLink LP partners, including TC Energy, will contribute equity to Coastal GasLink LP to ultimately fund Coastal GasLink LP's repayment of this subordinated loan to TC Energy. We expect that, in accordance with contractual terms, these additional equity contributions will be predominantly funded by TC Energy but will not result in a change to our 35 per cent ownership. The total amount drawn on this loan at September 30, 2024 was \$2,680 million (December 31, 2023 – \$2,520 million). The carrying value of this loan was \$660 million at September 30, 2024 (December 31, 2023 – \$500 million) due to the impairment charges recognized to date.

#### ***Subordinated Demand Revolving Credit Facilities***

We have subordinated demand revolving credit facilities with Coastal GasLink LP to provide additional short-term liquidity and funding flexibility to the project. The facilities bear interest at floating market-based rates and have capacity of \$120 million (December 31, 2023 – \$100 million) with outstanding balances of nil at September 30, 2024 (December 31, 2023 – nil).

## FINANCIAL INSTRUMENTS

With the exception of Long-term debt and Junior subordinated notes, our derivative and non-derivative financial instruments are recorded on the balance sheet at fair value unless they were entered into and continue to be held for the purpose of receipt or delivery in accordance with our normal purchase and sales exemptions and are documented as such. In addition, fair value accounting is not required for other financial instruments that qualify for certain accounting exemptions.

### Derivative instruments

We use derivative instruments to reduce volatility associated with fluctuations in commodity prices, interest rates and foreign exchange rates. Derivative instruments, including those that qualify and are designated for hedge accounting treatment, are recorded at fair value.

The majority of derivative instruments that are not designated or do not qualify for hedge accounting treatment have been entered into as economic hedges to manage our exposure to market risk and are classified as held-for-trading. Changes in the fair value of held-for-trading derivative instruments are recorded in net income in the period of change. This may expose us to increased variability in reported operating results since the fair value of the held-for-trading derivative instruments can fluctuate significantly from period to period.

The recognition of gains and losses on derivatives for Canadian natural gas regulated pipeline exposures is determined through the regulatory process. Gains and losses arising from changes in the fair value of derivatives accounted for as part of RRA, including those that qualify for hedge accounting treatment, are expected to be refunded or recovered through the tolls charged by us. As a result, these gains and losses are deferred as regulatory liabilities or regulatory assets and are refunded to or collected from the ratepayers in subsequent years when the derivative settles.

### Balance sheet presentation of derivative instruments

The balance sheet presentation of the fair value of derivative instruments were as follows:

(millions of \$)	September 30, 2024	December 31, 2023
Other current assets	1,242	1,285
Other long-term assets	380	155
Accounts payable and other	(1,168)	(1,143)
Other long-term liabilities	(199)	(106)
	255	191

## Unrealized and realized gains (losses) on derivative instruments

The following summary does not include hedges of our net investment in foreign operations.

(millions of \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Derivative Instruments Held for Trading<sup>1</sup></b>				
Unrealized gains (losses) in the period				
Commodities <sup>2</sup>	54	(17)	33	113
Foreign exchange	24	(40)	(78)	142
Realized gains (losses) in the period				
Commodities	192	249	550	579
Foreign exchange	(58)	(29)	(105)	110
<b>Derivative Instruments in Hedging Relationships</b>				
Realized gains (losses) in the period				
Commodities	6	(8)	24	(20)
Interest rate	(14)	(13)	(41)	(29)

1 Realized and unrealized gains (losses) on held-for-trading derivative instruments used to purchase and sell commodities are included on a net basis in Revenues. Realized and unrealized gains (losses) on foreign exchange held-for-trading derivative instruments are included on a net basis in Foreign exchange (gains) losses, net in the Condensed consolidated statement of income.

2 In the three and nine months ended September 30, 2024, unrealized gains of \$4 million were reclassified to Net income (loss) from AOCI related to discontinued cash flow hedges (2023 – nil).

For further details on our non-derivative and derivative financial instruments, including classification assumptions made in the calculation of fair value and additional discussion of exposure to risks and mitigation activities, refer to Note 13, Risk management and financial instruments, of our Condensed consolidated financial statements.

## Other information

### CONTROLS AND PROCEDURES

Management, including our President and CEO and our CFO, evaluated the effectiveness of our disclosure controls and procedures as at September 30, 2024, as required by the Canadian securities regulatory authorities and by the SEC and concluded that our disclosure controls and procedures are effective at a reasonable assurance level.

There were no changes in third quarter 2024 that had or are likely to have a material impact on our internal controls over financial reporting.

On October 1, 2024, we completed the spinoff Transaction. In connection with the spinoff Transaction, the internal controls associated with the Liquids Pipelines business were transferred to South Bow. We are contractually obligated to design and maintain adequate controls post-spinoff and throughout the provision of services under the Transition Services Agreement.

### CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY CHANGES

When we prepare financial statements that conform with U.S. GAAP, we are required to make estimates and assumptions that affect the timing and amounts we record for our assets, liabilities, revenues and expenses because these items may be affected by future events. We base the estimates and assumptions on the most current information available, using our best judgment. We also regularly assess the assets and liabilities themselves. In addition to the items discussed below, refer to our 2023 Annual Report for a listing of critical accounting estimates.

#### Impairment of goodwill

Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate it might be impaired. We can initially make this assessment based on qualitative factors. If we conclude that it is not more likely than not that the fair value of the reporting unit is greater than its carrying value, we will then perform a quantitative goodwill impairment test.

In the determination of the fair value utilized in the quantitative goodwill impairment test performed in 2023 for the Columbia reporting unit, we performed a discounted cash flow analysis using projections of future cash flows and applied a risk-adjusted discount rate and terminal value multiple which involved significant estimates and judgments. It was determined that the fair value of the Columbia reporting unit exceeded its carrying value, including goodwill. Although goodwill was not impaired, the estimated fair value in excess of the carrying value was less than 10 per cent. There is a risk that reductions in future cash flow forecasts and adverse changes in other key assumptions could result in a future impairment of a portion of the goodwill balance relating to Columbia.

#### Accounting changes

Our significant accounting policies have remained unchanged since December 31, 2023 other than as described in Note 2, Accounting changes, of our Condensed consolidated financial statements. A summary of our significant accounting policies is included in our 2023 Annual Report.



## Quarterly results

### SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA

(millions of \$, except per share amounts)	2024				2023			2022
	Third	Second	First	Fourth	Third	Second	First	Fourth
Revenues	<b>4,083</b>	4,085	4,243	4,236	3,940	3,830	3,928	4,041
Net income (loss) attributable to common shares	<b>1,457</b>	963	1,203	1,463	(197)	250	1,313	(1,447)
Comparable earnings	<b>1,074</b>	978	1,284	1,403	1,035	981	1,233	1,129
Per share statistics:								
Net income (loss) per common share – basic	<b>\$1.40</b>	\$0.93	\$1.16	\$1.41	(\$0.19)	\$0.24	\$1.29	(\$1.42)
Comparable earnings per common share	<b>\$1.03</b>	\$0.94	\$1.24	\$1.35	\$1.00	\$0.96	\$1.21	\$1.11
Dividends declared per common share	<b>\$0.96</b>	\$0.96	\$0.96	\$0.93	\$0.93	\$0.93	\$0.93	\$0.90

### FACTORS AFFECTING QUARTERLY FINANCIAL INFORMATION BY BUSINESS SEGMENT

Quarter-over-quarter revenues and net income fluctuate for reasons that vary across our business segments. In addition to the factors below, our revenues and segmented earnings (losses) are impacted by fluctuations in foreign exchange rates, mainly related to our U.S. dollar-denominated operations and our peso-denominated exposure. Refer to the Foreign exchange section for additional information.

In our Canadian Natural Gas Pipelines, U.S. Natural Gas Pipelines and Mexico Natural Gas Pipelines segments, except for seasonal fluctuations in short-term throughput volumes on U.S. pipelines, quarter-over-quarter revenues and segmented earnings (losses) generally remain relatively stable during any fiscal year. Over the long term, however, they fluctuate because of:

- regulatory decisions
- negotiated settlements with customers
- newly constructed assets being placed in service
- acquisitions and divestitures
- natural gas marketing activities and commodity prices
- developments outside of the normal course of operations
- certain fair value adjustments
- provisions for expected credit losses on net investment in leases and certain contract assets in Mexico.

In Liquids Pipelines, quarter-over-quarter revenues and segmented earnings (losses) are affected by:

- regulatory decisions
- newly constructed assets being placed in service
- acquisitions and divestitures
- demand for uncontracted transportation services
- liquids marketing activities and commodity prices
- developments outside of the normal course of operations
- certain fair value adjustments.

On October 1, 2024, we completed the spinoff of our Liquids Pipelines business into a separate, publicly traded entity, South Bow. Refer to Note 3, Spinoff of Liquids Pipelines business, of our Condensed consolidated financial statements for additional information.

In Power and Energy Solutions, quarter-over-quarter revenues and segmented earnings (losses) are affected by:

- weather
- customer demand
- newly constructed assets being placed in service
- acquisitions and divestitures
- market prices for natural gas and power
- capacity prices and payments
- power marketing and trading activities
- planned and unplanned plant outages
- developments outside of the normal course of operations
- certain fair value adjustments.

### **FACTORS AFFECTING FINANCIAL INFORMATION BY QUARTER**

We calculate comparable measures by adjusting certain GAAP measures for specific items we believe are significant but not reflective of our underlying operations in the period. Except as otherwise described herein, these comparable measures are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable.

We exclude from comparable measures the unrealized gains and losses from changes in the fair value of derivatives related to financial and commodity price risk management activities. These derivatives generally provide effective economic hedges but do not meet the criteria for hedge accounting. We also exclude from comparable measures our proportionate share of the unrealized gains and losses from changes in the fair value of Bruce Power's funds invested for post-retirement benefits and derivatives related to its risk management activities. These changes in fair value are recorded in net income. As these amounts do not accurately reflect the gains and losses that will be realized at settlement, we do not consider them reflective of our underlying operations.

In third quarter 2024, comparable earnings also excluded:

- an after-tax gain of \$456 million related to the sale of PNGTS which was completed on August 15, 2024
- an after-tax charge of \$56 million due to Liquids Pipelines business separation costs related to the spinoff Transaction
- after-tax unrealized foreign exchange losses, net, of \$52 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a \$16 million after-tax expense related to Keystone XL asset disposition and termination activities
- a \$12 million after-tax charge related to the FERC Administrative Law Judge decision on Keystone in respect of a tolling-related complaint pertaining to amounts recognized in prior periods
- a \$4 million after-tax expense on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico, net of non-controlling interest
- a \$3 million after-tax expense related to Focus Project costs.

In second quarter 2024, comparable earnings also excluded:

- an after-tax gain of \$63 million related to the sale of non-core assets in U.S. Natural Gas Pipelines and Canadian Natural Gas Pipelines
- after-tax unrealized foreign exchange losses, net, of \$3 million on the peso-denominated intercompany loan between TCPL and TGNH, net of non-controlling interest
- a \$2 million after-tax recovery on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico, net of non-controlling interest
- after-tax costs of \$42 million related to the NGTL System Ownership Transfer
- an after-tax charge of \$26 million due to Liquids Pipelines business separation costs related to the spinoff Transaction.

In first quarter 2024, comparable earnings also excluded:

- after-tax unrealized foreign exchange gains, net, of \$55 million on the peso-denominated intercompany loan between TCPL and TGNH
- a \$15 million after-tax recovery on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico
- an after-tax expense of \$26 million related to a non-recurring third-party settlement
- an after-tax charge of \$13 million due to Liquids Pipelines business separation costs related to the spinoff Transaction
- an \$8 million after-tax expense related to Focus Project costs.

In fourth quarter 2023, comparable earnings also excluded:

- a \$74 million income tax recovery related to a revised assessment of the valuation allowance and non-taxable capital losses on our equity investment in Coastal GasLink LP
- an \$18 million after-tax recovery related to the net impact of a U.S. minimum tax recovery on the 2021 Keystone XL asset impairment charge and other and a gain on the sale of Keystone XL project assets, partially offset by adjustments to the estimate for contractual and legal obligations related to termination activities
- after-tax unrealized foreign exchange losses, net, of \$55 million on the peso-denominated intercompany loan between TCPL and TGNH
- a \$25 million after-tax loss on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico
- an after-tax charge of \$23 million due to Liquids Pipelines business separation costs related to the spinoff Transaction
- a \$9 million after-tax expense related to Focus Project costs
- carrying charges of \$4 million after tax as a result of a charge related to the FERC Administrative Law Judge initial decision on Keystone issued in February 2023 in respect of a tolling-related complaint pertaining to amounts recognized in prior periods
- preservation and other costs for Keystone XL pipeline project assets of \$4 million after tax.

In third quarter 2023, comparable earnings also excluded:

- an after-tax impairment charge of \$1,179 million related to our equity investment in Coastal GasLink LP
- a \$14 million after-tax expense related to Focus Project costs
- an after-tax charge of \$11 million due to Liquids Pipelines business separation costs related to the spinoff Transaction
- preservation and other costs for Keystone XL pipeline project assets of \$2 million after tax
- after-tax unrealized foreign exchange gains, net, of \$20 million on the peso-denominated intercompany loan between TCPL and TGNH.

In second quarter 2023, comparable earnings also excluded:

- an after-tax impairment charge of \$809 million related to our equity investment in Coastal GasLink LP
- a \$36 million after-tax accrued insurance expense related to the Milepost 14 incident
- a \$25 million after-tax expense related to Focus Project costs
- after-tax unrealized foreign exchange losses, net, of \$9 million on the peso-denominated intercompany loan between TCPL and TGNH
- preservation and other costs for Keystone XL pipeline project assets of \$4 million after tax
- an \$8 million after-tax recovery on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico.

In first quarter 2023, comparable earnings also excluded:

- a \$72 million after-tax recovery on the expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico
- \$48 million after-tax charge as a result of the FERC Administrative Law Judge initial decision on Keystone issued in February 2023 in respect of a tolling-related complaint pertaining to amounts recognized in prior periods, which consists of a one-time pre-tax charge of \$57 million and accrued pre-tax carrying charges of \$5 million
- an after-tax impairment charge of \$29 million related to our equity investment in Coastal GasLink LP
- preservation and other costs for Keystone XL pipeline project assets of \$4 million after tax.

In fourth quarter 2022, comparable earnings also excluded:

- an after-tax impairment charge of \$2.6 billion related to our equity investment in Coastal GasLink LP
- a \$64 million after-tax expected credit loss provision related to the TGNH net investment in leases and certain contract assets in Mexico
- a \$20 million after-tax charge due to the CER decision on Keystone issued in December 2022 in respect of a tolling-related complaint pertaining to amounts reflected in 2021 and 2020
- preservation and other costs for Keystone XL pipeline project assets of \$8 million after tax
- a \$5 million after-tax net expense related to the 2021 Keystone XL asset impairment charge and other due to a U.S. minimum tax, partially offset by the gain on the sale of Keystone XL project assets and reduction to the estimate for contractual and legal obligations related to termination activities
- a \$1 million income tax expense for the settlement related to prior years' income tax assessments in Mexico.

## Condensed consolidated statement of income

(unaudited - millions of Canadian \$, except per share amounts)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Revenues</b>				
Canadian Natural Gas Pipelines	1,395	1,303	4,196	3,829
U.S. Natural Gas Pipelines	1,503	1,473	4,643	4,558
Mexico Natural Gas Pipelines	218	213	649	625
Liquids Pipelines	725	715	2,217	1,935
Power and Energy Solutions	242	236	706	751
	4,083	3,940	12,411	11,698
<b>Income (Loss) from Equity Investments</b>	461	305	1,158	856
<b>Impairment of Equity Investment</b>	—	(1,244)	—	(2,100)
<b>Operating and Other Expenses</b>				
Plant operating costs and other	1,346	1,271	3,909	3,544
Commodity purchases resold	182	178	522	373
Property taxes	235	218	697	667
Depreciation and amortization	713	690	2,149	2,061
Goodwill and asset impairment charges and other	21	—	21	—
	2,497	2,357	7,298	6,645
<b>Net Gain (Loss) on Sale of Assets</b>	572	—	620	—
<b>Financial Charges</b>				
Interest expense	878	865	2,558	2,418
Allowance for funds used during construction	(210)	(164)	(551)	(443)
Foreign exchange (gains) losses, net	38	45	78	(231)
Interest income and other	(89)	(63)	(235)	(121)
	617	683	1,850	1,623
<b>Income (Loss) before Income Taxes</b>	2,002	(39)	5,041	2,186
<b>Income Tax Expense (Recovery)</b>				
Current	186	97	447	324
Deferred	165	37	397	409
	351	134	844	733
<b>Net Income (Loss)</b>	1,651	(173)	4,197	1,453
Net income (loss) attributable to non-controlling interests	168	1	498	18
<b>Net Income (Loss) Attributable to Controlling Interests</b>	1,483	(174)	3,699	1,435
Preferred share dividends	26	23	76	69
<b>Net Income (Loss) Attributable to Common Shares</b>	1,457	(197)	3,623	1,366
<b>Net Income (Loss) per Common Share</b>				
Basic and diluted	\$1.40	(\$0.19)	\$3.49	\$1.33
<b>Weighted Average Number of Common Shares</b> (millions)				
Basic	1,038	1,035	1,038	1,028
Diluted	1,038	1,035	1,038	1,028

See accompanying Notes to the Condensed consolidated financial statements.

## Condensed consolidated statement of comprehensive income

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Net Income (Loss)</b>	<b>1,651</b>	(173)	<b>4,197</b>	1,453
<b>Other Comprehensive Income (Loss), Net of Income Taxes</b>				
Foreign currency translation gains and losses on net investment in foreign operations	(240)	430	457	(63)
Reclassification of foreign currency translation (gains) on net investment on disposal of foreign operations	(25)	—	(25)	—
Change in fair value of net investment hedges	1	(13)	(11)	12
Change in fair value of cash flow hedges	5	15	33	(3)
Reclassification to net income of (gains) losses on cash flow hedges	(6)	25	(8)	66
Other comprehensive income (loss) on equity investments	(8)	142	56	135
	<b>(273)</b>	599	<b>502</b>	147
<b>Comprehensive Income (Loss)</b>	<b>1,378</b>	426	<b>4,699</b>	1,600
Comprehensive income (loss) attributable to non-controlling interests	43	8	739	20
<b>Comprehensive Income (Loss) Attributable to Controlling Interests</b>	<b>1,335</b>	418	<b>3,960</b>	1,580
Preferred share dividends	26	23	76	69
<b>Comprehensive Income (Loss) Attributable to Common Shares</b>	<b>1,309</b>	395	<b>3,884</b>	1,511

See accompanying Notes to the Condensed consolidated financial statements.

## Condensed consolidated statement of cash flows

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Cash Generated from Operations</b>				
Net income (loss)	1,651	(173)	4,197	1,453
Depreciation and amortization	713	690	2,149	2,061
Goodwill and asset impairment charges and other	21	—	21	—
Deferred income taxes	165	37	397	409
(Income) loss from equity investments	(461)	(305)	(1,158)	(856)
Impairment of equity investment	—	1,244	—	2,100
Distributions received from operating activities of equity investments	362	329	1,343	927
Employee post-retirement benefits funding, net of expense	3	3	11	(19)
Net (gain) loss on sale of assets	(572)	—	(620)	—
Equity allowance for funds used during construction	(139)	(103)	(359)	(283)
Unrealized (gains) losses on financial instruments	(78)	57	46	(255)
Expected credit loss provision	4	(2)	(19)	(117)
Other	43	(55)	(83)	3
(Increase) decrease in operating working capital	203	102	(313)	(15)
<b>Net cash provided by operations</b>	<b>1,915</b>	<b>1,824</b>	<b>5,612</b>	<b>5,408</b>
<b>Investing Activities</b>				
Capital expenditures	(1,756)	(2,042)	(4,668)	(5,945)
Capital projects in development	(8)	(18)	(41)	(122)
Contributions to equity investments	(345)	(1,229)	(888)	(3,246)
Loans to affiliate (issued) repaid, net	—	—	—	250
Acquisitions, net of cash acquired	—	—	—	(302)
Proceeds from sale of assets, net of transaction costs	743	—	791	—
Other distributions from equity investments	509	—	539	16
Keystone XL contractual recoveries	2	2	7	7
Deferred amounts and other	—	(42)	(133)	(33)
<b>Net cash (used in) provided by investing activities</b>	<b>(855)</b>	<b>(3,329)</b>	<b>(4,393)</b>	<b>(9,375)</b>
<b>Financing Activities</b>				
Notes payable issued (repaid), net	(1,137)	(2,401)	421	(6,055)
Long-term debt issued, net of issue costs	7,428	7,434	8,089	15,887
Long-term debt repaid	—	(2,150)	(1,662)	(2,610)
Disposition of equity interests, net of transaction costs	(7)	—	419	—
Junior subordinated notes issued, net of issue costs	1,465	—	1,465	—
Dividends on common shares	(996)	(583)	(2,957)	(1,822)
Dividends on preferred shares	(26)	(22)	(73)	(68)
Contributions from non-controlling interests	11	—	16	—
Distributions to non-controlling interests	(303)	(11)	(667)	(47)
Distributions on Class C Interests	—	—	(2)	(42)
Common shares issued, net of issue costs	21	—	21	4
<b>Net cash (used in) provided by financing activities</b>	<b>6,456</b>	<b>2,267</b>	<b>5,070</b>	<b>5,247</b>
<b>Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents and Restricted Cash</b>				
	(36)	117	21	70
<b>Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash, Including Cash Balances Classified as Assets Held for Sale</b>				
Cash balances classified as assets held for sale (Note 14)	34	—	—	—
<b>Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash</b>	<b>7,514</b>	<b>879</b>	<b>6,310</b>	<b>1,350</b>
<b>Cash and Cash Equivalents and Restricted Cash - Beginning of period</b>	<b>2,474</b>	<b>1,091</b>	<b>3,678</b>	<b>620</b>
<b>Cash and Cash Equivalents and Restricted Cash - End of period</b>	<b>9,988</b>	<b>1,970</b>	<b>9,988</b>	<b>1,970</b>

See accompanying Notes to the Condensed consolidated financial statements.

## Condensed consolidated balance sheet

(unaudited - millions of Canadian \$)	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,797	3,678
Restricted cash	6,191	—
Accounts receivable	3,526	4,209
Inventories	1,053	982
Other current assets	2,526	2,503
	<b>17,093</b>	<b>11,372</b>
<b>Plant, Property and Equipment</b>	84,180	80,569
net of accumulated depreciation of \$38,014 and \$36,602, respectively		
<b>Net Investment in Leases</b>	2,321	2,263
<b>Equity Investments</b>	10,823	10,314
<b>Restricted Investments</b>	3,015	2,636
<b>Regulatory Assets</b>	2,608	2,330
<b>Goodwill</b>	12,828	12,532
<b>Other Long-Term Assets</b>	2,424	3,018
	<b>135,292</b>	<b>125,034</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes payable	422	—
Accounts payable and other	6,391	6,987
Dividends payable	1,012	979
Accrued interest	868	913
Current portion of long-term debt	4,390	2,938
	<b>13,083</b>	<b>11,817</b>
<b>Regulatory Liabilities</b>	5,229	4,806
<b>Other Long-Term Liabilities</b>	1,075	1,015
<b>Deferred Income Tax Liabilities</b>	7,870	8,125
<b>Long-Term Debt</b>	55,601	49,976
<b>Junior Subordinated Notes</b>	11,957	10,287
	<b>94,815</b>	<b>86,026</b>
<b>EQUITY</b>		
Common shares, no par value	30,025	30,002
Issued and outstanding:	September 30, 2024 – 1,038 million shares December 31, 2023 – 1,037 million shares	
Preferred shares	2,499	2,499
Retained earnings (Accumulated deficit)	(2,378)	(2,997)
Accumulated other comprehensive income (loss)	310	49
<b>Controlling Interests</b>	30,456	29,553
<b>Non-Controlling Interests</b>	10,021	9,455
	<b>40,477</b>	<b>39,008</b>
	<b>135,292</b>	<b>125,034</b>

**Commitments, Contingencies and Guarantees** (Note 15)

**Variable Interest Entities** (Note 16)

See accompanying Notes to the Condensed consolidated financial statements.



## Condensed consolidated statement of equity

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Common Shares</b>				
Balance at beginning of period	30,002	29,627	30,002	28,995
Shares issued:				
Exercise of stock options	23	—	23	4
Dividend reinvestment and share purchase plan	—	375	—	1,003
Balance at end of period	30,025	30,002	30,025	30,002
<b>Preferred Shares</b>				
Balance at beginning and end of period	2,499	2,499	2,499	2,499
<b>Additional Paid-In Capital</b>				
Balance at beginning of period	—	728	—	722
Issuance of stock options, net of exercises	—	—	4	6
Disposition of equity interests, net of transaction costs	—	—	(22)	—
Reclassification of additional paid-in capital deficit to retained earnings (accumulated deficit)	—	—	18	—
Balance at end of period	—	728	—	728
<b>Retained Earnings (Accumulated Deficit)</b>				
Balance at beginning of period	(2,839)	476	(2,997)	819
Net income (loss) attributable to controlling interests	1,483	(174)	3,699	1,435
Common share dividends	(996)	(966)	(2,988)	(2,874)
Preferred share dividends	(26)	(23)	(74)	(67)
Reclassification of additional paid-in capital deficit to retained earnings (accumulated deficit)	—	—	(18)	—
Balance at end of period	(2,378)	(687)	(2,378)	(687)
<b>Accumulated Other Comprehensive Income (Loss)</b>				
Balance at beginning of period	458	508	49	955
Other comprehensive income (loss) attributable to controlling interests	(148)	592	282	145
Impact of non-controlling interest	—	—	(21)	—
Balance at end of period	310	1,100	310	1,100
<b>Equity Attributable to Controlling Interests</b>				
	30,456	33,642	30,456	33,642
<b>Equity Attributable to Non-Controlling Interests</b>				
Balance at beginning of period	10,374	324	9,455	126
Disposition of equity and non-controlling interests	(104)	—	478	—
Other comprehensive income (loss) attributable to non-controlling interests	(125)	7	241	2
Net income (loss) attributable to non-controlling interests	168	1	498	18
Contributions from non-controlling interests	11	—	16	—
Distributions declared to non-controlling interests	(303)	(11)	(667)	(47)
Non-controlling interests on acquisition of Texas Wind Farms	—	—	—	222
Balance at end of period	10,021	321	10,021	321
<b>Total Equity</b>	<b>40,477</b>	<b>33,963</b>	<b>40,477</b>	<b>33,963</b>

See accompanying Notes to the Condensed consolidated financial statements.

# Notes to Condensed consolidated financial statements

## (unaudited)

### 1. BASIS OF PRESENTATION

These Condensed consolidated financial statements of TC Energy Corporation (TC Energy or the Company) have been prepared by management in accordance with U.S. GAAP. The accounting policies applied are consistent with those outlined in TC Energy's annual audited Consolidated financial statements for the year ended December 31, 2023, except as described in Note 2, Accounting changes. Capitalized and abbreviated terms that are used but not otherwise defined herein are identified in TC Energy's 2023 Annual Report.

These Condensed consolidated financial statements reflect adjustments, all of which are normal recurring adjustments that are, in the opinion of management, necessary to reflect fairly the financial position and results of operations for the respective periods. These Condensed consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the 2023 audited Consolidated financial statements included in TC Energy's 2023 Annual Report. Certain comparative figures have been adjusted to reflect the current period's presentation.

Earnings for interim periods may not be indicative of results for the fiscal year in certain of the Company's segments primarily due to:

- Natural gas pipelines segments – the timing of regulatory decisions and negotiated rate case settlements as well as seasonal fluctuations in short-term throughput volumes on U.S. pipelines and marketing activities
- Liquids Pipelines – fluctuations in throughput volumes on the Keystone Pipeline System and marketing activities
- Power and Energy Solutions – the impacts of seasonal weather conditions on customer demand, market supply and prices of natural gas and power as well as maintenance outages in certain of the Company's investments in electrical power generation plants and Canadian non-regulated natural gas storage facilities and marketing activities.

In addition to the factors mentioned above, revenues and segmented earnings are impacted by fluctuations in foreign exchange rates, mainly related to the Company's U.S. dollar-denominated operations and Mexican peso-denominated exposure.

#### Use of Estimates and Judgments

In preparing these Condensed consolidated financial statements, TC Energy is required to make estimates and assumptions that affect both the amount and timing of recording assets, liabilities, revenues and expenses since the determination of these items may be dependent on future events. The Company uses the most current information available and exercises careful judgment in making these estimates and assumptions. In the opinion of management, these Condensed consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the Company's significant accounting policies included in the annual audited Consolidated financial statements for the year ended December 31, 2023, except as described in Note 2, Accounting changes.

## 2. ACCOUNTING CHANGES

### Changes in Accounting Policies for 2024

#### Leases

In March 2023, the FASB issued new guidance that clarified the accounting for leasehold improvements associated with common control leases. This new guidance was effective January 1, 2024 and did not have a material impact on the Company's Condensed consolidated financial statements.

#### Future Accounting Changes

##### Income Taxes

In December 2023, the FASB issued new guidance to enhance the transparency and decision usefulness of income tax disclosures through improvements to the rate reconciliation and income taxes paid information. The guidance also includes certain other amendments to improve the effectiveness of income tax disclosures. This new guidance is effective for the annual period beginning January 1, 2025. The guidance is applied prospectively with retrospective application permitted. Early adoption is permitted for annual financial statements not yet issued. The Company does not expect this guidance to have a material impact on the Company's Condensed consolidated financial statements.

##### Segment Reporting

In November 2023, the FASB issued new guidance to improve disclosures about a public entity's reportable segments and to address requests from investors for additional, more detailed information about a reportable segment's expenses. The guidance is effective for annual periods beginning January 1, 2024 and interim periods beginning January 1, 2025. Early adoption is permitted and the guidance is applied retrospectively. This guidance will not have a material impact on the Company's Condensed consolidated financial statements.

## 3. SPINOFF OF LIQUIDS PIPELINES BUSINESS

On October 1, 2024, the Company completed the spinoff of its Liquids Pipelines business into a separate, publicly traded entity (the spinoff Transaction), South Bow Corporation (South Bow). To facilitate the separation, TC Energy common shareholders retained their interest in TC Energy and received 0.2 of a South Bow common share for each TC Energy common share held. South Bow's common shares commenced regular way trading on the TSX on October 2, 2024 and on the NYSE on October 8, 2024, under the ticker symbol SOBO.

For periods up to September 30, 2024, South Bow operations were materially reported within the Company's Liquids Pipelines segment. For additional information regarding the segmented earnings and assets of the Liquids Pipelines segment, refer to Note 4, Segmented information. Upon completion of the spinoff, for reporting periods subsequent to October 1, 2024, the Liquids Pipelines business will be reported as discontinued operations.

TC Energy and South Bow have executed a series of agreements to outline the parameters and guidelines that govern their ongoing relationship and to specify the separation of assets and liabilities between the two corporations. A Transition Services Agreement has been established, the primary purpose of which is to specify certain services that TC Energy will provide to South Bow, for compensation, for a period of up to two years. These services primarily include access to and support of systems that South Bow will continue to use until it has fully implemented new systems to support its business processes as well as warehouse management services.

TC Energy and South Bow have entered into a Separation Agreement providing that TC Energy will indemnify South Bow for 86 per cent of total net liabilities and costs associated with the Milepost 14 incident and the existing variable toll disputes on the Keystone Pipeline System (excluding any future impacts with respect to the variable toll after October 1, 2024) subject to a maximum liability to South Bow of \$30 million, in aggregate, for those two matters. Any amounts that may ultimately be payable in respect of these net liabilities and costs above the current accrued amount are indeterminable at this time. As part of the Separation Agreement, any insurance recoveries will remain with TC Energy.

On August 28, 2024, South Bow Canadian Infrastructure Holdings Ltd. and 6297782 LLC completed an offering of approximately \$7.9 billion Canadian-dollar equivalent of senior unsecured notes and junior subordinated notes. Approximately \$6.2 billion Canadian-dollar equivalent of the net proceeds was placed in escrow pending the completion of the spinoff Transaction on October 1, 2024 and US\$1.25 billion of senior unsecured notes were used to repay a TCPL term loan. Upon completion of the spinoff Transaction, the escrowed funds were released to South Bow and used to repay indebtedness owed by South Bow and its subsidiaries to TC Energy and its subsidiaries.

Prior to the spinoff, TC Energy incurred pre-tax Liquids Pipelines business separation costs related to the spinoff Transaction of \$67 million (\$56 million after tax) and \$112 million (\$95 million after tax) for the three and nine months ended September 30, 2024, respectively. For the three and nine months ended September 30, 2024, separation costs of \$28 million and \$42 million, respectively, were included in the results of the Liquids Pipelines business segment and \$25 million and \$56 million, respectively, were included in the Corporate segment. For the three and nine months ended September 30, 2024, \$42 million of interest expense and \$28 million of interest income were included in the Corporate segment related to senior unsecured notes and junior subordinated notes issued on August 28, 2024 to establish South Bow's debt capital structure, the net proceeds of which were placed in escrow pending the completion of the spinoff Transaction.

## 4. SEGMENTED INFORMATION

three months ended September 30, 2024 <small>(unaudited - millions of Canadian \$)</small>	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Corporate <sup>1</sup>	Total
Revenues	1,395	1,503	218	725	242	—	4,083
Intersegment revenues	—	24	—	—	—	(24) <sup>2</sup>	—
	1,395	1,527	218	725	242	(24)	4,083
Income (loss) from equity investments <sup>3</sup>	7	68	79	17	290	—	461
Plant operating costs and other <sup>3</sup>	(478)	(448)	(37)	(231)	(139)	(13) <sup>2</sup>	(1,346)
Commodity purchases resold	—	(32)	—	(135)	(15)	—	(182)
Property taxes	(79)	(126)	—	(28)	(2)	—	(235)
Depreciation and amortization	(350)	(231)	(23)	(87)	(22)	—	(713)
Goodwill and asset impairment charges and other	—	—	—	(21)	—	—	(21)
Net gain (loss) on sale of assets	—	572	—	—	—	—	572
<b>Segmented Earnings (Losses)</b>	<b>495</b>	<b>1,330</b>	<b>237</b>	<b>240</b>	<b>354</b>	<b>(37)</b>	<b>2,619</b>
Interest expense							(878)
Allowance for funds used during construction							210
Foreign exchange gains (losses), net							(38)
Interest income and other							89
<b>Income (Loss) before Income Taxes</b>							<b>2,002</b>
Income tax (expense) recovery							(351)
<b>Net Income (Loss)</b>							<b>1,651</b>
Net (income) loss attributable to non-controlling interests							(168)
<b>Net Income (Loss) Attributable to Controlling Interests</b>							<b>1,483</b>
Preferred share dividends							(26)
<b>Net Income (Loss) Attributable to Common Shares</b>							<b>1,457</b>
<b>Capital Spending<sup>4</sup></b>							
Capital expenditures	294	757	580	83	7	35	1,756
Capital projects in development	—	(1)	—	—	9	—	8
Contributions to equity investments	173	—	—	—	172	—	345
	467	756	580	83	188	35	2,109

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Plant operating costs and other in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

3 The Mexico Natural Gas Pipelines segment includes an expense of \$3 million on the expected credit loss (ECL) provision with respect to the net investment in leases associated with the in-service TGNH pipelines and an expense of \$1 million on the ECL provision for contract assets related to certain other Mexico natural gas pipelines. Income (loss) from equity investments includes an expense of \$1 million on the ECL provision for contract assets related to Sur de Texas.

4 Included in Investing activities in the Condensed consolidated statement of cash flows.

three months ended September 30, 2023  (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Corporate <sup>1</sup>	Total
Revenues	1,303	1,473	213	715	236	—	3,940
Intersegment revenues	—	25	—	—	—	(25) <sup>2</sup>	—
	1,303	1,498	213	715	236	(25)	3,940
Income (loss) from equity investments <sup>3</sup>	5	63	48	17	172	—	305
Impairment of equity investment	(1,244)	—	—	—	—	—	(1,244)
Plant operating costs and other <sup>3</sup>	(454)	(417)	(28)	(222)	(139)	(11) <sup>2</sup>	(1,271)
Commodity purchases resold	—	(26)	—	(145)	(7)	—	(178)
Property taxes	(73)	(114)	—	(29)	(2)	—	(218)
Depreciation and amortization	(336)	(222)	(23)	(83)	(26)	—	(690)
<b>Segmented Earnings (Losses)</b>	<b>(799)</b>	<b>782</b>	<b>210</b>	<b>253</b>	<b>234</b>	<b>(36)</b>	<b>644</b>
Interest expense							(865)
Allowance for funds used during construction							164
Foreign exchange gains (losses), net							(45)
Interest income and other							63
<b>Income (Loss) before Income Taxes</b>							<b>(39)</b>
Income tax (expense) recovery							(134)
<b>Net Income (Loss)</b>							<b>(173)</b>
Net (income) loss attributable to non-controlling interests							(1)
<b>Net Income (Loss) Attributable to Controlling Interests</b>							<b>(174)</b>
Preferred share dividends							(23)
<b>Net Income (Loss) Attributable to Common Shares</b>							<b>(197)</b>
<b>Capital Spending<sup>4</sup></b>							
Capital expenditures	715	641	636	11	27	12	2,042
Capital projects in development	(4)	—	—	—	22	—	18
Contributions to equity investments	1,032	—	—	—	197	—	1,229
	1,743	641	636	11	246	12	3,289

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Plant operating costs and other in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

3 The Mexico Natural Gas Pipelines segment includes a recovery of \$2 million on the ECL provision with respect to the net investment in leases associated with the in-service TGNH pipelines and no change on the ECL provision for contract assets related to certain other Mexico natural gas pipelines. Income (loss) from equity investments includes an expense of \$1 million on the ECL provision for contract assets related to Sur de Texas.

4 Included in Investing activities in the Condensed consolidated statement of cash flows.

<b>nine months ended September 30, 2024</b>	<b>Canadian Natural Gas Pipelines</b>	<b>U.S. Natural Gas Pipelines</b>	<b>Mexico Natural Gas Pipelines</b>	<b>Liquids Pipelines</b>	<b>Power and Energy Solutions</b>	<b>Corporate<sup>1</sup></b>	<b>Total</b>
(unaudited - millions of Canadian \$)							
Revenues	4,196	4,643	649	2,217	706	—	12,411
Intersegment revenues	—	74	—	—	49	(123) <sup>2</sup>	—
	4,196	4,717	649	2,217	755	(123)	12,411
Income (loss) from equity investments <sup>3</sup>	18	260	209	50	621	—	1,158
Plant operating costs and other <sup>3</sup>	(1,441)	(1,272)	(74)	(691)	(433)	2 <sup>2</sup>	(3,909)
Commodity purchases resold	—	(98)	—	(387)	(37)	—	(522)
Property taxes	(236)	(372)	—	(84)	(5)	—	(697)
Depreciation and amortization	(1,037)	(710)	(69)	(258)	(75)	—	(2,149)
Goodwill and asset impairment charges and other	—	—	—	(21)	—	—	(21)
Net gain (loss) on sale of assets	10	610	—	—	—	—	620
<b>Segmented Earnings (Losses)</b>	<b>1,510</b>	<b>3,135</b>	<b>715</b>	<b>826</b>	<b>826</b>	<b>(121)</b>	<b>6,891</b>
Interest expense							(2,558)
Allowance for funds used during construction							551
Foreign exchange gains (losses), net							(78)
Interest income and other							235
<b>Income (Loss) before Income Taxes</b>							<b>5,041</b>
Income tax (expense) recovery							(844)
<b>Net Income (Loss)</b>							<b>4,197</b>
Net (income) loss attributable to non-controlling interests							(498)
<b>Net Income (Loss) Attributable to Controlling Interests</b>							<b>3,699</b>
Preferred share dividends							(76)
<b>Net Income (Loss) Attributable to Common Shares</b>							<b>3,623</b>
<b>Capital Spending<sup>4</sup></b>							
Capital expenditures	874	1,794	1,800	127	35	38	4,668
Capital projects in development	—	—	—	—	41	—	41
Contributions to equity investments	350	—	—	—	538	—	888
	1,224	1,794	1,800	127	614	38	5,597

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Plant operating costs and other in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

3 The Mexico Natural Gas Pipelines segment includes a recovery of \$18 million on the ECL provision with respect to the net investment in leases associated with the in-service TGNH pipelines and a recovery of \$1 million on the ECL provision for contract assets related to certain other Mexico natural gas pipelines. There was no change to Income (loss) from equity investments on the ECL provision for contract assets related to Sur de Texas.

4 Included in Investing activities in the Condensed consolidated statement of cash flows.

nine months ended September 30, 2023  (unaudited - millions of Canadian \$)	Canadian Natural Gas Pipelines	U.S. Natural Gas Pipelines	Mexico Natural Gas Pipelines	Liquids Pipelines	Power and Energy Solutions	Corporate <sup>1</sup>	Total
Revenues	3,829	4,558	625	1,935	751	—	11,698
Intersegment revenues	—	76	—	—	22	(98) <sup>2</sup>	—
	3,829	4,634	625	1,935	773	(98)	11,698
Income (loss) from equity investments <sup>3</sup>	15	227	52	49	513	—	856
Impairment of equity investment	(2,100)	—	—	—	—	—	(2,100)
Plant operating costs and other <sup>3</sup>	(1,317)	(1,218)	36	(610)	(459)	24 <sup>2</sup>	(3,544)
Commodity purchases resold	—	(26)	—	(331)	(16)	—	(373)
Property taxes	(226)	(348)	—	(89)	(4)	—	(667)
Depreciation and amortization	(983)	(693)	(67)	(252)	(66)	—	(2,061)
<b>Segmented Earnings (Losses)</b>	<b>(782)</b>	<b>2,576</b>	<b>646</b>	<b>702</b>	<b>741</b>	<b>(74)</b>	<b>3,809</b>
Interest expense							(2,418)
Allowance for funds used during construction							443
Foreign exchange gains (losses), net							231
Interest income and other							121
<b>Income (Loss) before Income Taxes</b>							<b>2,186</b>
Income tax (expense) recovery							(733)
<b>Net Income (Loss)</b>							<b>1,453</b>
Net (income) loss attributable to non-controlling interests							(18)
<b>Net Income (Loss) Attributable to Controlling Interests</b>							<b>1,435</b>
Preferred share dividends							(69)
<b>Net Income (Loss) Attributable to Common Shares</b>							<b>1,366</b>
<b>Capital Spending<sup>4</sup></b>							
Capital expenditures	2,238	1,782	1,737	35	124	29	5,945
Capital projects in development	4	—	—	—	118	—	122
Contributions to equity investments	2,676	—	—	—	570	—	3,246
	4,918	1,782	1,737	35	812	29	9,313

1 Includes intersegment eliminations.

2 The Company records intersegment sales at contracted rates. For segmented reporting, these transactions are included as Intersegment revenues in the segment providing the service and Plant operating costs and other in the segment receiving the service. These transactions are eliminated on consolidation. Intersegment profit is recognized when the product or service has been provided to third parties or otherwise realized.

3 The Mexico Natural Gas Pipelines segment includes a recovery of \$105 million on the ECL provision with respect to the net investment in leases associated with the in-service TGNH pipelines and a recovery of \$12 million on the ECL provision for contract assets related to certain other Mexico natural gas pipelines. Income (loss) from equity investments includes an expense of \$1 million on the ECL provision for contract assets related to Sur de Texas.

4 Included in Investing activities in the Condensed consolidated statement of cash flows.



## Total Assets by Segment

(unaudited - millions of Canadian \$)	September 30, 2024	December 31, 2023
Canadian Natural Gas Pipelines	30,727	29,782
U.S. Natural Gas Pipelines	51,746	50,499
Mexico Natural Gas Pipelines	14,512	12,003
Liquids Pipelines	15,675	15,490
Power and Energy Solutions	9,693	9,525
Corporate <sup>1</sup>	12,939	7,735
	<b>135,292</b>	<b>125,034</b>

1 At September 30, 2024, includes \$6.2 billion (2023 – nil) of restricted cash held in escrow related to the South Bow debt offering in August 2024.

## 5. REVENUES

### Disaggregation of Revenues

The following tables summarize total Revenues for the three and nine months ended September 30, 2024 and 2023:

<b>three months ended September 30, 2024</b> (unaudited - millions of Canadian \$)	<b>Canadian Natural Gas Pipelines</b>	<b>U.S. Natural Gas Pipelines</b>	<b>Mexico Natural Gas Pipelines</b>	<b>Liquids Pipelines</b>	<b>Power and Energy Solutions</b>	<b>Total</b>
Revenues from contracts with customers						
Capacity arrangements and transportation	1,391	1,264	110	538	—	3,303
Power generation	—	—	—	—	49	49
Natural gas storage and other <sup>1,2</sup>	4	211	31	1	108	355
	<b>1,395</b>	<b>1,475</b>	<b>141</b>	<b>539</b>	<b>157</b>	<b>3,707</b>
Sales-type lease income	—	—	77	—	—	77
Other revenues <sup>3</sup>	—	28	—	186	85	299
	<b>1,395</b>	<b>1,503</b>	<b>218</b>	<b>725</b>	<b>242</b>	<b>4,083</b>

- 1 The Canadian Natural Gas Pipelines segment includes \$4 million of fee revenues from an affiliate related to development and construction of the Coastal GasLink pipeline project, which is 35 per cent owned by TC Energy.
- 2 The Mexico Natural Gas Pipelines segment includes \$24 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service TGNH pipelines.
- 3 Other revenues include income from the Company's marketing activities and financial instruments. Refer to Note 13, Risk management and financial instruments, for additional information. Additionally, other revenues include \$29 million of operating lease income.

<b>three months ended September 30, 2023</b> (unaudited - millions of Canadian \$)	<b>Canadian Natural Gas Pipelines</b>	<b>U.S. Natural Gas Pipelines</b>	<b>Mexico Natural Gas Pipelines</b>	<b>Liquids Pipelines</b>	<b>Power and Energy Solutions</b>	<b>Total</b>
Revenues from contracts with customers						
Capacity arrangements and transportation	1,296	1,206	113	555	—	3,170
Power generation	—	—	—	—	109	109
Natural gas storage and other <sup>1,2</sup>	7	208	30	1	86	332
	<b>1,303</b>	<b>1,414</b>	<b>143</b>	<b>556</b>	<b>195</b>	<b>3,611</b>
Sales-type lease income	—	—	70	—	—	70
Other revenues <sup>3</sup>	—	59	—	159	41	259
	<b>1,303</b>	<b>1,473</b>	<b>213</b>	<b>715</b>	<b>236</b>	<b>3,940</b>

- 1 The Canadian Natural Gas Pipelines segment includes \$7 million of fee revenues from an affiliate related to development and construction of the Coastal GasLink pipeline project, which is 35 per cent owned by TC Energy.
- 2 The Mexico Natural Gas Pipelines segment includes \$24 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service TGNH pipelines.
- 3 Other revenues include income from the Company's marketing activities and financial instruments. Refer to Note 13, Risk management and financial instruments, for additional information. Additionally, other revenues include \$29 million of operating lease income.

<b>nine months ended September 30, 2024</b> (unaudited - millions of Canadian \$)	<b>Canadian Natural Gas Pipelines</b>	<b>U.S. Natural Gas Pipelines</b>	<b>Mexico Natural Gas Pipelines</b>	<b>Liquids Pipelines</b>	<b>Power and Energy Solutions</b>	<b>Total</b>
Revenues from contracts with customers						
Capacity arrangements and transportation	4,182	3,939	327	1,704	—	10,152
Power generation	—	—	—	—	203	203
Natural gas storage and other <sup>1,2</sup>	14	637	92	4	296	1,043
	<b>4,196</b>	<b>4,576</b>	<b>419</b>	<b>1,708</b>	<b>499</b>	<b>11,398</b>
Sales-type lease income	—	—	230	—	—	230
Other revenues <sup>3</sup>	—	67	—	509	207	783
	<b>4,196</b>	<b>4,643</b>	<b>649</b>	<b>2,217</b>	<b>706</b>	<b>12,411</b>

- 1 The Canadian Natural Gas Pipelines segment includes \$14 million of fee revenues from an affiliate related to development and construction of the Coastal GasLink pipeline project, which is 35 per cent owned by TC Energy.
- 2 The Mexico Natural Gas Pipelines segment includes \$73 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service TGNH pipelines.
- 3 Other revenues include income from the Company's marketing activities and financial instruments. Refer to Note 13, Risk management and financial instruments, for additional information. Additionally, other revenues include \$90 million of operating lease income.

<b>nine months ended September 30, 2023</b> (unaudited - millions of Canadian \$)	<b>Canadian Natural Gas Pipelines</b>	<b>U.S. Natural Gas Pipelines</b>	<b>Mexico Natural Gas Pipelines</b>	<b>Liquids Pipelines</b>	<b>Power and Energy Solutions</b>	<b>Total</b>
Revenues from contracts with customers						
Capacity arrangements and transportation	3,806	3,709	331	1,529	—	9,375
Power generation	—	—	—	—	342	342
Natural gas storage and other <sup>1,2</sup>	23	656	92	2	300	1,073
	<b>3,829</b>	<b>4,365</b>	<b>423</b>	<b>1,531</b>	<b>642</b>	<b>10,790</b>
Sales-type lease income	—	—	202	—	—	202
Other revenues <sup>3</sup>	—	193	—	404	109	706
	<b>3,829</b>	<b>4,558</b>	<b>625</b>	<b>1,935</b>	<b>751</b>	<b>11,698</b>

- 1 The Canadian Natural Gas Pipelines segment includes \$23 million of fee revenues from an affiliate related to development and construction of the Coastal GasLink pipeline project, which is 35 per cent owned by TC Energy.
- 2 The Mexico Natural Gas Pipelines segment includes \$73 million of revenues generated from non-lease components for the provision of operating and maintenance services with respect to sales-type leases on the in-service TGNH pipelines.
- 3 Other revenues include income from the Company's marketing activities and financial instruments. Refer to Note 13, Risk management and financial instruments, for additional information. Additionally, other revenues include \$91 million of operating lease income.

## Contract Balances

(unaudited - millions of Canadian \$)	September 30, 2024	December 31, 2023	Affected line item on the Condensed consolidated balance sheet
Receivables from contracts with customers	1,614	1,832	Accounts receivable
Contract assets	210	151	Other current assets
Long-term contract assets	556	457	Other long-term assets
Contract liabilities <sup>1</sup>	55	69	Accounts payable and other
Long-term contract liabilities	10	12	Other long-term liabilities

1 During the nine months ended September 30, 2024, \$55 million (2023 – \$56 million) of revenues were recognized that were included in contract liabilities and long-term contract liabilities at the beginning of the period.

Contract assets and long-term contract assets primarily relate to the Company's right to revenues for services completed but not invoiced at the reporting date on long-term committed capacity natural gas pipelines contracts. The change in contract assets is primarily related to the transfer to Accounts receivable when these rights become unconditional and the customer is invoiced, as well as the recognition of additional revenues that remain to be invoiced. Contract liabilities and long-term contract liabilities primarily represent unearned revenue for contracted services.

### Future Revenues from Remaining Performance Obligations

As at September 30, 2024, future revenues from long-term pipeline capacity arrangements and transportation as well as natural gas storage and other contracts extending through 2055 are approximately \$20.5 billion, of which approximately \$2.0 billion is expected to be recognized during the remainder of 2024. As at September 30, 2024, future revenues include \$8.6 billion extending through to 2044 related to the Liquids Pipelines business. For reporting periods subsequent to October 1, 2024, amounts related to the Liquids Pipelines business will not be included in TC Energy's future revenues. Refer to Note 3, Spinoff of Liquids Pipelines business, for additional information.

## 6. COASTAL GASLINK

### Subordinated Loan Agreement

Committed capacity under the subordinated loan agreement between TC Energy and Coastal GasLink Pipeline Limited Partnership (Coastal GasLink LP) was \$3.4 billion with a balance outstanding of \$2.7 billion at September 30, 2024 (December 31, 2023 – \$3.4 billion and \$2.5 billion, respectively).

Any amounts outstanding on the loan will be repaid by Coastal GasLink LP to TC Energy once final project costs are known. Coastal GasLink LP partners, including TC Energy, will contribute equity to Coastal GasLink LP to ultimately fund Coastal GasLink LP's repayment of this subordinated loan to TC Energy. The Company expects that these additional equity contributions will be predominantly funded by TC Energy.

Amounts drawn under the subordinated loan agreement are accounted for as in-substance equity contributions and are presented as Contributions to equity investments on the Company's Condensed consolidated statement of cash flows. Interest and principal repayments on this loan, which are expected to be predominantly funded by TC Energy, will be accounted for as an equity investment distribution to the Company once received.

In the three and nine months ended September 30, 2024, draws of \$110 million and \$160 million (2023 – \$985 million and \$1,770 million, net of repayments, respectively) were made by Coastal GasLink LP under the subordinated loan agreement. The table below reflects the changes in the carrying value of this loan receivable balance.

(unaudited - millions of Canadian \$)	
Outstanding balance at December 31, 2023	2,520
Impairment in prior years	(2,020)
Issuances in the nine months ended September 30, 2024	160
Outstanding balance at September 30, 2024	660

### Subordinated Demand Revolving Credit Facility Agreement

On June 25, 2024, the Company amended its subordinated demand revolving credit facility agreement with Coastal GasLink LP, adding a new facility to provide short-term liquidity and funding flexibility for the Cedar Link project. The new facility has a capacity of \$20 million and bears interest at a floating market-based rate. Facilities available through this agreement have a combined capacity of \$120 million (December 31, 2023 – \$100 million) with no outstanding balances at September 30, 2024.

### Impairment of Equity Investment in Coastal GasLink LP

In the three and nine months ended September 30, 2024, no impairment charges were recorded (2023 – pre-tax impairment charges of \$1,244 million and \$2,100 million, respectively) as there were no events or changes in circumstances since December 31, 2023 indicating a significant adverse impact on the estimated fair value of the Company's investment in Coastal GasLink LP.

Between December 31, 2022 and September 30, 2023, with the expectation that additional equity contributions under the subordinated loan agreement will be predominantly funded by TC Energy, the Company completed valuation assessments for the year ended December 31, 2022 and the first three quarters of 2023. For each period in which an assessment was performed, the Company concluded that the fair value of its investment in Coastal GasLink LP was below its carrying value and that these were other-than-temporary impairments. As a result, the cumulative pre-tax impairment charge recognized at September 30, 2024 is \$5,148 million (\$4,586 million after tax).

At September 30, 2024, the carrying value of the Company's investment was \$732 million (December 31, 2023 – \$294 million), which reflects the balance of amounts, net of impairments, drawn on the subordinated loan and other changes to TC Energy's equity investment.

At September 30, 2024, TC Energy expects to contribute up to approximately \$0.7 billion in additional funding related to the capital cost estimates to complete the Coastal GasLink pipeline and the Cedar Link project.

## 7. INCOME TAXES

### Effective Tax Rates

The effective income tax rates were 17 per cent and 34 per cent for the nine months ended September 30, 2024 and 2023, respectively. The decrease in the effective income tax rate was primarily due to an unrealized non-taxable capital loss from the Coastal GasLink LP impairment in 2023 and the impact of Mexico foreign exchange exposure in 2024, partially offset by lower foreign income tax rate differentials and higher flow-through income taxes in 2024.

## 8. KEYSTONE ENVIRONMENTAL PROVISION

In December 2022, a pipeline incident (Milepost 14) occurred in Washington County, Kansas on the Keystone Pipeline System. At December 31, 2023, the Company had accrued a life-to-date environmental liability of \$794 million, before expected insurance recoveries and not including potential fines and penalties which continue to be indeterminable. For the nine months ended September 30, 2024, amounts paid for the environmental remediation liability were \$92 million (2023 – \$584 million). The remaining balance reflected in Accounts payable and other and Other long-term liabilities on the Company's Condensed consolidated balance sheet was \$33 million and \$10 million, respectively at September 30, 2024 (December 31, 2023 – \$122 million and \$9 million, respectively). Refer to Note 3, Spinoff of Liquids Pipelines business, for additional information.

The expected recovery of the remaining estimated environmental remediation costs recorded in Other current assets and Other long-term assets were \$67 million and \$34 million, respectively at September 30, 2024 (December 31, 2023 – \$150 million and \$33 million, respectively). An additional \$36 million was accrued in 2023, as recoverable from TC Energy's wholly-owned captive insurance subsidiary. This amount was recorded as an expense in Interest income and other in the Condensed consolidated statement of income. For the nine months ended September 30, 2024, the Company received \$85 million (2023 – \$396 million) from its insurance policies related to the costs for environmental remediation. As part of the Separation Agreement, any insurance recoveries related to the Milepost 14 incident will remain with TC Energy.

## 9. LONG-TERM DEBT

### Long-Term Debt Issued

Long-term debt issued by the Company in the nine months ended September 30, 2024 included the following:

(unaudited - millions of Canadian \$, unless otherwise noted)					
Company	Issue date	Type	Maturity date	Amount	Interest rate
<b>TransCanada PipeLines Limited</b>					
	August 2024	Term Loan <sup>1</sup>	August 2024	US 1,242	Floating
<b>Columbia Pipelines Operating Company LLC</b>					
	September 2024	Senior Unsecured Notes	October 2054	US 400	5.70%
<b>Columbia Pipelines Holding Company LLC</b>					
	September 2024	Senior Unsecured Notes	October 2031	US 400	5.10%
	January 2024	Senior Unsecured Notes	January 2034	US 500	5.68%

- 1 In August 2024, TransCanada PipeLines Limited (TCPL) entered into a term loan to facilitate the spinoff of its Liquids Pipelines business, and in August 2024 the term loan was fully repaid and retired upon delivery of senior unsecured notes issued by 6297782 LLC.

### South Bow Debt Issued

(unaudited - millions of Canadian \$, unless otherwise noted)					
Company	Issue date	Type	Maturity date	Amount	Interest rate
<b>South Bow Canadian Infrastructure Holdings Ltd.</b>					
	August 2024	Senior Unsecured Notes	February 2030	450	4.32%
	August 2024	Senior Unsecured Notes	February 2032	500	4.62%
	August 2024	Senior Unsecured Notes	February 2035	500	4.93%
	August 2024	Junior Subordinated Notes	March 2055	US 450	7.63%
	August 2024	Junior Subordinated Notes	March 2055	US 650	7.50%
<b>6297782 LLC</b>					
	August 2024	Senior Unsecured Notes	September 2027	US 700	4.91%
	August 2024	Senior Unsecured Notes	October 2029	US 1,000	5.03%
	August 2024	Senior Unsecured Notes	October 2034	US 1,250	5.58%
	August 2024	Senior Unsecured Notes	October 2054	US 700	6.18%

On August 28, 2024, South Bow Canadian Infrastructure Holdings Ltd. and 6297782 LLC completed an offering of approximately \$7.9 billion Canadian-dollar equivalent of senior unsecured notes and junior subordinated notes. Approximately \$6.2 billion Canadian-dollar equivalent of the net proceeds was placed in escrow pending the completion of the spinoff Transaction on October 1, 2024 and US\$1.25 billion of senior unsecured notes were used to repay a TCPL term loan. Upon completion of the spinoff Transaction, the escrowed funds were released to South Bow and used to repay indebtedness owed by South Bow and its subsidiaries to TC Energy and its subsidiaries. Refer to Note 3, Spinoff of Liquids Pipelines business, for additional information.

At September 30, 2024, restricted cash was \$6.2 billion which was comprised primarily of the proceeds of the South Bow debt offering held in escrow.



## Long-Term Debt Repaid/Retired

Long-term debt repaid by the Company in the nine months ended September 30, 2024 included the following:

(unaudited - millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
<b>TransCanada PipeLines Limited</b>				
	August 2024	Term Loan <sup>1</sup>	US 1,242	Floating
	June 2024	Medium Term Notes	750	Floating
<b>Nova Gas Transmission Ltd.</b>				
	March 2024	Debentures	100	9.90%
<b>ANR Pipeline Company</b>				
	February 2024	Senior Unsecured Notes	US 125	7.38%
<b>TC Energía Mexicana, S. de R.L. de C.V.</b>				
	Various	Senior Unsecured Term Loan	US 265	Floating
	Various	Senior Unsecured Revolving Credit Facility	US 185	Floating

1 In August 2024, TCPL entered into a term loan to facilitate the spinoff of its Liquids Pipelines business, and in August 2024 the term loan was fully repaid and retired upon delivery of senior unsecured notes issued by 6297782 LLC.

On August 15, 2024, the purchaser assumed US\$250 million of senior notes outstanding held at PNGTS as part of the sale of PNGTS. Refer to Note 14, Strategic alliance and disposition, for additional information.

## Subsequent Debt Repayments

On October 12, 2024, TCPL fully repaid and retired US\$1.25 billion of senior unsecured notes upon maturity, bearing interest at a fixed rate of one per cent.

On October 15, 2024, TCPL purchased and cancelled the following notes at a 7.73 per cent weighted average discount, as a settlement of the cash tender offers previously announced on October 1, 2024:

(unaudited - millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
<b>TransCanada PipeLines Limited</b>				
	October 2024	Senior Unsecured Notes	US 739	2.50%
	October 2024	Senior Unsecured Notes	US 201	5.00%
	October 2024	Senior Unsecured Notes	US 441	4.88%
	October 2024	Senior Unsecured Notes	US 180	5.10%
	October 2024	Senior Unsecured Notes	US 313	4.75%
	October 2024	Medium Term Notes	575	4.18%

In addition, the following callable bonds were fully repaid and retired on October 31, 2024:

(unaudited - millions of Canadian \$, unless otherwise noted)				
Company	Repayment date	Type	Amount	Interest rate
<b>TransCanada PipeLines Limited</b>				
	October 2024	Senior Unsecured Notes	US 850	6.20%
	October 2024	Senior Unsecured Notes	US 400	Floating
	October 2024	Medium Term Notes	600	5.42%
	October 2024	Medium Term Notes	400	Floating

## Capitalized Interest

In the three and nine months ended September 30, 2024, TC Energy capitalized interest related to capital projects of \$66 million and \$200 million, respectively (2023 – \$53 million and \$125 million, respectively).

## 10. COMMON SHARES AND PREFERRED SHARES

The Board of Directors of TC Energy declared quarterly dividends as follows:

(unaudited - Canadian \$, rounded to two decimals)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
per common share	0.96	0.93	2.88	2.79
per Series 1 preferred share	0.22	0.22	0.65	0.65
per Series 2 preferred share	0.42	0.40	1.28	1.19
per Series 3 preferred share	0.11	0.11	0.32	0.32
per Series 4 preferred share	0.38	0.36	1.16	1.07
per Series 5 preferred share	0.12	0.12	0.37	0.37
per Series 6 preferred share	0.39	0.41	1.20	1.14
per Series 7 preferred share	0.37	0.24	0.99	0.73
per Series 9 preferred share	0.24	0.24	0.71	0.71
per Series 11 preferred share	0.21	0.21	0.42	0.42

On October 1, 2024, the Company completed the spinoff of its Liquids Pipelines business into a separate, publicly traded entity, South Bow. To effect the separation, TC Energy common shareholders retained their interest in TC Energy and received 0.2 of a South Bow common share for each TC Energy common share held.

On October 1, 2024, as part of the spinoff Transaction, all outstanding TC Energy stock options were cancelled, and an equivalent number of new TC Energy stock options were issued to applicable remaining TC Energy employees and former TC Energy employees (other than those transferred to South Bow pursuant to the spinoff Transaction) who still held TC Energy stock options. The exercise prices of the new TC Energy stock options were adjusted for the change in value of the TC Energy common shares following the spinoff Transaction.

Holders of the Series 9 preferred shares had the option to convert to Series 10 preferred shares by providing notice on or before October 15, 2024. On October 30, 2024, Series 9 preferred shareholders exercised their option to convert, on a one-for-one basis, 1,297,203 Series 9 preferred shares into Series 10 preferred shares and will receive a floating rate cumulative dividend at an annual rate equal to the 90-day Government of Canada Treasury bill rate plus 2.35 per cent which will reset every quarter going forward. The fixed dividend rate on the remaining Series 9 preferred shares was reset for five years at 5.08 per cent, per annum. This rate will reset every five years.

Holders of the Series 7 preferred shares had the option to convert to Series 8 preferred shares by providing notice on or before April 15, 2024. As the total number of Series 7 preferred shares tendered for conversion did not meet the established threshold, no Series 7 preferred shares were subsequently converted into Series 8 preferred shares.

## 11. OTHER COMPREHENSIVE INCOME (LOSS) AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Components of other comprehensive income (loss), including the portion attributable to non-controlling interests and related tax effects, were as follows:

<b>three months ended September 30, 2024</b> (unaudited - millions of Canadian \$)	<b>Before tax amount</b>	<b>Income tax (expense) recovery</b>	<b>Net of tax amount</b>
Foreign currency translation gains and losses on net investment in foreign operations	(237)	(3)	(240)
Reclassification of foreign currency translation (gains) on net investment on disposal of foreign operations <sup>1</sup>	(25)	—	(25)
Change in fair value of net investment hedges	1	—	1
Change in fair value of cash flow hedges	7	(2)	5
Reclassification to net income of (gains) losses on cash flow hedges	(8)	2	(6)
Other comprehensive income (loss) on equity investments	(10)	2	(8)
<b>Other Comprehensive Income (Loss)</b>	<b>(272)</b>	<b>(1)</b>	<b>(273)</b>

1 Represents the controlling and non-controlling currency translation adjustment gains related to Portland Natural Gas Transmission System (PNGTS). Refer to Note 14, Strategic alliance and disposition, for additional information.

<b>three months ended September 30, 2023</b> (unaudited - millions of Canadian \$)	<b>Before tax amount</b>	<b>Income tax (expense) recovery</b>	<b>Net of tax amount</b>
Foreign currency translation gains and losses on net investment in foreign operations	412	18	430
Change in fair value of net investment hedges	(17)	4	(13)
Change in fair value of cash flow hedges	18	(3)	15
Reclassification to net income of (gains) losses on cash flow hedges	32	(7)	25
Other comprehensive income (loss) on equity investments	190	(48)	142
<b>Other Comprehensive Income (Loss)</b>	<b>635</b>	<b>(36)</b>	<b>599</b>

<b>nine months ended September 30, 2024</b> (unaudited - millions of Canadian \$)	<b>Before tax amount</b>	<b>Income tax (expense) recovery</b>	<b>Net of tax amount</b>
Foreign currency translation gains and losses on net investment in foreign operations	455	2	457
Reclassification of foreign currency translation (gains) on net investment on disposal of foreign operations <sup>1</sup>	(25)	—	(25)
Change in fair value of net investment hedges	(14)	3	(11)
Change in fair value of cash flow hedges	43	(10)	33
Reclassification to net income of (gains) losses on cash flow hedges	(10)	2	(8)
Other comprehensive income (loss) on equity investments	74	(18)	56
<b>Other Comprehensive Income (Loss)</b>	<b>523</b>	<b>(21)</b>	<b>502</b>

1 Represents the controlling and non-controlling currency translation adjustment gains related to PNGTS. Refer to Note 14, Strategic alliance and disposition, for additional information.

<b>nine months ended September 30, 2023</b>		<b>Income tax (expense) recovery</b>	
(unaudited - millions of Canadian \$)	<b>Before tax amount</b>		<b>Net of tax amount</b>
Foreign currency translation gains and losses on net investment in foreign operations	(72)	9	(63)
Change in fair value of net investment hedges	16	(4)	12
Change in fair value of cash flow hedges	(5)	2	(3)
Reclassification to net income of (gains) losses on cash flow hedges	86	(20)	66
Other comprehensive income (loss) on equity investments	181	(46)	135
<b>Other Comprehensive Income (Loss)</b>	<b>206</b>	<b>(59)</b>	<b>147</b>

The changes in AOCI by component, net of tax, were as follows:

<b>three months ended September 30, 2024</b>					
(unaudited - millions of Canadian \$)	<b>Currency translation adjustments</b>	<b>Cash flow hedges</b>	<b>Pension and other post- retirement benefit plans adjustments</b>	<b>Equity investments</b>	<b>Total</b>
AOCI balance at July 1, 2024	2	(9)	(55)	520	458
Other comprehensive income (loss) before reclassifications <sup>1</sup>	(124)	5	—	(4)	(123)
Amounts reclassified from AOCI <sup>2</sup>	(15)	(6)	—	(4)	(25)
<b>Net current period other comprehensive income (loss)</b>	<b>(139)</b>	<b>(1)</b>	<b>—</b>	<b>(8)</b>	<b>(148)</b>
<b>AOCI balance at September 30, 2024</b>	<b>(137)</b>	<b>(10)</b>	<b>(55)</b>	<b>512</b>	<b>310</b>

1 Other comprehensive income (loss) before reclassifications on currency translation adjustments is net of non-controlling interest losses of \$125 million (2023 – gains of \$7 million).

2 Includes the controlling interest of the AOCI attributable to PNGTS recognized in Net gain (loss) on sale of assets upon the sale of PNGTS on August 15, 2024. Refer to Note 14, Strategic alliance and disposition, for additional information.

<b>nine months ended September 30, 2024</b>					
(unaudited - millions of Canadian \$)	<b>Currency translation adjustments</b>	<b>Cash flow hedges</b>	<b>Pension and other post- retirement benefit plans adjustments</b>	<b>Equity investments</b>	<b>Total</b>
AOCI balance at January 1, 2024	(317)	(35)	(55)	456	49
Other comprehensive income (loss) before reclassifications <sup>1</sup>	216	33	—	68	317
Amounts reclassified from AOCI <sup>2,3</sup>	(15)	(8)	—	(12)	(35)
<b>Net current period other comprehensive income (loss)</b>	<b>201</b>	<b>25</b>	<b>—</b>	<b>56</b>	<b>282</b>
Impact of non-controlling interest <sup>4</sup>	(21)	—	—	—	(21)
<b>AOCI balance at September 30, 2024</b>	<b>(137)</b>	<b>(10)</b>	<b>(55)</b>	<b>512</b>	<b>310</b>

1 Other comprehensive income (loss) before reclassifications on currency translation adjustments is net of non-controlling interest gains of \$241 million (2023 – gains of \$2 million).

2 Gains related to cash flow hedges reported in AOCI and expected to be reclassified to net income in the next 12 months are estimated to be \$11 million (\$9 million after tax) at September 30, 2024. These estimates assume constant commodity prices, interest rates and foreign exchange rates over time; however, the amounts reclassified will vary based on the actual value of these factors at the date of settlement.

3 Includes the controlling interest of the AOCI attributable to PNGTS recognized in Net gain (loss) on sale of assets upon the sale of PNGTS on August 15, 2024. Refer to Note 14, Strategic alliance and disposition, for additional information.

4 Represents the AOCI attributable to Comisión Federal de Electricidad's (CFE) 13.01 per cent non-controlling equity interest in TGNH. Refer to Note 14, Strategic alliance and disposition, for additional information.

Details about reclassifications out of AOCI into the Condensed consolidated statement of income were as follows:

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30		Affected line item in the Condensed consolidated statement of income <sup>1</sup>
	2024	2023	2024	2023	
<b>Cash flow hedges</b>					
Commodities	11	(29)	19	(77)	Revenues (Power and Energy Solutions)
Interest rate	(3)	(3)	(9)	(9)	Interest expense
	8	(32)	10	(86)	Total before tax
	(2)	7	(2)	20	Income tax (expense) recovery
	6	(25)	8	(66)	Net of tax
<b>Equity investments</b>					
Equity income (loss)	5	6	15	17	Income (loss) from equity investments
	(1)	(1)	(3)	(4)	Income tax (expense) recovery
	4	5	12	13	Net of tax
<b>Currency translation adjustments</b>					
Foreign currency translation gains on disposal of foreign operations	15	—	15	—	Net gain (loss) on sale of assets
	—	—	—	—	Income tax (expense) recovery
	15	—	15	—	Net of tax

1 All amounts in parentheses indicate expenses to the Condensed consolidated statement of income.

## 12. EMPLOYEE POST-RETIREMENT BENEFITS

The components of the net benefit cost (recovery) recognized for the Company's pension benefit plans and other post-retirement benefit plans were as follows:

(unaudited - millions of Canadian \$)	three months ended September 30				nine months ended September 30			
	Pension benefit plans		Other post-retirement benefit plans		Pension benefit plans		Other post-retirement benefit plans	
	2024	2023	2024	2023	2024	2023	2024	2023
Service cost <sup>1</sup>	28	23	—	1	83	69	1	2
Other components of net benefit cost (recovery) <sup>1</sup>								
Interest cost	40	39	4	4	120	118	11	12
Expected return on plan assets	(62)	(59)	(4)	(4)	(187)	(176)	(11)	(12)
Amortization of regulatory asset	—	—	—	—	—	—	(1)	—
	(22)	(20)	—	—	(67)	(58)	(1)	—
<b>Net Benefit Cost (Recovery)</b>	<b>6</b>	<b>3</b>	<b>—</b>	<b>1</b>	<b>16</b>	<b>11</b>	<b>—</b>	<b>2</b>

1 Service cost and other components of net benefit cost (recovery) are included in Plant operating costs and other in the Condensed consolidated statement of income.

## 13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### Risk Management Overview

TC Energy has exposure to market risk and counterparty credit risk and has strategies, policies and limits in place to manage the impact of these risks on its earnings, cash flows and, ultimately, shareholder value.

### Counterparty Credit Risk

TC Energy's exposure to counterparty credit risk includes its cash and cash equivalents, accounts receivable and certain contractual recoveries, available-for-sale assets, the fair value of derivative assets, net investment in leases and certain contract assets in Mexico.

Market events causing disruptions in global energy demand and supply may contribute to economic uncertainties impacting a number of TC Energy's customers. While the majority of the Company's credit exposure is to large creditworthy entities, TC Energy maintains close monitoring and communication with those counterparties experiencing greater financial pressures. Refer to TC Energy's 2023 Annual Report for more information about the factors that mitigate the Company's counterparty credit risk exposure.

The Company reviews financial assets carried at amortized cost for impairment using the lifetime expected loss of the financial asset at initial recognition and throughout the life of the financial asset. TC Energy uses historical credit loss and recovery data, adjusted for management's judgment regarding current economic and credit conditions, along with reasonable and supportable forecasts to determine any impairment, which is recognized in Plant operating costs and other.

For the three and nine months ended September 30, 2024, the Company recorded an expense of \$3 million and a recovery of \$18 million, respectively (2023 – recovery of \$2 million and \$105 million, respectively) on the ECL provision before tax with respect to the net investment in leases associated with the in-service TGNH pipelines and an expense of \$1 million and a recovery of \$1 million, respectively (2023 – nil and a recovery of \$12 million, respectively) on the ECL provision for contract assets related to certain other Mexico natural gas pipelines. At September 30, 2024, the balance of the ECL provision was \$61 million (December 31, 2023 – \$76 million) with respect to the net investment in leases associated with the in-service TGNH pipelines and \$2 million (December 31, 2023 – \$4 million) related to certain other Mexico natural gas pipelines. For the three and nine months ended September 30, 2024, Income (loss) from equity investments includes an expense of \$1 million and nil, respectively (2023 – expense of \$1 million and \$1 million, respectively) on the ECL provision for contract assets related to TC Energy's equity investment in Sur de Texas. The ECL provision is driven primarily by a probability of default measure for the counterparty, which is calculated using information published by an external third party.

At September 30, 2024, the Company had no significant credit losses, other than the ECL provisions noted above and there were no significant credit risk concentrations or amounts past due or impaired.

TC Energy has significant credit and performance exposure to financial institutions that hold cash deposits and provide committed credit lines and letters of credit that help manage the Company's exposure to counterparties and provide liquidity in commodity, foreign exchange and interest rate derivative markets. TC Energy's portfolio of financial sector exposure consists primarily of highly-rated investment grade, systemically important financial institutions.

Amounts included in this note for the period ended September 30, 2024 include the Liquids Pipelines business. For reporting periods subsequent to October 1, 2024, the Liquids Pipelines business will be reported as discontinued operations.

## Net Investment in Foreign Operations

The Company hedges a portion of its net investment in foreign operations (on an after-tax basis) with U.S. dollar-denominated debt, cross-currency interest rate swaps and foreign exchange options as appropriate.

The fair values and notional amounts for the derivatives designated as a net investment hedge were as follows:

(unaudited - millions of Canadian \$, unless otherwise noted)	September 30, 2024		December 31, 2023	
	Fair value <sup>1,2</sup>	Notional amount	Fair value <sup>1,2</sup>	Notional amount
U.S. dollar foreign exchange options (maturing 2024)	—	US 400	8	US 1,000
U.S. dollar cross-currency interest rate swaps (maturing 2025)	(2)	US 100	2	US 200
	(2)	US 500	10	US 1,200

1 Fair value equals carrying value.

2 No amounts have been excluded from the assessment of hedge effectiveness.

The notional amounts and fair values of U.S. dollar-denominated debt designated as a net investment hedge were as follows:

(unaudited - millions of Canadian \$, unless otherwise noted)	September 30, 2024	December 31, 2023
Notional amount	26,600 (US 19,600)	27,800 (US 21,100)
Fair value	26,600 (US 19,700)	26,600 (US 20,200)

## Non-Derivative Financial Instruments

### Fair value of non-derivative financial instruments

Available-for-sale assets are recorded at fair value which is calculated using quoted market prices where available including the Company's LMCI equity securities which are classified in Level I of the fair value hierarchy. Certain other non-derivative financial instruments included in Cash and cash equivalents, Restricted cash, Accounts receivable, Other current assets, Restricted investments, Net investment in leases, Other long-term assets, Notes payable, Accounts payable and other, Dividends payable, Accrued interest and Other long-term liabilities have carrying amounts that approximate their fair value due to the nature of the item or the short time to maturity.

Credit risk has been taken into consideration when calculating the fair value of non-derivative financial instruments.

### Balance sheet presentation of non-derivative financial instruments

The following table details the fair value of non-derivative financial instruments, excluding those where carrying amounts approximate fair value and would be classified in Level II of the fair value hierarchy:

(unaudited - millions of Canadian \$)	September 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt, including current portion <sup>1,2,3</sup>	(59,991)	(61,374)	(52,914)	(52,815)
Junior subordinated notes <sup>3</sup>	(11,957)	(11,780)	(10,287)	(9,217)
	(71,948)	(73,154)	(63,201)	(62,032)

1 Long-term debt is recorded at amortized cost, except for US\$3.0 billion (December 31, 2023 – US\$2.0 billion) that is attributed to hedged risk and recorded at fair value.

2 Net income (loss) for the three and nine months ended September 30, 2024 included unrealized losses of \$222 million and \$95 million, respectively (2023 – unrealized gains of \$86 million and \$99 million, respectively) for fair value adjustments attributable to the hedged interest rate risk associated with interest rate swap fair value hedging relationships. There were no other unrealized gains or losses from fair value adjustments to the non-derivative financial instruments.

3 The carrying amount of long-term debt and junior subordinated notes at September 30, 2024 includes \$7.9 billion (fair value of \$8.0 billion) in Long-term debt and Junior subordinated notes on the Company's Condensed consolidated balance sheet related to South Bow subsidiaries.

## Available-for-sale assets summary

The following tables summarize additional information about the Company's restricted investments that were classified as available-for-sale assets:

(unaudited - millions of Canadian \$)	September 30, 2024		December 31, 2023	
	LMCI restricted investments	Other restricted investments <sup>1</sup>	LMCI restricted investments	Other restricted investments <sup>1</sup>
Fair values of fixed income securities <sup>2,3</sup>				
Maturing within 1 year	—	43	1	35
Maturing within 1-5 years	—	205	8	241
Maturing within 5-10 years	1,550	—	1,340	—
Maturing after 10 years	113	—	102	—
Fair value of equity securities <sup>2,4</sup>	1,060	60	883	50
	<b>2,723</b>	<b>308</b>	2,334	326

- 1 Other restricted investments have been set aside to fund insurance claim losses to be paid by the Company's wholly-owned captive insurance subsidiary.
- 2 Available-for-sale assets are recorded at fair value and included in Other current assets and Restricted investments on the Company's Condensed consolidated balance sheet.
- 3 Classified in Level II of the fair value hierarchy.
- 4 Classified in Level I of the fair value hierarchy.

(unaudited - millions of Canadian \$)	September 30, 2024		September 30, 2023	
	LMCI restricted investments <sup>1</sup>	Other restricted investments <sup>2</sup>	LMCI restricted investments <sup>1</sup>	Other restricted investments <sup>2</sup>
Net unrealized gains (losses) in the period				
three months ended	113	7	(87)	(3)
nine months ended	218	12	8	1
Net realized gains (losses) in the period <sup>3</sup>				
three months ended	12	1	(1)	—
nine months ended	(3)	2	(18)	—

- 1 Unrealized and realized gains (losses) arising from changes in the fair value of LMCI restricted investments impact the subsequent amounts to be collected through tolls to cover future pipeline abandonment costs. As a result, the Company records these gains and losses as regulatory liabilities or regulatory assets.
- 2 Unrealized and realized gains (losses) on other restricted investments are included in Interest income and other in the Condensed consolidated statement of income.
- 3 Realized gains (losses) on the sale of LMCI restricted investments are determined using the average cost basis.

## Derivative Instruments

### Fair value of derivative instruments

The fair value of foreign exchange and interest rate derivatives has been calculated using the income approach which uses period-end market rates and applies a discounted cash flow valuation model. The fair value of commodity derivatives has been calculated using quoted market prices where available. In the absence of quoted market prices, third-party broker quotes or other valuation techniques have been used. The fair value of options has been calculated using the Black-Scholes pricing model. Credit risk has been taken into consideration when calculating the fair value of derivative instruments. Unrealized gains and losses on derivative instruments are not necessarily representative of the amounts that will be realized on settlement.



In some cases, even though the derivatives are considered to be effective economic hedges, they do not meet the specific criteria for hedge accounting treatment or are not designated as a hedge and are accounted for at fair value with changes in fair value recorded in net income in the period of change. This may expose the Company to increased variability in reported earnings because the fair value of the derivative instruments can fluctuate significantly from period to period.

The recognition of gains and losses on derivatives for Canadian natural gas regulated pipeline exposures is determined through the regulatory process. Gains and losses arising from changes in the fair value of derivatives accounted for as part of rate-regulated accounting, including those that qualify for hedge accounting treatment, are expected to be refunded or recovered through the tolls charged by the Company. As a result, these gains and losses are deferred as regulatory liabilities or regulatory assets and are refunded to or collected from the rate payers in subsequent years when the derivative settles.

### Balance sheet presentation of derivative instruments

The balance sheet classification of the fair value of derivative instruments was as follows:

at September 30, 2024 (unaudited - millions of Canadian \$)	Cash flow hedges	Fair value hedges	Net investment hedges	Held for trading	Total fair value of derivative instruments <sup>1</sup>
Other current assets					
Commodities <sup>2</sup>	19	—	—	1,200	1,219
Foreign exchange	—	—	—	23	23
	19	—	—	1,223	1,242
Other long-term assets					
Commodities <sup>2</sup>	16	—	—	228	244
Foreign exchange	—	—	—	17	17
Interest rate	—	119	—	—	119
	16	119	—	245	380
<b>Total Derivative Assets</b>	<b>35</b>	<b>119</b>	<b>—</b>	<b>1,468</b>	<b>1,622</b>
Accounts payable and other					
Commodities <sup>2</sup>	—	—	—	(1,120)	(1,120)
Foreign exchange	—	—	(2)	(28)	(30)
Interest rate	—	(18)	—	—	(18)
	—	(18)	(2)	(1,148)	(1,168)
Other long-term liabilities					
Commodities <sup>2</sup>	—	—	—	(178)	(178)
Foreign exchange	—	—	—	(4)	(4)
Interest rate	—	(17)	—	—	(17)
	—	(17)	—	(182)	(199)
<b>Total Derivative Liabilities</b>	<b>—</b>	<b>(35)</b>	<b>(2)</b>	<b>(1,330)</b>	<b>(1,367)</b>
<b>Total Derivatives</b>	<b>35</b>	<b>84</b>	<b>(2)</b>	<b>138</b>	<b>255</b>

1 Fair value equals carrying value.

2 Includes purchases and sales of power, natural gas, liquids and emission credits.

at December 31, 2023 (unaudited - millions of Canadian \$)	Cash flow hedges	Fair value hedges	Net investment hedges	Held for trading	Total fair value of derivative instruments <sup>1</sup>
Other current assets					
Commodities <sup>2</sup>	9	—	—	1,195	1,204
Foreign exchange	—	—	10	71	81
	9	—	10	1,266	1,285
Other long-term assets					
Commodities <sup>2</sup>	3	—	—	86	89
Foreign exchange	—	—	—	30	30
Interest rate	—	36	—	—	36
	3	36	—	116	155
<b>Total Derivative Assets</b>	<b>12</b>	<b>36</b>	<b>10</b>	<b>1,382</b>	<b>1,440</b>
Accounts payable and other					
Commodities <sup>2</sup>	(1)	—	—	(1,110)	(1,111)
Foreign exchange	—	—	—	(14)	(14)
Interest rate	—	(18)	—	—	(18)
	(1)	(18)	—	(1,124)	(1,143)
Other long-term liabilities					
Commodities <sup>2</sup>	—	—	—	(75)	(75)
Foreign exchange	—	—	—	(2)	(2)
Interest rate	—	(29)	—	—	(29)
	—	(29)	—	(77)	(106)
<b>Total Derivative Liabilities</b>	<b>(1)</b>	<b>(47)</b>	<b>—</b>	<b>(1,201)</b>	<b>(1,249)</b>
<b>Total Derivatives</b>	<b>11</b>	<b>(11)</b>	<b>10</b>	<b>181</b>	<b>191</b>

1 Fair value equals carrying value.

2 Includes purchases and sales of power, natural gas and liquids.

The majority of derivative instruments held for trading have been entered into for risk management purposes and all are subject to the Company's risk management strategies, policies and limits. These include derivatives that have not been designated as hedges or do not qualify for hedge accounting treatment but have been entered into as economic hedges to manage the Company's exposures to market risk.

#### Derivatives in fair value hedging relationships

The following table details amounts recorded on the Condensed consolidated balance sheet in relation to cumulative adjustments for fair value hedges included in the carrying amount of the hedged liabilities:

(unaudited - millions of Canadian \$)	Carrying amount		Fair value hedging adjustments <sup>1</sup>	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Long-term debt	<b>(4,139)</b>	(2,630)	<b>(84)</b>	11

1 At September 30, 2024 and December 31, 2023, adjustments for discontinued hedging relationships included in these balances were nil.

## Notional and maturity summary

The maturity and notional amount or quantity outstanding related to the Company's derivative instruments excluding hedges of the net investment in foreign operations was as follows:

at September 30, 2024 (unaudited)	Power	Natural gas	Liquids	Emission credits	Foreign exchange	Interest rate
Net sales (purchases) <sup>1</sup>	10,257	127	(26)	(100)	—	—
Millions of U.S. dollars	—	—	—	—	5,368	3,000
Millions of Mexican pesos	—	—	—	—	16,750	—
Maturity dates	2024-2044	2024-2029	2024-2025	2024	2024-2026	2030-2049

1 Volumes for power, natural gas, liquids and emission credit derivatives are in GWh, Bcf, MMBbls and thousand metric tonnes CO<sub>2</sub>, respectively.

at December 31, 2023 (unaudited)	Power	Natural gas	Liquids	Foreign exchange	Interest rate
Net sales (purchases) <sup>1</sup>	9,209	50	(7)	—	—
Millions of U.S. dollars	—	—	—	4,978	2,000
Millions of Mexican pesos	—	—	—	20,000	—
Maturity dates	2024-2044	2024-2029	2024	2024-2026	2030-2034

1 Volumes for power, natural gas and liquids derivatives are in GWh, Bcf and MMBbls, respectively.

## Unrealized and Realized Gains (Losses) on Derivative Instruments

The following summary does not include hedges of the net investment in foreign operations:

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Derivative Instruments Held for Trading<sup>1</sup></b>				
Unrealized gains (losses) in the period				
Commodities <sup>2</sup>	54	(17)	33	113
Foreign exchange	24	(40)	(78)	142
Realized gains (losses) in the period				
Commodities	192	249	550	579
Foreign exchange	(58)	(29)	(105)	110
<b>Derivative Instruments in Hedging Relationships</b>				
Realized gains (losses) in the period				
Commodities	6	(8)	24	(20)
Interest rate	(14)	(13)	(41)	(29)

1 Realized and unrealized gains (losses) on held-for-trading derivative instruments used to purchase and sell commodities are included on a net basis in Revenues. Realized and unrealized gains (losses) on foreign exchange held-for-trading derivative instruments are included on a net basis in Foreign exchange (gains) losses, net in the Condensed consolidated statement of income.

2 In the three and nine months ended September 30, 2024, unrealized gains of \$4 million were reclassified to Net income (loss) from AOCI related to discontinued cash flow hedges (2023 – nil).

### Derivatives in cash flow hedging relationships

The components of OCI (Note 11) related to the change in fair value of derivatives in cash flow hedging relationships before tax were as follows:

(unaudited - millions of Canadian \$, pre-tax)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
Gains (losses) in fair value of commodity derivative instruments recognized in OCI <sup>1</sup>	7	18	43	(5)

1 No amounts have been excluded from the assessment of hedge effectiveness.

### Effect of fair value and cash flow hedging relationships

The following table details amounts presented in the Condensed consolidated statement of income in which the effects of fair value or cash flow hedging relationships were recorded:

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
<b>Fair Value Hedges</b>				
Interest rate contracts <sup>1</sup>				
Hedged items	(44)	(24)	(114)	(70)
Derivatives designated as hedging instruments	(14)	(13)	(41)	(29)
<b>Cash Flow Hedges</b>				
Reclassification of gains (losses) on derivative instruments from AOCI to Net income (loss) <sup>2,3</sup>				
Commodities <sup>4</sup>	11	(29)	19	(77)
Interest rate <sup>1</sup>	(3)	(3)	(9)	(9)

1 Presented within Interest expense in the Condensed consolidated statement of income.

2 Refer to Note 11, Other comprehensive income (loss) and Accumulated other comprehensive income (loss), for the components of OCI related to derivatives in cash flow hedging relationships.

3 There are no amounts recognized in earnings that were excluded from effectiveness testing.

4 Presented within Revenues (Power and Energy Solutions) in the Condensed consolidated statement of income. In the three and nine months ended September 30, 2024, unrealized gains of \$4 million were reclassified to Net income (loss) from AOCI related to discontinued cash flow hedges (2023 – nil).

## Offsetting of derivative instruments

The Company enters into derivative contracts with the right to offset in the normal course of business as well as in the event of default. TC Energy has no master netting agreements; however, similar contracts are entered into containing rights to offset. The Company has elected to present the fair value of derivative instruments with the right to offset on a gross basis on the Condensed consolidated balance sheet. The following tables show the impact on the presentation of the fair value of derivative instrument assets and liabilities had the Company elected to present these contracts on a net basis:

<b>at September 30, 2024</b> (unaudited - millions of Canadian \$)	<b>Gross derivative instruments</b>	<b>Amounts available for offset<sup>1</sup></b>	<b>Net amounts</b>
<b>Derivative instrument assets</b>			
Commodities	1,463	(1,224)	239
Foreign exchange	40	(26)	14
Interest rate	119	(21)	98
	<b>1,622</b>	<b>(1,271)</b>	<b>351</b>
<b>Derivative instrument liabilities</b>			
Commodities	(1,298)	1,224	(74)
Foreign exchange	(34)	26	(8)
Interest rate	(35)	21	(14)
	<b>(1,367)</b>	<b>1,271</b>	<b>(96)</b>

1 Amounts available for offset do not include cash collateral pledged or received.

<b>at December 31, 2023</b> (unaudited - millions of Canadian \$)	<b>Gross derivative instruments</b>	<b>Amounts available for offset<sup>1</sup></b>	<b>Net amounts</b>
<b>Derivative instrument assets</b>			
Commodities	1,293	(1,099)	194
Foreign exchange	111	(16)	95
Interest rate	36	(5)	31
	<b>1,440</b>	<b>(1,120)</b>	<b>320</b>
<b>Derivative instrument liabilities</b>			
Commodities	(1,186)	1,099	(87)
Foreign exchange	(16)	16	—
Interest rate	(47)	5	(42)
	<b>(1,249)</b>	<b>1,120</b>	<b>(129)</b>

1 Amounts available for offset do not include cash collateral pledged or received.

With respect to the derivative instruments presented above, the Company provided cash collateral of \$60 million and letters of credit of \$58 million at September 30, 2024 (December 31, 2023 – \$149 million and \$83 million, respectively) to its counterparties. At September 30, 2024, the Company held cash collateral of less than \$1 million and \$25 million letters of credit (December 31, 2023 – less than \$1 million and \$15 million, respectively) from counterparties on asset exposures.

## Credit-risk-related contingent features of derivative instruments

Derivative contracts entered into to manage market risk often contain financial assurance provisions that allow parties to the contracts to manage credit risk. These provisions may require collateral to be provided if a credit-risk-related contingent event occurs, such as a downgrade in the Company's credit rating to non-investment grade. The Company may also need to provide collateral if the fair value of its derivative financial instruments exceeds pre-defined exposure limits.

Based on contracts in place and market prices at September 30, 2024, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was \$8 million (December 31, 2023 – \$3 million), for which the Company has provided no collateral in the normal course of business. If the credit-risk-related contingent features in these agreements were triggered on September 30, 2024, the Company would have been required to provide collateral equal to the fair value of the related derivative instruments discussed above. Collateral may also need to be provided should the fair value of derivative instruments exceed pre-defined contractual exposure limit thresholds.

The Company has sufficient liquidity in the form of cash and undrawn committed revolving credit facilities to meet these contingent obligations should they arise.

### Fair Value Hierarchy

The Company's financial assets and liabilities recorded at fair value have been categorized into three categories based on a fair value hierarchy.

Levels	How fair value has been determined
Level I	Quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date. An active market is a market in which frequency and volume of transactions provides pricing information on an ongoing basis.
Level II	This category includes interest rate and foreign exchange derivative assets and liabilities where fair value is determined using the income approach and commodity derivatives where fair value is determined using the market approach.  Inputs include published exchange rates, interest rates, interest rate swap curves, yield curves and broker quotes from external data service providers.
Level III	This category includes long-dated commodity transactions in certain markets where liquidity is low. The Company uses the most observable inputs available or alternatively long-term broker quotes or negotiated commodity prices that have been contracted for under similar terms in determining an appropriate estimate of these transactions. Where appropriate, these long-dated prices are discounted to reflect the expected pricing from the applicable markets.  There is uncertainty caused by using unobservable market data which may not accurately reflect possible future changes in fair value.

The fair value of the Company's derivative assets and liabilities measured on a recurring basis, including both current and non-current portions, were categorized as follows:

at September 30, 2024				
(unaudited - millions of Canadian \$)	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II) <sup>1</sup>	Significant unobservable inputs (Level III) <sup>1</sup>	Total
Derivative instrument assets				
Commodities	1,167	243	53	1,463
Foreign exchange	—	40	—	40
Interest rate	—	119	—	119
Derivative instrument liabilities				
Commodities	(1,113)	(175)	(10)	(1,298)
Foreign exchange	—	(34)	—	(34)
Interest rate	—	(35)	—	(35)
	54	158	43	255

1 There were no transfers from Level II to Level III for the nine months ended September 30, 2024.

<b>at December 31, 2023</b>				
(unaudited - millions of Canadian \$)	Quoted prices in active markets (Level I)	Significant other observable inputs (Level II) <sup>1</sup>	Significant unobservable inputs (Level III) <sup>1</sup>	Total
Derivative instrument assets				
Commodities	1,054	229	10	1,293
Foreign exchange	—	111	—	111
Interest rate	—	36	—	36
Derivative instrument liabilities				
Commodities	(1,002)	(163)	(21)	(1,186)
Foreign exchange	—	(16)	—	(16)
Interest rate	—	(47)	—	(47)
	52	150	(11)	191

<sup>1</sup> There were no transfers from Level II to Level III for the year ended December 31, 2023.

The Company has entered into contracts to sell 50 MW of power commencing in 2025 with terms ranging from 15 to 20 years provided from specified renewable sources in the Province of Alberta. The fair value of these contracts is classified in Level III of the fair value hierarchy and is based on the assumption that the contract volumes will be sourced approximately 80 per cent from wind generation, 10 per cent from solar generation and 10 per cent from the market.

The following table presents the net change in fair value of derivative assets and liabilities classified as Level III of the fair value hierarchy:

(unaudited - millions of Canadian \$)	three months ended September 30		nine months ended September 30	
	2024	2023	2024	2023
Balance at beginning of period	3	(16)	(11)	(11)
Net gains (losses) included in Net income (loss)	8	6	25	1
Transfers to Level II	32	(2)	29	(1)
Net gains (losses) included in OCI	—	1	—	—
<b>Balance at end of period<sup>1</sup></b>	<b>43</b>	<b>(11)</b>	<b>43</b>	<b>(11)</b>

<sup>1</sup> For the three and nine months ended September 30, 2024, there were unrealized gains of \$8 million and \$25 million, respectively, recognized in Revenues attributed to derivatives in the Level III category that were held at September 30, 2024 (2023 – unrealized gains of \$6 million and \$1 million, respectively).

## 14. STRATEGIC ALLIANCE AND DISPOSITION

### U.S. Natural Gas Pipelines

#### **Portland Natural Gas Transmission System (PNGTS)**

On August 15, 2024, the Company and its partner Northern New England Investment Company, Inc., a subsidiary of Énergir L.P. (Énergir), completed the sale of PNGTS to a third party for gross purchase price of approximately \$1.6 billion (US\$1.1 billion), including the third party's assumption of US\$250 million of senior notes outstanding at PNGTS, split pro-rata according to the PNGTS ownership interests (TC Energy – 61.7 per cent, Énergir – 38.3 per cent). The pre-tax gain attributable to the Company of \$572 million (US\$408 million) was included in Net gain (loss) on sale of assets in the Condensed consolidated statement of income, and the after-tax gain attributable to the Company was \$456 million (US\$323 million). The gain includes foreign currency translation gains of \$15 million, which were reclassified from AOCI to Net income (loss). Prior to the disposition, all assets and liabilities of PNGTS were presented as held for sale on the Condensed consolidated balance sheet at March 31 and June 30, 2024. TC Energy is providing customary transition services and will continue to work jointly with the buyers to facilitate a safe and orderly transition.

### Mexico Natural Gas Pipelines

#### **Transportadora de Gas Natural de la Huasteca (TGNH)**

In second quarter 2024, in accordance with the terms of the Company's strategic alliance, and in exchange for cash and non-cash consideration of \$561 million (US\$411 million), the CFE became a partner in TGNH with a 13.01 per cent equity interest in TGNH. The transaction was accounted for as an equity transaction of which \$588 million was recognized in Non-controlling interests and \$21 million was recognized as AOCI attributable to the CFE's non-controlling interest. The difference between these amounts and the consideration received was recorded as a reduction to Additional paid-in capital of \$27 million.



## 15. COMMITMENTS, CONTINGENCIES AND GUARANTEES

### Commitments

Capital expenditure commitments at September 30, 2024 decreased by approximately \$0.5 billion from those reported at December 31, 2023, reflecting normal course fulfillment of construction contracts. As at September 30, 2024, capital expenditure commitments include the Liquids Pipelines business, primarily related to the Blackrod Connection project. Upon completion of the spinoff Transaction on October 1, 2024, the Liquids Pipelines Business will be reported as discontinued operations. Refer to Note 3, Spinoff of Liquids Pipelines business, for additional information.

### Contingencies

TC Energy and its subsidiaries are subject to various legal proceedings, arbitrations and actions arising in the normal course of business. The Company assesses all legal matters on an ongoing basis, including those of its equity investments, to determine if they meet the requirements for disclosure or accrual of a contingent loss. With the potential exception of the matters discussed below, it is the opinion of management that the ultimate resolution of such proceedings and actions will not have a material impact on the Company's consolidated financial position or results of operations. The claims below are material and there is a reasonable possibility of loss; however, they have not been assessed as probable and a reasonable estimate of loss cannot be made.

#### **Coastal GasLink LP**

Coastal GasLink LP is in dispute with a number of contractors related to construction of the Coastal GasLink pipeline. Material legal matters pertaining to Coastal GasLink are summarized as follows:

#### ***SA Energy Group***

Coastal GasLink LP and SA Energy Group (SAEG), one of the prime construction contractors on the Coastal GasLink pipeline, have reached a mutually acceptable resolution to their disputes. The settlement is not an admission of liability by either party and the parties have mutually released their respective claims in arbitration. Details of the arbitration and the settlement are confidential, but the settlement did not result in any additional payments to SAEG and did not have an impact on TC Energy's financial statements.

#### ***Pacific Atlantic Pipeline Construction Ltd.***

Coastal GasLink LP is in arbitration with one of its previous prime contractors, Pacific Atlantic Pipeline Construction Ltd. (PAPC). Coastal GasLink LP terminated its contract with PAPC for cause, due to the failure of PAPC to complete work as scheduled and made a demand on the parental guarantee for payment of the guaranteed obligations. Following Coastal GasLink LP's demand on the guarantee, in August 2022, PAPC initiated arbitration. As of September 30, 2024, PAPC purports to seek at least \$460 million in damages for wrongful termination for cause, termination damages and payments alleged to be outstanding. Coastal GasLink LP disputes the merits of PAPC's claims and has counterclaimed against PAPC and its parent company and guarantor, Bonatti S.p.A., citing delays and failures by PAPC to perform and manage work in accordance with the terms of its contract. Coastal GasLink LP estimates its damages to be \$1.3 billion. PAPC and Bonatti S.p.A. dispute Coastal GasLink LP's claims and assert that Coastal GasLink LP's damages, if any, are subject to a contractual limit of approximately \$220 million. The arbitration hearing scheduled to proceed in November 2024 has been temporarily adjourned due to an unexpected delay related to a non-TC Energy participant and will be rescheduled as soon as possible. At September 30, 2024, the final outcome of this matter cannot be reasonably estimated.

Separately, Coastal GasLink LP has drawn on a \$117 million irrevocable standby letter of credit (LOC) provided by PAPC based on a bona fide belief that Coastal GasLink LP's damages are in excess of the face value of the LOC. PAPC applied for an injunction restraining Coastal GasLink LP from drawing on the LOC pending the completion of the arbitration between Coastal GasLink LP, PAPC and Bonatti S.p.A., but was unsuccessful. Coastal GasLink LP is now able to use the recovered LOC funds. PAPC and Bonatti S.p.A. have amended their original claims to seek additional damages in relation to the draw on the LOC. The amount claimed has not been articulated, beyond the \$117 million. The parties have agreed that the issue of damages arising from Coastal GasLink LP's draw on the LOC will be determined, if necessary, at a date subsequent to the arbitration hearing noted above.

#### ***Macro Spiecapag Coastal GasLink Joint Venture***

Coastal GasLink LP is in a dispute with its former prime contractor, Macro Spiecapag Coastal GasLink Joint Venture (MSJV). In May 2021, Coastal GasLink LP terminated a portion of the work under its contract with MSJV. MSJV continued as prime contractor for the remaining portion of the work; however, it did not complete the remaining work as scheduled. MSJV claims compensation for the termination and certain costs which were rejected by Coastal GasLink LP. MSJV's global claims against Coastal GasLink LP are approximately \$426 million. Coastal GasLink LP disputes the merits of MSJV's claims and claims damages in the approximate amount of \$560 million arising from costs it incurred and the delay. A notice of arbitration was filed by Coastal GasLink LP on October 11, 2024. The parties are in discussions about the process of arbitration. At September 30, 2024, the final outcome of this matter cannot be reasonably estimated.

#### **2016 Columbia Pipeline Acquisition Lawsuit**

In 2023, the Delaware Chancery Court (the Court) issued its decision in the class action lawsuit commenced by former shareholders of Columbia Pipeline Group Inc. (CPG) related to the acquisition of CPG by TC Energy in 2016. The Court found that the former CPG executives breached their fiduciary duties, that the former CPG Board breached its duty of care in overseeing the sale process and that TC Energy aided and abetted those breaches.

On May 15, 2024, the Court allocated responsibility for the total sale process damages of US\$398 million in the amount of 50 per cent to the former Columbia CEO and CFO, collectively, and 50 per cent to TC Energy. Pursuant to the Final Order and Judgment (Final Judgment), TC Energy's allocated share of the sale process claim damages is US\$199 million, plus US\$153 million in interest as of June 14, 2024. The Court also entered judgment related to a disclosure claim for which TC Energy's allocated share of damages is US\$84 million, plus US\$64 million in interest as of June 14, 2024. The damages for the two claims are not cumulative and TC Energy would only be required to pay the greater of the sale process damages and disclosure claim damages after final determination of those amounts on appeal.

TC Energy disagrees with many of the Court's findings and believes the Court's ruling departs from established Delaware law. TC Energy has filed a notice of appeal of the Court's decision and anticipates that the appeal will conclude by mid-2025. During the appeal process, in lieu of paying the judgment, TC Energy posted an appeal bond in the amount of US\$380 million, which approximates the amount of the Final Judgment plus nine months of post-judgment interest. The Company's legal assessment is that it is not probable that TC Energy will incur a loss upon completion of the appeal process, and therefore, the Company has not accrued a provision for this claim at September 30, 2024.

## NAFTA Claim Request for Arbitration

In 2021, TC Energy filed a Request for Arbitration to formally initiate a legacy North American Free Trade Agreement (NAFTA) claim to recover economic damages resulting from the revocation of the Presidential Permit for the Keystone XL pipeline project. The U.S. objected on the basis that the transition provisions under the United States-Mexico-Canada Agreement (USMCA) that protect investments made while NAFTA was in force apply only in connection with actions taken before July 1, 2020, when USMCA replaced NAFTA. The arbitral Tribunal adjudicating the claim issued a split decision on July 12, 2024, in which the majority of the panel agreed with the U.S. position and concluded that it did not have jurisdiction to hear TC Energy's claim. After assessing the decision and available options to challenge it, TC Energy concluded that, while the Company continues to believe in the validity of the claim and believe the arbitral Tribunal's decision to be incorrect, there is no viable path forward for the claim within the rules of the investor/state dispute resolution process under USMCA. Accordingly, no further action will be taken. This decision effectively ends TC Energy's claim.

## Guarantees

TC Energy and its partner on the Sur de Texas pipeline, IEnova, have jointly guaranteed the financial performance of the entity which owns the pipeline. Such agreements include a guarantee and a letter of credit which are primarily related to the delivery of natural gas.

TC Energy and its joint venture partner on Bruce Power, BPC Generation Infrastructure Trust, have each severally guaranteed certain contingent financial obligations of Bruce Power related to a lease agreement and contractor and supplier services.

The Company and its partners in certain other jointly-owned entities have either (i) jointly and severally, (ii) jointly or (iii) severally guaranteed the financial performance of these entities. Such agreements include guarantees and letters of credit which are primarily related to construction services and the payment of liabilities. For certain of these entities, any payments made by TC Energy under these guarantees in excess of its ownership interest are to be reimbursed by its partners.

The carrying value of these guarantees has been included in Other long-term liabilities on the Condensed consolidated balance sheet. Information regarding the Company's guarantees is as follows:

(unaudited - millions of Canadian \$)	Term	September 30, 2024		December 31, 2023	
		Potential exposure <sup>1</sup>	Carrying value	Potential exposure <sup>1</sup>	Carrying value
Sur de Texas	Renewable to 2053	88	—	97	—
Bruce Power	Renewable to 2065	88	—	88	—
Other jointly-owned entities	to 2043	112	3	80	3
		<b>288</b>	<b>3</b>	265	3

1 TC Energy's share of the potential estimated current or contingent exposure.

## 16. VARIABLE INTEREST ENTITIES

### Consolidated VIEs

A significant portion of the Company's assets are held through VIEs in which the Company holds a 100 per cent voting interest, the VIE meets the definition of a business and the VIE's assets can be used for general corporate purposes. The consolidated VIEs whose assets cannot be used for purposes other than for the settlement of the VIE's obligations, or are not considered a business, were as follows:

(unaudited - millions of Canadian \$)	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	642	190
Accounts receivable	795	476
Inventories	196	90
Other current assets	202	49
	<b>1,835</b>	<b>805</b>
<b>Plant, Property and Equipment<sup>1</sup></b>	<b>47,698</b>	<b>27,649</b>
<b>Restricted Investments</b>	<b>946</b>	<b>—</b>
<b>Equity Investments</b>	<b>809</b>	<b>823</b>
<b>Regulatory Assets</b>	<b>32</b>	<b>12</b>
<b>Goodwill</b>	<b>449</b>	<b>439</b>
<b>Intangible and Other Assets</b>	<b>13</b>	<b>—</b>
	<b>51,782</b>	<b>29,728</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and other	1,568	1,135
Accrued interest	195	210
Current portion of long-term debt	1,941	28
	<b>3,704</b>	<b>1,373</b>
<b>Regulatory Liabilities</b>	<b>1,205</b>	<b>280</b>
<b>Other Long-Term Liabilities</b>	<b>79</b>	<b>56</b>
<b>Deferred Income Tax Liabilities</b>	<b>6</b>	<b>22</b>
<b>Long-Term Debt</b>	<b>11,646</b>	<b>11,388</b>
	<b>16,640</b>	<b>13,119</b>

1 On April 1, 2024, the NGTL System was classified as a VIE when its ownership was transferred from Nova Gas Transmission Ltd. to NGTL GP Ltd. on behalf of NGTL Limited Partnership.

## Non-Consolidated VIEs

The carrying value of these VIEs and the maximum exposure to loss as a result of the Company's involvement with these VIEs are as follows:

(unaudited - millions of Canadian \$)	September 30, 2024	December 31, 2023
<b>Balance Sheet Exposure</b>		
Equity investments		
Bruce Power	6,601	6,241
Coastal GasLink	732	294
Other pipeline equity investments	1,097	1,117
<b>Off-Balance Sheet Exposure<sup>1</sup></b>		
Bruce Power	1,924	1,538
Coastal GasLink <sup>2</sup>	745	855
Other pipeline equity investments	58	58
<b>Maximum Exposure to Loss</b>	<b>11,157</b>	<b>10,103</b>

1 Includes maximum potential exposure to guarantees and future funding commitments.

2 TC Energy is contractually obligated to fund the capital costs to complete Phase I of the Coastal GasLink pipeline by funding the remaining equity requirements of Coastal GasLink LP through capacity on the subordinated loan agreement with Coastal GasLink LP until final project costs are determined. At September 30, 2024, the total capacity committed by TC Energy under this subordinated loan agreement was \$3,375 million (December 31, 2023 – \$3,375 million). The outstanding balance on this subordinated loan at September 30, 2024 was \$2,680 million, reducing the Company's funding commitment under the subordinated loan agreement to \$695 million. Refer to Note 6, Coastal GasLink for additional information. In addition to the subordinated loan agreement, TC Energy has entered into a new equity contribution agreement to fund a maximum of \$50 million for its proportionate share of the equity requirements related to the Cedar Link project.