

TC PipeLines, LP

Consolidated Financial Statements

September 30, 2024 and 2023

TC PIPELINES, LP
CONSOLIDATED STATEMENTS OF INCOME

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended	
	2024	September 30, 2023
Transmission revenues, net <i>(Note 4)</i>	330	334
Equity earnings <i>(Note 3)</i>	181	140
Gain on sale of PNGTS <i>(Note 12)</i>	420	—
Operating and other expenses:		
Operation and maintenance expenses	(66)	(52)
Property taxes	(20)	(18)
Depreciation and amortization	(66)	(77)
Total operating and other expenses	(152)	(147)
Operating income	359	327
Financial charges and other <i>(Note 10)</i>	(39)	(36)
Net income before taxes	740	291
Income taxes	(2)	(3)
Net income	738	288
Less: Net income attributable to non-controlling interest	22	23
Net income attributable to controlling interests	716	265

The accompanying notes are an integral part of these consolidated financial statements.

TC PIPELINES, LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended	
	September 30,	
	2024	2023
Net income	738	288
Other comprehensive income:		
Comprehensive income	738	288
Comprehensive income attributable to non-controlling interests	22	23
Comprehensive income attributable to controlling interests	716	265

The accompanying notes are an integral part of these consolidated financial statements.

TC PIPELINES, LP
CONSOLIDATED BALANCE SHEETS

(unaudited)

(millions of dollars)

September 30, 2024 December 31, 2023

ASSETS		
Current Assets		
Cash and cash equivalents	—	29
Accounts receivable and other	30	39
Demand loan receivable from affiliates (Note 8)	235	127
Imbalance receivable	1	7
Inventories	12	12
Other	6	7
Total current assets	284	221
Equity investments (Note 3)	964	990
Property, plant and equipment (Net of \$1,281 million accumulated depreciation; 2023 - \$1,519 million)	1,646	2,102
Goodwill	71	71
Other assets (Note 11)	9	8
TOTAL ASSETS	2,974	3,392
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	57	31
Accounts payable to affiliates (Note 8)	13	10
Imbalance payable	3	7
Customer deposits	17	25
Accrued interest	13	10
Current portion of long-term debt (Note 5)	350	—
Total current liabilities	453	83
Long-term debt, net (Note 5)	873	1,472
Deferred state income taxes	—	12
Other liabilities	37	46
Total liabilities	1,363	1,613
Partners' Equity		
Common units	1,517	1,580
Class B units (Note 6)	92	95
General partner	—	22
Accumulated other comprehensive income (loss) (AOCI)	2	2
Controlling interests	1,611	1,699
Non-controlling interests	—	80
Total partners' equity	1,611	1,779
TOTAL LIABILITIES AND PARTNERS' EQUITY	2,974	3,392

The accompanying notes are an integral part of these consolidated financial statements.

TC PIPELINES, LP
CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) (millions of dollars)	Nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net Income	738	288
Adjustments to reconcile net income to partners to net cash provided by operating activities:		
Depreciation and amortization	66	77
Amortization of debt issue costs reported as interest expense	1	1
Equity earnings from equity investments (Note 3)	(181)	(140)
Distributions received from operating activities of equity investments (Note 3)	184	139
Change in other long-term assets and liabilities	(24)	—
Equity allowance for funds used during construction (AFUDC Equity) (Note 10)	(3)	(9)
Gain on sale of PNGTS (Note 12)	(420)	—
Regulatory assets	(1)	(5)
Change in operating working capital (Note 7)	27	14
Net cash provided by operating activities	387	365
Cash flows used in investing activities:		
Capital expenditures	(50)	(105)
Distribution received from Iroquois as return of investment (Note 3)	22	17
Distribution received from Northern Border as return of investment (Note 3)	1	—
Customer advances for construction	6	—
Change in demand loan receivable (Note 8)	(108)	(166)
Proceeds from sale of PNGTS (Note 12)	546	—
Net cash used in investing activities	417	(254)
Cash flows used in financing activities:		
Change in demand loan payable (Note 8)	—	(17)
Distributions paid to common units, including the General Partner	(801)	(120)
Distributions paid to Class B units (Note 6)	(3)	—
Distributions paid to non-controlling interests	(29)	(35)
Long-term debt issued, net of discount (Note 5)	—	50
Debt repaid (Note 5)	—	(2)
Net cash used in financing activities	(833)	(124)
Increase (Decrease) in cash and cash equivalents	(29)	(13)
Cash and cash equivalents, beginning of period	29	43
Cash and cash equivalents, end of period	\$ —	30

The accompanying notes are an integral part of these consolidated financial statements.

TC PIPELINES, LP
CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY

For the nine months ended September 30, 2024:

<i>(unaudited)</i>	Limited Partners				General Partner <i>millions of dollars</i>	Accumulated Other Comprehensive Income (Loss) <i>millions of dollars</i>	Non-Controlling Interest <i>millions of dollars</i>	Total Equity <i>millions of dollars</i>
	Common Units		Class B Units					
	<i>millions of units</i>	<i>millions of dollars</i>	<i>millions of units</i>	<i>millions of dollars</i>				
Partners' Equity at December 31, 2023	82.7	1,580	1.9	95	22	2	80	1,779
Net Income	—	702	—	—	14	—	22	738
Distributions	—	(765)	—	(3)	(36)	—	(29)	(833)
Disposition of non-controlling interest in PNGTS (Note 12)	—	—	—	—	—	—	(73)	(73)
Partners' Equity at September 30, 2024	82.7	1,517	1.9	92	—	2	—	1,611

For the nine months ended September 30, 2023:

<i>(unaudited)</i>	Limited Partners				General Partner <i>millions of dollars</i>	Accumulated Other Comprehensive Income (Loss) <i>millions of dollars</i>	Non-Controlling Interest <i>millions of dollars</i>	Total Equity <i>millions of dollars</i>
	Common Units		Class B Units					
	<i>millions of units</i>	<i>millions of dollars</i>	<i>millions of units</i>	<i>millions of dollars</i>				
Partners' Equity at December 31, 2022	82.7	1,321	1.9	95	26	1	93	1,536
Net Income	—	260	—	—	5	—	23	288
Distributions	—	(108)	—	—	(12)	—	(35)	(155)
Partners' Equity at September 30, 2023	82.7	1,473	1.9	95	19	1	81	1,669

The accompanying notes are an integral part of these consolidated financial statements.

TC PIPELINES, LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 ORGANIZATION

Unless the context clearly indicates otherwise, TC PipeLines, LP and its subsidiaries are collectively referred to in this quarterly report as “we,” “us,” “our”, “TC PipeLines” and the “Partnership.” We use “our pipeline systems” and “our pipelines” when referring to the Partnership’s ownership interests in Gas Transmission Northwest LLC (GTN), Northern Border Pipeline Company (Northern Border), Bison Pipeline LLC (Bison), Great Lakes Gas Transmission Limited Partnership (Great Lakes), North Baja Pipeline, LLC (North Baja), Tuscarora Gas Transmission Company (Tuscarora), Portland Natural Gas Transmission System (PNGTS) and Iroquois Gas Transmission System, LP (Iroquois).

The Partnership was formed by TransCanada Pipelines Limited, a wholly-owned subsidiary of TC Energy Corporation (TC Energy Corporation together with its subsidiaries collectively referred to herein as TC Energy), to acquire, own and participate in the management of energy infrastructure assets in North America. The Partnership is managed by its General Partner, TC Pipelines GP, LLC (General Partner), an indirect wholly-owned subsidiary of TC Energy Corporation. The General Partner provides management and operating services to the Partnership and is reimbursed for its costs and expenses. The Partnership is wholly-owned by TC Energy.

On August 15, 2024, TC Energy completed the sale of PNGTS to a third party. For more information, see Note 12 PNGTS Divestiture.

NOTE 2 SIGNIFICANT ACCOUNTING MATTERS

These unaudited consolidated financial statements and related notes have been prepared in accordance with United States generally accepted accounting principles (GAAP) and amounts are stated in United States (U.S.) dollars. The results of operations for the nine months ended months ended September 30, 2024 and 2023 are not necessarily indicative of the results that may be expected for the full fiscal year.

These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2023 (2023 Financial Statements). That report contains a more comprehensive summary of the Partnership's significant accounting policies. Our significant accounting policies are consistent with those disclosed in Note 2 of our 2023 Financial Statements.

Basis of Presentation

The Partnership consolidates its interests in entities over which it is able to exercise control. To the extent there are interests owned by other parties, these interests are included as non-controlling interests. The Partnership uses the equity method of accounting for its investments in entities over which it is able to exercise significant influence. The Partnership is considered to have a variable interest in Great Lakes, which is accounted for as an equity investment since the Partnership is not the primary beneficiary (Refer to Note 3 for more details).

U.S. federal and certain state income taxes are the responsibility of the limited partners and are not reflected in these consolidated financial statements. The tax effect of the Partnership's activities accrues to its limited partners. The Partnership's taxable income or loss, which may vary substantially from the net income or loss reported in the Consolidated Statements of Income, can be included in the U.S. federal income tax returns of each partner.

In instances where the Partnership's consolidated entities are subject to state income taxes, the asset-liability method is used to account for taxes. This method requires recognition of deferred tax assets and liabilities for future tax consequences attributable to the differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are classified as non-current on our Consolidated Balance Sheets.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates.

Regulatory Matters

Northern Border

Northern Border operates under a settlement approved by Federal Energy Regulatory Commission (FERC) effective January 1, 2018. On December 29, 2023, the Northern Border filed a general NGA Section 4 Rate Case with FERC requesting an increase to Northern Border's maximum rates to become effective July 1, 2024, and subject to refund. On August 30, 2024, Northern Border filed a settlement with FERC resolving all issues in the general NGA Section 4 Rate Case (2024 Northern Border Settlement). The 2024 Northern Border Settlement, if approved, will reduce currently effective mainline reservation rates ("pre-filed rates") by 12.5%, effective July 1, 2024, through April 30, 2027, and restate the rates to the "pre-filed rates" from May 1, 2027, through October 31, 2028. The 2024 Northern Border Settlement also includes a moratorium on further rate changes through October 31, 2028, and Northern Border must file for new rates to be effective November 1, 2028.

GTN

On September 29, 2023, GTN filed a general NGA Section 4 Rate Case with FERC, requesting an increase to the GTN's maximum rates to become effective April 1, 2024, and subject to refund. On August 9, 2024 GTN filed a settlement with FERC resolving all issues in the general NGA Section 4 Rate Case (2024 GTN Settlement). The 2024 GTN Settlement was approved by the FERC on October 21, 2024 and, will maintain the currently-effective rates ("pre-filed rates") from April 1, 2024 through March 31, 2026. GTN will then reduce its pre-filed rates by 11% starting on April 1, 2026 through March 31, 2027. The 2024 GTN Settlement also includes a moratorium on further rate changes through March 31, 2027, and GTN must file for new rates to be effective no later than April 1, 2027.

NOTE 3 EQUITY INVESTMENTS

The Partnership has equity interests in Northern Border, Great Lakes and Iroquois. The pipeline systems owned by these entities are regulated by FERC. The Northern Border and Great Lakes pipeline systems are operated by subsidiaries of TC Energy. The Iroquois pipeline system is operated by Iroquois Pipeline Operating Company, a wholly owned subsidiary of Iroquois. The Partnership uses the equity method of accounting for its interests in its equity investees.

(unaudited) (millions of dollars)	Ownership Interest at	Equity Earnings ^(a)		Equity Investments	
	September 30, 2024	Nine months ended September 30,		September 30,	December 31,
		2024	2023	2024	2023
Northern Border	50.00%	72	57	446	453
Great Lakes	46.45%	55	41	366	366
Iroquois	49.34%	54	42	152	171
		181	140	964	990

^(a) Equity Earnings represents our share in an investee's earnings and does not include any impairment charge on the equity method investment recorded as a reduction of carrying value of these investments.

Distributions from Equity Investments

Distributions received from equity investments in the nine months ended September 30, 2024 totaled \$207 million (September 30, 2023 - \$156 million).

During the nine months ended September 30, 2024, \$23 million of the total \$207 million distributions received from equity investments (September 30, 2023 - \$17 million) was considered as return of capital and included in "Investing Activities" of the Partnership's Consolidated Statement of Cash Flows. The return of capital was related to our investment in Iroquois and Northern Border (see further discussion below).

Northern Border

During the nine months ended September 30, 2024, the Partnership received total distributions from Northern Border amounting to \$78 million (September 30, 2023 - \$72 million), which includes \$1 million (September 30, 2023 - nil) non-recurring distribution from Northern Border, reported as return of capital investing activity in the statement of cash flows. The 2024 non-recurring distribution from Northern Border relates to proceeds associated with the facility sale to

South Bow Corporation, which was reported as a return of investment in the Partnership's respective Consolidated Statements of Cash Flows.

The Partnership did not have undistributed earnings from Northern Border for the nine months ended September 30, 2024 and 2023.

The summarized financial information provided to us by Northern Border is as follows:

(unaudited)

(millions of dollars)

	September 30, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	32	102
Other current assets	43	41
Property, plant and equipment, net	976	915
Other assets	10	10
	1,061	1,068
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	41	50
Deferred credits and other	50	49
Long-term debt, net ^(a)	307	293
Partners' equity	663	676
	1,061	1,068

<i>(unaudited)</i>	Nine months ended	
	September 30,	
<i>(millions of dollars)</i>	2024	2023
Transmission revenues	240	227
Operating expenses	(57)	(56)
Depreciation	(48)	(48)
Financial charges and other	8	(7)
Net income	143	116

^(a) Includes current maturities of nil as of September 30, 2024 for Northern Border's 2.97% Series A Senior Notes (December 31, 2023 - nil), net of unamortized debt issuance costs and debt discounts. At September 30, 2024, Northern Border was in compliance with all of its financial covenants.

Great Lakes, a variable interest entity

The Partnership is considered to have a variable interest in Great Lakes, which is accounted for as an equity investment as we are not its primary beneficiary. A variable interest entity is a legal entity that either does not have sufficient equity at risk to finance its activities without additional subordinated financial support, is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not substantively participate in the gains or losses of the entity.

During the nine months ended September 30, 2024, the Partnership received distributions from Great Lakes amounting to \$55 million (September 30, 2023 - \$26 million).

The summarized financial information provided to us by Great Lakes is as follows:

(unaudited)

<i>(millions of dollars)</i>	September 30, 2024	December 31, 2023
ASSETS		
Current assets	109	163
Property, plant and equipment, net	759	734
	868	897
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	40	50
Net long-term debt, including current maturities ^(a)	104	125
Other long term liabilities	20	17
Partners' equity	704	705
	868	897

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended	
	September 30,	
	2024	2023
Transmission revenues	205	183
Operating expenses	(58)	(61)
Depreciation	(29)	(30)
Financial charges and other	—	(4)
Net income	118	88

^(a) Includes current maturities of \$21 million as of September 30, 2024 (December 31, 2023 - \$21 million). At September 30, 2024, Great Lakes was in compliance with all of its financial covenants.

Iroquois

During the nine months ended September 30, 2024 the Partnership received total distributions from Iroquois amounting to \$74 million (September 30, 2023 - \$58 million) which includes \$22 million (September 30, 2023 - \$17 million) non-recurring distribution from Iroquois, reported as return of capital investing activity in the statement of cash flows. Both 2024 and 2023 non-recurring distributions from Iroquois relates to returns of equity contributions due to delays in the permitting of the EXC project, which were reported as a return of investment in the Partnership's respective Consolidated Statements of Cash Flows.

The summarized financial information provided to us by Iroquois is as follows:

(unaudited)

<i>(millions of dollars)</i>	September 30, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	60	71
Other current assets	35	59
Property, plant and equipment, net	460	457
Other assets	21	22
	576	609
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	25	21
Long-term debt, net ^(a)	301	303
Other non-current liabilities	18	17
Partners' equity	232	268
	576	609

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended	
	2024	2023
Transmission revenues	163	163
Operating expenses	(49)	(50)
Depreciation	(23)	(23)
Financial charges and other	(6)	(5)
Net income	85	85

^(a) Includes current maturities of \$4 million as of September 30, 2024 (December 31, 2023 - \$4 million). At September 30, 2024, Iroquois was in compliance with all of its financial covenants.

NOTE 4 REVENUES

Revenue Recognition

The Partnership's revenues are generated from contractual arrangements for committed capacity and from transportation of natural gas which are treated as a single performance obligation. For the nine months ended September 30, 2024 and 2023, effectively all of the Partnership's revenues were from capacity arrangements and transportation contracts with customers.

Revenues earned from firm contracted capacity arrangements are recognized over the term of the contract regardless of the amount of natural gas that is transported. Transportation revenues for interruptible or volumetric-based services are recognized when the service is performed. The Partnership utilizes the practical expedient of recognizing revenue as invoiced. In the application of the right to invoice practical expedient, the Partnership's revenues from regulated capacity arrangements are recognized based on rates specified in the contract. Therefore, the amount invoiced, which includes the capacity contracted and available volume of natural gas transported, corresponds directly to the value the customer received. Revenues are invoiced and paid on a monthly basis.

The Partnership's pipeline systems do not take ownership of the natural gas that is transported for customers. Revenues from contracts with customers are recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

The Partnership's pipeline systems are subject to FERC regulations and, as a result, a portion of revenues collected may be subject to refund if invoiced during an interim period when a rate proceeding is ongoing. Allowances for these potential refunds are recognized using management's best estimate based on the facts and circumstances of the proceeding. Any allowances that are recognized during the proceeding process are refunded or retained, as applicable, at the time a regulatory decision becomes final.

As a result of the 2024 GTN Settlement, a rate refund provision has been established and as of September 30, 2024, the balance is \$16.4 million which is included in Accounts Payable and Accrued Liabilities in the Consolidated Balance Sheets. For September 2023, there were no refund provisions.

NOTE 5 DEBT

<i>(unaudited)</i> <i>(millions of dollars)</i>	September 30, 2024	Weighted Average Interest Rate for the nine months ended September 30, 2024		December 31, 2023	Weighted Average Interest Rate for the year ended December 31, 2023	
TC PipeLines, LP						
4.375% Unsecured Senior Notes due 2025	350	4.375%	(a)	350	4.375%	(a)
3.90% Unsecured Senior Notes due 2027	500	3.90%	(a)	500	3.90%	(a)
GTN						
3.12% Series A Senior Notes due 2030	175	3.12%	(a)	175	3.12%	(a)
4.92% Series B Senior Notes due 2030	50	4.92%	(a)	50	4.92%	(a)
5.69% Unsecured Senior Notes due 2035	150	5.69%	(a)	150	5.69%	(a)
PNGTS ^(b)						
Revolving Credit Facility due 2028	—	—%		—	—%	
2.84% Series A Senior Notes due 2030	—	2.84%		125	2.84%	(a)
2.68% Series B Senior Notes due 2031	—	2.68%		125	2.68%	(a)
Total	1,225			1,475		
Less: unamortized debt issuance costs and debt discount	2			3		
Less: current portion	350			—		
Total long-term debt, net	873			1,472		

(a) Fixed interest rate

(b) On August 15, 2024, the Purchaser assumed \$250 million of senior notes outstanding and the Revolving Credit Facility held at PNGTS as part of the sale of PNGTS. At the time of sale, the outstanding balance of the Revolving Credit Facility was nil. See Note 12 for additional details.

GTN

On June 1, 2020, GTN entered into a Note Purchase and Private Shelf Agreement (GTN Private Shelf Facility) whereby GTN issued \$175 million of 10-year Series A Senior Notes (GTN Series A Notes) with a coupon of 3.12 percent per annum, maturing on June 1, 2030. The GTN Private Shelf Facility allows for the issuance of up to an additional \$75 million of Senior Notes within a period extending to June 1, 2023. On June 1, 2023, GTN extended the issuance period of the GTN Private Shelf Facility until May 1, 2026 and increased the availability to \$350 million. The 3.12 percent Series A Notes do not require any principal payments until maturity on June 1, 2030.

On June 14, 2023, GTN issued an additional \$50 million of 7-year Series B Senior Notes (GTN Series B Notes) at a coupon of 4.92 percent from the existing GTN Private Shelf Facility. The 4.92 percent GTN Series B Notes require two \$25 million principal payments on June 14, 2029 and 2030.

GTN's Series A Notes and Series B Notes contain a covenant that limits total funded debt to no greater than 65 percent of total consolidated capitalization and GTN's Unsecured Senior Notes contain a covenant that limits total debt to no greater than 70 percent of GTN's total capitalization. GTN's total consolidated funded debt to adjusted capitalization ratio at September 30, 2024 was 33.5 percent and GTN's total debt to total capitalization ratio at September 30, 2024 was 32.4 percent. As of September 30, 2024, GTN was in compliance with all its financial covenants.

Partnership

At September 30, 2024, the Partnership was in compliance with all debt terms and conditions including its financial covenants and its other covenants including restrictions on entering into mergers, consolidations, sales of assets, and granting of liens. The Partnership was also in compliance with the related provisions of the Fourth Amended and

Restated Agreement of Limited Partnership (Partnership Agreement), including restrictions on incurring additional debt and distributions to unitholders.

The principal repayments required of the Partnership on its debt at September 30, 2024 are as follows:

<i>(unaudited)</i> <i>(millions of dollars)</i>	Principal Payments
2024	—
2025	350
2026	—
2027	500
2028	—
Thereafter	375
	1,225

NOTE 6 PARTNERS' EQUITY

Class B units issued to TC Energy

The Class B units entitle TC Energy to an annual distribution from 2020 onward based on 30 percent of GTN's annual distributable cash flow less \$20 million, multiplied by 25 percent (Class B Distribution). Additionally, for any calendar year for which the cash distributions payable on the Partnership's common units are less than \$3.94 per common unit, the Class B Distribution will be reduced by the same percentage as the percentage by which distributions payable on the common units are reduced below \$3.94 per common unit (Class B Reduction).

During the second quarter of 2024, the Partnership declared and paid a Class B distribution to TC Energy amounting to \$2.6 million. At December 2023, there were no Class B distributions as the threshold had not been exceeded, therefore no distributions were declared related to the Class B units.

NOTE 7 CHANGE IN OPERATING WORKING CAPITAL

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended September 30,	
	2024	2023
Change in accounts receivable and other	9	4
Change in imbalance receivable	6	4
Change in other current assets	1	5
Change in accounts payable and accrued liabilities ^(a)	17	2
Change in customer deposits	(8)	(2)
Change in imbalance payable	(4)	(2)
Change in accounts payable to affiliates	3	(3)
Change in accrued interest	3	6
Change in operating working capital	27	14

^(a) Excludes certain non-cash items primarily related to capital accruals and credits.

NOTE 8 RELATED PARTY TRANSACTIONS

As operator of our pipelines, except Iroquois, TC Energy provides capital and operating services to our pipeline systems. TC Energy incurs costs on behalf of our pipeline systems, including, but not limited to, employee salary and benefit costs, and property and liability insurance costs. These costs are reimbursed by our pipeline systems. Iroquois does not receive any capital and operating services from TC Energy (Refer to Note 3, "Equity Investments"). The Iroquois pipeline system is operated by Iroquois Pipeline Operating Company, a wholly owned subsidiary of Iroquois. Therefore, Iroquois and does not receive capital and operating services from TC Energy.

Prior to the August 15, 2024 sale of PNGTS, TC Energy was the operator of PNGTS, except for a certain portion of the PNGTS facilities, jointly owned with Maritimes and Northeast Pipeline LLC (MNE) (the Joint Facilities). The Joint Facilities are operated by M&N Operating Company, LLC. Therefore, the Joint Facilities did not receive capital and operating services from TC Energy.

Cash Management Program

The Partnership participates in TransCanada PipeLine USA Ltd. (TCPL USA)'s cash management program. As a result, all of the Partnership's cash including Great Lakes, with the exception of cash generated by Iroquois and Northern Border, is managed by TCPL USA. This program matches short-term cash surpluses and needs of participating related parties, thus minimizing total borrowings from outside sources. Monies advanced under the program are considered loans, accruing interest and repayable on demand. The Partnership receives interest on monies advanced to TCPL USA at the rate of interest earned by TCPL USA on its short-term cash investments. The Partnership pays interest on monies advanced from TCPL USA based on TCPL USA's short-term borrowing costs. For the nine months ended, September 30, 2024, the interest associated with this arrangement resulted in a net receivable of \$1 million (September 30, 2023 - \$1 million net payable). At September 30, 2024 the Partnership had a demand loan receivable from TC Energy of \$235 million (December 31, 2023 - \$127 million demand loan receivable).

Great Lakes

Great Lakes earns significant transportation revenues from TC Energy and its affiliates, some of which are provided at discounted rates and some at maximum recourse rates. For the nine months ended September 30, 2024, Great Lakes earned 47 percent of its transportation revenues from TC Energy (September 30, 2023 - 53 percent).

At September 30, 2024, \$8 million was included in Great Lakes' receivables with regard to the transportation contracts with TC Energy (December 31, 2023 - \$15 million).

NOTE 9 FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Under ASC 820 - *Fair Value Measurements and Disclosures*, fair value measurements are characterized in one of three levels based upon the inputs used to arrive at the measurement. The three levels of the fair value hierarchy are as follows:

Levels	How fair value has been determined
Level I	Quoted prices in active markets for identical assets and liabilities that the Partnership 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	Valuation based on the extrapolation of inputs, other than quoted prices included within Level I, for which all significant inputs are observable directly or indirectly. Inputs include published interest rates, interest rate swap curves, yield curves and broker quotes from external data service providers. This category includes interest rate 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. Transfers between Level I and Level II would occur when there is a change in market circumstances.
Level III	Valuation of assets and liabilities are measured using a market approach based on extrapolation of inputs that are unobservable or where observable data does not support a significant portion of the derivative's fair value. This category mainly includes long-dated commodity transactions in certain markets where liquidity is low and the Partnership uses the most observable inputs available or, if not available, long-term broker quotes to estimate the fair value for these transactions. Assets and liabilities measured at fair value can fluctuate between Level II and Level III depending on the proportion of the value of the financial instruments that extends beyond the time frame for which significant inputs are considered to be observable. As the financial instruments near maturity and observable market data becomes available, they are transferred out of Level III and into Level II.

Fair Value of Financial Instruments

The carrying value of "cash and cash equivalents", "demand loan receivable from affiliates," "accounts receivable and other," "accounts payable and accrued liabilities," "demand loan payable to affiliates," "customer deposits," "accounts payable to affiliates," and "accrued interest" approximate their fair values because of the short maturity or duration of these instruments, or because the instruments bear a variable rate of interest or a rate that approximates current rates. The fair value of the Partnership's debt is estimated by discounting the future cash flows of each instrument at estimated current borrowing rates. The fair value of interest rate derivatives is calculated using the income approach, which uses period-end market rates and applies a discounted cash flow valuation model.

The Partnership has classified the fair value of natural gas imbalance receivable and payable as a Level 2 of the fair value hierarchy for fair value disclosure purposes, as the valuation approach includes quoted prices in the market index and observable volumes for the imbalance.

Long-term debt is recorded at amortized cost and classified as Level 2 of the fair value hierarchy for fair value disclosure purposes. Interest rate derivative assets and liabilities are classified as Level 2 for all periods presented where the fair value is determined by using valuation techniques that refer to observable market data or estimated market prices. The estimated fair value of the Partnership's debt as at September 30, 2024 and December 31, 2023 was \$1,218 million and \$1,404 million, respectively.

Market risk is the risk that changes in market interest rates may result in fluctuations in the fair values or cash flows of financial instruments. The Partnership's floating rate debt is subject to SOFR benchmark interest rate risk. The Partnership uses derivatives to manage its exposure to interest rate risk. We regularly assess the impact of interest rate fluctuations on future cash flows and evaluate hedging opportunities to mitigate our interest rate risk.

NOTE 10 FINANCIAL CHARGES AND OTHER

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended	
	September 30,	
	2024	2023
Interest expense ^(a)	43	46
AFUDC - Equity	(3)	(9)
Other income (including AFUDC - Debt)	(1)	(1)
	39	36

^(a) Includes amortization of debt issuance costs and discount costs.

NOTE 11 GTN CARBON EMISSION CREDITS

In 2021, the state of Washington passed its Climate Commitment Act establishing a market-based cap-and-invest program to reduce carbon emissions. This program took effect on January 1, 2023, and sets a limit, or cap, on overall carbon emissions in the state and requires businesses to obtain allowances equal to its annual covered carbon emissions. The current compliance period being January 1, 2023 through December 31, 2026. The state's cap will be reduced over time to meet the state's carbon emissions reduction targets, which means fewer carbon emissions allowances will be available to purchase each year. These allowances can be purchased through quarterly auctions hosted by the state or bought and sold on a secondary market. In 2023, GTN began purchasing allowances for the carbon emissions from three compressor stations within the state whose annual carbon emissions exceed 25,000 metric tons of carbon dioxide equivalent. The 2024 GTN Settlement allows for the recovery of the costs of purchasing allowances under the program through a regulatory asset.

GTN records the purchased emission allowances at cost and the associated accumulated interest to Other Assets on the Balance Sheet. A total of \$8.9 million was included in Other Assets on the Consolidated Balance Sheets for September 30, 2024, and \$7.9 million as of December 31, 2023.

NOTE 12 PNGTS DIVESTITURE

On August 15, 2024, the TC Energy, the parent of the Partnership, 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 \$1.1 billion, including the third-party's assumption of \$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), resulting in proceeds to the Partnership of \$546 million. The gain on sale attributable to the Partnership of \$420 million was included in Gain on sale of PNGTS in the Consolidated Statements of Income. TC Energy is providing customary transition services and will continue to work jointly with the buyers to facilitate a safe and orderly transition.

NOTE 13 SUBSEQUENT EVENTS

Management of the Partnership has reviewed subsequent events through November 21, 2024, the date the consolidated financial statements were issued, and concluded there were no events or transactions during this period that would require recognition or disclosure in the consolidated financial statements other than what is disclosed here and/or those already disclosed in the preceding notes.

Distributions

Northern Border declared its October 2024 distribution of \$11.0 million on October 24, 2024, which the Partnership received its 50 percent share of \$5.5 million on October 31, 2024.

Great Lakes declared its third quarter 2024 distribution of \$16.1 million on October 25, 2024, which the Partnership received its 46.45 percent share of \$7.5 million on October 31, 2024.

Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis (MD&A) should be read in conjunction with the unaudited consolidated financial statements and notes included in Item 1. "Financial Statements" of this Quarterly Report, as well as our 2023 Financial Statements. Additionally, readers are cautioned that this section contains certain forward-looking statements. Forward-looking statements are identified by words and phrases such as: "anticipate," "assume," "estimate," "expect," "project," "intend," "plan," "believe," "forecast," "should," "predict," "could," "will," "may," and other terms and expressions of similar meaning. The absence of these words, however, does not mean that the statements are not forward-looking. 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.

RESULTS OF OPERATIONS

Our ownership interests in eight pipelines were our only material sources of income during the period. Therefore, our results of operations and cash flows were influenced by, and reflect the same factors that influenced, our pipeline systems.

<i>(unaudited)</i> <i>(millions of dollars)</i>	Nine months ended September 30,		\$ Change ^(a)	% Change ^(a)
	2024	2023		
Transmission revenues	330	334	(4)	(1)
Equity earnings	181	140	41	29
Operating, maintenance and administrative costs	(86)	(70)	(16)	(23)
Gain on sale of PNGTS	420	—	420	100
Depreciation and amortization	(66)	(77)	11	14
Financial charges and other	(39)	(36)	(3)	(8)
Net income before taxes	740	291	449	154
Income taxes	(2)	(3)	1	33
Net income	738	288	450	156
Less: Net income attributable to non-controlling interests	22	23	(1)	(4)
Net income attributable to controlling interests	716	265	451	170

^(a) Positive number represents a favorable change; bracketed or negative number represents an unfavorable change.

Nine Months Ended September 30, 2024 Compared to the Same Period in 2023

The Partnership's net income attributable to controlling interests in the nine months ended September 30, 2024 increased compared to the same period in 2023, mainly due to the following:

Transmission revenues - Revenue decreased \$4 million largely due to:

- decrease in revenue due to GTN rate refund provision offset by higher demand revenues ; and
- decrease in PNGTS revenues for 2024 due to sale occurring on August 15, 2024; partially offset by
- higher revenue from North Baja as a result of new revenues from its North Baja XPress, which went into service in June 2023

Equity Earnings - Equity earnings increased \$41 million primarily due to:

- higher equity earnings from our investment in Iroquois due to its higher negotiated rates pertaining to discretionary revenues compared to the same period in 2023; and
- higher equity earnings from our investment in Great Lakes as a result of higher demand revenues

Gain on sale of PNGTS - \$420 million gain due to Partnership's disposition of its entire ownership

Operating, maintenance and administrative (OM&A) costs - OM&A costs increased \$16 million primarily due to:

- increase in GTN's OM&A costs primarily due to safety and technical services and
- increase in PNGTS's costs related to the joint facilities with MNE which includes true up payments related to OM&A and property taxes

Depreciation and amortization - Depreciation and amortization decreased \$11 million primarily due to:

- decrease in PNGTS depreciation expense due to classification as Asset Held for Sale beginning March 2024; and
- decrease in GTN depreciation and amortization expenses due to rate case settlement terms; partially offset by
- increase in property, plant and equipment related to North Baja XPress

Financial charges and other - Financial charges and other increased \$3 million primarily due to:

- decrease of AFUDC equity due to North Baja XPress, which went into service in June 2023

LIQUIDITY AND CAPITAL RESOURCES

The Partnership strives to maintain financial strength and flexibility in all parts of the economic cycle. Our principal sources of liquidity and cash flows currently include distributions received from our equity investments and operating cash flows from our subsidiaries and access to TC Energy's cash management program, which matches short-term cash surpluses and needs of participating related parties, thus minimizing total borrowings from outside sources.

We continue to be financially disciplined by using our available cash to fund ongoing operating expenses and capital expenditures and maintaining debt at prudent levels and we believe we are well positioned to fund our obligations as required.

We believe our (1) overall cash position, (2) operating cash-flows and (3) access to cash through TC Energy's cash management program are sufficient to fund our short-term liquidity requirements, ongoing capital expenditures, required debt repayments and other financing needs such as capital contribution requests from our equity investments.

SIGNATURES

The Partnership has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 21st day of November 2024.

TC PIPELINES, LP
(A Delaware Limited Partnership)
by its General Partner, TC PipeLines GP, LLC.

By: /s/ Jayson Antolin
Jayson Antolin
Member of Board of Managers
TC PipeLines GP, LLC.

By: /s/ Burton D. Cole
Burton D. Cole
Controller and Treasurer
TC PipeLines GP, LLC.