



TC Energy Power Market update.

Forward prices table (indicative as of July 8th, 2020)

	Flat 7x24 (\$/MWh)	AB - 7x16 On Peak (\$/MWh)	AB - 7x8 Off-Peak (\$/MWh)	AECO Gas (\$/GJ)	Heat Rate
BoM	\$44.00	\$51.25	\$27.90	\$1.94	22.68041237
August	\$48.00	\$58.00	\$31.00	\$1.92	22.67000000
BOY	\$50.60	\$59.78	\$33.45	\$2.08	24.32692308
2021	\$51.25	\$61.25	\$31.00	\$2.21	23.19004525
2022	\$52.50	\$63.50	\$30.00	\$2.13	24.64788732
2023	\$50.75	\$60.40	\$31.50	\$2.07	24.51690821

All prices are indicative as of July 8, 2020. For Firm power price quotes please contact TC Energy's Power Marketing team. See contacts on the last page.

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Alberta Market Recap – June 2020

June 2020 settled at \$34.51/MWh, representing a 36% decrease from June 2019's settle of \$53.52/MWh and a 31% increase from last month's settle of \$26.39/MWh. The average price between the on-peak and off-peak for June differed by \$15.86/MWh, resulting in on-peak and off-peak prices of \$39.79/MWh and \$23.93/MWh, respectively.

After temperature adjustments, June 2020 saw a 5.8% decrease in AIL (Average Internal Load) growth compared against the 2% average of the past ten years. Despite this decrease, it is worth noting its deceleration, as May 2020 saw a 6.7% decrease in temperature adjusted AIL growth. These monthly reductions in AIL are attributed to the continuation of demand destruction from both COVID-19 and oil production reduction, although it appears we may have now bottomed out.

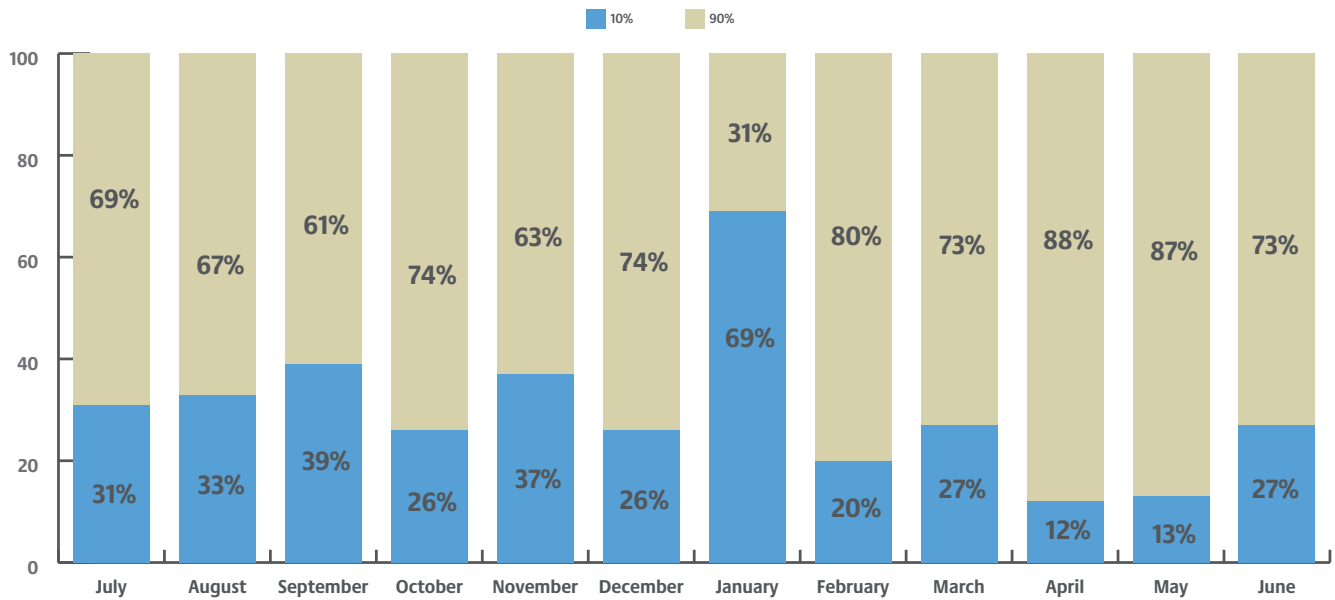
Despite June 2020 not having any triple digit daily settles, the month did see seven days of System Marginal Pricing (SMP) reach above \$100; June 11th, 13th, 18th-19th, and 22nd-24th. SMP peaked on June 11th hour ending (HE) 17 when it hit

\$799.12 for nearly thirty minutes. One key influencer in this month's settles came from the forces of mother nature, when lightning struck the AB-BC intertie on June 7th. This caused both the AB-BC and AB-MATL lines import capacity to drop to 0MW, which the AESO confirmed was due to a frequency issue, as the lines full capacity (900MW) was being imported when the lightning hit. After returning to service, the import capacity remained reduced until June 26th HE 16.

June 19th saw the highest daily average and on-peak price settles of \$80.81/MWh and \$105.74/MWh, respectively. These “highs” can be accredited to de-rated imports from the tie line incident on June 7th, decreased wind generation (sub 50MW), strengthened load and a weakened thermal fleet; including Battle River 5, Calgary Energy Center, Keephills 2, Sheerness 1, Shepard and Sundance 4 being offline at some point during the day. Collectively, these left HE 12 through 16 settle above \$100/MWh with SMP reaching a peak of \$672.30 at 15:18.

In comparison, June 1st saw the lowest off-peak settle of \$4.36/MWh, with HE 1-6 remaining at the floor (\$0.00/MWh). Off-peak load, excessive wind generation (up to 1578MW), a packed tie line and the return of Keephills 2 all contributed to AESO's declared supply surplus HE 1 through 6.

Hours contributing to monthly average price



The top 10% of high-priced hours averaged \$93.91/MWh, contributing 27% to the monthly settle while the bottom 90% of hours averaged \$27.91/MWh.

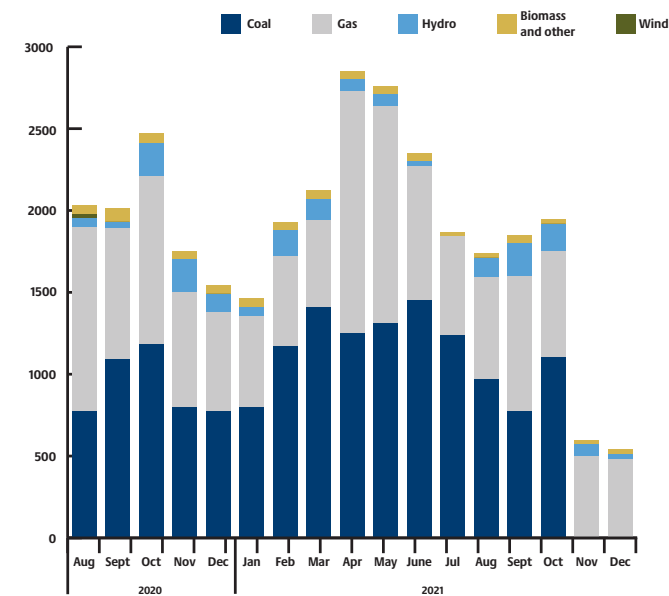
Average Alberta Internal Load (AIL) for the month was 8,739 MW, with hourly peak load hitting 9,918 MW on June 23rd, 2020 HE 16. This represents a 6% decrease from June 2019's average AIL of 9,284 MW and an 5% decrease from its hourly peak load of 10,471 MW.

The weighted average temperature across the province for June was 14.6°C representing a 0.2°C increase from last June when the average was 14.4°C. June 2020 temperatures in Alberta ranged from a low of 3°C seen in multiple Alberta cities in the early morning of June 5th and 6th as well as in Fort McMurray June 18th to a high of 33°C in Medicine Hat during the evening of June 12th.

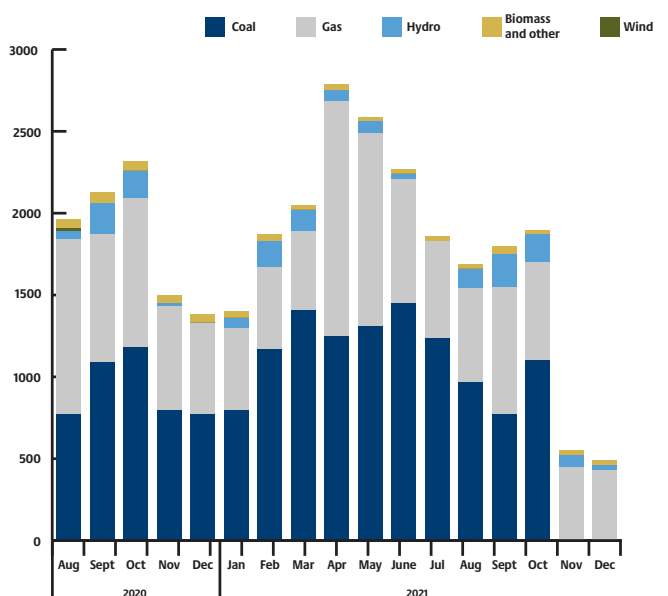
Monthly outages

Since last month's outage report, there have been noteworthy changes in gas and hydro outages. These gas outages include an increase of 120MW in October 2020 followed by another increase of 150MW in May 2021. For hydro outages, a decrease of 150MW is seen September 2020 followed by an increase of 180MW and 110MW November 2020 and December 2020, respectively.

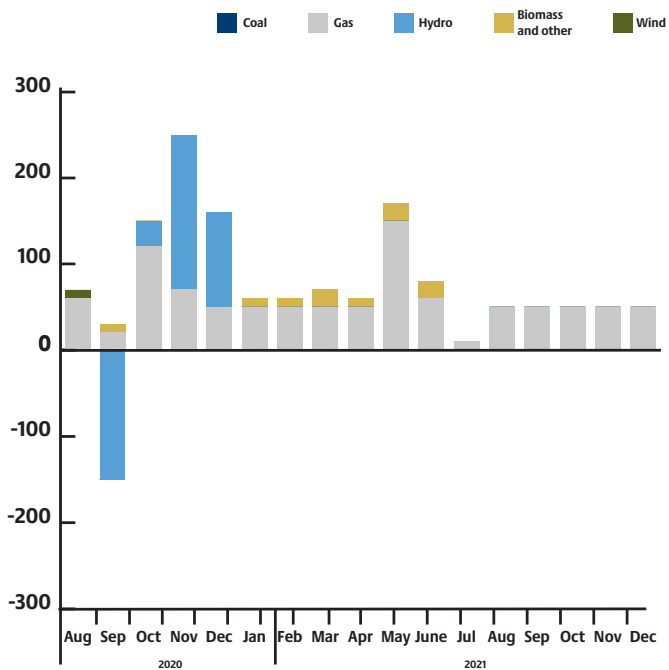
AESO monthly outages (as of July 2020)



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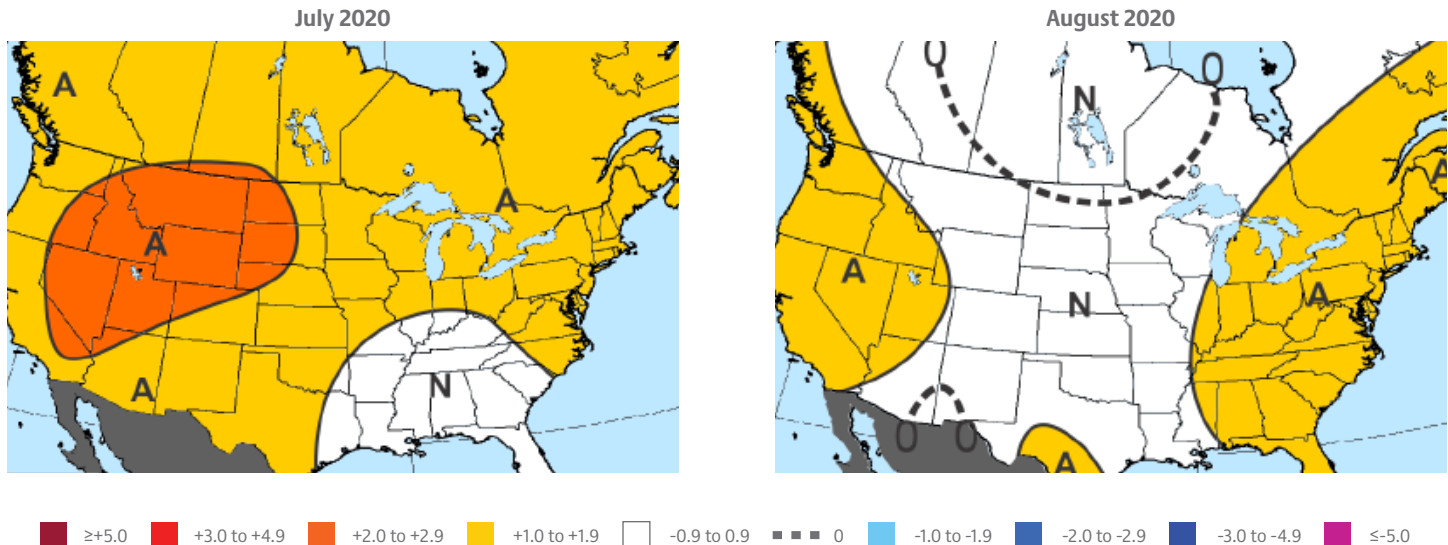
Month-over-month change in outages
(June 2020 over July 2020)



Maxar's 30-60 day outlook

June saw cool changes nationally over its last week. While remaining anomalously-warm on the whole with widespread "aboves" from the Southwest to the mid-continent and Northeast, the hottest relative to normal was seen in the Plains. Meanwhile, temperatures were on the cool side of normal in parts of the South. Maxar's monthly forecasts were supportive of a broadly-hot pattern, with the month coming in hotter than monthly expectations in the details of the Plains, Midwest, and East and cooler in the South.

Maxar's final update for July went unchanged versus previous, featuring widespread "aboves" across the West, Upper Midwest, and East. The overall hot pattern is supported by the ongoing Atlantic Multidecadal Oscillation (+AMO), warm waters in the Indian Ocean and western tropical Pacific. If La Niña officially sets in for summer, recent analogs support "aboves" across the mid-continent but cooler along the West Coast and in the Northeast. They currently indicate that Alberta will see a 1.0°F to 2.9°F departure from average 1981-2010 normal temperatures.



Industry News

On June 29th, 2020 the Market Surveillance Administrator (MSA) released its Enforcement Statement along with a notice to market participants and stakeholders regarding Economic Withholding. These documents included the MSA's permissive views toward economic withholding, including in and of itself that it does not constitute a violation of the Electric Utilities Act (EUA) or Fair, Efficient, and Open (FEOC) Regulation, contravene any AUC orders or decisions, and does not adversely affect market structure or performance. Further, the MSA stated that an efficient energy-only market does not require Pool Price be equal to short-run marginal cost in all settlement intervals, and it must also sometimes exceed short-run marginal cost if the cost of generation capacity is to be recovered from the market.

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