



2021 SXP: Customer Mitigation Solutions

FOR DISCUSSION PURPOSES ONLY



Meeting Purpose

The purpose of this meeting is to provide NGTL System customers with information on the details of the various mitigation solutions explored and those proposed for further consideration.

Forward Looking Information

This presentation includes certain forward-looking information which is based on the best information we have to date. This information is also based upon certain assumptions that may be subject to change as well as various risks and uncertainties. As such, this information provided is for illustrative purposes only and is not to be relied upon for any other purpose whatsoever. TC Energy will not be liable for damages sustained as a result of any use or reliance on such information.

Confidentiality

Communication and discussion from this session is considered confidential and not to be shared outside of this meeting, filed, referred to, or quoted in any hearing or other proceeding before any regulatory tribunal or any court of law.

We believe that confidentiality is a cornerstone to maintaining trust and ensuring all parties are comfortable participating in the conversation.



Agenda for Meeting

- Background: Customer Mitigation
- Review options explored & results
 - 1) Re-prioritization reach-out update
 - 2) Turnback open season
 - 3) Winter Operational Capacity
- Next steps/discussion/questions

2021 SXP: Customer Mitigation Solutions

Background: Customer Mitigation

2021 NGTL SYSTEM EXPANSION PROJECT (SXP)

Due to ongoing 2021 SXP project delays, identify and evaluate commercial options to optimize existing capacity and capacity to be declared (2021 SXP, Clearwater, EDML, West Path 2022)

NGTL COMMITTED TO EXPLORE POTENTIAL CUSTOMER
MITIGATION OPTIONS



Customer Mitigation Considerations

- Optimize system capacity to enable commencement of service with conditions for parties with pending contracts impacted by delayed expansion projects (includes 2021 SXP, Clearwater, EDML & West Path 2022)(the “Conditional Service”)
- Prioritize firm, no anticipated impact on existing firm system customers
- Align pending contract holders awaiting capacity with timing of available capacity in a fair/efficient manner
- Optimize alignment of system capacity/contracting in a toll neutral/positive manner over the long term for system customers
- Potential customer mitigation solutions based on nature of 2021 SXP delays
- Dialogue with system customers, identify/address concerns



POTENTIAL CUSTOMER MITIGATION OPTIONS EXPLORED

1. Re-prioritization of contract declaration
2. Turnback Open Season – early non-renewal or pause
3. Winter Operational Capacity – Conditional Service



1. Re-Prioritization Customer Reach Out

Objective

- Optimize declaration priority of customers with pending contracts that could move down in declaration order and allow others to advance

Process

- Marketing Reps reached out to customers (July-Aug)
- None of the pending contract holders contacted indicated interest in deferring their order of contract declaration

Outcome

- Due to lack of interest in deferrals, NGTL is not able to advance customer positions in the order of contract declaration

2. Turnback Open Season

Objective

- In near-term utilize available paused or turnback delivery capacity to enable earlier declaration of pending contracts
(includes 2021 SXP, Edson, Clearwater, West Path 2022)

Process

- Evaluate a FT-D Pause/Turnback Open Season

Outcome

- NGTL will not proceed with formal Turnback Open Season:
- Recent experience suggests absence of turnback that results in toll neutral/positive outcomes that would enable additional delivery capacity in the impacted area
 - No material turnback/pause interest expected given value of transportation

Next Steps

- NGTL encourages customers to reach out to your Marketing Representative by **October 3rd** if interested in pausing or turning back your FT-D contract capacity for upcoming winter season
- NGTL will evaluate any turnback interest that enables earlier declaration of pending contract capacity in a toll neutral/positive manner over the long term

3. Winter Operational Capacity: Availability and Conditional Service



Evaluate winter operational capacity assumptions to analyze potential to provide option for Conditional Service for impacted parties with pending FT-D contracts.



Evaluated expected winter operational capacity availability in the 90% facility and Edson Mainline Expansions scenario.



Up to 400 TJ/d may be offered for the winter season depending on summer maintenance results. Availability over the winter season will vary based on system conditions and the customer participation in winter operational capacity option.



3. Winter Operational Capacity: Background

- Following in-service of 90% scenario, remaining pending contracts for 2021 SXP and pending contracts dependent on subsequent programs (Clearwater, EDML, West Path 2022) are expected to be simultaneously declared once 100% scenario achieved
- Participation of impacted customers with pending contracts is optional
- Customers provided the option to request participation up to their pending CDQ
 - Customer to stipulate acceptable minimum and maximum CDQ in election form
- NGTL will determine winter operational capacity for each customer on a pro-rata basis up to aggregated total 400 TJ/d*
 - NGTL will pro-rate 400 TJ/d* amongst participating customers based on elected max CDQ
 - If resulting pro-ration CDQ result does not satisfy minimum CDQ for a particular customer, that customer will not participate and such CDQ will be made available on a pro-rata basis to the remaining participating customers
 - In the event additional winter operational capacity becomes available, NGTL will increase conditional service CDQ of participating customers on a pro rata basis (prior to bid-week for following month)
 - minimum of one month of additional winter operational capacity required to proceed (*see slide 13 for expected winter operational capacity*)

**Up to 400 TJ/d may be offered for the Winter Season depending on summer maintenance results. Availability over the winter season will vary based on system conditions and the customer participation in winter operational capacity option*

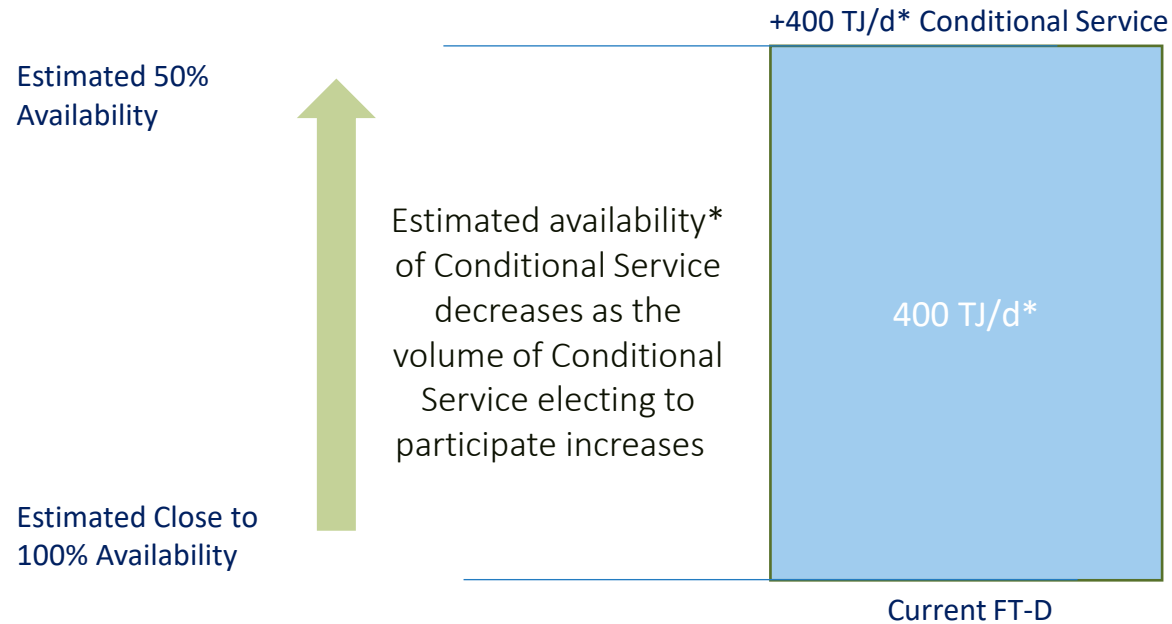


3. Winter Operational Capacity: Background (contd.)

- NGTL would commence service subject to the following:
 - NGTL will restrict Conditional Service on the day, if necessary, prior to restricting other existing firm service (restriction notice provided no later than evening cycle for next day nominations)
- In the event of a restriction, all Conditional Service customers will be restricted on a pro rata basis before restricting any other firm service
- Customer pays demand charges on Conditional Service CDQ, regardless of daily utilization or restrictions
- Condition would be lifted when NGTL determines it has the facilities to provide the service with no conditions
- Should facilities not be available by April 1, 2023, NGTL has discretion to suspend these Conditional Service contracts post April 1, 2023 until facilities are ready
 - Customers would not pay demand charges during suspension period
 - Suspension period would not reduce overall contract term



3. Winter Operational Capacity: Estimated Availability for Conditional Service



*Estimated availability represents the estimated percentage of days in the winter season that the Conditional Service is expected to be fully authorized on the day (does not represent the percent allowable on the given day); actual authorization on the day is subject to the factors described on slide 14.

**Up to 400 TJ/d may be offered for the Winter Season depending on summer maintenance results. Availability over the winter season will vary based on system conditions and the customer participation in winter operational capacity option*

- When a curtailment is required, NGTL would first reduce available IT-R/D, then Conditional Service, then lastly FT-R/D
- Continuing to assess the ability to allow for up to ~130 TJ/d of additional available capacity beyond the 400 TJ/d* that could be made available for Conditional Service
- Summer maintenance program activities may impact winter capability which could reduce the 400 TJ/d* offering
- Winter maintenance is currently being planned and will be shared in early November as per our normal process. Outage details will be shared via DOP once finalized

3. Winter Operational Capacity: Key Factors and Assumptions

Facility assumptions required for enablement of up to 400 TJ/d* of Conditional Service:

- 2021 Expansion (90% Scenario)
- Edson Mainline Expansion

Range of availability on the day is highly dependent on:

- Supply available from USJR and Downstream Storage
 - Extent of supply migration in USJR
 - Amount of flow coming from 'downstream storage'
- Distribution of demand: ATCO interconnects, West Gate (WGAT), and North Lateral (NLAT)
- Outages: Any planned or unplanned outages that occur in the winter
- Local West Path Availability dependent on 2022 West Path Expansion facilities in-service
- Customer participation in winter operational capacity option
 - Reliability ultimately influenced by extent of participation

**Up to 400 TJ/d may be offered for the Winter Season depending on summer maintenance results. Availability over the winter season will vary based on system conditions and the customer participation in winter operational capacity option*

3. Winter Operational Capacity: Outcome and Next Steps

Outcome

- Subject to feedback from impacted pending contract holders on any significant issues, proceed with winter operational capacity option and conditional service
- How it would work:
 - Impacted customers provided the option to request participation up to their pending CDQ by October 3rd
 - NGTL will determine winter operational capacity for each customer on a pro-rata basis up to 400 TJ/d*
 - Assuming the 90% scenario and EDML are in-service, winter operational capacity option to commence November 1st, applicable to the CDQ reflected in final pro-ration result
 - NGTL will provide applicable PEA amendments and conditional Schedules of Service for execution and then commence conditional service and administer winter operational capacity option as described (see background slides for details)

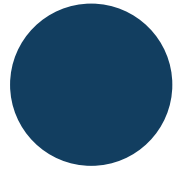
Next Steps

- Continue execution of 2021 SXP program. 90% scenario required – expected in October
- NGTL will formalize the plan for winter operational capacity option and conditional service
- NGTL will send out binding election forms to pending customers – week of September 19th.
- NGTL will inform results of participation prior to bid-week preceding November 1st

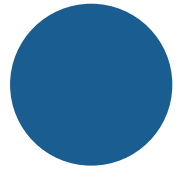
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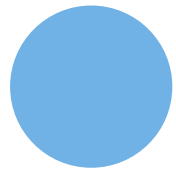
Customer Mitigation Solutions: Next Steps



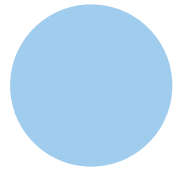
NGTL will continue to monitor and provide timely updates on 2021 SXP construction progress and timing of 90% scenario (Customer Operations Meetings, Marketing Representatives)



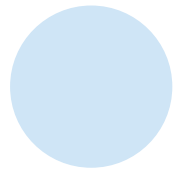
NGTL asks customers to notify us by October 3rd if interested in pause and/or turnback of existing billable FT-D



NGTL will formalize the plan for winter operational capacity option and conditional service



NGTL will send out binding election forms to pending customers for election to participate in the winter operational capacity option - week of September 19th



NGTL will update on the outcome of the Customer Mitigation Solutions prior to bid-week preceding November 1st



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