

TransCanada Power Market Update

October 2018

Forward Prices Table

	Flat 7x24 (\$/MWh)	AB - 6x16 On Peak (\$/MWh)	AB - Off-Peak (\$/MWh)	AECO Gas (\$/GJ)	Heat Rate
BOM	\$53.00	\$71.50	\$40.81	\$1.85	28.65
November	\$53.50	\$72.20	\$37.45	\$2.07	25.85
BOY	\$57.25	\$77.25	\$41.22	\$2.13	26.88
2019	\$55.00	\$71.00	\$37.95	\$1.55	35.48
2020	\$48.75	\$62.57	\$34.61	\$1.51	32.28
2021	\$47.25	\$60.95	\$33.55	\$1.65	28.64
2022	\$43.50	\$56.12	\$30.89	\$1.68	25.89

All prices are indicative as of indicative of October 1, 2018. For Firm power price quotes please contact TransCanada's Power Marketing team. See contacts on the last page.

Alberta Market Recap – September 2018

September 2018 settled at \$36.11/MWhs which is a 60% increase from last year's September settle of \$22.11/MWhs. Although the month had potential to be volatile with multiple tie line outages scheduled and uncertainty of how the weather would materialize, both temperature and load came in mild, keeping prices relatively soft. For September, the top 10% of hourly settles contributed to 15% of the monthly settle. This is a dramatic shift from last month where the top 10% of hours contributed to 51% of the monthly settle. This month over month variance shows how great of an impact high-priced hours can have on the monthly settle.

On the load side, average Alberta Internal Load (AIL) for the month was 9,290 MW, with peak load hitting 10,049 MW on September 7th HE 17 MT. This is close to 3% greater than last year's September average load of 9,021 MW but a 5% drop from its peak load of 10,524 MWs.

On the tie lines, both the 1201L (which affects the BC-AB intertie) and Montana (which affects the MATL-AB intertie) went on outage starting September 17th, 2018. The 1201L returned September 27th, 2018, while MATL is set to return October 4th. Despite these two tie lines being on outage, markets in Alberta remained relatively stable with prices averaging \$38.19/MWhs during the time of both outages.

Closing out summer and moving into fall, September brought cool weather and multiple rainy days. Weighted average temperature for Alberta was around 6° Celsius, representing a 6°C drop from last year's September weighted average temperature for the province. The hourly low for the province was -4.05°C while the hourly low last year was only 0°C.

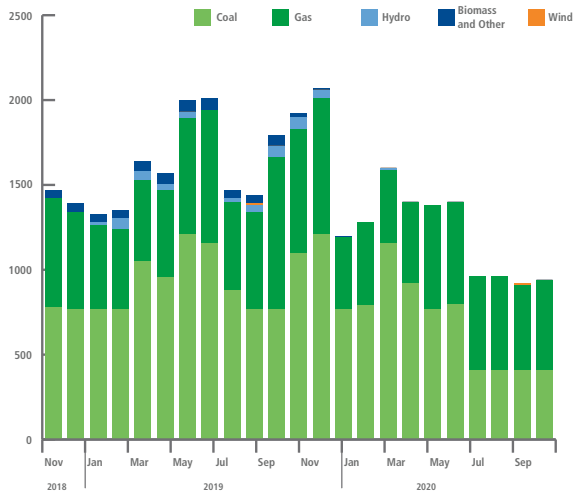
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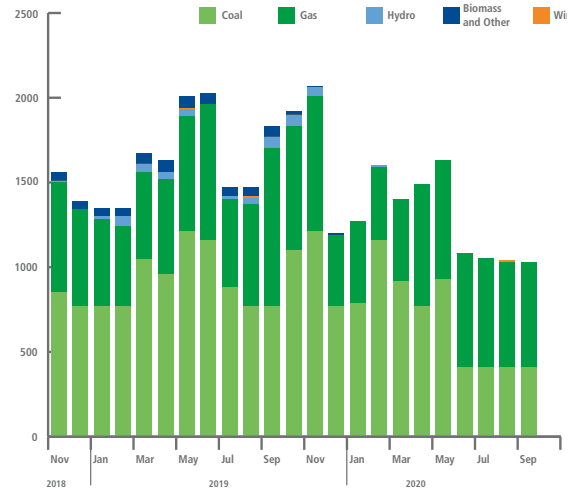
October 2018

Monthly Outages

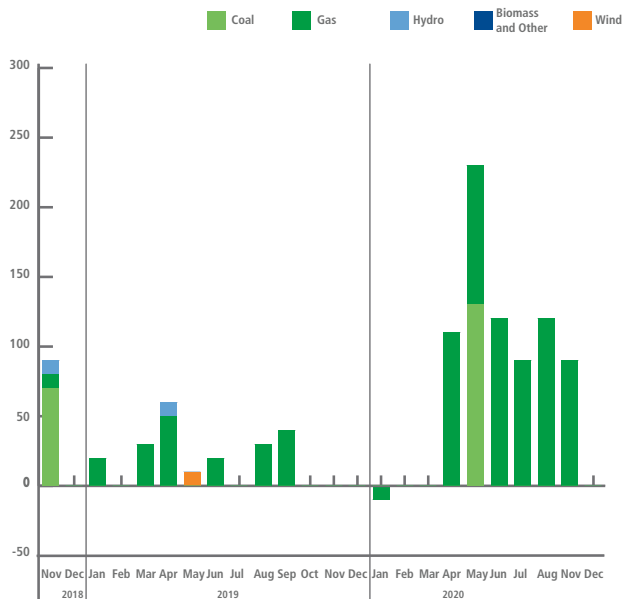
AESO Monthly Outages (as of September 1, 2018)



AESO Monthly Outages (as of October 1, 2018)



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

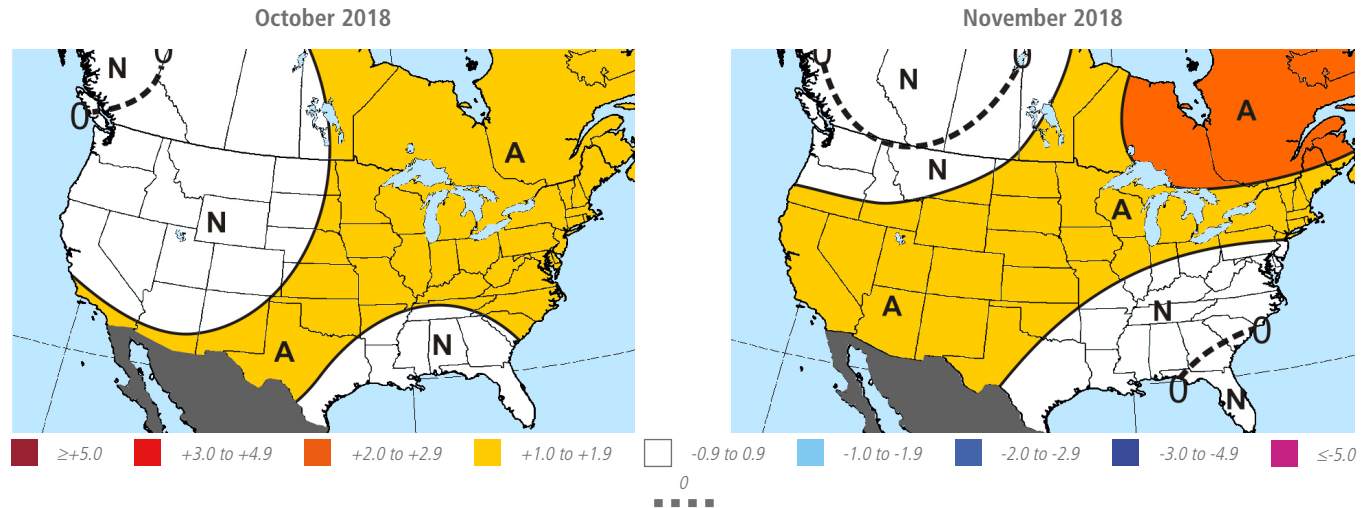


There are not many significant outage changes projected for the next year. However, in May 2020 there is a 230 MW outage increase made up of 130 MW of coal and 100 MW of gas. Moving into the summer months of 2020, the updated outage schedule shows a slight increase in gas generation outages.

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Radiant Solutions 30-60 Day Outlook



According to Radiant Solutions, "It was a September to remember as widespread warmth yielded a record high 240.3 PWCDDs (Population Weighted Cooling Degree Days) beating the previous mark of 234.5 PWCDDs set in 2015". While that might have been the case in the south, north of the border failed to hit any record breaking high temperatures. September temperatures across Alberta stayed relatively cool with a cold front sweeping through the province in the mid-back end of the month.

Radiant Solutions 30-Day Outlook for October 2018 projects a warmer front across the southern and western parts of North America while cooler along the northern tier from the northern Rockies eastward. Average weighted temperatures in Alberta for October 2017 were roughly 5°C with a low of -4.4°C. If this cold front (as indicated in the October 2018 chart above) materializes, we may be in for a cold month.

Industry News

AESO Dispatchable Renewables and Energy Storage Report

On September 25th, the AESO released its report on Dispatchable Renewables & Energy Storage as requested by the Government of Alberta back in November 2017. The report addressed whether dispatchable renewables and energy storage are needed to continue to deliver a reliable electricity system as the province transitions towards 30% renewables by 2030. The AESO's analysis concluded that dispatchable renewables and storage will not be needed for the electricity system's reliability as significant intermittent generation will be brought onto the grid to meet the renewable energy target.

To read more click here [AESO Dispatchable Renewables and Energy Storage Report](#)

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