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Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Filed Electronically
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**Attention: Ms. Kirsten Walli
Board Secretary**

Dear Ms. Walli:

**Subject: 2015 Natural Gas Market Review
OEB File No. EB-2015-0237
TransCanada PipeLines Limited (TransCanada) Presentation**

Enclosed is the presentation of TransCanada PipeLines Limited (TransCanada) for the above noted proceeding. Should you have any questions, please contact the undersigned.

Yours Truly,

TransCanada PipeLines Limited

Original signed by

Roman Karski
Regulatory Analyst, Regulatory Research & Analysis
Canadian Natural Gas Pipelines

Encl.



OEB 2015 Natural Gas Market Review

TransCanada Presentation, January 21, 2016





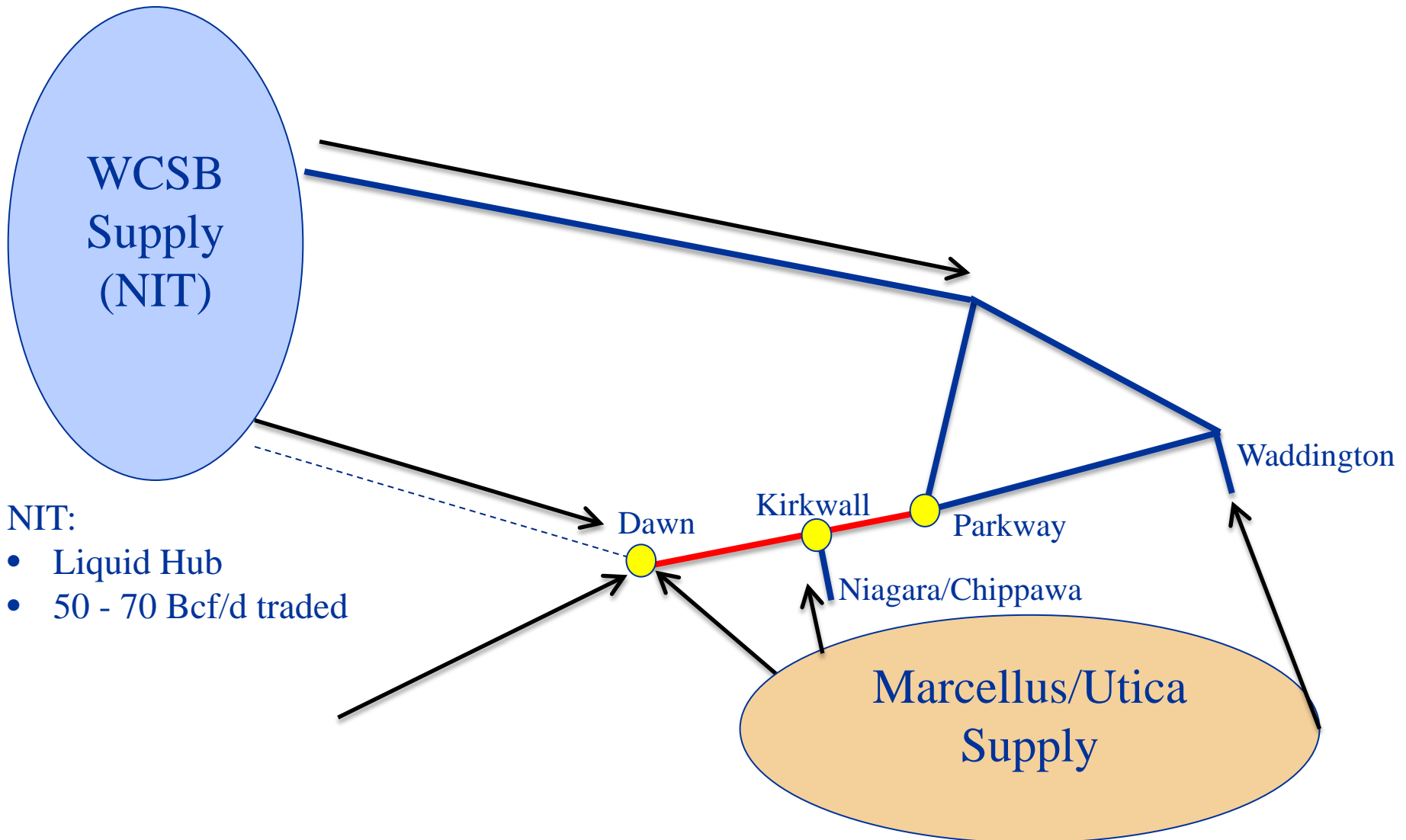
1. Supply Diversity

- Marcellus/Utica is a key supply basin for the Ontario market
- WCSB supply outlook is robust, large resource base
 - 160+ years of production at current rate
 - TransCanada expanding NGTL system to connect new supply
- WCSB is still a reliable source of gas supply for the Ontario market
- Direct connection to WCSB reduces price risk

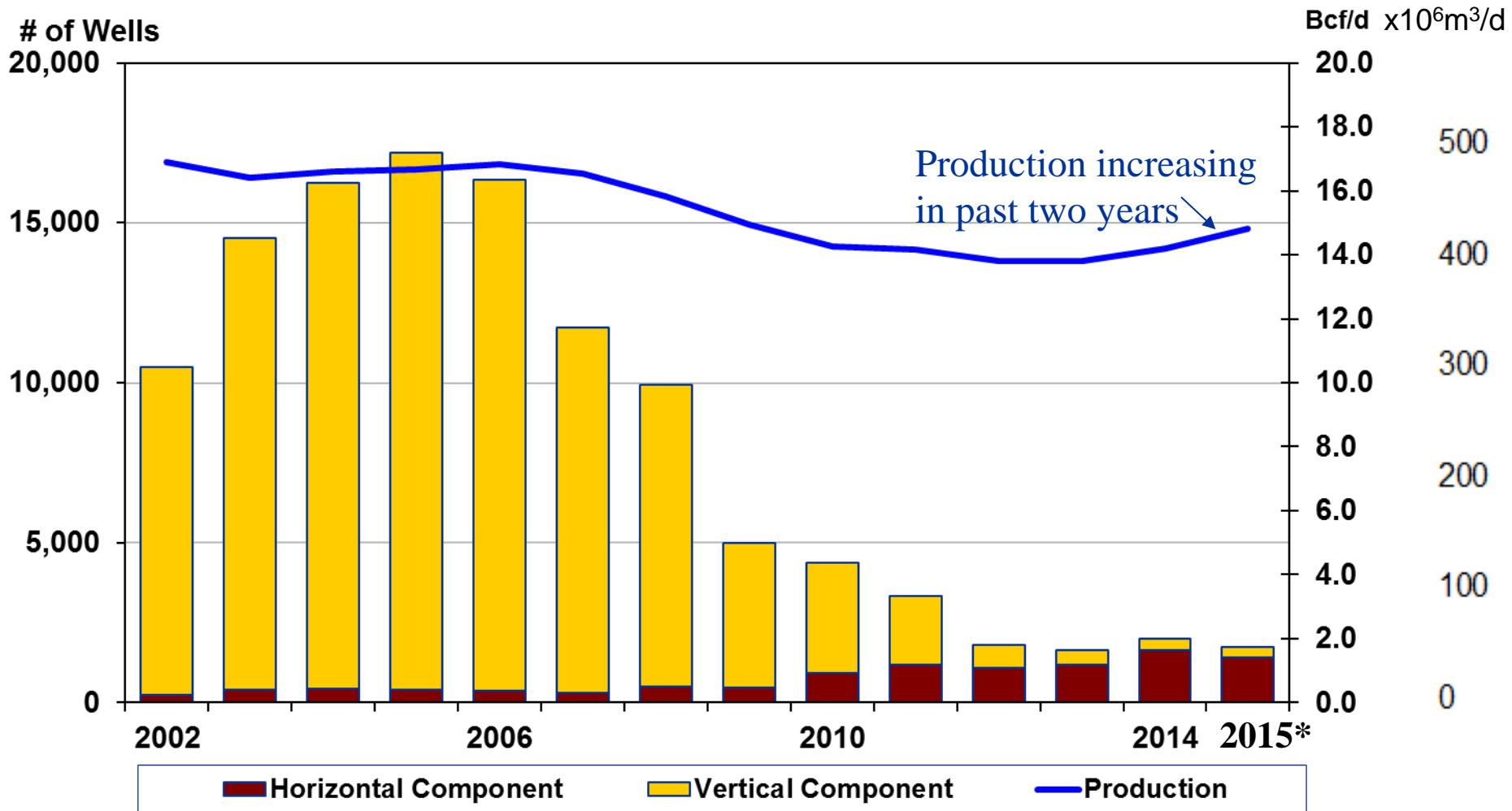
2. New short-haul supply options are evolving

- Niagara/Chippawa and Waddington
 - Landed Cost Advantages

Gas Transport Routes into Ontario

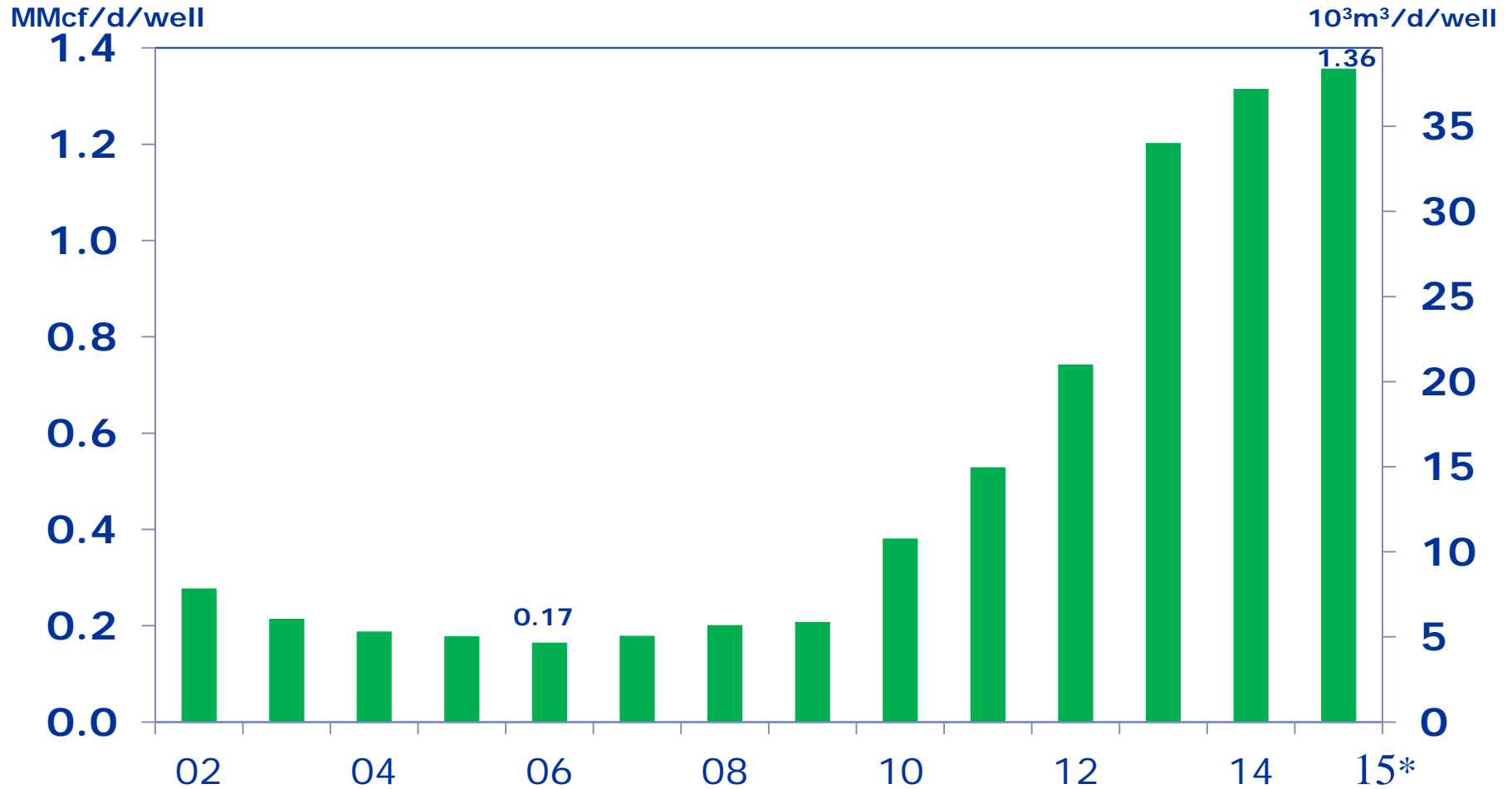


WCSB Gas Wells Drilled/Historical Production



*2015 estimation

New Well Initial Production Rate in the WCSB

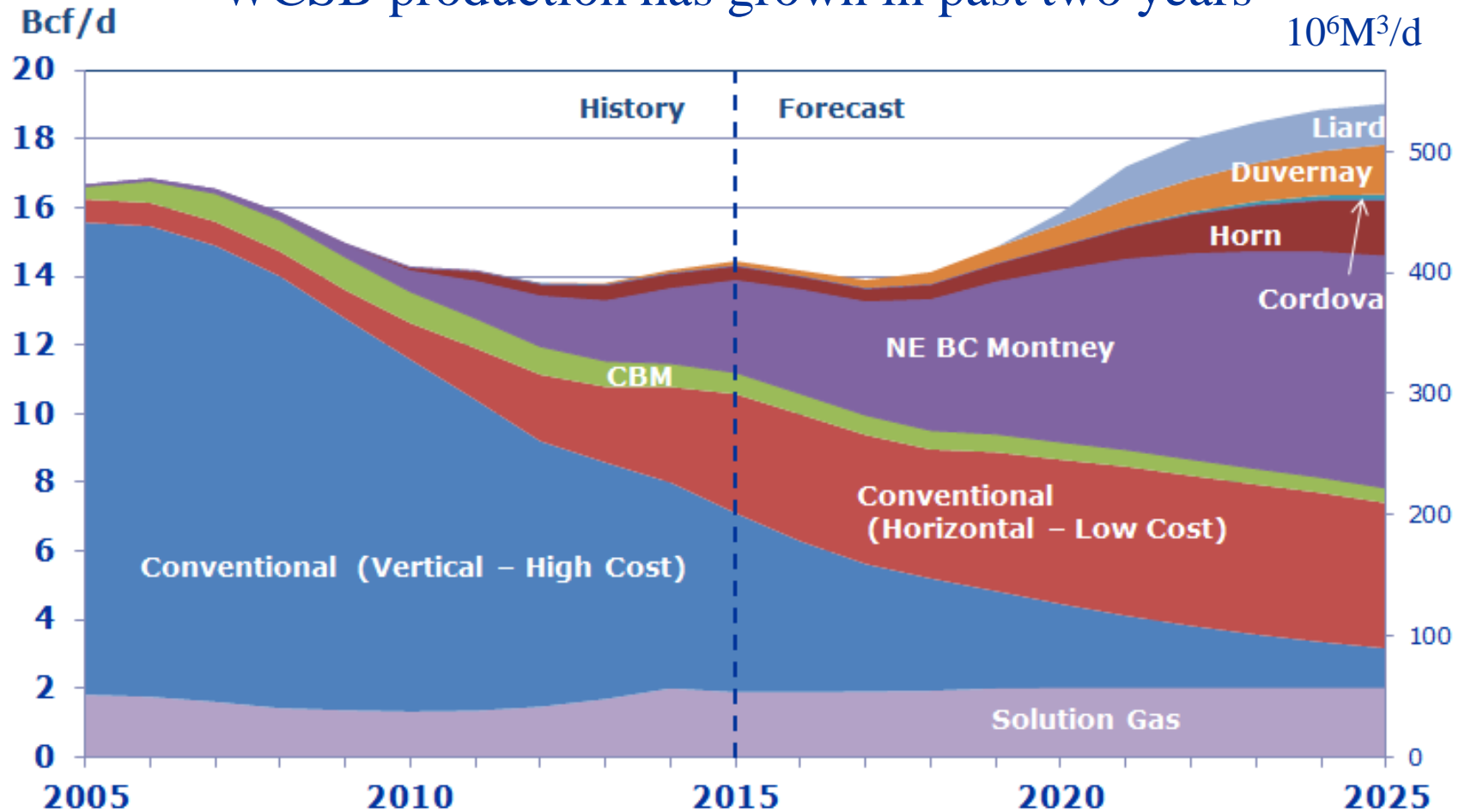


*2015 estimation

WCSB Supply Outlook

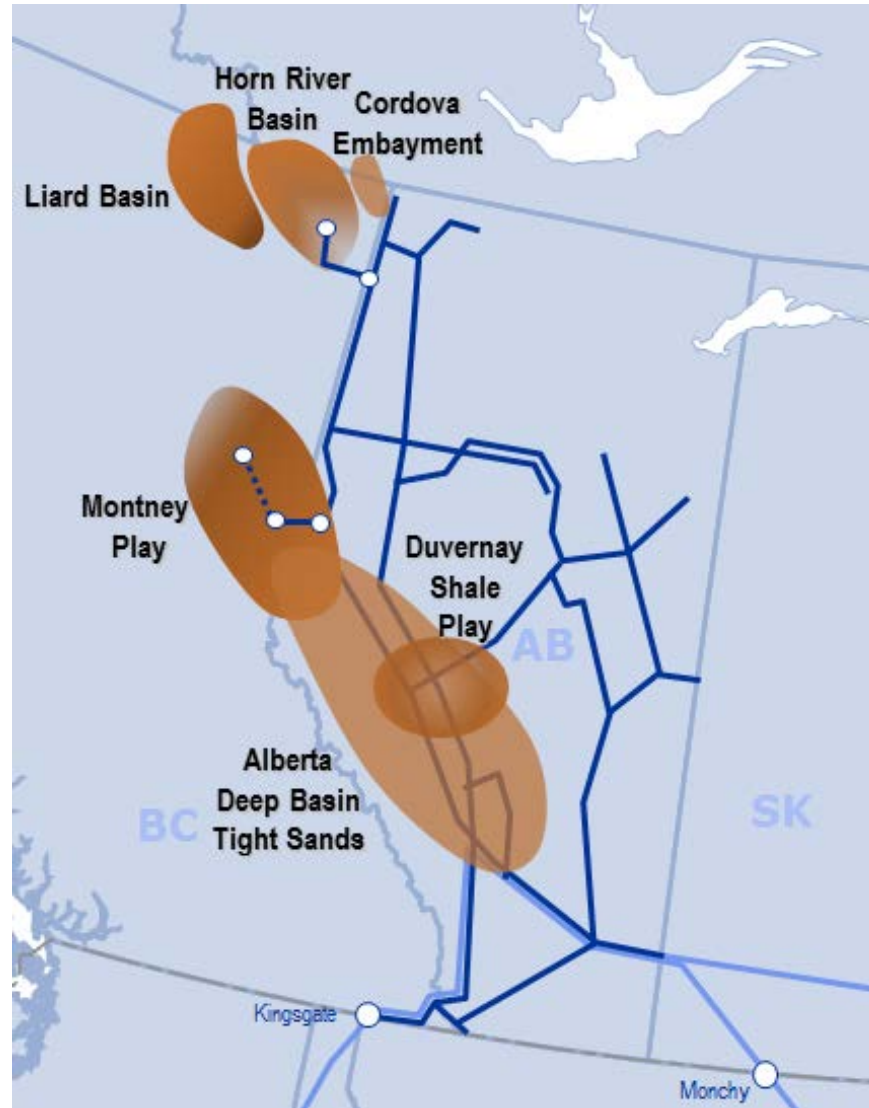


WCSB production has grown in past two years

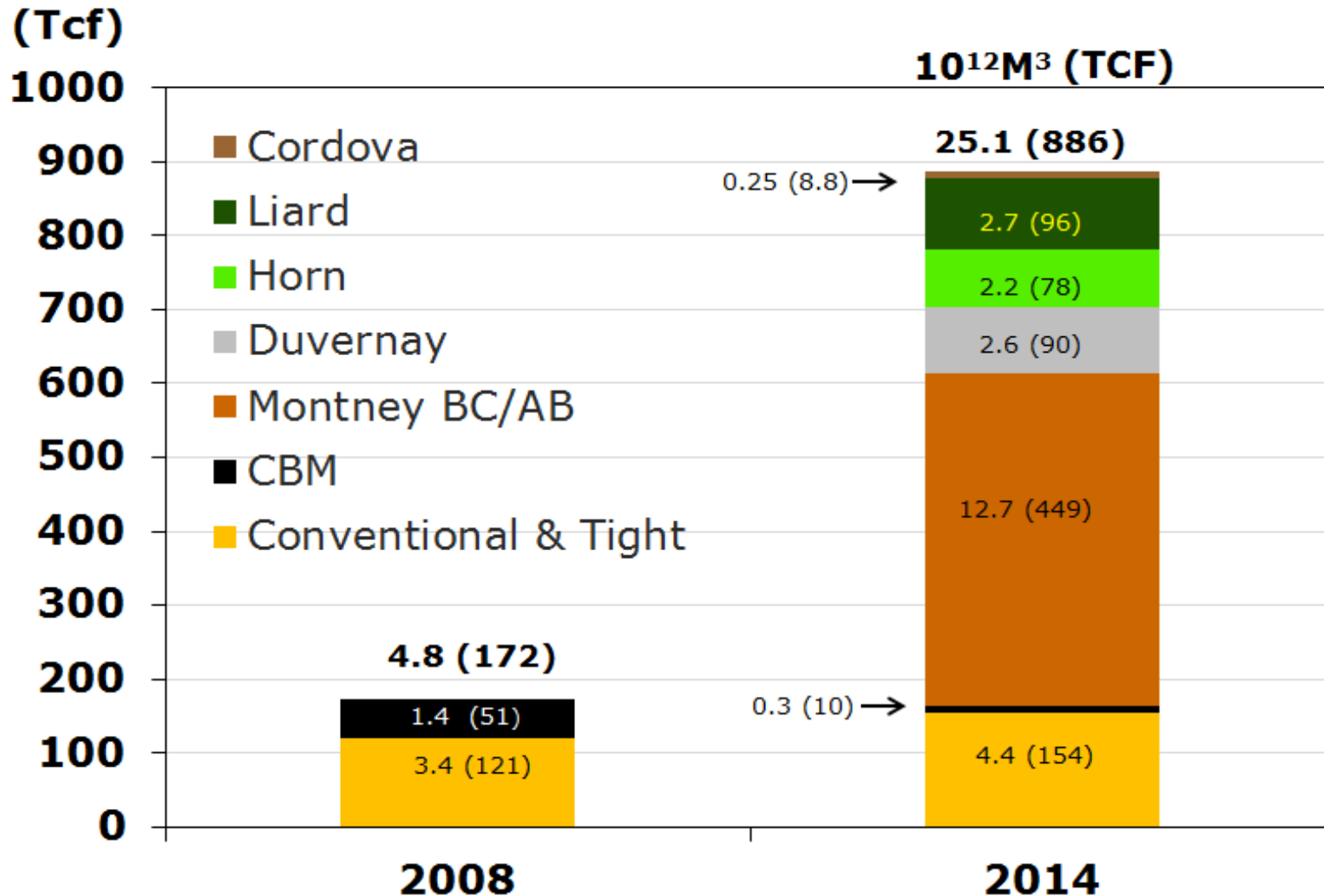


Substantial growth expected in the future

Key WCSB Gas Plays



WCSB Remaining Technically Recoverable Resource Estimate

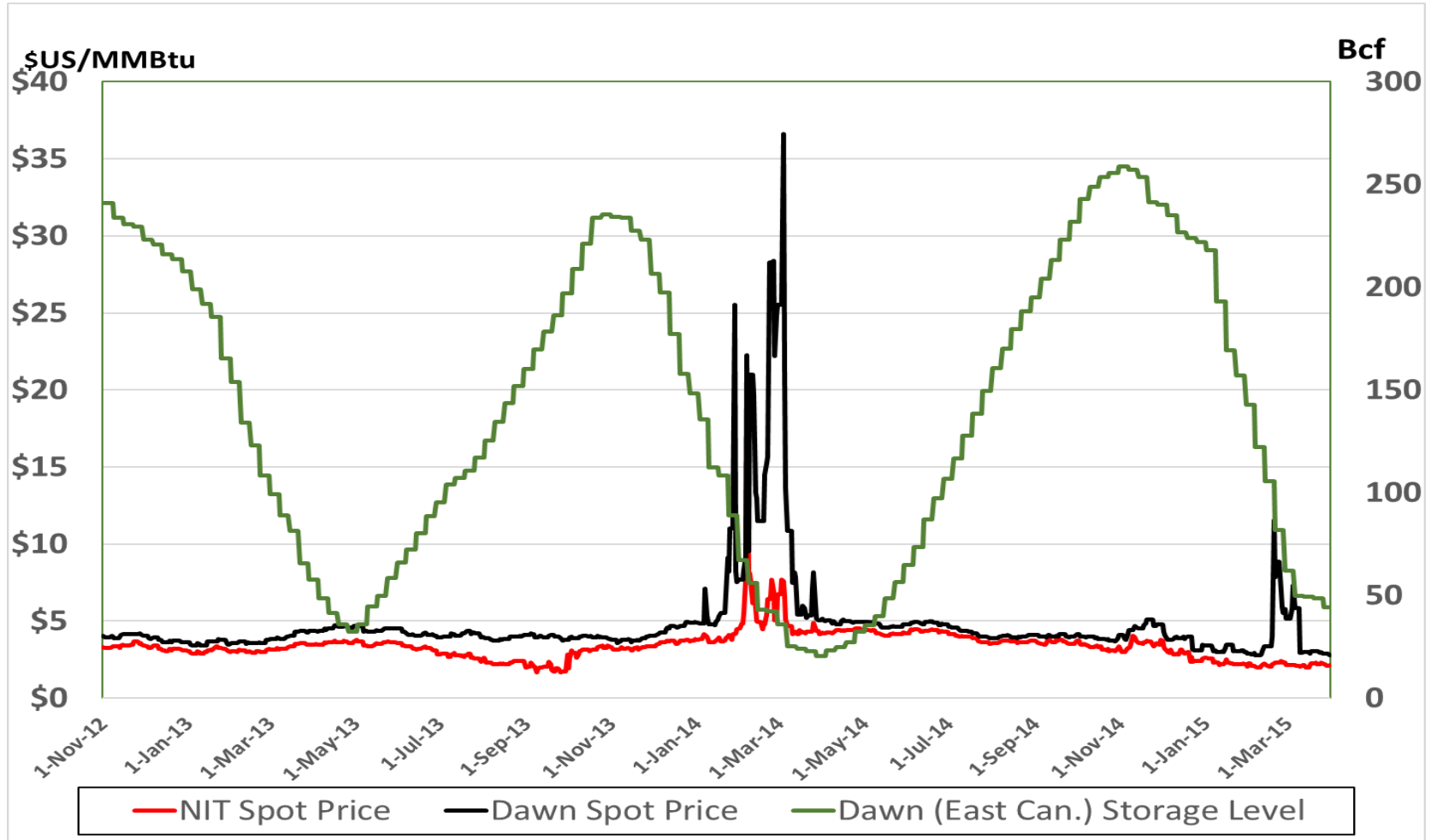


886 Tcf of resource represents 160+ years of supply at current rate.

Dawn/NIT Prices and Dawn Storage Level



As Dawn storage level depletes, price at Dawn can greatly exceed NIT.



Access to WCSB supply reduces exposure to Dawn price spikes and reduces gas costs for Ontario.

WCSB Advantages

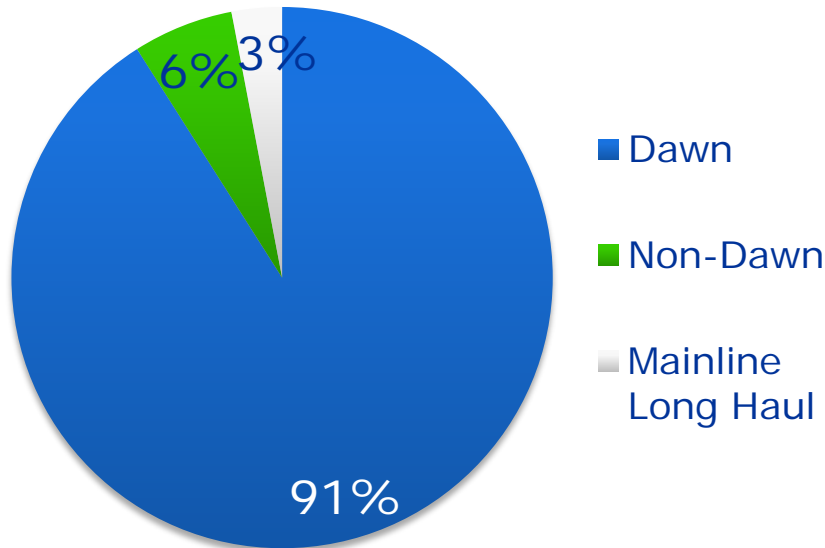


- **WCSB has an abundance of supply**
 - 160+ years of production left based on current rates
- **Production has increased in past two years**
 - Substantial growth expected in the future
 - NGTL proceeding with expansions for approximately 5-6 Bcf/d of firm receipt service
- **Benefits of Ontario Maintaining WCSB in its Supply Portfolio**
 - Access to liquid hub at NIT
 - Reduced price volatility risk
 - Increased supply reliability

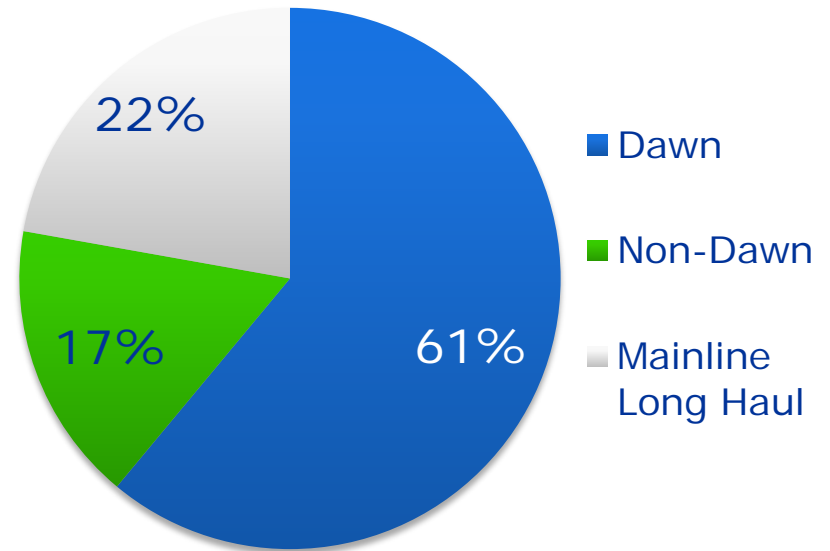
Diversity of Path an Important Consideration



Union South Portfolio Post-NEXUS (Nov. 2017)



Enbridge Portfolio Post-NEXUS (2018)

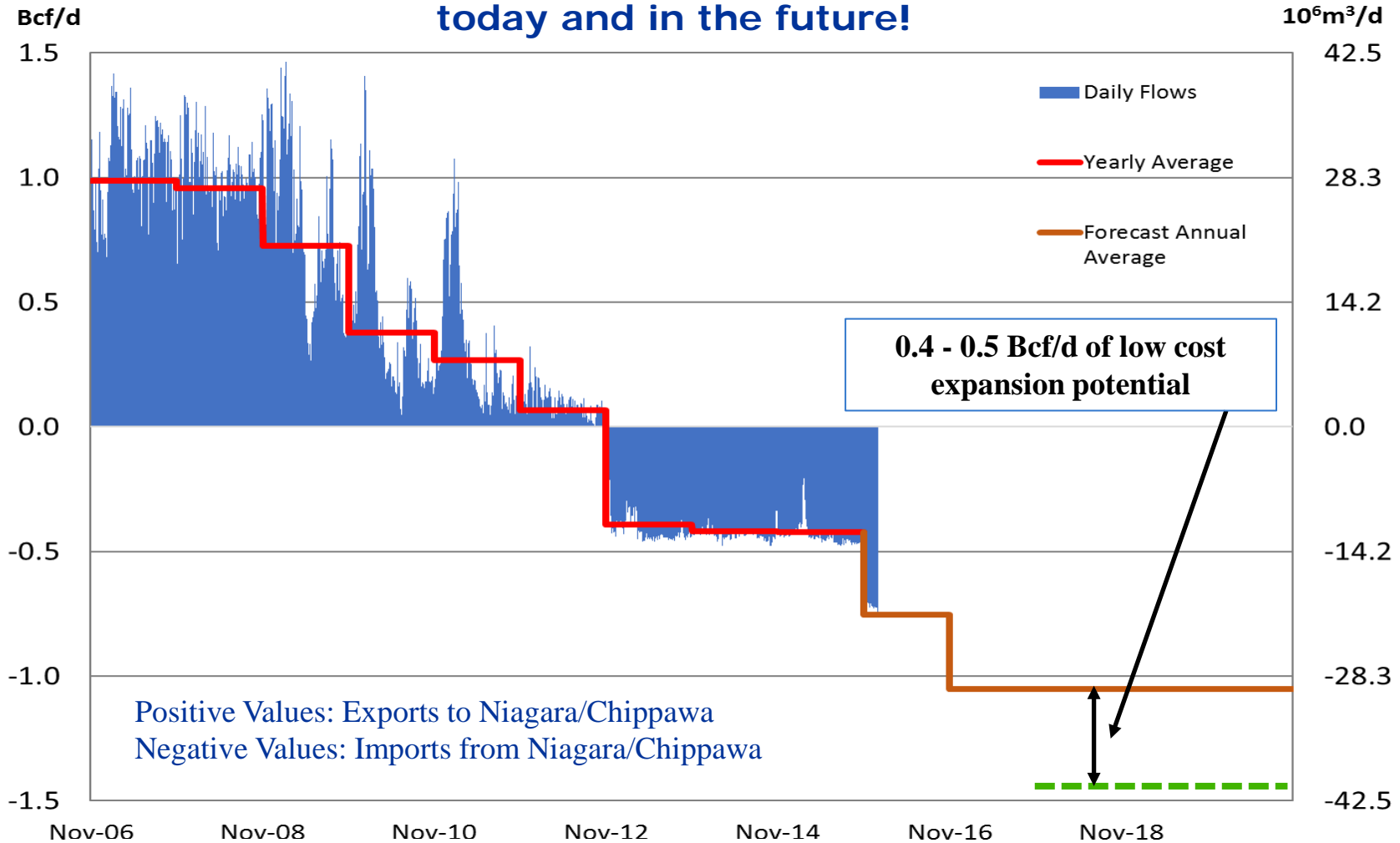


* Derived from Union and Enbridge evidence filed in the NEXUS Proceeding

Alternative Supply Paths into Ontario



- **Niagara/Chippawa: provides low cost direct connect to Marcellus supply today and in the future!**



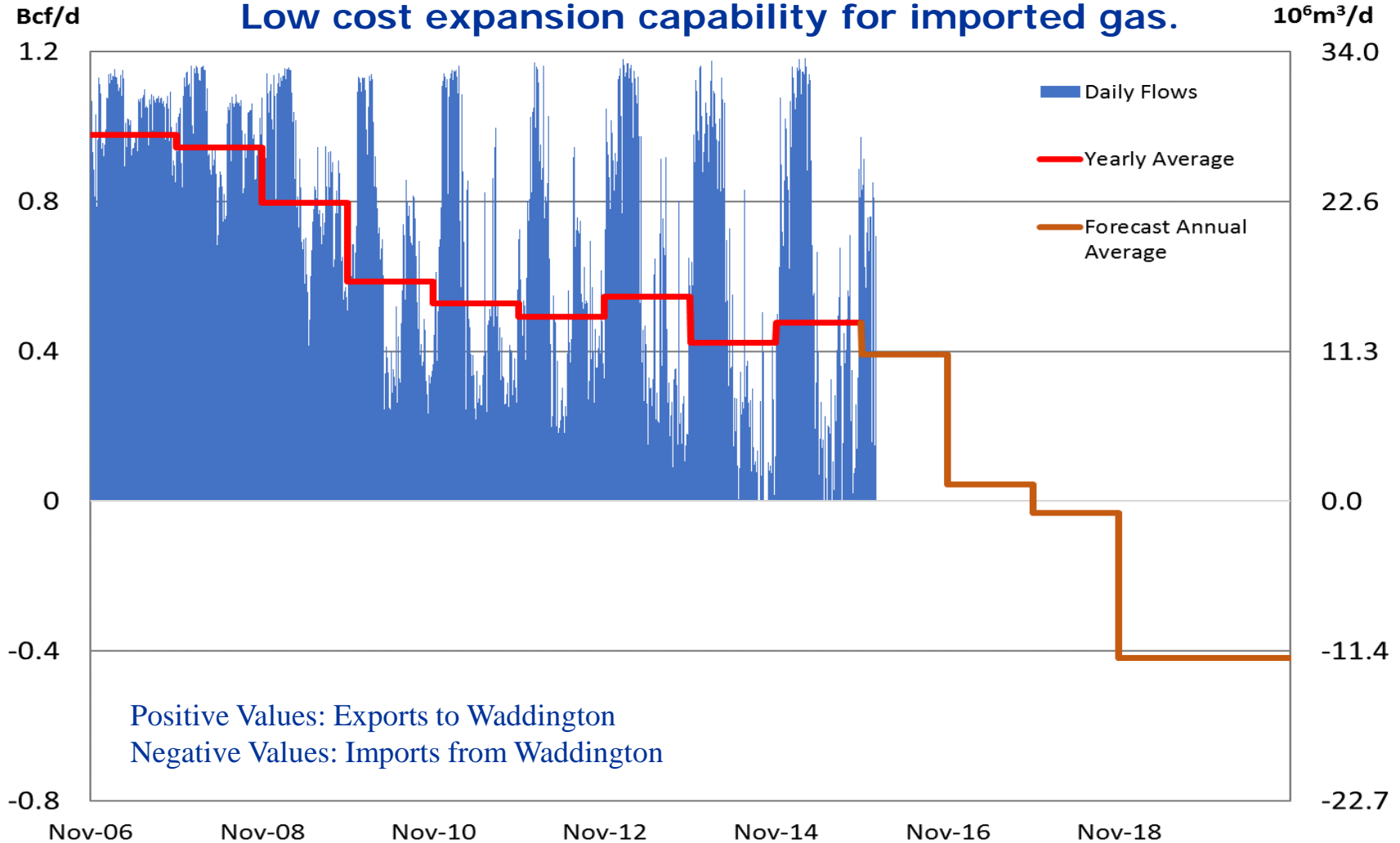
Niagara/Chippawa have become import points.

Alternative Supply Path into Ontario



Waddington: To become an import point to supply Ontario.

Low cost expansion capability for imported gas.

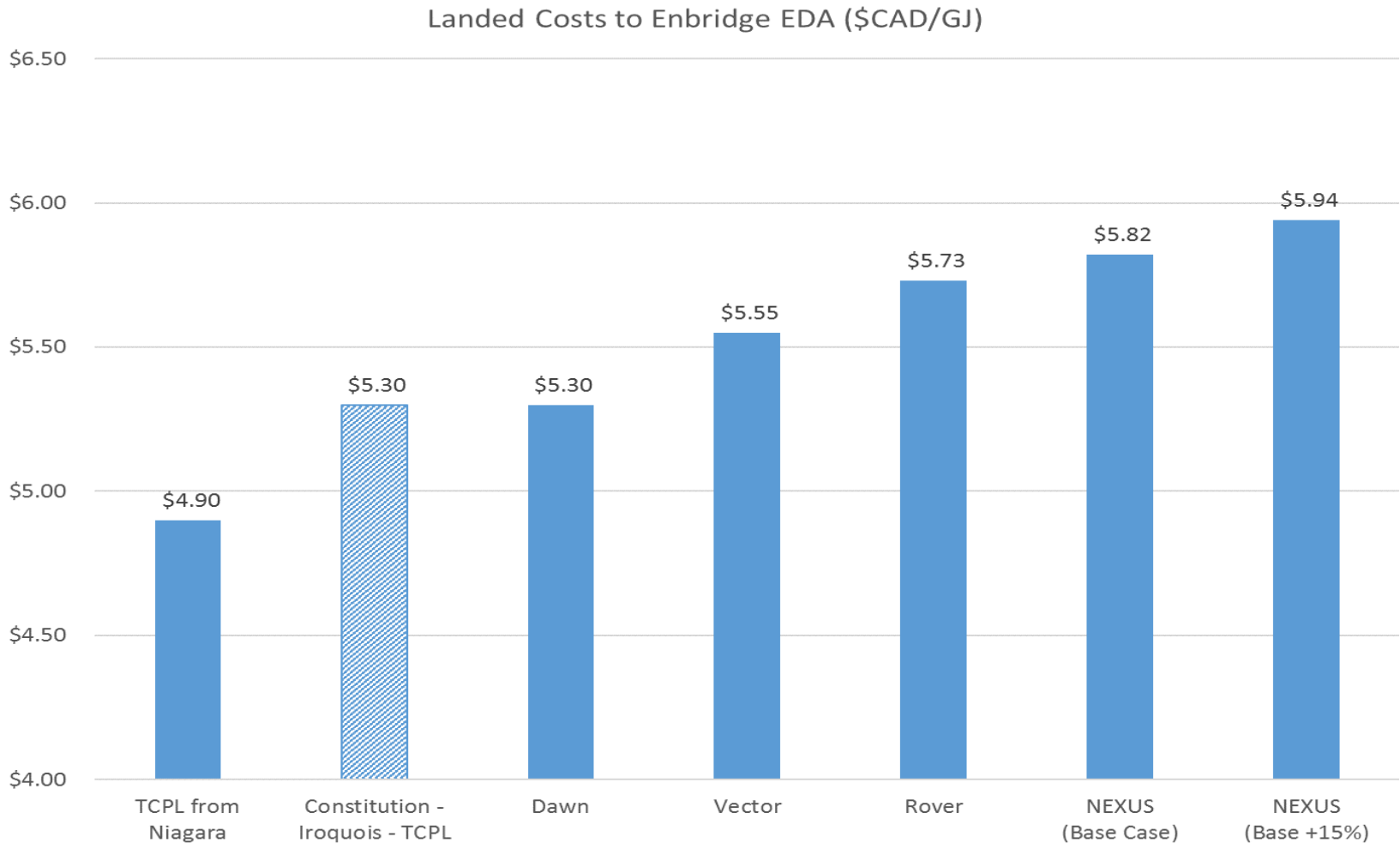


Zero for the Forecast Annual Average indicates export and import are equal.

Landed Cost to Enbridge EDA



To the EDA, Niagara & Waddington rank in the two lowest cost options



Conclusions



- **Alternate sources of supply are available but the WCSB continues to be a significant supply source for Ontario**
- **Niagara/Chippawa and Waddington offer path diversity and landed cost advantages**
- **Future gas supply decisions should consider:**
 - Landed cost values
 - Supply Diversity
 - Path Diversity