

# ONTARIO ENERGY REPORT Q2 2015

APRIL – JUNE 2015  
OIL AND NATURAL GAS

## Regular Gasoline and Diesel Provincial Average Retail Prices (\$/L)

Regular Gasoline	\$1.12
Diesel	\$1.13

Source: Ministry of Energy Fuel Prices.

## Natural Gas Effective Prices (¢/m<sup>3</sup>)

Union Gas	11.14¢
Enbridge	14.45¢

Source: OEB Natural Gas Rates effective April 1, 2015.

## Average Natural Gas Spot Price (US\$/MMBtu)

Dawn (ON)	\$2.88
Henry Hub (US)	\$2.73
AECO (AB)	\$2.16

Source: Dawn and AECO prices from Canadian Enerdata Ltd.;  
Henry Hub prices from U.S. Energy Information Administration.

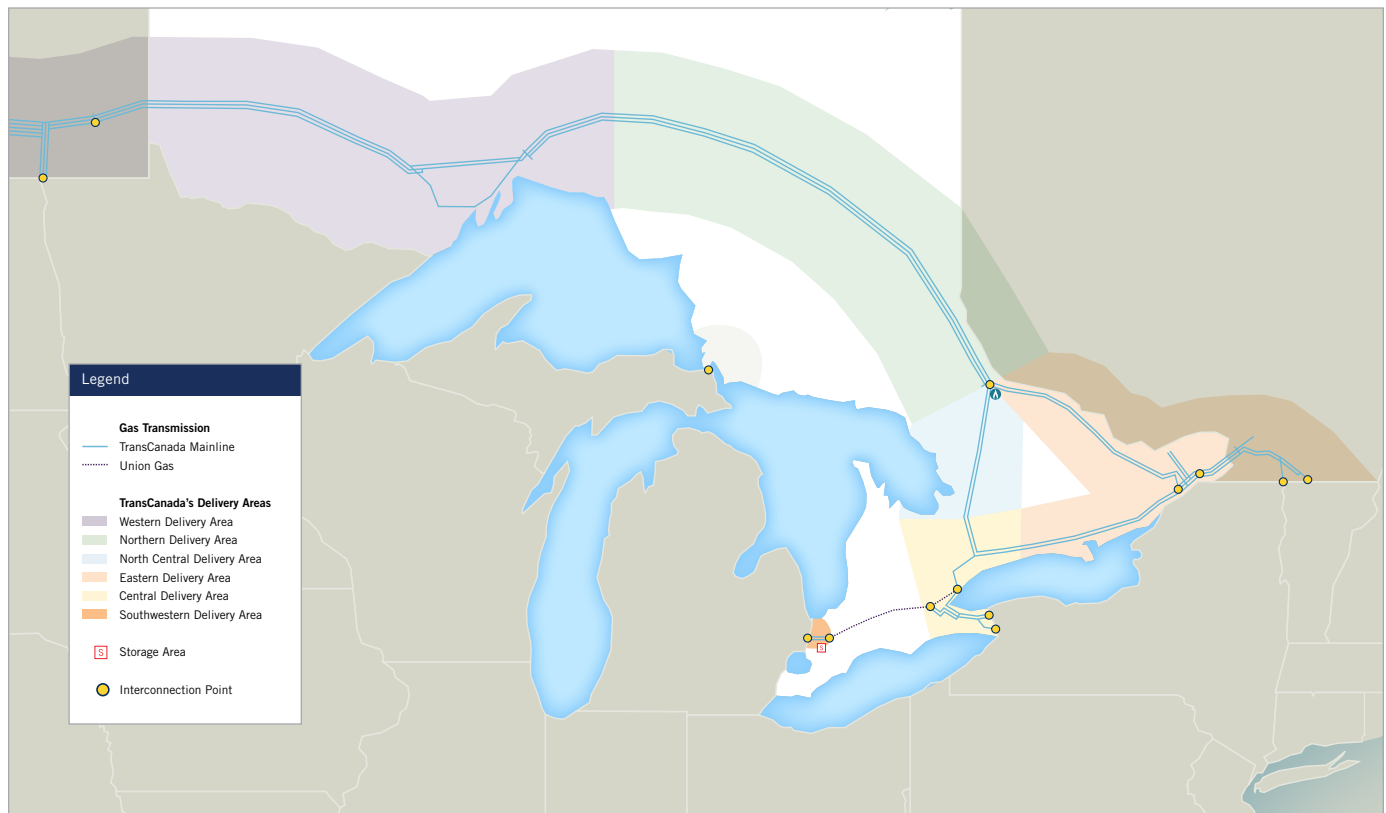
## Eastern Canada Natural Gas Storage Balance (at quarter end)

# 123.0 Bcf

Bcf of Gas in Storage (for Week Ending June 26, 2015)

Source: Canadian Enerdata Ltd.'s monthly Canadian Gas Price Reporter.  
For Eastern Canada natural gas is primarily at Dawn.

## Natural Gas Transmission Infrastructure



# Regular Gasoline Retail Prices

## Q2 Ontario Average Regular Gasoline Retail Price

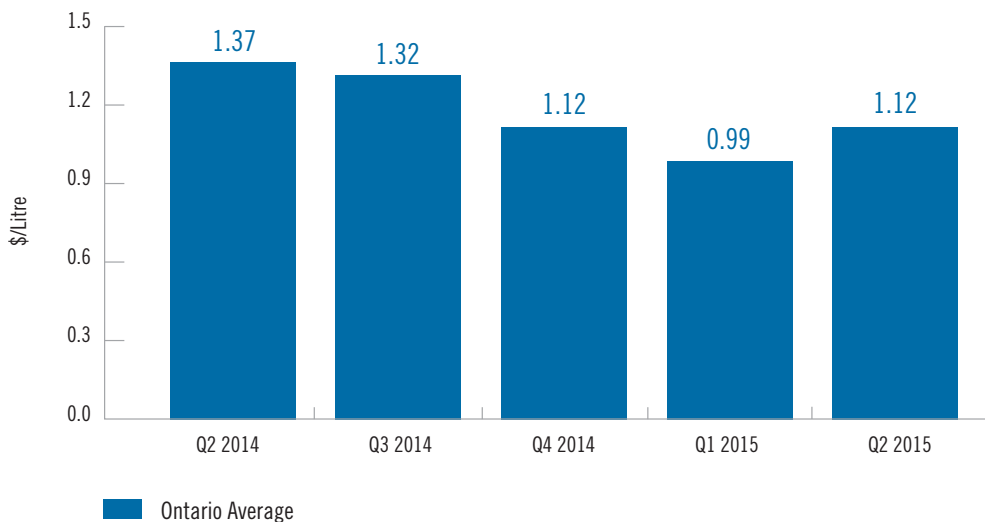
Year (Q2) \$/L	Ontario Average	Southern Ontario Average	Northern Ontario Average	Toronto Average	Ottawa	Sudbury	Thunder Bay
2006	1.02	1.02	1.06	1.02	1.01	1.04	1.08
2007	1.05	1.05	1.10	1.05	1.06	1.04	1.15
2008	1.26	1.25	1.29	1.25	1.25	1.26	1.31
2009	0.93	0.92	0.96	0.94	0.89	0.94	0.99
2010	0.98	0.98	1.03	0.98	0.96	1.00	1.06
2011	1.30	1.30	1.35	1.31	1.27	1.33	1.37
2012	1.28	1.27	1.36	1.28	1.25	1.33	1.38
2013	1.25	1.25	1.31	1.26	1.24	1.28	1.37
2014	1.37	1.37	1.41	1.38	1.36	1.39	1.45
<b>2015</b>	<b>1.12</b>	<b>1.12</b>	<b>1.15</b>	<b>1.13</b>	<b>1.11</b>	<b>1.15</b>	<b>1.14</b>

Source: Ministry of Energy Fuel Prices. All prices in Current Dollars per litre. Provincial, Southern and Northern Ontario averages are weighted by population.

Toronto<sup>1</sup> regular unleaded gasoline retail prices in Q2 2015 were 25.1 cents per litre (¢/L) lower than in Q2 2014. This was the result of lower crude costs (-22.8 ¢/L) and lower taxes (-2.9 ¢/L), which more than offset slightly higher retail margins (+0.5¢/L) and refining margins (+0.1 ¢/L). Crude oil costs would have fallen another 5.2 ¢/L had it not been for an 11% decline in the value of the Canadian dollar relative to the U.S. dollar from Q2 2014 to Q2 2015. Canadian crude oil and wholesale gasoline costs are affected by the CDN/US exchange rate because these commodities are traded on a North American and international basis.

Note: Retail gasoline prices are affected by crude oil prices, wholesale gasoline prices, and competition in the local retail gasoline market. Prices vary from city to city because of differences in market size and structure, costs, and the degree of local competition.

### Ontario Average Regular Gasoline Price



1. Toronto was selected for the pump price analysis because it is the largest gasoline market in Ontario.

# Retail Diesel Prices

## Q2 Ontario Average Diesel Retail Price

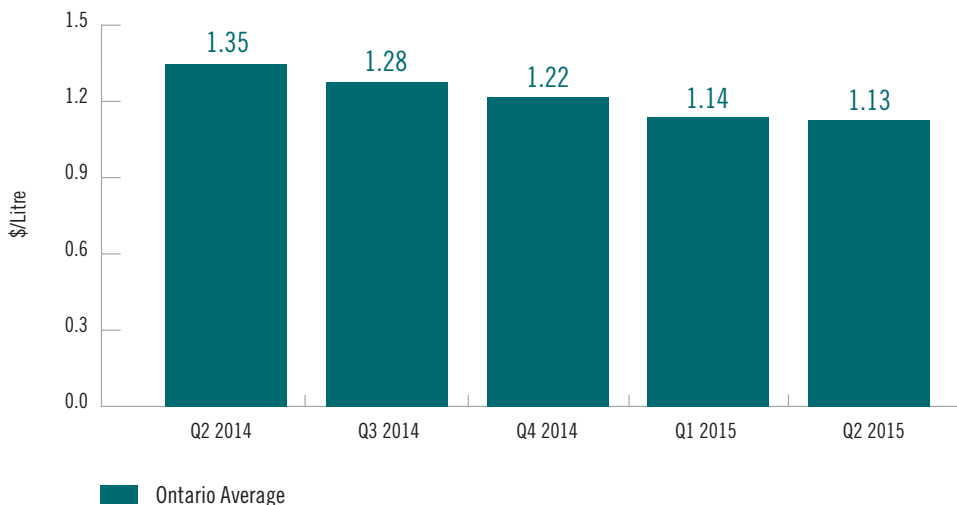
Year (Q2) \$/L	Ontario Average	Southern Ontario Average	Northern Ontario Average	Toronto Average	Ottawa	Sudbury	Thunder Bay
2006	0.99	0.99	1.01	0.99	0.99	1.02	N/A
2007	0.96	0.95	0.98	0.96	0.95	0.97	N/A
2008	1.34	1.34	1.36	1.35	1.34	1.36	1.33
2009	0.84	0.84	0.87	0.84	0.84	0.87	0.86
2010	0.96	0.95	0.96	0.95	0.96	0.96	0.96
2011	1.27	1.27	1.28	1.27	1.26	1.27	1.28
2012	1.27	1.26	1.30	1.26	1.28	1.30	1.31
2013	1.23	1.23	1.28	1.22	1.26	1.26	1.33
2014	1.35	1.34	1.41	1.34	1.36	1.38	1.45
<b>2015</b>	<b>1.13</b>	<b>1.13</b>	<b>1.14</b>	<b>1.14</b>	<b>1.12</b>	<b>1.13</b>	<b>1.12</b>

Source: Ministry of Energy Fuel Prices. All prices in Current Dollars per litre. Provincial, Southern and Northern Ontario averages are weighted by population.

Toronto<sup>1</sup> retail diesel prices in Q2 2015 were 20.9 ¢/L lower than in Q2 2014. This was the result of lower crude oil costs (-22.8 ¢/L) and lower taxes (-2.4 ¢/L), which more than offset higher refining margins (+2.9 ¢/L) and retail margins (+1.5 ¢/L). Crude oil costs would have fallen another 5.2 ¢/L had it not been for an 11% decline in the value of the Canadian dollar relative to the U.S. dollar from Q2 2014 to Q2 2015. Canadian crude oil and wholesale diesel costs are affected by the CDN/US exchange rate because these commodities are traded on a North American and international basis.

Note: Retail diesel prices are affected by crude oil prices, wholesale diesel prices, and competition in the local retail diesel market. Prices vary from city to city because of differences in market size and structure, costs, and the degree of local competition.

### Ontario Average Retail Diesel Price



1. Toronto was selected for the pump price analysis because it is the largest gasoline market in Ontario.

# Natural Gas Effective Price for Enbridge and Union<sup>1</sup>

Q2 ¢/m <sup>3</sup>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Union Gas <sup>2</sup>	35.01	25.88	27.43	21.70	14.68	13.32	8.15	8.79	22.39	<b>11.14</b>
Enbridge	33.76	29.00	26.40	17.37	21.12	11.81	8.06	10.30	20.90	<b>14.45</b>

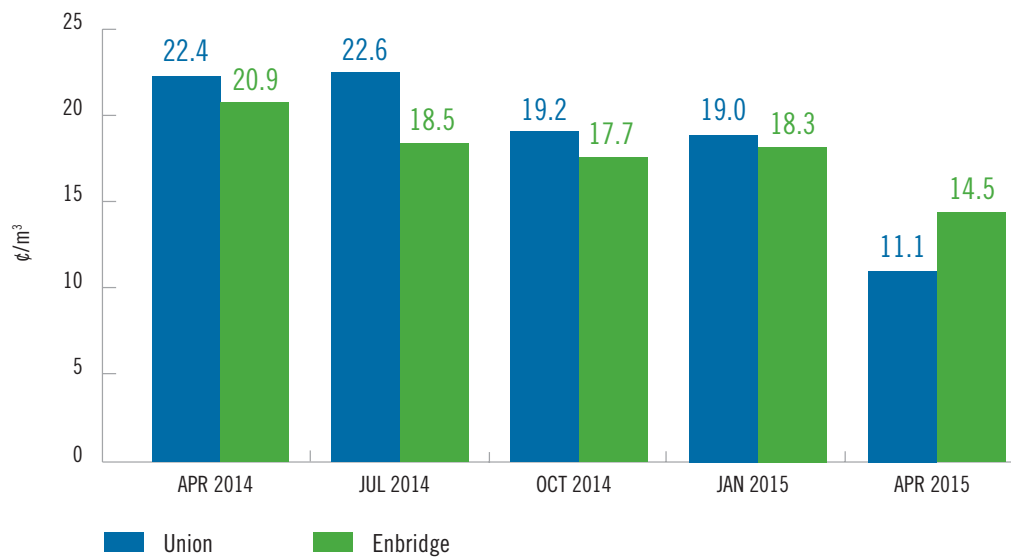
Source: OEB Natural Gas Rates effective April 1.

The rate adjustment that took place for the second quarter, effective April 1, 2015, reflected events that took place over the previous year that affected natural gas prices.

Union’s effective price decreased from the previous quarter due to a decrease in both the commodity price and the cost adjustment factor.

The decrease in Enbridge’s price was also due to a decrease in both the commodity price and the cost adjustment factor.

## Natural Gas Effective Prices

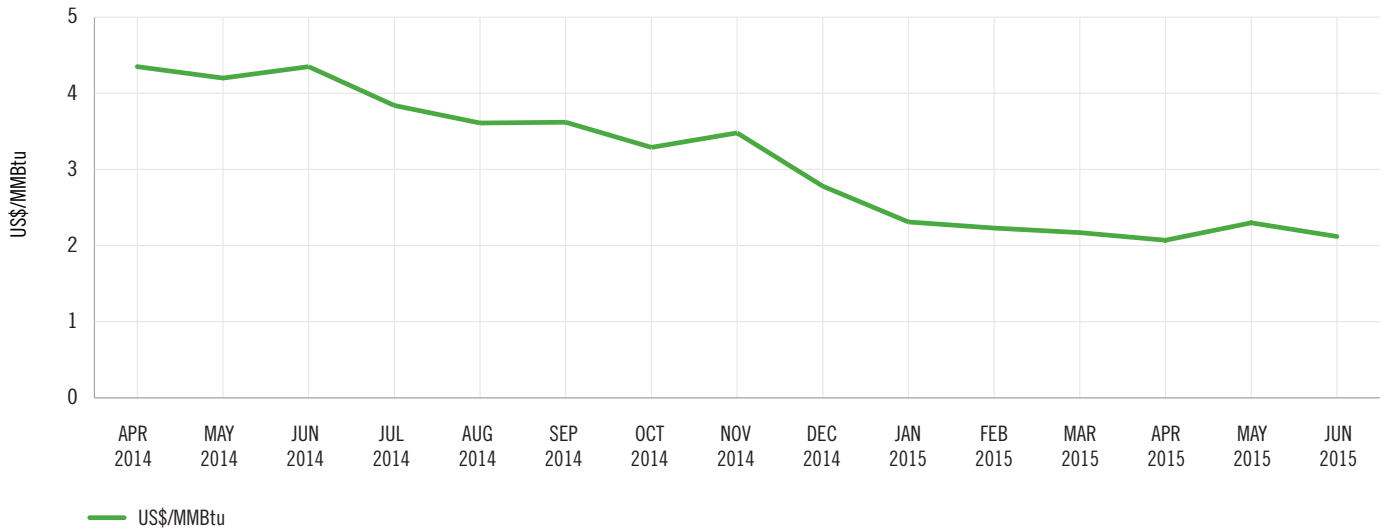


1. Enbridge and Union are highlighted because they serve the most customers in Ontario. For more information on QRAM prices please see [www.ontarioenergyboard.ca/OEB/Consumers/Natural+Gas/Natural+Gas+Rates](http://www.ontarioenergyboard.ca/OEB/Consumers/Natural+Gas/Natural+Gas+Rates)

2. Reflects Union Gas’ Southern Rate Zone

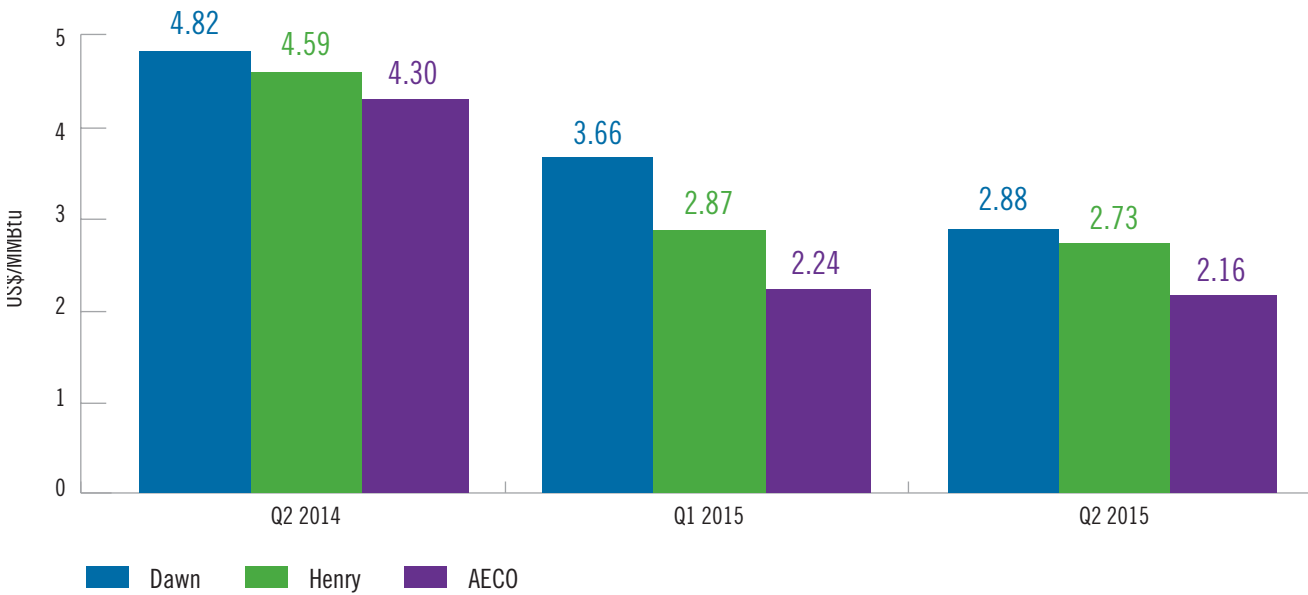
# Average Natural Gas Spot Prices

Monthly average prices at Dawn, ON (US\$/MMBtu)



Source: Canadian Enerdata Ltd.'s monthly Canadian Price Reporter.

Quarterly average natural gas spot prices at select trading hubs (US\$/MMBtu)



Source: Dawn and AECO prices from Canadian Enerdata Ltd.; Henry Hub prices from U.S. Energy Information Administration.

## Quarterly average natural gas spot prices at select trading hubs (US\$/MMBtu)

Trading Hub US\$/MMBtu	Q2 2014 (Previous Year)	Q1 2015 (Previous Quarter)	Q2 2015
Dawn (ON)	4.82	3.66	2.88
Henry Hub (US)	4.59	2.87	2.73
AECO (AB)	4.30	2.24	2.16

Source: Dawn and AECO prices from Canadian Enerdata Ltd.; Henry Hub prices from U.S. Energy Information Administration.

Natural gas prices dropped in Q2 2015 compared to Q1 2015. Natural gas prices tend to be lower in the warmer months when there is less demand for heating.

Prices in Q2 2015 were also well below the 2014 annual average. A significant part of this was due to the warmer weather this winter (while still cold) compared to the record-setting winter temperatures of the previous winter.

Production and supply remain strong.

## Annual average natural gas spot prices at select trading hubs (US\$/MMBtu)

Trading Hub US\$/MMBtu	2014	2015 to the end of Q2
Dawn (ON)	6.21	3.27
Henry Hub (US)	4.37	2.80
AECO (AB)	4.07	2.20

Source: Dawn and AECO prices from Canadian Enerdata Ltd.; Henry Hub prices from U.S. Energy Information Administration.

## Natural gas price forecasts for select trading hubs, 2015 and 2016

Trading Hub	Date	2015	2016
Dawn (ON)	July 1/15	US\$3.10/MMBtu	US\$2.96/MMBtu
Henry Hub (US)	July 1/15	US\$2.88/MMBtu	US\$3.31/MMBtu
AECO (AB)	July 1/15	C\$2.64/GJ	C\$3.34/GJ

Source: Forecasts from Canadian Enerdata Ltd.'s monthly Canadian Gas Price Reporter.

# Eastern Canada Natural Gas Storage Balances

(as of quarter end)

<b>Storage Survey Week</b>	<b>Storage Level Billion Cubic Feet</b>	<b>Storage Level vs. Same Week the Year Before (%)</b>	<b>Storage Level vs. Total Capacity (%)</b>
Q2 2014 – June 20, 2014	97.2	126%	38%
Q1 2015 – March 20, 2015	48.5	213%	18%
Q2 2015 – June 26, 2015	123.0	115%	44%

Source: Storage data from Canadian Enerdata Ltd.'s monthly Canadian Gas Price Reporter.

In Eastern Canada, natural gas is stored primarily at Dawn, ON with a small amount of storage in New Brunswick.

Natural gas storage levels in Eastern Canada continued to rise in Q2 2015. This is to be expected since there is less demand for natural gas once the winter heating season is over and more gas can be put into storage. Storage levels at the end of Q2 2015 were slightly higher than at the same time last year.