

ONTARIO ENERGY REPORT Q4 2015

OCTOBER – DECEMBER 2015
OIL AND NATURAL GAS

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

Regular Gasoline	\$1.00
Diesel	\$1.02

Source: Ministry of Energy Fuel Prices.

Natural Gas Effective Prices (¢/m³)

Union Gas	11.07¢
Enbridge	13.10¢

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

Average Natural Gas Spot Price (\$/GJ)

Dawn (ON)	\$2.87
Henry Hub (US)	\$2.68
AECO (AB)	\$2.35

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

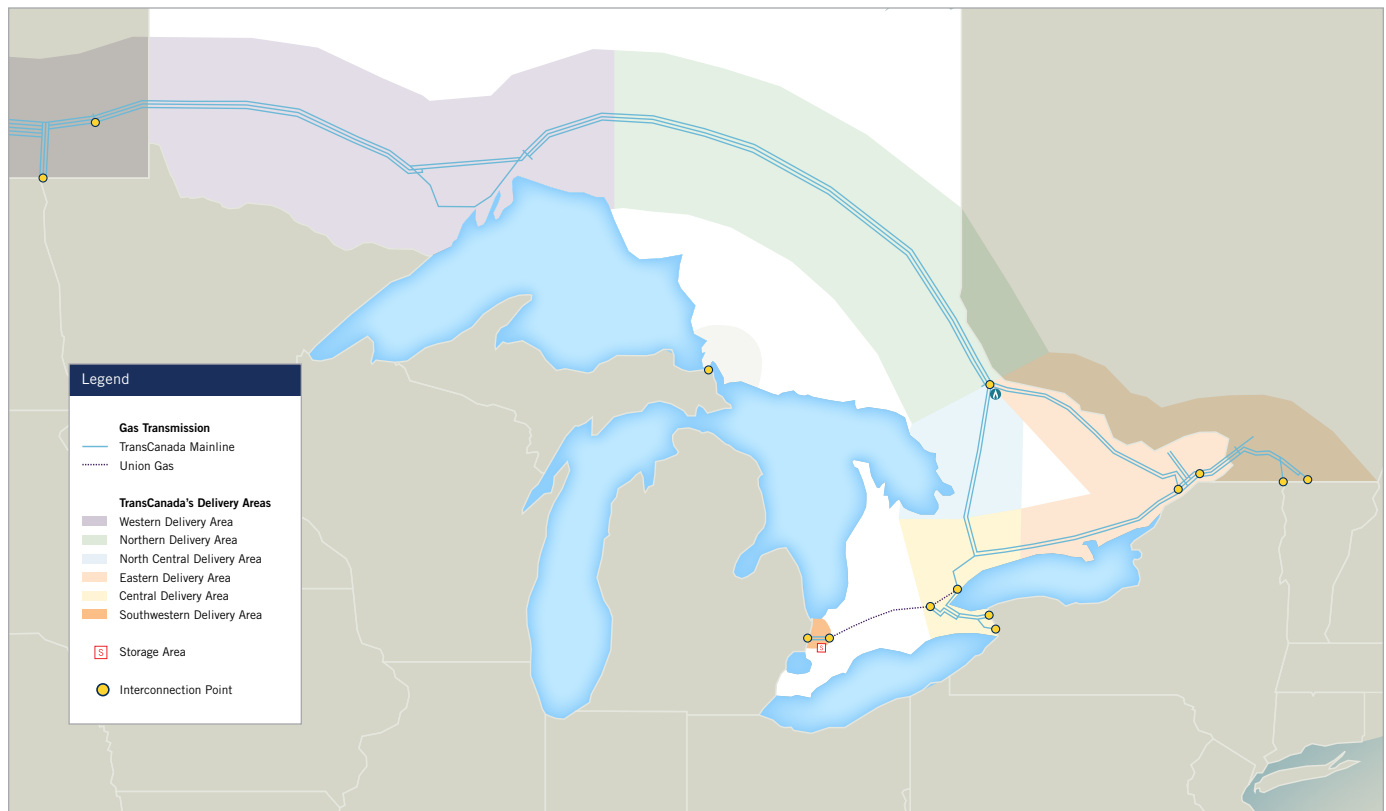
Eastern Canada Natural Gas Storage Balance (at quarter end)

257.7 Bcf

(for week ending December 25, 2015)

Source: Canadian Enerdata Ltd.
In Eastern Canada, natural gas is stored primarily at Dawn hub near Sarnia.

Natural Gas Transmission Infrastructure



Regular Gasoline Retail Prices

Q4 Ontario Average Regular Gasoline Retail Price (\$/L)

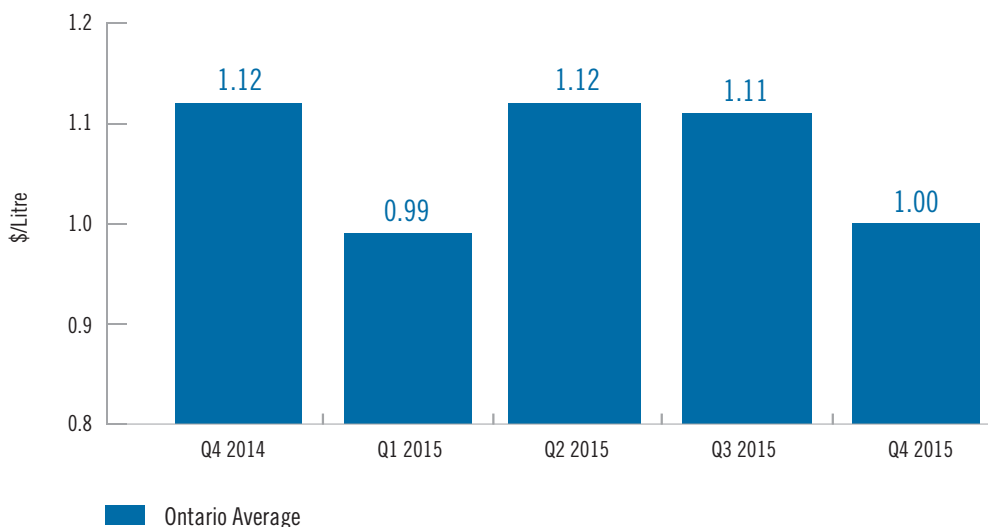
Year (Q4)	Ontario Average	Southern Ontario Average	Northern Ontario Average	Toronto Average	Ottawa	Sudbury	Thunder Bay
2006	0.86	0.86	0.91	0.98	0.87	0.86	0.96
2007	1.00	1.00	1.05	0.99	1.01	1.01	1.08
2008	0.86	0.85	0.95	1.27	0.83	0.92	1.00
2009	0.96	0.95	0.99	0.95	0.93	0.96	0.99
2010	1.08	1.08	1.11	1.02	1.09	1.08	1.13
2011	1.21	1.21	1.27	1.28	1.20	1.26	1.26
2012	1.23	1.22	1.31	1.28	1.21	1.29	1.33
2013	1.26	1.25	1.32	1.30	1.24	1.32	1.31
2014	1.12	1.11	1.20	1.32	1.07	1.17	1.24
2015	1.00	0.99	1.08	1.01	0.96	1.04	1.15

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

Toronto¹ regular unleaded gasoline retail prices in Q4 2015 were 12.3 cents per litre (¢/L) lower than in Q4 2014. This was the result of lower crude costs (-17.1 ¢/L), lower taxes (-1.4 ¢/L) and slightly lower retail margins (-0.3 ¢/L), which more than offset higher refining margins (+6.4 ¢/L). Crude oil costs would have fallen another 5.2 ¢/L had it not been for a 15% decline in the value of the Canadian dollar relative to the U.S. dollar from Q4 2014 to Q4 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

Q4 Ontario Average Diesel Retail Prices (\$/L)

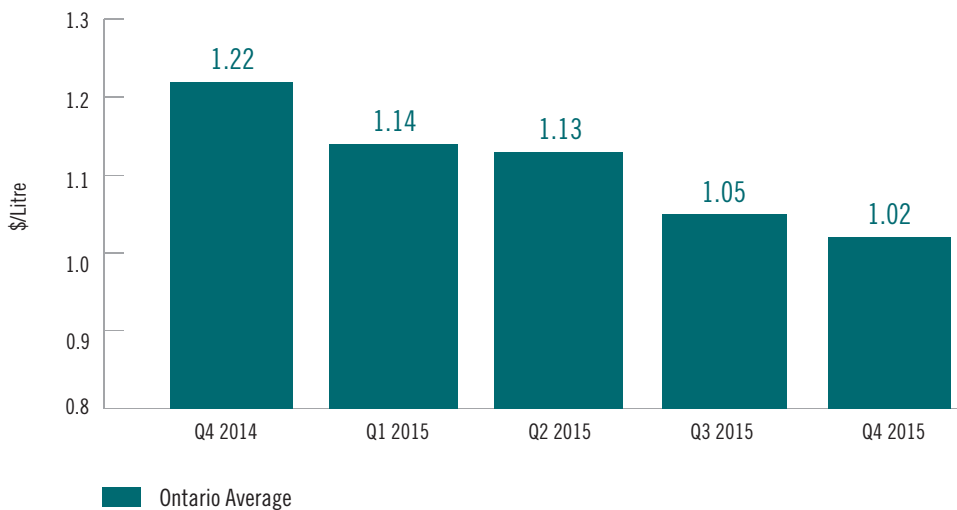
Year (Q4)	Ontario Average	Southern Ontario Average	Northern Ontario Average	Toronto Average	Ottawa	Sudbury	Thunder Bay
2006	0.89	0.89	0.91	0.89	0.88	0.90	N/A
2007	1.02	1.01	1.04	1.01	1.02	1.03	N/A
2008	1.03	1.03	1.10	1.03	1.04	1.08	1.13
2009	0.93	0.92	0.95	0.92	0.93	0.95	0.96
2010	1.07	1.07	1.09	1.07	1.07	1.09	1.08
2011	1.27	1.27	1.30	1.27	1.29	1.29	1.33
2012	1.24	1.23	1.27	1.23	1.25	1.25	1.31
2013	1.30	1.29	1.34	1.29	1.31	1.33	1.38
2014	1.22	1.21	1.25	1.21	1.22	1.22	1.32
2015	1.02	1.01	1.05	1.02	1.01	1.03	1.10

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

Toronto¹ retail diesel prices in Q4 2015 were 20.0 ¢/L lower than in Q4 2014. This was the result of lower crude oil costs (-17.1 ¢/L), lower taxes (-2.3 ¢/L) and lower retail margins (-1.7 ¢/L), which more than offset higher refining margins (+1.1 ¢/L). Crude oil costs would have fallen another 5.2 ¢/L had it not been for a 15% decline in the value of the Canadian dollar relative to the U.S. dollar from Q4 2014 to Q4 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.

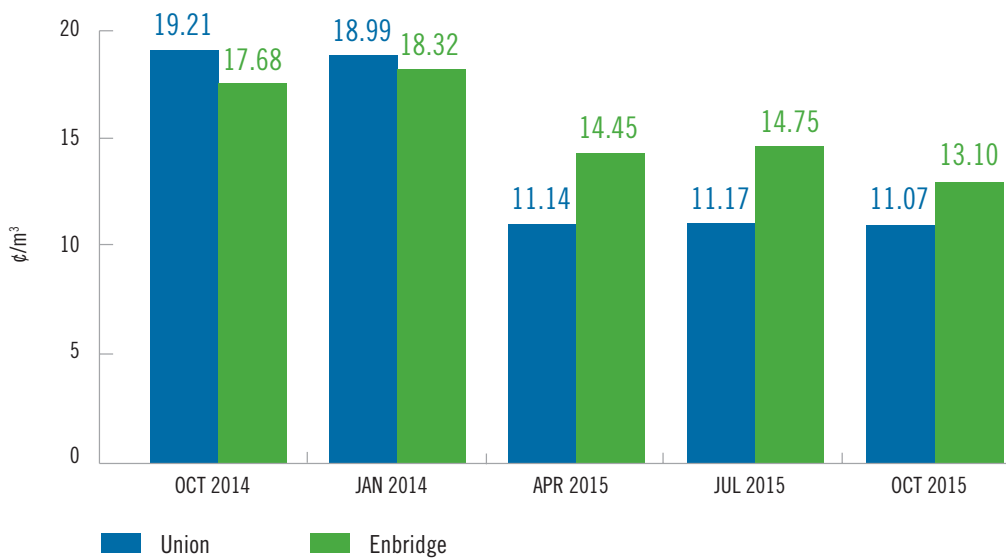
Natural Gas Effective Price for Enbridge and Union¹

Q4 ¢/m ³	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Union Gas ²	31.52	24.93	35.11	11.34	13.19	12.74	9.58	12.29	19.21	11.07
Enbridge	22.51	26.01	35.46	12.95	13.78	12.23	8.81	11.46	17.68	13.10

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

The rate adjustment that took place for the fourth quarter, effective October 1, 2015, includes an adjustment to the gas supply charge, which is based on a forecast of market prices over the next 12 months. It also includes an update to the cost adjustment factor, which is the mechanism to account for any differences between forecast and actual commodity costs.

Natural Gas Effective Prices

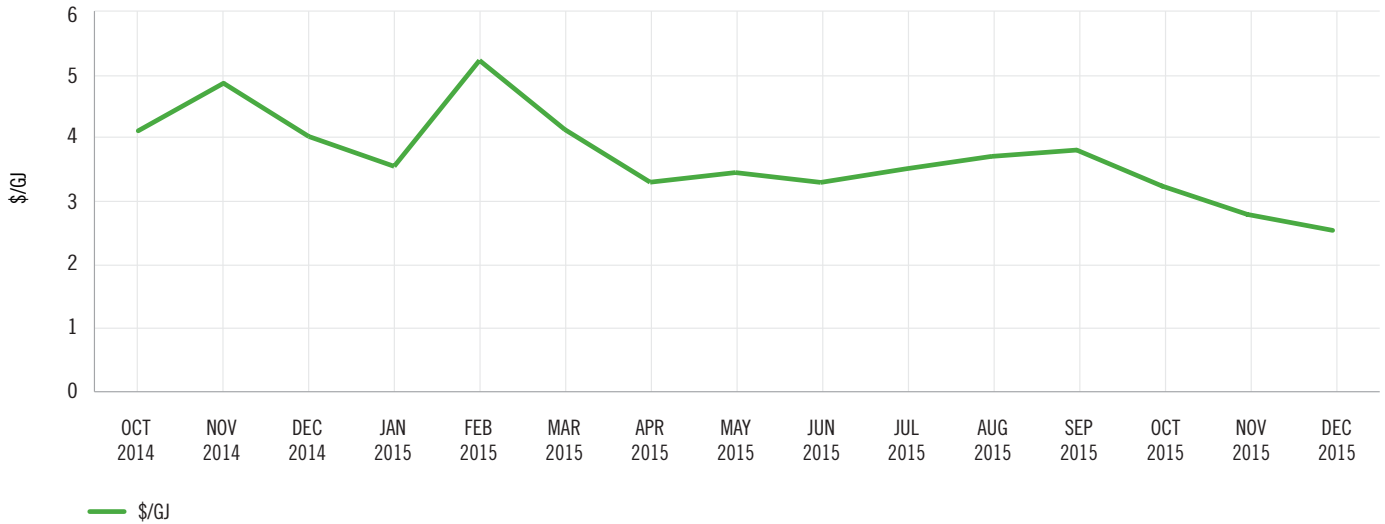


1. Enbridge and Union are highlighted because they serve the most customers in Ontario. For more information on QRAM prices please see www.ontarioenergyboard.ca/OEB/Consumers/Natural+Gas/Natural+Gas+Rates

2. Reflects Union Gas' Southern Rate Zone

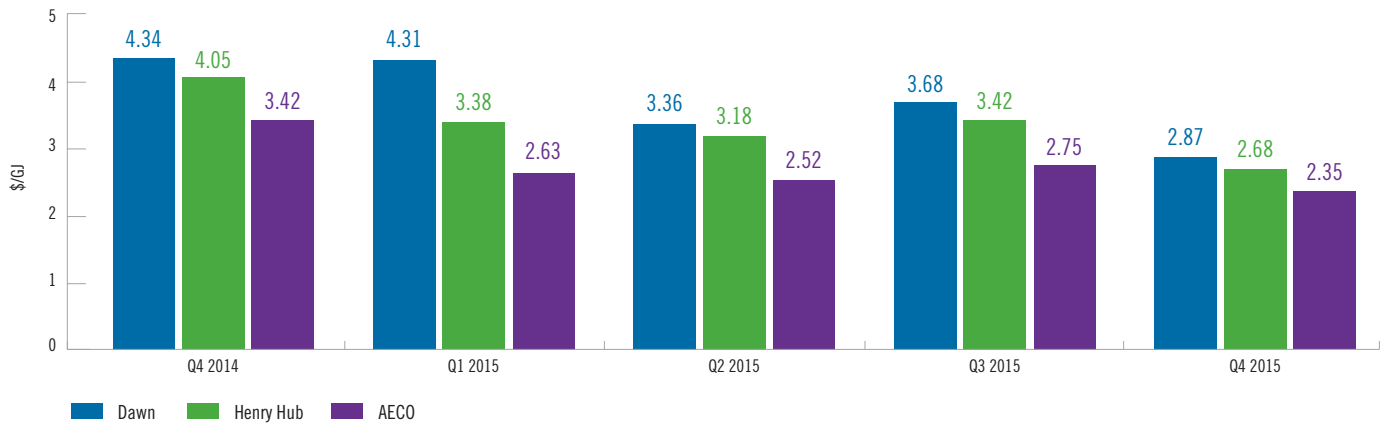
Average Natural Gas Spot Prices

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



Source: Canadian Enerdata Ltd.

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



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 (\$/GJ)

Trading Hub	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Dawn (ON)	4.34	4.31	3.36	3.68	2.87
Henry Hub (US)	4.05	3.38	3.18	3.42	2.68
AECO (AB)	3.42	2.63	2.52	2.75	2.35

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

Natural gas prices at Dawn hub were approximately 34% lower in Q4 2015 than in the same quarter the year before.

The average Dawn price in 2015 was roughly 45% lower than the 2014 average. (Recall: The winter of 2013-2014 was notably long and cold.)

Annual average natural gas spot prices at select trading hubs (\$/GJ)

Trading Hub	2014	2015
Dawn (ON)	6.51	3.56
Henry Hub (US)	4.57	3.16
AECO (AB)	4.26	2.56

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

Natural gas price forecasts for select trading hubs, 2016 – 2018

Trading Hub	2016	2017	2018
Dawn (ON)	US\$2.03/MMBtu	US\$2.26/MMBtu	US\$2.56/MMBtu
Henry Hub (US)	US\$2.58/MMBtu	US\$2.81/MMBtu	US\$3.03/MMBtu
AECO (AB)	C\$2.56/GJ	C\$3.05/GJ	C\$3.19/GJ

Source: Canadian Enerdata Ltd. as of January 1, 2016.

Eastern Canada Natural Gas Storage Balances

(as of quarter end)

Storage Survey Week	Storage Level (Billion Cubic Feet)	Storage Level vs. Same Week the Year Before (%)	Storage Level vs. Total Capacity (%)
Q4 2014 – Dec 26, 2014	221.9	150%	82%
Q1 2015 – March 20, 2015	48.5	213%	18%
Q2 2015 – June 26, 2015	123.0	127%	44%
Q3 2015 – Sept 25, 2015	233.9	105%	84%
Q4 2015 – Dec 25, 2015	257.7	116%	92%

Source: Canadian Enerdata Ltd.

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

According to the normal seasonal cycle, withdrawals of natural gas began to outpace injections in late November. In the last week of 2015, storage levels were 116% of what they were in the same week in 2014.