

# ONTARIO ENERGY REPORT Q1 2015

JAN – MAR 2015  
OIL AND NATURAL GAS

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

Regular Gasoline	\$0.99
Diesel	\$1.14

Source: Ministry of Energy Fuel Prices.

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

Union Gas	18.99¢
Enbridge	18.32¢

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

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

Dawn (ON)	\$3.66
Henry Hub (US)	\$2.87
AECO (AB)	\$2.24

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

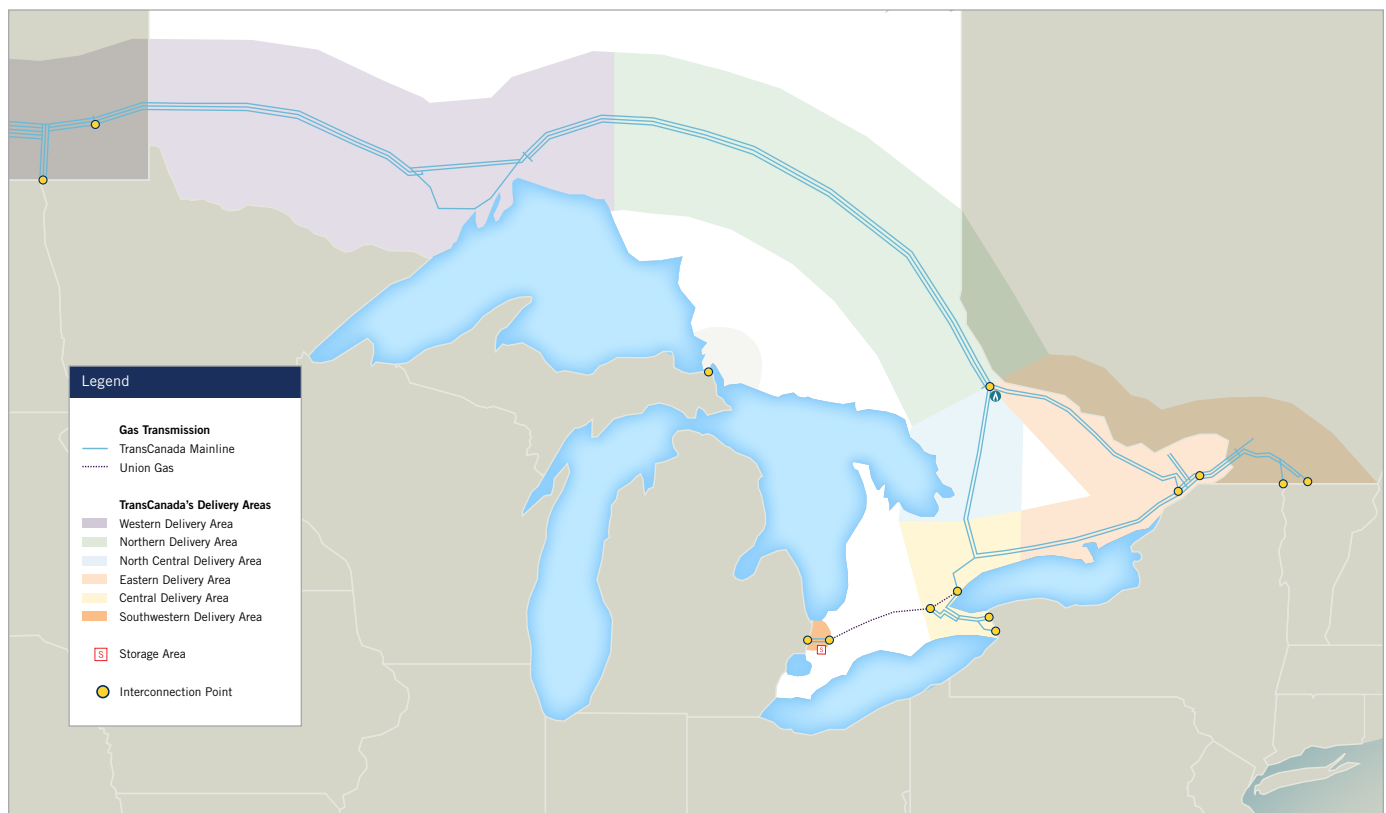
## Eastern Canada Natural Gas Storage Balance (at quarter end)

# 48.5 Bcf

Bcf of Gas in Storage (for Week Ending March 20, 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

## Q1 Ontario Average Regular Gasoline Retail Price

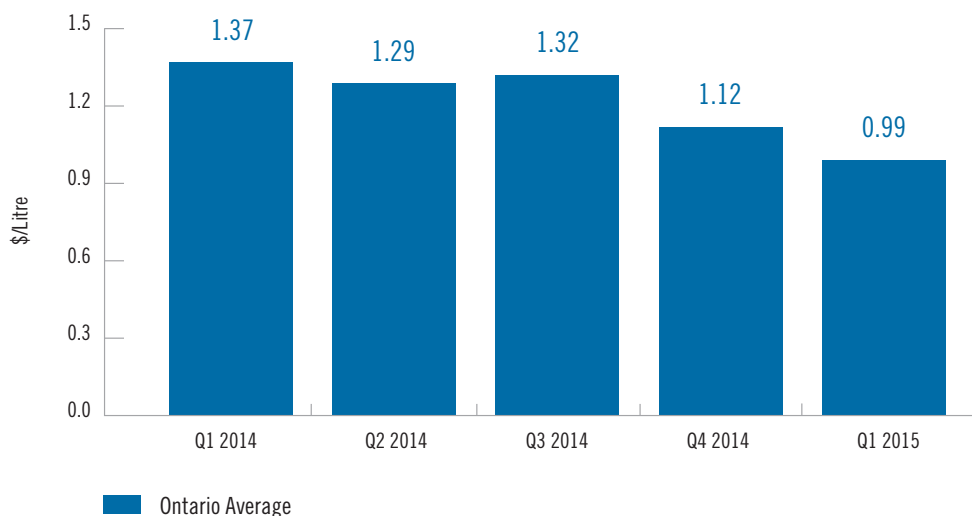
Year (Q1) \$/L	Ontario Average	Southern Ontario Average	Northern Ontario Average	Toronto Average	Ottawa	Sudbury	Thunder Bay
2006	0.92	0.91	0.95	0.92	0.91	0.92	0.94
2007	0.91	0.90	0.96	0.90	0.91	0.93	0.99
2008	1.05	1.05	1.10	1.04	1.06	1.07	1.11
2009	0.82	0.81	0.85	0.82	0.79	0.83	0.87
2010	0.98	0.98	1.02	0.98	0.96	1.01	1.01
2011	1.17	1.17	1.22	1.17	1.17	1.21	1.23
2012	1.26	1.26	1.30	1.26	1.24	1.31	1.27
2013	1.27	1.26	1.31	1.27	1.25	1.31	1.29
2014	1.29	1.28	1.33	1.29	1.28	1.33	1.33
<b>2015</b>	<b>0.99</b>	<b>0.98</b>	<b>1.03</b>	<b>0.99</b>	<b>0.97</b>	<b>1.02</b>	<b>1.05</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 Q1 2015 were 29.8 cents per litre (¢/L) lower than in Q1 2014. This was the result of lower crude costs (-25.0 ¢/L), lower taxes (-3.4 ¢/L), and lower refining margins (-3.2 ¢/L), which more than offset higher retail margins (+1.9 ¢/L). Crude oil costs would have fallen another 4.2 ¢/L had it not been for an 11% decline in the value of the Canadian dollar relative to the U.S. dollar from Q1 2014 to Q1 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

## Q1 Ontario Average Diesel Retail Price

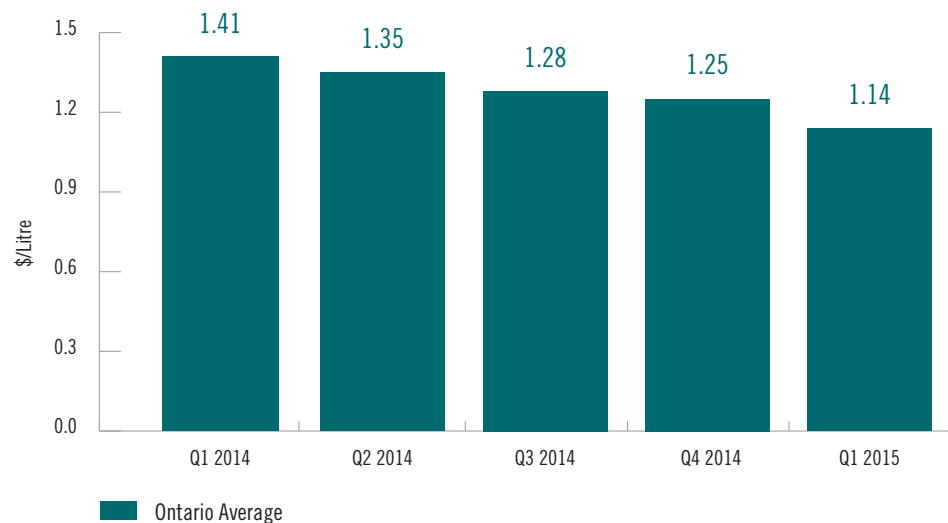
Year (Q1) \$/L	Ontario Average	Southern Ontario Average	Northern Ontario Average	Toronto Average	Ottawa	Sudbury	Thunder Bay
2006	0.92	0.92	0.94	0.92	0.92	0.94	N/A
2007	0.92	0.91	0.93	0.92	0.91	0.92	N/A
2008	1.13	1.13	1.14	1.13	1.14	1.14	N/A
2009	0.86	0.85	0.90	0.86	0.86	0.90	0.89
2010	0.96	0.95	0.97	0.95	0.96	0.98	0.96
2011	1.21	1.21	1.22	1.21	1.21	1.22	1.21
2012	1.30	1.30	1.32	1.29	1.32	1.32	1.31
2013	1.32	1.32	1.34	1.31	1.34	1.35	1.34
2014	1.41	1.41	1.46	1.41	1.42	1.46	1.48
<b>2015</b>	<b>1.14</b>	<b>1.14</b>	<b>1.17</b>	<b>1.14</b>	<b>1.16</b>	<b>1.15</b>	<b>1.17</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 Q1 2015 were 26.6 ¢/L lower than in Q1 2014. This was the result of lower crude oil costs (-25.0 ¢/L), lower taxes (-3.1 ¢/L), and refining margins (-1.0 ¢/L), which more than offset higher retail margins (+2.5 ¢/L). Crude oil costs would have fallen another 4.2 ¢/L had it not been for an 11% decline in the value of the Canadian dollar relative to the U.S. dollar from Q1 2014 to Q1 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 diesel market in Ontario.

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

Q1 ¢/m <sup>3</sup>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Union Gas <sup>2</sup>	N/A	24.83	22.77	31.34	11.19	13.49	11.17	10.78	13.31	<b>18.99</b>
Enbridge	41.19	30.61	24.50	29.16	12.91	12.25	11.15	10.73	11.74	<b>18.32</b>

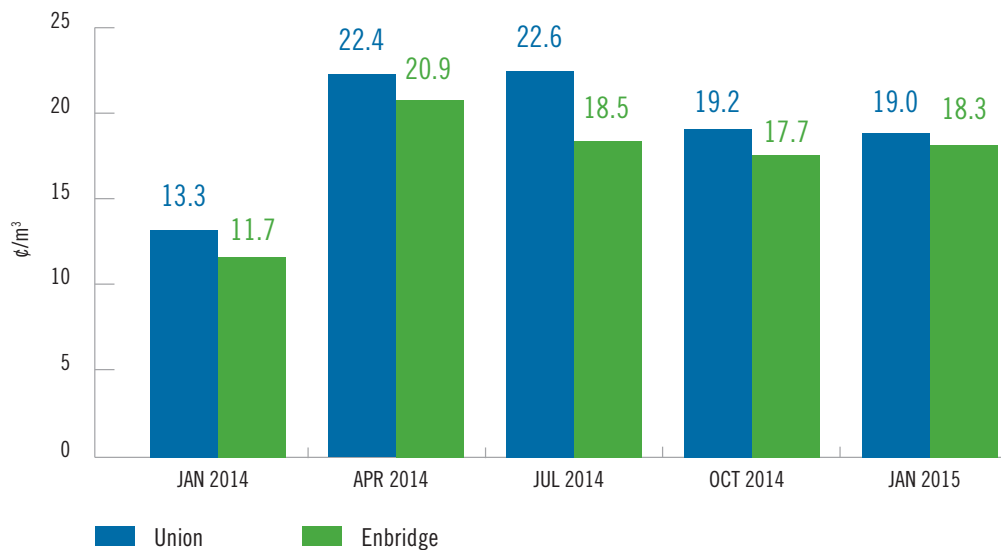
Source: OEB Natural Gas Rates effective Jan. 1.

The rate adjustment that took place for the first quarter, effective January 1 2015, reflected events that took place over 2014 that affected natural gas prices.

Union's effective price decreased from the previous quarter as a result of a lower cost adjustment factor than in the previous quarter. The commodity price was fairly consistent.

The increase in Enbridge's price was due to a higher cost adjustment factor and a slight increase in the commodity price for natural gas.

## 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

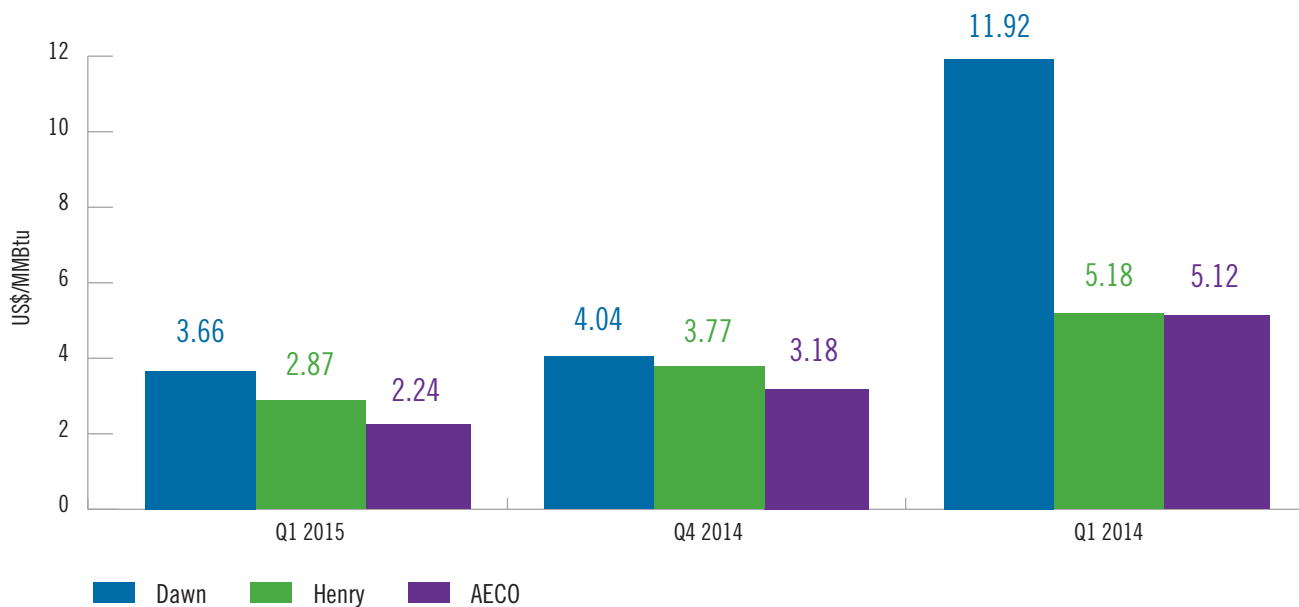
## Average Natural Gas Spot Prices – Quarterly Comparison

Trading Hub US\$/MMBtu	Q1 2015	Q4 2014 (Previous Quarter)	Q1 2014 (Previous Year)
Dawn (ON)	3.66	4.04	11.92
Henry Hub (US)	2.87	3.77	5.18
AECO (AB)	2.24	3.18	5.12

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

Natural gas prices continued to drop in Q1 2015, as they did in Q4 2014. Production and supply remain strong.

## Natural Gas Spot Prices – Quarterly Comparison



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

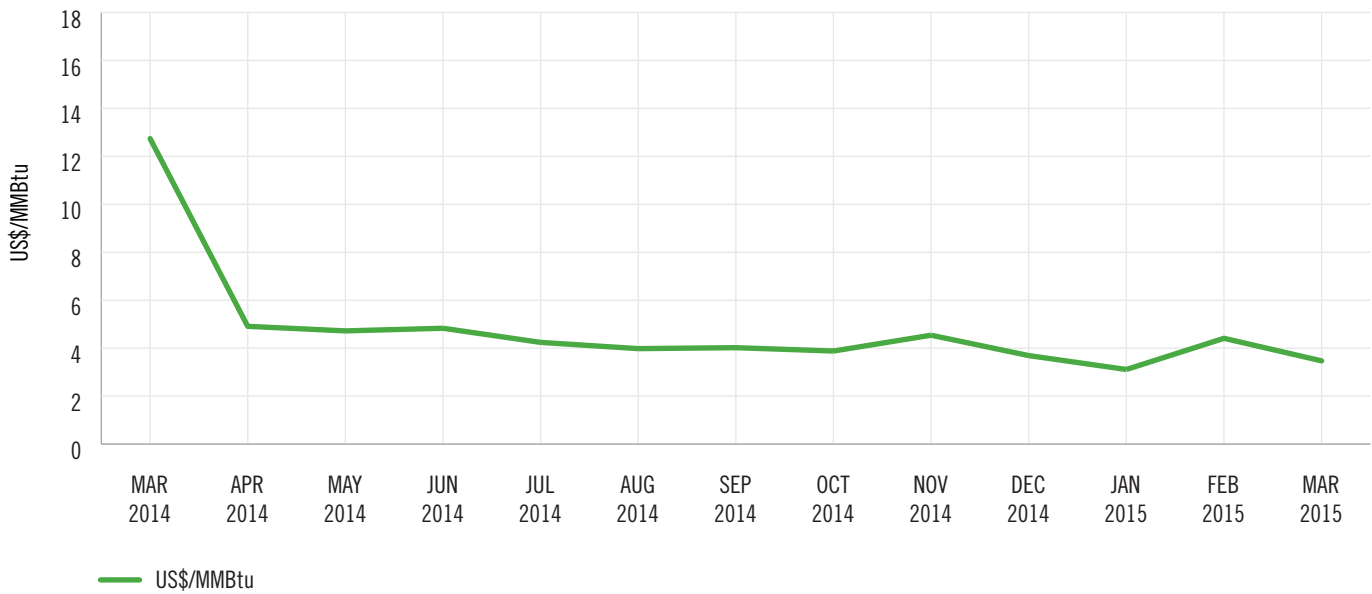
## Average Annual Natural Gas Spot Prices

Trading Hub US\$/MMBtu	2015 Year to Date – End of Q1	2014 Annual Average
Dawn (ON)	3.66	6.21
Henry Hub (US)	2.87	4.37
AECO (AB)	2.24	4.07

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

Average natural gas prices in the first quarter of 2015 were 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.

### Average Natural Gas Spot Prices at Dawn, ON



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

## 2015-2016 Commodity Price Forecasts

Trading Hub	Date	2015 Forecast	2016 Forecast
Dawn (ON)	Apr 1/15	US\$3.20/MMBtu	US\$3.65/MMBtu
Henry Hub (US)	Apr 1/15	US\$2.82/MMBtu	US\$3.09/MMBtu
AECO (AB)	Apr 1/15	C\$2.65/GJ	C\$2.90/GJ

Source: Forecasts from Canadian Enerdata Ltd.'s January 2015 Canadian Gas Price Reporter.

## Eastern Canada Natural Gas Storage Balances

(as of quarter end)

For Week Ending	Bcf of Gas in Storage	% in Storage vs. Same Week Prior Year	% Full vs. Storage Capacity
Q1 - March 20, 2015	48.5	113%	18%
Q4 - December 26, 2014	221.9	50%	82%
Q1 - March 21, 2014	22.8	65%	9%

Source: Storage data from Canadian Enerdata Ltd.'s monthly Canadian Gas Price Reporter.  
For Eastern Canada, natural gas is stored primarily at Dawn, ON with a small amount of storage in New Brunswick.

The amount of natural gas stored in Eastern Canada (primarily at the Dawn Hub near Sarnia, ON) at the end of Q1 2015 was significantly lower than the amount in storage at the end of Q4 2014. However, this is to be expected since January and February are typically the coldest months of the year and the months where the most natural gas is consumed for heating homes and businesses. In fact, the 48.5 Bcf of gas in storage at the end of Q1 2015 is 113% of what was in storage at the same time last year.