

Gas Distribution & Storage

Cynthia Hansen
EVP & President, Gas Distribution & Storage



2020 Accomplishments



- ✓ Uninterrupted and reliable service during pandemic
- ✓ Strong cash flow growth driven by robust customer additions and synergy capture
- ✓ Forecasted to exceed regulated ROE through incentive rate structure
- ✓ Sanctioned \$0.4B of new secured in-franchise utility growth



Three Key Questions

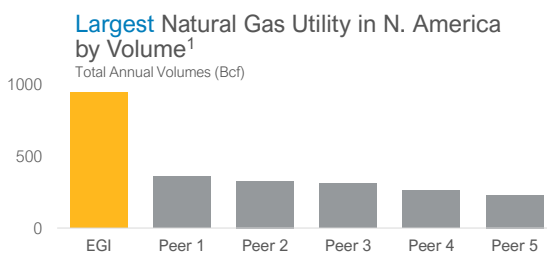
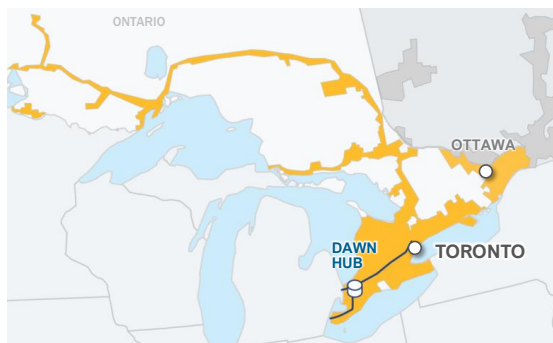
1 Why are we highly confident in the longevity of cash flows from this business for decades to come?

2 How will we invest capital in this business and optimize returns?

3 What is our outlook and strategy for renewable natural gas and hydrogen?

Premier N. America Gas Utility Franchise

Critical infrastructure serving 5th largest population center in N. America



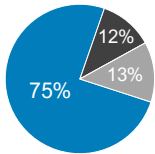
Strong utility business provides stable, predictable and growing cash flows

(1) American Gas Association Statistics Database: Utility Rankings, excluding pipeline-only companies.

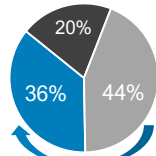
Unassailable Natural Gas Fundamentals

Critical

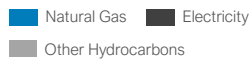
Ontario's Residential & Commercial Space Heating Load¹



Ontario's Industrial Process Load¹

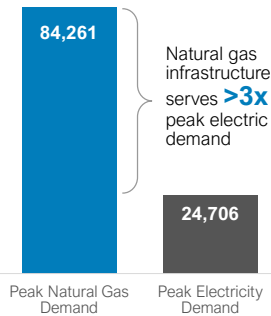


Natural gas is the most viable alternative



Reliable

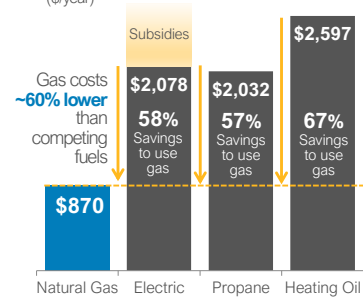
Ontario Peak Energy Demand (MW)



Natural gas infrastructure serves **>3x** peak electric demand

Affordable

Comparable Residential Annual Heating Bills (\$/year)



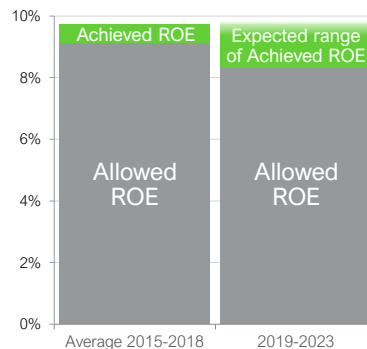
Most cost-effective, reliable means of space heating and industrial feedstock

(1) Source: Natural Resources Canada.

Incentive Regulatory Framework

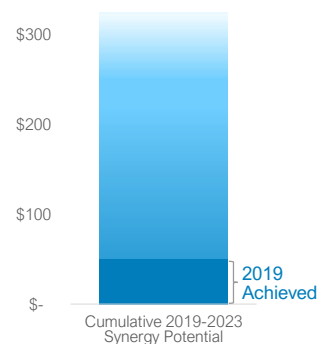
- 5-year term (2019-2023) with rebasing in 2024
- 2021 rate increased by 1.7%; allowed return of 8.34%
- Earn 100% on the first 150 bps above the OEB approved ROE; thereafter shared 50/50
- Rate protected funding of additional core utility projects through the incremental capital module

Incentive Rate Structure



Synergy Capture

(in \$MM)

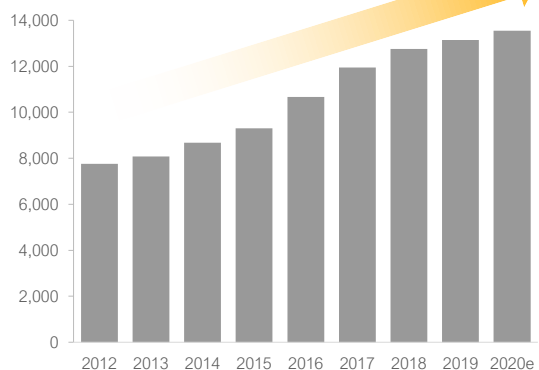


Incentive based regulatory model ensures reliable cash flows, with upside

Longevity of Cash Flows

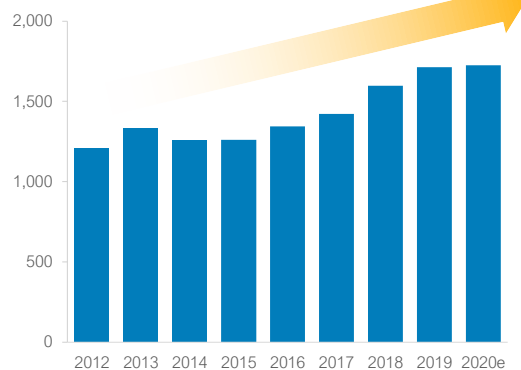
Utility Rate Base Growth

(in MM's)



Stable, Growing Utility EBITDA¹

(in MM's)



Highly reliable rate base and EBITDA growth demonstrated over time

(1) Utility EBITDA normalized for impact of weather.

Three Key Questions

2

How will we invest capital in this business and optimize returns?

1

Why are we highly confident in the longevity of cash flows from this business for decades to come?

3

What is our outlook and strategy for renewable natural gas and hydrogen?

Strategic Priorities

Enhance Returns from Existing Business



- Revenue escalators
- Synergies
- Productivity

Execute Secured Capital Program



- Replacements/reinforcements
- Annual customer connections
- Community expansions

Further Organic Opportunities



- In-franchise customer growth
- Dawn-Parkway expansions
- Dawn hub storage expansions
- Hydrogen & renewable natural gas

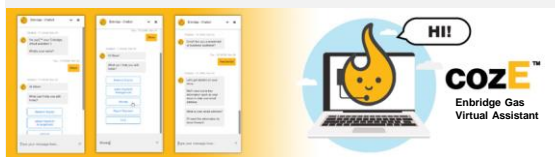
Synergy Capture and Innovation

Synergy Capture



- Integration roadmap with clear & achievable milestones
 - Operations and work management
 - Customer care
 - Shared services
 - Storage & transmission

Digital Transformation & Technology



- Digital adoption through use of Artificial Intelligence
- Increasing proportion of customers on eBill
- Interactive online experience for customers - ChatBot

Synergies and optimizing O&M generates incremental cash flows

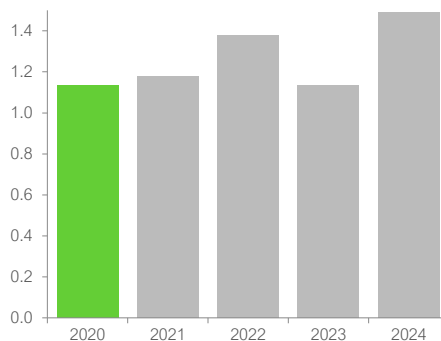
Growth in Distribution Rate Base

- Customer growth and community expansion
 - ~45K new customer additions annually
 - Over 200 expansion projects
- System reinforcements
 - Execution of a long-term asset plan
 - Continued investment for safe and reliable operations
- Earn a regulated return on/of capital through base rates and incremental capital module
- Anticipate continuation of growth post-2024



\$1-1.5B/yr of annual utility spend

5-year capital plan (2020-2024)¹



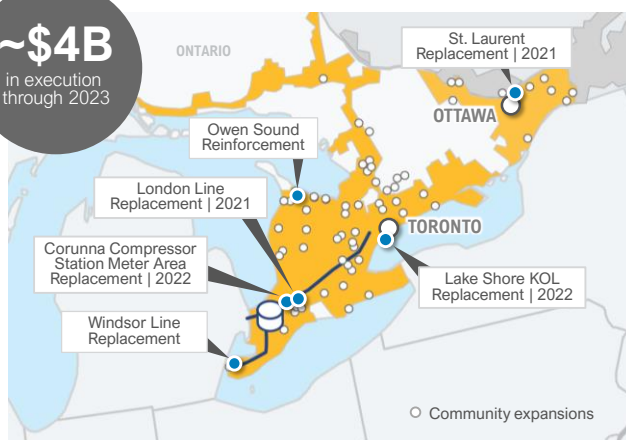
5-year utility capital program through 2024 will generate highly predictable & transparent growth

(1) Includes Maintenance and regulated utility growth capital.

Capital in Execution Through 2023

Secured Projects	ISD	Capital (\$B)
Base Utility Growth	2020 - 2023	\$3.2
Owen Sound Reinforcement Windsor Line Replacement	2020-21	\$0.2
London Line Replacement	2021	\$0.2
St. Laurent Replacement Lake Shore KOL ¹ Replacement Corunna Compressor Station Meter Area Replacement	2021-22	\$0.2

~\$4B
in execution through 2023



Projects in execution will enhance the safety and reliability of our franchise, meet consumer demand and support strong growth in near-term cash flows

(1) Kipling Oshawa Loop.

Storage and Transmission Opportunities

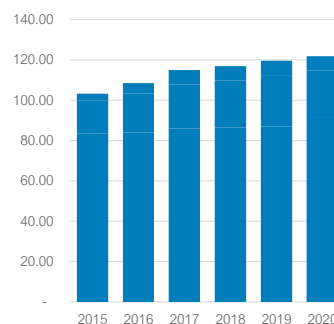
- ✓ Dawn-Parkway transmission provides essential connections for gas supply to serve Eastern Canada and USNE
- ✓ Anticipate growing demand in those regions
- ✓ Storage capacity development increases liquidity in a robust regional market

Dawn-Parkway Investment Opportunities



Growing Storage Demand

Historical Storage Sales (PJ)



Dawn Hub is well positioned for future growth opportunities

Three Key Questions

3 What is our outlook and strategy for renewable natural gas and hydrogen?

1 Why are we highly confident in the longevity of cash flows from this business for decades to come?

2 How will we invest capital in this business and optimize returns?

Low Carbon Gas Technology Trends

Strong History of Innovation



Replacement of cast iron pipes
Reduced GHG emissions 21% below 1990 levels¹

Early 90s



Demand Side Management program
Equal to removing 12.2 million annual cars from the road

1995

CNG²/RNG facilities across Canada
CNG emissions 20% lower compared to diesel

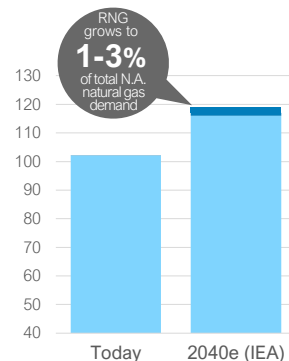
2011

2020+

Benefits of RNG and Hydrogen

- ✓ Reduces CO₂ emissions
- ✓ Leverages existing natural gas infrastructure
- ✓ Underground infrastructure resilient against extreme weather events

N. America RNG Growth Outlook (Bcf/d)



Fundamentals for renewable natural gas (RNG) and hydrogen are improving gradually

(1) From our own operations. (2) Compressed Natural Gas.

Our Position Today

Renewable Natural Gas



Description

From organic landfill waste or anaerobic digesters

Projects

- 2 – operational
- 4 – in construction

Commercial Framework

Long-term offtake agreements with municipalities/utilities

Compressed Natural Gas



For transport market and remote customers

- 12 – fueling stations

Regulated rate base/ long term contracts

Behind the Meter



Technology in development including gas heat pumps, hybrid heating and mCHP

- >40 projects in development

In-development

Hydrogen Power to Gas & Blending



Hydrogen blending in utility gas distribution system

- 1 – operational (P2G)
- 1 – in development (2% hydrogen blending)*

Regulated rate base/long term offtake agreements

Advancing renewable natural gas and hydrogen investments gradually, with low-risk commercial models

* Approved by the Ontario Energy Board.

Low Carbon Strategy

We are **taking a disciplined approach** to our investments:

- ✓ Prove out technology... then expand
- ✓ Leverage our 3.8 million customer connections
- ✓ Limited capital at risk
- ✓ Rate base or comparable commercial model
- ✓ Compete for allocation of capital



Dufferin RNG

Long term opportunity to invest in innovative and low carbon technologies

Strong, Ratable and Highly Economic Utility Rate Base Growth

- **Reliable and cost-effective natural gas** is critical to Ontario's energy supply
- Regulatory model provides incentive to **exceed ROE** through **synergy capture** driving **incremental cash flows**
- **Early-stage** growth in hydrogen, RNG, CNG and other **low carbon energy advancements**



Enhance Returns from Existing Business

- Amalgamation synergies
- Revenue escalators
- Productivity



Execute Secured Capital Program

- Replacements/Reinforcements
- Annual customer connections
- Community expansions

~\$4B



Further Organic Opportunities

- Base utility growth of ~\$1B/yr
- Dawn-Parkway expansions
- Dawn hub storage expansions
- Hydrogen & renewable natural gas

~\$6B