



uniongas

A Spectra Energy Company

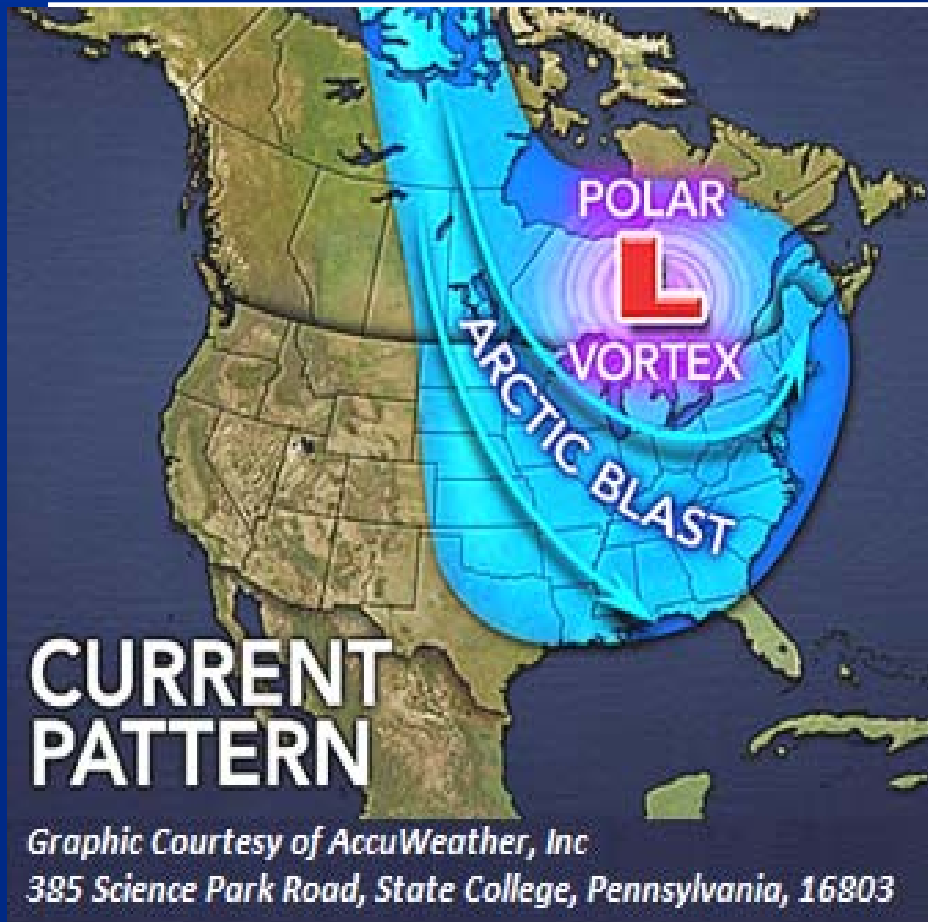


CCRE – ANNUAL ENERGY LEADERS ROUNDTABLE

National Energy Supply Options – Natural Gas

Steve Baker
President, Union Gas

An Exceptional Winter

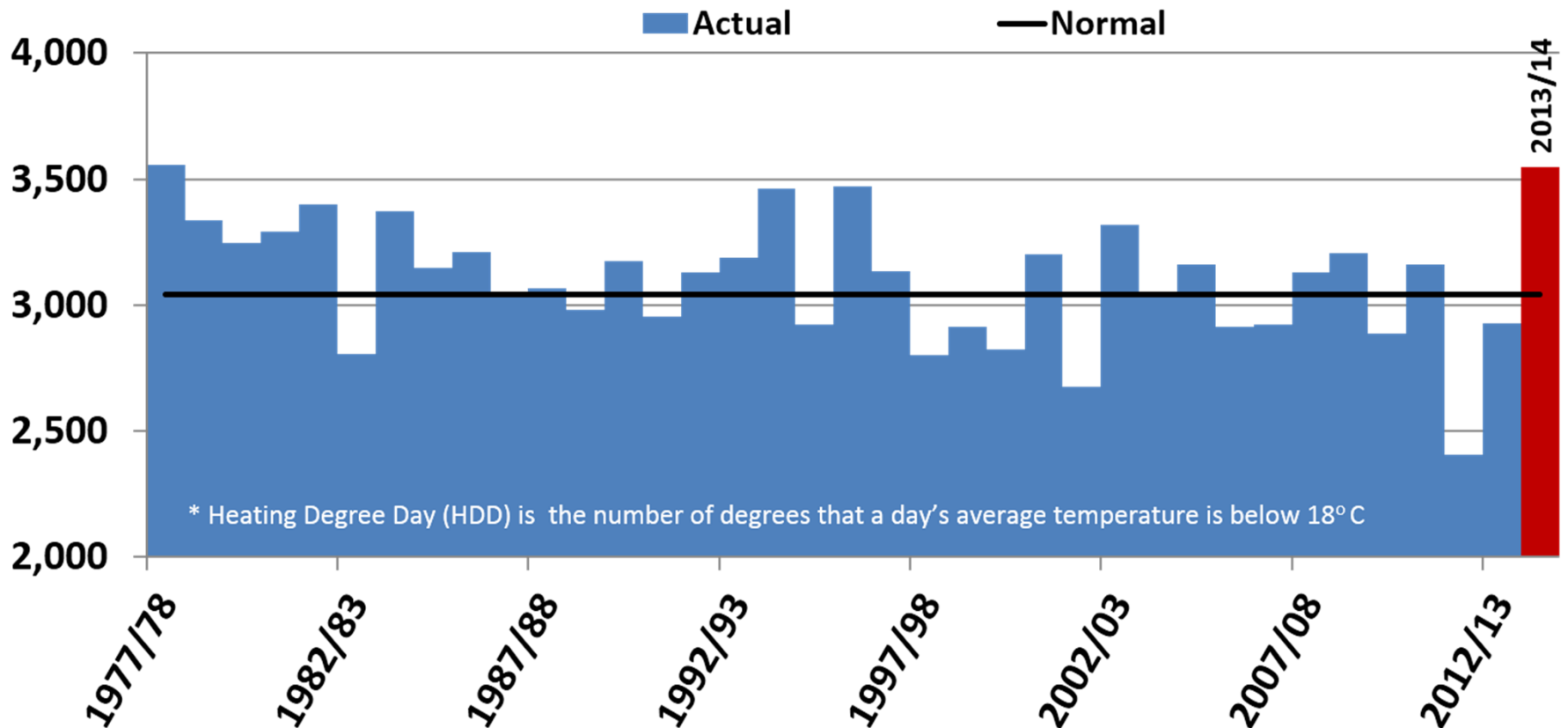


- 1. Coldest in 35 years:**
 - Moved from west to east & settled in the eastern half of North America
 - Drove incremental demand
- 2. Gas supply contracted to Ontario:**
 - Some gas found lucrative markets upstream of Dawn (i.e. Chicago) reducing supply delivered to Ontario
- 3. Incremental Ontario demand served by:**
 - Dawn storage
 - TransCanada Interruptible & Short Term Firm Services from Alberta on Mainline
- 4. Prices:**
 - Remained relatively stable for customers buying for future month delivery
 - Were subject to volatility for customers buying on a daily basis (similar to other locations)

Sustained record cold weather has impacted natural gas demand, flows & pricing across North America

Coldest Winter in 35 years

Winter Cumulative Heating Degree Days*

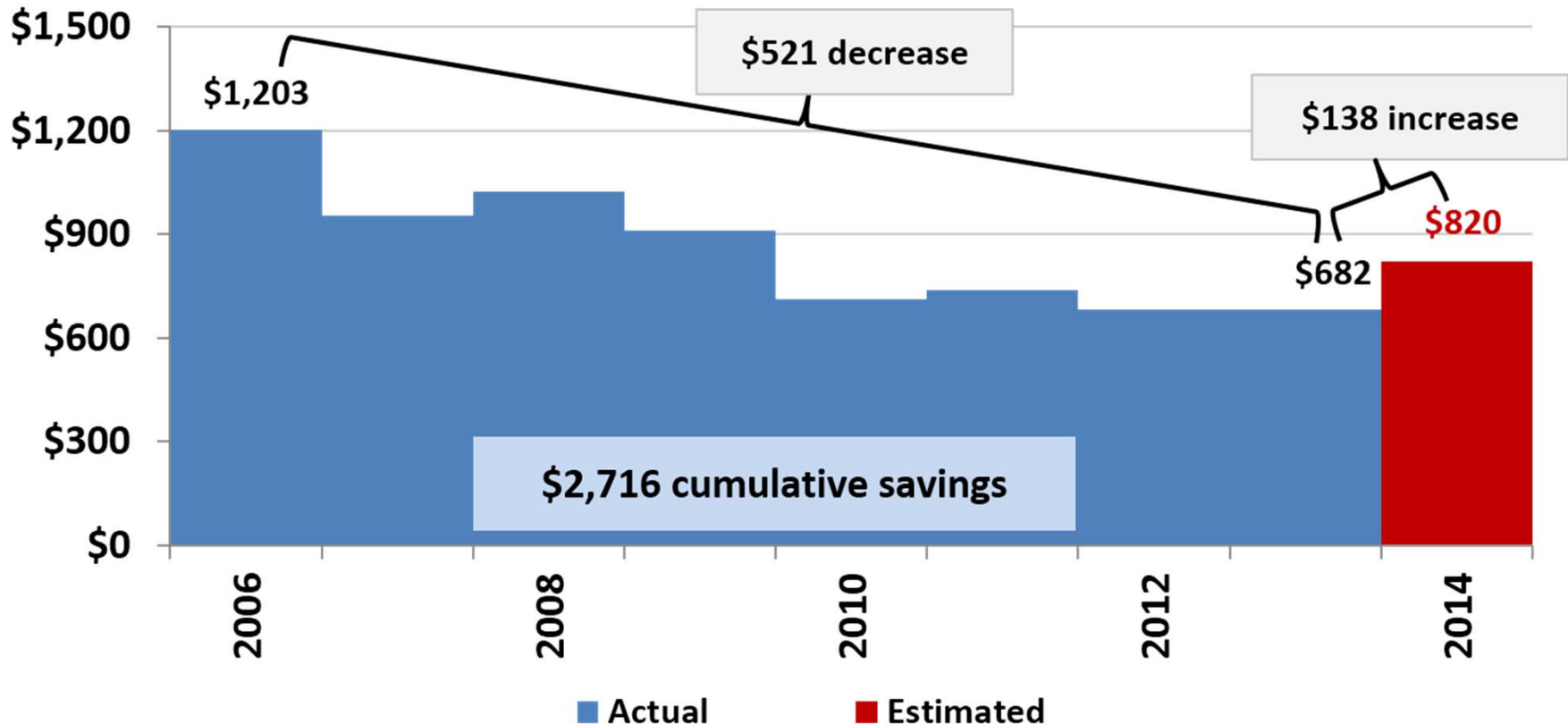


Sustained cold not experienced since winter 1977/78

Annual Residential Gas Bill

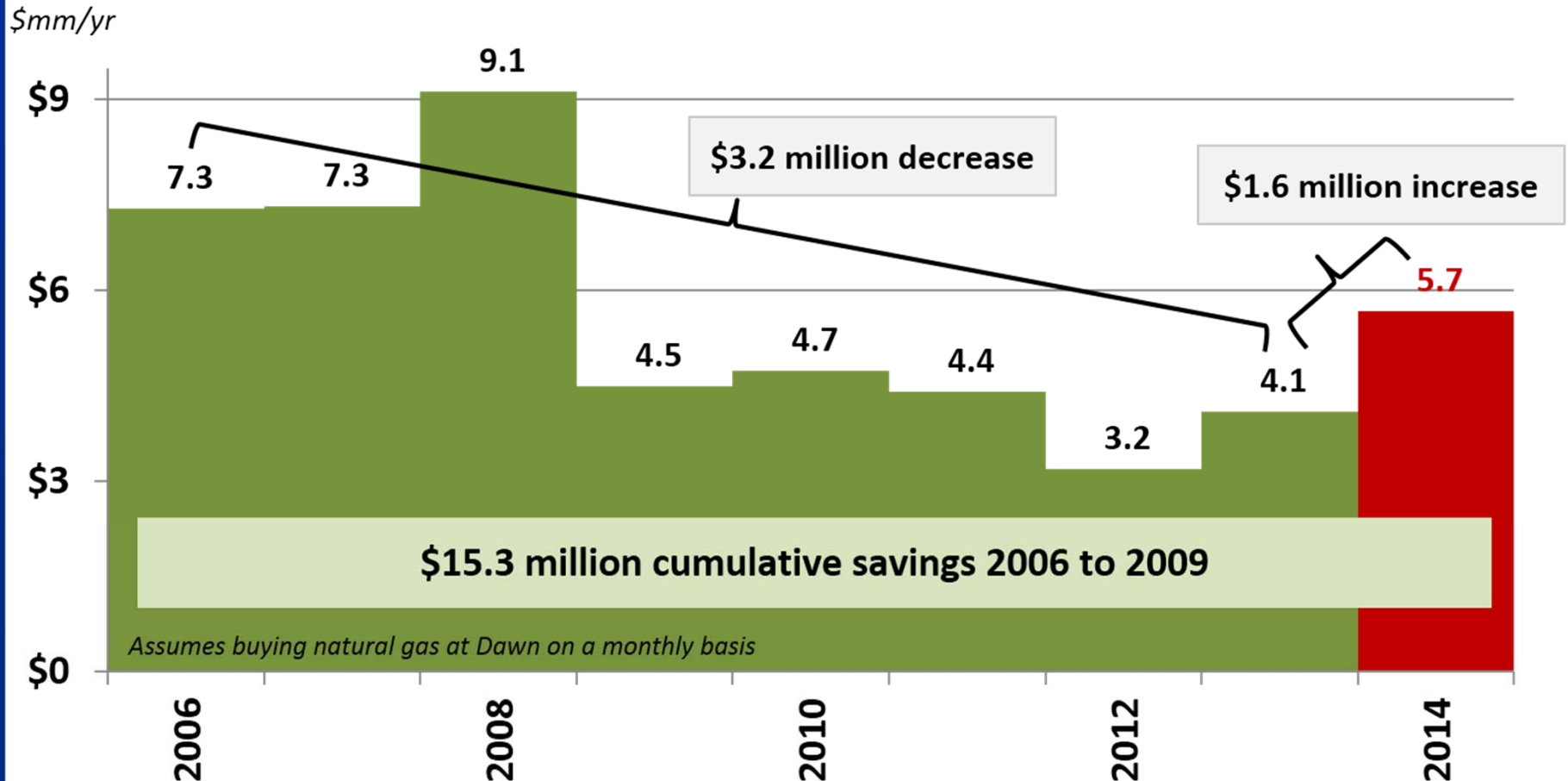
Union Gas South Area

Annual average use of 82 GJ (equal to 2,200 m³ of natural gas)



Average annual bill lower now than in 2006 by \$383

Annual Industrial Natural Gas Cost

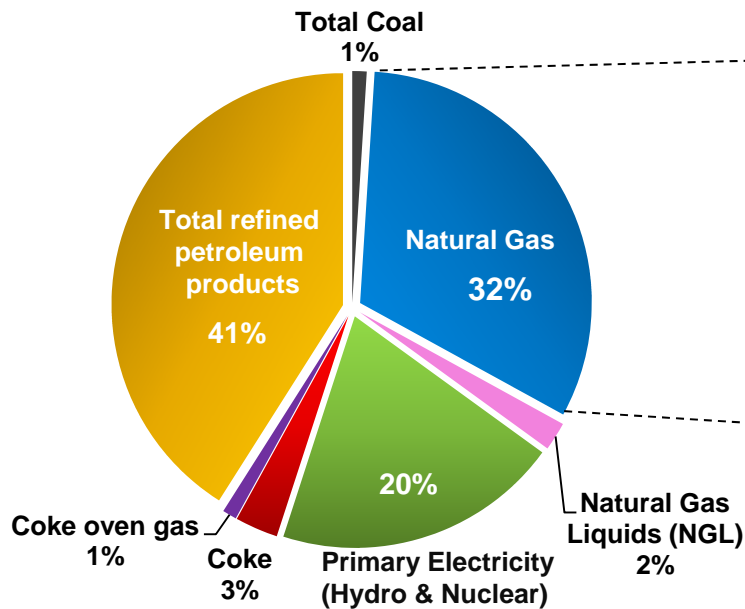


For a Direct Purchase customer consuming 1PJ/year (i.e. Large Auto Assembly Plant)

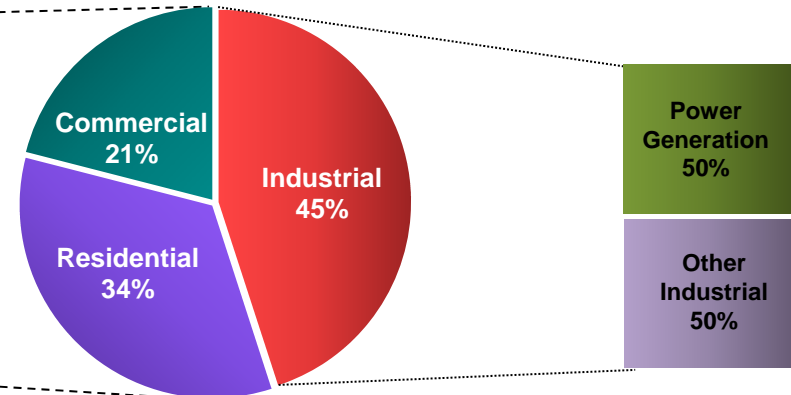
Average annual bill lower now than in 2006 by \$1.6 million

Ontario's Primary Energy Mix

Total Energy Mix (TJ%)



Natural Gas Throughput

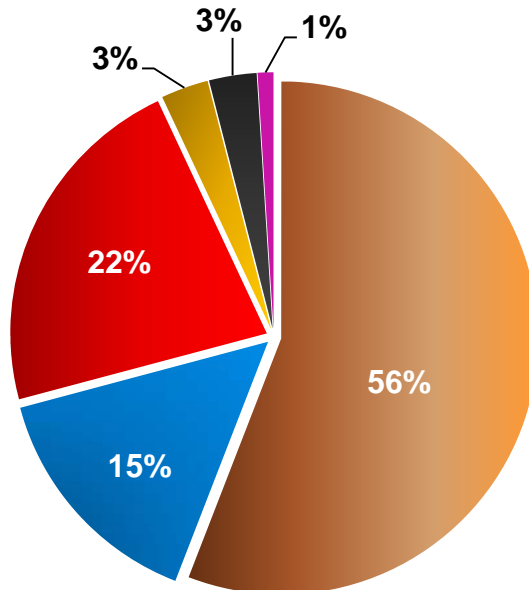


- Residential **95%** of Customers
- Commercial **4.8%** of Customers
- Industrial **.02%** of Customers

Role of Natural Gas in Electricity Mix

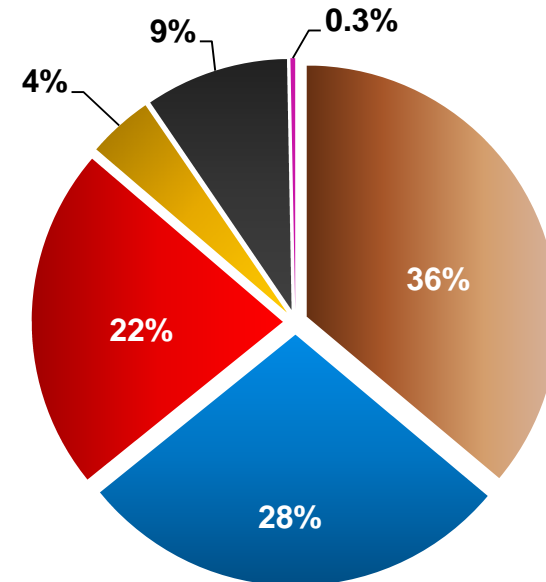
Generation by Fuel Type

- Nuclear
- Natural Gas
- Hydro
- Wind
- Coal
- Other



Installed Capacity

- Nuclear
- Natural Gas
- Hydro
- Wind
- Coal
- Other



Opportunities for Ontario



Connecting New Communities
rural & remote

Natural Gas for Transportation
heavy duty return-to-base vehicles

Power Generation – CHP

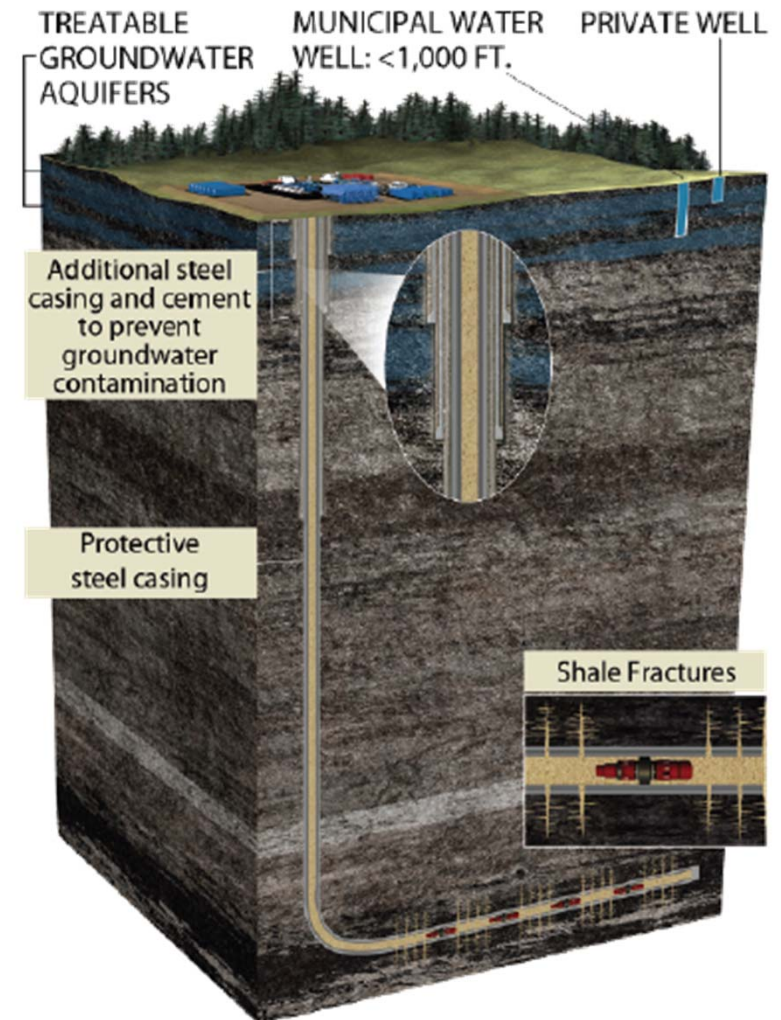
Industrial
Retain/attract energy intensive industry

Northern Ontario – mining opportunities



Shale Gas Technology

- Drilling technology improvements and efficiencies in shale have emerged
 - Longer horizontal laterals
 - Multiple-stage hydraulic fractures per lateral
- Small surface footprint for multiple, extended wells
- Horizontal drilling and hydraulic fracturing result in gas wells with long stable production lives
- Ground water is separated by thousands of metres and tonnes of impermeable rock and protected by regulation
- Significant amount of water is recycled
- “Micro-seismic” technology evolving and enabling even greater precision in fracturing wells



Shale Gas Development Over Time



Drilling
2-4 weeks



Fracturing
3-5 days



Producing
up to 50 years
surrounding land reclaimed



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