

TransCanada PipeLines Limited and ANR Pipeline Company

Joliet XPress Project

Binding Open Season

May 16, 2018 through June 15, 2018

Proposing firm service from Empress to the Chicago market area, including deliveries to St. Clair

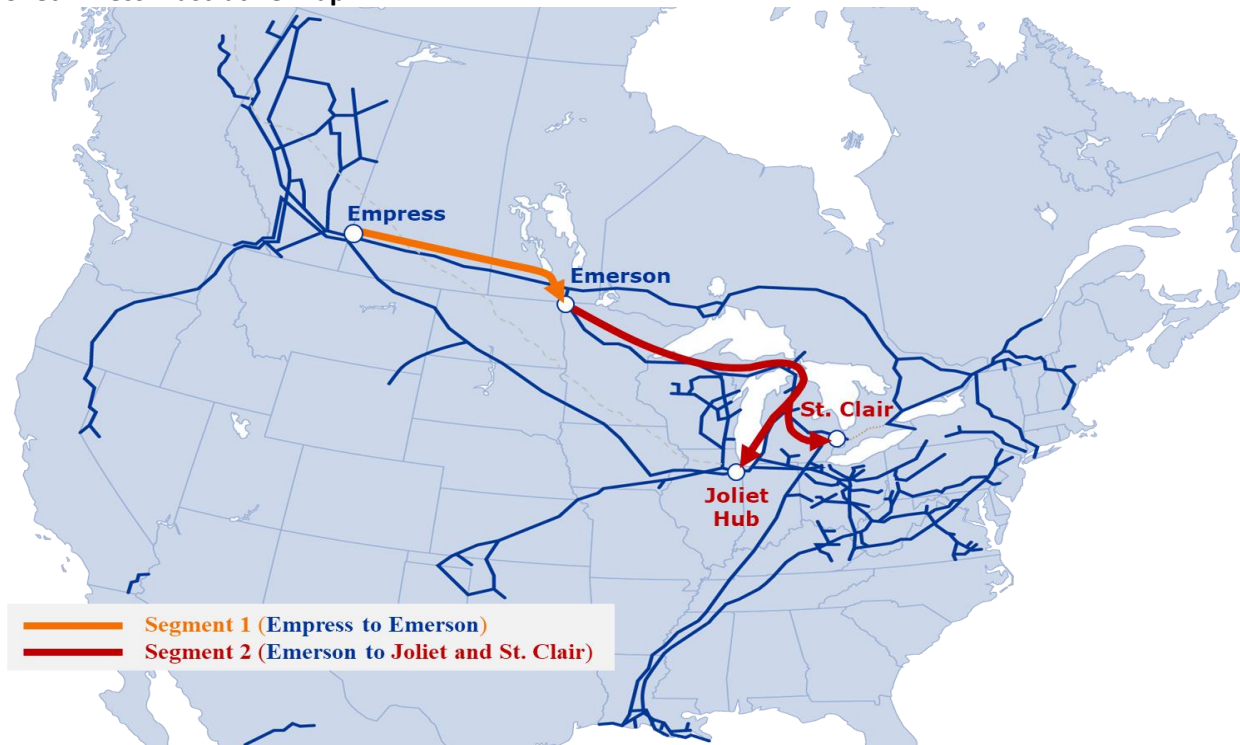
NOTICE OF BINDING OPEN SEASON

TransCanada PipeLines Limited (“TCPL”) and ANR Pipeline Company (“ANR”) are pleased to announce a binding joint open season for their Joliet XPress Project (“Project”). The open season will commence at 7:00 AM MST (8:00 AM CDT) on May 16, 2018 and close at 10:00 AM MST (11:00 AM CDT) on June 15, 2018 (“Open Season”). The purpose of the Open Season is to provide all interested parties the opportunity to bid on approximately 800,000 Dth/d (844,000 GJ/d) of Project capacity.

PROJECT BACKGROUND

In response to interest from potential shippers, the Project proposes to provide firm transportation service with receipts at Empress, Alberta on the TCPL Mainline (“Mainline”) and deliveries to the Joliet Hub (near Chicago, Illinois) and St. Clair (near Dawn, Ontario) on ANR’s system (“Path”).

Joliet XPress Illustrative Map

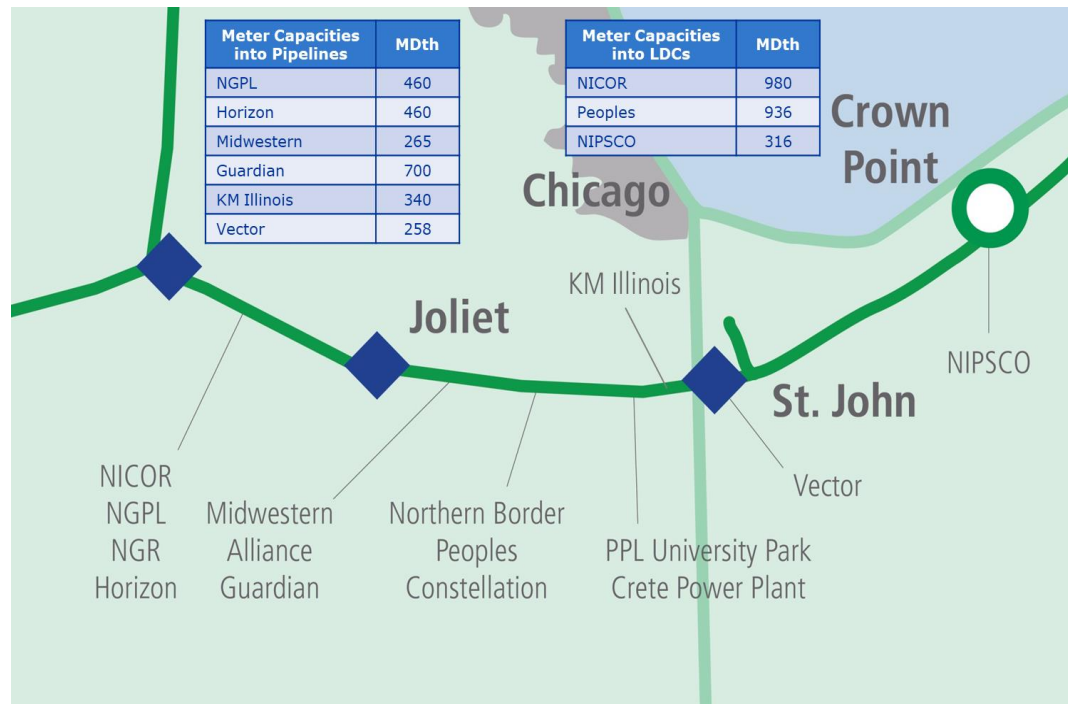


The Project provides a unique opportunity for the Mainline to link Western Canada Sedimentary Basin supply to downstream markets. ANR is well-connected to existing markets with easy access to multiple liquid pricing points. The ANR footprint accesses significant demand growth potential and on-system market opportunities, including storage.

The Project proposes access to a number of market options for prospective shippers, including:

- Up to 2.2MMDth/d of Chicago area demand via three major local distribution companies
- Convenient access to ANR’s Michigan, Illinois, Indiana and Wisconsin markets via in path or in zone rights
- A direct path to ANR’s Joliet Hub, where title transfer and wheeling services are offered
- Firm deliveries to St. Clair, which provides access to Dawn as well as downstream eastern Canadian and US northeastern markets
- Significant gas-fired power generation demand from 31 power plants across ANR’s ML-7 Zone system with nameplate capacity of 15,500+ MW
- Access to over 900+ Bcf of storage capacity, including 250 Bcf of storage on ANR’s system

Joliet Hub Interconnection Points



PROJECT DESCRIPTION

TCPL and ANR propose to serve Project shippers through separate transportation service agreements on two segments of the Path: 1) Empress to Emerson-3, a new commercial interconnection point between TCPL and ANR at or near Emerson, Manitoba (“Segment 1”); and 2) Emerson-3 to the Joliet Hub or St. Clair. (“Segment 2”). With the proposed Segment 2 service, the shipper can deliver to either Joliet or St. Clair on a firm basis, as well as all other points located in ANR’s ML-7 zone on a secondary basis, up to the contract quantity.

For Segment 1, TCPL is offering a new, Joliet XPress long-term fixed price service (“JXP LTFP”) in \$CAD/GJ/d. If approved, JXP LTFP service would be subject to the terms and conditions of TCPL’s

Transportation Tariff under the regulation of the National Energy Board (“NEB”). Segment 1 will be offered utilizing existing capacity on the Mainline system.

For Segment 2, ANR is offering FTS-1 service in \$USD/Dth/d, which is subject to ANR’s Federal Energy Regulatory Commission (“FERC”) Gas Tariff, as amended from time to time. ANR anticipates providing Segment 2 capacity via:

- Transportation by Others (“TBO”) capacity on the Great Lakes Gas Transmission (“Great Lakes”) system
- Certain existing ANR ML-7 zone capacity segments
- New build capacity, anticipated to include:
 - pipeline looping along existing sections within ANR’s ML-7 zone; and
 - additional compression along ANR’s existing system within the ML-7 zone

TCPL’s minimum fixed toll for JXP LTFP is \$0.49 CAD/GJ/d and ANR’s minimum negotiated fixed reservation rate is \$0.62 USD/Dth/d, which combine for a minimum Path toll/rate of approximately \$1.02 USD/Dth/d or \$1.26 CAD/GJ/d, based on a present USD/CAD currency exchange rate of 1.30.

The minimum term for Project bids is fifteen (15) years and the maximum term is twenty-five (25) years.

The minimum capacity threshold for the Project is anticipated to be 800,000 Dth/d (844,000 GJ/d).

The anticipated in-service date for the Project is November 1, 2021.

The Project is dependent on:

- TCPL and ANR senior management or Board of Director approval
- Receipt of all necessary regulatory approvals or permits by TCPL and ANR on terms and conditions acceptable to TCPL and ANR, each in their sole discretion
- Aggregate contracted quantities acceptable to TCPL and ANR, each in their sole discretion
- Construction of all facilities and acquisition of all TBO capacity necessary for the Project
- Usual and customary conditions precedent associated with expansion projects

SEGMENT 1 DESCRIPTION

The proposed terms and conditions of JXP LTFP service offered for Segment 1 are described below and are subject to regulatory approval. In this section, all capitalized terms not otherwise defined herein have the definition ascribed to them in TCPL’s Transportation Tariff.

i) Key Attributes

The key attributes of the proposed JXP LTFP service are:

- Service from the Empress Receipt Point to Emerson-3 Delivery Point only
- No Diversions, Alternate Receipt Points, temporary Receipt or Delivery Points or Secondary Delivery Points
- Minimum term of fifteen (15) years and maximum term of twenty-five (25) years
- Equal priority to FT service
- Assignable
- Not renewable, although all or a portion of the JXP LTFP contract quantity may be converted to FT service to Emerson-2 or, if applicable, to a firm service available at the time of conversion to

Emerson-3 with a minimum of two (2) years' written notice prior to the shipper's JXP LTFP contract end date

- Conditional on bidder(s) being awarded corresponding Segment 2 capacity on ANR (converted to GJ/d); therefore, parties seeking JXP LTFP service must submit a bid for Segment 1 and Segment 2 capacity
- Bidders may request that the JXP LTFP contract quantity exceed the ANR contract quantity by up to five (5)% to account for fuel on Segment 2 of the Project ("Segment 1 Fuel Allowance")
- Shippers holding existing FT service contracts to Emerson-2 with a termination date beyond November 1, 2021 may request conversion of their FT service to JXP LTFP service through this Open Season; shippers seeking conversion must submit a bid for Segment 1 and Segment 2 capacity specifying the FT service contract number and the contract quantity to be converted
- Early Conversion and Term-Up provision will be applicable if TCPL determines at some point in the future that the JXP LTFP contract may affect the design of new facilities required to provide firm transportation service where the costs of such new facilities are expected to exceed \$20 million
- In the event of an eastward extension of the NOVA Gas Transmission Ltd. System that allows TCPL and/or its affiliates to provide a lower total cost for service from the Nova Inventory Transfer hub to Emerson-3, JXP LTFP shippers will have the right to convert all or a portion of their contract quantity to such service(s) for the remainder of their contract term

ii) **Transportation Toll and Other Charges**

The Segment 1 toll will be fixed for the term of the contract. The minimum toll for Segment 1 is \$0.49 CAD/GJ/d, which presently equates to approximately \$0.40 USD/Dth/d at a USD/CAD currency exchange rate of 1.30.

Bidders submitting a request for Segment 1 and Segment 2 capacity may bid a toll/rate percentage increase that will be applied to both the Segment 1 minimum toll and the Segment 2 minimum negotiated reservation rate. For example, if a bidder submitting a request for Segment 1 and Segment 2 capacity specifies a toll/rate percentage increase of 5%, then bidder's toll for Segment 1 will be \$0.5145 CAD/GJ/d (\$0.49 CAD multiplied by 1.05) and bidder's negotiated reservation rate for Segment 2 will be \$0.651 USD/Dth/d (\$0.62 USD multiplied by 1.05).

The Segment 1 toll is inclusive of the applicable Delivery Pressure Charge and Abandonment Surcharge, based on the distance between Empress to Emerson-3. The current Delivery Pressure Charge is \$0.022 CAD/GJ/d and the current Abandonment Surcharge is \$0.066 CAD/GJ/d. If, at any time during the term of the JXP LTFP contract, the daily equivalent Abandonment Surcharge between Empress and Emerson-3 exceeds \$0.120 CAD/GJ/d, then a surcharge equal to the amount by which the Abandonment Surcharge exceeds \$0.120/CAD/GJ/d will be paid by shippers in addition to the JXP LTFP toll.

JXP LTFP shippers will be required to pay any surcharge approved by the National Energy Board (NEB) or any of its successors to recover the costs to comply with domestic or foreign laws, regulations or rules that were not in effect or applicable to TCPL on October 13, 2016.

Fuel will be required to be delivered in kind at the Empress Receipt Point in accordance with the TCPL Tariff.

JXP LTFP shippers will be required to pay any applicable Goods and Services Tax (GST) and/or Harmonized Sales Tax (HST). TCPL is required to charge the GST or HST, whichever is applicable, on transportation of gas that is consumed in Canada. Shippers may zero-rate GST or HST on contracts intended to serve an

export market by making a Declaration for any Unutilized Demand Charges. For more information, please see TCPL's GST/HST Procedures.

iii) Service Commencement

The anticipated commencement date of JXP LTFP service is November 1, 2021 or as soon as possible thereafter. Commencement of all or a portion of JXP LTFP service may be delayed as a result of:

- delays in TCPL acquiring any required internal or regulatory approvals, or
- delays in the availability of the corresponding ANR capacity, including, without limitation delays in
 - the receipt of any internal or regulatory approvals and permits by ANR
 - construction of ANR's facilities, or
 - acquisition of any necessary TBO capacity by ANR

Subject to ANR capacity being available on an interim basis, JXP LTFP shippers may be offered an election to commence all or a portion of their service prior to November 1, 2021. If applicable, early commencement will be offered to all JXP LTFP shippers and any available capacity will be allocated to shippers electing early commencement on a pro-rata basis. If JXP LTFP shippers elect early commencement, their JXP LTFP contract end date for that portion of service that commences earlier than November 1, 2021 will remain the same as though service had commenced on November 1, 2021.

iv) Financial Assurances

Successful bidders will be required to provide acceptable financial assurances in accordance with Section XXIII of the Tariff.

v) Additional Shipper Commitments

Successful bidders will be required to execute an agreement with TCPL committing to the following conditions:

- During the period commencing upon shipper's execution of its JXP LTFP contract and ending upon termination of the JXP LTFP contract, shipper shall not oppose in any way, whether directly or indirectly, pricing discretion for IT service or STFT service on any portion of the Mainline system
- During the period commencing upon shipper's execution of its JXP LTFP contract and ending upon termination of the JXP LTFP contract, shipper shall support TCPL in any regulatory proceeding required to implement or continue JXP LTFP service, as determined by TCPL in its reasonable discretion

SEGMENT 2 DESCRIPTION

In this section, all capitalized terms not otherwise defined herein have the definition ascribed to them in ANR's FERC Gas Tariff, as amended from time to time.

i) Key Attributes

To secure the contractual commitments necessary for construction of new pipeline facilities associated with Segment 2 of the Project, the proposed key attributes are:

- Primary receipt point at a new ANR location that corresponds with the TCPL point Emerson-3

- Primary delivery point rights to both St Clair and Joliet Hub
- ML-7 zone access on the ANR system including all secondary rights afforded by ANR's FERC Gas Tariff
- Minimum term of fifteen (15) years and maximum term of twenty-five (25) years
- Anticipated in-service date of November 1, 2021 for full 800,000 Dth/d (844,000 GJ/d)
- Upon a shipper's written notice twenty-four (24) months prior to the expiration of the initial term, the service contract will renew, with the same quantity, rate and terms and conditions, on a year-to-year basis, subject to termination by either party upon thirteen (13) months' prior written notice

These attributes are subject to, in part, receipt of all regulatory approvals and permits, the completion of construction, and the acquisition of all necessary TBO capacity.

ii) Solicitation of Turnback Capacity

For Segment 2, existing shippers who currently hold firm transportation capacity in ANR's ML-7 zone and who believe such capacity could be used in lieu of a construction portion(s) of the proposed Project are required to complete a Request for Firm Transportation Service Form – Segment 2 Capacity Request and advise ANR of their desire to permanently relinquish their capacity for use in the Project by checking the appropriate space on the form. For ANR to consider turnback requests, such notifications must be received by ANR by the close of the Open Season. This solicitation of turnback capacity is not binding on ANR. Turnback requests are subject to rejection or proration by ANR on a not unduly discriminatory basis for any reason, including, but not limited to, ANR's evaluation of the results of this Open Season.

iii) Transportation Rate and Other Charges

The negotiated reservation rate for Segment 2 will be fixed for the term of the contract. The minimum negotiated reservation rate is \$0.62 USD/Dth/d.

Bidders submitting a request for Segment 1 and Segment 2 capacity may bid a toll/rate percentage increase that will be applied to both the Segment 1 minimum toll and the Segment 2 minimum negotiated reservation rate. For example, if a bidder submitting a request for Segment 1 and Segment 2 capacity specifies a toll/rate percentage increase of 5%, then bidder's toll for Segment 1 will be \$0.5145 CAD/GJ/d (\$0.49 CAD multiplied by 1.05) and bidder's negotiated reservation rate for Segment 2 will be \$0.651 USD/Dth/d (\$0.62 USD multiplied by 1.05).

Bidders submitting a request for Segment 2 capacity only may bid a rate percentage increase that will be applied to the Segment 2 negotiated reservation rate only.

Project recourse rate(s) for Segment 2 of the Project will be determined as a function of the final Project scope and subscription levels.

In addition to the applicable reservation rate, shippers shall pay all applicable commodity charges and surcharges (demand and commodity) and fuel, each as specified under ANR's Rate Schedule FTS-1 within ANR's Tariff, as well as all applicable commodity charges and surcharges (demand and commodity) and fuel that ANR is obligated to pay to Great Lakes for transportation services on behalf of shipper.

iv) Service Commencement

The anticipated commencement date of Segment 2 is November 1, 2021 or as soon as possible thereafter. Commencement of all or a portion of Segment 2 service may be delayed as a result of certain circumstances, including but not limited to:

- delays in the receipt of any internal or regulatory approvals and permits by ANR
- delays in the acquisition of any necessary TBO capacity by ANR
- delays in the construction of ANR's facilities

Subject to ANR capacity being available on an interim basis, Segment 2 shippers may be offered an election to commence all or a portion of their service prior to November 1, 2021. If applicable, early commencement will be offered to all Segment 2 shippers and any available capacity will be allocated to shippers electing early commencement on a pro-rata basis. If Segment 2 shippers elect early commencement, their Segment 2 service end date for that portion of service that commences earlier than November 1, 2021 will remain the same as though service had commenced on November 1, 2021.

v) Creditworthiness

Successful bidders shall be subject to the creditworthiness requirements reflected in ANR's precedent agreement for the Project. Bidders are encouraged to contact the ANR credit representative listed below prior to submitting their respective bids.

vi) Construction Cost Risk Sharing

ANR's precedent agreements will include a mechanism for all shippers to share, on a limited basis, in the Project's construction cost savings or overruns, as applicable.

BID SPECIFICATIONS

Parties bidding in the Open Season must bid a rate, term and requested capacity, subject to the terms and conditions of this Open Season and using the attached binding Request for Firm Transportation Service Forms.

PARTICIPATION IN THE OPEN SEASON

Interested parties wishing to submit a binding bid pursuant to the terms and conditions of this Open Season must complete and sign a Request for Firm Transportation Service Form before the close of the Open Season. No bid deposit is required.

AWARDING OF CAPACITY

ANR will evaluate qualifying and acceptable bids on a not unduly discriminatory basis per the terms of this Open Season and in accordance with its FERC Gas Tariff, as amended from time to time. ANR will allocate its Segment 2 capacity under the Project to the qualifying bid(s) using a net present value (NPV) analysis. The revenue stream for each bid will be discounted at FERC's published annual discount rate (second quarter 2018 rate of 4.47%) in order to determine its NPV. For purposes of awarding capacity, ANR will consider the combination of shipper's Segment 1 and Segment 2 bids that result in the highest total NPV for the Project. The total economic value of each qualifying bid will be computed as the rate, including

any specified toll or rate percentage increase, multiplied by the requested contract term, and discounted to determine the NPV.

Once the Segment 2 capacity is allocated, TCPL will allocate the corresponding Segment 1 capacity, converted to GJ/d and subject to the Segment 1 Fuel Allowance.

All bidders will be notified by each of TCPL and ANR, as applicable, no later than five (5) business days from the close of the Open Season of their capacity allocation quantities, if any, for the Project. Such bidders that are allocated capacity under the Project will then be required to proceed in good faith to negotiate and execute a mutually agreeable binding precedent agreement, in the case of ANR, and execute a JXP LTFP contract, in the case of TCPL, each on substantially the same terms and conditions described herein within thirty (30) days of tender by the applicable pipeline but not earlier than the close of this Open Season. Such agreements will incorporate the terms set forth in the bidder's Request for Firm Transportation Service Form, to the extent such terms are acceptable to the pipelines. If bidder does not execute such agreement(s) by the applicable deadline, then the applicable pipeline reserves the right to reject the bid and reallocate the associated capacity.

Segment 2 capacity under the Project will be awarded by ANR to bidders executing a binding precedent agreement. Corresponding Segment 1 capacity, converted to GJ/d and subject to the Segment 1 Fuel Allowance, will then be awarded by TCPL to bidders executing a JXP LTFP contract.

RESERVATIONS OF RIGHTS

Each of TCPL and ANR reserve the right to reject any Request for Firm Transportation Service Form, in a not unduly discriminatory manner, that: (a) is not received by the close of the Open Season; (b) is not complete and conforming (including, without limitation, failure to meet the minimum and maximum terms set forth herein); (c) contains delayed in-service dates or other contingencies; (d) could adversely affect the economics or operational viability of the Project; or (e) contains terms unacceptable to either or both TCPL and/or ANR.

Each of TCPL and ANR explicitly reserve the right to (1) decide, in each of TCPL's and ANR's sole discretion, to not proceed with the Project; (2) extend the Open Season or conduct additional open seasons/reverse/turnback open seasons; (3) clarify bids; (4) determine or re-determine the size, scope, and cost of the Project; (5) reject bids that do not provide a sufficient level of detail to aid in the development of the Project; (6) reject bids that do not present sufficient economic value; (7) reject or accept bids and/or material it receives after the close of this Open Season; and (8) reject bids that do not conform or otherwise not qualify for service in accordance with all applicable provisions of TCPL and ANR's respective tariffs.

CONTACT INFORMATION

Interested parties should contact the following to discuss any questions or to seek additional information about this Open Season:

For TCPL:

Gord Betts
Manager, Commercial Business
TransCanada PipeLines Limited
403-920-6834 (Office)
403-835-0594 (Cell)
gordon_betts@transcanada.com

For ANR:

Jim Downs
Director, Business Development
TransCanada U.S. Pipelines
832-320-5656 (Office)
832-374-0148 (Cell)
jim_downs@transcanada.com

For Creditworthiness Inquiries:

TCPL

Scott MacLock
Counterparty Risk
403-920-2685 (office)
scott_maclock@transcanada.com

ANR

Rita Homan
U.S. Counterparty Risk
832-320-5449 (Office)
rita_homan@transcanada.com

Joliet XPress Project

Binding Open Season

Request for Firm Transportation Service Form

Please return this Request for Firm Transportation Service Form by email on or before 10:00 AM MST (11:00 AM CDT) June 15, 2018

To: mainline_contracting@transcanada.com and jim_downs@transcanada.com

(Please include the phrase "Joliet XPress Project – Request for Firm Transportation Service Form" in the subject line)

Request for firm transportation service:

Company #1: _____

Contact: _____

Title: _____

Address: _____

Telephone: _____ Fax: _____

Email: _____

Company #2* (if applicable): _____

Contact: _____

Title: _____

Address: _____

Telephone: _____ Fax: _____

Email: _____

*Requests for Segment 1 and 2 capacity may specify different entities to hold transportation service within Canada and the United States.

Segment 1 and 2 Capacity Request:

Contract Term*: _____ years _____ months

*Minimum term is 15 years and maximum term is 25 years. Contract Term commences on the in-service date of the Joliet XPress Project.

Segment 2 Rate (check one): Negotiated Rate Project Recourse Rate

Percentage increase to Segment 1 minimum toll of \$0.49 CAD/GJ/d and Segment 2 minimum negotiated reservation rate of \$0.62 USD/Dth/d, if applicable: _____%

Volume*: _____ Dth/d

*To be converted to GJ/d for Segment 1

Segment 1 Fuel Allowance*: _____%

*Maximum Segment 1 Fuel Allowance is 5%

For Segment 1 FT service conversion request, if applicable:

FT service contract number: _____

FT service quantity to be converted: _____

Signature of authorized representative of bidder
for Segment 1

Signature of authorized representative of bidder
for Segment 2, if different

Company name

Company name

Title of authorized representative

Title of authorized representative

By completing and signing this Request for Firm Transportation Service Form, subject to the acceptance of bidder's request for service and bidder's receipt of notification from each of TCPL and/or ANR, as applicable, of the quantities of capacity allocated to bidder, bidder hereby agrees to enter into good faith negotiations and execute a binding precedent agreement, in the case of ANR, and execute a JXP LTFP contract, in the case of TCPL, on substantially the same terms and conditions described in the Open Season. If bidder has not executed such agreements within thirty (30) days of tender, bidder acknowledges that the pipelines reserve the right to reject bidder's request for service and reallocate the capacity.

Joliet XPress Project

Binding Open Season

Request for Firm Transportation Service Form

Please return this Request for Firm Transportation Service Form by email on or before 10:00 AM MST (11:00 AM CDT) June 15, 2018

To: jim_downs@transcanada.com

(Please include the phrase "Joliet XPress Project – Request for Firm Transportation Service Form" in the subject line)

Request for (Check One):

Project Capacity

Turnback Capacity

Company: _____

Contact: _____

Title: _____

Address: _____

Telephone: _____ Fax: _____

Email: _____

Segment 2 Capacity Request

Contract Term*: _____ years _____ months

*Minimum term is 15 years and maximum terms is 25 years. Contract Term commences on the in-service date of the Joliet XPress Project

Rate (check one): Negotiated Rate Project Recourse Rate

Percentage increase to minimum negotiated reservation rate of \$0.62 USD/Dth/d, if applicable:
_____ %

Volume: _____ Dth/d

Signature of authorized representative of bidder

Company name

Title of authorized representative of bidder

By completing and signing this Request for Firm Transportation Service Form, subject to the acceptance of bidder's request for service and bidder's receipt of notification from ANR of the quantities of capacity allocated to bidder, bidder hereby agrees to enter into good faith negotiations with ANR toward execution of a binding precedent agreement. If bidder has not executed a binding precedent agreement within thirty (30) days of tender by ANR, bidder acknowledges that ANR reserves the right to reject bidder's request for service and reallocate the capacity.