

# SPOTLIGHT

A Joint Venture by  
RBN Energy and East Daley Capital

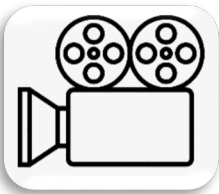


*Company Challenged to Refocus Growth Plans After KXL Setback*

# Spotlight: TC Energy

## Agenda

1. TC Energy Overview
2. Challenges in Achieving Growth
3. Future Growth Prospects
4. Question and Answer Session



**Replay will be made available to  
Backstage Pass members tomorrow.**



# TC Energy Business Segments

2020 EBITDA (MM CAD)

» **Canadian Natural Gas Pipelines**

- NGTL
- Canada Mainline

» **U.S. Natural Gas Pipelines**

- Columbia Gas
- ANR
- Columbia Gulf

» **Mexico Natural Gas Pipelines**

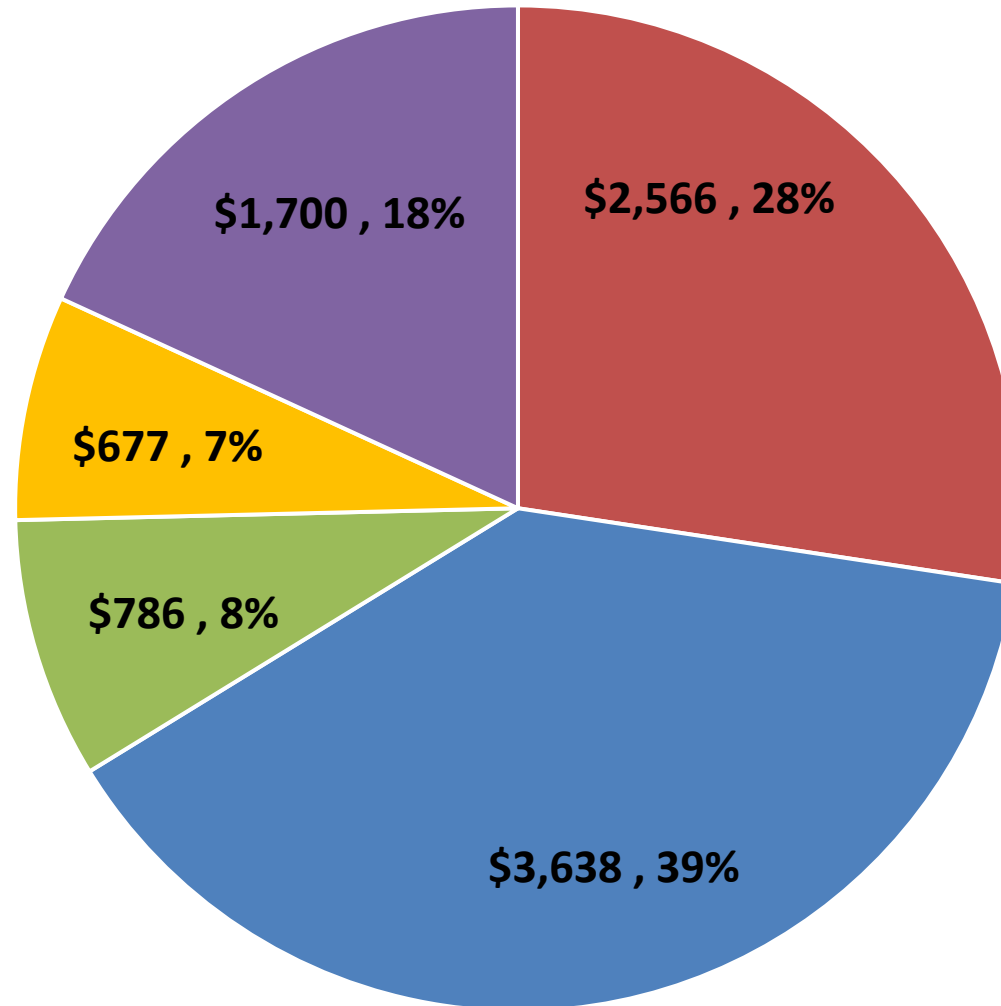
- Sur de Texas
- Topolobampo
- Tamazunchale

» **Power and Storage**

- Bruce Power
- Western and Eastern

» **Liquids Pipelines**

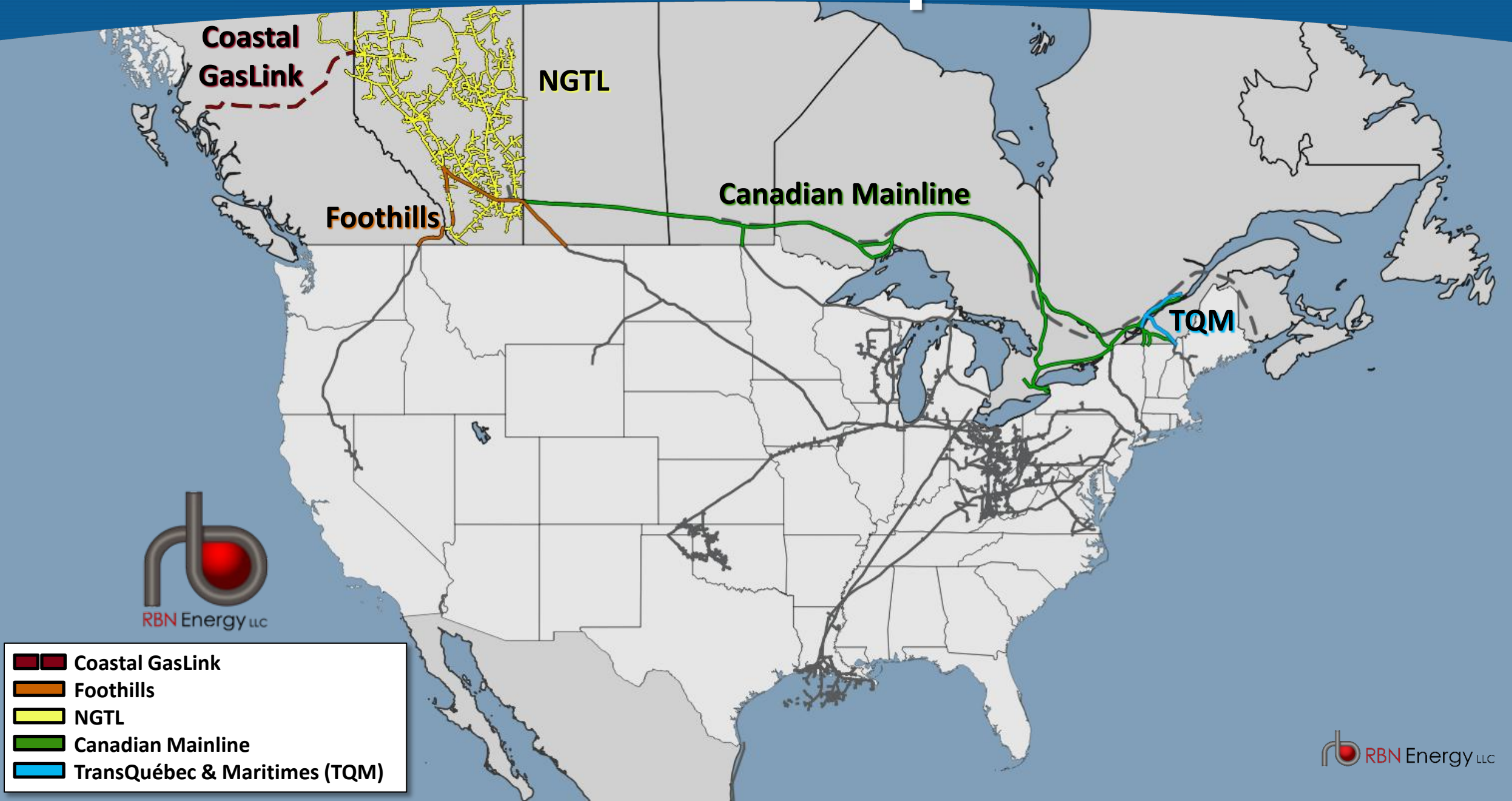
- Keystone
- Marketing



- Canadian Natural Gas Pipelines
- U.S. Natural Gas Pipelines
- Mexico Natural Gas Pipelines
- Power and Storage
- Liquids Pipelines

Total Adjusted 2020  
EBITDA C\$9.35 billion

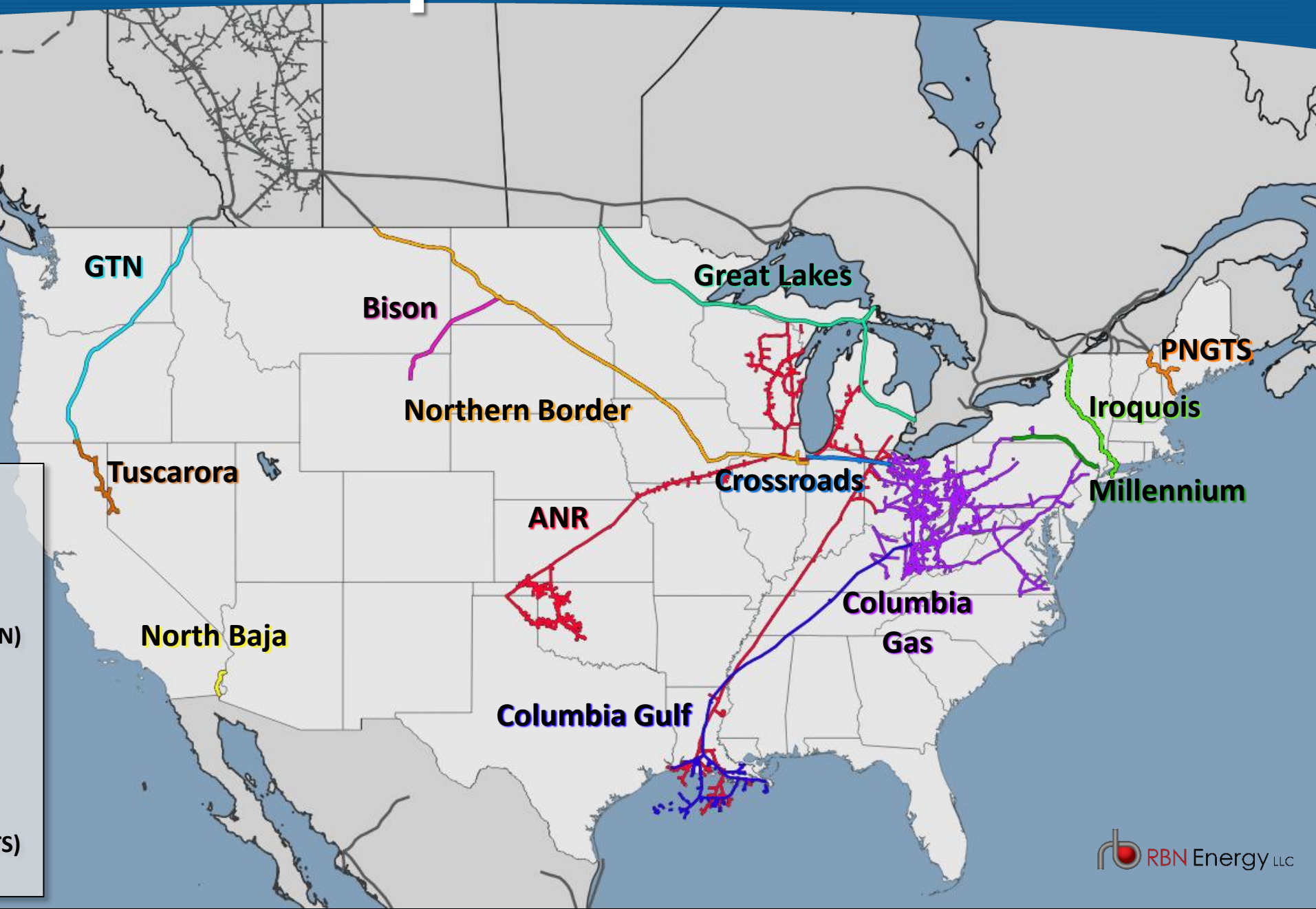
# Canadian Natural Gas Pipelines



# U.S. Natural Gas Pipelines



- ANR Pipeline
- Bison Pipeline
- Columbia Gas Transmission
- Columbia Gulf Pipeline
- Crossroads Pipeline
- Gas Transmission Network (GTN)
- Great Lakes
- Iroquois Gas Transmission
- Millennium Pipeline
- North Baja Pipeline
- Northern Border
- Portland Natural Gas Transmission System (PNGTS)
- Tuscarora Pipeline



# Mexico Natural Gas Pipelines



- Guadalajara
- Mazatlán
- Sur de Texas
- Tamazunchale
- Topolobampo
- Tula – Tuxpan
- Tula – Villa de Reyes

Topolobampo

Mazatlán

Sur de Texas

Tamazunchale

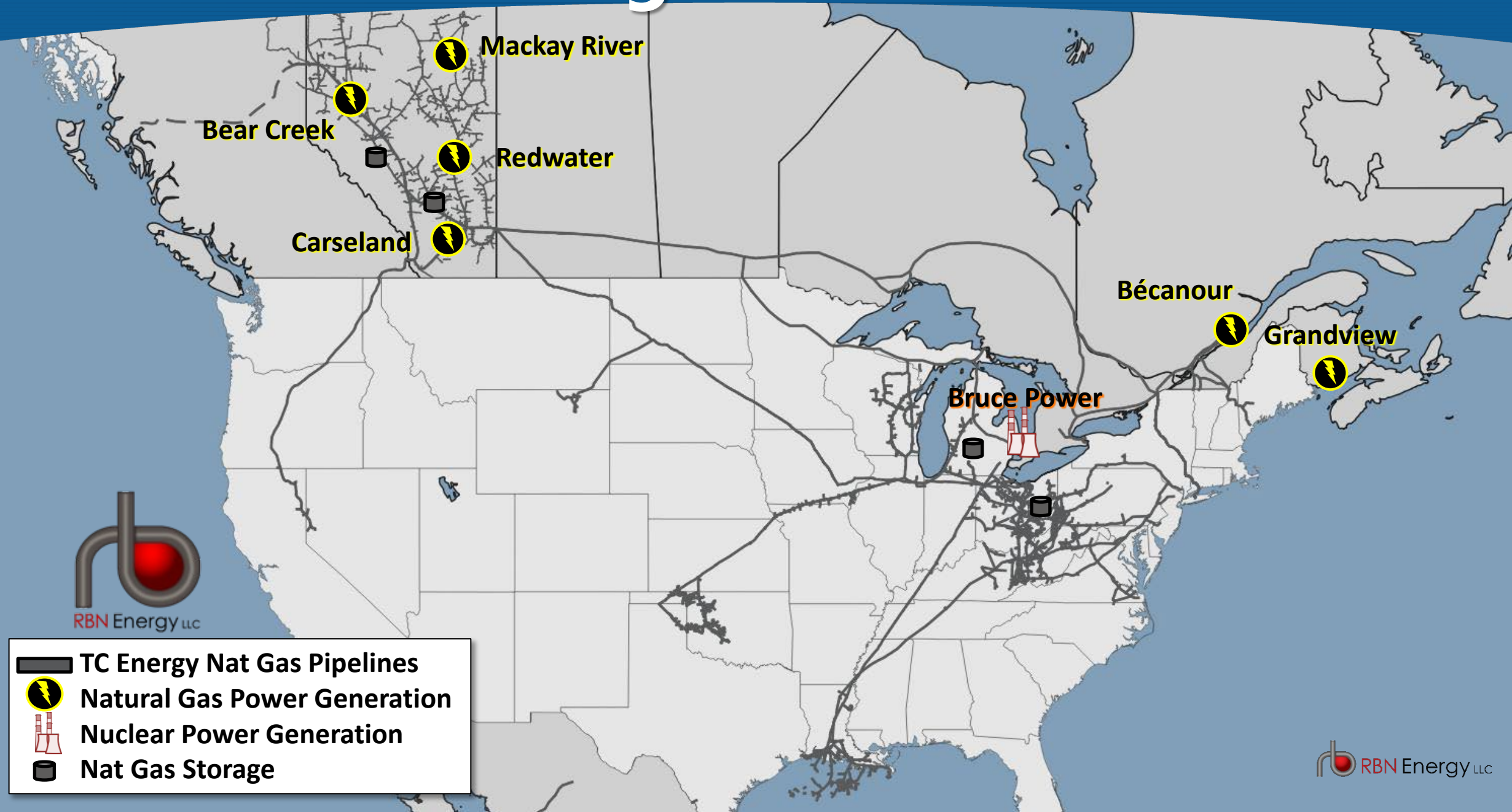
Villa de Reyes

Guadalajara

Tula -  
Tuxpan



# Power and Storage



# Liquids Pipelines

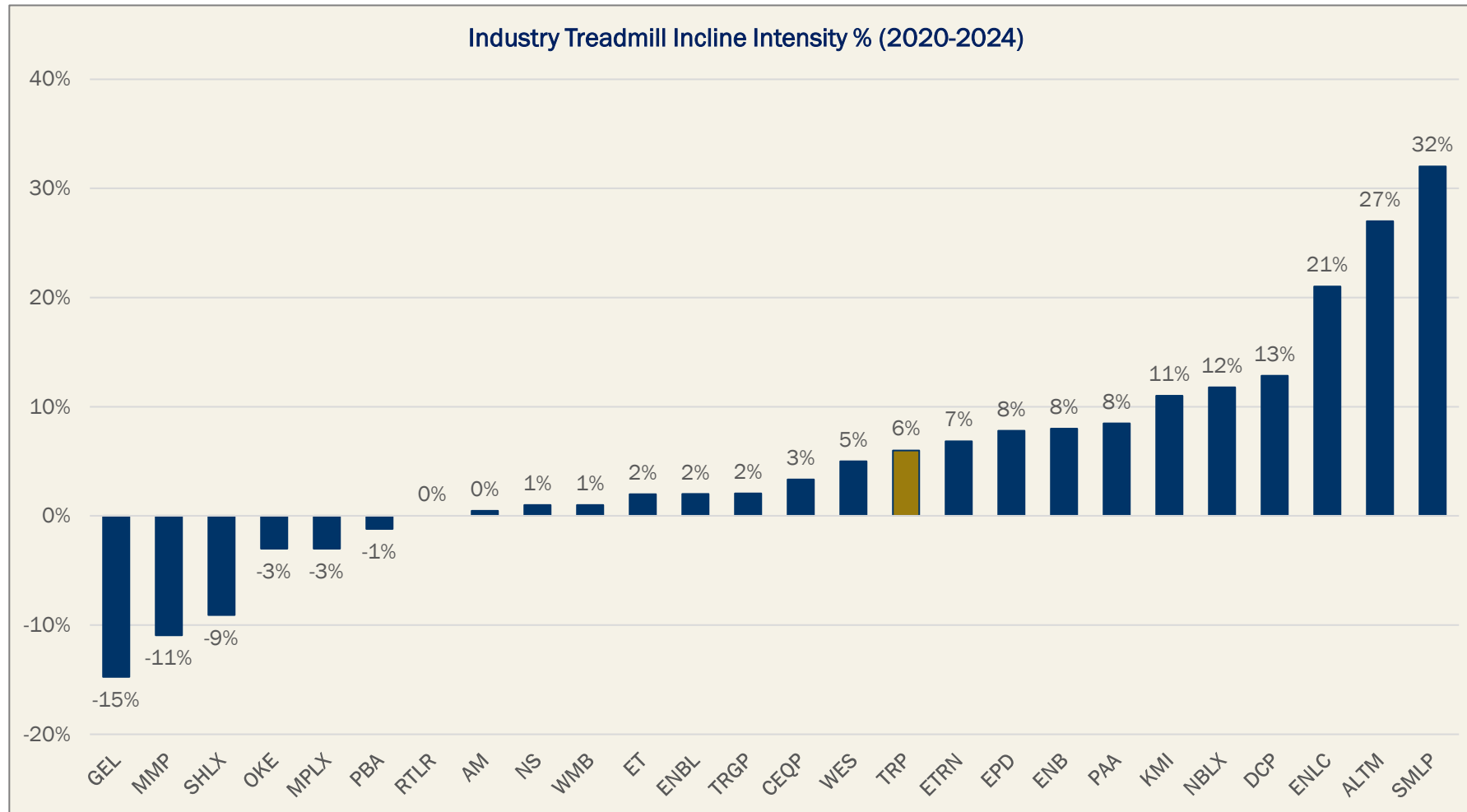


# TC Energy – Treadmill Incline Intensity

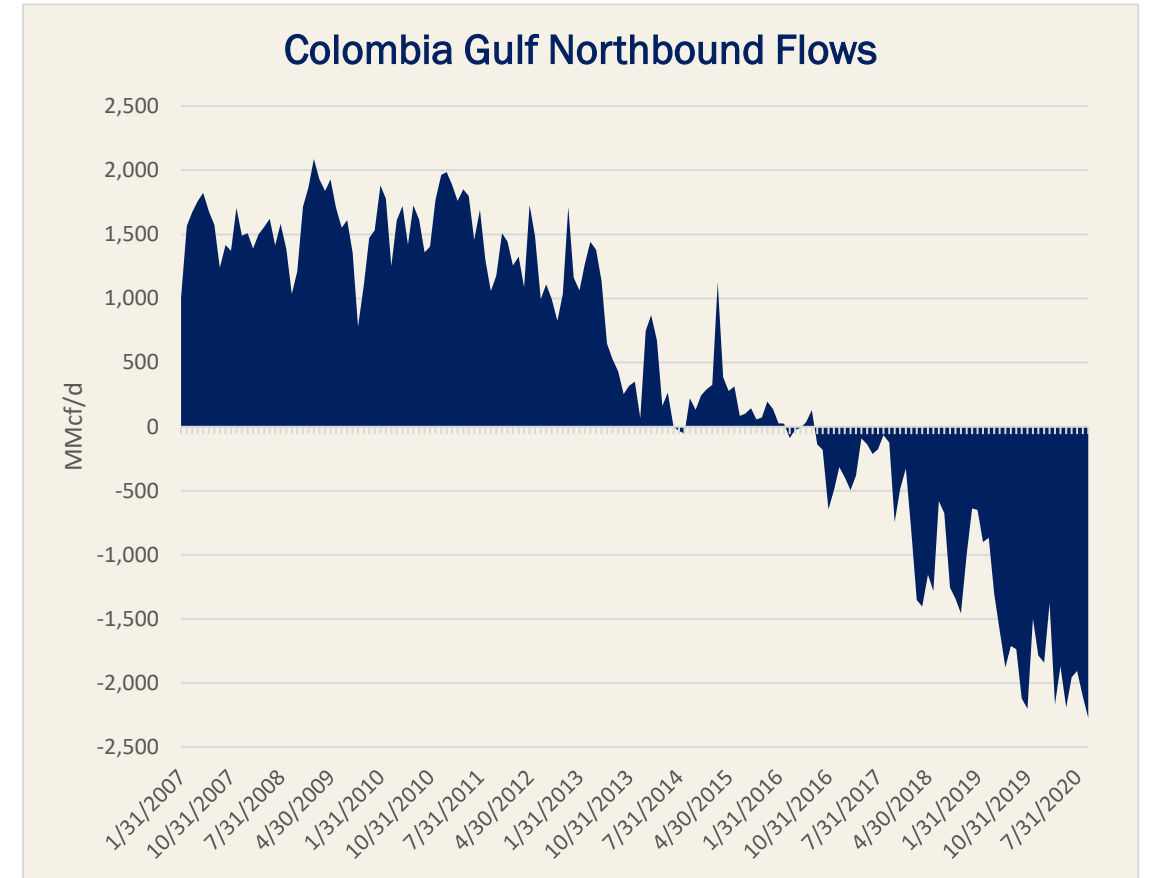
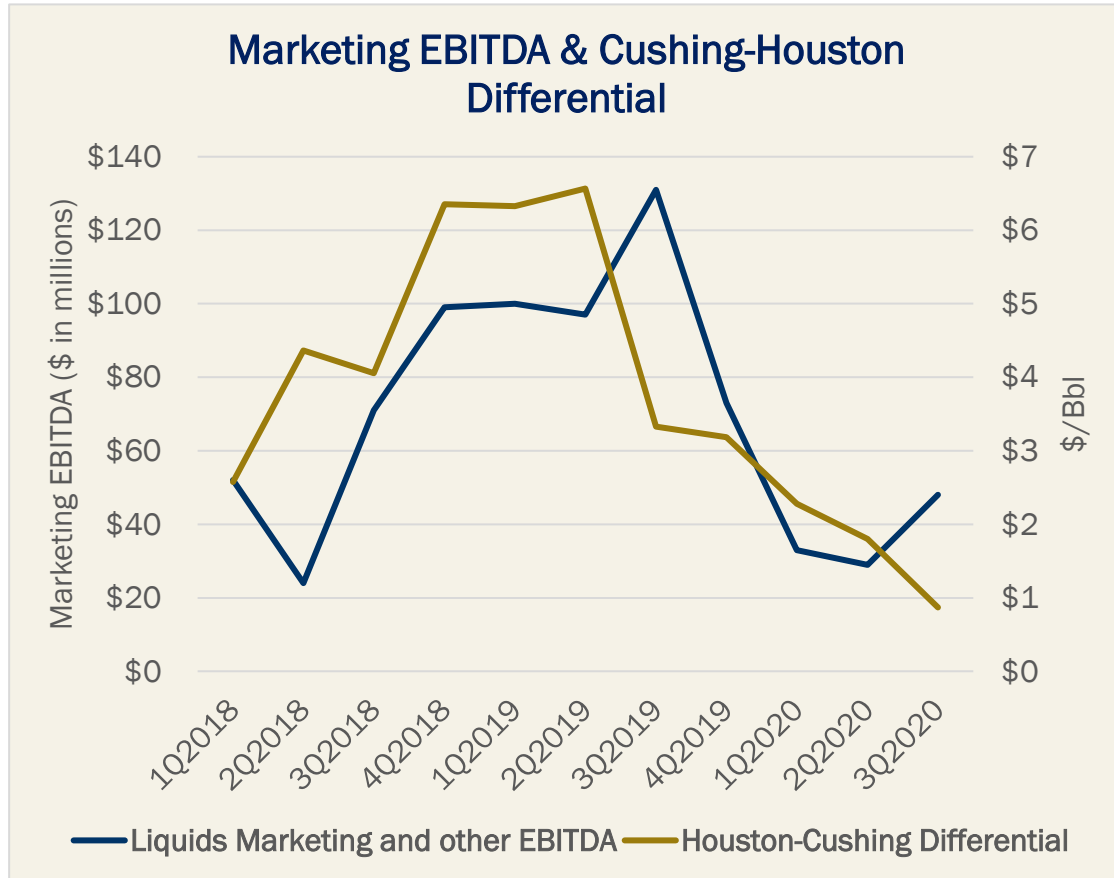
- » **East Daley's TII highlights legacy EBITDA decline across all assets.**
- » **This identifies risk if no capital is spent into the future.**
- » **East Daley estimates TRP has ~\$564 million in EBITDA decline between 2020-2024.**

TII Score (Asset Declines)	EBITDA Decline 2020-2024	Segment
Liquids Marketing and other	\$80	Liquids Pipelines
Keystone Pipeline	\$72	Liquids Pipelines
ANR	\$64	US Natural Gas Pipelines
Sur de Texas	\$56	Mexico Natural Gas Pipelines
Other	\$42	Various
Bison	\$41	US Natural Gas Pipelines
Great Lakes	\$39	US Natural Gas Pipelines
Columbia Gas	\$38	US Natural Gas Pipelines
GTN	\$37	US Natural Gas Pipelines
Columbia Gulf	\$29	US Natural Gas Pipelines
Topolobampo	\$19	Mexico Natural Gas Pipelines
Northern Border	\$19	US Natural Gas Pipelines
Iroquois	\$15	US Natural Gas Pipelines
Tamazunchale	\$14	Mexico Natural Gas Pipelines
<b>Total</b>	<b>\$564</b>	
2020 EBITDA	\$9,420	
<b>Treadmill Intensity</b>	<b>6%</b>	

# East Daley Full Coverage – Treadmill Incline Intensity



# Legacy Decline Drivers



# Upcoming Rate Case Risk

- » **Additional EBITDA decline driven from current and future rate cases.**
- » **FERC can not impose a rate case until pipeline moratorium expires.**
- » **Comeback provision requires the pipeline to file a rate by the date listed.**
- » **TRP/TCP rollup was a positive for these rate cases.**

Pipeline	Moratorium	Comeback Provision
GTN	Dec-21	Jan-22
Iroquois	Sep-20	Mar-23
Northern Border	No	Jul-24
Great Lakes	No	Oct-22
Tuscarora	Jan-23	Feb-23
North Baja	No	No
PNGTS	No	No

Pipeline	East Daley Current Estimated 2019 ROE	East Daley Estimated 2019 ROE C-Corp	Outcome
GTN	29%	20%	Positive
Iroquois	29%	22%	Positive
Northern Border	22%	21%	Positive
Great Lakes	25%	15%	Positive
Tuscarora	26%	24%	Positive
North Baja	33%	28%	Positive
PNGTS	18%	17%	Positive

# Growth Projects

- » Upcoming Growth projects help offset previously highlighted risk.
- » The Spotlight highlights these projects including EBITDA Contribution.
- » Chart to the right only includes major projects.

Project Name	Cost (\$MM)	Size (Mcf/d)
<b>NGTL Projects</b>		
2021 NGTL System Expansion	\$2,300	1,000,000
North Corridor	\$632	373,440
Edson Mainline Expansion	\$509	307,093
Saddle Lake Loop	\$65	155,442
NGTL Intra Basin System Expansion	\$900	309,000
West Path Expansions Program	\$1,000	258,000
<b>Major US Pipe Projects</b>		
Buckeye Xpress - Columbia Gas	\$709	275,000
Louisiana Xpress - Columbia Gulf	\$472	850,000
Grand Chenier Xpress - ANR	\$173	400,000
Alberta Xpress - ANR	\$81	165,000

# East Daley Blueprint Financial Model

Adj. EBITDA by Segment	FY2020E	Q1'21E	Q2'21E	Q3'21E	Q4'21E	FY2021E	FY2022E	FY2023E
US Natural Gas Pipelines	\$3,638	\$959	\$807	\$801	\$883	\$3,451	\$3,582	\$3,639
Canadian Natural Gas Pipelines	\$2,566	\$678	\$682	\$695	\$728	\$2,784	\$2,958	\$3,136
Mexico Natural Gas Pipelines	\$786	\$167	\$191	\$189	\$184	\$731	\$717	\$728
Liquids Pipelines	\$1,700	\$489	\$452	\$385	\$386	\$1,712	\$1,643	\$1,555
Power and Storage	\$677	\$192	\$186	\$266	\$230	\$874	\$949	\$1,037
Corporate	-\$16	-\$4	-\$5	-\$7	-\$7	-\$23	-\$25	-\$25
Adjusted EBITDA	\$9,351	\$2,480	\$2,314	\$2,330	\$2,405	\$9,529	\$9,824	\$10,070

Financial Performance	FY2020E	Q1'21E	Q2'21E	Q3'21E	Q4'21E	FY2021E	FY2022E	FY2023E
East Daley Adj. EBITDA	\$9,351	\$2,480	\$2,314	\$2,330	\$2,405	\$9,529	\$9,824	\$10,070
TRP Adj. EBITDA Guidance								
Consensus Adj. EBITDA	\$9,386	\$2,558	\$2,349	\$2,388	\$2,499	\$9,781	\$10,261	\$10,821
East Daley Variance vs. Consensus (\$)	-\$35	-\$77	-\$35	-\$59	-\$95	-\$252	-\$437	-\$751
East Daley Variance vs. Consensus (%)	0%	-3%	-2%	-3%	-4%	-3%	-4%	-7%
East Daley DCF								
East Daley FCF								
TRP DCF Guidance								
Distribution per Share	\$3.24	\$0.87	\$0.87	\$0.87	\$0.87	\$3.48	\$3.69	\$3.91
Coverage	0.00x	0.00x	0.00x	0.00x	0.00x	0.00x	0.00x	0.00x
FCF Before Distribution	-\$559	\$720	\$566	\$555	\$624	\$2,464	\$2,558	\$5,354
FCFPS - Before Distribution	-\$0.71	\$0.60	\$0.44	\$0.44	\$0.52	\$1.99	\$1.99	\$4.87
FCFPS - After Distribution	-\$1.40	-\$0.10	-\$0.27	-\$0.28	-\$0.21	-\$0.86	-\$0.97	\$1.79
Net Debt	\$52,451	\$51,996	\$52,248	\$52,511	\$52,704	\$52,365	\$53,309	\$52,576
Leverage	5.58x	5.56x	5.62x	5.58x	5.58x	5.58x	5.53x	5.31x

# Get More Information



## Earnings Previews\*

4Q2020 Board Report – Post-Call TC Energy (TRP)																																																					
Report Published: February 26, 2021																																																					
<p>Segment EBITDA (\$MM in CAD)</p> <table border="1"> <thead> <tr> <th></th><th>4Q2020 Reported</th><th>4Q2020 Est</th><th>Delta (\$)</th><th>Delta (%)</th><th>Consensus H</th></tr> </thead> <tbody> <tr> <td>US Natural Gas Pipelines</td><td>\$919</td><td>\$897</td><td>(\$22)</td><td>2%</td><td></td></tr> <tr> <td>Canadian Natural Gas Pipelines</td><td>\$582</td><td>\$649</td><td>(\$67)</td><td>5%</td><td></td></tr> <tr> <td>Mexico Natural Gas Pipelines</td><td>\$166</td><td>\$181</td><td>(\$15)</td><td>4%</td><td></td></tr> <tr> <td>Liquids Pipelines</td><td>\$406</td><td>\$452</td><td>\$46</td><td>-10%</td><td></td></tr> <tr> <td>Power and Storage</td><td>\$161</td><td>\$190</td><td>\$29</td><td>-15%</td><td></td></tr> <tr> <td>Corporate</td><td>\$13</td><td>\$2</td><td>\$11</td><td>550%</td><td></td></tr> <tr> <td>East Daley Adj. EBITDA</td><td>\$2,323</td><td>\$2,368</td><td>\$45</td><td>-2%</td><td>\$2,324</td></tr> </tbody> </table> <p>(1) Bloomberg Consensus as of 02/17/21</p>							4Q2020 Reported	4Q2020 Est	Delta (\$)	Delta (%)	Consensus H	US Natural Gas Pipelines	\$919	\$897	(\$22)	2%		Canadian Natural Gas Pipelines	\$582	\$649	(\$67)	5%		Mexico Natural Gas Pipelines	\$166	\$181	(\$15)	4%		Liquids Pipelines	\$406	\$452	\$46	-10%		Power and Storage	\$161	\$190	\$29	-15%		Corporate	\$13	\$2	\$11	550%		East Daley Adj. EBITDA	\$2,323	\$2,368	\$45	-2%	\$2,324
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<p><b>QUARTERLY OVERVIEW</b></p> <p>TRP reported 4Q2020 Adj. EBITDA 2% below East Daley estimates as we had expected slightly higher EBITDA in the Mexico Gas, Liquids, and Power and Storage segments. The lower-than-forecasted results in these segments were partially mitigated by results in the U.S. and Canadian Gas segments that came in above our forecast.</p>																																																					
<p><b>4Q2020 NOTES BY SEGMENT</b></p> <p><b>U.S. Natural Gas Pipelines Commentary</b> Reported Adj. EBITDA of \$919 million was \$22 million (2%) above our forecast. Lower operating costs and slightly higher revenue on Columbia Gas were significant drivers of the earnings beat.</p> <p><b>Canadian Natural Gas Pipelines</b> Reported Adj. EBITDA of \$582 million was \$33 million (5%) above our forecast. Much of this beat was driven by lower operating expenses. TRP reported costs of \$533 million compared to East Daley's modeled \$575 million.</p> <p><b>Mexico Gas Pipelines</b> Reported Adj. EBITDA of \$166 million was \$15 million (9%) below our forecast, driven by below-expected earnings on the Sur de Texas Pipeline. As we have contrasted best data on this pipeline, the miss was most likely driven by higher operating expense or depreciation/increased on earnings from equity interests.</p> <p><b>Liquids Pipelines</b> Reported Adj. EBITDA of \$406 million was \$46 million (10%) below our forecast. Reported EBITDA for the Keystone Pipeline came in \$36 million lower than East Daley forecasts. Higher-than-modeled costs across the segment partially offset this. We will better understand the source of the earnings miss once we have EERC forecasts for 4Q2020, but the likely culprit is lower volumes on Keystone's southern leg from Cushing to the U.S. Gulf Coast.</p>																																																					

<https://rbnenergy.com/partners/east-daley-capital-advisors>

\*Previously titled Board Report



## Spotlight: TC Energy

A Joint Venture by  
RBN Energy and East Daley Capital

**TC Energy Corp.**  
*Company Challenged to Refocus Growth Plans After KXL Setback*

U.S. presidential transitions always bring policy changes, but few have been as dramatic and swift as the shift in energy policy that came with the inauguration of Joe Biden on January 20, 2021. The Trump administration's hydrocarbon-friendly policies that promoted America's fossil fuel energy dominance were swept away as the new president elevated climate change and energy transition initiatives. Those initiatives included a presidential order that makes global warming a pillar of U.S. national and foreign affairs, establishes a National Climate Task Force, creates a Cabinet-level position for climate czar John Kerry, and establishes deadlines for cutting greenhouse gas emissions. These major long-term policies are backed by specific actions directed at the oil and gas industry, including a 60-day suspension of new leases, contracts, or drilling permits on federal lands, a review of oil, gas, and coal royalties accounting for the economic impact on climate change, and a goal of eliminating fossil fuel subsidies by 2022. But the most-headline grabbing salvo, issued just hours after Biden was sworn in on January 20, is an executive order that revoked the Presidential Permit for the proposed Keystone XL pipeline designed to transport 830,000 barrels a day (Mbd) of oil sands production to U.S. markets. The move may have signaled a death knell for the project that was the focus of a more than decade-long battle between environmentalists and industry supporters.

This Spotlight report focuses on TC Energy, the major Canadian midstream firm that owns and would operate Keystone XL, and it addresses the impact of the decision to cancel the pipeline. The company, formerly TransCanada Pipelines, and then-partner ConocoPhillips first proposed Keystone XL as an expansion of the then-under-construction Keystone Pipeline, which began transporting 591 Mbd of crude oil in 2010-11 from Hardisty, AB, to Steele City, NE, and then on to hubs in Patoka, IL, and Cushing, OK. In 2015, President Barack Obama rejected a cross-border Presidential Permit for Keystone XL and vetoed a Congressional bill authorizing construction. But President Trump heralded his new oil-friendly approach by approving the permit in January 2017. Garnering the support of Canadian First Nations and the Alberta government, TC Energy announced a final investment decision in March 2020 and commenced construction that was abruptly halted on January 20, 2021. Keystone XL, which represented more than a third of the company's C\$37 billion growth capital program, was expected to boost annual EBITDA by nearly C\$2 billion, trigger multiple related terminal and other infrastructure expansions, and would substantially increase TC Energy's commodity diversification.

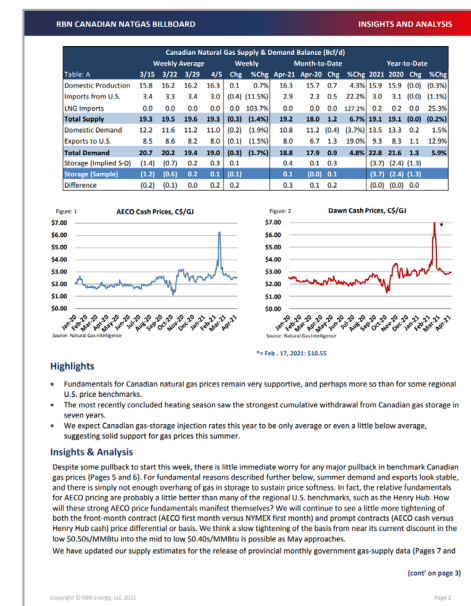
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<https://rbnenergy.com/spotlight>



## Canadian NATGAS Billboard



<https://rbnenergy.com/products/canadian-natgas-billboard>



# Questions and Answers

- » To submit a question to David or Zack, click the “Q & A” box at the bottom of your screen and type in your question.
- » We will get to as many questions as there is time for but if you want to reach out with additional questions regarding the presentation or our products email us at: [questions@rbnenergy.com](mailto:questions@rbnenergy.com).

## Welcome to Q&A

Questions you ask will show up here. Only host and panelists will be able to see all questions.



Chat



Raise Hand



Q&A



**David Braziel**  
**President & CEO**  
**[dbraziel@rbnenergy.com](mailto:dbraziel@rbnenergy.com)**



**Zack Van Everen**  
**Senior Capital Markets Analyst**  
**[zvaneveren@eastdaley.com](mailto:zvaneveren@eastdaley.com)**



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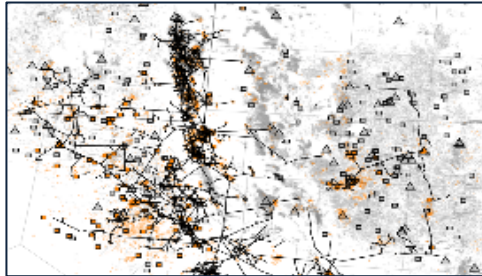
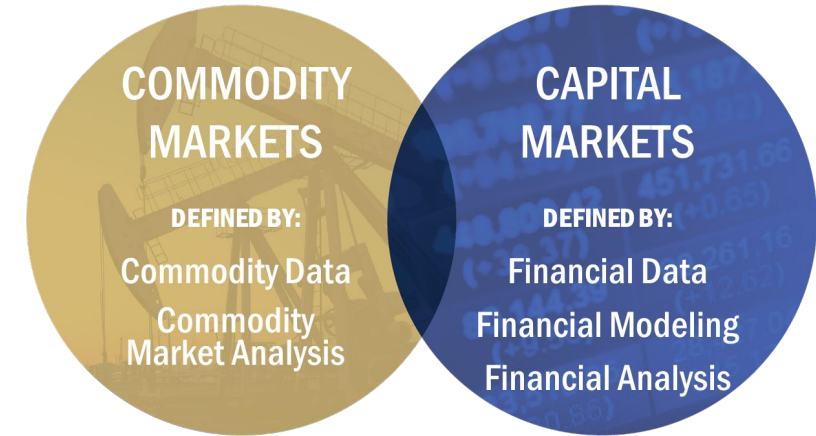
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The new 32-page Spotlight report focuses on TC Energy's strategy, financials, and details of all their U.S., Canadian, and Mexican natural gas assets, as well as liquids pipelines, and power and storage assets are available in the Spotlight report.

*Included with Backstage Pass and for individual purchase [HERE](#)*

# What East Daley Does

East Daley links **Molecules to the Money** by connecting the hydrocarbon molecule with the revenue it generates along the value chain. We develop the most complete basin view from macro to micro – all the way down to the asset level.



Boardwalk Pipeline Partners		Qtr	4Q2019	1Q2020
		Days	92	91
Boardwalk Pipeline Partners				
Operating revenues:				
Transportation	S/Qtr		\$307,449,118	\$308,724,919
Parking and Lending	S/Qtr		\$4,114,522	\$4,114,377
Storage	S/Qtr		\$19,888,698	\$20,065,465
Other	S/Qtr		\$8,218,301	\$7,998,723
Total operating revenues	S/Qtr		\$339,670,639	\$340,903,484
Operating expenses:				
Fuel and transportation	S/Qtr		\$7,369,775	\$10,170,096
Operation and maintenance	S/Qtr		\$61,900,506	\$49,734,122
Administrative and general	S/Qtr		\$36,765,894	\$35,543,430



## Public Data Collection:

- Over 100 sources
- State & Federal:
  - Forms 2 & 6, IOC, Texas RRC, etc.
- G&P contracts
- SEC Filings
- Rigs and well data



## Proprietary G&P Model:

- Every rig and well is allocated to just one system
- No double counting
- All regions and systems are balanced
- Proprietary, patent-pending methodology



## Data Set Construction:

- Over 100 data sets
- Proprietary models
- Triangulation to fill gaps or lags in data
- Balanced and back tested on historical data

## Asset Database:

- Largest asset database of the U.S. midstream sector
- Consolidated Risk Matrix
- Can be sliced by company, asset, region or commodity
- Can be used to run multiple, complex sensitivities



## Unique Aggregations:

- Regions, basins and system aggregations
- Supply-chain clarity
- Counter-party transparency
- 30 midstream company Blueprint financial models with 5-year earnings forecasts at the corporate and asset level