

June 27, 2022

Julie-Christine Lacombe
Supervisor, Regulatory Affairs
Gazifère Inc.
706 boulevard Gréber
Gatineau, QC J8V 3P8

Dear Ms. Lacombe,

This letter is intended to provide an update on matters that are closely related to the natural gas supply that is provided to Gazifère Inc. ("Gazifère") under the Rate 200 wholesale service agreement with Enbridge Gas Inc. ("Enbridge Gas") within the Enbridge Gas Distribution rate zone. Enbridge Gas has been providing Gazifère with a safe, reliable, and cost-effective supply of natural gas under this agreement since 1991.

North American Natural Gas Market Update

After two years of reduced demand across North American energy markets due to the global COVID-19 pandemic, energy consumption is expected to return to pre-pandemic levels in 2022. Increased prices for natural gas globally, along with the uncertainty created by the ongoing Russia/Ukraine conflict, have become the most critical developments impacting the natural gas market in the near term. Current prices for natural gas, though at their highest levels in many years, have not yet had a significant impact on overall demand. Enbridge Gas continues to monitor market intelligence to stay informed on changing market conditions. Enbridge Gas's diverse supply portfolio and execution strategies are designed to be robust and flexible, enabling Enbridge Gas to react to changing market conditions.¹

As the effects of global energy uncertainty continue to impact natural gas markets worldwide, price volatility and security of supply are both of primary concern for the energy industry.

North America's abundant and competitively-priced natural gas resources continue to present consumers with an opportunity to diversify their natural gas supply portfolio. Natural gas prices set at Henry Hub are generally seen to be the primary price for the North American natural gas market with locational basis differentials based off the New York Mercantile Exchange ("NYMEX"). Current and forward-looking prices remain at elevated levels through the 2023 winter. The longer-term forecast for spot prices at Henry Hub remain unchanged from last year's view of between \$3 and \$6 per million British thermal units (MMBtu) according to the EIA's long term forecasts out to 2050.²

¹ See Enbridge Gas's 2022 Annual Gas Supply Plan Update (EB-2022-0072) for further information related to Enbridge Gas's gas supply portfolio and execution strategies.

² EIA 2022 Annual Energy Outlook

Conclusion

Enbridge Gas is continuously developing and monitoring its Gas Supply Portfolio to adapt to an evolving North American and global energy market. The past year's activities have only increased the importance and value of a diverse supply portfolio, as volatility, risk to security of supply and overall uncertainty for the energy market are on the rise. Enbridge Gas continues to take an active role in managing commodity market and transportation service changes by engaging in thoughtful consultation and negotiation with parties to protect the interests of its ratepayers, including Gazifère. Enbridge Gas will continue to prudently manage its gas supply plan to ensure that Gazifère continues to be provided a safe, reliable, and cost-effective supply of natural gas.

Sincerely,

Dave Janisse
Manager, Gas Supply Acquisition