

June 24, 2025

Jean-François Tremblay  
General Manager  
Enbridge Gaz Québec  
706 Boulevard Gréber  
Gatineau, QC J8V 3P8

Dear Mr. Tremblay,

This letter is intended to provide an update on matters that are closely related to the natural gas supply that is provided to Enbridge Gaz Québec (“Enbridge Gaz”) under the Rate 200 wholesale service agreement with Enbridge Gas Ontario (“Enbridge Gas” or the “Company”). Enbridge Gas has been providing Enbridge Gaz with a safe, reliable, and cost-effective supply of natural gas under this agreement since 1991.

### **North American Natural Gas Market Update**

To understand current market conditions, it is helpful to consider how the market has been influenced by domestic, continental, and global events in recent years. In late 2021, global energy supplies were disrupted due to conflict in Ukraine (Russian natural gas supplies normally delivered to European markets were curtailed) resulting in a global natural gas price spike. In response, North American LNG exports increased to partially replace Russian supplies into major European markets. As a result, North American natural gas storage inventories reached historically low levels in 2022. Together, sudden global supply uncertainty and low North American inventory levels led to higher North American natural gas prices and greater price volatility throughout 2022.

During 2023-2024, while North American suppliers adjusted production levels to compensate for increased LNG exports, North America experienced extremely mild weather during both the winter 2022/23 and winter 2023/24 seasons. As a result, North American natural gas storage inventories reached historically high levels in 2023 that persisted until the fall of 2024. As global markets regained some balance and given persistently high North American inventory levels in 2023 and 2024, North American natural gas prices declined and stabilized in 2023 and 2024.

While North American natural gas storage inventories were full at the outset of the winter 2024/25 season, certain weather forecasts predicted colder than normal temperatures. As a result, forward North American natural gas prices and short-term price volatility increased. Increased price levels and volatility were largely sustained over the course of the winter 2024/25 season due to persistent weather-driven demand and subsequent normal or below normal North American storage inventory levels.

More recently, prices and North American storage inventory levels have stabilized. Forward natural gas prices are continuing to rise moderately into the upcoming winter across most purchase locations.

Natural gas prices that trade on the New York Mercantile Exchange (NYMEX) at Henry Hub are the primary price for the North American natural gas market and are used to calculate locational basis differentials. As of June 13, 2025, the NYMEX forward curve ranges from \$3.58 US/MMBtu in the near term to \$4.95 US/MMBtu for next winter’s peak, with a long-term average price of \$3.96 US/MMBtu through 2029.<sup>1</sup>

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<sup>1</sup> See Enbridge Gas’s 5-Year Gas Supply Plan (EB-2025-0065) for additional detail regarding market conditions, and the Company’s gas supply portfolio, planning principles and processes.

## **Energy Transition and the Gas Supply Portfolio**

Enbridge Gas recognizes the importance of emissions reductions in Ontario, as well as the role that Enbridge Gas can play in supporting the achievement of the province's greenhouse gas emissions reduction targets. To date, Enbridge Gas has supported the energy transition through the purchase of renewable natural gas ("RNG"), the inclusion of certified gas in the gas supply portfolio, and the purchase of hydrogen.

Enbridge Gas had proposed to increase the volume of lower-carbon energy included in the gas supply portfolio as part of Phase 2 of its 2024 Rebasing Application.<sup>2</sup> The OEB recently issued a Decision and Order granting Enbridge Gas permission to establish a large volume RNG voluntary program<sup>3</sup> but denied the Company's requested cost recovery mechanism to use its small business and residential customer base to provide a financial backstop for RNG purchases made for the voluntary program.

## **Conclusion**

Enbridge Gas is continuously developing and monitoring its gas supply portfolio to adapt to evolving North American and global energy markets. 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 Enbridge Gaz. Enbridge Gas will continue to prudently manage its gas supply plan to ensure that Enbridge Gaz continues to be provided a safe, reliable, and cost-effective supply of natural gas.

Sincerely,

Adam Stiers  
Manager, Gas Supply Acquisition

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<sup>2</sup> EB-2024-0111, Phase 2 Exhibit 4, Tab 2, Schedule 7.

<sup>3</sup> EB-2024-0111, Decision and Order, pp. 23-34.