



**2015 Update to
HRM Environment and Sustainability Committee**

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Working Together

- 🌿 **HRM's Community Energy Plan Objectives**
 1. Residents to have increased energy choices
 2. Businesses to reduce cost of business
 - 🌿 **Heritage Gas' Efforts to Improve Access to Residents, Businesses and Institutions**
 - 🌿 Residential Retrofit Assistance Plan - starting to see results (399 homes in 2014 / 25% sign up, 385 homes in 2015)
 - 🌿 Portfolio / EOI – aids all customer expansions
- Joint Project on Penhorn / Sarnia, Dartmouth
- 🌿 Working together to minimize disruption

Heritage Gas Update - 2014

- 🌿 In 2014, activated 391 residential customers and 343 commercial/institutional customers
- 🌿 In 2014, installed 26 km of new main and 675 services
- 🌿 Total 415 km of pipe since 2003 in the province
- 🌿 Approaching 6,000 customers since 2003
- 🌿 Serving ~20,000 HRM homes, businesses, and institutions





Heritage Gas Update - 2015

- ✦ Total 25 km of new mains planned for 2015 in HRM
- ✦ 2015 target – activate over 600 new customers
- ✦ HRSB – 9 schools will provide access for neighbouring residents in 2015 as a follow up to the 9 in 2014.
- ✦ Web page shows current plans for specific main extensions

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Community Energy Plan

“HRM to demonstrate community leadership” through potential policy reviews

-  Advocate for increased natural gas availability
-  Councillor communication
-  Inclusion in a program similar to Solar Energy Plan
-  Construction efficiencies to minimize disruption to residents through traffic management plans

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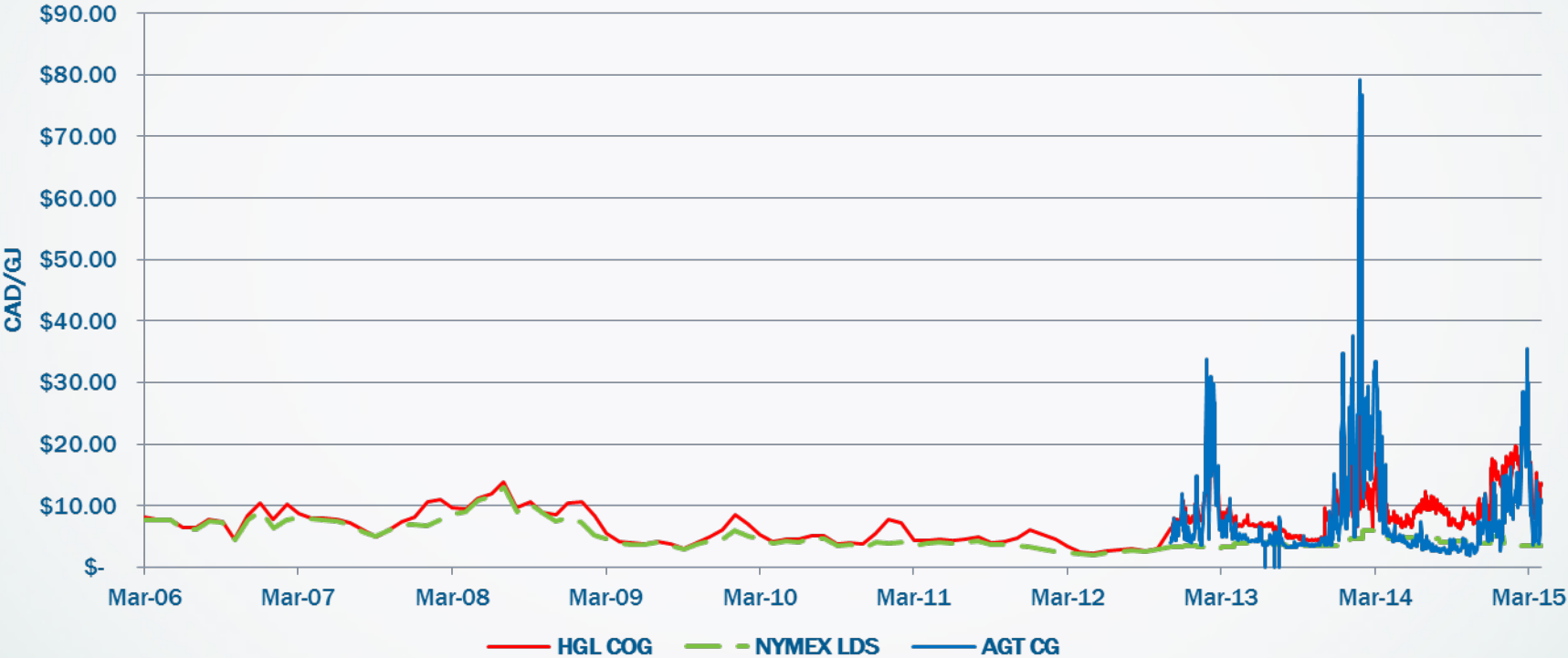
- Review policy of meter set installations along streets set by EUGS committee in 2009
- Inclusion in parameters around the new historic districts (Schmidtville & Old South Suburb)



GAS SUPPLY & PRICING

Historic Gas Supply Pricing Environment

Gas Supply Pricing HGL COG, NYMEX, Day Market (AGT)



Maritime Supply Outlook

- Market has been characterized by falling supply and increasing demand – leading to price volatility in the winter
- Deep Panuke
 - Water ingress leading Encana to announce a 70% drop in reserves in February. Original lifespan was expected to reach to beyond 2020. Announcement indicated 2018/2019 end of life.
 - Production is being shut-off in the summer
- Sable
 - Continuing decline in production with a 2016-2018 shut down anticipated in the industry

Gas Supply Strategy

- Secure long-term transportation contracts to allow Heritage Gas to access stable, low cost gas supplies
- Utilize local storage to provide customers with security of supply while lowering costs and pricing volatility
- Maintain Supply flexibility to allow for customer's to source their own supply of natural gas

Action By Heritage to Secure a Stable, Secure Supply of Natural Gas

- 🌿 Heritage Gas has:
 - 🌿 Secured the majority of its average daily gas requirements for this coming winter (2015/2016)
 - 🌿 Entered into pipeline agreements that will allow the company to source gas from Central and Western Canada starting in 2016.
 - 🌿 Entered into pipeline agreements that will allow the company to source gas from the United States starting in 2017
 - 🌿 Provide access to abundant and stable gas supplies
 - 🌿 Entered into an agreement with Alton Natural Gas Storage

Alton Natural Gas Storage

Natural gas storage will provide the following benefits to Heritage Gas ratepayers:

- 🔥 **Supply Security**
 - 🔥 Will enable Heritage Gas to acquire ~40% of customers' current annual demand and store it 60 km north of HRM
- 🔥 **Price Stability**
 - 🔥 Store less expensive summer gas, withdraw in winter when prices are higher
- 🔥 **Cost Savings**
 - 🔥 Expect ~\$17 million in annual benefit for Heritage Gas Customers
 - 🔥 Savings in cost of gas and on transportation contracts
- 🔥 **Expected in-service date: Spring 2019**

Summary

- ⚡ Atlantic Canadian gas market needs storage and transportation infra-structure to provide a low-cost energy alternative to Nova Scotians
- ⚡ Heritage Gas is in a unique position in Atlantic Canada in making investments in these assets
- ⚡ Natural Gas has been a competitive energy choice for Nova Scotians delivering substantial saving relative to other energy options
- ⚡ With the transportation and storage agreements that Heritage Gas has entered into, we expect that natural gas will continue to be an economic choice for Nova Scotians

Questions?

