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ELECTRICITY

August has stunned power industry professionals and consumers alike. This month is surely one for the record books! At \$257.75/MWh the month averaged more than \$100/ MWh higher than any previous month in Alberta’s 22 year deregulated history. In contrast, August 2021 settled just \$82.25 or less than 1/4 the price of August 2022. One weather observer noted that it was the hottest August Calgary has had (in terms of daytime high average) since August 1971. Demand in the province was strong with load averaging 9839 MW—6% higher load than we saw in August 2021. In previous letters we’ve highlighted that very hot (and cold) periods rarely have high wind speeds so the extreme temperatures exacerbated what was already a seasonally low wind month. With very little wind generation, thermal generation was left to make up the difference which resulted in materially higher prices.

This offers no consolation to Alberta electricity consumers who have an abundance of natural gas within their borders, but European countries including Romania, Bulgaria, Austria, Germany, Denmark, France and the U.K who are suffering from potential gas shortages, all saw certain daily prices in August settle over 600 Euros/MW.

The heat of August 2022 in Alberta caused a re-pricing of risk with the market believing this scenario, or something akin to it, could happen again. Prices for future terms are up dramatically as a result. From late July to late August 2022, power prices for the 2023 term rocketed up 10%, and 8 %, for 2023 and 2024, respectively. In early September, this trend upward has continued.

If you have any questions about how the market or the electricity highlights below may affect you, your Campus Energy Solutions Representative is available to discuss your electricity supply along with risk mitigation strategies.

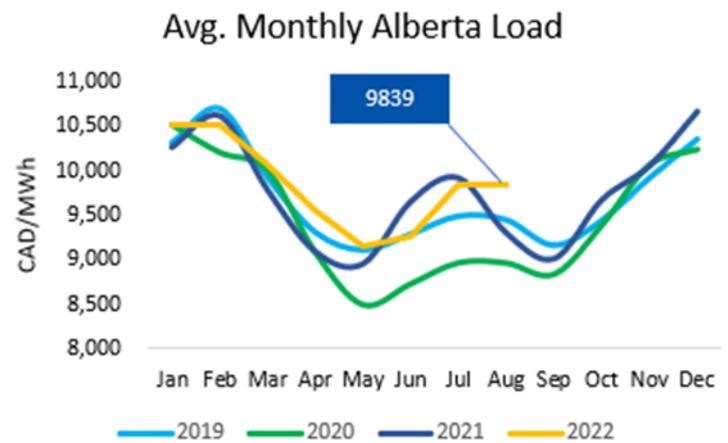
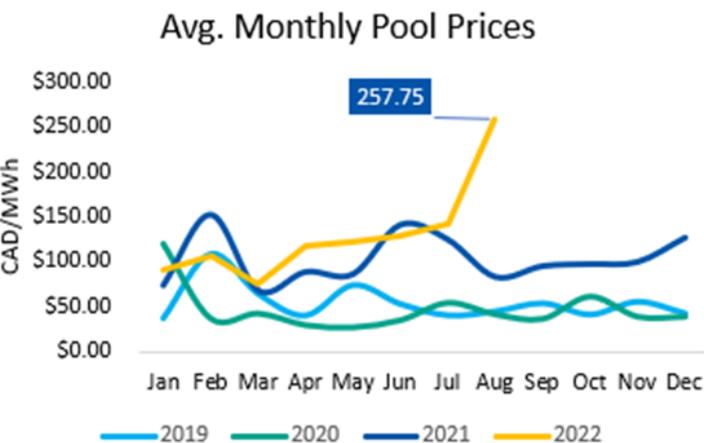
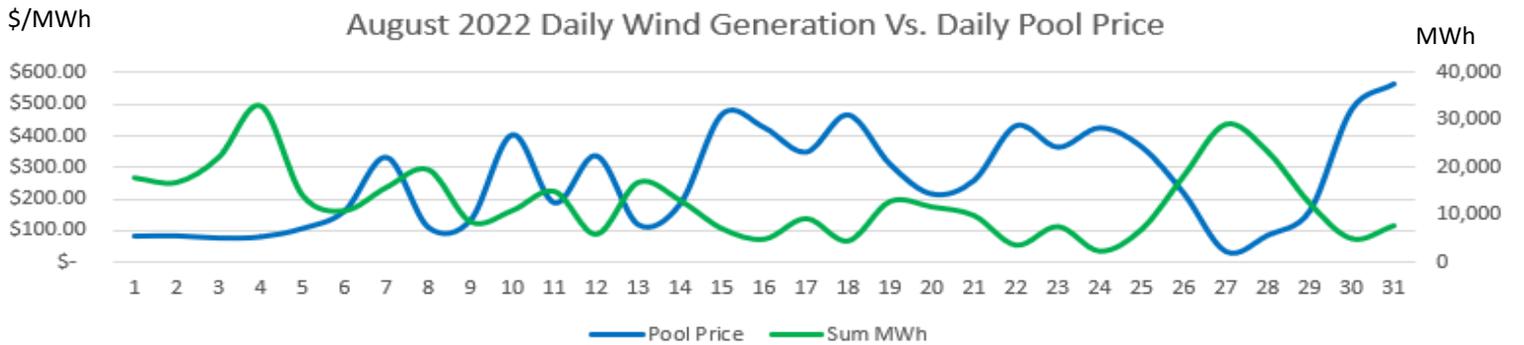
ELECTRICITY HIGHLIGHTS

[Enmax hiking administrative fees for some customers](#)

[Calgary is on track for its 4th hottest summer on record as August ends](#)

[Returning a portion of ATCO earnings is called insufficient](#)

[Nova Scotia seeking an exemption from federal carbon tax, saying it is doing enough](#)



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NATURAL GAS PRICING AND HIGHLIGHTS

AECO or Alberta gas prices started the month over \$6.00/GJ, but spot prices crashed when TC Energy maintenance and limitations on injecting into storage occurred during the month. Considering Dawn and Henry Hub are trading near \$9/MMBtu (at 14 year highs), Alberta's spot prices at \$2.69/GJ and the maintenance that gave rise to those prices are a nice break for the unhedged consumer this month.

At 245 Bcf in Alberta storage (as of early Sep.) Alberta is still near the bottom of the 5 year average storage range. For the brief periods when gas could not be injected into storage it boosts consumption in the near term (at the expense of storage) and it can set the market up for higher prices later on. Alberta demand overall (top left including electrical generation) and demand from oilsands (top right) is at the high end of the 5 year average. Further, exports at the western border and eastern border of Alberta remain elevated compared to the 5 year range. All of the above factors are supportive of price, but natural gas drilling and the pace of injections are, for the most part, compensating.

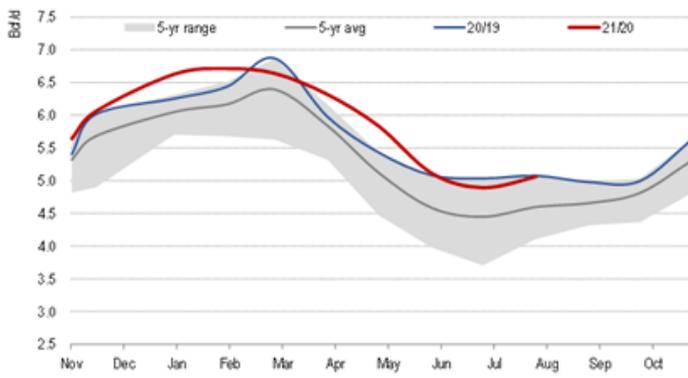
The deep discounts for Alberta's natural gas relative to other markets is at an extreme level and it may represent a buying opportunity for the unhedged or partially hedged customers. Alberta's remaining coal powered generators will be burning natural gas in 2023 and internationally there is fierce competition for trustworthy sources of natural gas supply which will support prices longer term.

If you would like to discuss how natural gas prices are impacting your business please contact one of our Campus Energy Solutions Representatives.

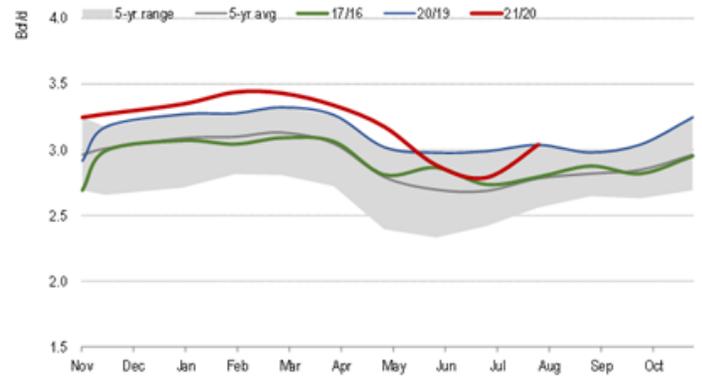
Avg. Monthly AECO



Alberta Gas Consumption



AER Oil Sands Consumption

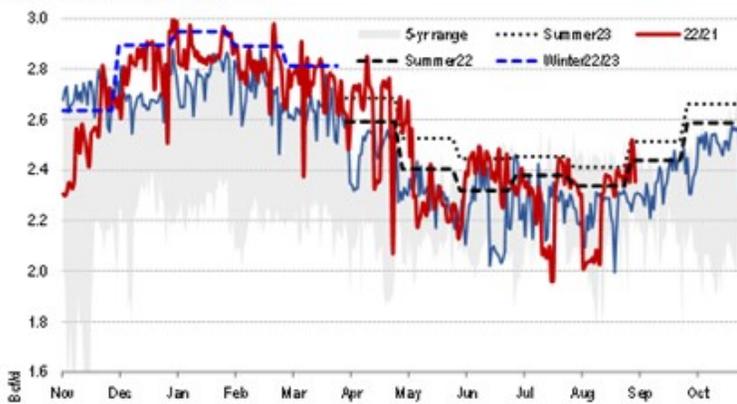


Source: AER, NBC

AER Data

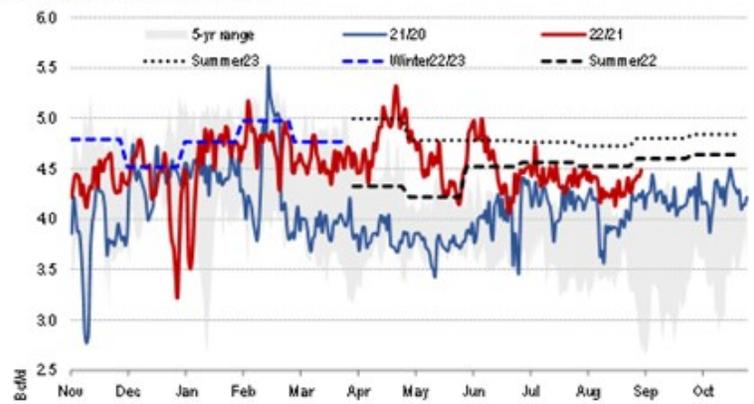
Jul 22 Jun 22 Jul 21 Aug 21 Jul 20 Aug 20

Alberta Exports at WGAT with Forecast



Source: TC Energy, NBC

Alberta Exports at EGAT with Forecast



Source: TC Energy, NBC

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Monthly Arithmetic Average Spot Gas Pricing

Monthly Average AESO Pool Price

Date	AECO-NIT Day Ahead (CAD/GJ)	Huntington (CAD/GJ)	Station 2 (CAD/GJ)	Dawn (USD/MM)	Henry Hub (USD/MM)	Date	Average (\$/MWh)	Avg. System Demand (MWh)
Sep Est.	\$4.50	-	\$2.80	\$7.50	\$8.00	Sep Est.	~\$135 (est)	-
Aug-22	\$2.69	\$8.11	\$2.03	\$8.32	\$8.80	Aug-22	\$257.75	9839
Jul-22	\$5.09	\$5.40	\$5.04	\$6.81	\$7.28	July-22	\$141.55	9853
Jun-22	\$7.01	\$7.46	\$6.48	\$7.82	\$8.14	Jun-22	\$129.08	9853
May-22	\$7.01	\$7.46	\$6.48	\$7.82	\$8.14	May-22	\$121.24	9265
Apr-22	\$6.52	\$6.20	\$6.33	\$6.41	\$6.60	Apr-22	\$117.14	9160
Mar-22	\$4.80	\$4.10	\$4.67	\$4.70	\$4.85	Mar-22	\$75.38	9,559
Feb-22	\$4.50	\$5.14	\$4.54	\$4.48	\$4.69	Feb-22	\$105.22	10,070
Jan-22	\$4.21	\$6.05	\$4.38	\$4.02	\$4.38	Jan-22	\$90.81	10,522
Dec-21	\$3.98	\$6.83	\$3.83	\$3.79	\$3.76	Dec-21	\$126.27	10,509
Nov-21	\$4.55	\$5.91	\$4.34	\$4.96	\$5.05	Nov-21	\$99.07	10,670
Oct-21	\$4.97	\$6.87	\$2.15	\$5.22	\$5.51	Oct-21	\$96.71	10,056
Sept-21	\$3.54	\$6.02	\$3.07	\$4.76	\$5.16	Sept-21	\$94.45	9,445
12 Mo. Average	\$4.90	\$6.26	\$4.45	\$5.73	\$5.99	12 Mo. Average	\$121.22	9,821

*Numbers above represent average pool price for all of Alberta demand and could vary per customer *Data valid Sep 8, 2022

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