

Holiday Greetings

It is at this time of year when, corporately we reflect upon the year's events and accomplishments and set our objectives for the coming year. Looking at the past year, Saskatchewan's economy continues to be strong, with growth in industrial demand for natural gas for potash mining, enhanced oil recovery and electrical generation, just to name a few. The low natural gas commodity price environment has led to a significant decline in natural gas production in Saskatchewan resulting in over 35 per cent of the supply having been sourced from outside the province in 2012. 2013 is expected to continue to see strong economic and industrial growth in Saskatchewan, and our TransGas job is to be prepared for the demands of importing gas supply and ensure that new facilities are in place when required for customers. We hope as we come to the end of

another year that we have met your expectations for 2012 and our objective is to meet and even exceed those expectations in 2013.

Over the coming holiday season we hope you take the time to relax and spend some quality time with family and friends. We wish you and your families all the best in 2013.

Debbie McKague
Vice President, TransGas
Business Services



Phil Sandham
Vice President, Engineering, Construction and
TransGas Operations

TransGas Transport-Alberta Receipt

During the month of November a record level of TransGas monthly receipts from Alberta interconnects occurred, averaging 270 TJ/d. These receipts are from the four major Alberta border interconnects that have access to the TransGas Energy Pool (TEP), and these are Unity, Cold

Lake, McNeill and Empress. These Alberta interconnect receipts for the remainder of this winter, are expected to average approximately 280 TJ/d, increasing to over 300 TJ/d for 2013 summer.

Displacing Diesel: Compressed Natural Gas Captures New Markets

Business Development is always looking for ways to help TransGas grow its business and capture new natural gas markets. In a project that began last year, a new prospect for Compressed Natural Gas (CNG) emerged.

On an energy equivalent basis, the price differential between diesel and natural gas these days is approximately 6.5 to 1. This has presented an exceptional opportunity for industrial diesel customers to drive down their operational costs. Recognizing this opportunity, CanGas Solutions, a containerized compressed natural gas transportation company, approached Business Development with a business idea.

CanGas outlined a plan to deliver CNG to drilling rig locations in southeastern Saskatchewan, in an effort to displace the majority of the diesel fuel used in drilling operations. Bi-fuel engine conversion — technology which allows drilling rigs to burn both diesel and natural gas — was key to the plan's success.

Drilling rigs' needs for natural gas are temporary and transient, so pipeline service isn't practical. Some innovation was required to find a way to deliver natural gas to these drilling rigs, and TransGas helped with creating the infrastructure to develop a temporary solution to address these needs.

A pilot project commenced in November 2011, and consisted of a tie-in to a TransGas high pressure line inside the Weyburn Town Border Station. A two-inch line was constructed to provide CanGas with a point to connect a fill post in

order to load high pressure gas onto its transport trailer. This allowed for approximately forty-thousand standard cubic feet of gas per fill to be transported to a nearby drilling rig that had recently been converted to a bi-fuel engine.

After realizing the potential of the pilot, plans for permanent TransGas facilities were developed to deliver transmission pressure gas to a compressor facility (about 60 metres of pipeline from the Weyburn Town Border Station to the new compressor facility was installed). This allows for the loading of natural gas into trailers at a pressure point of 3240 psi. The loading facilities are expected to be completed by year-end.

The TransGas facilities provide an important benefit to the end user by increasing efficiencies



The pilot facilities include 2" above ground piping inside the Weyburn Town Border Station, developed by TransGas, to connect to the CanGas fill post in order to load transmission line pressure gas onto transport trailers.

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of natural gas compression for transportation. Using transmission line pressure of approximately 750 psi, compared to typical distribution pressure of 100 psi or less, allows for more efficient compression into the transport trailers than alternative facilities typically designed for natural gas vehicles. These efficiencies help to create an economic and logistical benefit to

CNG transportation companies, and ultimately the drilling companies that they are serving.

TransGas also plays a part benefiting the Province's environment by enabling oil and gas producers to reduce greenhouse gas emissions in their operations when burning natural gas compared to diesel fuel.

Farewell to Darlene Exner

By the time this issue is published, Key Account Manager Darlene Exner will be out golfing somewhere warm and sunny! After 35 years of service, Darlene announced her retirement. Her last day at the office was Wednesday, December 12.

Back in 1978, a very young Darlene started work with TransGas' predecessor, SaskPower. Her first job was in SaskPower's General Accounting department. From there, Darlene worked her way up the ladder and held positions in Budgets and Financial Planning.

In 1988, TransGas was formed when the natural gas division of SaskPower was separated from

the electrical utility. Darlene joined TransGas Customer Services in 1996 and held various positions until she became a Key Account Manager in 2007. Darlene played a significant role in TransGas Customer Services, developing successful relationships with her customers and ensuring their requirements were met on a day-to-day basis. Her positive attitude and helpful nature always provided a high level of customer satisfaction.

Congratulations on your accomplishments Darlene! Enjoy your retirement!

TransGas Storage Update

As of December 15, TransGas storage customers have a total inventory in storage of 41 PJ, which is 80 per cent of full based on currently contracted storage of 51.4 PJ. TransGas storage customers were 90 per cent of full at November 1, which compares to the past 10 year average of

approximately 97 per cent of full at November 1. For the first 1½ months of the 2012/13 winter storage withdrawal (November 1 to December 15), a net TransGas storage withdrawal of 5 PJ has occurred, reducing storage to 80 per cent full.

First High Pressure Gas to Flow to New Plant in December

Northland Power's North Battleford Energy Centre is planning to take its first high-pressure flows of natural gas during the first firing of their combustion turbine generator later this month.

Although the new \$677 million plant is not scheduled to start full production of electricity until April 2013, the 260 MW gas-fired combined cycle facility will begin testing in December. This activity will be a milestone for TransGas and its parent company, SaskEnergy, as it will signify the full commissioning of the new TransGas natural gas pipeline and its SaskEnergy regulator station that serve the new power plant.

TransGas started working with Northland Power in August, 2008 after Northland Power became the successful bidder to supply electricity to SaskPower from a new baseload generating facility. The new power plant is strategically located near the city of North Battleford in west central Saskatchewan. Utilizing a General Electric 7FA gas turbine with associated heat recovery and a steam turbine, the plant requires significant quantities of natural gas at high pressure. TransGas was able to meet the challenge by building a new pipeline originating 22 km southwest of the plant and crossing the Battle River and North Saskatchewan River. SaskEnergy constructed a regulator/meter station that delivers gas to the turbine at 480 psig while also providing low pressure gas for the plant's buildings.

The pipeline construction started in February 2012 and proved to be challenging as it faced environmental sensitivities, stakeholder concerns and technical challenges related to terrain, including two major river crossings. The river crossings were accomplished through a directional drill process that provided a non-invasive approach, which was essential due to the environmentally sensitive nature of the river valleys.

The new TransGas 12" pipeline was completed in August 2012 and the SaskEnergy regulator/meter station was completed in September 2012. The plant has been receiving heating gas since late September; however, the high-pressure large volume flows are planned to begin during the testing of the combustion turbine in December. SaskEnergy will have technicians at the station to provide the final adjustments to the regulators as the turbine is started for the first time.

When fully operational, the North Battleford Energy Centre will be a major provider of electricity to the SaskPower grid and a significant part of the solution to meeting Saskatchewan's ever increasing demand for energy. TransGas and SaskEnergy are proud of the role they played in serving this major project and look forward to being natural gas service providers to the North Battleford Energy Centre for many years to come.