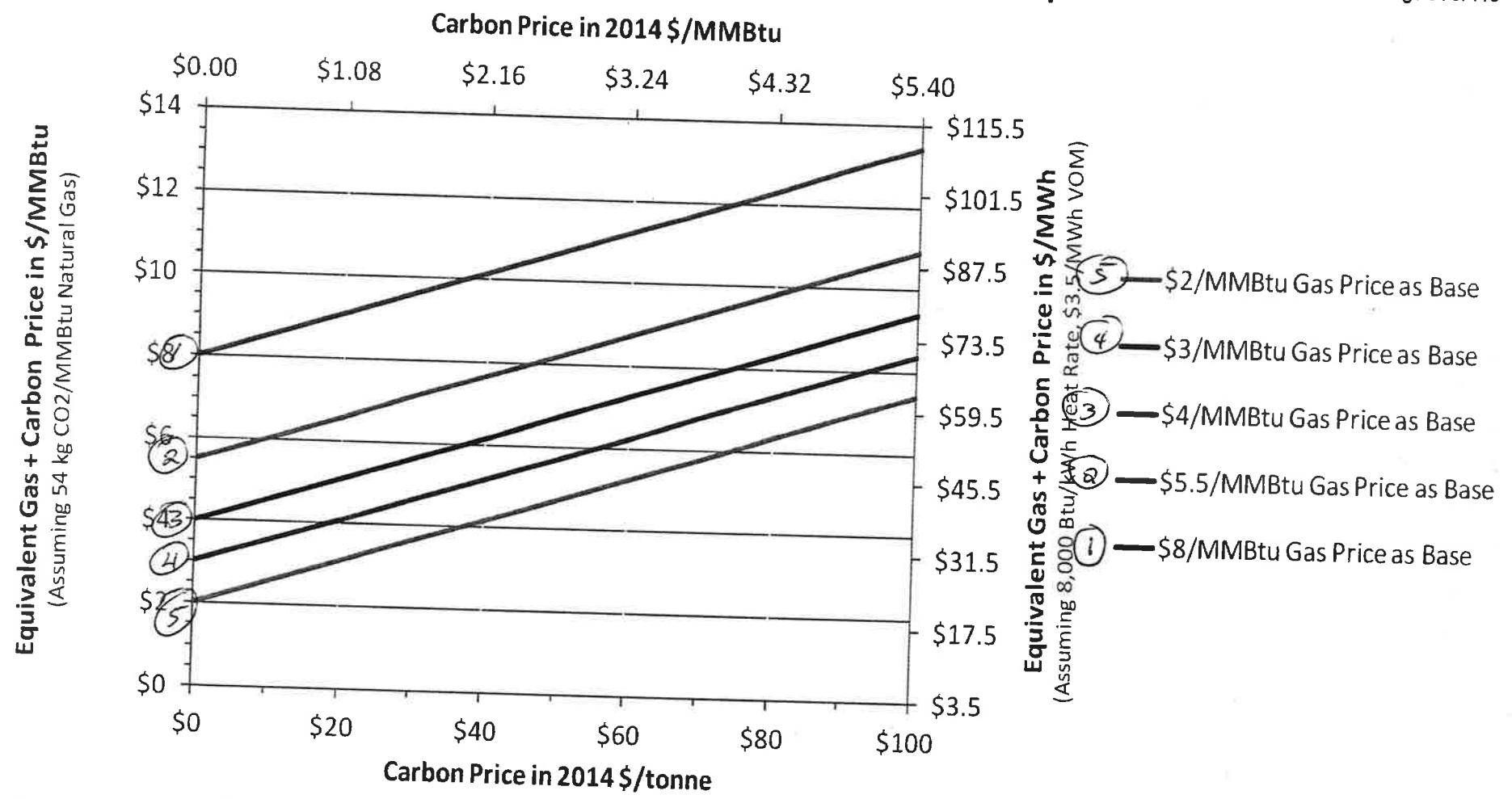


KM 1.5

Carbon costs increase the effective cost of natural gas and can therefore impact the economic value of Pickering extended operations

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 Attachment 1
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- Example A: Gas at \$5.25/MMBtu is equivalent to:
 - Gas at \$3/MMBtu plus \$42/tonne carbon
 - Gas at \$4/MMBtu plus \$23/tonne carbon

- Example B: Gas at \$4.00/MMBtu is equivalent to:
 - Gas at \$3/MMBtu plus ~\$20/tonne carbon
 - Gas at \$2/MMBtu plus ~\$40/tonne carbon