Crescent Point

Presentation to SK Rate Review Panel

October 26, 2017

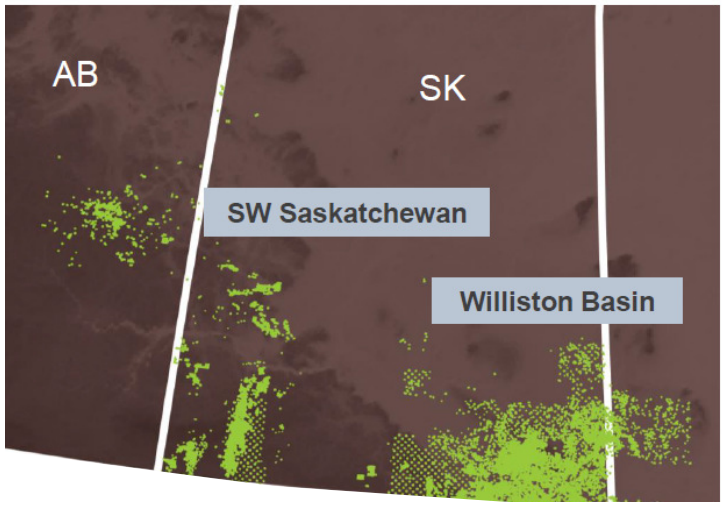
Crescent Point Energy is one of Canada's largest light and medium oil producers, based in Calgary, Alberta.
The Company is focused on growing its significant resource base in the Williston Basin, Southwest Saskatchewan and the Uinta Basin in Utah.

Corporate Presentation

Crescent Point Energy

Crescent Point Energy

- Saskatchewan's largest oil & gas producer (~120,000 boe/day)
- Employ roughly 1,200 full-time employees (600+ in SK)
- Invest over $1 billion annually in Saskatchewan
- One of the lowest carbon intensity operators in the province



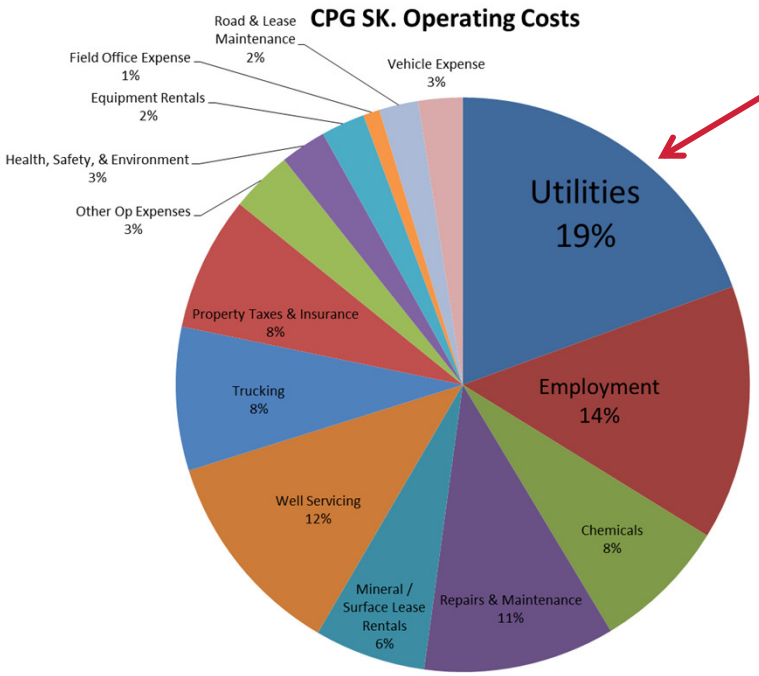
Since inception in 2001, Crescent Point has grown its Saskatchewan production from 100 boe/day to over 120,000 boe/day.

Going forward we see great opportunity in Saskatchewan and are looking to continue our track record of responsible development of the province's vast resources.

Impact of Rate Increases

Significant Exposure to Rate Hikes

- Power is Crescent Point's single largest cost at $130 million per year, representing 19% of our annual operations budget.
- As a company, we are SaskPower's second largest customer.
- A 5% per year increase in our SaskPower bill will cost CPG an incremental $220mm cumulative over the next 6 years.



$130 million/year

Cost Escalation

A Pattern of Perpetual Rate Increases

- Since 2009, SaskPower has applied for rate increases totaling 42%.
- SaskPower has also indicated that future rate increases should be anticipated.

"We see a couple of years in the next five to 10 where we don't need rate increases…"
Mike Marsh, Global News

"These regular increases won't necessarily be five per cent. Marsh said their forecasts anticipate a few years with two to three per cent increases."
Global News

Additional Costs

- Federal Carbon Pricing Backstop will add an additional $190 million to SaskPower's costs in 2018 that has not been incorporated in the rate base.
- These costs will increase annually as the federal carbon price escalates from $10 to $50 over the next 5 years.
- To date, SaskPower has shown no plan to account for these costs.

Examining the Need for an Increase

- SaskPower's long-term return on equity target of 8.5% negatively impacts rate payers and the economic potential of the province.
- When looking at all other payments SaskPower makes to the Saskatchewan Government a return on equity seems superfluous

Payments to the Province of Saskatchewan
(millions)

	2013	2014	2015-16	2016-17	2017-18	2018-19
Water Rentals	$ 21	$ 23	$ 17	$ 19	$ 26	$ 21
Corporate Capital Tax	32	35	39	46	46	50
Coal Royalties	24	28	40	32	35	35
Dividends	-	-	-	-	-	21
Total	**$ 77**	**$ 86**	**$ 96**	**$ 97**	**$ 107**	**$ 127**

- Saskatchewan's major industries (agriculture, potash, oil & gas) can't control commodity prices and instead have to find cost savings internally in order to survive.
- SaskPower should employ a similar approach and not burden the province's economy with further costs in a depressed market.

Industry Competitiveness

Impact on Overall Competitiveness

- SaskPower rate increases, coupled with recent PST hikes, will have a detrimental impact on industry competitiveness in the province.
- During this last 3 years other operating costs have come down an average of 30%
- Power rates in Alberta, under a competitive procurement system, are half of those in Saskatchewan.
- It is becoming increasingly difficult to allocate investment to jurisdictions that have escalating costs and limited ability to control those costs.

Monopoly Control

Limited Options

- SaskPower has a monopoly on power generation and transmission in the province leaving industry players with few options.
- Rate payers need cost-effective alternatives and should have the option to source the most competitive power available.

Challenges in Working with SaskPower

- Self-generation projects have been constrained with very limited adoption from industry.
- Interconnection studies take months/years to complete
- SaskPower invoices are cumbersome & extremely difficult to verify

Smarter Alternatives

Expensive Experiments

- Cost of Boundary Dam Carbon Capture & Storage has exceeded $1.5 billion with substantial cost overruns.
- Meanwhile, SaskPower's 50% renewable generation target will add significant cost to rate payers.

There are smarter alternatives to these costly projects.

Cost-effective Solutions

- Oil and gas sector can reduce emissions much more effectively and is ready and willing to invest and take capital risk
- SaskPower and the Government need to look at the system as a whole and seek the lowest cost emission reductions.
- If cost-effective power and emission reductions are the goal, SaskPower should issue RFPs to support this goal and not prescribe how the power should be generated (i.e. solar and wind RFPs)

How Crescent Point can Help

Industry Funded Solutions

- Crescent Point and other producers are exploring technologies to reduce emissions and utilize wasted energy to generate power.
- These projects include;
  - Brown field solar development
  - Greenhouses that utilize gas outputs (heat, power, water, CO_2)
  - Regenerative pump jacks
  - Flare/vent gas to power installations
- Projects such as these directly reduce emissions and provide a cost-effective alternative to major capital projects like CCS.
- Industry is taking on the capital risk and funding them without revenue from SaskPower or rate payers.

Crescent Point's 100kW solar project

Exhaust from gas generators to power greenhouses

Regenerative pump jacks

Power generator using produced gas

Appendix

- Historical SaskPower rate increases since 2010

Time Period	Rate Increase
2009	8.5%
2010	4.5%
January – 2013	5.0%
January – 2014	5.5%
January – 2015	3.0%
September – 2015	2.0%
July – 2016	5.0%
January – 2017	3.5%
March – 2018	***5.0%***
Total Rate Increase	**42.0%**
Compounded Annually	**51.0%**

Appendix

Power Price Comparison

- Saskatchewan's power rates exceed Alberta's in every rate class.
- On average, SaskPower's rates are 45% higher.

AVERAGE PRICES ON APRIL 1, 2017
(In ¢/kWh)[1]

Summary Table (excluding taxes)

	Residential	Small Power	Medium Power			Large Power	
Power demand		40 kW	500 kW	1,000 kW	2,500 kW[2]	5,000 kW[2]	50,000 kW[3]
Consumption	1,000 kWh	10,000 kWh	100,000 kWh	400,000 kWh	1,170,000 kWh	3,060,000 kWh	30,600,000 kWh
Load factor		35%	28%	56%	65%	85%	85%
Canadian Cities							
Montréal, QC	7.07	9.90	12.07	7.97	6.76	5.18	4.91
Calgary, AB	10.45	9.69	10.26	7.38	6.47	6.09	6.06
Charlottetown, PE[4]	16.42	17.11	17.96	14.56	14.06	9.31	9.31
Edmonton, AB[5]	10.34	9.88	15.39	10.51	9.68	7.68	5.28
Halifax, NS	16.15	15.33	17.03	12.77	11.74	10.14	10.14
Moncton, NB	12.97	13.49	14.50	11.88	11.50	7.86	7.50
Ottawa, ON	15.21	15.03	15.23	13.08	12.93	12.46	6.06
Regina, SK	15.94	13.50	15.79	11.60	9.68	8.67	7.30
St. John's, NL[6]	11.15	10.14	10.36	7.89	7.36	6.95	4.90
Toronto, ON[4]	16.32	16.10	19.19	15.47	14.14	14.55	6.36
Vancouver, BC	11.08	11.38	11.66	8.72	8.11	7.54	6.29
Winnipeg, MB	8.71	8.54	9.45	6.58	5.56	5.01	4.32
American Cities							
Boston, MA	28.45	27.36	29.28	21.32	19.99	17.70	17.69
Chicago, IL[4]	15.10	12.78	12.51	8.94	7.82	7.22	6.26
Detroit, MI[4]	21.22	16.20	16.02	11.57	9.58	8.49	8.20
Houston, TX[4]	12.34	10.13	11.78	9.48	8.40	7.73	7.16
Miami, FL[4]	13.39	13.21	15.11	10.84	9.91	9.03	7.87
Nashville, TN	15.19	16.05	18.05	13.25	13.58	12.61	9.51
New York, NY[4]	29.67	28.15	30.90	22.61	15.91	14.43	14.42
Portland, OR[4]	14.57	14.21	14.80	10.89	9.40	8.73	8.46
San Francisco, CA[4]	31.05	28.57	33.92	22.87	16.06	14.74	14.66
Seattle, WA	15.05	12.37	11.73	10.53	10.22	10.04	9.22
AVERAGE	**15.81**	**14.96**	**16.50**	**12.30**	**10.86**	**9.64**	**8.27**

1) In Canadian currency.
2) Supply voltage of 25 kV, customer-owned transformer.
3) Supply voltage of 120 kV, customer-owned transformer.
4) These bills have been estimated by Hydro-Québec and may differ from actual bills.
5) Bills corresponding to consumption levels of 500 kW or more have been estimated by Hydro-Québec based on the applicable general rate.
6) Newfoundland and Labrador Hydro rates for customers with a power demand of 30,000 kW or more; Newfoundland Power rates for all other customer categories.