ITC Lake Erie Connector

May 2018
Cautionary Language Concerning Forward Looking Statements

This presentation contains certain statements that describe our management’s beliefs concerning future business conditions and prospects, growth opportunities and the outlook for our business and the electricity transmission industry based upon information currently available. Such statements are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Wherever possible, we have identified these forward-looking statements by words such as “anticipates”, “believes”, “intends”, “estimates”, “expects”, “projects” and similar phrases. These forward-looking statements are based upon assumptions our management believes are reasonable. Such forward-looking statements are subject to risks and uncertainties which could cause our actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements, including, among other things, the risks and uncertainties disclosed in our annual report on Form 10-K and our quarterly reports on Form 10-Q filed with the Securities and Exchange Commission from time to time.

Because our forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different and any or all of our forward-looking statements may turn out to be wrong. They speak only as of the date made and can be affected by assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in our discussion in this presentation and in our annual and quarterly reports will be important in determining future results. Consequently, we cannot assure you that our expectations or forecasts expressed in such forward-looking statements will be achieved. Actual future results may vary materially. Except as required by law, we undertake no obligation to publicly update any of our forward-looking or other statements, whether as a result of new information, future events, or otherwise.
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ITC Customer-Focused Transmission Solutions

Leader in Grid Development

Owner & Operator

Preferred Transmission Provider

Generator Connections

Non-Traditional Infrastructure

Customer-Focused Solutions
ITC Growth

$7B Invested In Infrastructure Since 2003

- 4 Subsidiaries in 8 states
- 15,800 circuit miles / 25,428 km
- 90,000 square mile / 144,841 km service territory
- 700 employees
- Member of 4 RTOs:
  - MISO, SPP, PJM, NYISO
- Flexible business model that drives value
- A Fortis company

[Map showing ITC operations in various states]
ITC Performance

SAFE
TOP 10%
Safety Performance

RELIABLE
Systems with at least
TOP 25%
Reliability Performance

STATE-OF-THE-ART
TECHNOLOGY

SECURE
RESILIENT
Fortis Inc. acquired ITC in 2016

Leader in the North American regulated electric and gas utility industry

Operations in five Canadian provinces, nine U.S. states and three Caribbean countries

Established in 1885 in St. John’s, Newfoundland and Labrador with formation of the St. John’s Electric Company
Lake Erie Connector Overview

**Proposed first direct link between IESO and PJM**

- 1,000 MW, bi-directional high-voltage direct current (HVDC) contracted transmission line
- Approximately 73 miles / 117 km long (majority buried in Lake Erie)
- Connecting Erie County, Pennsylvania with Nanticoke, Ontario
- Transmission customers will more efficiently access energy, capacity, and renewable energy credit opportunities in both markets
- Major remaining project milestones include:
  - Completing project cost refinements
  - Securing favorable transmission service agreements with prospective counterparties

…after which ITC would proceed with construction beginning 2020
Submarine Route

Examples of Hydro Jet Cable Burial Machines

Cross-section of an HVDC cable
Terrestrial Routes

Canadian Route
- Cable is buried
- <1 mile / 1.6 km long
- Converter station
- Existing road
- Existing substation
  - 500kV AC to IESO
- Cable landfall
- Former Nanticoke coal generating facility

U.S. Route
- Cable is buried
- ~7 miles / 11 km long
- Cable landfall
- Existing road
- Converter station
- Existing substation
  - 345kV AC to PJM
Converter Station

**Computer rendering of the Canadian converter station**

Computer model is shown on the existing landscape.

- Converter hall
- Existing terrain and foliage provide a visual barrier
- Existing two-lane road
1. The submarine cable will be manufactured in Finland and transported to North America.

2. The oceangoing vessel will transit the St. Lawrence River locks to reach the port of Rochester on Lake Ontario.

3. The cable must be offloaded, segmented, and loaded onto barges designed to transit the narrower Welland Canal into Lake Erie.
Project Status

2012
- Market Analysis
- Environmental Fatal Flaw Analysis

2013
- Filed System Interconnection Agreement Applications
- Initiated Environmental and Engineering Outreach

2014
- Initiated Market Outreach
- ITC Acquisition
- IESO SIA Issued (SIA Addendum Issued Aug. 2015)
- PJM SIA Completed

2015
- Filed Major Permit Applications (NEB, Presidential Permit)
- Opened Solicitation Process
- Additional Detailed Routing Studies and Route Selection

2017-18
- Received U.S. Presidential Permit
- Received NEB Certificate
- Remaining Major Permit
- Sign Long-Term Shipper Contracts
- Construction Financing
- Equipment Orders

2011
- Market Research
- Pre-Feasibility Study

2012-13
- Secure Land Options

2011
- Completed PJM, Hydro One Feasibility Studies
- Conducted Public Open House
- FERC granted LEPC Authority to Sell Transmission Rights

2012
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2016
- Received U.S. Presidential Permit
- Received NEB Certificate
- Remaining Major Permit
- Sign Long-Term Shipper Contracts
- Construction Financing
- Equipment Orders

2017-18
- Construction

2020-2023
- Construction

2023
- Commercial Operation

Natural Environment and Cultural Heritage Studies
12 ongoing technical studies characterizing existing conditions, predicting potential effects, and identifying appropriate mitigation/compensation measures

Outreach Conducted Since May 2013
Ongoing outreach programs with 34 groups in the United States and Canada
Ontario Long Term Energy Plan
The Ontario Ministry of Energy released its Long Term Energy Plan (LTEP) on Oct. 26, 2017, charting a path for a more reliable, efficient and affordable energy future for the province, including a focus on reforming the energy market to support import and export of energy between jurisdictions. The ITC Lake Erie Connector Project was the only contracted transmission project included in the LTEP.

Major Permits
- Pennsylvania Department of Environmental Protection issued two required permits for the project on May 25, 2017.
- U.S. Army Corps permit expected soon; filed Feb. 1, 2016.

Land Control
- Land necessary for the terrestrial cable route, converter stations, and laydown areas has been secured.

Interconnection Applications
- IESO/Hydro One: IESO completed the System Impact Assessment. ITC executed the Customer Impact Assessment with Hydro One. ITC and Hydro One are progressing with the Cost Connection Agreement, execution is likely 3Q2017.
- PJM/First Energy: PJM has completed the Feasibility and System Impact studies. Discussions with NYISO and PJM are ongoing regarding system impacts and potential network upgrades prior to finalization of the Facility Study and ISA. Decisions regarding PJM upgrades will also be driven by value achieved for customers.

Major Suppliers
- Service Agreements have been signed with Siemens (converter stations) and Prysmian (cable).
- EPC negotiations are ongoing.
IESO and PJM Market Protocols

• Significant progress has been made with both the IESO and PJM, and letters received from the IESO and PJM.

Aboriginal Groups

• ITC has conducted extensive engagement activities, established contact, and provided Project Descriptions and other information to several dozen First Nations and Metis groups.
• ITC has entered into monitoring agreements with two First Nations for participation in on-site archeological work and has signed MOUs with these First Nations.
• ITC is currently negotiating Community Benefit Agreements with the nearest First Nations.

Marine Survey and Geotechnical Sampling

• ITC has made significant investments to complete marine survey and geotechnical sampling work earlier than required.
• The geophysical and geotechnical work was completed in 2015.
Although detailed lakebed data is not required for major permit applications, ITC began in-water work in 2014 and completed comprehensive geophysical and geotechnical programs in 2015.

In 2014, Canadian Seabed Research (CSR) completed scans of significant portions of the cable route, especially near shore.

In May 2015, CSR completed the geophysical program.

In November 2015, CSR completed the geotechnical program using vibrocore and rock coring equipment and multiple vessels.
The Value Proposition

Transmission rights holders

- Energy market opportunities
- Capacity market opportunities
- Renewable / clean energy opportunities

Nanticoke substation contains several 500kV & 230kV circuits

Erie West substation, in MAAC, contains several 345kV circuits
Value for Interested Customers

• Ontario nuclear generation fleet retirements and refurbishments may create periods where firm access to competitive external generation resources could be valuable.

• Ontario and PJM have considerable load and resource mix diversities that create opportunities for profitable trading between the markets.

• PJM is the largest liquid market for energy, capacity, and renewable energy credits in North America and provides opportunities for Ontario exports and imports.

• Future U.S. regulations and requirements will increase PJM market prices and the value of Canadian clean energy and renewables.

• First movers may have opportunities to affect some technical capabilities, project schedule, terms and conditions of the transmission services agreement, and remain informed about the project’s progress.
The Brattle Group has completed a fundamentals-based, long-term forward projection of the LEC’s value proposition, including the full range of value drivers.

**Energy Market Value**
- Average Monthly Value
  - Monthly peak/off-peak strips for PJM and Ontario
  - Shift in Ontario and PJM fundamentals
  - Seasonality differences
  - Differences in environmental regulation
  - Bidding behaviour

**Capacity Value**
- Liquid market for PJM capacity imports
- Annual near-term and 3-year forward market for capacity surplus provide significant opportunities in PJM
- Large (160 GW), competitive capacity market in PJM attracts new builds at $60/kW-yr (half the price of Ontario)
- Large pool of non-emitting resources in both markets
- Ontario resource adequacy needs

**REC Value**
- Large, unmet demand for renewable and other non-emitting generation in PJM
- Evolving RPS and clean energy goals of PJM states
- Increasingly stringent U.S. federal and state regulation of carbon emissions
- Increasing openness to imports of non-emitting Canadian resources

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The figure below illustrates the tightly coupled nature of the planned nuclear refurbishment programme: many refurbishment outages in a relatively short period of time, sometimes in parallel.

2016 Energy Output by Fuel Type
Energy Market Opportunities

Due to differences in resource mix and other market dynamics in the Ontario and PJM markets, energy price differentials have been large and volatile, demonstrating significant market opportunities.

Based on historical data, the LEC may offer an expected net margin to shippers of approximately $100 million/year from arbitrage opportunities between the PJM-IESO hourly energy markets.

While future conditions in Ontario and PJM will evolve, they are projected to remain volatile, contributing significantly to the arbitrage opportunities.

Proposed IESO and PJM scheduling protocols and tariffs avoid IESO congestion and PJM wheel-out charges for LEC transmission rights holders.

Net margin to shippers on energy transactions between IESO & PJM (both directions) is estimated at approximately $100 million/year based on historical market prices.

<table>
<thead>
<tr>
<th>Year</th>
<th>Utilization # of hrs</th>
<th>% of hrs</th>
<th>Trade Value $/MWh</th>
<th>Trade Value $MM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>6,093</td>
<td>70%</td>
<td>$12.4</td>
<td>$75</td>
</tr>
<tr>
<td>2010</td>
<td>5,221</td>
<td>60%</td>
<td>$16.4</td>
<td>$86</td>
</tr>
<tr>
<td>2011</td>
<td>5,680</td>
<td>65%</td>
<td>$16.5</td>
<td>$94</td>
</tr>
<tr>
<td>2012</td>
<td>6,705</td>
<td>76%</td>
<td>$11.7</td>
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<td>2013</td>
<td>7,365</td>
<td>84%</td>
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<td>2014</td>
<td>7,944</td>
<td>91%</td>
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<td>$212</td>
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<td>2015</td>
<td>7,784</td>
<td>89%</td>
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<tr>
<td>2016</td>
<td>8,055</td>
<td>92%</td>
<td>$16.2</td>
<td>$130</td>
</tr>
</tbody>
</table>

Annual utilization and net margin of a 1,000 MW intertie with PJM based on historical price differences.

Source: Ventyx Velocity Suite. All values in USD.
Energy Market Opportunities

In PJM, while coal generation decreases (and natural gas and renewables increase), coal and natural gas will continue to account for more than 50% of generation output.

In Ontario, by contrast, natural gas will account for less than 20% in 2024, maintaining a structural difference in generation fuel mix that determines market price differentials.

Hydro and nuclear resources in Ontario, compared to coal and natural gas in PJM, help drive, and are anticipated to maintain, the observed energy price differentials between the markets.

PJM has a liquid forward capacity market with attractive prices.

Ontario is in the process of permitting capacity exports likely followed by capacity imports, creating opportunities to sell excess Ontario capacity into PJM and importing PJM capacity when Ontario is resource constrained.

Arbitrage between PJM and Ontario could provide value to transmission customers on the LEC of $50-80 million/year.

The LEC offers access to competitively priced PJM capacity – a $50-$80 million annual value (based on IESO data).

Examples of Capacity Cost Across Jurisdictions

Source: Ontario based on 2013 LTEP for generic SCGT, US costs based on average since 2009.
At PJM REC prices of $10-$20/MWh, if only half the LEC transmission capability was used to export Ontario renewable energy attributes, the REC-related value would be $40-$80 million per year.

RPS requirements in several PJM states (New Jersey, Maryland, D.C., Delaware, and Ohio) allow out-of-region resources delivered to PJM (or to the state) to qualify.

Roughly 25GW of additional wind will still be needed to meet PJM states’ RPS in 2025.

Ontario resources also provide opportunities to comply with future U.S. clean energy requirements.

Notes: Excludes in-state solar requirements.
Source: FERC; DSIRE database

Estimated Renewable Need 2025
 Estimated In-Region Generation in 2025
 Estimated Incremental Need in 2025
 If 80% is met by Wind at 35% Capacity Factor

100 TWh    ~25 TWh    ~75 TWh    ~25 GW

REC prices in Ohio are expected to increase to a level more similar to the other states as Ohio resumes its original growing RPS procurement schedule in 2017.

Notes: Estimates for the above table by The Brattle Group based on the assumption that 80% of incremental need can be met by wind with 35% capacity factor, physically located outside of PJM, but deliverable to PJM.
The purpose of the Open Solicitation process is to identify, in an open and transparent manner, the parties with whom ITC will negotiate for transmission rights on the Lake Erie Connector (LEC). Subsequent negotiations are continuing.

Expressions of Interest (EOI) were submitted, enabling participating entities to continue discussions with ITC, conduct further analysis, and receive more detailed information regarding pricing, permits, etc. as it becomes available.

During this process, ITC is negotiating only with parties who participated in the Open Solicitation by submitting Expressions of Interest.
Thank You! - Questions and Discussion

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