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This report is priced as of market close September 23, 2010 ET.

All values in Canadian dollars unless otherwise noted.

For Required Non-U.S. Analyst and Conflicts Disclosures, please see page 9.

# Power & Pipelines Review

## Research Overview and Industry News

### Enbridge's Restart Plan for Line 6B Receives Approval

**Enbridge Energy Partners** (EEP is 27% owned by **Enbridge**) announced that it received approval from the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) for the restart plan for Line 6B, which suffered an oil spill in late July near Marshall, Michigan. The approval outlines the additional required steps for the company to complete prior to the PHMSA approving Line 6B's return to service. EEP anticipates that it will meet the restart plan's requirements and be in a position to restart Line 6B on September 27, 2010. For further details, please refer to our *SPARC* dated September 22, 2010. Enbridge's shares are ranked Outperform, Average Risk.

### Enbridge's Cost Estimate for Line 6A Spill and Lawsuit

**Enbridge Energy Partners** filed an 8-K which disclosed that the company expects Line 6A spill costs of US\$10 million to US\$15 million, net of insurance recoveries (gross costs before insurance of US\$40 million to US\$60 million). After accounting for **Enbridge's** 27% interest in EEP and the amounts being pre-tax, the impact on Enbridge is not expected to be material. EEP disclosed that a lawsuit has been filed on behalf of EEP against the general partner, Enbridge, stating that it breached its fiduciary duties with respect to the spill on Line 6B. For further details, please refer to our *SPARC* dated September 22, 2010.

### TransCanada Issues US\$1 Billion of Senior Notes

**TransCanada** announced that it has completed an offering of US\$1 billion of senior notes, which bear an interest rate of 3.80% due October 1, 2020. The net proceeds are expected to be used to partially fund capital projects, to reduce short-term indebtedness and for general corporate purposes. TransCanada's shares are ranked Outperform, Average Risk.

### Fort Chicago Agrees to Acquire Pristine Power

**Fort Chicago** agreed to purchase the roughly 88% of **Pristine Power** that it does not already own by offering 0.2703 units for each share of Pristine. Fort Chicago also agreed to buy all outstanding common share purchase warrants of Pristine for a cash consideration of \$0.02 for each warrant. The transaction will require 66 2/3% tender of the shares and warrants separately, and Fort Chicago has already locked up 57% of the shares and 54% of the warrants. The break fee is \$3 million. We decreased our 2011 ACFFO/unit estimate to \$1.11 (from \$1.16) to reflect the near-term cash flow dilution from the transaction as Fort Chicago is issuing new units to acquire Pristine, which currently only has modest cash flow. However, when the York Energy Centre is fully commissioned in mid-2012, we estimate roughly \$0.04/unit of annual cash flow accretion. Management reiterated that it expects to maintain its \$1.00/unit distribution despite near-term dilution from the acquisition. For additional details, please refer to our *Research Comment* dated September 23, 2010. Fort Chicago's units are ranked Sector Perform, Average Risk.

### Brookfield Renewable Expected to Make an Accretive Wind Acquisition

We expect **Brookfield Renewable Power Fund** to acquire the 165 MW Comber Wind Project at a construction-ready stage from **Brookfield Asset Management** this fall. We believe the total project cost (including the acquisition of development rights) to be approximately \$550 million (\$3.33 million/MW), and increase (starting in 2012) the annual ACFFO/unit by \$0.18 to \$0.25 depending on whether the project equity is funded with common or preferred shares. Based on the fund's 80% target payout ratio, our analysis indicates that the project's distributable cash flows could support an 8% increase in the current distribution level. For additional details, please refer to our *Research Comment* dated September 22, 2010. Brookfield Renewable's units are ranked Outperform, Average Risk.

### New Private Brookfield Fund Targets Infrastructure

**Brookfield Asset Management** (BAM) announced the closing of its US\$2.7 billion **Brookfield Americas Infrastructure Fund, L.P.**, which is nearly double the original target of US\$1.5 billion. The fund will focus on investments in the utilities, renewable power, transportation and energy sectors primarily in North and South America, and will be managed by BAM, which has committed 25% of total capital commitments, or approximately US\$660 million, which is expected to be primarily funded by **Brookfield Infrastructure Partners**. Brookfield Infrastructure Partners' units are ranked Outperform, Average Risk.

### NRG Energy to Acquire Green Mountain Energy for US\$350 Million

**NRG Energy, Inc.** announced a definitive agreement to acquire **Green Mountain Energy Company** for US\$350 million in cash. Based in Texas, Green Mountain Energy offers clean electricity products from renewable sources including wind and hydro to residential and commercial customers primarily in Texas and the New York metro region. Subject to customary closing conditions and regulatory approvals, the transaction is expected to close in mid-November 2010.

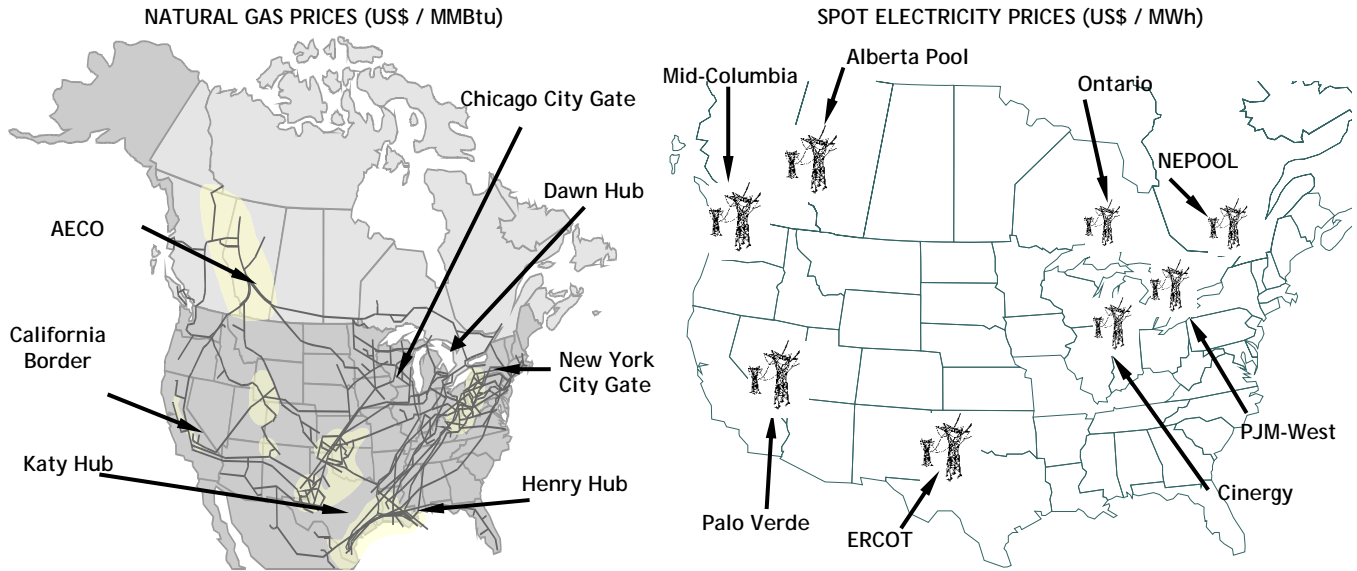
### Sharp Corporation to Acquire Recurrent Energy for Up to US\$305 Million

**Sharp Corporation** and **Recurrent Energy** announced that they have reached a definitive agreement for Sharp to acquire Recurrent Energy for up to US\$305 million in cash at closing, subject to balance sheet adjustments. Recurrent Energy is an independent power producer and a developer of distributed-scale solar projects for utilities, government and commercial customers.

### California Energy Commission Approves 1,000 MW Solar Project

The California Energy Commission approved the construction of the Blythe Solar Power Project, a 1,000 MW solar project being developed by **Solar Millennium, LLC** in Riverside County, California. The conclusion of the approval process is expected in October 2010 when the U.S. Bureau of Land Management releases its decision for the project.

Exhibit 1: North American Natural Gas and Power Summary



SPOT ELECTRICITY PRICES (US\$ / MWh)

Monthly Averages:	<u>Cinergy</u>	<u>ERCOT</u>	<u>Mid-Col.</u>	<u>NEPOOL</u>	<u>Palo Verde</u>	<u>PJM-West</u>	<u>Alberta</u>	<u>Ontario</u>
Sep-09	26	24	34	32	27	33	73	21
Oct-09	30	30	41	42	35	37	35	29
Nov-09	28	27	32	37	30	35	50	27
Dec-09	38	40	51	60	45	46	54	35
Jan-10	44	44	45	64	46	56	43	37
Feb-10	41	45	44	55	46	50	44	36
Mar-10	34	35	40	42	41	41	35	28
Apr-10	35	36	38	42	36	44	50	31
May-10	39	40	30	50	34	49	135	39
Jun-10	48	48	18	54	37	60	57	40
Jul-10	56	49	38	77	45	80	40	51
Aug-10	52	60	40	66	41	65	39	44
Sep-10 to date	35	40	36	51	35	47	29	33

(C\$ / MWh)

Last 5 Days:

Wed 15-Sep-10	34	43	40	48	39	46	27	31
Thu 16-Sep-10	35	45	37	50	40	45	29	35
Fri 17-Sep-10	39	45	36	50	37	46	28	38
Mon 20-Sep-10	39	35	37	49	39	47	29	32
Tue 21-Sep-10	44	34	35	59	35	56	27	40

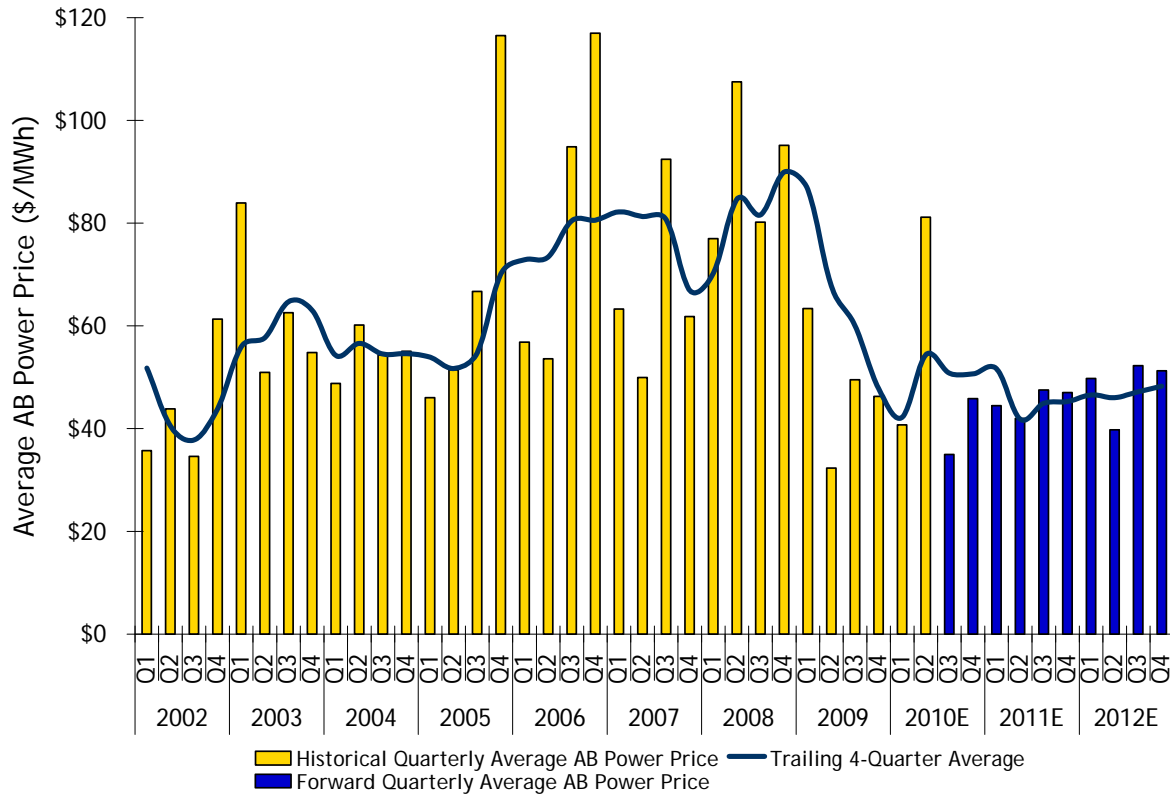
NATURAL GAS PRICES (US\$ / MMBtu)

Last 5 Days:	<u>Chicago City Gate</u>	<u>Henry Hub</u>	<u>New York City Gate</u>	<u>California Border</u>	<u>Katy Hub</u>	<u>AECO</u>	<u>Dawn</u>
Wed 15-Sep-10	4.11	4.07	4.39	4.12	4.12	3.71	4.41
Thu 16-Sep-10	4.10	4.09	4.35	4.11	4.11	3.60	4.42
Fri 17-Sep-10	4.08	4.11	4.32	4.08	4.14	3.65	4.42
Mon 20-Sep-10	4.01	4.00	4.26	4.05	4.02	3.54	4.32
Tue 21-Sep-10	3.96	3.95	4.28	4.05	3.96	3.54	4.28

Notes: Natural gas and power prices except Canadian power prices are based on weekday pricing. Data from some pricing sources were unavailable for the month. As such, we have used "N/A" where data were unavailable or where calculating a monthly average was not meaningful. Source: Bloomberg; AESO; Ontario IESO; Energy Intelligence Group Inc.

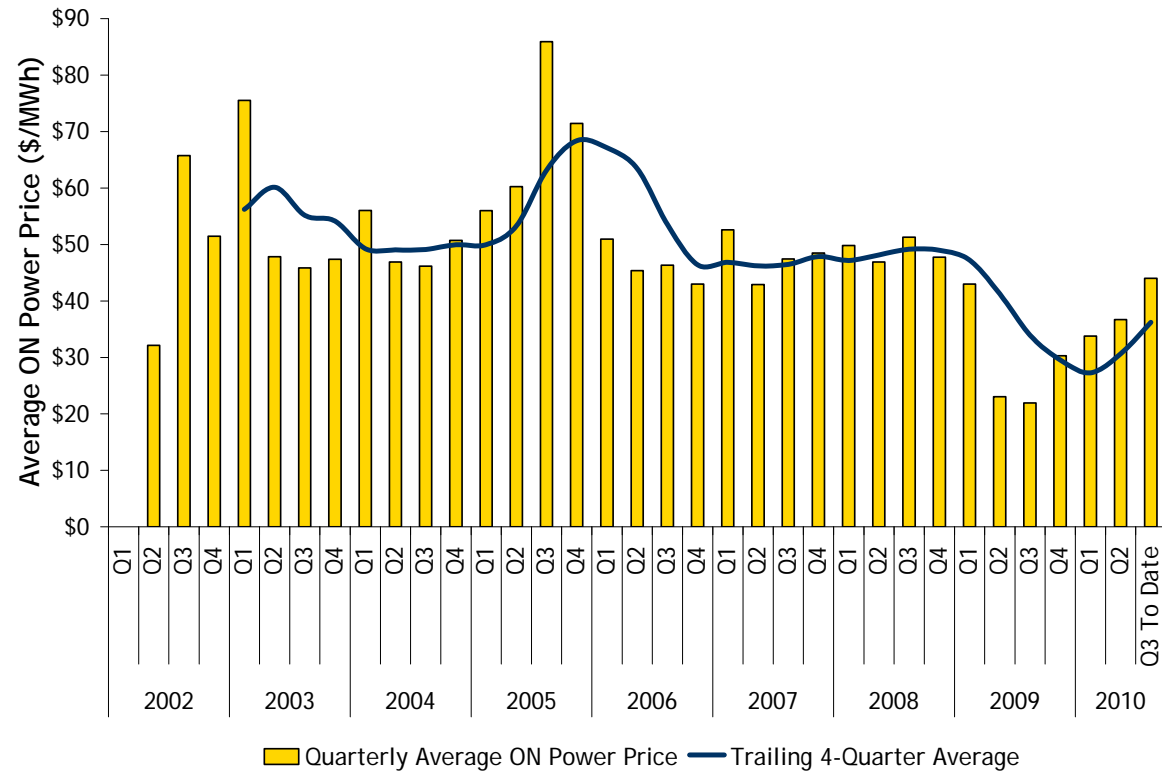


Exhibit 2: Alberta Power Prices



Source: AESO; NGX; RBC Capital Markets estimates

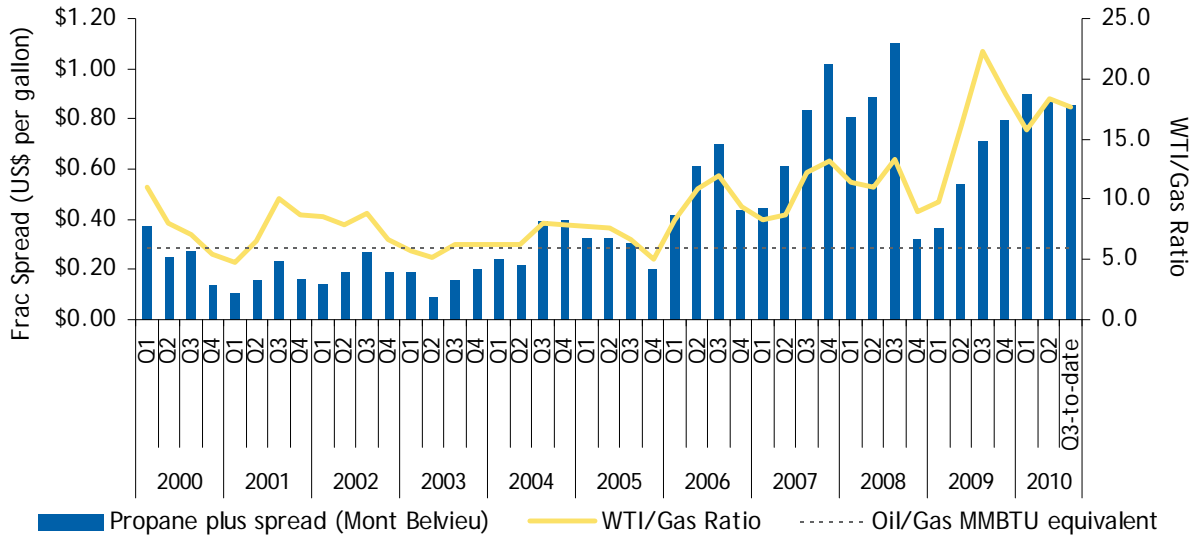
Exhibit 3: Ontario Power Prices



Source: Ontario IESO; RBC Capital Markets



Exhibit 4: Frac Spreads



Source: Bloomberg; RBC Capital Markets

Exhibit 5: Energy Infrastructure Coverage Universe

Company	Tick	PRICE 23-Sep-10	Normalized Basic EPS <i>Normalized Fully Diluted EPS</i>				P/E Ratio				Current Dividend/ Distrib.	Current Yield	Payout FY10E	1-Year Target	Recommendation	Risk
			FY09	FY10E	FY11E	FY12E	FY09	FY10E	FY11E	FY12E						
ATCO Ltd.	ACO.X	\$51.10	\$4.75 <i>\$4.72</i>	\$5.09 <i>\$5.06</i>	\$5.15 <i>\$5.12</i>	\$5.51 <i>\$5.48</i>	10.8x	10.0x	9.9x	9.3x	\$1.06	2.1%	20.8%	\$58.00	Sector Perform	Above Average
Canadian Utilities	CU	\$47.86	\$3.35 <i>\$3.34</i>	\$3.51 <i>\$3.50</i>	\$3.59 <i>\$3.58</i>	\$3.85 <i>\$3.84</i>	14.3x	13.6x	13.3x	12.4x	\$1.51	3.2%	43.0%	\$53.00	Sector Perform	Average
Capital Power	CPX	\$23.16	\$0.54 <i>\$1.52</i>	\$1.16 <i>\$1.61</i>	\$1.39 <i>\$1.69</i>	\$1.44 <i>\$1.74</i>	42.9x	20.0x	16.7x	16.1x	\$1.26	5.4%	108.6%	\$23.00	Sector Perform	Above Average
Emera	EMA	\$27.30	\$1.55 <i>\$1.52</i>	\$1.64 <i>\$1.61</i>	\$1.72 <i>\$1.69</i>	\$1.77 <i>\$1.74</i>	17.6x	16.6x	15.9x	15.4x	\$1.13	4.1%	68.9%	\$30.00	Outperform	Average
Enbridge	ENB	\$51.30	\$2.35 <i>\$2.33</i>	\$2.65 <i>\$2.63</i>	\$2.86 <i>\$2.84</i>	\$3.07 <i>\$3.04</i>	21.8x	19.4x	17.9x	16.7x	\$1.70	3.3%	64.2%	\$57.00	Outperform	Average
Fortis	FTS	\$30.18	\$1.51 <i>\$1.48</i>	\$1.63 <i>\$1.60</i>	\$1.78 <i>\$1.75</i>	\$1.89 <i>\$1.87</i>	20.0x	18.5x	17.0x	15.9x	\$1.12	3.7%	68.7%	\$32.00	Sector Perform	Average
TransAlta Corp.	TA	\$21.20	\$0.89 <i>\$0.89</i>	\$1.10 <i>\$1.10</i>	\$1.19 <i>\$1.19</i>	\$1.38 <i>\$1.38</i>	23.8x	19.3x	17.8x	15.3x	\$1.16	5.5%	105.5%	\$22.00	Sector Perform	Above Average
TransCanada	TRP	\$37.86	\$2.03 <i>\$2.02</i>	\$1.97 <i>\$1.96</i>	\$2.31 <i>\$2.30</i>	\$2.55 <i>\$2.55</i>	18.7x	19.2x	16.4x	14.8x	\$1.60	4.2%	81.2%	\$41.00	Outperform	Average
Average:							21.2x	17.1x	15.6x	14.5x		3.9%	70.1%			
Company	Tick	PRICE 23-Sep-10	CFFO/Unit				Price/CFFO				Current Dividend/ Distrib.	Current Yield	Payout FY10E	1-Year Target	Recommendation	Risk
			FY09	FY10E	FY11E	FY12E	FY09	FY10E	FY11E	FY12E						
Borex Inc.	BLX	\$7.98	\$1.26	\$1.15	\$1.79	US\$1.85	6.3x	6.9x	4.5x	4.3x	\$0.00	0.0%	0.0%	\$13.00	Outperform	Above Average
Brookfield Infr	BIP	US\$18.50	US\$0.99	US\$1.69	US\$2.38	US\$2.45	18.7x	10.9x	7.8x	7.6x	US\$1.10	5.9%	65.1%	US\$20.00	Outperform	Average
Company	Tick	PRICE 23-Sep-10	ACFFO/Unit				Price/ACFFO				Current Dividend/ Distrib.	Current Yield	Payout FY10E	1-Year Target	Recommendation	Risk
			FY09	FY10E	FY11E	FY12E	FY09	FY10E	FY11E	FY12E						
Borex Power IF	BPT.UN	\$5.03	\$0.65	\$0.56	\$0.57	n/a	7.7x	9.0x	8.8x	n/a	\$0.40	8.0%	71.4%	\$5.00	Outperform	Above Average
Brookfield Renewable	BRC.UN	\$20.84	\$1.62	\$1.11	\$1.76	\$1.70	12.9x	18.8x	11.8x	12.2x	\$1.30	6.2%	117.1%	\$23.00	Outperform	Average
Capital Power Income	CPA.UN	\$18.40	\$2.30	\$2.04	\$2.26	\$2.21	8.0x	9.0x	8.1x	8.3x	\$1.76	9.6%	86.3%	\$18.00	Sector Perform	Average
Innergex Renewable	INE	\$9.34	\$0.74	\$0.76	\$0.77	\$0.85	12.6x	12.3x	12.1x	11.0x	\$0.58	6.2%	76.3%	\$10.00	Outperform	Average
Macquarie Power	MPT.UN	\$7.22	\$0.91	\$0.74	\$0.81	\$0.81	7.9x	9.8x	8.9x	8.9x	\$0.66	9.1%	89.2%	\$7.00	Sector Perform	Above Average
Northland Power	NPI.UN	\$14.70	\$1.15	\$1.27	\$1.51	\$1.23	12.8x	11.6x	9.7x	12.0x	\$1.08	7.3%	85.0%	\$14.50	Sector Perform	Average
Company	Tick	PRICE 23-Sep-10	ACFFO/Unit				Price/ACFFO				Current Dividend/ Distrib.	Current Yield	Payout FY10E	1-Year Target	Recommendation	Risk
			FY09	FY10E	FY11E	FY12E	FY09	FY10E	FY11E	FY12E						
AltaGas	ALA	\$19.89	\$2.45	\$2.32	\$2.40	\$2.47	8.1x	8.6x	8.3x	8.1x	\$1.32	6.6%	56.9%	\$20.00	Sector Perform	Average
Enbridge Income Fund	ENF.UN	\$15.37	\$1.32	\$1.30	\$1.28	\$1.28	11.6x	11.8x	12.0x	12.0x	\$1.15	7.5%	88.6%	\$13.00	Underperform	Average
Fort Chicago	FCE.UN	\$11.54	\$1.04	\$1.32	\$1.11	\$1.13	11.1x	8.7x	10.4x	10.2x	\$1.00	8.7%	75.8%	\$11.00	Sector Perform	Average
Inter Pipeline	IPL.UN	\$13.06	\$1.16	\$1.29	\$1.38	\$1.12	11.3x	10.1x	9.5x	11.6x	\$0.90	6.9%	69.8%	\$14.00	Outperform	Average
Keyera	KEY.UN	\$29.55	\$3.87	\$2.72	\$2.88	\$2.91	7.6x	10.9x	10.3x	10.1x	\$1.80	6.1%	66.2%	\$30.00	Outperform	Average
Pembina	PIF.UN	\$19.99	\$1.46	\$1.60	\$1.77	\$1.83	13.7x	12.5x	11.3x	10.9x	\$1.56	7.8%	97.5%	\$19.00	Sector Perform	Average
Provident	PVE.UN	\$7.04	n/a	\$0.78	\$0.78	\$0.86	n/a	9.0x	9.0x	8.2x	\$0.72	10.2%	92.3%	\$6.50	Sector Perform	Average
Average							10.6x	10.2x	10.1x	10.2x		7.7%	78.1%			
Company	Tick	PRICE 23-Sep-10	Normalized EPU				P/E Ratio				Current Dividend/ Distrib.	Current Yield	Payout FY10E	1-Year Target	Recommendation	Risk
			FY09	FY10E	FY11E	FY12E	FY09	FY10E	FY11E	FY12E						
Gaz Métro	GZM.UN	\$16.83														

Source: Company reports; RBC Capital Markets estimates



## Exhibit 6: EV/EBITDA for Energy Infrastructure Coverage Universe

	Ticker	Mkt. Cap. Price	(\$MM)	Ent. Val. (\$MM)	EV/EBITDA			
					2009	2010E	2011E	2012E
<b>Large Cap Corporations</b>								
ATCO	ACO.X	\$51.10	\$2,976	\$9,042	7.2x	6.8x	6.4x	5.4x
Canadian Utilities	CU	47.86	6,022	9,556	8.5x	7.9x	7.3x	6.2x
Capital Power	CPX	23.16	1,815	4,460	10.2x	10.8x	8.8x	8.0x
Emera	EMA	27.30	3,101	6,087	10.2x	9.4x	8.5x	8.0x
Enbridge	ENB	51.30	19,582	34,604	15.9x	12.1x	10.7x	10.3x
Fortis	FTS	30.18	5,218	11,334	10.6x	9.7x	9.3x	8.9x
TransAlta	TA	21.20	4,643	9,798	11.5x	10.0x	8.9x	8.2x
TransCanada	TRP	37.86	26,123	47,485	11.6x	11.9x	9.7x	9.0x
<b>Average</b>					<b>10.7x</b>	<b>9.8x</b>	<b>8.7x</b>	<b>8.0x</b>
<b>Pipeline &amp; Midstream Trusts</b>								
AltaGas	ALA	\$19.89	\$1,623	\$2,700	11.2x	10.8x	10.2x	9.6x
Enbridge IF	ENF.UN	15.37	532	2,173	10.6x	10.5x	10.0x	10.2x
Fort Chicago	FCE.UN	11.54	1,644	3,356	12.3x	9.1x	9.1x	9.1x
Gaz Metro	GZM.UN	16.83			Restricted			
Inter Pipeline	IPL.UN	13.06	3,353	5,900	18.0x	14.8x	11.1x	11.3x
Keyera	KEY.UN	29.55	2,018	2,522	8.7x	11.4x	10.2x	9.8x
Pembina	PIF.UN	19.99	3,270	4,338	15.1x	13.7x	12.0x	11.2x
Provident	PVE.UN	7.04	1,873	2,359	n/a	9.7x	9.0x	8.7x
<b>Average</b>					<b>12.6x</b>	<b>11.4x</b>	<b>10.2x</b>	<b>10.0x</b>
<b>Power Trusts</b>								
Boralex Power IF	BPT.UN	\$5.03	297	383	7.4x	8.9x	8.1x	n/a
Brookfield Renewable	BRC.UN	20.84	2,267	4,034	18.7x	16.1x	12.4x	12.6x
Capital Power Income	CPA.UN	18.40	1,008	1,952	10.2x	10.4x	9.6x	9.6x
Innergex Renewable	INE	9.34	556	988	21.1x	14.9x	13.0x	11.2x
Macquarie Power	MPT.UN	7.22	360	546	10.7x	9.7x	8.2x	7.8x
Northland Power	NPI.UN	14.70	1,488	2,151	24.2x	15.4x	11.2x	9.4x
<b>Average</b>					<b>15.4x</b>	<b>12.6x</b>	<b>10.4x</b>	<b>8.4x</b>
<b>Other Infrastructure</b>								
Boralex Inc.	BLX	\$7.98	\$301	\$609	10.6x	10.2x	7.9x	7.9x
Brookfield Infr	BIP	US\$18.50	1,974	4,610	n.m.	11.8x	10.0x	9.8x

Source: Company reports, RBC Capital Markets estimates

**Exhibit 7: Upcoming Ex-Dividend Dates**

<b>Company</b>	<b>Date</b>	<b>Estimate/Firm</b>	<b>Amount</b>
AltaGas	October 22, 2010	Estimate	\$0.11
ATCO	December 6, 2010	Estimate	\$0.265
Boralex Power	September 28, 2010	Firm	\$0.0167
Brookfield Infr Partners	November 30, 2010	Estimate	US\$0.275
Brookfield Renewable Power	September 28, 2010	Firm	\$0.1083
Canadian Utilities	November 10, 2010	Estimate	\$0.3775
Capital Power	September 28, 2010	Firm	\$0.315
Capital Power Income L.P.	September 28, 2010	Firm	\$0.1467
Emera	October 29, 2010	Estimate	\$0.2825
Enbridge	November 12, 2010	Estimate	\$0.425
Enbridge Income Fund	September 28, 2010	Firm	\$0.096
Fort Chicago	September 28, 2010	Firm	\$0.0833
Fortis	November 4, 2010	Estimate	\$0.28
Gaz Métro	Restricted		
Innergex Renewable	September 28, 2010	Firm	\$0.145
Inter Pipeline	October 20, 2010	Estimate	\$0.075
Keyera	October 20, 2010	Estimate	\$0.15
Macquarie Power & Infr. IF	September 28, 2010	Firm	\$0.055
Northland Power	September 28, 2010	Firm	\$0.09
Pembina Pipeline	October 21, 2010	Estimate	\$0.13
Provident Energy Trust	October 21, 2010	Estimate	\$0.06
TransAlta	December 1, 2010	Estimate	\$0.29
TransCanada	September 28, 2010	Firm	\$0.40

Source: Company reports, RBC Capital Markets estimates



## Required Disclosures

### Non-U.S. Analyst Disclosure

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RBC Capital Markets, Equity Research				
Rating	Count	Percent	Investment Banking	
			Serv./Past 12 Mos.	
			Count	Percent
BUY[TP/O]	642	49.58	192	29.91
HOLD[SP]	591	45.64	122	20.64
SELL[U]	62	4.79	9	14.52

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