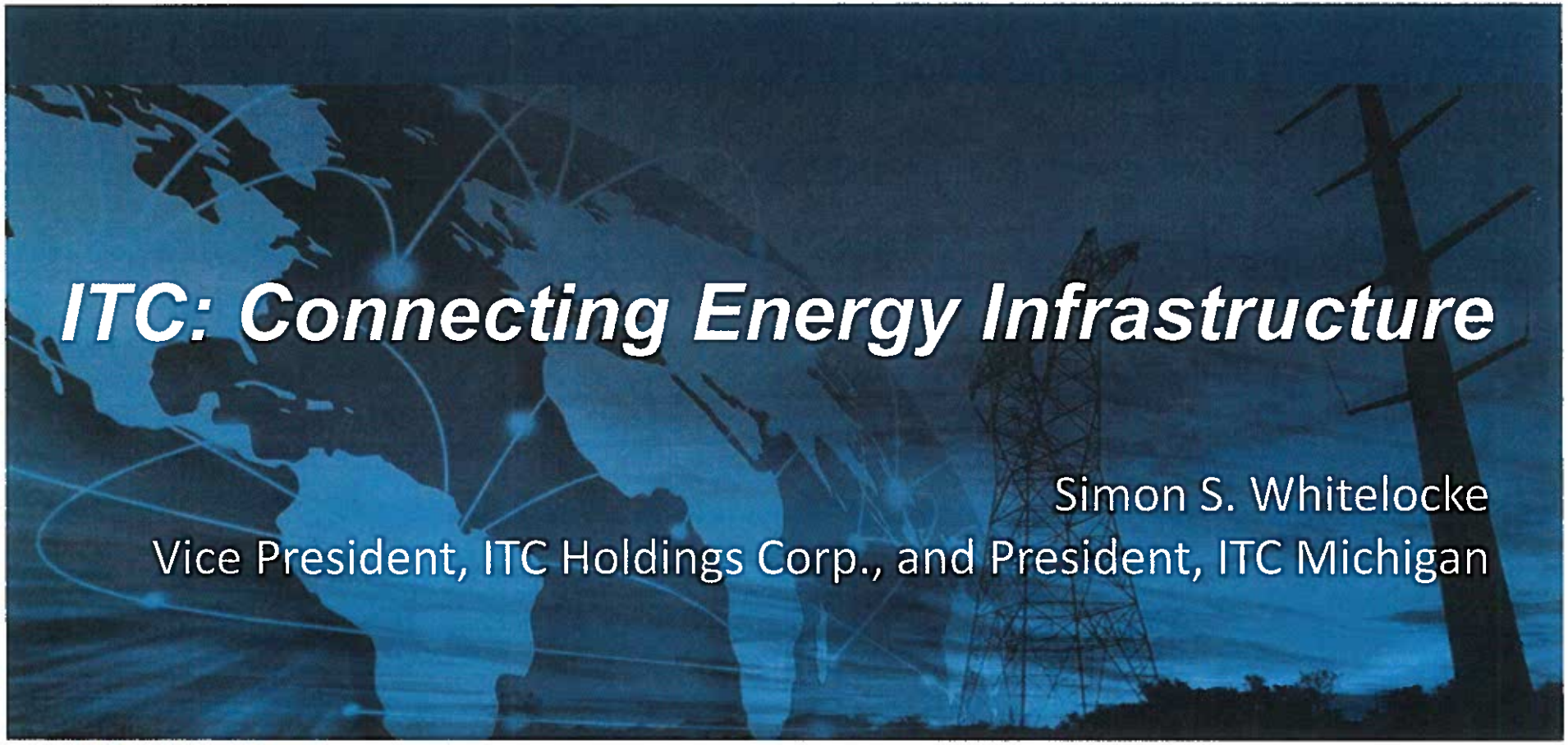


ITC: Connecting Energy Infrastructure

Simon S. Whitelocke
Vice President, ITC Holdings Corp., and President, ITC Michigan

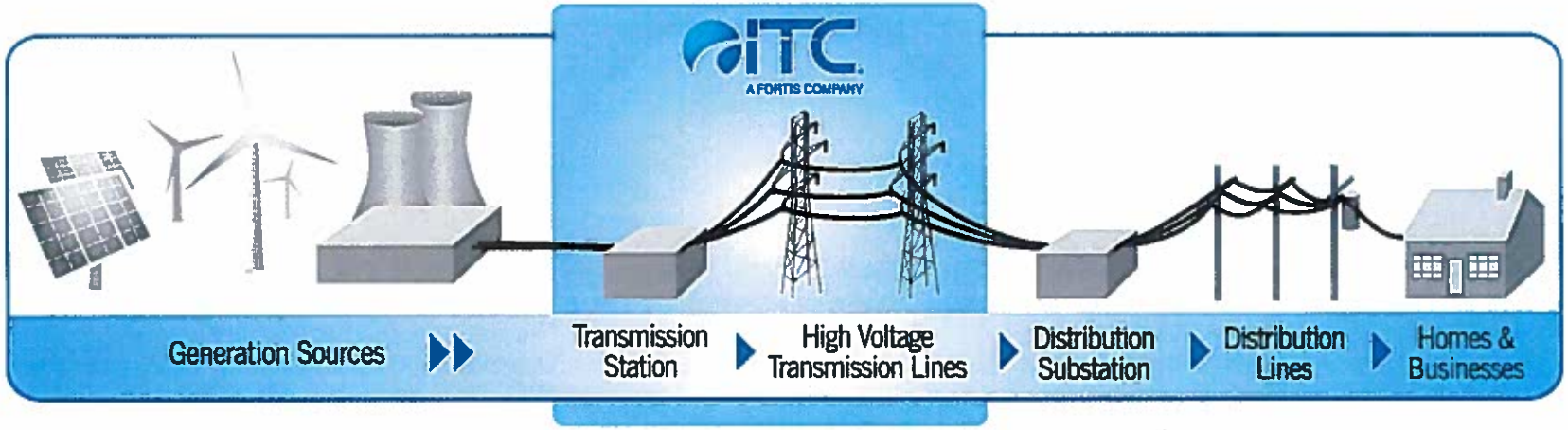
ITC
A FORTIS COMPANY

February 27, 2019

Topics of Discussion

- ITC overview
- Investing in the grid
- Customer focus
- Regulatory environment
- Changing energy landscape
- Value of transmission

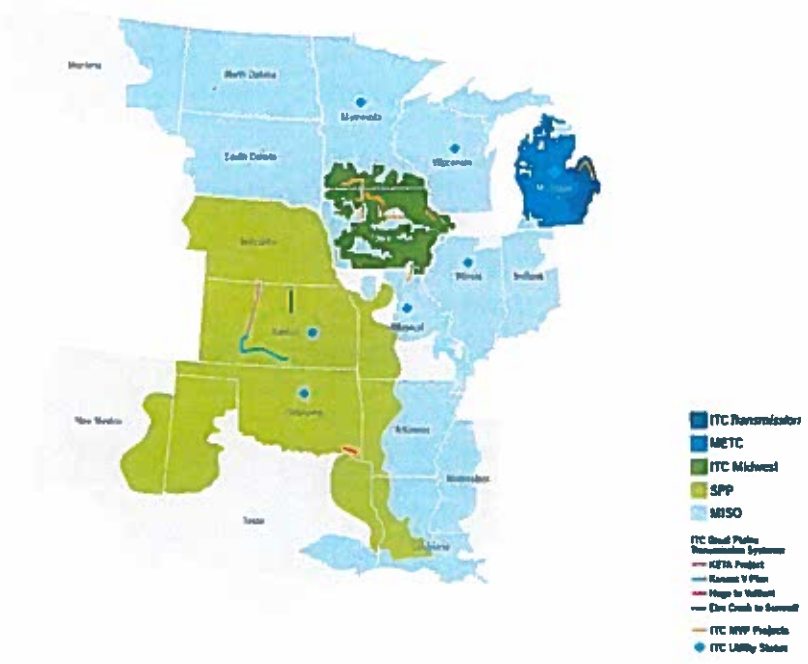
The Power Flow Process



Electric transmission is the bulk delivery of electrical energy from power generating plants along high voltage lines to the local distribution system of utilities serving communities.

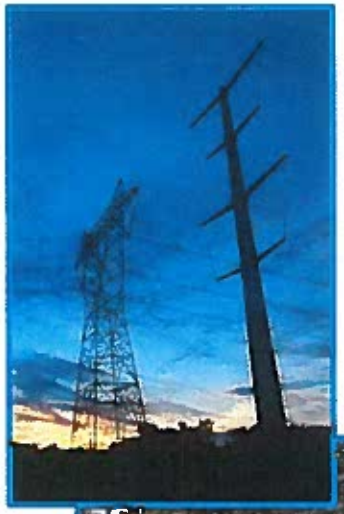
ITC | Provider of Transmission Solutions

$8B **Invested In Infrastructure Since 2003**



- 4 Subsidiaries in 8 states
- Headquartered in Novi, Michigan
- 15,800 Circuit miles
- 90,000 Square mile service territory
- 700+ Employees
- 500+ Dedicated Contractors
- Member of 4 Regional Transmission Organizations (RTOs)
- FERC-regulated independent transmission company
- A Fortis company

ITC in Michigan



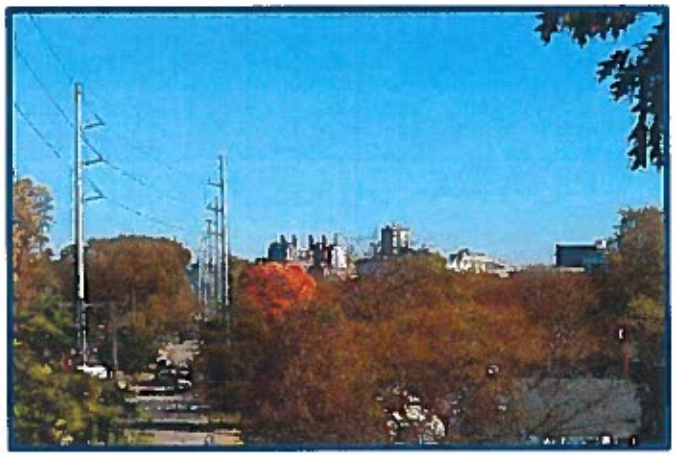
Two Operating Companies:

- ITC*Transmission*
- Michigan Electric Transmission Company (METC)
- Combined:
  - Transmission Lines – 8,700 circuit miles
  - Transmission Towers and Poles – 55,600
  - Substations – 283
  - Voltage Levels: 120kV to 345kV
  - Capital Investment: ~$4.2B since 2003

Our Commitment to Customers

Deliver customer benefits unique to ITC's business model:

- Improve and maintain system reliability
- Reduce system congestion
- Expand access to competitive energy markets
- Facilitate interconnection of new generation
- Lower overall cost of delivered energy

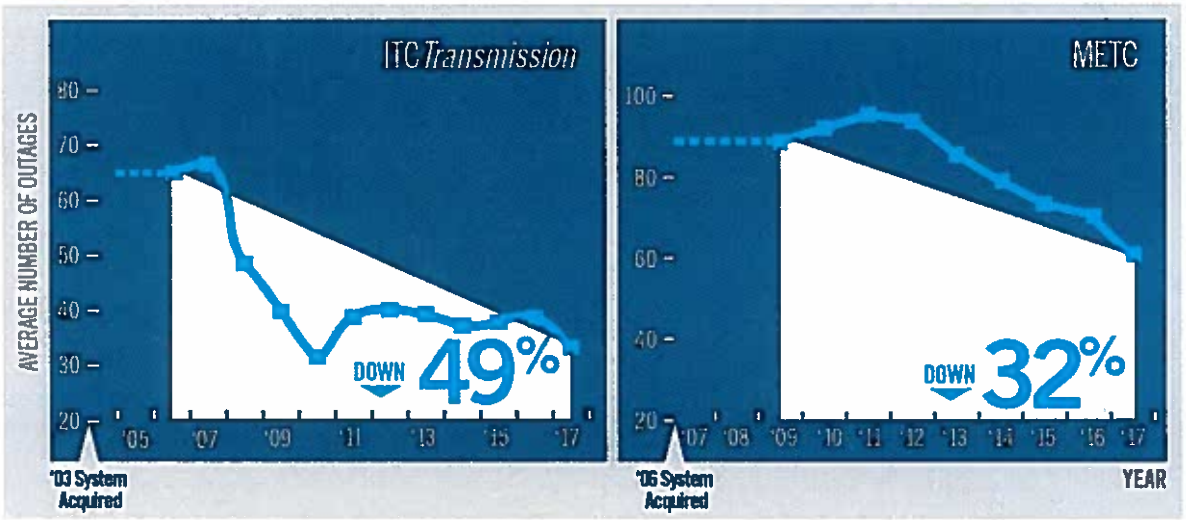


Reliability | The Result of Investment

Modernizing and Maintaining the Transmission Grid

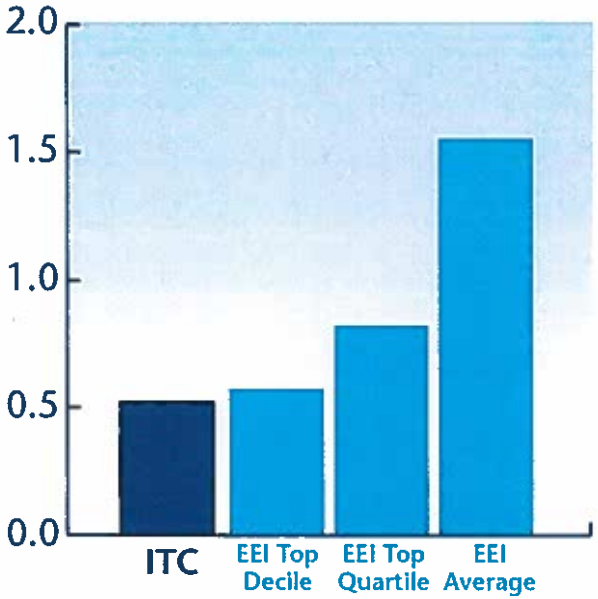
OUTAGE DECREASE UNDER ITC OWNERSHIP

ITC Michigan | 3-year rolling averages

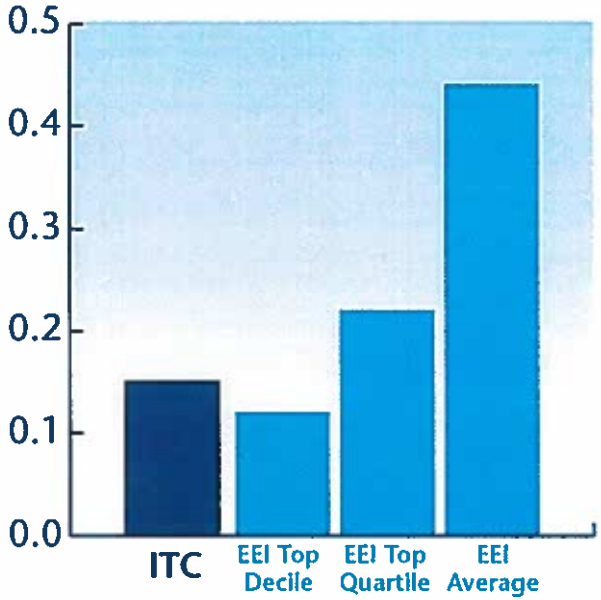


Safety

Recordable Incident Rate
(per 100 full time employees [FTEs])
2017

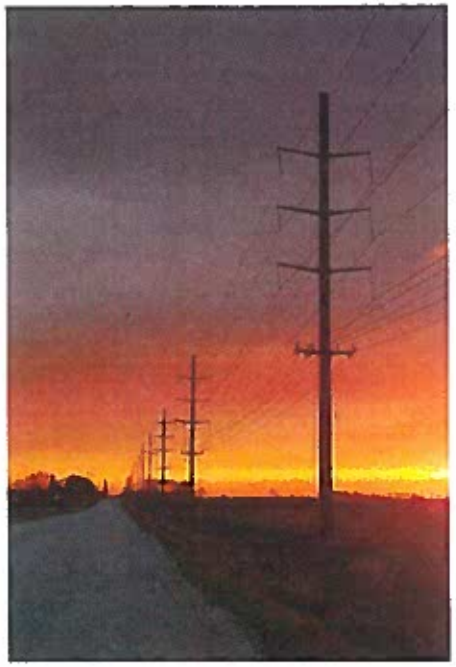


Lost Work Day Case Incident Rate
(per 100 full time employees [FTEs])
2017



Customer Focus

Collaborative Planning Approach



- Innovative long-term solutions to electric infrastructure development
- Collaborative planning environment balanced between national and state needs
- We partner with utilities, regulators, communities, planners, customers and other stakeholders to remove impediments to private and prudent investment in the grid
- RTOs including MISO provide forum for vetting proposed projects from regional perspective
  - Incorporate approved projects into MISO MTEP plan for the year
  - ITC's planning team studies potential projects and submits them into MISO MTEP process

Regulatory Landscape

Federal

- Federal Energy Regulatory Commission
- Department of Energy
- Department of Agriculture
- Department of Interior
- North American Electric Reliability Corporation
- Environmental Protection Agency

State and Local

- Public Service Commission
- Environmental agencies
- Land use, siting, environmental standards
- Local authorities
- Permitting
- Siting

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Inside an Electric Bill

Generation

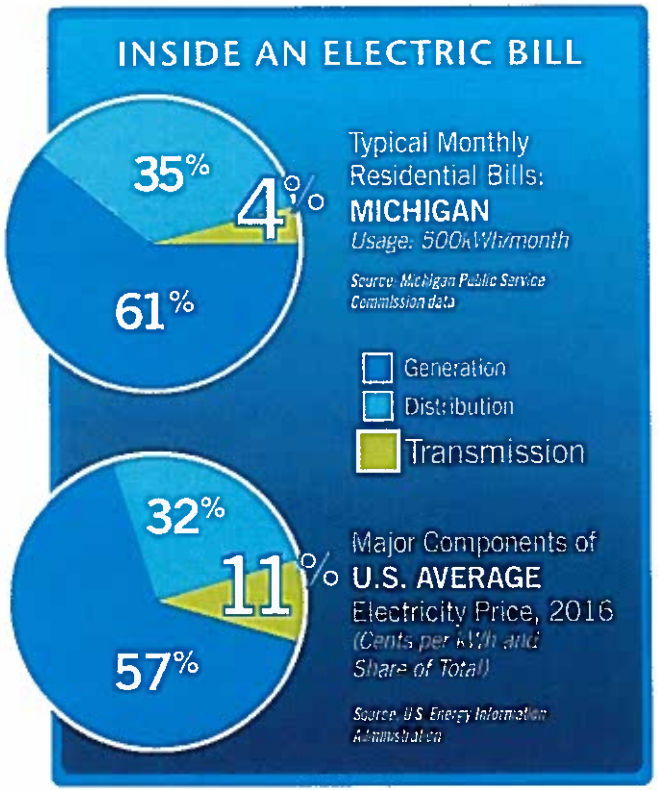
This charge reflects the amount of electricity you use - the energy that comes from power plants and other facilities to homes and businesses.

Distribution

This fee covers the local, lower-voltage power lines and associated facilities that transport the electricity from distribution substations to homes and businesses.

Transmission

This is the cost of delivering electricity via high-voltage power lines and associated facilities that transmit the electricity from power plants to distribution substations.



Emerging Energy Landscape

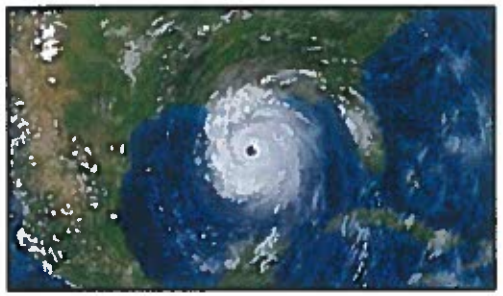
Changing Energy Mix

+

New Demands & Uses

+

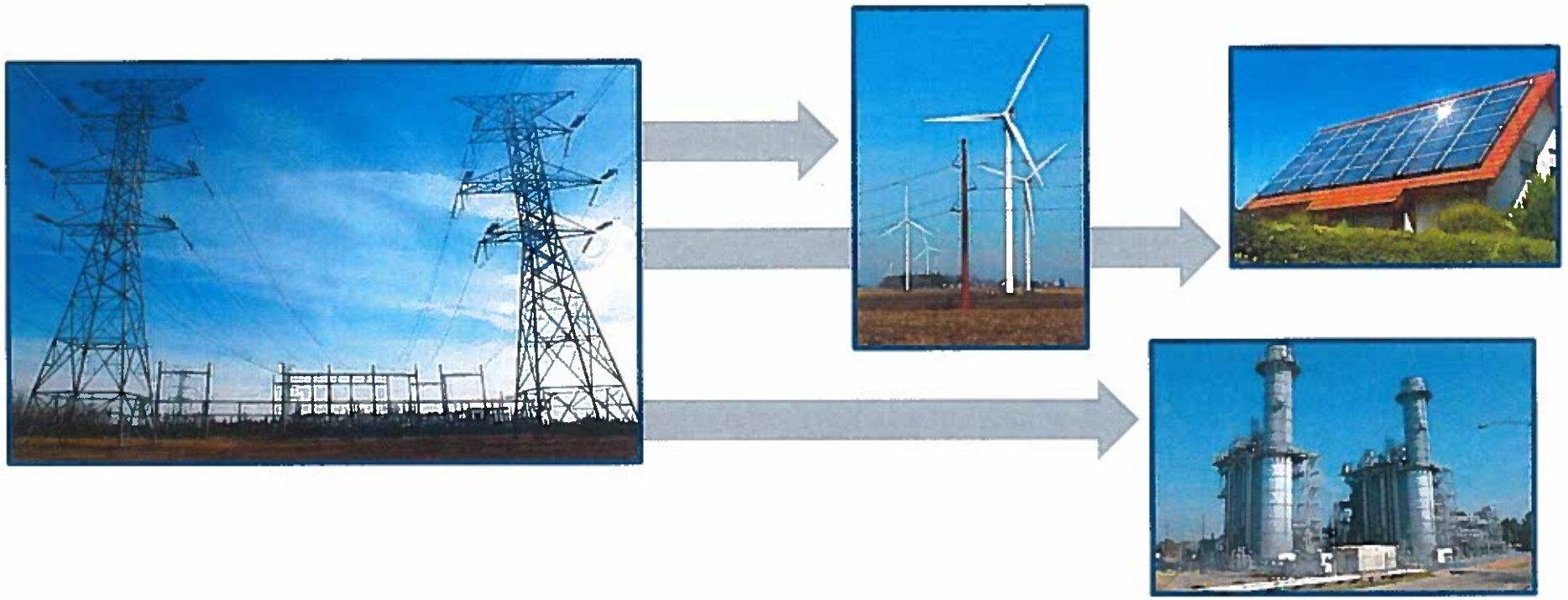
Extreme Weather Events



= Increasing demands on an aging electric grid

ITC

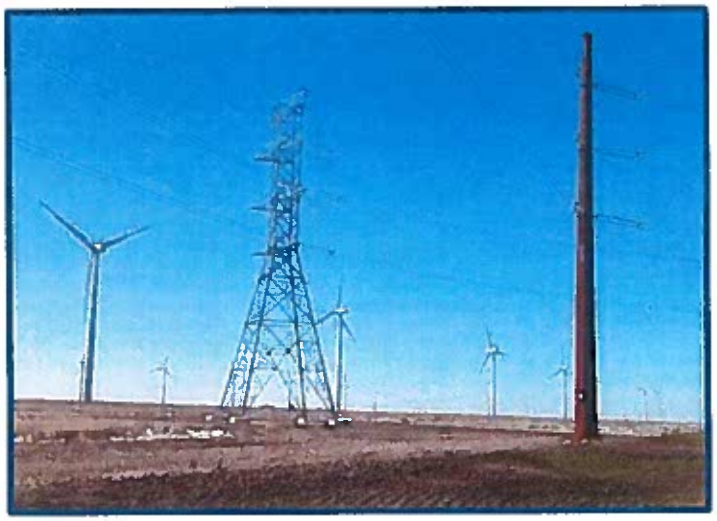
Backbone Transmission to Support Future Grid



Emerging Energy Landscape

Increased demands on electric transmission infrastructure:

- Changing energy generation mix
- Mobility
- Transportation
- Technology integration

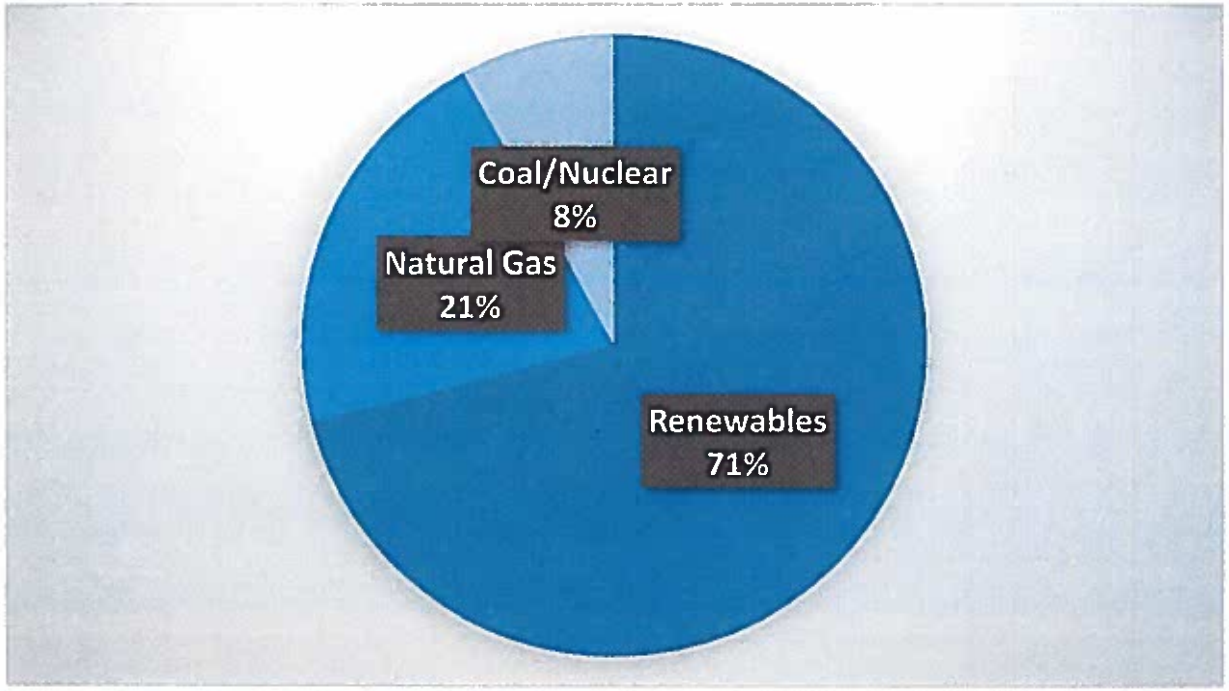


Modern, robust and interconnected transmission grid needed to facilitate the future energy landscape

Dialog and openness to new solutions must be priorities to ensure that we have a robust, reliable, and flexible electric grid to meet future needs

ITC Michigan Connected Generation

3,147 MW of Connected Generation in Michigan Since 2003



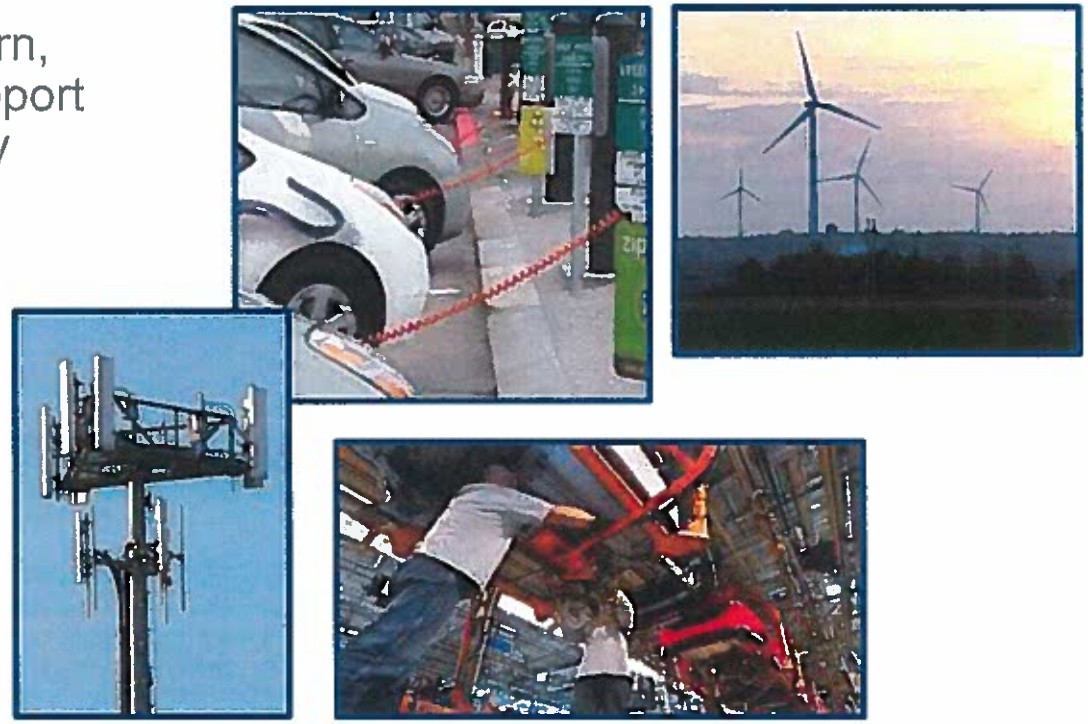
MISO New Generator Study Queue

- Unprecedented number of proposed wind and solar projects
  - 32 generator interconnection requests in Lower MI
  - 36 additional projects awaiting study
  - Of these, 34 are solar and 27 are wind projects
  - 13,000 MW of prospective generation – greater than 50% of Lower MI's peak load
  - Customer focus on renewables

New Demands and Uses

New Demands and Uses: Modern, interconnected grid needed to support 21st Century technology and policy developments:

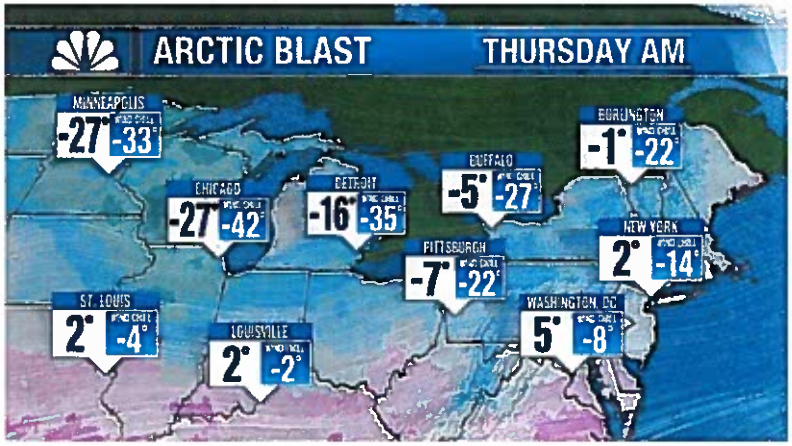
- Distributed generation
- Demand response
- Efficiency programs
- Electric vehicles
- Renewable energy mandates



Extreme Weather Events

Polar Vortex, Jan 30-31, 2019

- A large area of low pressure and cold air expanding south with the jetstream brought record cold temps not seen in Michigan in over 20 years
  - ITC's Michigan systems performed very well and were in the unusual position of exporting as much as 10% of generation to the MISO market, allowing MISO to avoid a capacity shortfall
  - Wind output in Michigan was near capacity; 37,662 Megawatt hours, or 12% of Michigan's total load, came from wind energy on Jan. 30

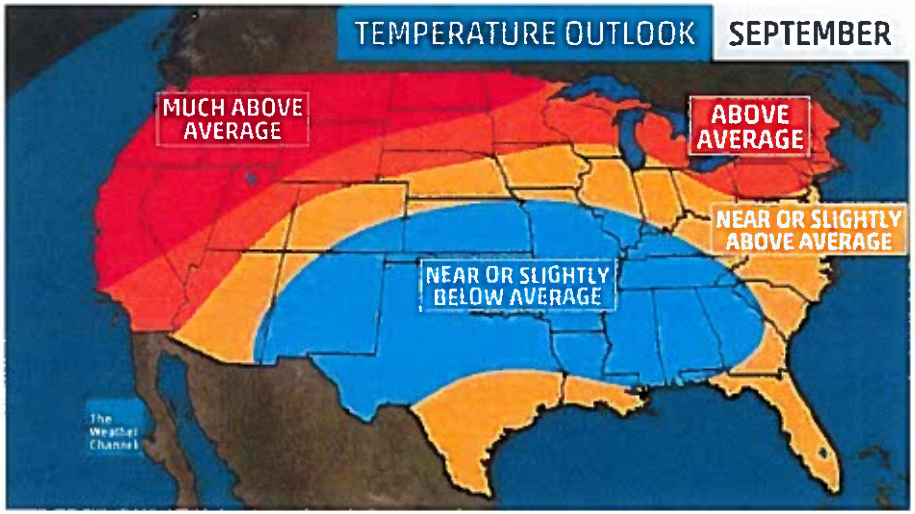


The changing resource mix, including the increasing reliance on variable output renewable energy, will make a strong transmission system capable of handling extreme weather events, and vast swings in resource output and availability, even more important.

Extreme Weather Events

Extraordinary demand on Michigan grid, September 2017 & 2018:

- Significantly higher than forecasted demand due to high temperatures, two years running
- In METC: Sept. 4, 2018 load record: 8,890 MW
- In ITCT: Sept. 5, 2018 load record: 11,552 MW
  - ITC's Michigan systems performed exceptionally well, handling a 2,800 MW import from MISO, representing 13.5% of total system load
  - 1,361 MW, or 7% of the total, came from wind energy



Extreme Weather Events

Michigan severe wind storm, March 8, 2017

- Unusual, non-thunderstorm high wind event
- Wind gusts in excess of 60 mph
- More than 1 million homes and businesses lost power, most for several days

- ITC's systems remained resilient throughout the storm
- No sustained outages on our systems
- ITC worked closely with customers to aid restoration efforts, providing crews from as far as our Midwest territory, and vegetation contractors, to help restore service

Consumer Awareness

Consumers are growing more conscious of energy issues and are gaining influence over the source, cost and use of energy in their daily lives.

Customer Trends

Desire for higher reliability

Increasing need for high-quality, uninterrupted power in homes and businesses

Increasing environmental awareness

Public concern for the environmental impacts of energy generation is rising

* Polling results from survey conducted online by Research Now, an independent opinion research company, with a nationally representative audience of 800 U.S. adults age 18+. The precision of online polls is calculated using a credibility interval, with a poll of 800 accurate to roughly +/- 4 percentage points. *Quotation from blinded interviews with senior-level officials engaged in energy-related decisions at their organizations conducted by an independent interviewer.

Community Partner

Transmission Trails, Events & Programs

- ITC partners with communities to support trail programs and events – including transmission corridor trails that offer hikers, bikers, nature enthusiasts and others the opportunity to appreciate and enjoy nature
- We work with communities to keep transmission corridor trails clear of excessive vegetation that can overtake the trails and interfere with transmission lines, ensuring residents are able to enjoy the natural beauty of the trails and continue receiving safe and reliable power

"The ITC Corridor Trail is one of Novi's jewels, providing a quiet respite from city life and connecting not only neighboring communities but people." -- Novi Mayor Bob Gatt.

Integrated Vegetation Management

Integrated Vegetation Management Program

- Tree interference with transmission lines is a leading cause of electric power outages and poses a safety threat to the public.
- Proper vegetation management is essential to preventing such outages to protect electric reliability and public safety.

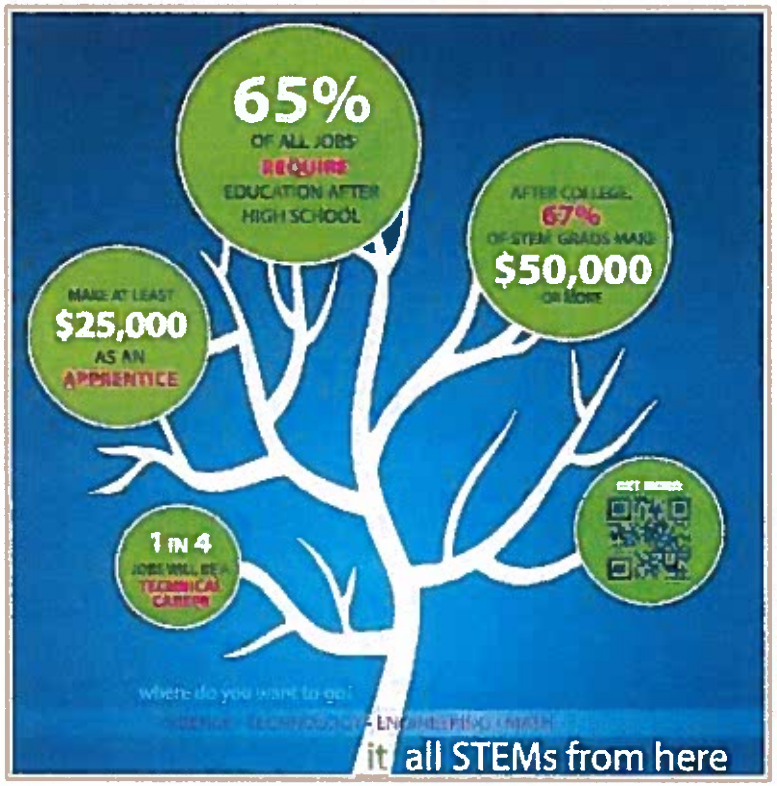
Building Our Future Workforce

STEM Outreach

Elementary Education Programs
We help develop new and improved ways to educate all of our elementary school children.

Community Colleges
We work to help develop and train our skilled trade partners.

Major Universities
We have partnered with Lawrence Technological University and Michigan Technological University to help them improve their power engineering programs.



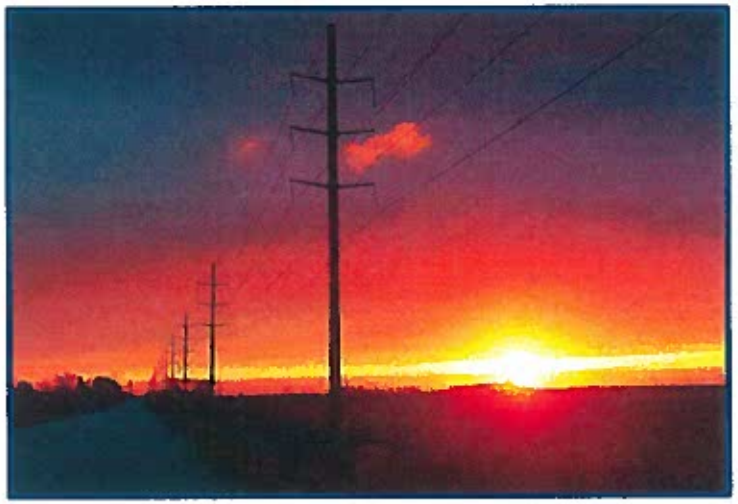
Value of Transmission

- Increased service reliability
- Decreased system congestion
- Decreased generation costs
- Integration of renewable energy
- Development of competitive power markets
- Employment and economic development
- Reliability and resource adequacy

ITC Value Proposition

Building a Better, Stronger Grid

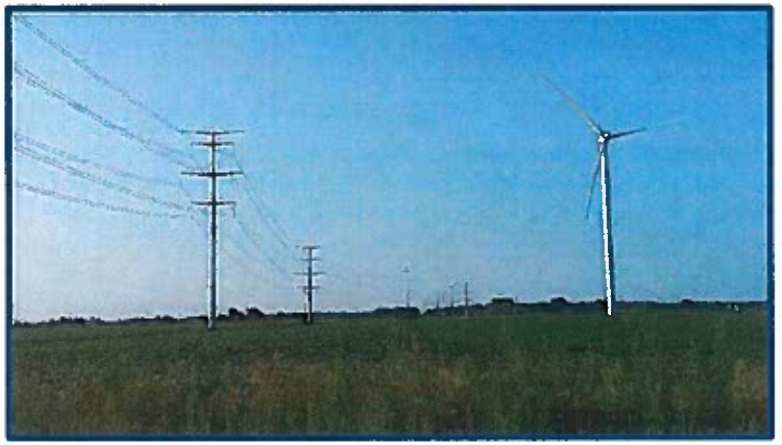
- Ensuring the connection between consumers and the energy they need is efficient, reliable and cost-effective
- Enabling electricity market competition to drive a robust economy
- Providing customers with solutions to best meet the energy needs of the 21st century economy



Value of ITC: Cost Savings

Breakout of customer savings between 2008 and 2014 in avoided renewable energy capital costs, according to ICF International:

- Michigan projects saved customers approximately **$250 million** in avoided renewable energy production costs.



Value of ITC: Market Efficiency

Breakout of customer savings between 2010 and 2015 in reduced energy production costs in the MISO region due to decreased system congestion, according to ICF:

- Savings to Michigan customers: **$111 million**

Value of ITC: Economy and Jobs

Economy and Jobs - Michigan

ITC's transmission investments and operations support the economy and jobs in Michigan:

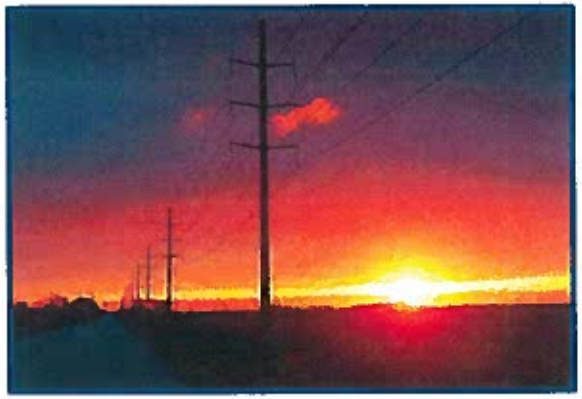
- In 2014, ITC Michigan's operating expenses helped support 3,000 direct and indirect jobs, and $270 million in spending throughout the state's economy.
- About 70% of ITC Michigan's capital investments from 2007-2014 remained in the state, supporting employees and vendors.

Source: Anderson Economic Group analysis of data sourced from ITC Holdings Corp.

Working toward a better, stronger grid

Utilities | Regulators | Communities | Planners | Customers | Stakeholders

Common Purpose: Ensuring the connection between consumers and the energy they need is efficient, reliable and cost-effective.



Common Issues: Evolving energy landscape. Transmission's backbone role in electricity delivery must be factored into planning the grid of the future.

ITC's commitment:

- Good stewards of the grid
- Respect for the environment
- Take the perspective of what is good for customers and the grid

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