

July 8, 2021

ATCO TO BUILD ITS FIRST RENEWABLE NATURAL GAS PRODUCTION FACILITY

CAPTURING METHANE FROM ORGANIC WASTE WILL REDUCE GHG EMISSIONS

CALGARY, Alberta – ATCO Ltd. (TSX: ACO.X) (TSX: ACO.Y)

ATCO Energy Solutions, an ATCO company, today announced it has partnered with Future Fuel Ltd. to build and operate a renewable natural gas (RNG) facility in Alberta. Located north of Vegreville, Alberta, the Two Hills RNG Facility is ATCO's first commercial RNG production facility and a strategic investment in ATCO's clean fuels strategy. RNG is a renewable fuel produced by capturing methane emissions which would otherwise be released to the atmosphere.

The RNG facility combines organic waste from nearby municipalities with agricultural waste to produce approximately 230,000 gigajoules per year of renewable natural gas, enough to fuel 2,500 homes, that will enter the natural gas grid under a long-term sales contract. This project will lead to the avoidance of up to 20,000 tonnes per year of carbon dioxide equivalent emissions. Future Fuel, with deep experience in biofuels and agricultural biomass, is a key partner in developing the project and expanding the reach of the facility to new markets. The construction and operation of the facility will be managed by ATCO Energy Solutions.

"This facility is an important investment in the advancement of ATCO's clean fuels strategy," said Bob Jones, President, ATCO Energy Solutions. "ATCO is leading the shift to a lower-carbon energy system by enabling our customers' energy transition to cleaner fuels such as renewable natural gas and hydrogen. We are actively investing in sustainable energy projects – here in Alberta and globally – in an effort to decarbonize the way we live and work, in support of a safe, reliable, affordable and cleaner energy future."

While Canada currently produces approximately six (6) petajoules (PJ) of RNG per year, it has the potential to generate more than 150 PJ per year from various organics feedstocks, according to industry estimates. This is equivalent to supplying 1.5 million Canadian homes with renewable natural gas. RNG projects provide innovative resource recovery solutions and improved waste management opportunities to sectors such as municipal organics and agricultural byproducts, which are striving to meet increased diversion targets and emissions reductions goals. ATCO, as a leading energy infrastructure provider with a long history of gas handling and upgrading, is uniquely suited to develop these projects and help its customers combat climate change and convert waste into an ongoing source of clean fuel. ATCO is actively developing several RNG and Clean Fuels projects to help Canada meet its climate change goals.



News Release

Brian Nilsson, Director at Future Fuel, added, “We are pleased to announce our partnership with ATCO Energy Solutions to recommission and repurpose an idle biogas asset in Two Hills County. This project adds organics processing facilities in the Capital region, offering a solution to both municipalities and the confined feeding industry for organics processing and emissions reductions. We look forward to continued cooperation with ATCO Energy Solutions and Emissions Reduction Alberta.”

Emissions Reduction Alberta (ERA) has committed \$7.9M to the project through its Natural Gas Challenge. This investment comes from the Government of Alberta and is sourced from the Technology Innovation and Emissions Reduction (TIER) fund.

The project is currently undergoing detailed engineering work, with some construction activities expected to take place this year. Full commercial operation of the project is expected to be achieved in late 2022.

With approximately 6,200 employees and assets of \$22 billion, ATCO is a diversified global corporation with investments in the essential services of Structures & Logistics (workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services, and disaster and emergency management services); Utilities (electricity and natural gas transmission and distribution, and international electricity operations); Energy Infrastructure (electricity generation, energy storage and industrial water solutions); Retail Energy (electricity and natural gas retail sales); Transportation (ports and transportation logistics); and Commercial Real Estate. More information can be found at www.ATCO.com.

ATCO Investor Inquiries:

Colin Jackson
Vice President, Finance, Treasury & Risk
403 808 2636

ATCO Media Inquiries:

Kurt Kadatz
Senior Manager, Corporate Communications
587 228 4571

Future Fuel Inquiries:

Anna De Paoli
Commercial Advisor
403 461 7400

TWO HILLS RNG FACILITY BACKGROUNDER

What is RNG?

- Renewable natural gas is produced by capturing and utilizing methane produced from the decomposition of organic materials that would otherwise be released to the atmosphere. Methane has Global Warming Potential (GWP) 28 times greater than carbon dioxide per the IPCC.
- A number of organic feedstocks can be utilized to make renewable natural gas, including manure and other agricultural by-products, residential and commercial organics, waste from water treatment plants, and methane emitted from organics breakdown in landfills.
- Renewable natural gas is injected into the existing natural gas system in the same manner as conventional natural gas and can be utilized to fuel vehicles or heat homes and businesses.

What are the benefits of this project?

- The project will safely, efficiently, and cost-effectively process locally generated manure and organic waste from local municipalities and other customers.
- The project will produce digestate fertilizer as a byproduct which will be land-applied by local farmers to fully utilize the nutrients in the feedstock.
- The project represents a critical step in optimizing Alberta's significant agricultural and municipal waste as an energy resource and recycled end product.
- The project will support the reduction of more than 20,000 tonnes of CO₂e per year and produce enough RNG to heat the equivalent of up to 2,500 homes per year.
- The project will create new skilled jobs to ensure the ongoing operation of the facility within the community.
- The project will make use of existing pipeline assets to support the transportation of clean fuels to end users.

What will the RNG produced at this facility be used for?

- The RNG produced at the Two Hills RNG facility will be injected into the local natural gas distribution system and delivered to customers for use in heating or transportation applications.

What are the project's timelines?

- The facility is currently in the detailed engineering phase with commercial operations expected to begin in late 2022.

What is ATCO's clean fuels strategy?

- ATCO is committed to decarbonization through the production and distribution of clean fuels such as RNG and hydrogen. By providing our customers with lower-carbon, lower-emitting energy solutions, we are leading the transition to a more sustainable energy future.

What other investments is ATCO making in energy transition and clean fuels?

- ATCO and Suncor Energy are working together to build a potential clean hydrogen project near Fort Saskatchewan, Alberta, which would produce more than 300,000 tonnes per year of clean hydrogen, reduce Alberta's CO₂ emissions by more than two million tonnes per year, significantly advance Alberta's hydrogen strategy, generate substantial economic activity and jobs across the province, and make a sizable contribution to Canada's net zero ambition. Learn more [here](#).
- With \$2.8 million in funding from Emissions Reduction Alberta, Canadian Utilities, an ATCO company, will build Canada's largest hydrogen blending project in Fort Saskatchewan, Alberta. Once complete, the project will inject up to five per cent hydrogen by volume into a section of Fort Saskatchewan's residential natural gas distribution network, lowering the carbon intensity of the natural gas stream for its customers. Learn more [here](#).
- ATCO received \$28.7 million from the Australian Renewable Energy Agency (ARENA) to help kickstart the production of hydrogen on a large scale, providing clean fuel for the Australia's natural gas networks. The funding enables ATCO and its joint-venture partner, Australian Gas Infrastructure Group (AGIG) to move forward with additional planning to establish Australia's first commercial-scale green hydrogen supply chain. A final investment decision is expected in December 2021. Learn more [here](#).
- Also in Australia, with the support of the federal government ATCO is working with Fortescue Metals Group to develop and operate a hydrogen vehicle refuelling system. Learn more [here](#).
- Canadian Utilities completed Canada's largest off-grid solar project in Fort Chipewyan, Alberta, providing the remote northern community with clean energy and reducing its reliance on diesel fuel to generate electricity. In partnership with local Indigenous communities, the project is an innovative model for other remote communities across Canada to achieve energy autonomy and transition to cleaner, lower-emitting energy solutions. In 2020, the Vuntut Gwitchin First Nation in Yukon was connected to a microgrid built in partnership with ATCO, helping the community reduce its diesel consumption. Learn more about the Fort Chipewyan project [here](#).