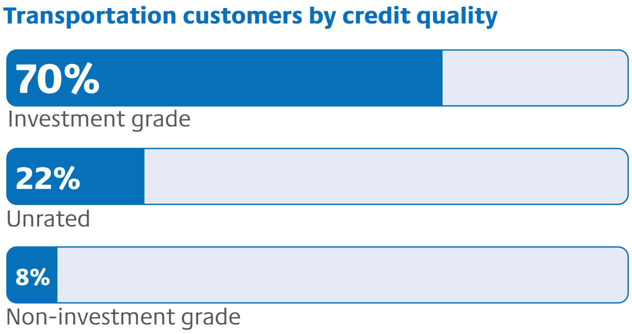
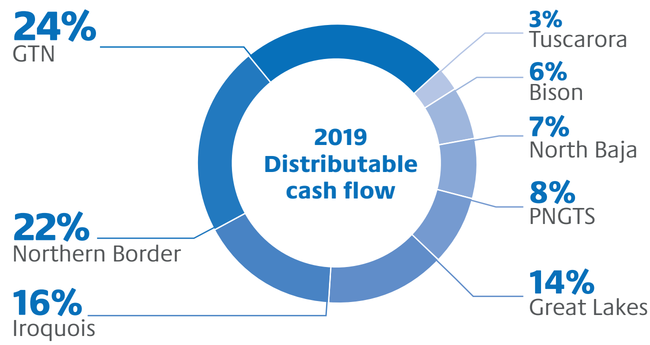
Letter to unitholders

2019

Financial highlights





Year Ended December 31 (millions of dollars, except unit amounts)	2019	2018	2017	2016	2015
Cash Flow					
Distributable cash flow [1]	340	391	310	313 [4]	290 [4]
Cash distributions paid	189	218	284	250	228
Class B Distributions paid	13	15	22	12	-
Income Statement					
Net income (loss) attributable to controlling interests	280	(182)	252	248 [4]	37 [4]
Adjusted earnings [1]	280	317	252	248 [4]	236 [4]
EBITDA [1]	460	27	445	433 [4]	223 [4]
Adjusted EBITDA [1]	460	526	445	433 [4]	422 [4]
Balance Sheet					
Total assets [2]	2,853	2,899	3,559	3,354 [4]	3,459 [4]
Long-term debt (including current maturities) [2]	2,012	2,118	2,415	1,920 [4]	1,980 [4]
Partners' equity	760	699	1,068	1,272 [4]	1,391 [4]
Common Unit Statistics (per unit)					
Cash distributions paid	2.60	2.95	3.88	3.66	3.46
Net income (loss) per common unit – basic and diluted	3.74	(2.68)	3.16	3.21	(0.03)
Adjusted earnings per common unit – basic and diluted [1]	3.74	4.18	3.16	3.21	3.03
Common Units Outstanding (millions)					
Units issued [3]	-	0.7	3.2	3.1	0.7
Weighted average for the year [3]	71.3	71.3	69.2	65.7	63.9
End of year [3]	71.3	71.3	70.6	67.4	64.3

(1) Distributable cash flow, EBITDA, adjusted EBITDA, adjusted earnings and adjusted earnings per common unit are non-GAAP measures. Non-GAAP measures do not have any standardized meaning prescribed by generally accepted accounting principles (GAAP). For more information on non-GAAP financial measures see item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the year ended December 31, 2019, filed with the Securities Exchange Commission (SEC).

(2) As a result of the application of ASU No. 2015-03 "Interest-Imputation of Interest" and similar to the presentation of debt discounts, debt issuance costs previously reported as other assets in the balance sheet were reclassified as an offset against their respective debt liabilities.

(3) In 2014, the Partnership launched its ATM program. Please read Note 11 – Partners' Equity in Notes to Consolidated Financial Statements included in Part IV, Item 15. "Exhibits and Financial Statement Schedules".

(4) Recast information to consolidate PNGTS for all periods presented as a result of an additional 11.81 percent in PNGTS that was acquired from a subsidiary of TC Energy on June 1, 2017. Prior to this transaction, the Partnership owned a 49.9 percent interest in PNGTS that was acquired from TC Energy on January 1, 2016. Please read Note 2 – Significant Accounting Policies – Basis of Presentation section of the Notes to the Consolidated Financial Statements included in Part IV, Item 15. "Exhibits and Financial Statement Schedules".

This material contains forward-looking statements relating to expectations, plans or prospects for TC PipeLines, LP. These statements are based upon the current expectations and beliefs of management and are subject to certain risks and uncertainties, including market conditions and other factors beyond the Partnership's control. Important factors that could cause actual results to differ materially from those described in the forward-looking statements herein are found in TC PipeLines, LP's Forms 10-K and 10-Q as filed with the SEC.

Message to unitholders

Nathan Brown,
President
TC PipeLines GP, Inc.

2019 was a solid, constructive year at TC PipeLines, LP. We worked hard to take full advantage of our existing natural gas infrastructure and to deliver disciplined capital projects. Following our FERC challenges in 2018, we identified sustainable, self-funded growth as our strategic focus going forward. Our goal is to achieve a healthy balance of distribution stability, strong financials and accretive capital investment opportunities. We're pleased with our progress in 2019 and we've entered 2020 with an enviable portfolio of highly contracted assets and significant momentum for growth.

Strong results

TC PipeLines finished 2019 in a very healthy financial position. Our commercial team succeeded in finding incremental transportation revenue opportunities across our portfolio, largely recouping the reduction in revenues that arose from the 2018 FERC Actions. Highlights include:

+ **$460 million in EBITDA realized**
+ **$340 million of distributable cash flow generated**
+ **Consistent cash distributions of $2.60 per common unit declared**
+ **$106 million in long-term debt repaid**
+ **Credit rating from Standard & Poor's upgraded to BBB/Stable**

Our accomplishments in 2019 translated into a 42 percent total unitholder return for investors. We believe that TC Pipelines' value proposition — a highly-contracted suite of natural gas infrastructure assets, low-risk business model, long track record of safe and reliable operations and sustainable growth — will deliver solid returns for our investors going forward.

Significant progress on organic growth in 2019

In November, we announced GTN XPress, our largest-ever project. This $335 million capital investment makes good economic sense – the multi-stage project reflects an optimal combination of horsepower replacement and reliability work coupled with new compression at existing sites to meet its customers' need for reliable and affordable transportation of clean-burning natural gas, consistent with the Pacific Northwest's desire for a cleaner energy future. Three quarters of this investment is expected to be placed into service and recovered in GTN's recourse rates commencing in 2022. The remaining investment is underpinned by 30-year fixed rate contracts and will increase GTN's firm transportation capacity by close to nine percent or 250,000 Dth/day, coming into service in November 2022 and 2023.

Visible growth continued at our Portland Natural Gas Transmission System where we are midway through two multi-phase compression-only projects fully backed by fixed rate 20+ year contracts. November 1 marked the in-service date of Phase II of Portland XPress and Phase I of Westbrook XPress, providing a reliable and affordable conduit for markets urgently in need of natural gas delivery service in New England and Canada's Maritime provinces. These efforts will double the firm delivery capacity of our asset to about 0.4 Bcf/day by 2022 while having a very minimal impact on neighboring landowners or the environment.

Finally, we recently announced a $13 million compression-only expansion project backed by a 20-year contract on Tuscarora that will increase the capability of that system by about seven percent.

Stable distributions and capital discipline

Our network of natural gas infrastructure is substantially long-term contracted and in high demand. We are pursuing accretive capital projects designed to provide stable cash distributions while maintaining the low-risk profile that TC PipeLines has stood for since its inception. We are confident our assets will support strong and stable distributions to our investors for the foreseeable future.

Looking forward, our focus is on maintaining a healthy balance sheet – over the past year we have de-levered to create the liquidity and financial capacity we need to fund our capital growth opportunities without issuing new equity. We value our investment-grade credit ratings, and guard them carefully. Our goal is to pursue disciplined growth opportunities across our asset footprint while maintaining a prudent annual distribution coverage of about 1.3 times and bank leverage metrics in the high 3 to low 4 times.

Bakken solutions

TC PipeLines continues to pursue opportunities to redeploy its Bison pipeline in response to the needs of producers in the prolific, transportation-capacity-constrained Bakken formation. We have received significant market interest in Bison's potential to have its direction of flow reversed, enabling it to deliver gas off Northern Border and on to existing third-party pipelines with links to the Cheyenne supply hub. We continue to work with prospective anchor shippers for this project, seeking to announce solutions for the Bakken's take-away needs within this calendar year.

Pursuing sustainable growth for a cleaner future

TC PipeLines is well positioned to capitalize on growing demand for innovative, lower-carbon solutions to meet America's energy needs, as evidenced by Iroquois' recently announced Expansion by Compression proposal. Designed to facilitate a rational and orderly transition to a renewable energy future and fully contracted for 20 years, this proposed project complements and supports New York State's environmental policy choices while at the same time addressing an urgent need for incremental natural gas transportation capacity into that region. Iroquois filed its FERC application in early February and is working through its regulatory review process. A decision as to whether this project will proceed is expected by early 2021.

We also announced our North Baja XPress project in 2019. This potential project responds to growing global demand for LNG as markets throughout the world transition to cleaner fuels. Still subject to our shipper's final investment decision by mid-2020, this 495,000 Dth/day compression-only capacity enhancement project will double the southbound capability of our North Baja system and is backed by a 20-year fixed rate contract.

These proposals support the shift from higher to lower emitting resources via compression-only solutions that maximize usage of existing systems. We will continue to pursue these and other responsible development opportunities in 2020. We believe this will drive our success going forward and will enable us to deliver long-term value to our investors.

Long-term value

Looking back over 2019, TC PipeLines has demonstrated that its sustainable natural gas infrastructure footprint, financial strength and careful management enable it to adapt to change and grow within the energy industry. As always, safe and reliable operations remain a constant focus for us as we are committed to maintaining TC Energy's industry-leading pipeline operations and safety practices. Our assets are well positioned to continue to deliver reliable, safe and environmentally responsible energy to markets that need and value our service and we are confident in TC PipeLines' ability to deliver unitholder value to you for decades to come.

Thank you for your continued investment.

Sincerely,

Nathan Brown
President, TC PipeLines GP, Inc.

Our strategy

Natural gas infrastructure is deeply interwoven into the U.S. economy – our industry touches nearly every other industry, and our success supports the success of many businesses, big and small. Natural gas and its associated infrastructure also complement renewables, and therefore are key to achieving national and global environmental aspirations. Here at TC PipeLines, our strategy is focused on generating long-term, steady and predictable distributions to our unitholders through long-life investments in critical infrastructure that provide safe and reliable delivery of clean-burning natural gas to our customers.

We are managed by our General Partner, which is wholly owned by TC Energy Corporation. For over 65 years, TC Energy has constructed, operated, maintained and modernized robust energy infrastructure networks across North America. Our GP operates our natural gas pipelines, apart from Iroquois' and PNGTS' joint facilities, which are owned together with third parties and operated by independent management.

In high demand

Natural gas is a major component of the power behind the plug that makes everything turn on, from appliances and electronics in homes, street and traffic lights in cities and computers that run the world. Natural gas demand continues to increase as electrical generation, industrial sectors and residential users seek increased use of cleaner-burning natural gas for their power, heating and cooling needs. Recent technological advances have made natural gas abundant, enabling the U.S. to become one of the world's largest natural gas exporters. North American natural gas production is expected to grow between now and 2040 to meet these needs, providing opportunities for the responsible growth of our infrastructure systems.

Organic growth

Our business model focuses on developing organic growth projects across our footprint that will enhance connections between North America's abundant natural gas supply and the premium markets that our assets already serve. We are actively pursuing opportunities that will deliver value for our unitholders through economic and efficient enhancements to our natural gas infrastructure systems, supported by long-term contracts.

We are executing compression-only expansion projects across our asset footprint to responsibly enhance and modernize our natural gas infrastructure and help build a cleaner energy future. In the West, our $335 million GTN XPress project is the largest organic opportunity in our history. It consists of horsepower replacement together with incremental compression capability at existing stations along its right-of-way. Tuscarora is proceeding with a compression-only project in response to demand in the region, demonstrating our commitment to maximizing the value of existing infrastructure. In the Northeast, our Portland XPress and Westbrook XPress projects are proceeding as planned and will nearly double capacity on this system by 2022.

And our efforts do not stop with these three successful projects – we are pursuing low-impact, compression-only projects across our suite of assets, including the Iroquois and North Baja systems, in response to customer demand.

Safe and reliable

Our natural gas infrastructure systems can transport about 10.9 Bcf/d or 13 percent of average daily U.S. natural gas demand. Our customers span the energy value chain and include large utilities, local distribution companies, major natural gas marketers and producers. These customers, and the markets they serve, depend on us to provide safe and reliable delivery of natural gas. We operate primarily in the Western U.S., the Midwest and the Northeast and have a strong market position in these regions.

GTN

GTN is our largest pipeline investment and provides a key service delivering natural gas from Western Canada and the Rocky Mountains to local utilities and power generation facilities in the Pacific Northwest, California and Nevada.

Northern Border

Northern Border is our next largest asset and provides a critical transportation route linking Canadian natural gas out of Western Canada, as well as U.S. gas out of the Bakken formation in North Dakota, with key markets in Minneapolis and the Chicago area.

Iroquois

Iroquois maintains key market connections into New York City, and serves regional LDCs and power plants in the Northeast.

Great Lakes

Our Great Lakes pipeline is utilized by the TC Energy Mainline and other shippers to provide service to natural gas producers seeking markets in the U.S. Midwest and central Canada. It is an important regional supplier of natural gas to local utilities in the upper Midwest and provides access to storage fields in Michigan and Southern Ontario which are vital to balancing supply and demand throughout the year as seasonal demands for natural gas fluctuate.

PNGTS, North Baja and Tuscarora are smaller in size but are critical infrastructure in their local markets. Although our Bison pipeline earns contractual revenue, it is not currently flowing gas due to changing natural gas basin dynamics in the Midwest and we are evaluating opportunities for this asset.

As operator of most of our assets, TC Energy is committed to industry-leading infrastructure operation and safety practices, a cornerstone for TC PipeLines over our 20-year history. Our pipelines are monitored 24/7/365 and our historical record of reliable operatorship is exemplary. We are focused on developing and operating our facilities safely, reliably and with minimal impact on the environment.

Highly contracted

Solid commercial and market fundamentals support our portfolio of natural gas pipeline assets. Most of our cash flows are derived from long-term contracts underpinned by high quality, creditworthy counterparties. Approximately 70 percent of our shippers are of investment grade status. And our contracts are structured such that shippers pay us for transportation capacity regardless of the quantity of gas they ship.

In the West, the majority of GTN's capacity is under long-term contracts with some maturing as late as 2045, Tuscarora is fully contracted through 2020, and North Baja's contracts mature between 2022 and 2031. In the Midwest, Northern Border is fully contracted with revenues substantially supported by long-term contracts with recent contract extensions typically for terms of up to five years. Great Lakes' contract tenor is lengthening as it remains a critical transportation link between natural gas storage fields in Michigan and Southern Ontario and major population centers in Minnesota, Wisconsin and Michigan in coordination with its TC Energy affiliate, ANR Pipeline. Great Lakes also provides a critical connection to the attractive Dawn market for gas producers in Western Canada. In the Northeast, PNGTS is effectively contracted through to 2032 and beyond. And Iroquois is highly contracted in the near term with contracts that expire out to 2026. Our Bison pipeline's capacity is contracted to approximately 40 percent until expiry in January of 2021.

Stable rates

Our response to the 2018 FERC actions has resolved uncertainty and restored stability in our business. The regulated rates on our pipelines will continue to afford cash flow certainty and underpin the stable nature of our asset portfolio.

Our pipeline systems operate under long-term FERC-approved rates. Our GTN pipeline is operating under a settlement with its shippers under which there is no requirement to file for new rates until 2022. Similarly, Great Lakes, Tuscarora and Northern Border have no requirement to file for new rates until 2022, 2023 and 2024, respectively. Iroquois also has no requirement to file for new rates until 2023. North Baja and PNGTS operate primarily under long-term negotiated rates and have no requirement to file for new rates.

Solid financial position

Our strong financial health is reflected in our investment-grade credit ratings from both Standard & Poor's and Moody's. Additionally, our lending group is strong and continues to be supportive.

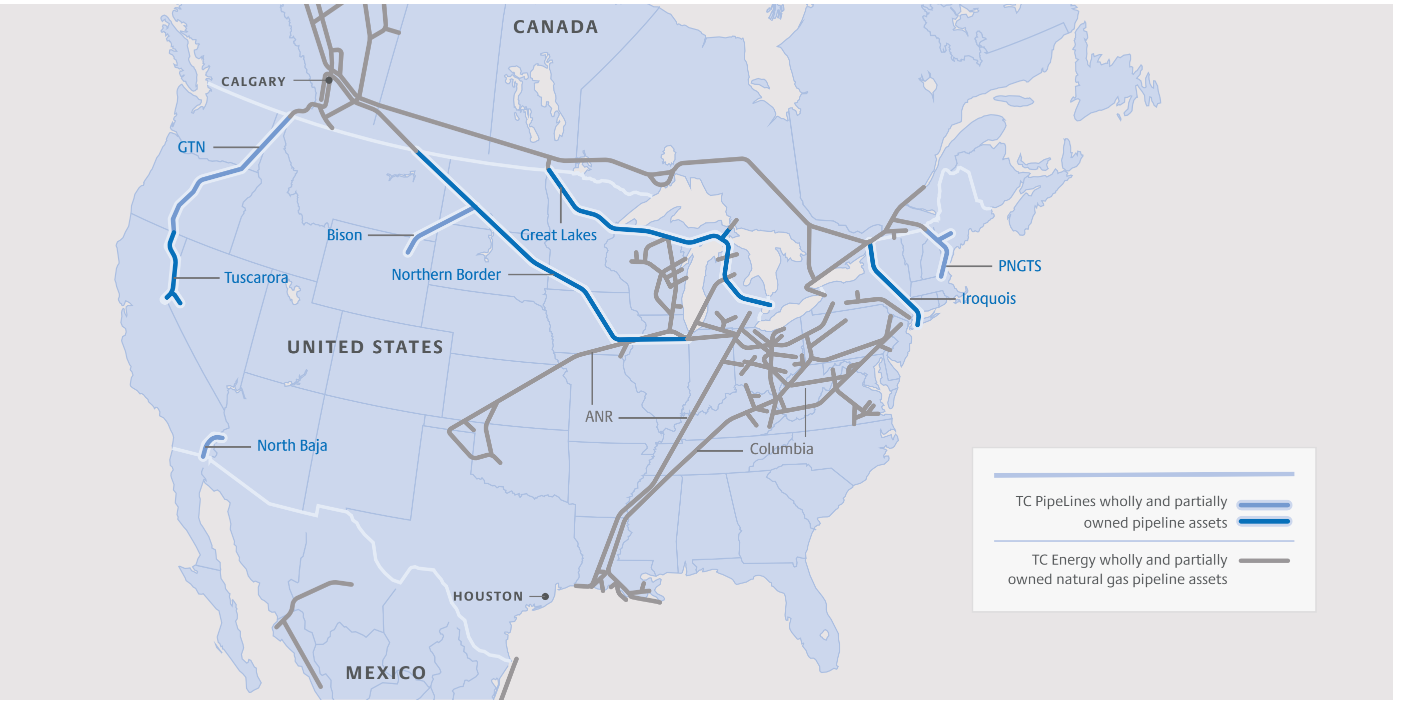
Our assets continued to deliver value in 2019. Demand in the West remains strong, and natural gas producers in the WCSB are eager to access this premium market through our GTN and Tuscarora systems, leading to additional contracting. Northern Border continues to generate solid results as a very competitive transportation path out of Western Canada. Great Lakes remains a critical delivery infrastructure system in the upper Midwest market serving heating loads in the winter and providing access to substantial storage in the summer. The remainder of our assets performed well and in line with our expectations.

We generated $280 million in adjusted earnings and $340 million in distributable cash flow over the year. The 12 percent decrease in adjusted earnings year-over-year reflects the Bison contract terminations in fourth quarter 2018 and its resulting lower revenue in 2019. The rate decreases on our pipelines emanating from the 2018 FERC actions were largely offset by increased discretionary revenue from strong natural gas flows out of the WCSB and our robust contract position across our portfolio.

Disciplined and self-funded

We are well positioned to capitalize on our growth opportunities. Debt repayments over the course of 2019 have further strengthened our balance sheet. Our growth projects will be funded through a combination of asset level debt and contributions from the partnership via cash from operations and draws under our revolving credit facility. No new equity issuances are anticipated – all growth will be self-funded. Our investment-grade credit ratings are indicative of our solid business platform and provide a firm basis from which to grow our business.

We see continued potential for organic expansion projects on our existing pipeline systems in our existing footprint. We continue to build a strong and diversified asset base of strategically located assets and believe that this strong foundation of reliable energy infrastructure will deliver unitholder value well into the future.



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