inter pipeline

News Release

Inter Pipeline Announces Capital Expenditure Program for 2017

CALGARY, ALBERTA, DECEMBER 19, 2016: Inter Pipeline Ltd. ("Inter Pipeline") (TSX: IPL) announced today a $545 million capital expenditure program for 2017. Approximately $475 million, or 87 percent, of total capital expenditures will be for organic growth initiatives, with the remaining $70 million invested in sustaining capital works.

In 2017, the majority of Inter Pipeline's growth capital program is expected to be directed towards engineering and planning for two proposed petrochemical facilities located in central Alberta. Smaller investments will be made to enhance the connectivity of Inter Pipeline's oil sands transportation assets, expand conventional oil pipeline infrastructure, and develop European storage operations.

Approximate 2017 growth and sustaining capital expenditures by business segment are described below.

Capital Expenditure Summary

(millions)	**2017 Forecast**
Growth Capital	
NGL Processing*	$305
Oil Sands Transportation	65
Conventional Oil Pipelines	65
Bulk Liquid Storage	40
Total Growth Capital	475
Sustaining Capital	70
Total Capital	$545

* Includes proportionate costs for 50 percent interest in the Empress V NGL straddle facility

NGL Processing

In its NGL Processing business unit, Inter Pipeline is advancing two integrated world-scale petrochemical facilities that will convert locally sourced, low-cost propane into higher value polypropylene. Polypropylene is an important plastic used to manufacture a wide variety of consumer and industrial goods.

In the first half of 2017, $75 million is expected to be invested to advance detailed engineering and long-lead procurement for Inter Pipeline's proposed propane dehydrogenation plant and polypropylene facility located near Fort Saskatchewan, Alberta. Inter Pipeline expects to make a final investment decision on these two facilities by mid-2017. Should these projects be fully sanctioned, an additional $195 million is included in the 2017 growth capital plan to continue the front-end design work and begin construction. In total, these petrochemical facilities are expected to cost $3.15 billion and enter commercial service by mid-2021.

Smaller scale debottlenecking activities for Inter Pipeline's newly acquired offgas liquids extraction business and other modest organic growth investments at the Cochrane and Empress straddle plants account for the remaining $35 million.

Oil Sands Transportation

Inter Pipeline expects to invest approximately $65 million in its oil sands transportation business in 2017. Organic growth projects on Inter Pipeline's three oil sands pipeline systems will primarily focus on the construction of new diluent receipt and bitumen blend delivery connections.

The total above also includes $6 million of early design work for the recently announced diluent and bitumen blend connection to the Canadian Natural Resources Limited Kirby North oil sands project. In aggregate, Inter Pipeline will invest $125 million to connect the Kirby North production facility to the Cold Lake and Polaris pipeline systems by 2020.

Conventional Oil Pipelines

In 2017, Inter Pipeline expects to invest $65 million to expand oil battery connections, add services and increase storage capacity across its conventional oil pipelines business segment.

As part of this capital program, Inter Pipeline will invest $25 million to increase shipping capacity on the Bow River pipeline system to the Montana refining region. This two-phase project will initially add 5,000 b/d of capacity in late 2017. The second phase will add an additional 15,000 b/d of throughput capacity at a cost of approximately $10 million in late 2018.

Bulk Liquid Storage

Inter Pipeline continues to experience near record demand for storage services at its European terminals. Inter Pipeline plans to invest over $40 million on expansions and other growth projects across this business segment in 2017.

In the third quarter of 2016, Inter Terminals executed two long-term contracts to provide 175,000 barrels of new chemical storage capacity at the Seal Sands terminal in the United Kingdom. Approximately $20 million will be spent to complete the construction of five new storage tanks to support these contracts, with the new capacity expected to be in-service by mid-2017.

The remaining $20 million is tied to various smaller organic growth projects at Inter Pipeline's terminals in Germany, Denmark and Sweden.

Sustaining Capital

Sustaining capital expenditures in 2017 are expected to total $70 million. Approximately $22 million of the total will be spent in the European bulk liquid storage business on tank and equipment upgrades and another $20 million will be spent on several small projects across Inter Pipeline's NGL processing business segment.

Inter Pipeline's continued growth has prompted increased capital spending to meet long-term corporate requirements. Approximately $17 million will be spent enhancing corporate infrastructure including important improvements to Inter Pipeline's financial systems. The remaining $11 million will be spent on a number of projects across Inter Pipeline's conventional oil and oil sands pipeline businesses.

Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, natural gas liquids processing, and bulk liquid storage business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and Europe. Inter Pipeline is a member of the S&P/TSX 60 Index and its common shares trade on the Toronto Stock Exchange under the symbol IPL. www.interpipeline.com.

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Such risks and uncertainties include, but are not limited to, risks associated with operations, such as loss of markets, regulatory matters, government policies, environmental risks, industry competition, potential delays and cost overruns of construction projects, and the ability to access sufficient debt or equity capital from internal and external sources. You can find a discussion of those risks and uncertainties in Inter Pipeline’s securities filings at www.sedar.com. The forward-looking statements contained in this news release are made as of the date of this document, and, except to the extent required by applicable securities laws and regulations, Inter Pipeline assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary note.