AltaGas **News Release**

ALTAGAS RECEIVES REGULATORY APPROVAL TO DOUBLE THE SIZE OF THE TOWNSEND FACILITY, ANNOUNCES START UP OF POMONA ENERGY STORAGE AND PROVIDES UPDATE ON RIDLEY ISLAND PROPANE EXPORT TERMINAL AND OTHER STRATEGIC INITIATIVES

Calgary, Alberta (December 22, 2016)

AltaGas Ltd. ("AltaGas") (TSX:ALA) announced today that on December 19, 2016 it received regulatory approval from the British Columbia Oil and Gas Commission ("BCOGC") for the doubling of the Townsend Facility to 396 MMcf/d and to retrofit the existing 198 MMcf/d shallow-cut Townsend Facility to a deep-cut facility at a future date. The initial expansion will be a 100 Mmcf/d shallow-cut natural gas processing facility ("Townsend Phase 2") to be located on the existing Townsend site, adjacent to the currently operating Townsend Facility. The estimated cost of Townsend Phase 2 will be approximately $85 to $95 million. In addition, incremental field compression equipment, estimated to cost between $35 to $45 million, will be required to move raw gas production from the Blair Creek area to Townsend. Long-lead major equipment has been ordered and Townsend Phase 2 is expected to begin commercial operations in October 2017. It is expected that Townsend Phase 2 will be fully contracted with Painted Pony Petroleum Ltd. under a 20-year take-or-pay agreement.

"The regulatory approvals for doubling the size of our Townsend Facility and for potentially converting the existing facility to a deep-cut, bode very well for continued and significant growth in northeast B.C.," said David Harris, President and CEO of AltaGas. "The success of our northeast B.C. strategy comes from working closely and building strong relationships with the First Nations, who are instrumental in making this happen, and from the ability to offer producers a complete energy value chain including access to Asian markets. We continue to see strong opportunities to expand our operations even beyond the doubling of Townsend and we will continue to work very closely with the First Nations, with producers and with the B.C. Oil and Gas Commission to realize these opportunities."

AltaGas also announced today the start-up of its Pomona Battery Storage project on-time and on-budget. In August 2016, AltaGas, through its subsidiary, AltaGas Pomona Energy Storage Inc., signed a 10-year Energy Storage Agreement ("ESA") with Southern California Edison for 20 MW of energy storage at the existing Pomona facility, located in the east Los Angeles Basin of Southern California. Under the terms of the ESA, AltaGas will provide SCE with 20 MW of resource adequacy capacity for a continuous four hour period, which represents the equivalent of 80 MWh of energy discharging capacity. AltaGas will receive fixed monthly resource adequacy payments under the ESA and will retain the rights to earn additional revenue from the energy and ancillary services provided by the lithium-ion batteries. Commercial operations under the terms of the ESA will begin on December 31, 2016.

Ridley Island Propane Export Terminal Update

The proposed Ridley Island Propane Export Terminal located near Prince Rupert, British Columbia is expected to be the first propane export facility off of the west coast of Canada and will serve the growing demand in Asia while offering a new market for Canadian producers. It will be designed to ship 1.2 million tonnes of propane per year and is estimated to cost approximately $450 - $500 million. It will be built on a brownfield site with a history of industrial development, connections to existing rail lines and an existing marine jetty with deep water access to the Pacific Ocean. Propane from British Columbia and Alberta will be transported to the facility using the existing CN rail network.

All documentation required for the project's environmental approval has been submitted and is still under review.

"Obtaining the final approval from regulators is key to making a final investment decision," said David Harris, President and CEO of AltaGas. "We continue to work closely with First Nations and regulators to get our Ridley Island Propane Export Terminal approved, and we expect a determination shortly."

Based on production from its existing facilities and forecasts from new plants under construction, AltaGas anticipates having physical volumes equal to approximately 40 percent of the 1.2 million tonnes. The remaining 60 percent is slated to be supplied by producers and aggregators in western Canada as well as through additional AltaGas projects under active development. AltaGas expects to underpin approximately 40 percent of the terminal's throughput under tolling arrangements that provide producers and other suppliers services for a specified fee, the remaining 60 percent will be exposed to market pricing.

As previously announced on May 24, 2016, AltaGas LPG entered into a Memorandum of Understanding with Astomos Energy Corporation ("Astomos") contemplating a multi-year agreement, for the purchase of at least 50 percent of the 1.2 million tonnes of propane available to be shipped from the terminal each year. The key commercial terms for the sale and purchase of these volumes of propane have been finalized. Commercial discussions with Astomos and several other third party offtakers for further capacity commitments are proceeding.

Other Strategic Initiatives

North Pine Facility

In October 2016, AltaGas reached a positive final investment decision for the construction, ownership and operation of a natural gas liquids ("NGL") separation train capable of processing up to 10,000 Bbls/d of propane plus NGL mix, located approximately 40 km northwest of Fort St. John, British Columbia (the "North Pine Facility"). In conjunction with the North Pine Facility, AltaGas submitted an application to the BCOGC to construct two eight inch diameter NGL supply pipelines (the "North Pine Pipelines"), each approximately 40 km in length, which will run from the existing Alaska Highway truck terminal to the North Pine Facility. On December 16, 2016, AltaGas received its permits for the construction of the North Pine Pipelines. Site preparation for the North Pine Facility and the North Pine Pipelines is expected to commence in the first quarter of 2017 with a target commercial on-stream date in the second quarter of 2018.

The North Pine Facility will be connected to existing AltaGas infrastructure in the region and will have access to the CN rail network, allowing for the transportation of propane from the North Pine Facility to the Ridley Island Propane Export Terminal. AltaGas expects to construct a second 10,000 Bbls/d NGL separation train following completion of the first train.

Marquette Connector Pipeline

On December 15, 2016, AltaGas' wholly owned subsidiary, SEMCO Energy, Inc. ("SEMCO"), filed an application with the Michigan Public Service Commission ("MPSC") seeking approval to construct, own, and operate the Marquette Connector Pipeline (the "MCP").

The MCP is a proposed new pipeline that will connect the Great Lakes Gas Transmission pipeline to the Northern Natural Gas pipeline in Marquette, Michigan where it will provide system redundancy and increase deliverability, reliability and diversity of supply to SEMCO's approximately 35,000 customers in Michigan's Western Upper Peninsula. A MPSC decision is expected in the fourth quarter of 2017.

The MCP is estimated to cost between US$135 - $140 million with an anticipated in service date of 2020.

2017 Capital Program

AltaGas' 2017 capital program is expected to be in the range of approximately $500 - $550 million. AltaGas' gas business will account for approximately 65 – 70 percent of the total capital spend, while AltaGas' utility business will account for approximately 20 – 25 percent and the power business will account for 5 – 10 percent.

AltaGas expects maintenance capital for Gas and Power will be approximately $15 - $20 million for 2017.

The majority of AltaGas' capital spend relating to its gas business will be allocated towards AltaGas' growth projects including its proposed Ridley Island Propane Export Terminal, Townsend Phase 2 and the North Pine Facility and North Pine Pipelines.

"2017 will be a significant growth year for AltaGas as we continue to build out our northeast B.C. infrastructure and continue development of Canada's first ever west coast propane export terminal," said David Harris, President and CEO of AltaGas. "We will continue to advance our strategic initiatives and look forward to capitalizing on these opportunities."

In 2016, AltaGas' expects total capital spend to be approximately $550 million, in line with previous guidance of $550 - $600 million.

AltaGas is an energy infrastructure company with a focus on natural gas, power and regulated utilities. AltaGas creates value by acquiring, growing and optimizing its energy infrastructure, including a focus on clean energy sources. For more information visit: www.altagas.ca

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This news release contains forward-looking statements. When used in this news release, the words "may", "would", "could", "can", "will", "be", "intend", "possible", "plan", "develop", "anticipate", "target', "believe", "seek", "propose", "continue", "estimate", "expect", and similar expressions, as they relate to AltaGas or an affiliate of AltaGas, are intended to identify forward-looking statements. This news release contains forward-looking statements with respect to, among other things, business objectives, expected growth (including magnitude of growth), results of operations, performance, business projects and opportunities, capital expenditures (including in respect of the 2017 capital program and expected allocation per business segment), and financial results. In particular this news release contains forward looking statements with respect to AltaGas' ability to double the size of the Townsend Facility, to retrofit to deep cut facility and timing of retrofit; AltaGas ability to offer producers a complete energy value chain including access to Asian markets; expectations relating to expansion opportunities; expectations with respect to the Townsend Phase 2 including design specifications, location, capacity, cost, commitment, take or pay arrangements and expected gas volumes from Painted Pony, compression requirements and cost of compression, and expected timeline for commercial operations; expectations with respect to the AltaGas Pomona Energy Storage Project including AltaGas' ability to operate the project, expected energy storage capacity and available resource adequacy, battery run time, expected commercial operations date, expectations regarding resource adequacy payments and AltaGas' ability to earn additional revenue from energy from batteries, expectations with respect to the development of the proposed Ridley Island Propane Export Terminal including development costs, propane transport capability, initial shipment capacity, connection capability, sources of propane supply, *AltaGas' ability to construct new plants and develop new projects, expectations regarding tolling arrangements, expectations of being the first propane export terminal off the west coast of British Columbia, sale and purchase of liquefied petroleum gas from the terminal, entering into a multi-year agreement with Astomos, offtake opportunities, expectations of serving growing demand in Asia and offering new markets to producers and timing of final investment decision, environmental approval and commercial operations; expectations relating to the construction of the North Pine Facility and North Pine Pipelines including, construction plans, phased development, connection capability to rail, existing AltaGas infrastructure, the proposed Ridley Island Propane Export Terminal and Alaska highway truck terminal, facility specifications, handling capability, service area, cost, product mix, timeline for site preparation and commercial operation; expectations relating to the Marquette Connector Pipeline including timeline for MPSC approval, construction and in-service date; cost, location, connection capability to existing pipelines and gas supply opportunities; and AltaGas' ability to continue to build out its northeast B.C. infrastructure and advance strategic initiatives.;. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect AltaGas' current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including without limitation, changes in market, competition, governmental or regulatory developments, general economic conditions and other factors set out in AltaGas' public disclosure documents. Many factors could cause AltaGas' actual results, performance or achievements to vary from those described in this news release, including without limitation those listed above. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements included in, or incorporated by reference in this news release, should not be unduly relied upon. Such statements speak only as of the date of this news release. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.*