

# Projects Impacting Western Markets

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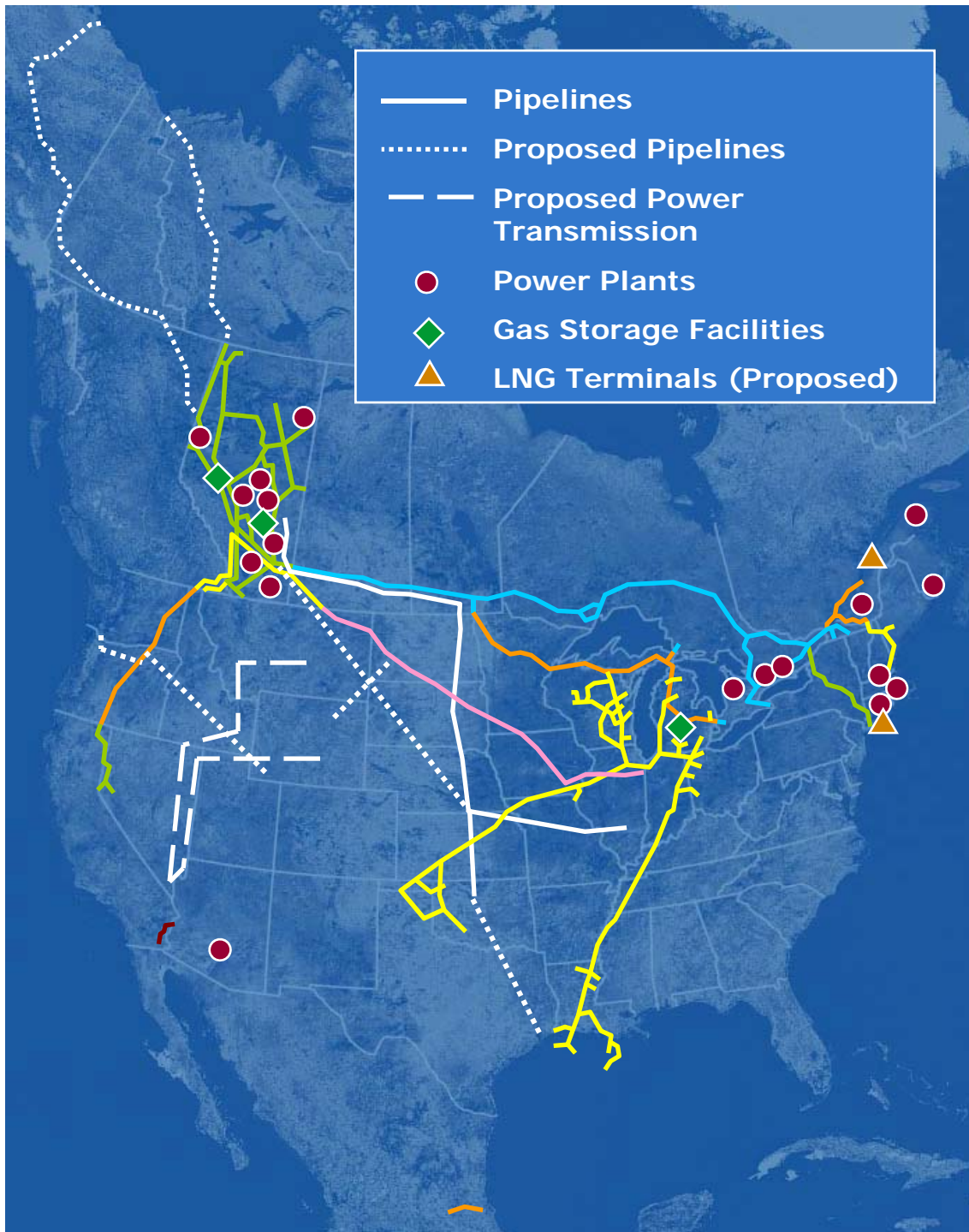
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# TransCanada Corporation (TSX/NYSE: TRP)

## Portfolio of Quality Assets

- 36,500 mi (59,000 km) of wholly owned pipeline
- Interests in an additional 4,800 km (7,800 mi) of pipeline
- 15 Bcf/d
- 370 Bcf of natural gas storage capacity
- 19 power plants
- 10,900 megawatts
- Crude oil pipeline project under construction and two proposed LNG terminals





# Alaska Pipeline Project



## State's AGIA Process

- Alaska Gasline Inducement Act (AGIA) was passed by the State legislature in mid-May 2007
- State issued a Request for Application in July 2007 inviting interested parties to submit competitive proposal by end of November 2007
- TransCanada and four other parties submitted applications
- In January 2008, the State determined that TransCanada's application was the only conformed and complete bid
- After determining TransCanada's application would maximize benefits to the State in May 2008, the Palin administration recommended to issue TransCanada the AGIA license
- Following a 2-month statewide public hearing, the State Legislature approved the Bill that authorizes the Administration to granting the AGIA License to TransCanada on August 1, 2008
- Governor Palin signed the License Bill on August 27, 2008
- AGIA License granted in December 2008

# AGIA Requirements

- Key State's "Must Haves" under AGIA
  - Committed to carry out an open season, apply for FERC pre-filing<sup>1</sup> and apply for FERC certificate by a date certain
  - Committed to rolled-in rates for up to 115% of initial rates on expansions in Alaska
  - Debt capitalization of project cannot be less than 70%
  - Distance sensitive rates for in-state gas deliveries
- Key State's "Offers" under AGIA
  - \$500 million development cost matching fund
  - Expedited state regulatory process
  - Fiscal certainty for 10 years from in-service date of the project for shippers that commit volumes in the initial open season

1) TransCanada pre-filed in April 2009

# TransCanada's Competitive Response to AGIA

- Initial system design with inexpensive expandability
  - 4.5 bcf/d to 5.9 bcf/d by compression additions
- Gas treatment plant ownership, if no 3<sup>rd</sup> party willing to build
- Equity opportunity for shippers committing gas in initial open season
- 75% debt vs. 70% minimum limit in AGIA
  - Toll reduction of \$0.09/mmbtu
- TransCanada's return reduction in event of capital cost overruns
- Fort Nelson Option upside
- LNG alternative



## Economic Viability

|  | <u>AGIA Application</u>    |                        | <u>March 2009</u>          |                        |
|--|----------------------------|------------------------|----------------------------|------------------------|
|  | 2018<br>1 <sup>st</sup> Yr | 25-Yr<br>Annual<br>Avg | 2018<br>1 <sup>st</sup> Yr | 25-Yr<br>Annual<br>Avg |
| U.S. EIA Gas Price Forecast (\$/MMBtu)                 | \$6.53                     | \$9.92                 | \$8.37                     | \$12.43                |
| Pipeline + GTP Tolls <sup>1</sup> (\$/MMBtu)           | \$2.76                     | \$3.03                 | \$2.76                     | \$3.03                 |
| Netback (pre-tax) (\$/MMBtu)                           | \$3.77                     | \$6.89                 | \$5.61                     | \$9.40                 |
| Producer/Govts Total Revenue <sup>2</sup> (\$Billions) |                            | \$350                  |                            | \$475                  |

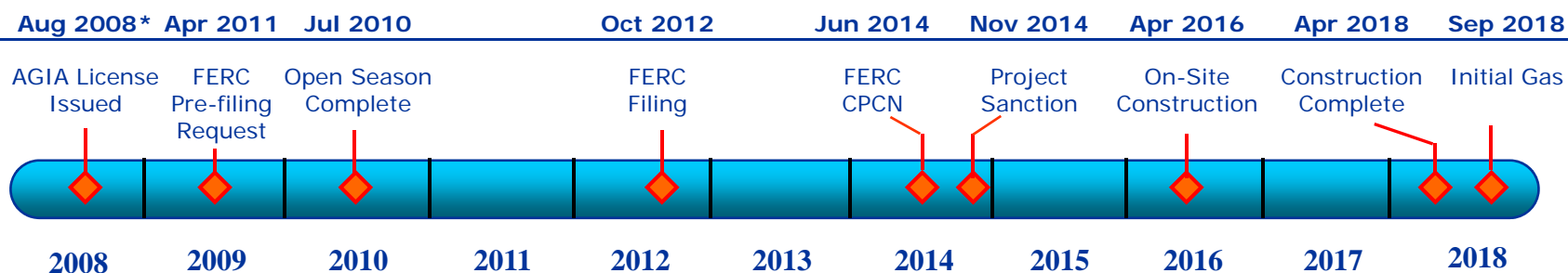
**Current U.S. EIA forecast results in extra \$125 B to producers/governments**

<sup>1</sup> Includes fuel

<sup>2</sup> Direct revenue only – no indirect impacts from additional E&P activity and spin-offs



# Project Schedule, Work Plan and Budget



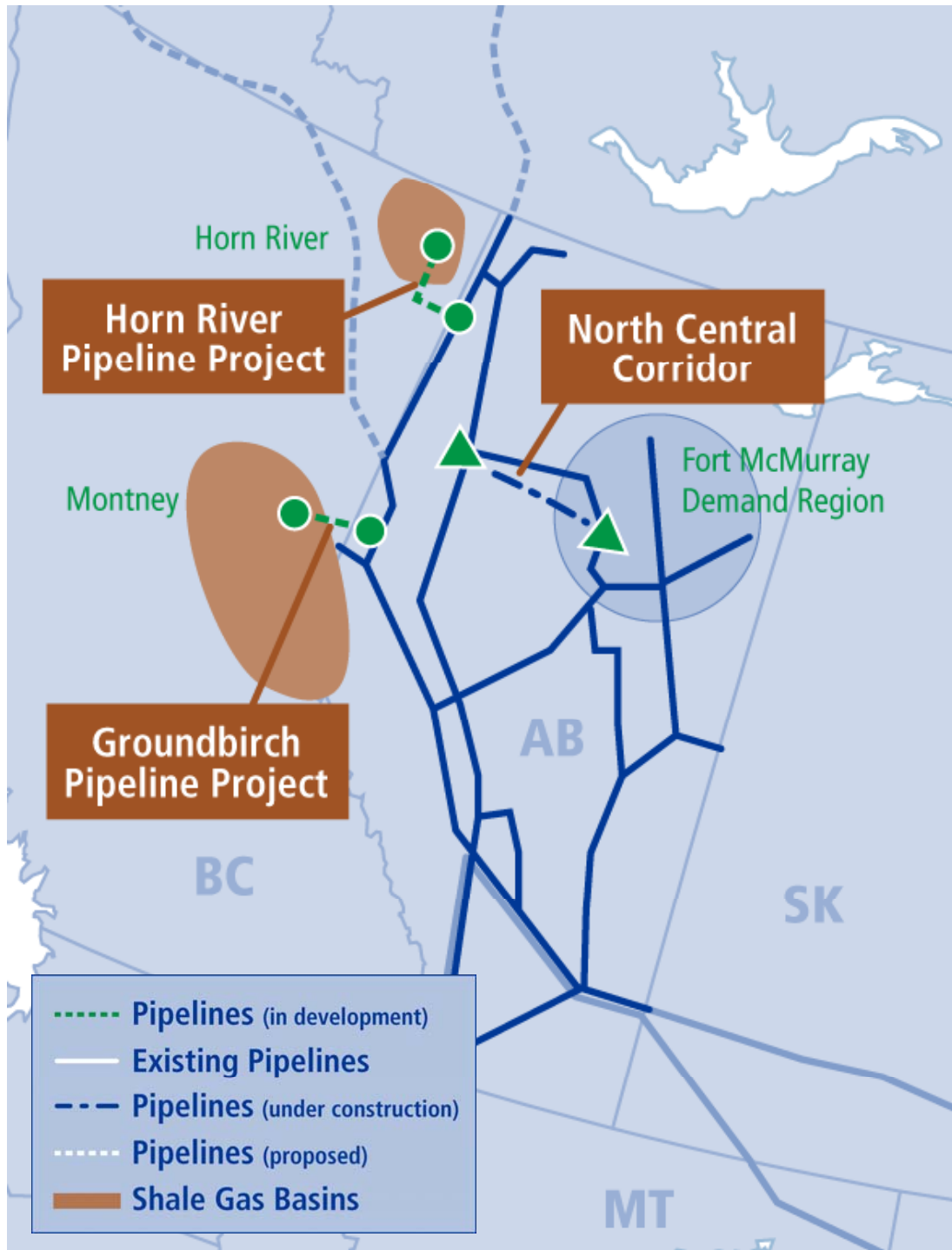
\* AGIA license assumed to be issued in August 2008 – actual date December 5, 2008

- TransCanada's work plan was comprehensively set out in our AGIA Application and responses to data requests
- Capital costs of \$26 Billion (2007 \$ excluding AFUDC)
  - Includes approximately \$0.6 Billion for Open Season and regulatory certification

## TransCanada's AGIA Work Plan

- Open Season Period (Now to July 2010)
  - Prepare Class 4 estimate
  - Confirm regulatory requirements and processes
  - Conduct in-state gas consumption study
  - Prepare and submit open season plan to FERC for approval
  - Hold initial open season

# Alberta System Pipeline Options



## North Central Corridor

- 300 km of 42-inch pipe
- 26 MW of compression
- Approximately \$925 million
- In-service 2009/10

## Groundbirch Pipeline Project

- Commitments for 1.1 Bcf/d by 2014
- 77 km 36-inch pipe
- Approximately \$250 million
- Expected in-service Q4 2010

## Horn River Pipeline Project

- Commitments for 378 MMcf/d in 2013
- 155 km combination of NPS 30 and existing pipe
- Expected in-service Q2 2011

## AB Jurisdiction Application Approved

- Extend Alberta system across provincial borders
- Integrated service to AB and BC customers, and Northern gas producers



## Palomar Gas Transmission

May 2009





# Palomar Gas Transmission



- A Second Interstate Pipeline in the I-5 Corridor
- 50/50 Partnership with Northwest Natural
- Up to 36-inch diameter pipeline from GTN Mainline to Molalla and beyond
- An East section and a West section
- Competitor to Northwest Pipeline's Blue Bridge project
- 115 miles vs. 157 miles
- Rate stacking issue for I-5 corridor shippers north of Portland



# Project Schedule



|                |  |
|----------------|--|
| December 2008  | Filed FERC Application   |
| July 2009      | FERC Draft Environmental Impact Assessment issued                    |
| Summer 2009    | Public review and comment period for DEIS, FERC public meetings held |
| September 2009 | Preliminary Determination  |
| February 2010  | FERC Final EIS issued  |
| April 2010     | FERC Certificate   |
| Summer 2010    | Commence Construction  |
| November 2011  | In-service   |

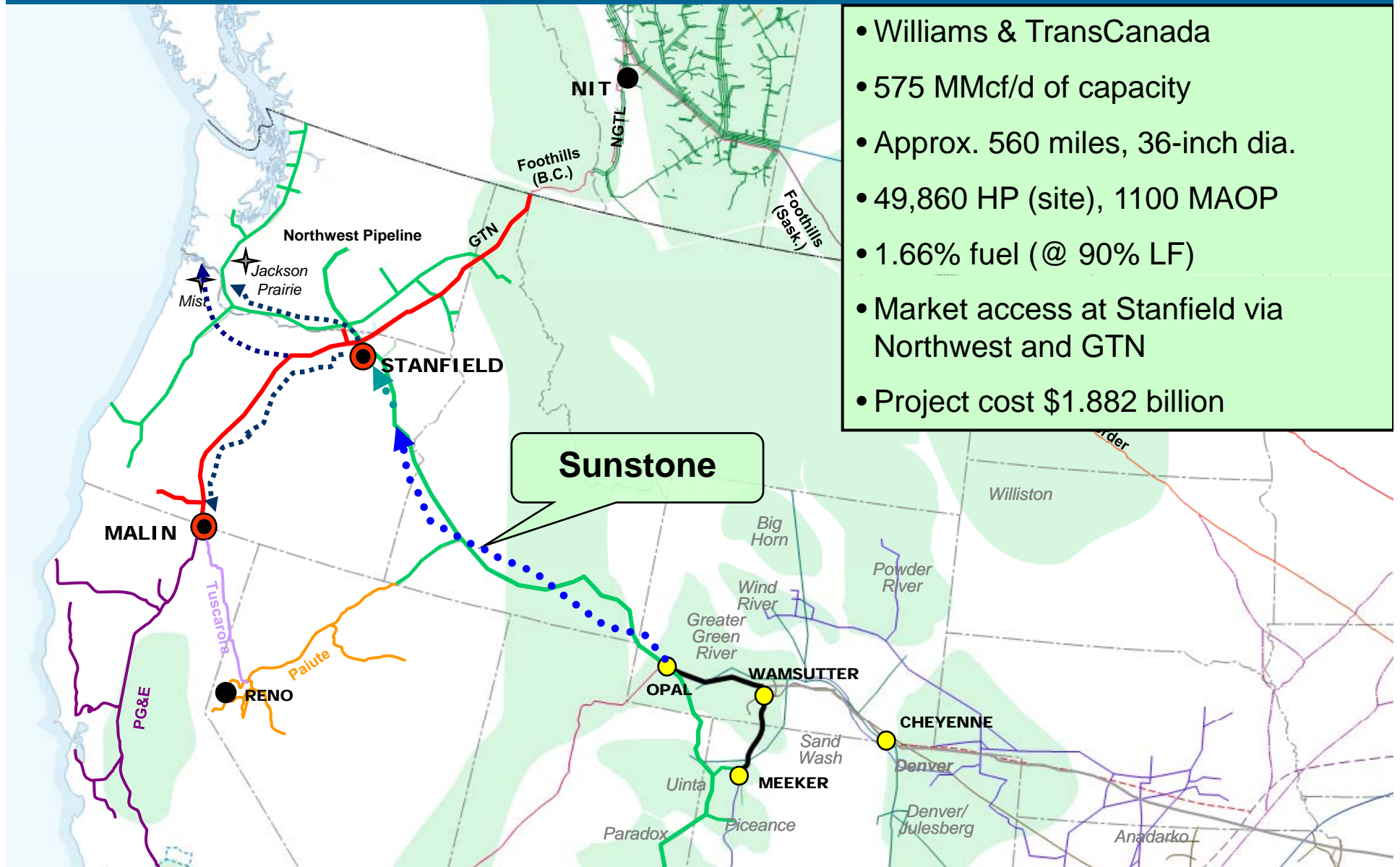
# Sunstone Pipeline LLC



May 2009



# Sunstone Pipeline

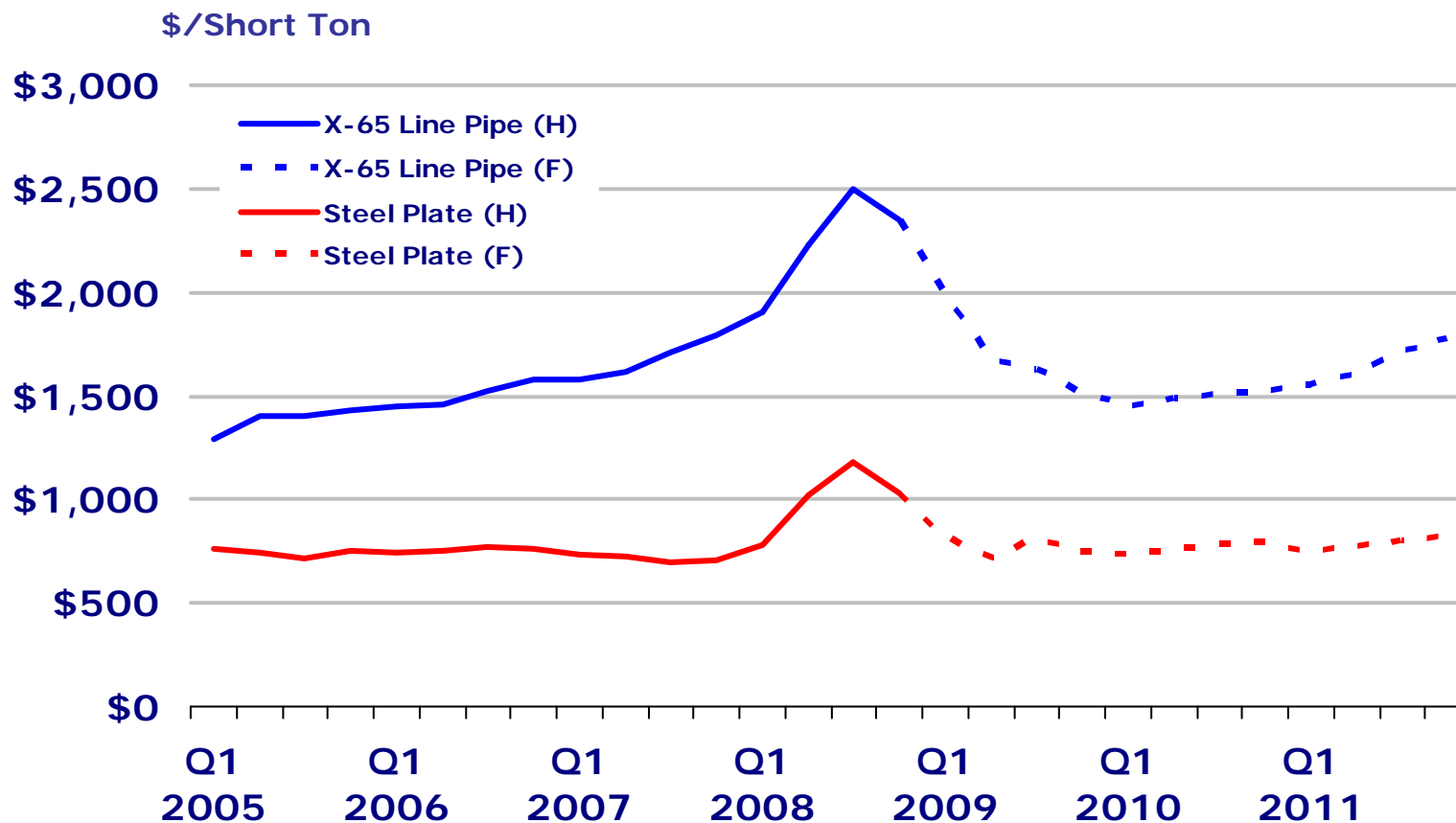




# Project Benefits

- After careful assessment of recent market developments Sunstone was re-scoped to better align with market needs
  - Reduced capacity to 575 MDth/d expandable to 1,050 MDth/d
  - Later in-service date – November 2012 (relative cost savings compared to 2011 in-service)
- Alternative scope and timing more closely corresponds to customer forecasts of the timing of load growth and anticipated delivery needs
- Strength of project sponsors and quality of customer contracts enhance financing
- NWP is fully subscribed from the Rockies
  - PNW customers heavily weighted to Canadian supplies want additional Rockies access
- Lower risk than greenfield construction
  - Existing corridors, existing infrastructure, existing operators
- Significant progress on surveys and environmental review
- Sunstone has been designed so that it may be built whether or not competing projects are built
- Sunstone can expand to serve additional load if competing projects are not built

# X-65 Line Pipe and Steel Plate Prices



# Schedule

- Shipper commitments needed: Q2 2009 (for 2012 in-service date)
- Place Pipe and Materials Order: No later than May 2010
- FERC filing: Q2 2010
- FERC Certificate: Q2 2011
- Construction Start: Summer 2011
- In-Service Date: November 1, 2012

# North Baja Pipeline

## NBP Phase I

- 600 MMcf/d (northbound)
- In-service April 2008

## NBP Phase II

- Up to 2.7 Bcf/d (northbound)
- FERC certificate was issued in October 2007

## Yuma Lateral

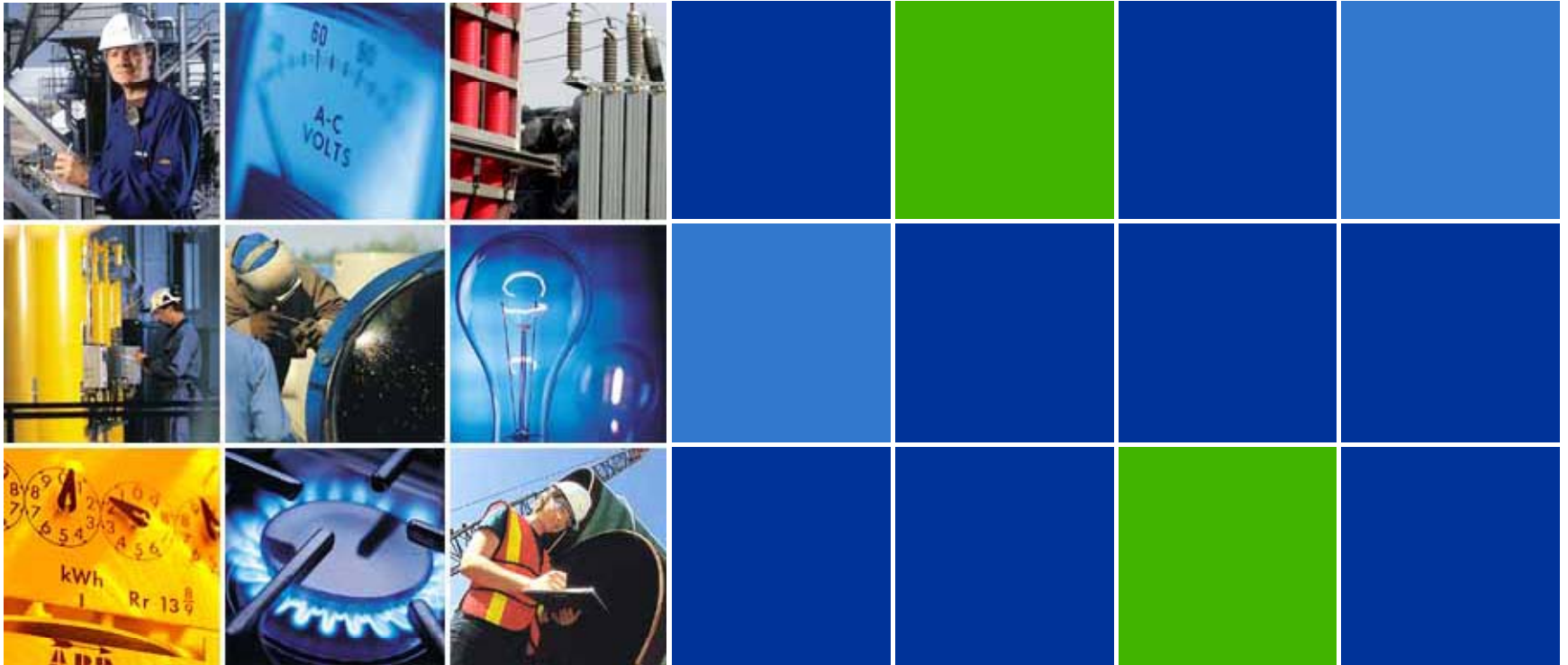
- 80 MMcf/d
- In-service summer 2009





## Conclusions

- The more things change, the more they stay the same
  - Unpredictable periodic shifts
  - TransCanada is long-term
- Let the market decide



Thank you.