

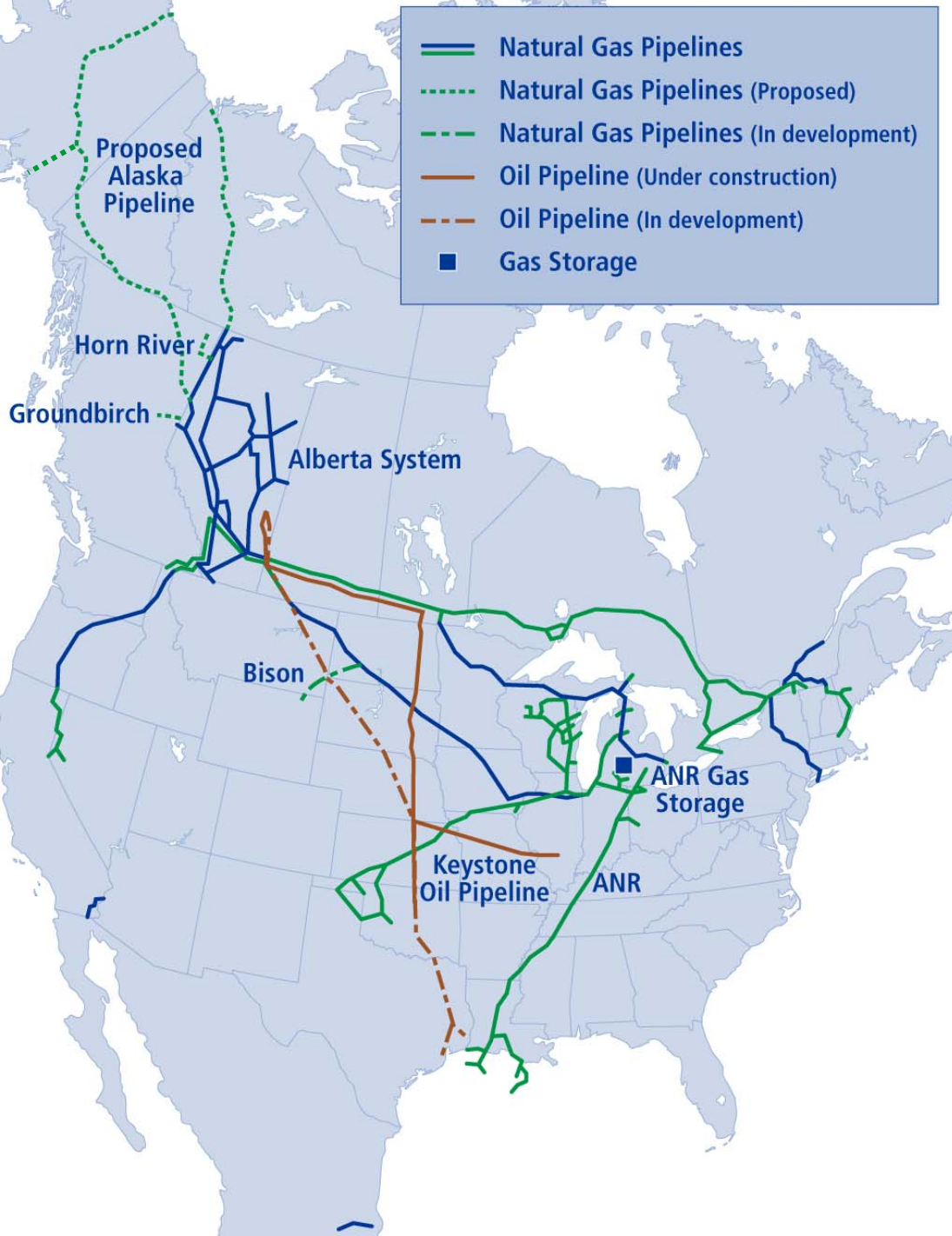


TransCanada's Alaska Pipeline Project

Alaska Legislature
House Energy Committee
March 19, 2009

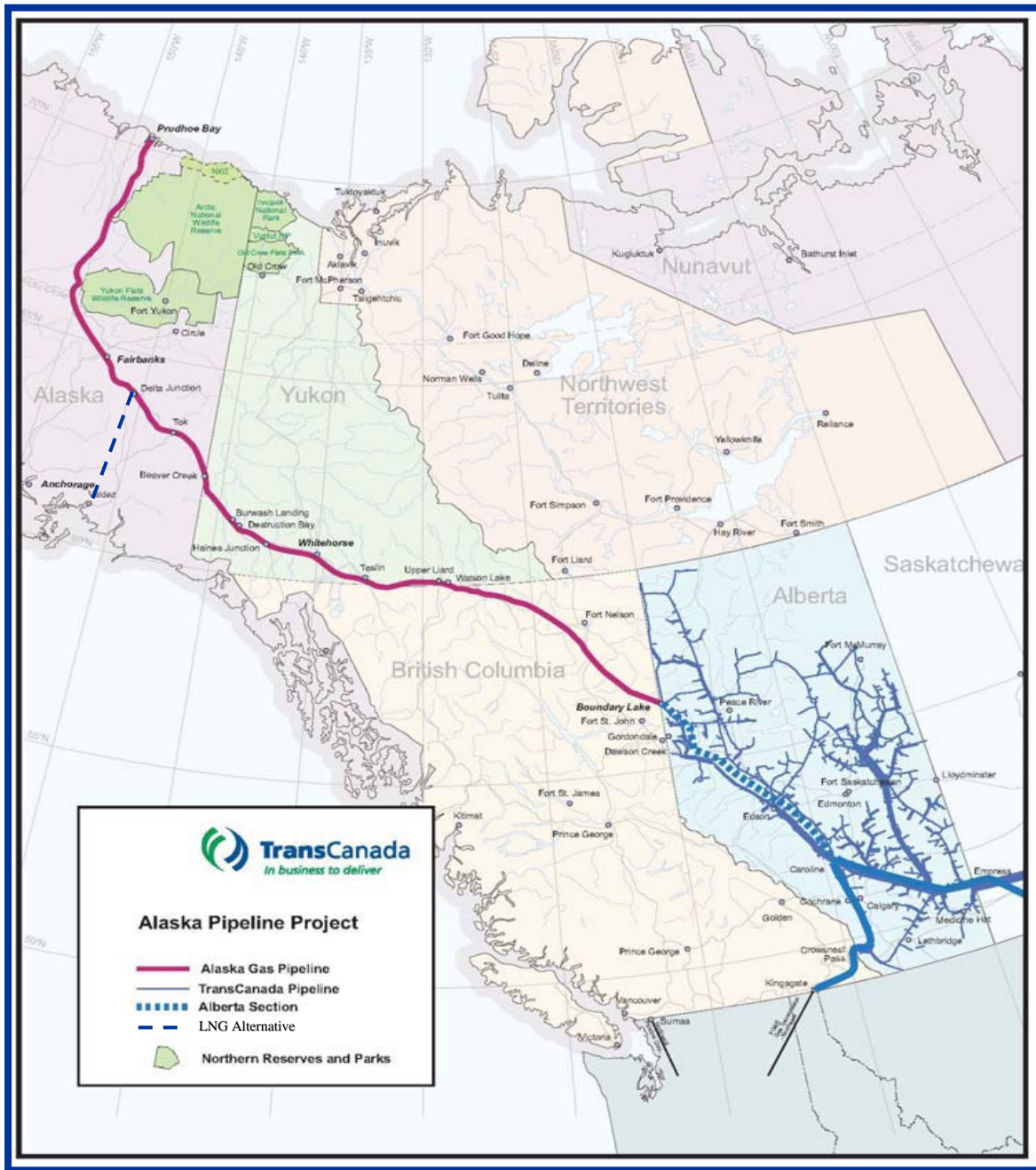


2008 Pipeline Accomplishments



- Keystone Oil Pipeline
 - Expanded system to 1.1 MMBbl/d, 83 per cent contracted
- ANR Regulated Natural Gas Storage
 - Increased capacity to 250 Bcf
- Alberta System
 - NCC under construction
 - Federal jurisdiction approved
- Rockies Basin Initiatives
 - Proceeding with Bison project
- Alaska Pipeline Project
 - AGIA license received
- Northeast BC Shale Gas
 - Proceeding with Groundbirch
 - Proceeding with Horn River

TransCanada's Alaska Pipeline Project



Elements of a Successful Project



- **Attractive project economics**

- Natural gas prices are volatile and difficult to forecast
- Conventional Lower 48 and WCSB, LNG, shale and coalbed methane all competing for market share
- Project supporters must focus on factors that affect tolls
 - Commercial terms
 - Commercial and regulatory risk management
 - Schedule
 - Cost control
- Current toll estimate of US\$2.76/MMBtu (nominal) in 2018 to Alberta Hub
 - Important to keep tolls under \$3/MMBtu (incl. fuel)

Elements of a Successful Project



- **Government and community support**
 - U.S. / Canada
- **Commercial contracts with Shippers**
 - Discussions with potential shippers for deliveries:
 - within Alaska,
 - to Asia/Lower 48 via Valdez, &
 - to Lower 48 via Alberta Hub



- **Project Execution**
 - Proven project developer
 - TransCanada has 50 year successful track record as developer of long-distance multi-jurisdictional pipeline projects



Review of Project Economics



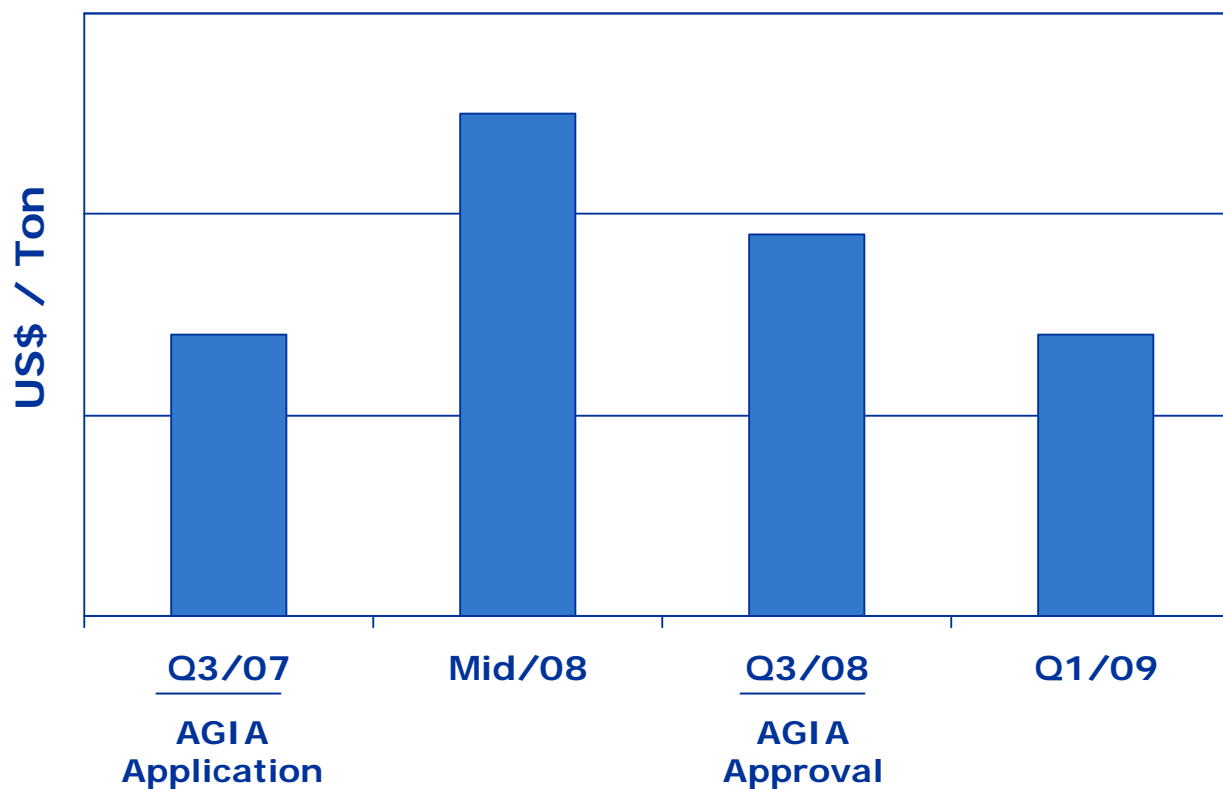
- Access to capital markets
- Pipe prices
- Crude oil price forecasts
- Natural gas price forecasts
- Impact on project economics

TransCanada's Access to Capital Markets



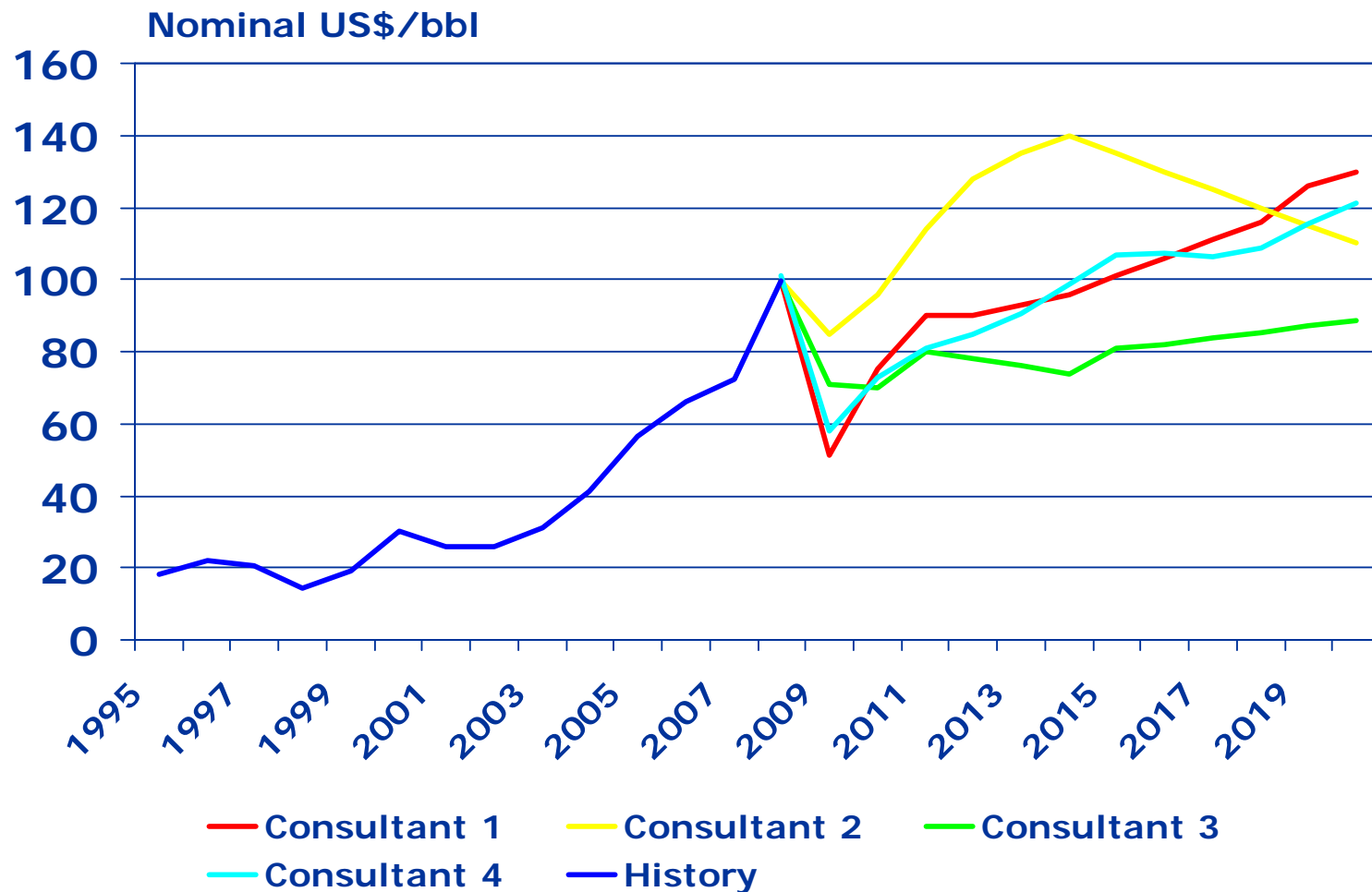
- Raised C\$5.5 billion in capital since November 2008
 - Raised C\$1.157 billion in common equity through a public offering
 - Issued US\$1.25 billion 30-year Senior Unsecured Notes at 7.625 per cent
 - Issued US\$750 million 10-year Senior Unsecured Notes at 7.125 per cent
 - Secured a US\$1.0 billion bank facility dedicated to funding the Keystone Pipeline system
 - Issued C\$400 million 30-year Medium Term Notes at 8.05 per cent
 - Issued C\$300 million 5-year Medium Term Notes at 5.05 per cent
- Alaska Pipeline Project will have access to US\$18 billion Federal Loan Guarantee
 - **Commence financing at decision to proceed (2014/15)**

Pipe Prices

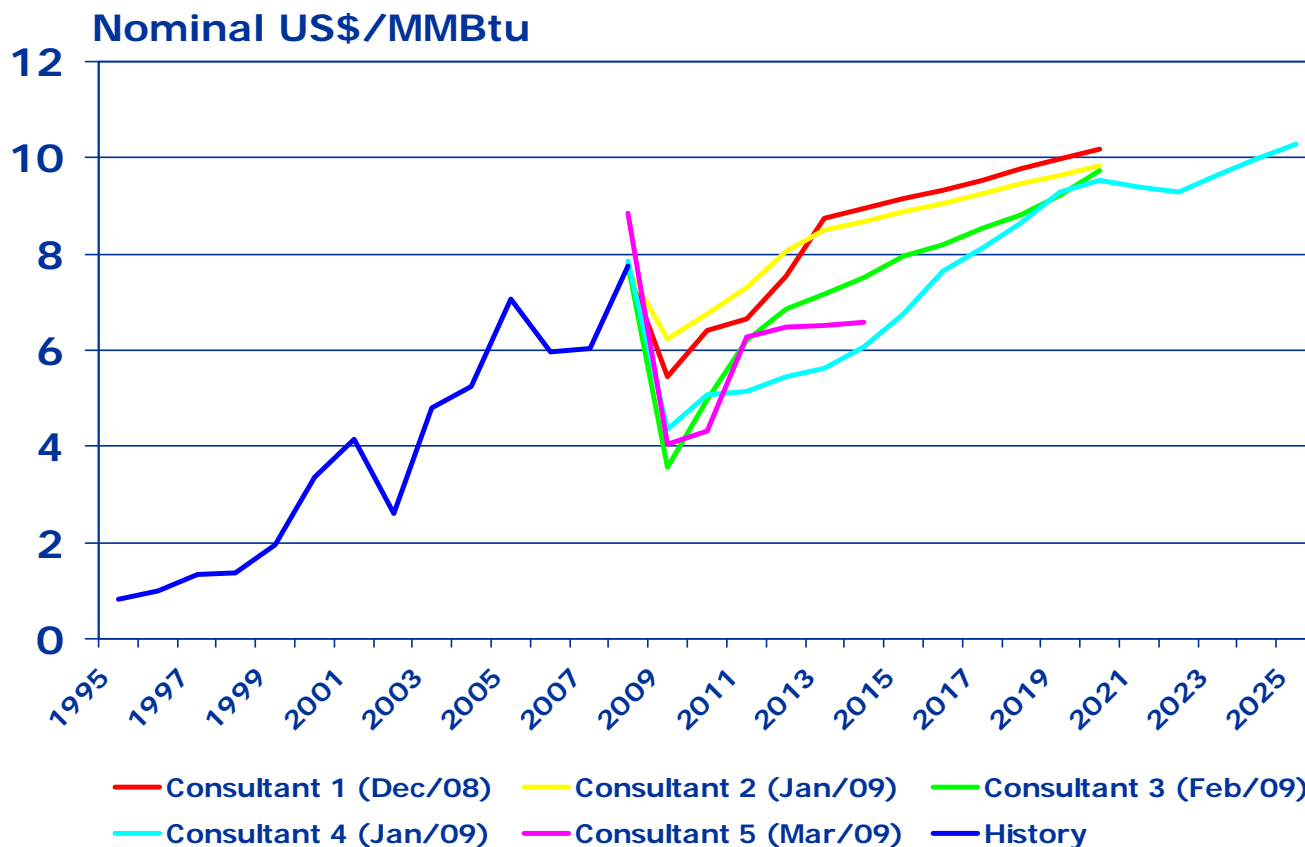


Q1 2009 pipe prices at same level as TransCanada's AGIA Application

Recent Crude Oil (WTI) Price Forecasts – Jan/09

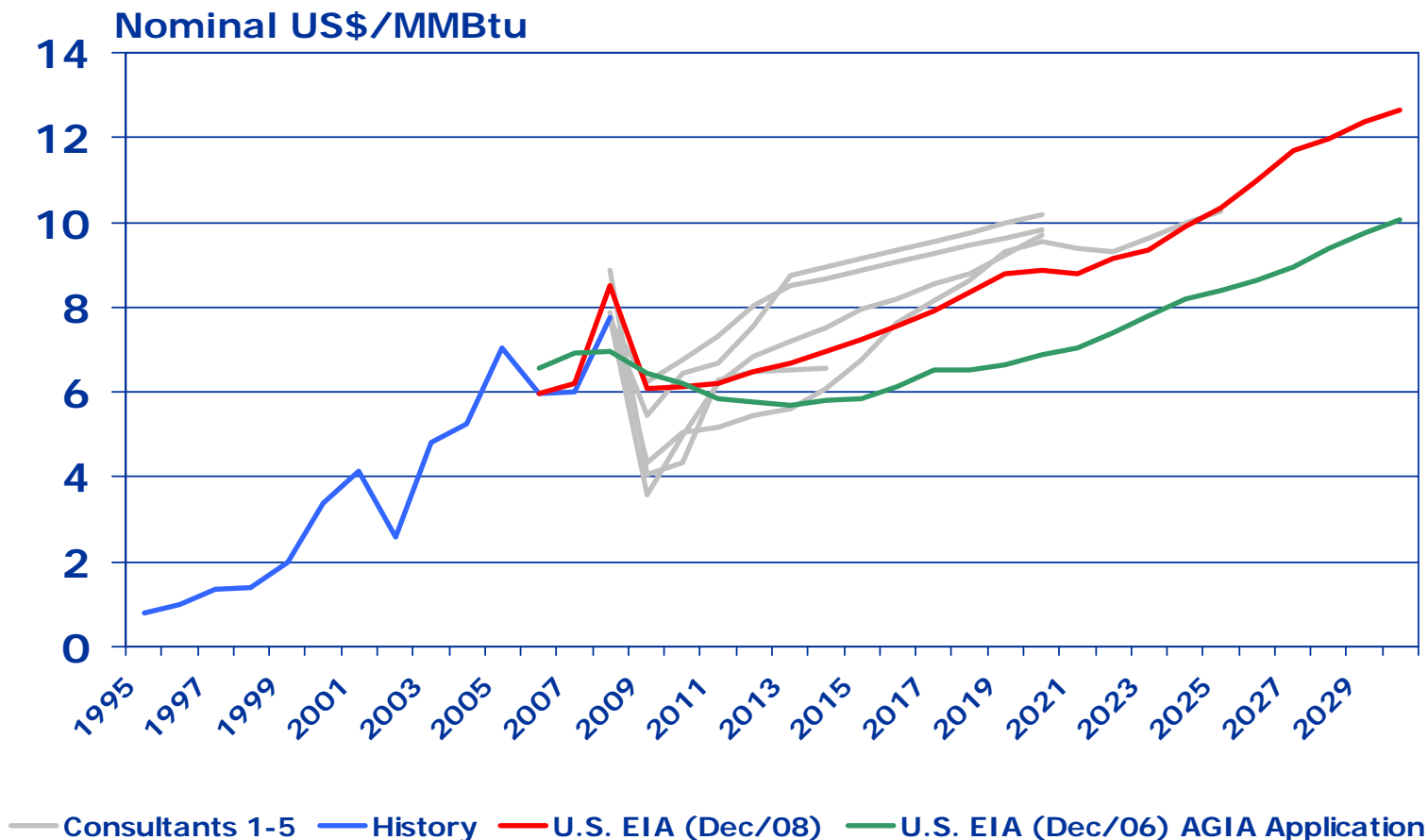


Recent Alberta Hub Gas Price Forecasts



Alaska Pipeline economics remain attractive based on recent forecasts (2018 and beyond)

U.S. EIA Alberta Hub Gas Price Forecasts



Current EIA Forecast approx. \$2/MMBtu higher than projections used in TC's AGIA Application

Impact on Project Economics



	<u>AGIA Application</u>		<u>March 2009</u>	
	2018 1 st Yr	25-Yr Annual Avg	2018 1 st Yr	25-Yr Annual Avg
U.S. EIA Gas Price Forecast (\$/MMBtu)	\$6.53	\$9.92	\$8.37	\$12.43
Pipeline + GTP Tolls ¹ (\$/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 ² (\$Billions)		\$350		\$475

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

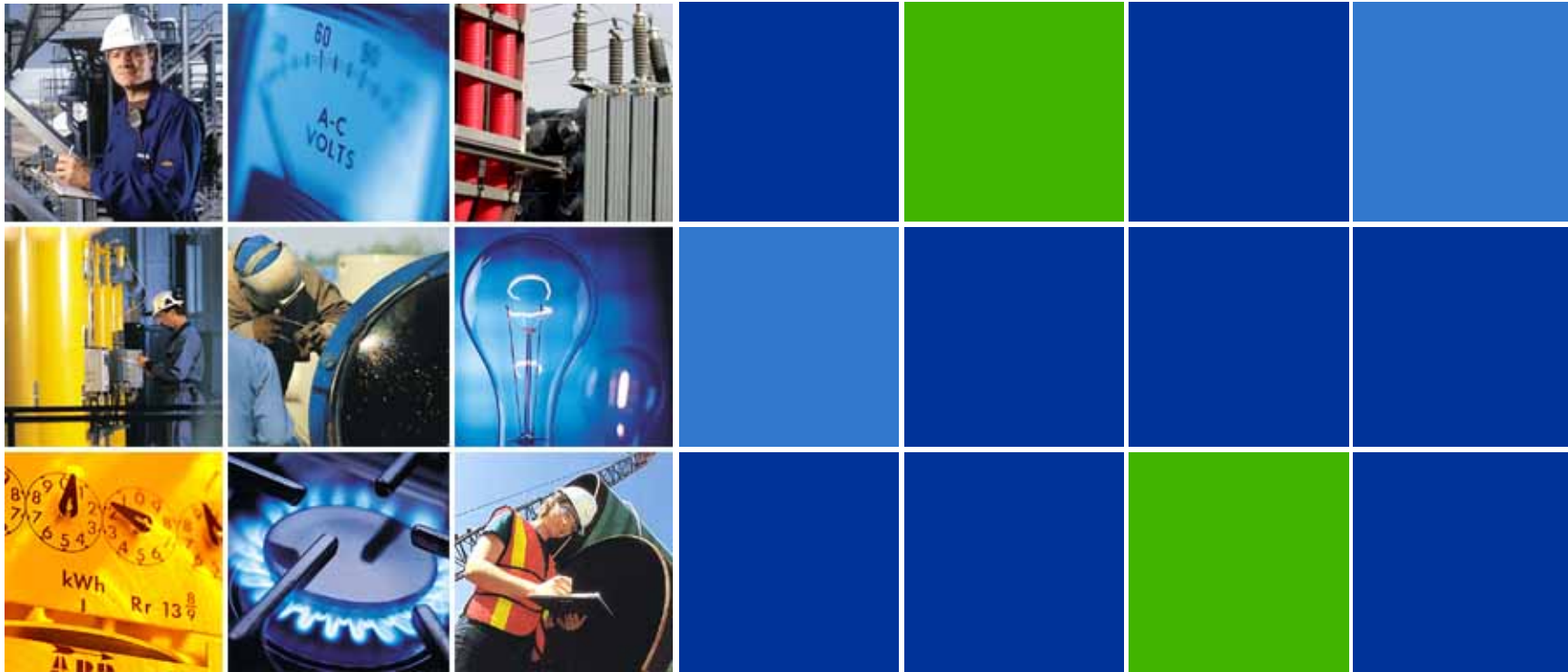
¹ Includes fuel

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

Summary



- AGIA Bill approved and License issued
- TransCanada aggressively advancing the project
 - Engineering / Cost Estimation, Environmental, Administrative
 - Commercial, Regulatory and First Nations
- Project activities and schedule unaffected by recent turbulence in financial markets
- TransCanada has solid access to capital markets
- Current gas price forecasts result in an increase of \$125 Billion revenue to producers/governments as compared to projections in TransCanada's AGIA Application
- Major projects like the Alaska Pipeline Project succeed or fail based on long-term project economics (i.e. 25-50 years commencing in 2018), not short-term swings in natural gas prices
- TransCanada will continue to focus on costs, schedule and attracting customers



Thank You