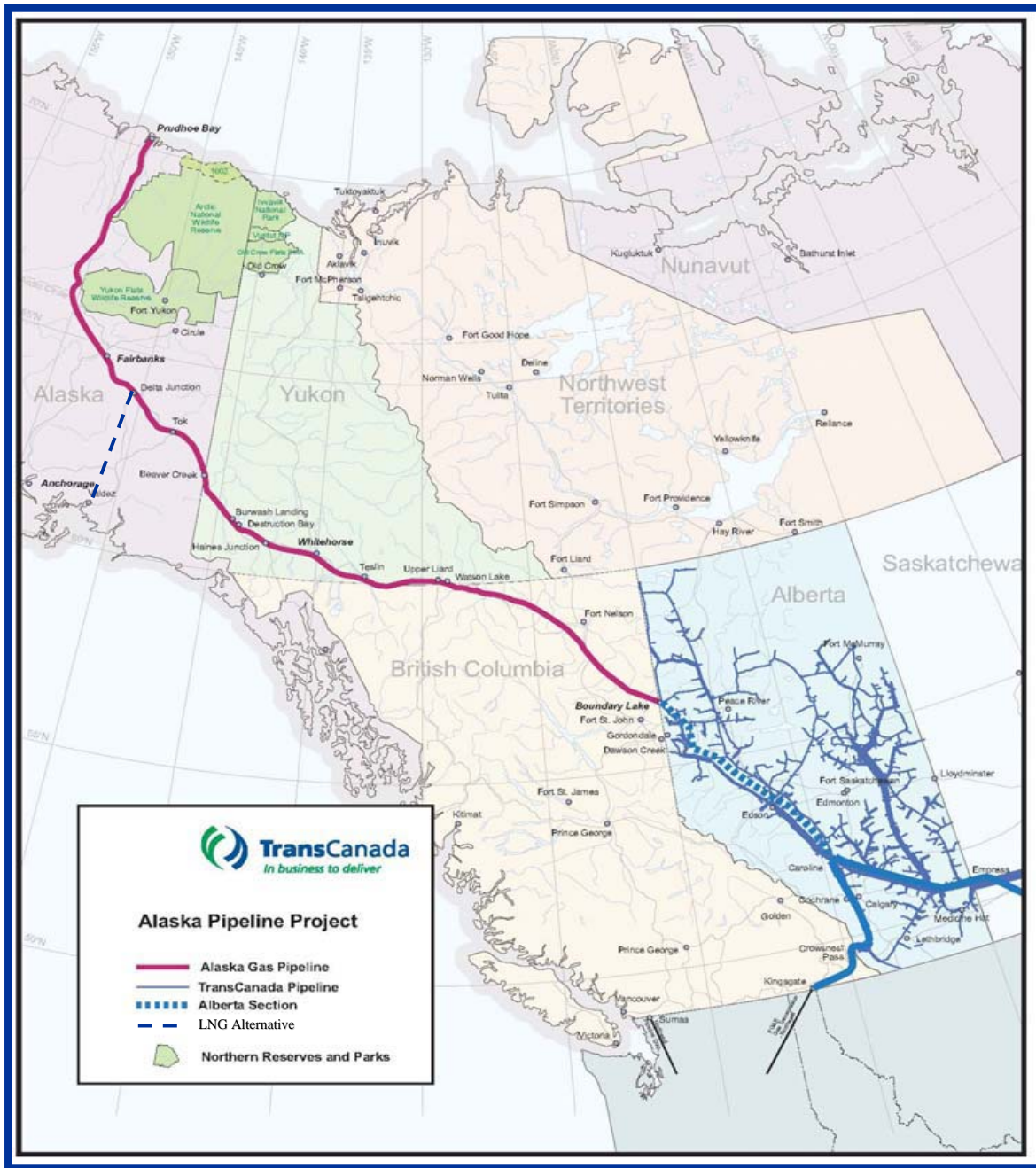


TransCanada's Alaska Pipeline Project

Status Report
House Energy Committee
April 7, 2009



TransCanada's Alaska Pipeline Project

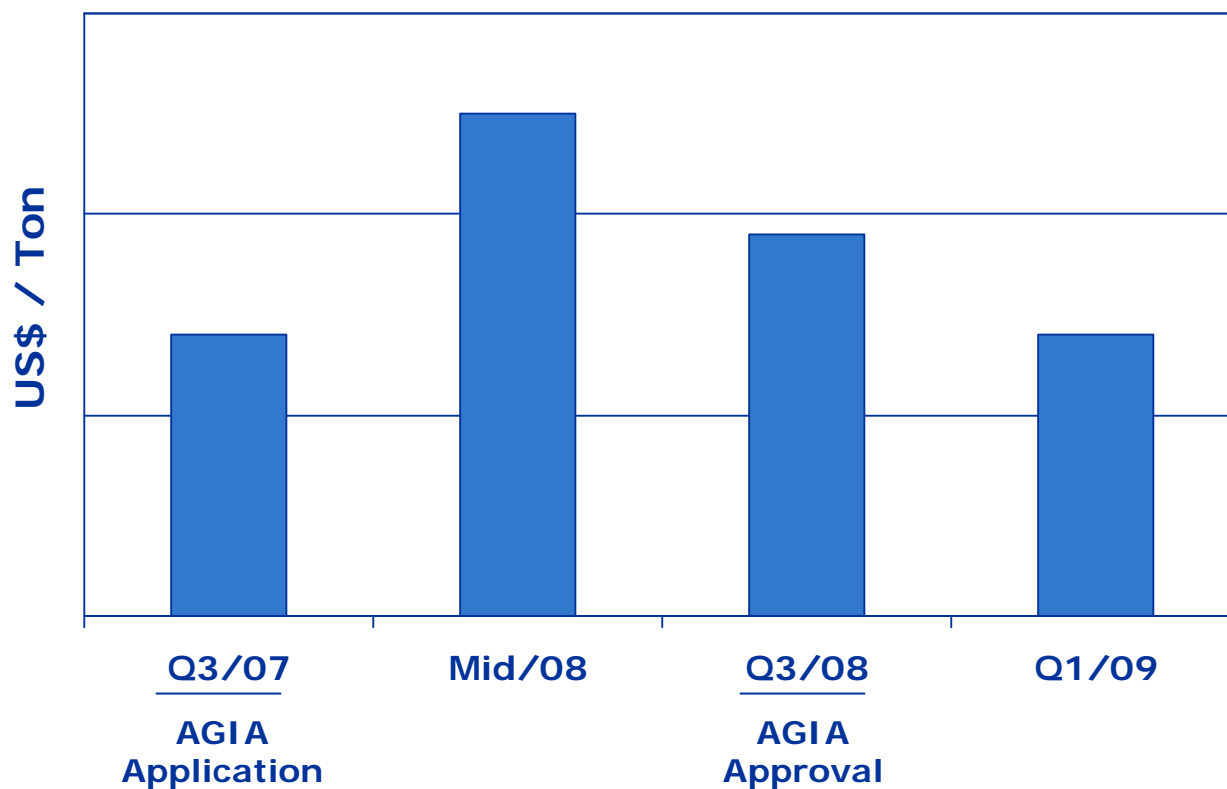


Project Design



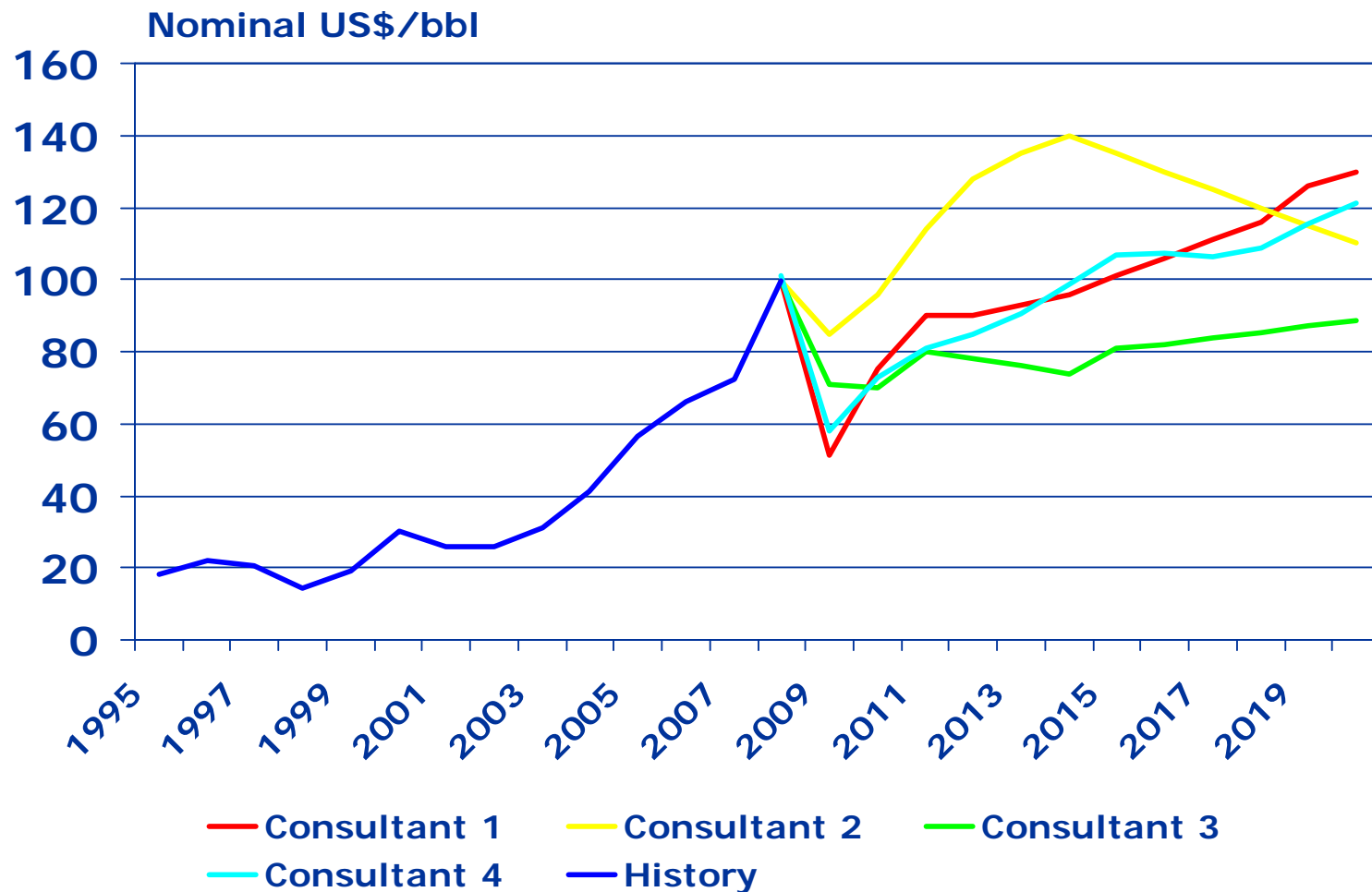
- Two alternatives
 - To Lower 48 via Alberta Hub
 - To LNG markets via Valdez
- Alberta Hub
 - 5 Bcf/d gas treatment plant (GTP)
 - 4.5 Bcf/d pipeline
 - 48-inch diameter, 2500/2600 PSIG
- LNG
 - 3 Bcf/d pipeline/GTP
 - 48-inch diameter, 2500/2600 PSIG

Economic / Technical Viability - Pipe Prices

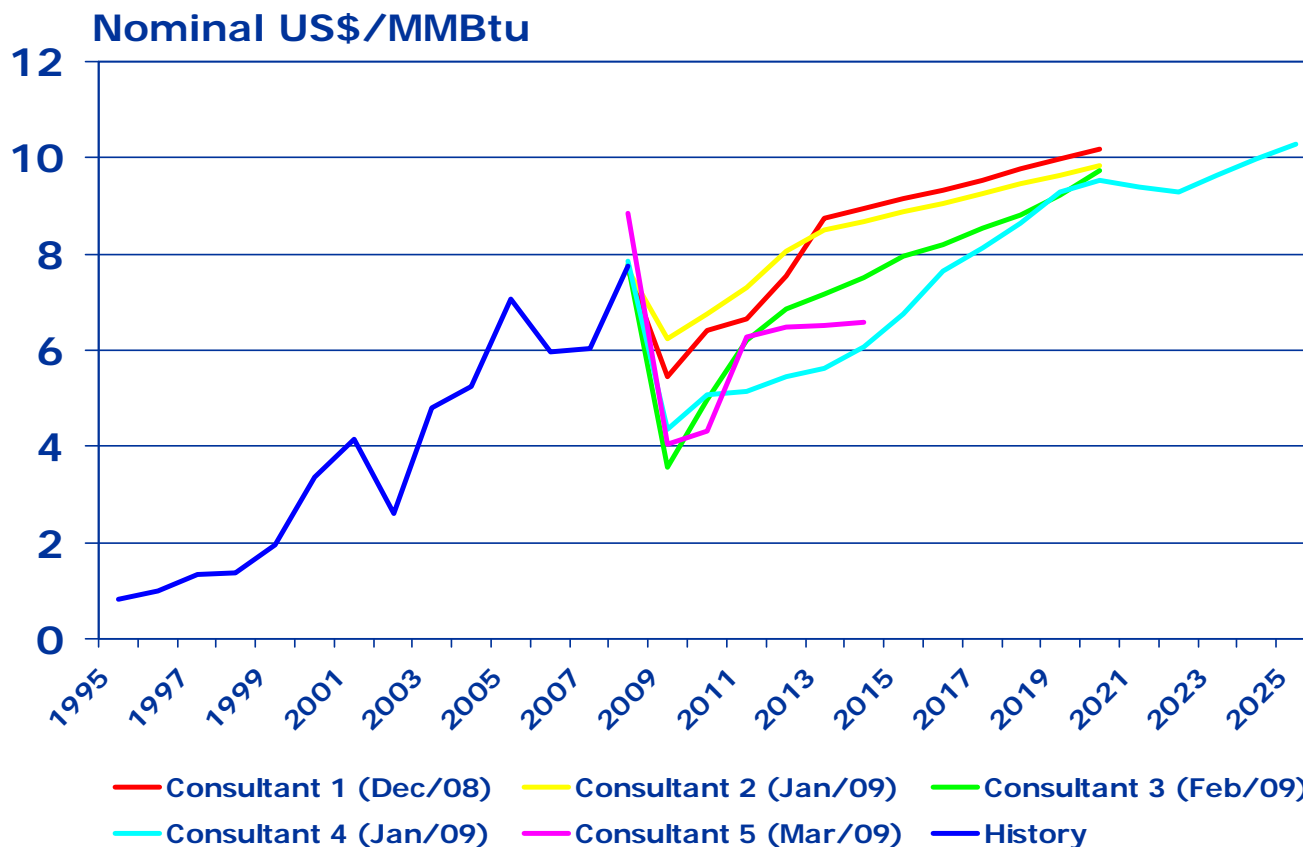


Q1 2009 pipe prices at same level as TransCanada's AGIA Application

Economic / Technical Viability - Recent Crude Oil (WTI) Price Forecasts – Jan/09

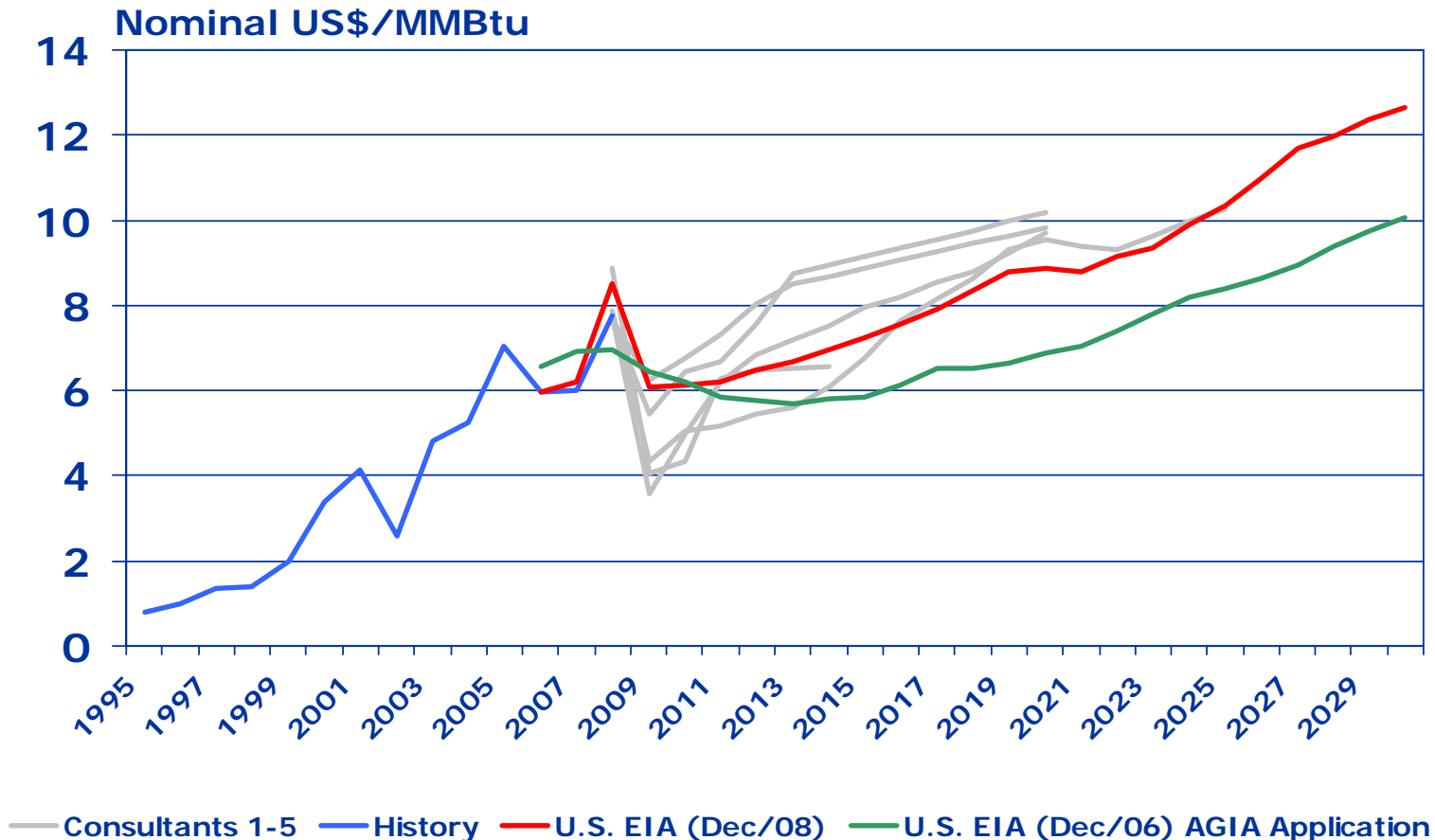


Economic / Technical Viability - Recent Alberta Hub Gas Price Forecasts



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

Economic / Technical Viability - U.S. EIA Alberta Hub Gas Price Forecasts



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

Economic / Technical Viability - Impact on Project Economics



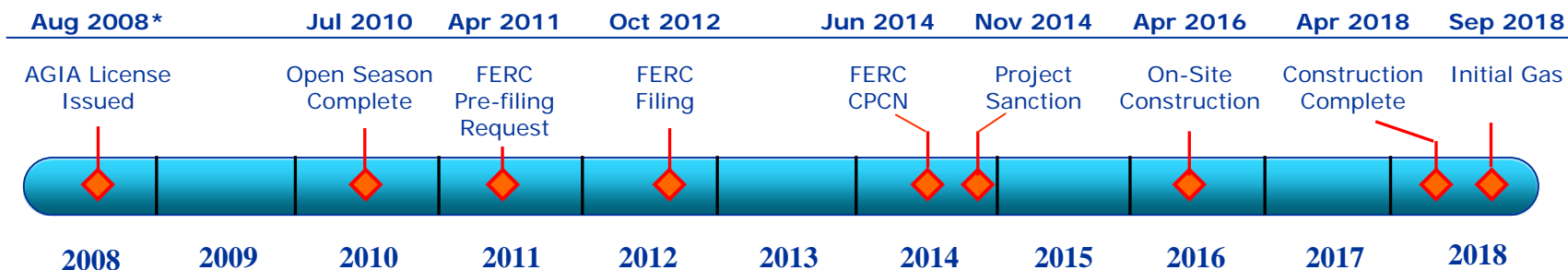
	<u>AGIA Application</u>		<u>March 2009</u>	
	2018 1 st Yr	25-Yr Annual Avg	2018 1 st Yr	25-Yr Annual Avg
U.S. EIA Gas Price Forecast (\$/MMBtu)	\$6.53	\$9.92	\$8.37	\$12.43
Pipeline + GTP Tolls ¹ (\$/MMBtu)	\$2.76	\$3.03	\$2.76	\$3.03
Netback (pre-tax) (\$/MMBtu)	\$3.77	\$6.89	\$5.61	\$9.40
Producer/Govts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

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



Key Objectives:

- Develop Class IV cost estimate to support Open Season
- Identify pipeline routing within study corridor to guide stakeholder and public engagement
- Execute preliminary environmental activities to prepare for pre-filing requirements and to develop permitting plan
 - FERC discussions regarding advancing pre-filing date
- Conduct successful Open Season

TransCanada Open Season Work Plan (August 2008 – July 2010)



- TransCanada has the in-house expertise and experience to develop top quality CAPEX and rate estimates for the initial Open Season
 - 2000+ pipeline employees responsible for transporting 20% of North American natural gas every day
 - Standardized operating and construction procedures for all activities already in place
 - Maintains low costs while achieving environmental / safety standards
 - CAPEX – 19% / 28% lower than Canadian and U.S. competitors respectively
 - OPEX – 25-35% lower than U.S. / Canadian competitors
 - TransCanada is a proven leader in development of U.S. and Canadian interstate / inter-provincial natural gas pipelines
 - Recipient of the 2008 Global Pipeline Award for leading edge technology



August 2008 – Q1 2009

- Detailed plans for technology development, engineering, construction infrastructure, logistics and cost estimating
- Aerial photography for Alaska, including LNG alternative
- Commenced terrain mapping for Alaska
- Completed 360° video in Canada
- Planned and initiated implementation of winter geotechnical field program (~120 borehole samples)
- Collected arctic engineering test data and research on frost heave

Outlook –Q2 2009

- Complete terrain mapping and winter geotechnical field program in Alaska
- Determine requirements for a summer geotechnical field program in Alaska
- Continue route reconnaissance and corridor selection in Alaska
- Begin engineering (Pre-FEED) for GTP
- Conduct interface meetings with Prudhoe Bay and Point Thomson operators

Environmental



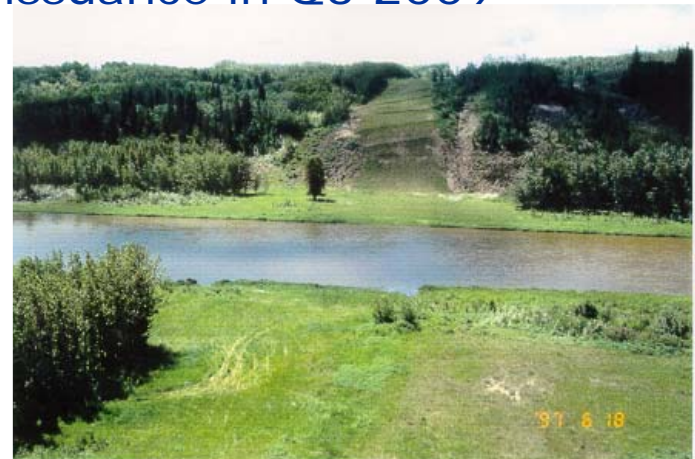
August 2008 – Q1 2009

- Established GIS platform to support environmental planning and permitting
- Provided preliminary environmental constraints information for Alaska routing, Alaska and Canada construction planning
- Completed initial route update review in Canada



Outlook –Q2 2009

- Complete environmental information needs analysis with regulatory agencies to support construction planning, cost estimating and environmental work planning
- Commence development of RFP for TransCanada environmental contractor – issuance in Q3 2009



Regulatory / Permitting



August 2008 – Q1 2009

- Preliminary environmental permitting strategy for Alaska and Canada
- Submitted all permit applications to support winter geotechnical program to North Slope Borough, ADNIR, AF&G, USF&WS, USDOIR (BLM), USACE, as well as referral to SHPO
- Completed permitting for winter geotechnical field program

Outlook –Q2 2009

- Continue FERC discussions re pre-file date
- NPA multi-department engagement
- Continue discussions with individual agencies to update Environmental Information Needs Analysis – U.S. and Canada

Regulatory / Permitting (cont'd)



August 2008 – Q1 2009

U.S. multi-agency meetings:

- January 5 – FERC
- January 6 – in D.C.; Office of Federal Coordinator, Departments of Defense, Energy, Homeland Security, Interior, Transportation, Commerce, State, Treasury, Advisory Council on Historic Preservation, Environmental Protection Agency, FERC, Council on Environmental Quality, Office of Management & Budget
- January 14/15 – in Anchorage/Fairbanks; JPO/SPCO, ADNR, ADOT, ADF&G, SHPO, ADEC, NOAA, EPA, DOI (BLM), OFC, USFWS & University of Alaska Fairbanks
- February 25 and March 9 – NPA engagement meetings – in Ottawa
- March 10 – FERC
- March 16-19 – continued multi-agency meetings in Anchorage and Fairbanks

Commercial



August 2008 – Q1 2009

- Continued discussions with potential shippers



Outlook – Q2 2009

- Initiate In-State Gas Study
- Continue discussions with potential shippers
- Continue to develop plans for Open Season



Canadian Authorizations and Right-of-Way



- Project delays critical factor in final capital costs
 - TransCanada has sole access to specific legislation, regulations and ROW for this project in Canada
- Legislation
 - Northern Pipeline Act (NPA)
 - Specific project legislation available only to TC
 - Canada / U.S. Treaty
 - Establishes rights / responsibilities of both countries available only to TC
- Regulation
 - Northern Pipeline Agency
 - Single-window regulatory agency available only to TC
 - Proven track record with Prebuild through 1998
 - Certificate of Public Convenience and Necessity in place
 - Re-staffing of Northern Pipeline Agency underway
- Right-of-Way
 - Yukon ROW in hand available only to TC

Canadian Authorizations and Right-of-Way (cont'd)



- First Nations
 - NPA Terms and Conditions set out specific benefits
 - Participation Agreement negotiations commencing
- Environmental
 - TC has proven expertise in both FERC and Canadian forums
 - Go / no-go decision already made – available only to TC
- TransCanada's Performance
 - 7000 miles of interstate / inter-provincial pipelines constructed in 1990's on schedule
 - 4000 mile Keystone Pipeline – first phase under construction
 - TC transports 2/3^{rds} of Canadian gas and 20% of North American gas

LNG



- In initial Open Season, potential shippers will have opportunity to nominate gas deliveries to points:
 - Within Alaska
 - To Asia / Lower 48 via Valdez
 - To Lower 48 via Alberta Hub
- TransCanada has commenced the necessary design, engineering, environmental, field and commercial work to provide CAPEX, tolls and commercial terms for LNG alternative

Timing of Initial Open Season, FERC Pre-filing, FERC Application



- Already covered in Slide #9

Gas Treatment Plant



- Design covered in Slide #3
- TransCanada will develop / own only if necessary
 - TransCanada has commenced work on GTP for initial Open Season
 - Pre-FEED Contract awarded to URS in March 2009
 - ASRC Energy Services will provide subcontracting to URS

Cost Analysis



- TC's AGIA Application in November 2007 estimated project CAPEX at \$26 Billion, including \$0.6 Billion for development costs through initial Open Season and regulatory certification
 - At present, no change to these estimates
 - In early 2010, TC will have completed an updated project CAPEX estimate for its initial Open Season
- TC's AGIA Application proposed a return reduction in event of capital cost overruns
 - AGIA Application also set out TC's work plan, management oversight and track record on controlling costs.

In-State Gas Deliveries



- TC's AGIA Application committed to 5 delivery points in Alaska and a single distance-sensitive rate (subject to FERC approval) for Alaska consumers
 - Status unchanged
 - TC will complete a study of in-state gas use later in 2009. This study will assist with definition of delivery points and determination of the distance-sensitive rate.

Alaska Contractors / Suppliers



- Aerial Photography – Aero-Metric Inc., Anchorage
 - Sub-contractor - Lounsbury & Associates Inc., Anchorage
- Terrain Mapping – R&M Consultants Inc., Anchorage
- Geotechnical fieldwork – Golder Associates Inc., Anchorage,
 - Sub-contractor – Discovery Drilling Inc., Anchorage
- Environmental Planning and Permitting – ENSR AECOM, Anchorage
 - Sub-contract with Clarus Technologies LLC, Eagle River for SHPO submission
- Geothermal Modeling and Support – Northern Engineering and Scientific, Anchorage
 - Sub-contractor geotechnical consultant - DMR
- Office setup and support - Peach Investments LLC and GCI, Anchorage

Alaska Headquarters, Alaska Hire, Project Labor Agreement for Construction



- HQ
 - December 1, 2008 lease for Anchorage office
 - Office Manager in place
- Alaska Hire
 - To date, approximately 42 Alaskans have been employed on the project either directly by TransCanada or via contractors
 - These individuals were hired within the state
 - TC has participated in alignment meetings with Department of Labor (Alaska)
 - AGIA Training Strategic Plan Steering and Implementation Committee
 - Alaska Pipeline Trades Academy Dedication and Tour
 - Alaska Workforce Investment Board

Alaska Headquarters, Alaska Hire, Project Labor Agreement for Construction (Cont'd)



- Reimbursement Agreements in place with Alyeska, BLM (Alaska) and JPO
- Project Labor Agreement for Construction
 - Initial meetings with Alaska labor leadership to discuss initial plans and path forward towards PLA for construction phase.
- Developing relationships with communities
 - Project information presentations and discussions at Tok, Nuiqsut, Barrow, Tanana Chiefs Conference annual convention, Four Village Coalition, RDC.
 - LNG information meeting in Valdez

Project Ownership and Construction



- At present, TC is sole project sponsor
 - TC has indicated its preference that other parties develop / construct the GTP
 - TC will develop / own if necessary
 - TC will offer equity opportunity to shippers in initial Open Season that subscribe for a threshold volume

TransCanada's Readiness, Financial Capacity and Technical Ability



- TC's AGIA Application comprehensively set out our readiness, financial and technical capacity. Outlined below is TC's recent 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)**



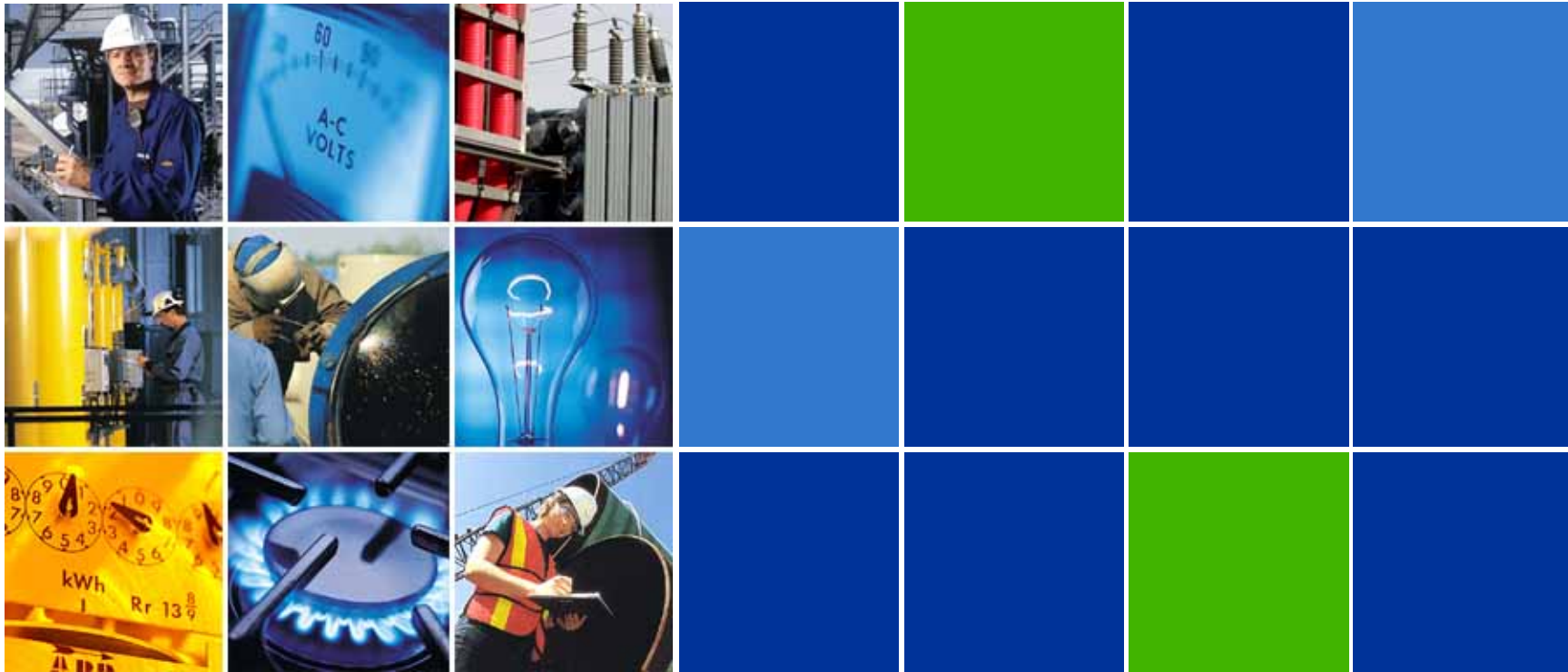
www.transcanada.com

- Alaska Pipeline Project
 - Project Overview
 - Project Materials
 - News Releases
 - Status and Timelines
 - AGIA
 - Contractor / Vendor Registration
 - Careers
 - Contacts

Summary



- AGIA Bill approved and License issued
- TC's commitments unchanged from AGIA Application
- 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