

2/1/10
UPDATE:
PIPELINE
PROGRESS
BY
TRANS-
CANADA

ALASKA Pipeline Project

Open Season Fact Sheet

Announcement of Open Season Filing:

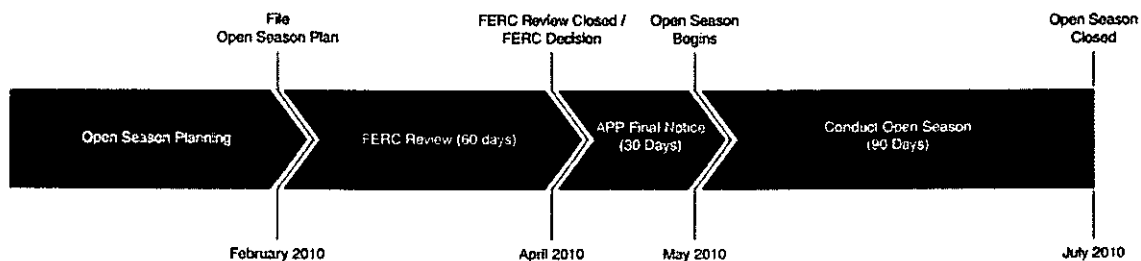
The Alaska Pipeline Project (APP) announced on January 29, 2010, that it filed its Open Season Plan with the U.S. Federal Energy Regulatory Commission (FERC) for the Commission's review and approval.

Purpose of Open Season:

In simple terms, the open season puts the project to a test of the market. During the open season, information about the project will be provided to potential shippers of natural gas (primarily North Slope producers) including details such as anticipated project costs, engineering design, tariffs and timelines. The shippers will assess this project information and determine their interest in shipping natural gas through the pipeline under the offered terms and whether to make long term commitments to reserve capacity on the pipeline. The project needs these shipper commitments to secure financing and to continue to be able to advance.

Open Season Process:

The process that has been initiated as of January 29 is not the open season itself, rather we have pre-filed our Open Season Plan for review and approval by FERC and for public comment as required by federal regulations. The project's Open Season Plan will next undergo a 60-day review process. It is anticipated the public review period will run through February and the FERC review and approval period to extend through March. If FERC approves the plan, we will begin our actual open season with shippers at the end of April 2010. The open season will run a minimum of 90 days through the months of May, June and July. The open season process we have initiated with FERC only applies to the portion of the project in the United States. A separate but coordinated open season for the Canadian portion of the project will be conducted concurrently.



Reporting of Open Season Results:

It is important to keep in mind that major pipeline builders rarely report open season results immediately because the shippers' bids to reserve pipeline capacity almost always include conditions, not unlike the contingencies written into a contract for sale of a home.

Thus, with the close of the open season bidding period at the end of July, follow-up negotiations between the project and shippers are likely to commence to attempt to resolve those contingencies. Experts believe shippers may also include in their bids some conditions beyond the control of the Alaska Pipeline Project, such as taxation and resource access issues which cannot be decided by the project. Many people expect the shippers to ask for the State's engagement in resolving these issues before they will be able to commit to the project.

APP is targeting the completion of its open season bid review and negotiation process by year-end 2010, contingent upon the satisfactory resolution of shippers' conditions precedent.

Options to be Assessed During the Open Season:

During the open season, the Alaska Pipeline Project will present two alternative project options for assessment by potential customers, and shippers will have the opportunity to reserve capacity on the option they prefer.

It is economically feasible for only one of the two project options to advance and the results of the open season will determine the preferred development choice.

One option would transport an estimated 4.5 billion cubic feet per day of North Slope natural gas approximately 1,700 miles (2,736 kilometers) across Alaska to Alberta, Canada, (the Alberta option), where it could be sent on existing pipelines to North American gas markets.

Another option is to transport an estimated 3 billion cubic feet of natural gas per day approximately 800 miles (1,287 kilometers) to Valdez, Alaska, (the Valdez option), where shippers could liquefy the gas in a plant constructed by others and ship it on tankers to U.S. and international markets.

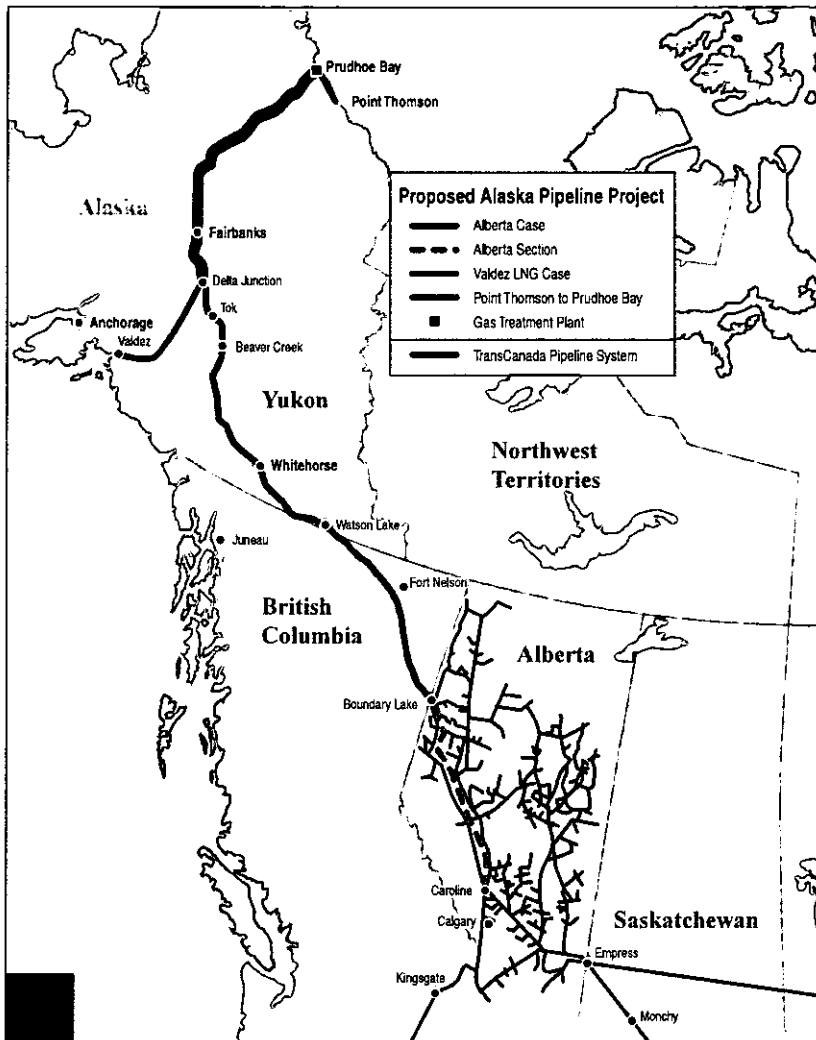
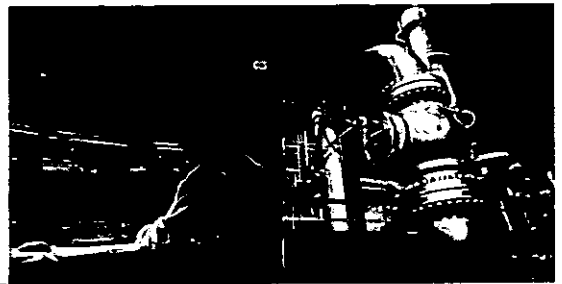
It is important to emphasize that both options would provide opportunities for Alaska communities to acquire natural gas from the pipeline from a minimum of five strategically located off-take connections. The Alberta option would also provide opportunities for local gas deliveries in Canada as well.

A world-class natural gas treatment plant, to be located adjacent to the North Slope's Prudhoe Bay facilities, and an approximately 58-mile (93-kilometer) transmission pipeline connecting the natural gas supplies of the Point Thomson field to the plant are components of both development options.

Open Season Information:

The Alaska Pipeline Project is fully committed to provide the public information on our Open Season Plan. The project has established a new internet website at www.thealaskapipelineproject.com. Members of the public can find our Open Season Plan submittal to FERC on the site, as well as on FERC's website. We welcome and invite public review and comment on the project.

ALASKA Pipeline Project



The Alaska Pipeline Project would connect natural gas from the North Slope of Alaska to all major markets in North America or to global markets through an LNG facility in Valdez.

TransCanada and ExxonMobil are working together to progress the Alaska Pipeline Project. The project, which will connect Alaska's North Slope natural gas resource to new markets, is designed to deliver a reliable and secure source of clean energy for decades to come. The project will provide numerous benefits to Alaska, Canada and the broader U.S., including jobs, business opportunities, government revenues, and long-term stable supplies of natural gas.

The scope of the joint project includes the following components:

- a gas treatment plant (GTP) near Prudhoe Bay, Alaska, which will condition the gas for pipeline transportation;
- a gas transmission pipeline connecting the Point Thomson field in Alaska to the GTP; and
- a gas transmission pipeline that will extend, subject to shipper confirmation during the Open Season process, from the GTP in Alaska to either:
 - The Alberta Hub (Alberta Case); or
 - Valdez, Alaska (Valdez LNG Case).

For the Alberta case, shippers would have the ability to deliver into pipeline systems located near Boundary Lake, Alberta, or into the Alberta Hub, and then onto other take-away pipelines to major North American markets.

For the Valdez LNG Case, shippers would have the ability to deliver into a liquefaction facility (to be developed by others) for subsequent delivery to LNG markets.

The Alaska Pipeline Project has established offices in Anchorage, Calgary, Houston and Whitehorse to conduct the diversity of engineering, technical, commercial, environmental, public consultation and other work that is currently underway. The project's initial open season is targeted for completion to be held from May to July 2010.





For additional project information go to www.thealaskapipelineproject.com.

Point Thomson transmission pipeline

- Pipeline length: 58 miles (93 km) (approx.)
- Pipeline diameter: 32 inches
- Maximum operating pressure: 1030 psig
- Pipeline capacity: 1.1 bcf/d

Alberta Case (Prudhoe Bay to Alberta)

- Total length: 1700 miles (2737 km)
 - Pipeline length (Alaska): 734 miles (1182 km)
 - Pipeline length (Canada): 966 miles (1555 km)
- Pipeline diameter: 48 inches
- Maximum operating pressure: 2500 psig
- Pipeline capacity (base design case): 4.5 bcf/d
- Pipeline capacity (with max compression): 5.9 bcf/d

Valdez LNG Case (Prudhoe Bay to Valdez)

- Pipeline length: 803 miles (1293 km)
- Pipeline diameter: 48 inches
- Maximum operating pressure: 2500 psig
- Pipeline capacity (base design case): 3.0 bcf/d

Compression

	Alberta Case 4.5 bcf/d	Alberta Case 5.9 bcf/d	Valdez LNG Case 3.0 bcf/d
• Total compressor stations (Alaska)	6	13	2
• Total compressor stations (Canada)	11	20	n/a
• In areas of continuous and discontinuous permafrost, gas chillers will be installed on the discharge side of compressor stations			
• Each compressor station site will be approximately 25 acres			

Gas Treatment Plant

- Initial design to process up to 5.3 bcf/d raw gas
- Delivers 4.5 bcf/d of pipeline quality gas to pipeline at 2500 psig
- Handles up to 0.6 bcf/d of CO₂ at 4000 psig
- 4 trains (Alberta Case) / 3 trains (Valdez LNG Case)

Gas Deliveries

Delivery points in Alaska will be provided for community gas off-takes for both the Alberta and the Valdez LNG Cases, and also in Canada for the Alberta Case.

Design Methodology

- The application of structured and proven project management processes and expertise for large complex projects will provide increased confidence to prospective shippers.
- A formal Front-End Execution Planning process will identify and address project execution issues early to minimize risk.
- Proven industry-leading technology will be specified for design, materials and construction to support safe, reliable and cost-effective operation.
- Proprietary, integrated hydraulics/geothermal/pipeline analysis modelling software will be utilized for system and pipeline design.

Primary Project Regulators

- Alberta Case: U.S. Federal Energy Regulatory Commission (FERC) for the Alaskan components of the project, and the Northern Pipeline Agency for the Canadian components.
- Valdez LNG Case: FERC

Stakeholder Engagement / Community Relations

A key objective of the Alaska Pipeline Project is to achieve positive long-term relationships, based on mutual trust and respect, with Alaska Native, Canadian Aboriginal and other communities along the project corridor. We believe these relationships will be realized through proactive communications and engagement as the project progresses.

**ALASKA
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ALASKA STATE LEGISLATURE



SENATOR LESIL MCGUIRE
SENATOR BILL WIELECHOWSKI
Co-Chairs, Senate Resources Committee

MEMORANDUM

Date: February 1, 2010
To: Kirsten Waid, Senate Secretary
From: Senator Lesil McGuire, Co-Chair
Senator Bill Wielechowski, Co-Chair
Senate Resources Committee
Re: Senate Resources Committee Schedule

Committee Schedule Senate Resources For the week of February 1-5

Unless otherwise noted, all meetings will be held in the Butrovich, Rm 205 @ 3:30 p.m.

Monday, February 1st

+ Update on Pipeline Progress by TransCanada

Wednesday, February 3rd

+ * = SB 220 - Energy Efficiency/Alternative Energy
+ * SB 104 - Stan Price State Wildlife Sanctuary
+ * SB 195 - Make Goldstream Public Use Area Permit
+ HB 20 - Fisheries Loans: Energy Efficiency/Amount

Thursday, February 4th

+ Update by the Administration - ACES and its effect on Oil and Gas Investment

* First Hearing in First Committee of Referral
+ Teleconferenced
= Bill was previously Heard/Scheduled

ALASKA PipelineProject

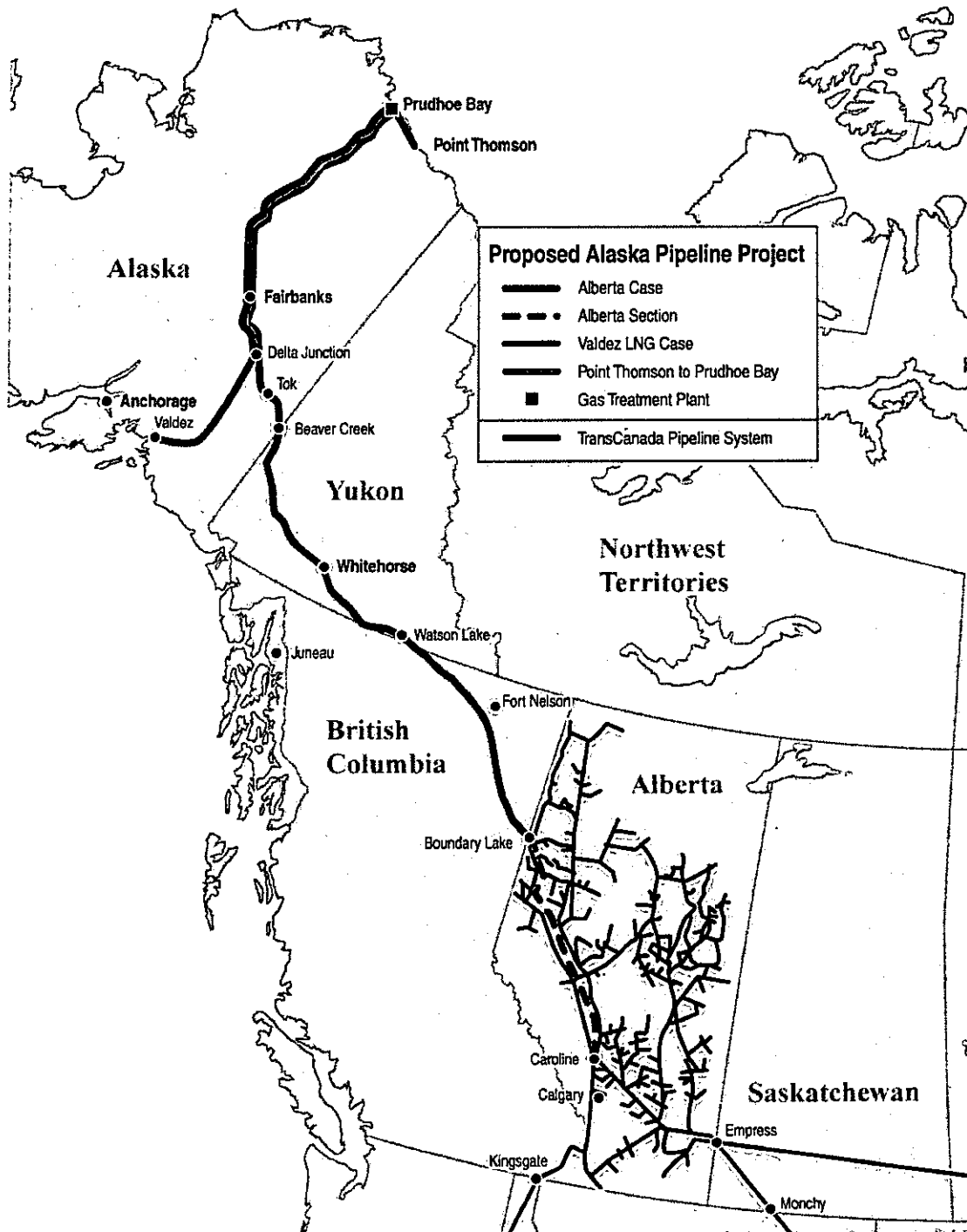


Alaska Legislature Senate/House Resources & Energy Committees

February 2010



First Open Season for North Slope Gas



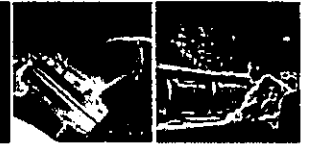
- On January 29, the Alaska Pipeline Project (APP) filed its plan with FERC to implement the first Open Season in history of North Slope natural gas.
- In an Open Season, the pipeline company provides potential shippers with an engineering design, commercial terms and an estimate of project costs, tariffs and timelines.
- The pipeline company is seeking shippers' contractual support for the project through executed precedent agreements.
- APP's initial Open Season offers service to potential shippers for markets in:
 - Alaska
 - Lower 48 via Alberta
 - U.S./international via Valdez

Path to In-service



- **Large pipeline projects undergo a lengthy development stage, and if successful, then move to construction and operations**
- **APP's development stage is scheduled to run through 2014**
 - Prior to Open Season – through April 2010
 - Open Season – May to July 2010
 - Post Open Season – August 2010 through 2014
- **All stakeholders in the Alaska gas pipeline have important initiatives underway to advance the project**
 - Alaska Pipeline Project, Producers / Shippers, Governments, others
 - To successfully move the Alaska Pipeline Project from the development stage onwards to the construction stage, all parties need to achieve commercial and regulatory breakthroughs

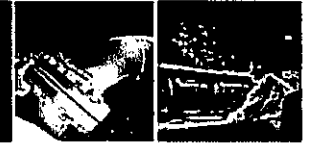
APP Development Stage – Prior to Open Season



Achievements to Date

- Producers / Shippers
 - Explored / developed gas reserves; reviewed transportation alternatives; researched potential natural gas markets
- State of Alaska
 - Established State's requirements in AGIA; granted AGIA License; finalizing royalty regulations under AGIA
- U.S. Government / FERC
 - Established legislative/regulatory structure (ANGPA); Federal Loan Guarantee; set FERC regulatory process
- Canadian Government
 - Established legislative / regulatory structure (Northern Pipeline Act); TransCanada's Right-of-Way through Yukon

APP Development Stage – Prior to Open Season



Achievements to Date

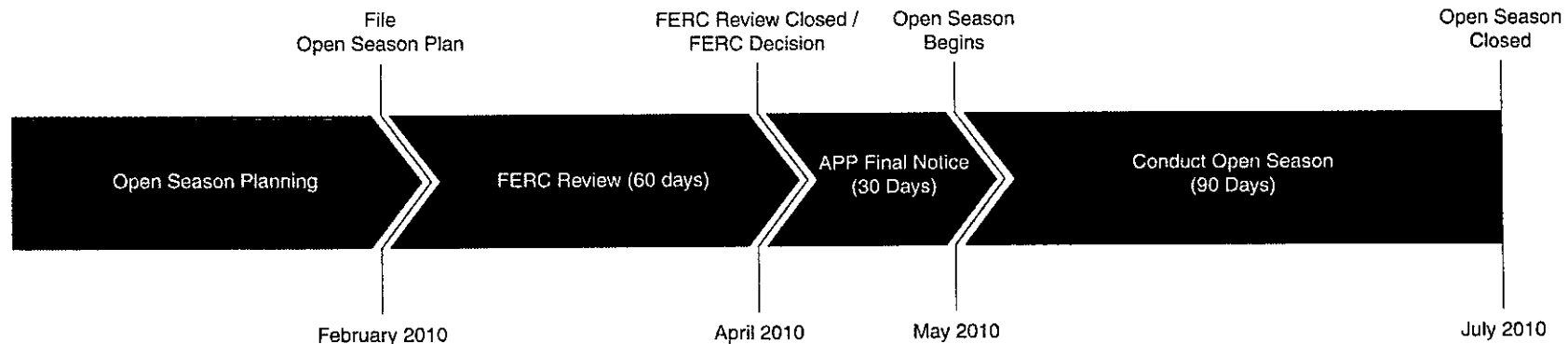
- APP
 - Alignment of key stakeholders
 - TransCanada / State of Alaska via AGIA License in 2008
 - TransCanada / ExxonMobil in 2009
 - Continue to offer equity participation to BP / ConocoPhillips
 - Initiated FERC (NEPA) pre-filing process in U.S.; Continuing interface with Northern Pipeline Agency (NPA) in Canada
 - First Nations negotiations in Canada; Interfaces with Alaska Native groups and communities along the project corridor in Alaska
 - Resolved claims on previous projects
 - Developed comprehensive Alberta and LNG alternatives – technical scope, cost estimates, schedules
 - Filed Open Season Plan with FERC
 - In-state Gas Study
 - Technical Conference in Anchorage on February 4 at 2:00 p.m.

APP Development Stage - Open Season



Timeline

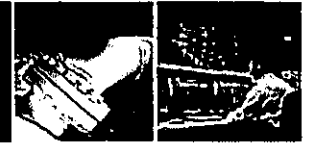
- **Filing begins 60-day FERC review for U.S. section**
- **If FERC approves plan, conduct Open Season from May-July 2010**
 - Concurrent Canadian Open Seasons for Alberta option
- **Expect APP / Shipper follow-up negotiations to resolve conditioned bids (typical situation)**
- **Final Open Season results targeted by year-end 2010**
 - Contingent on satisfactory resolution of Shippers' conditions precedent



February 2010

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Open Season Plan



- **Comprehensive, credible and competitive Open Season plan**
 - TransCanada and ExxonMobil have unparalleled expertise / experience in interstate/inter-provincial gas pipelines and gas treatment plants
 - Over one-quarter million hours of engineering, regulatory, technical, environmental, commercial, legal and project management work
 - Builds on significant base from past initiatives for Alaska gas
- **Joint project work has provided improved understanding of scope, costs, complexities and risk for this large, complex project**

Open Season Plan



- **APP offering better commercial terms / access than in AGIA Application**
 - Available to Shippers in APP's initial Open Season
 - Comprehensive Alberta and Valdez options
 - Responsive to Shipper discussions
 - 48 inch 3.0 Bcf/d pipeline to Valdez
 - Access to other pipelines upstream of Alberta Hub
 - 20-year minimum contract term for firm service
 - Interruptible, overrun and park-and-loan services
 - Shared development costs
 - Better commercial terms reduces tolls by \$500 million/year
 - 12% ROE
 - 80% capital recovery over initial contract term
 - 70/30 debt/equity ratio for expansions

Project Scope



Two pipeline options for Shipper assessment in the APP Open Season

Option One: Pipeline from Alaska's North Slope to Alberta

- 4.5 Bcf/d; approx. 1,700 miles (2,737 km); 48 inch
- Gas delivered to pipeline systems serving major North American markets

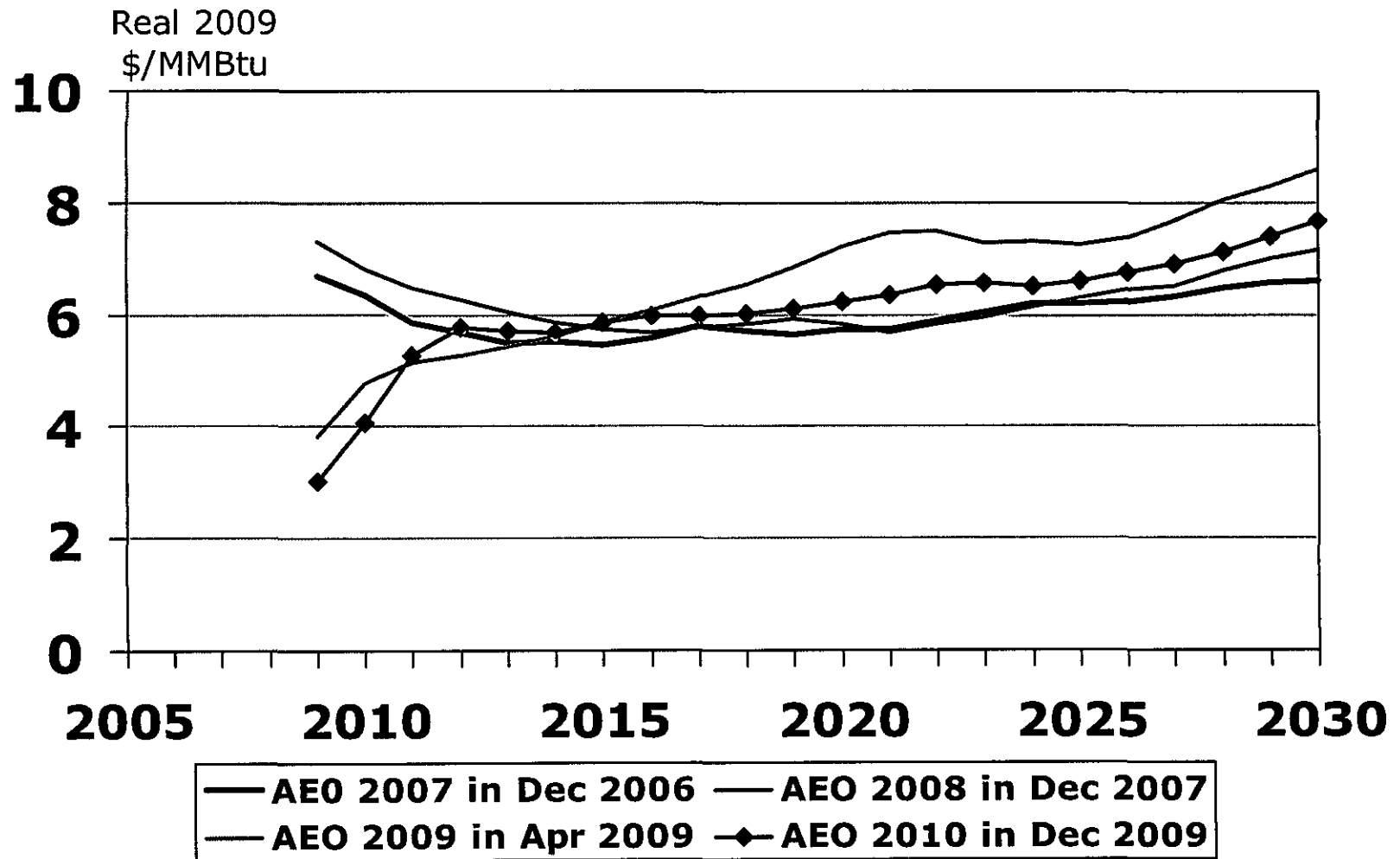
Option Two: Pipeline from the North Slope to Valdez, Alaska

- 3.0 Bcf/d; approx. 800 miles (1,287 km); 48 inch
- Converted to liquefied natural gas (LNG) in a facility to be built by others and delivered by ship to U.S. and international markets

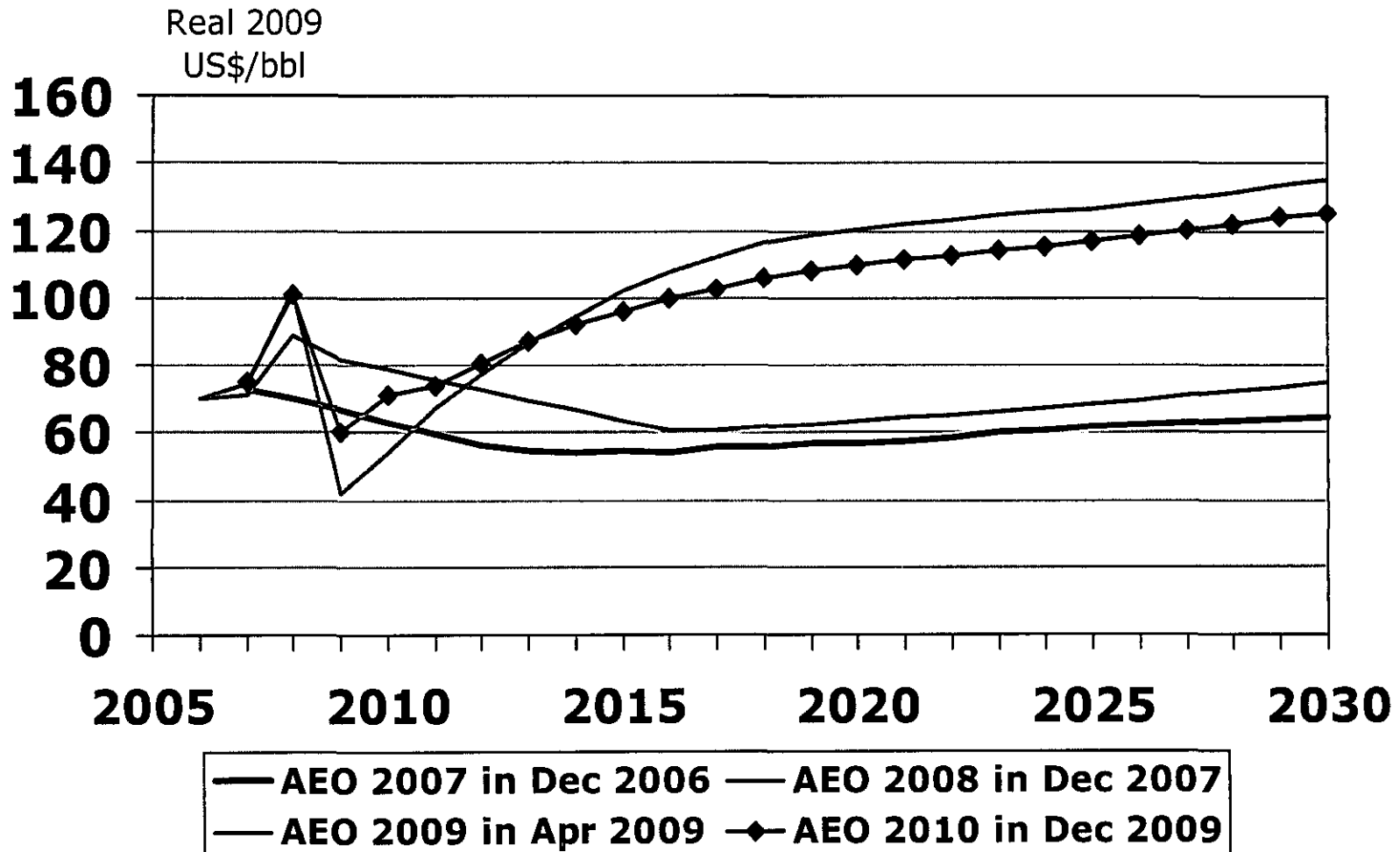
Both options include:

- Opportunity for Alaska communities to acquire natural gas from the pipeline
 - Minimum 5 off-takes in Alaska
- A world-class natural gas treatment plant, to be located adjacent to the North Slope's Prudhoe Bay facilities
 - One of the largest facilities of its kind that would treat the gas to remove CO²/impurities
- An approx. 58-mile (93-kilometer) transmission pipeline connecting natural gas supplies from Point Thomson field to the plant

Comparison of Recent US DOE Annual Energy Outlooks for Alberta Hub Natural Gas Prices



Comparison of Recent US DOE Annual Energy Outlooks for Light Sweet Imported Oil Prices



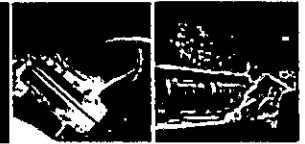
APP Development Stage – Post Open Season



Commercial / Regulatory Milestones

- APP
 - Resolve conditions precedent with Producers / Shippers
 - Progress engineering, environmental (including field work), and other work to prepare for major U.S. / Canadian permitting
 - Recent environmental contracts awarded to URS / AECOM for Alaska fieldwork commencing spring 2010
 - Canadian section awarded to TERA / Stantec
 - Meet AGIA obligations (including FERC Application in 2012)
 - Advance project in-step with commercial and regulatory breakthroughs
 - Continue to seek alignment with BP / ConocoPhillips

Post Open Season



Commercial / Regulatory Milestones

- Producers / Shippers
 - Resolve conditions precedent with APP
 - Resolve upstream fiscal / production levels at Prudhoe Bay, Point Thomson, other fields with State / AOGCC
 - Arrange downstream transportation; secure final gas markets and export permits (LNG option)
- State of Alaska
 - Resolve any upstream tax or production issues with Producers / Shippers
 - Facilitate project permitting
- U.S. Government / FERC
 - Establish Federal Loan Guarantee levels, terms and conditions
 - Facilitate project permitting
- Government of Canada / Alaska Natives / Canadian First Nations
 - Facilitate project permitting and alignment

Summary



APP Open Season May-July 2010 if FERC approves APP's plan

APP offering improved commercial terms vs. AGIA

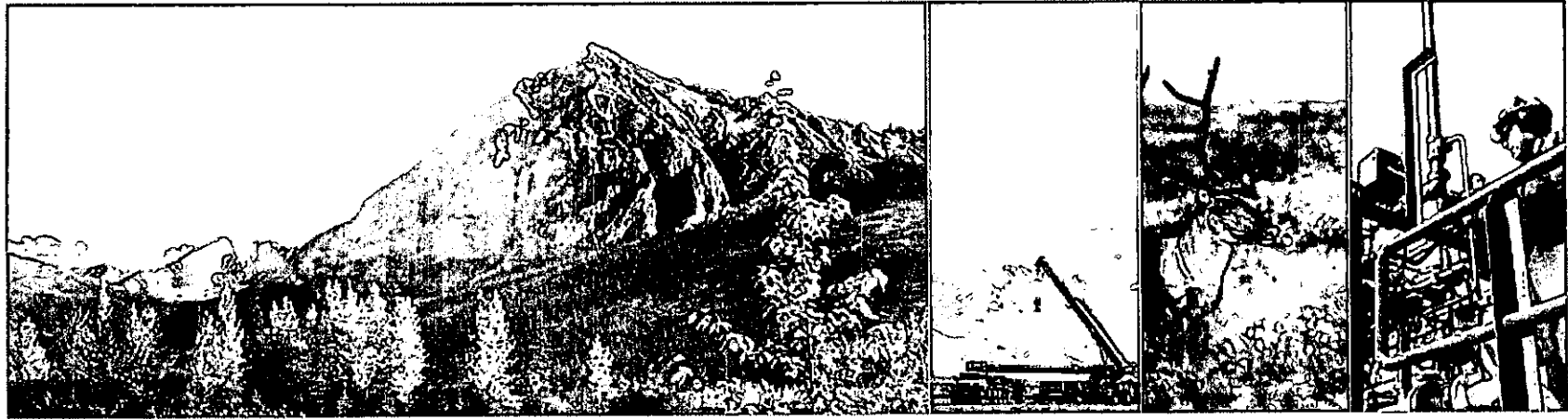
Alberta / Valdez options both viable

**Regulatory / commercial breakthroughs required by APP,
Producers-Shippers, and Governments**

**TransCanada / ExxonMobil / State working together through
AGIA structure provides best opportunity to:**

- Align all stakeholders
- Achieve project benefits for Alaskans and other parties

ALASKA Pipeline Project



Thank You

Note: APP's Open Season plan is available at www.thealaskapipelineproject.com
or on the FERC website



TransCanada

ExxonMobil