

ASIA LEGISLATURE COMMITTEE FILES 2007-2008 URLS 12346

OVERVIEW OF OTHER TRANSCANADA ASSETS

- **Other pipeline assets**
- **Power overview**
- **Keystone**
- **LNG terminal development-assessment of timing/competitive projects**

TRANSCANADA OTHER GAS PIPELINE ASSETS

- **ANR - major gas transmission system transporting gas from the U.S. Gulf Coast and Mid-continent supply areas to northern Midwest markets. Purchased in February 2007**
- **GTN System – consists of GTN and North Baja Systems. GTN links Foothills with Pacific Gas and Electric Company’s California Gas Transmission System. North Baja extends from southwestern Arizona to the California/Mexico border**
- **Great Lakes - owned by TransCanada and TC Pipelines LP. Connects with Canadian Mainline at Emerson, Manitoba and serves markets in Midwestern U.S. and central Canada**
- **Iroquois – connects with the Canadian Mainline in New York and delivers gas to customers in the northeastern U.S.**
- **Portland – connects with TQM to provide gas to customers in the northeastern U.S.**
- **Tamazunchale -supplies natural gas under a long-term contract with the CFE from facilities of PEMEX Gas to an electricity generation station near Naranjos, Veracruz**
- **Transgas – Colombia natural gas pipeline**
- **Gas Pacific/INNERGY – pipeline extending from Argentinian to Chile and industrial gas marketing company in Concepcion, Chile**
- **Additional pipeline information located in the Appendix**

POWER DEMAND AND POSITIONING OF TRANSCANADA ASSETS

- **Overview**
 - History
 - Strategic Goals
 - Summary Description of Assets

- **Market**
 - Alberta
 - Quebec
 - Ontario
 - NEPOOL
 - NYISO

- **Growth**
 - Strategic Goals
 - Projects in Development
 - Capital Requirements
 - Growth Assumptions

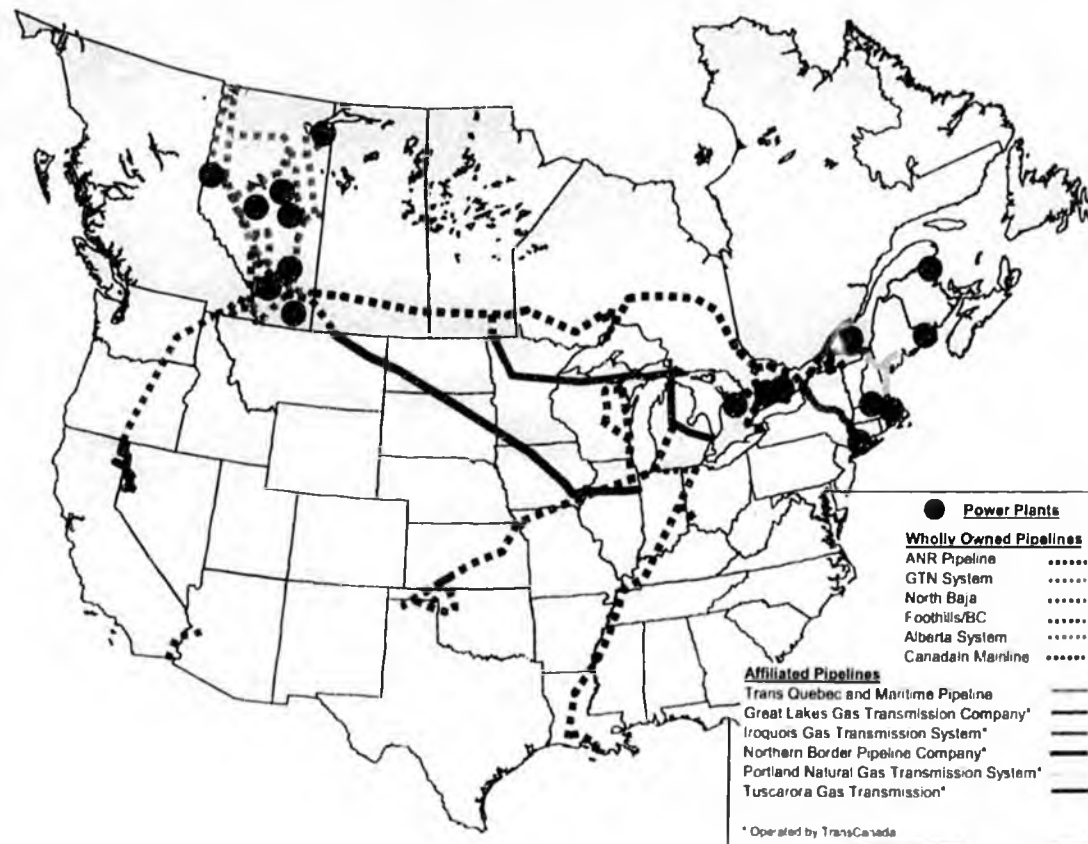
- **Financial**
 - Historical
 - Projections

- **Risk Factors**

POWER SEGMENT OVERVIEW

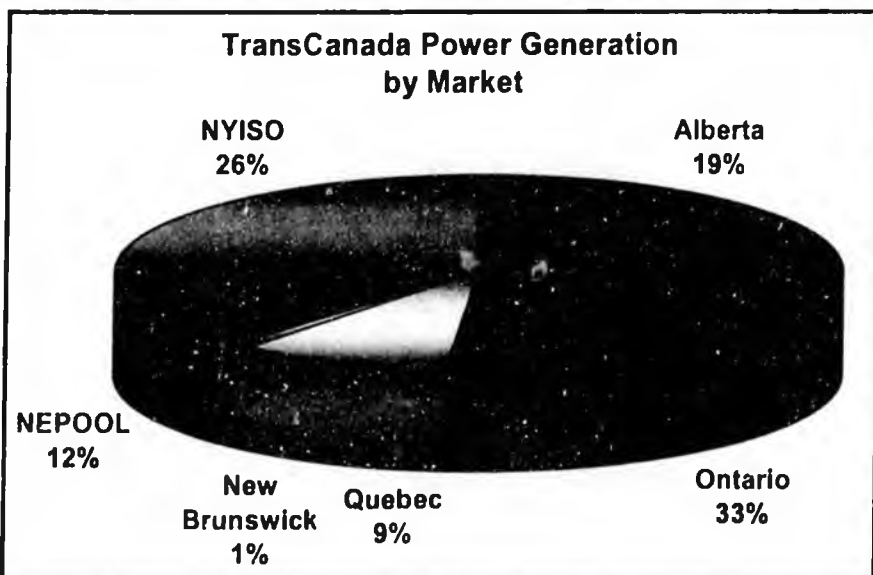
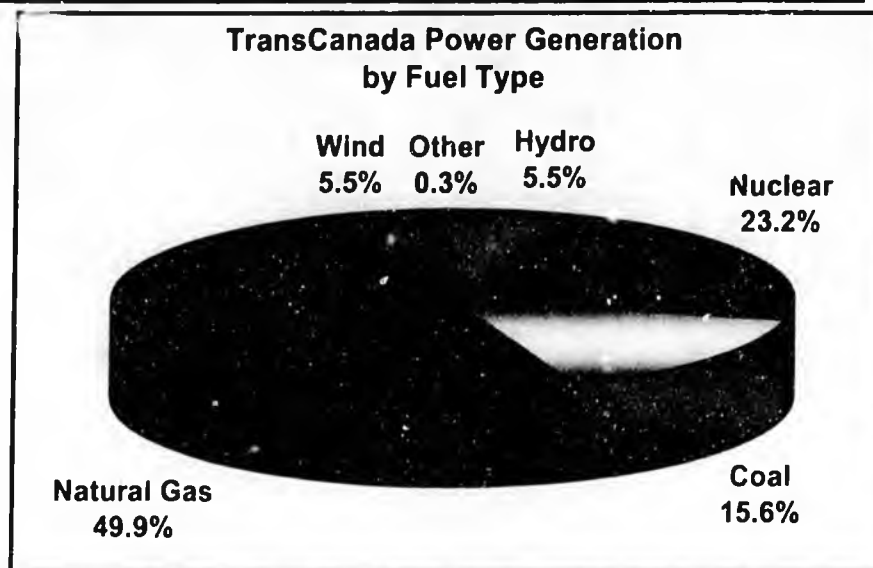
➤ 16 Power Plants

- 7,700 MW
- Primarily low cost base load capacity
 - Nuclear (32 percent)
 - Coal (22 percent)
 - Gas PPA (21 percent)
 - Gas Merchant (12 percent)
 - Hydro (7 percent)
 - Wind (6 percent)



GENERATION ASSET SUMMARY

- TransCanada is well diversified by type of fuel used for generation as well as by market
- Exposure to natural gas fuel type is mostly cogeneration which is high efficiency and offsets market exposure with long-term host steam and power contracts
- Capacity with merchant exposure is either low cost or located where significant capacity is available



GENERATION ASSET SUMMARY

- **TransCanada's Energy Assets are concentrated in the Alberta supply region and the Eastern terminus of their pipeline system**
 - Energy assets are positioned to enhance the value of the pipeline system and visa versa
 - Long-term experience in these markets helps to successfully compete in utility RFPs for new projects

- **See the Appendix for a summary of each market region and development projects**

POWER PROJECTS IN DEVELOPMENT

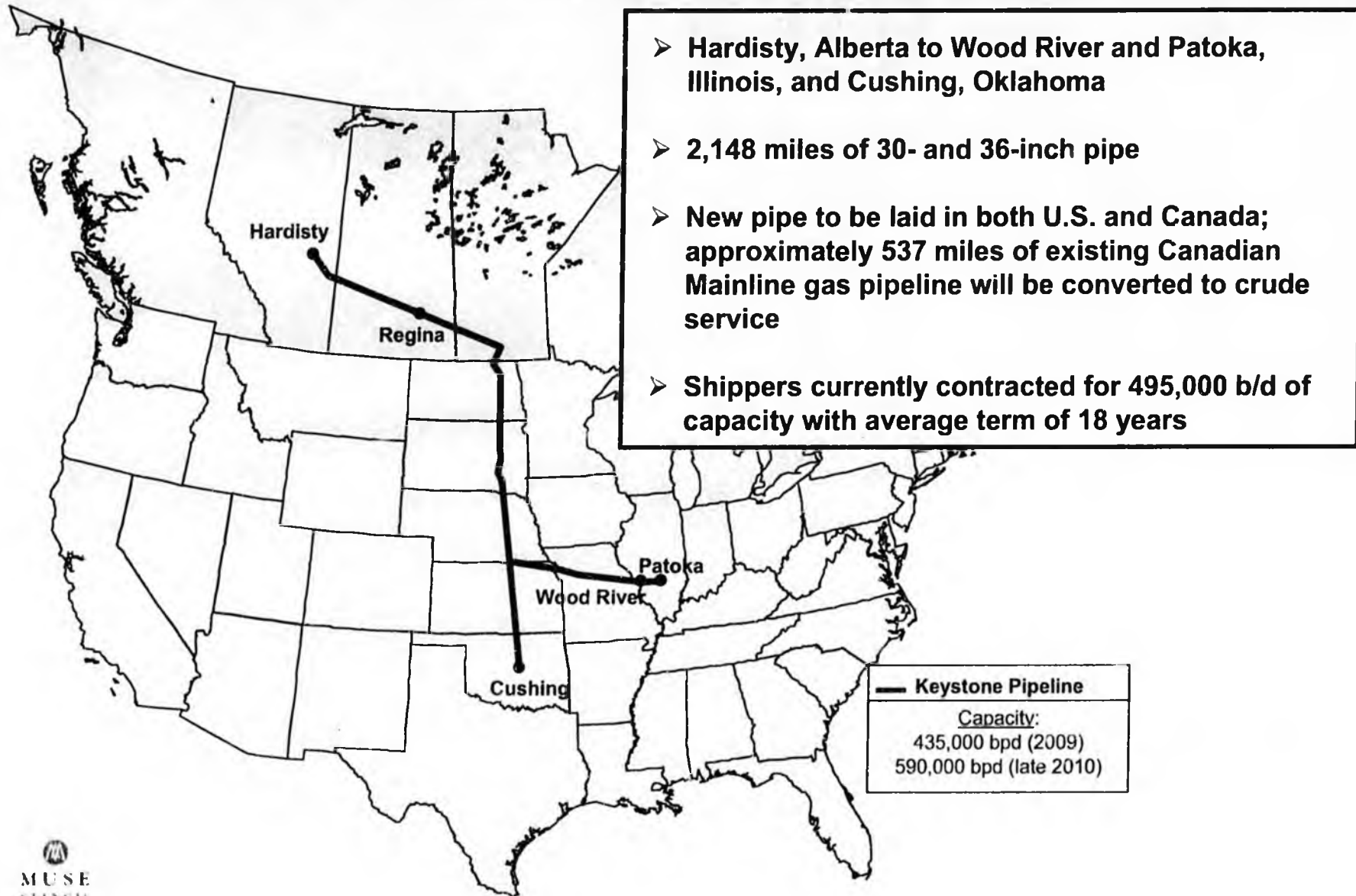
- **TransCanada has a strong pipeline of development prospects which will assure growth over the next several years**

- **In Construction**
 - Bruce B restart of two units (2010)
 - Portlands Energy combined cycle (2Q 2009)
 - Halton Hills (3Q 2010)
 - Cartier Wind 110 MW

- **In Development**
 - Quebec Wind RFP
 - Future RFPs
 - Bruce B Refurbishment of New Build
 - Bell Plain Polygeneration
 - Slave River Hydro
 - Northern Lights Transmission
 - Cacouna LNG Terminal
 - Broadwater LNG Terminal

- **In Advanced Development**
 - Cartier Wind 419 MW
 - Kibby Wind 132 MW (2009 to 2010)
 - Coolidge Generating Station 550 MW Combined Cycle (2011)

TRANSCANADA'S KEYSTONE CRUDE PIPELINE PROJECT



- Hardisty, Alberta to Wood River and Patoka, Illinois, and Cushing, Oklahoma
- 2,148 miles of 30- and 36-inch pipe
- New pipe to be laid in both U.S. and Canada; approximately 537 miles of existing Canadian Mainline gas pipeline will be converted to crude service
- Shippers currently contracted for 495,000 b/d of capacity with average term of 18 years

TRANSCANADA'S KEYSTONE CRUDE PIPELINE PROJECT (continued)

- **Keystone received NEB approval in 2007 for construction and operation of the Canadian portion of the project**
- **The U.S. Department of State issued a Record of Decision and National Interest Determination in early 2008**
- **In January 2008, ConocoPhillips executed an option to acquire a 50 percent ownership interest in the Keystone project. ConocoPhillips has also committed to ship crude oil on the pipeline**
- **In March 2008, the U.S. State Department issued a Presidential Permit to Keystone authorizing the construction, maintenance, and operation of facilities at the United States and Canadian border to transport crude oil between the two countries**
- **Applications for U.S. regulatory approvals at the state level have also been received allowing for the initiation of construction activities**
- **The project is on track to achieve an in-service date by the end of 2009**

LNG TERMINAL DEVELOPMENT ASSESSMENT OF PROJECTS

- **TransCanada's LNG focus is on regasification terminals supported by long-term, fee-for-service contracts**

- **TransCanada has announced two LNG terminal development projects**
 - Broadwater Energy
 - Cacouna Energy

- **In general, many announced North American LNG terminal projects have stalled or been cancelled**
 - Capital cost escalation
 - Uncertainty of available gas supply
 - Public opposition to terminal site development
 - Lagging North American natural gas price support for imports relative to other LNG import markets such as Spain

NORTH AMERICAN GAS SUPPLY AND DEMAND COMPETITION ISSUES

NORTH AMERICAN GAS SUPPLY AND DEMAND

IMPACTS ON TRANSCANADA

- **Reserve development along the U.S. Gulf Coast (ANR)**
 - Longer lead time on deep water development
 - Recent "finds" and production development has been farther west in the GOM or farther east in the GOM relative to ANR mainline origin
 - Expect ANR to transport relatively more gas supplied from the North Texas, Southwestern Arkansas, and Northern Louisiana shale plays and relatively lower volumes from offshore GOM in the future

- **Reserve development and competition in the U.S. Rocky Mountains**
 - Gas producers in the U.S. Rocky Mountain region have endured a relatively lengthy period of gas oversupply
 - Recent capacity expansions and the development of new gas transmission capacity out of the region (e.g., Rockies Express Pipeline) has "uncorked the bottle" and new supplies of Rockies gas are moving eastward to supply markets in the upper Midwest
 - New gas-on-gas competition may result in modifications to long-term historical gas distribution patterns as end-use markets adjust to the availability of new sources of supply

- **LNG terminal development and expected supply competition overall**
 - LNG terminal development to date has largely been regionalized and limited to U.S. Gulf Coast locations
 - FERC approved 14 new terminal sites between 2002 to 2007, of which are on the U.S. Gulf Coast
 - LNG imports increased steadily from 2002 to 2007 from 0.6 Bcf/d to 2.1 Bcf/d. However, LNG import volumes for 2008 are down. Year-to-date LNG imports through March 2008 are 0.8 Bcf/d, reflecting lower U.S. gas prices relative to other international markets
 - Supplies of imported LNG will offset pipeline capacity restraints in some areas (such as TransCanada's proposed Broadwater Import Terminal), but will offset production declines from fields in the GOM in the longer term IF U.S. gas prices are competitive in pulling LNG supplies from other import markets in Europe and Asia

TRANSCANADA'S FUTURE EARNINGS

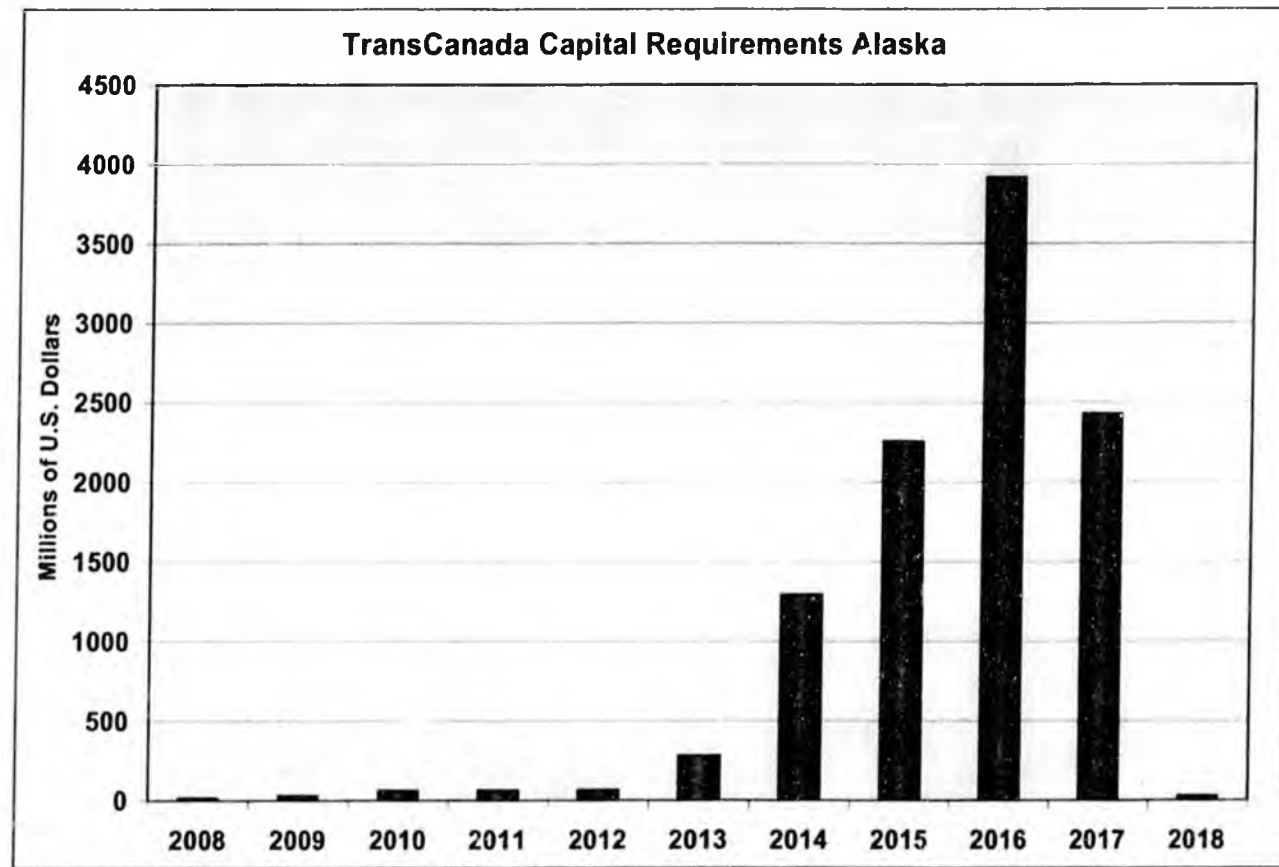
IMPACT OF ALASKA GAS SUPPLY ON TRANSCANADA'S FUTURE EARNINGS

- **Net Income Forecast**
 - With Alaska Gas
 - Without Alaska Gas

- **Potential financing, debt and equity, return on equity**
 - Financing: Assuming sufficient risk allocation to other parties and barring unforeseen environmental credit constraints, financing should be available for the Alaska Gas Pipeline Project
 - Project risk must be allocated, for example
 - Credit Risk to FT shippers
 - Construction Risk to EPC contractors and material/equipment suppliers
 - Operational Risk to Insurance providers
 - Capital Cost Risk to Government Guarantee
 - Health of the capital markets could impact timing of the project
 - Debt and Equity
 - TransCanada has demonstrated track record with respect to raising equity
 - Depending on total amount of equity required, equity partners may be included
 - The availability of non-recourse project debt will be a function of project risk accepted by other parties
 - Debt holders will require high degree of risk management and risk allocation

ALASKA PROJECT CAPITAL REQUIREMENTS

- Net of anticipated state contribution of \$500 million
- Includes Alaska Section, Yukon and British Columbia Section, and Alberta Section development and execution capital
 - Excludes Gas Treatment Plant
- Assumes 30 percent equity during construction



TC FINANCIAL FORECAST

➤ Canadian Pipelines

- Under the current regulatory environment, the primary factor in projected pipeline earnings is increased or continued capital investment above the rate of depreciation
- Earnings are not impacted by changes in throughput levels or changes in contract levels
- With the exception of the Alberta System, earnings contributions from Canadian Pipelines is expected to be in long-term decline despite continuing negotiations with the NEB for increased return on equity rates
- Continuing investments in the Alberta System will maintain the rate base and result in continued increases in equity earnings

➤ U.S. Pipelines

- Earnings contribution from U.S. pipelines is projected to increase due to increasing capital expenditure, growing volumes in end-use markets, and differences in regulatory environment
- FERC regulated tariffs offer higher equity returns
- The systems are permitted to discount or negotiate tariffs on a non-discriminatory basis

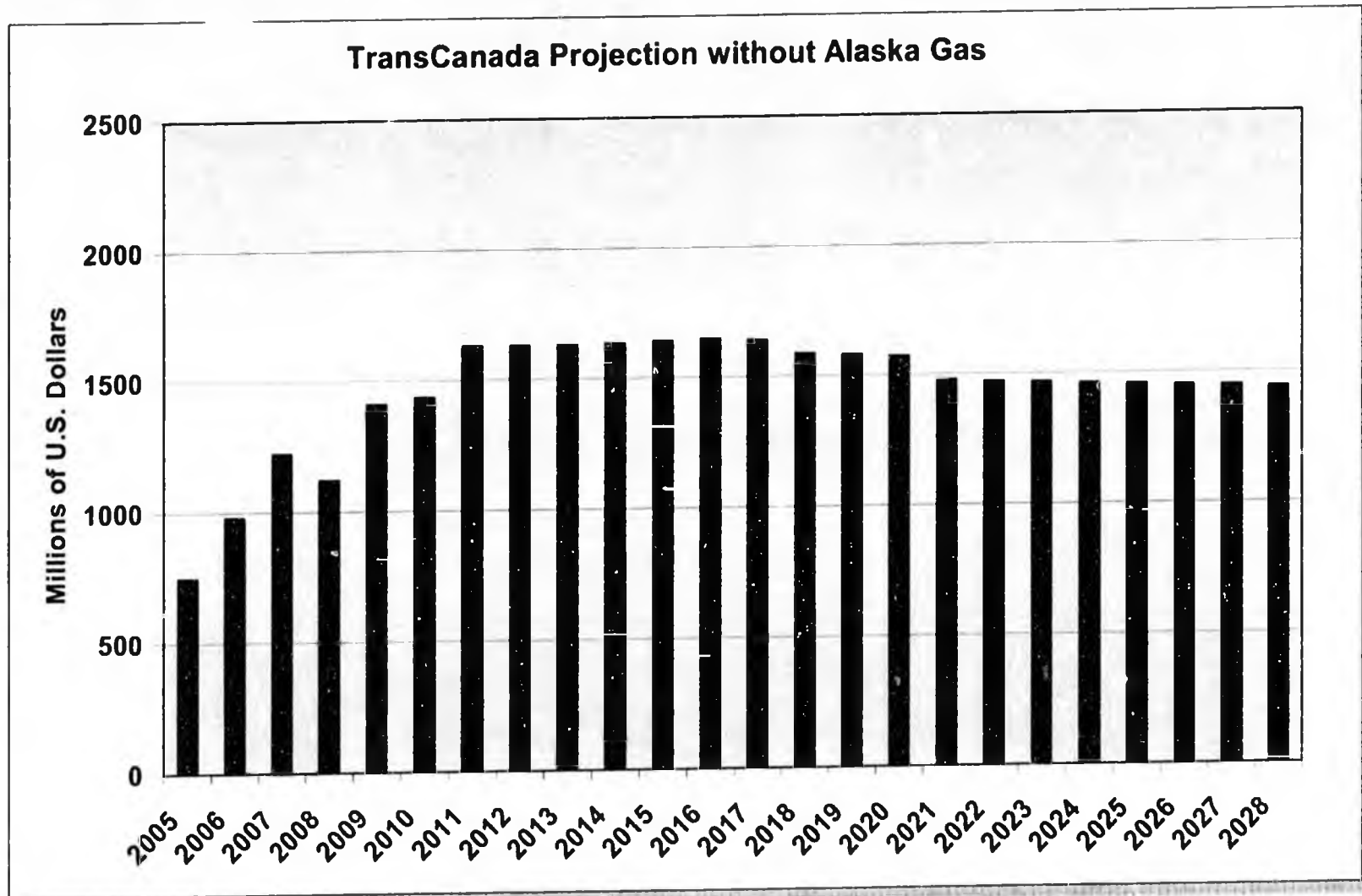
➤ Energy

- Current operating projects and projects in construction will continue to increase earning from this business segment
- Identified development opportunities will provide continued growth into the next decade

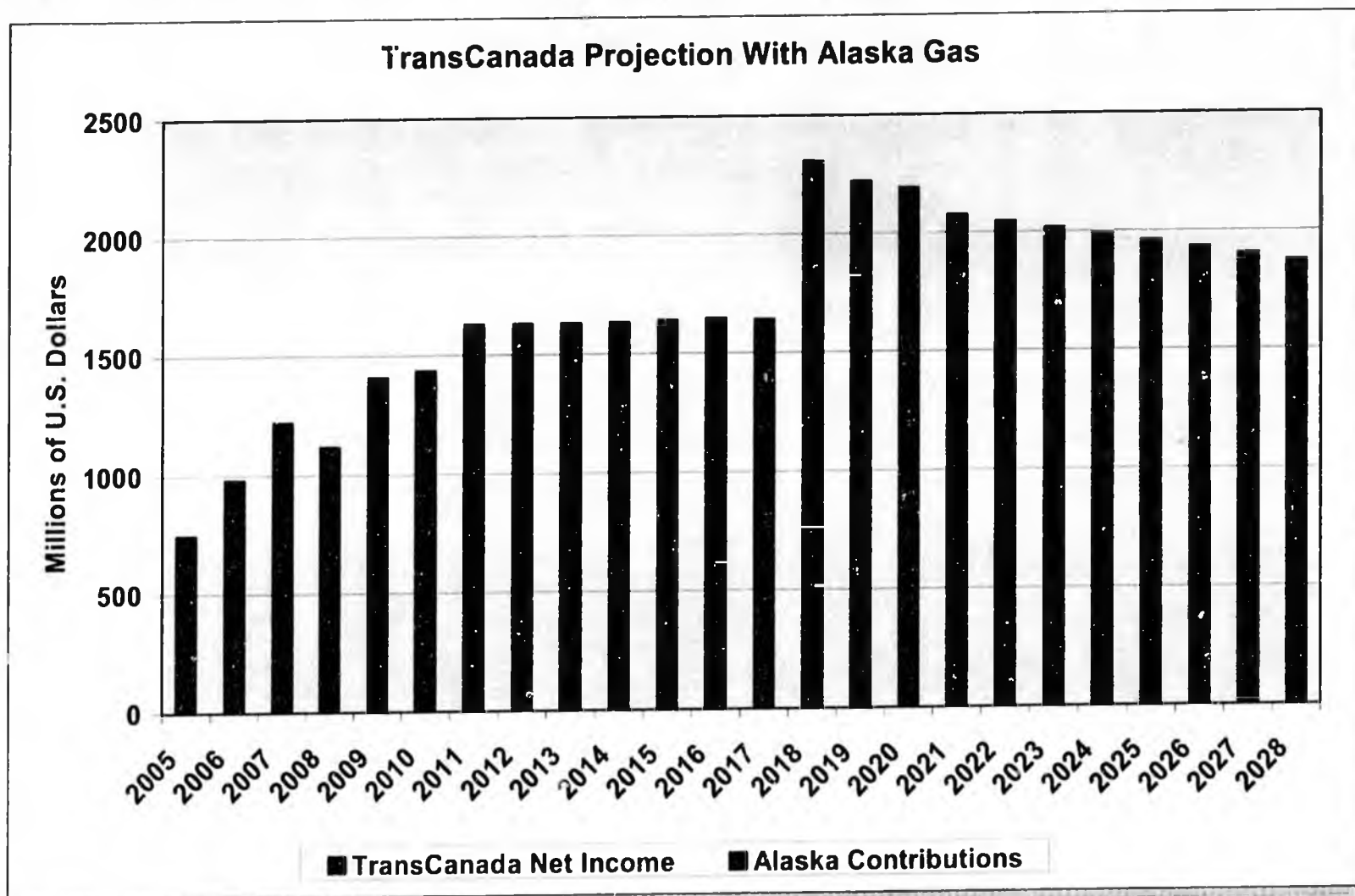
➤ New Projects

- Keystone Pipeline
- Mackenzie Gas
- LNG development

NET INCOME WITHOUT ALASKA GAS



NET INCOME WITH ALASKA GAS



APPENDIX I

TRANSCANADA FINANCIAL PERFORMANCE

➤ Financial Performance (Canadian Dollars)

- 2007 net income and net income from continuing operations of \$1.223 billion (\$2.31 per share)
 - Compares to net income of \$1.079 billion (\$2.21 per share), and net earnings of \$1.051 billion (\$2.15 per share) in 2006
 - Increase of 7 percent on a per-share basis in 2007
- Comparable earnings of \$1.107 billion or \$2.09 per share in 2007, compared to \$925 million or \$1.90 per share for 2006
 - Comparable earnings grew by 10 percent on a per-share basis in 2007
 - Comparable earnings per share increased at a compound average annual growth rate of 8.6 percent, from \$1.08 per share in 1999 to \$2.09 per share in 2007
- Funds generated from operations increased to \$2.621 billion in 2007
 - Increase of \$243 million or 10 percent above 2006 performance
- Quarterly dividend on the company's common shares increased for the 8th straight year – 2007 increase of 6 percent to \$0.36 per share, or \$1.44 per share on an annualized basis
- Raised \$1.725 billion in common equity in 2007 through a public offering to help fund the ANR acquisition, the largest fully-funded subscription receipts transaction in Canadian history
- Initiated a 2 percent discount on common shares issued under the corporation's dividend reinvestment and share purchase plan; 30 percent participation rate and common equity raise of over \$150 million in 2007
- Sold U.S. \$1 billion of 30-year senior notes
- Issued U.S. \$1 billion of junior subordinated notes, both at very competitive market rates reflective of 'A' credit ratings
- In the last 8 years
 - TransCanada invested approximately \$18 billion in value-creating pipeline and energy growth opportunities
 - Funds generated from operations grew at a compound average annual growth rate of 12.2 percent from \$1 billion to \$2.6 billion
- Compound average annual total shareholder return of approximately 21 percent

CONOCOPHILLIPS FINANCIAL PERFORMANCE

Selected Financial Data					
<i>Millions of Dollars (except per share amounts)</i>					
	2007	2006	2005	2004	2003
Sales/Operating Revenue	187,437	183,650	179,442	135,076	104,246
Income/Continuing Ops	11,891	15,550	13,640	8,107	4,593
Net Income	11,891	15,550	13,529	8,129	4,735
Net Income per Common Share, Basic	7	10	10	6	3
Total Assets	177,757	167,781	106,999	92,861	82,455
Cash Dividends per Common Share	1.640	1.440	1.180	0.895	0.815

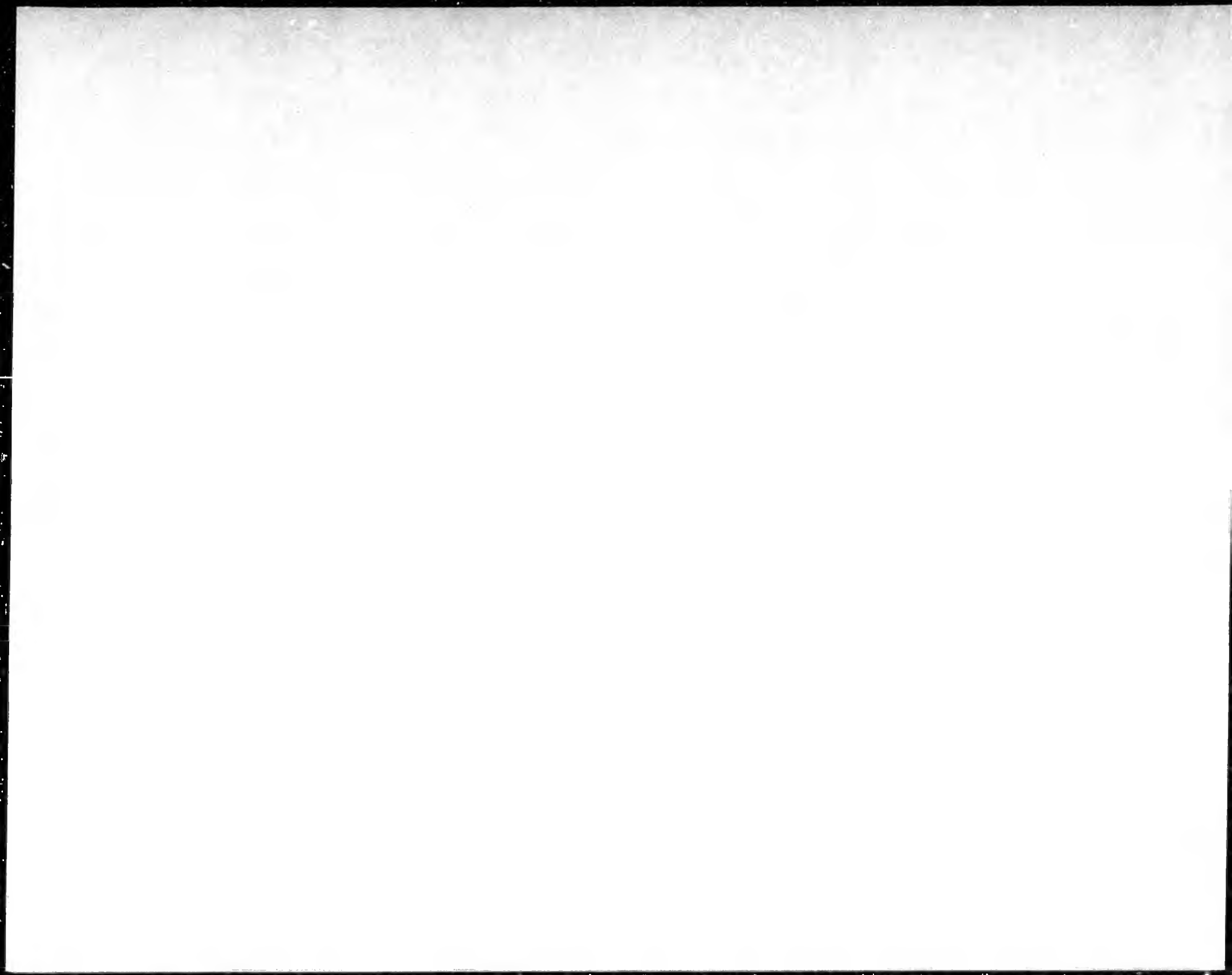
Source: COP Annual Report

BP FINANCIAL PERFORMANCE

Selected Financial Data					
<i>Millions of Dollars (except per share amounts)</i>					
	2007	2006	2005	2004	2003
Net Cash From Operations	24,709	28,172	26,721	23,378	16,303
Replacement Cost Profit, EBIT	29,014	35,346	29,648	24,381	18,593
Earnings Per Share	6.47	4.31	6.22	4.26	2.75
Dividends	2.54	2.3	2.09	1.66	1.53

Source: BP Annual Report, Standard & Poor's Stock Report May 2008

APPENDIX – NATURAL GAS PIPELINES



TRANSCANADA ALBERTA SYSTEM OVERVIEW

- **The Alberta System gathers natural gas for use within the province for delivery to provincial boundary points for connection with**
 - Canadian Mainline
 - BC System
 - Foothills System
 - Other pipelines

- **100 percent owned by TransCanada**

- **One of the largest carriers of natural gas in North America (23,186 km)**

- **Regulated by the Alberta Energy and Utilities Board (EUB) primarily under the provisions of the Gas Utilities Act (Alberta) (GUA) and the Pipeline Act (Alberta)**

TRANSCANADA MAINLINE OVERVIEW

- **Extends from the Alberta/Saskatchewan border east to the Québec/Vermont border and connects with other natural gas pipelines in Canada and the U.S.**

The Canadian Mainline is regulated by the National Energy Board (NEB)

- Sets tolls which provide TransCanada the opportunity to recover projected costs of transporting natural gas and provide a return on the Canadian Mainline's average investment base
- New facilities are approved by the NEB before construction begins and changes in investment base, the rate of return on common equity, the level of deemed common equity and the potential for incentive earnings are overseen by the NEB

ANR PIPELINE

- **TransCanada purchased ANR in February 2007**

- **ANR is a major gas transmission system transporting gas from the U.S. Gulf Coast and Mid-Continent supply areas to northern Midwest markets**
 - Supply areas include offshore GOM shelf and deepwater, onshore Louisiana, West Texas, Kansas, and Oklahoma
 - Market areas include Wisconsin, Michigan, Illinois, Ohio, and Indiana
 - ANR assets complement TransCanada's other systems, in particular Great Lakes Pipeline
 - Other pipeline interconnections provide access to gas supplies from Western Canada and the U.S. Rockies

- **ANR owns significant storage capacity in Michigan 235 billion cubic feet (Bcf) that allows for peak day system deliveries of 7.1 Bcf/d. Approximately half of ANR's peak day deliverability comes from storage capacity**
 - Gas storage capacity in ANR's market areas allows for more level demand load for gas through winter/shoulder/summer seasons

TRANSCANADA Foothills OVERVIEW

- **The Foothills natural gas transmission system carries natural gas for export from central Alberta to the U.S. border serving markets in the U.S. Midwest, Pacific Northwest, California and Nevada**
- **Annual deliveries of natural gas on the Foothills System totaled 1,403 billion cubic feet (Bcf) in 2006, compared to deliveries of 1,372 Bcf in 2005**
- **The Western leg of the Foothills System, the B.C. Zone, runs from Caroline, Alberta along the foothills of the Rocky Mountains through the Crowsnest Pass to Kingsgate, B.C., connecting with Gas Transmission Northwest (GTN) in Idaho**
- **The Eastern Leg of the Foothills System, the Saskatchewan Zone, runs from Caroline, Alberta south-easterly across Alberta and Saskatchewan to the Canada/U.S. border through Monchy, Saskatchewan connecting with Northern Border Pipeline Company in Montana**
- **The Foothills System is regulated by the National Energy Board (NEB).**

TRANSCANADA GTN SYSTEM OVERVIEW

- **Has been transporting natural gas to Western energy markets safely and reliably for more than 40 years**
- **Length of System: 612 miles**
- **Location of Pipeline: Begins at British Columbia-Idaho border, extends through northern Idaho, southeastern Washington and central Oregon, and ends at the Oregon-California border**
 - Interconnects
 - TransCanada's BC System at Kingsgate, British Columbia
 - Williams (Northwest Pipeline Corporation) at Spokane and Palouse, Wash., and at Stanfield, Ore.
 - Pacific Gas & Electric Company and Tuscarora Gas Transmission Company at Malin, Ore
 - Multiple taps also connecting to Avista Corporation and Cascade Natural Gas
 - Gas Sources
 - Western Canada – primary
 - U.S. domestic gas supplies at Stanfield, Ore.
 - System Capacity
 - Transport - more than 2.9 billion cubic feet of gas a day (Bcf/d)
 - Deliveries
 - More than 2.1 Bcf/d can be delivered to California
 - Up to 1 Bcf/d to the Pacific Northwest (though typical deliveries there are 600-700 million cubic feet a day)
 - 12 compressor stations (5 stations have three units, 7 stations have 2 units), spaced 50 to 60 miles apart along the pipeline, providing approximately 513,400 horsepower (ISO).

TRANSCANADA GTN SYSTEM OVERVIEW (continued)

➤ Services

- Transportation of natural gas, both firm and interruptible.
- Parking: Customers can store gas in pipeline.
- Lending: Customers can borrow gas from inventory and return it later.
- Customers can conduct transactions via Internet portal
- Market centers: Customers can move gas into and out of their own "paper pools" to increase flexibility in the purchase and sale of gas.

➤ Customers

- More than 45 companies receive firm transportation under long-term contracts
- Firm and interruptible transportation is also provided for more than 100 producers, marketers, electric and gas utilities, and other end-users, many of whom use firm capacity acquired through capacity release.

TRANSCANADA NORTH BAJA SYSTEM OVERVIEW

- **Partners - TransCanada GTN System and Sempra Energy International**
- **220-mile natural gas transportation pipeline serves the growing energy demand in Baja California, Mexico and portions of Riverside, Imperial and San Diego Counties in California.**
 - Began initial service on September 1, 2002, with an initial capacity of 200 million cubic feet per day
 - Completion of the pipeline's 21,000-horsepower compressor station in December of 2002 brought the pipeline's capacity to 500 million cubic feet in December 2002
 - 36/30-inch pipeline
 - Route: 80-mile U.S. segment (owned by TransCanada) and a 140-mile Mexican segment (Sempra Energy International)
- **Origin: Interconnection with El Paso Natural Gas Co. near Ehrenberg, Arizona**
- **Destination: Interconnection with the Transportadora de Gas Natural (TGN) Pipeline which runs from an interconnect with SDG&E at the U.S./Mexico border south of San Diego to the Presidente Juarez Power Plant in Rosarito, Baja California**
- **North Baja Pipeline Expansion Project**
 - Will allow natural gas arriving at terminals in Mexico from the western Pacific Rim to be delivered into California and other southwestern U.S. markets, providing an entirely new natural gas supply basin for the region
 - Will consist of 42- and 48-inch welded steel pipeline built immediately adjacent to the one installed in 2002

TRANSCANADA TAMAZUNCHALE SYSTEM OVERVIEW

- **TransCanada's Tamazunchale pipeline is a 36-inch, 130-kilometre pipeline that extends from the facilities of PEMEX Gas near Naranjos, Veracruz**
- **Supplies natural gas under a long-term contract with the CFE to an electricity generation station near Tamazunchale, San Luis Potosi**
- **Began commercial service on Dec. 1, 2006 and initially transporting 170 MMScf/d**
- **The Tamazunchale Pipeline is owned and operated by Transportadora de Gas Natural de La Huasteca (TGNH), a wholly owned subsidiary of TransCanada**

TRANSCANADA TC PIPELINES, LP OVERVIEW

- **TC PipeLines GP, Inc, a wholly-owned subsidiary of TransCanada, is the general partner of TC PipeLines, LP, a United States growth-oriented Master Limited Partnership**
- **TC PipeLines, LP was formed by TransCanada to acquire, own and actively participate in the management of U.S.-based natural gas pipelines and related assets**
- **TC PipeLines, LP owns:**
 - A 50 per cent interest in Northern Border Pipeline Company which owns a 1,249-mile interstate pipeline system that transports natural gas from the Montana-Saskatchewan border to markets in the Midwestern United States
 - Or controls a 99 per cent interest in Tuscarora Gas Transmission Company, which owns a 240-mile interstate pipeline system that transports natural gas from Oregon (where it interconnects with TransCanada's GTN System, to northern Nevada).
 - A 46.45 per cent interest in Great Lakes Gas Transmission Limited Partnership, which owns a 2,115-mile interstate pipeline system that transports gas from Emerson on the Manitoba-Minnesota border to St. Clair on the Michigan-Ontario border.

TRANSCANADA GAS STORAGE OVERVIEW

- **Non-regulated Gas Storage**
 - One of the largest natural gas storage providers in North America with approximately 360 Bcf of storage capacity

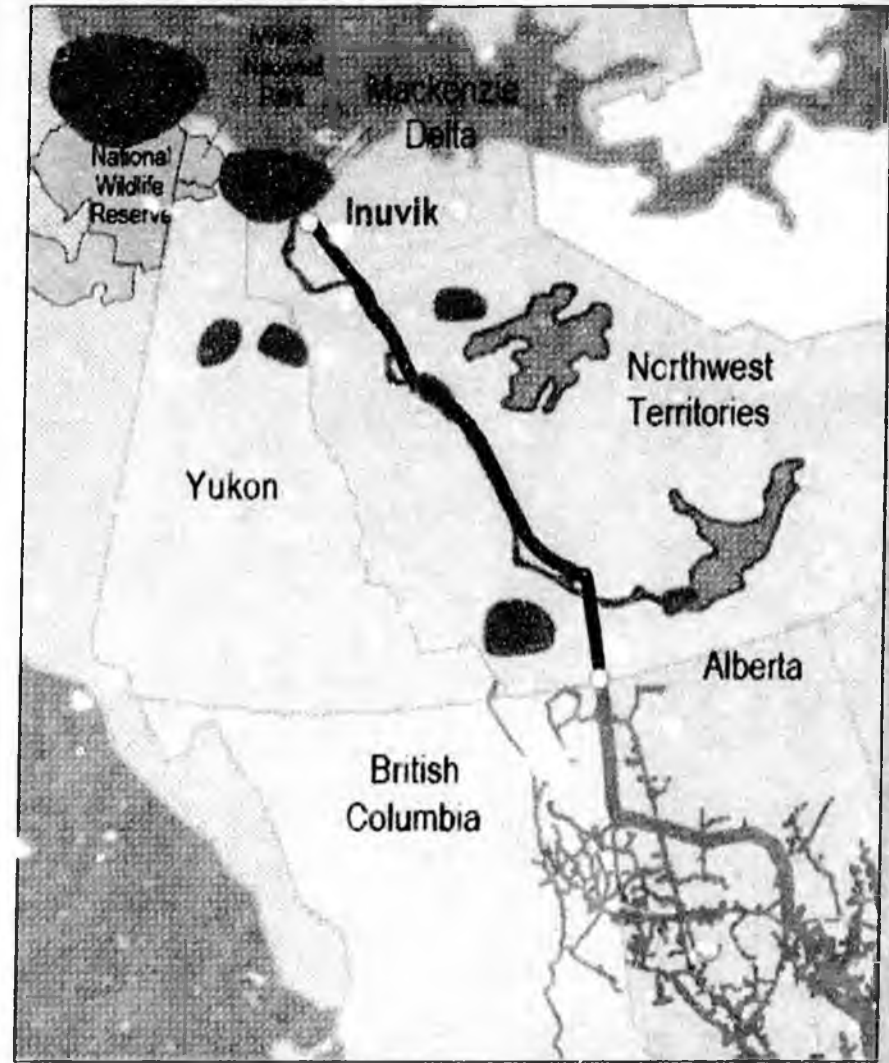
- **Non-regulated gas storage business owns or controls approximately 130 Bcf of capacity**
 - Approximately one-third of all storage capacity in Alberta
 - Wholly-owned 50-Bcf Edson, Alberta Facility with contracted long-term capacity of approximately 30 Bcf from a third party
 - 60 per cent interest in CrossAlta Gas Storage & Services Ltd., operatin a 50-Bcf storage facility near Crossfield, Alberta

- **Regulated gas storage business**
 - ANR Storage Company operating in the U.S.
 - Serves the TransCanada Pipeline Segment and provides firm and interruptible natural gas storage services to customers on the Great Lakes Gas Transmission and ANR Pipeline systems

MACKENZIE GAS PIPELINE

- **The Mackenzie Gas Pipeline is a proposed pipeline project to bring gas from Inuvik, Northwest Territories to the northern border of Alberta where it will connect with the Alberta System**

- **TransCanada agreed to finance the Mackenzie Valley Aboriginal Pipeline Group's (APG) one third equity share in pre-development project costs**
 - Through the end of 2007, TransCanada had advanced \$137 million
 - Although total amount constitutes a loan to APG, there is no recourse should the project not proceed
 - TransCanada will be repaid out APG's share of equity returns in the project
 - TransCanada also holds an option to acquire 5 percent equity in the project at the decision to construct
 - TransCanada also gains rights of first refusal on 50 percent of any divestitures and an option to obtain a one-third interest in expansion opportunities once APG reaches its one-third equity share



APPENDIX - LNG

BROADWATER ENERGY

- **The project is a joint venture with Shell and will be located offshore New York State in Long Island Sound**
 - Designed with capabilities to receive, store, and regasify imported LNG
 - Average natural gas design send-out capacity is approximately 1 billion cubic feet per day (Bcf/d)
 - Significant economic incentives exist for the delivery of new gas supplies into the New York regional natural gas market

- **The project has been approved by FERC, but subsequently issues related to the project's environmental impact have been raised**
 - In March 2008, after three years of review, FERC unanimously approved the construction and operation of the project subject to the operator adopting more than 80 mitigation measures to enhance safety and security and to ensure that the project has limited environmental impacts.
 - In April 2008, The New York State Department of State (NYS DOS) issued a negative consistency determination in Broadwater Energy's Coastal Zone Management Act application, finding the project as designed is not consistent with the state's coastal zone policies.
 - NYS DOS was a cooperating agency in the development of the environmental impact statement (EIS) for the project along with: the Department of Homeland Security, the U.S. Coast Guard, the U.S. Army Corps of Engineers, the U.S. Environmental Protection Agency, the National Oceanographic and Atmospheric Administration, and the National Marine Fisheries Service. The EIS was considered as part of the FERC approval process for the project.
 - In late April, Broadwater Energy initiated the first step in preparation for an appeal to the U.S. Department of Commerce regarding the New York State Department of State (NYS DOS) Coastal Zone Management Act determination. Broadwater filed a request with the Federal Energy Regulatory Commission (FERC), as the lead agency for the Broadwater project, to consolidate the record for the project. The 'consolidated record' includes all relevant information from FERC and other permitting agencies and will be submitted in conjunction with Broadwater's appeal to the Department of Commerce.

CACOUNA ENERGY

- **The project is a joint venture with Petro-Canada and will be located at Gros Cacouna Harbour on the St. Lawrence River in Quebec**
 - Designed with capabilities to receive, store, and regasify imported LNG
 - Average natural gas design send-out capacity is approximately 500 MMcf/d
 - Significant economic incentives exist for the delivery of new gas supplies into the New York regional natural gas market

- **Current project status is uncertain**
 - Anchor supply for the development of the Cacouna Energy (Cacouna) LNG regasification terminal was to be supplied from Gazprom's Baltic LNG project.
 - On February 7, 2008 Gazprom's management committee decided not to pursue the proposed Baltic LNG project.
 - In addition, gas supply shortages, capital cost pressures, excess North American regasification capacity, and world-wide natural gas economics have put a strain on the development of LNG import projects in North America.
 - At present, the project proponents are reported holding discussions to evaluate different options for the site and a public announcement will be made once a decision is reached. At this point, no announcements have been made as to the long-term outlook for Cacouna.

APPENDIX - POWER

TRANSCANADA POWER OVERVIEW

➤ **Bruce Generating Station**

- Owns 31.6 per cent of Bruce B, consisting of operating Units 5 to 8 with approximately 3,200 MW of generating capacity
- Owns 48.7 per cent of Bruce A, consisting of operating Units 3 and 4 with approximately 1,500 MW of generating capacity and currently idle Units 1 and 2 with approximately 1,500 MW of generating capacity, which are currently being refurbished and are expected to restart in late 2009 or early 2010.

➤ **Cartier Wind Energy has agreements for wind power projects totaling 740 megawatts (MW) of capacity**

- Located in the Gaspésie-Iles-de-la-Madeleine region and the Regional County Municipality of Matane in the province of Québec
- The assets related to the projects are indirectly co-owned by TransCanada (62 per cent) and Innergex II Income Fund (38 per cent)

➤ **Portlands Energy Centre (PEC) is a high-efficiency, combined cycle natural gas generation plant located in downtown Toronto, ON**

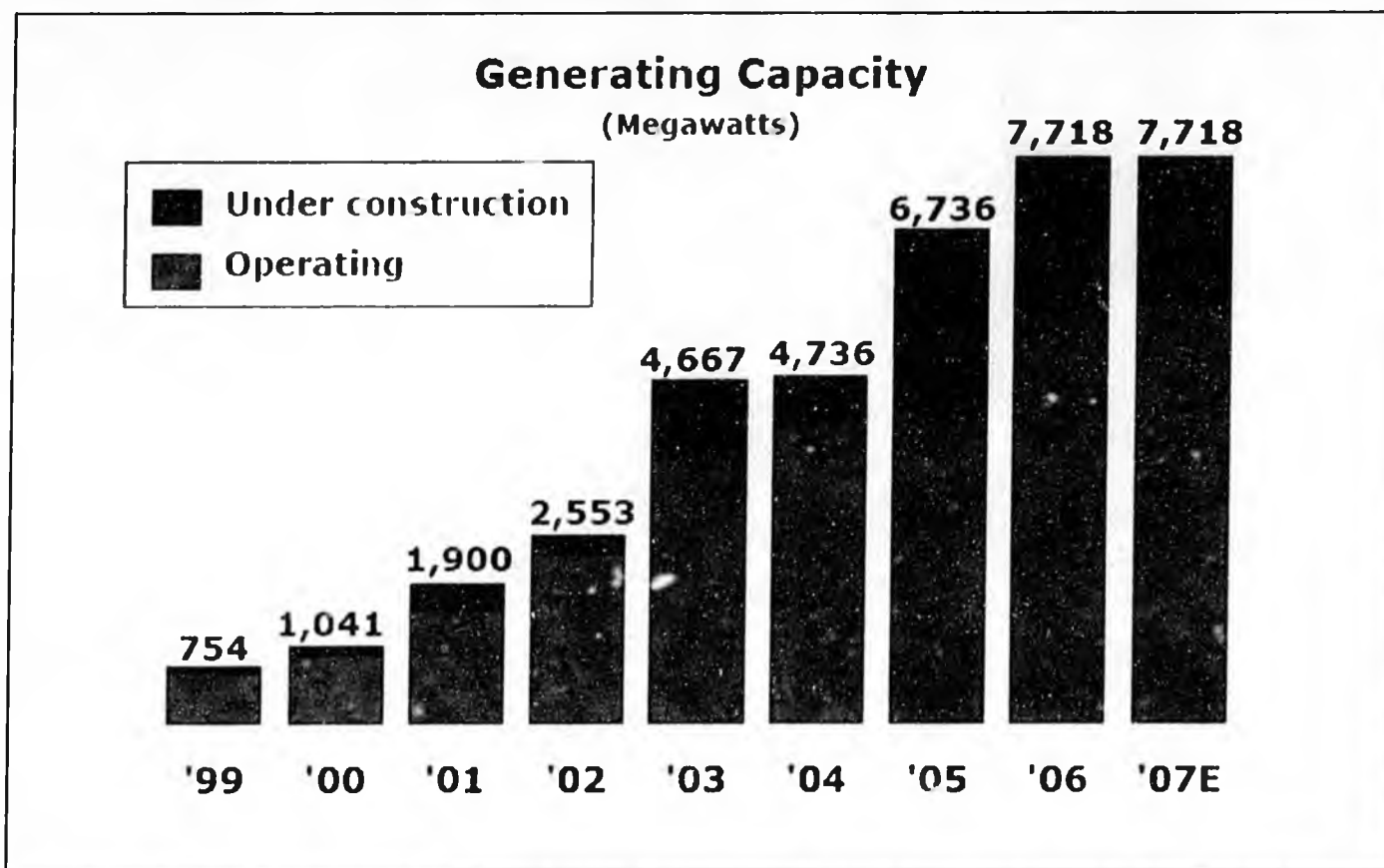
- Scheduled to begin supplying power in the summer of 2008 under a 20-year contract with the Ontario Power Authority
- 550-MW plant is owned by PEC, a limited partnership of TransCanada and Ontario Power Generation

➤ **TransCanada also has rights to electricity generated by the following**

- 560-MW, Sundance A power plant (100 per cent)
- 706-MW Sundance B plant (50 per cent)
- 756-MW Sheerness plant (100 per cent).

HISTORICAL GROWTH IN GENERATING CAPACITY

- TransCanada has built a significant power asset portfolio which has grown at a 34 percent compound annual growth rate (CAGR) over the past 8 years

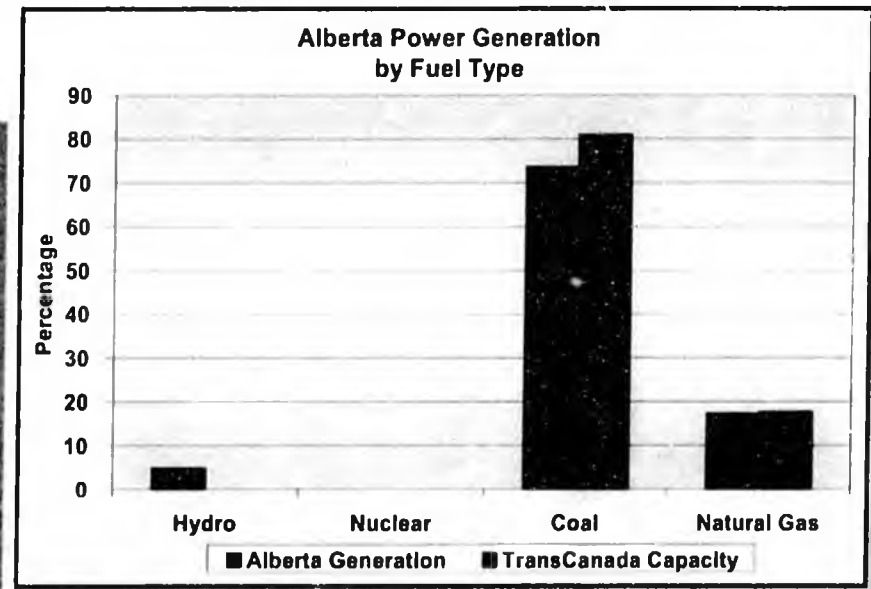
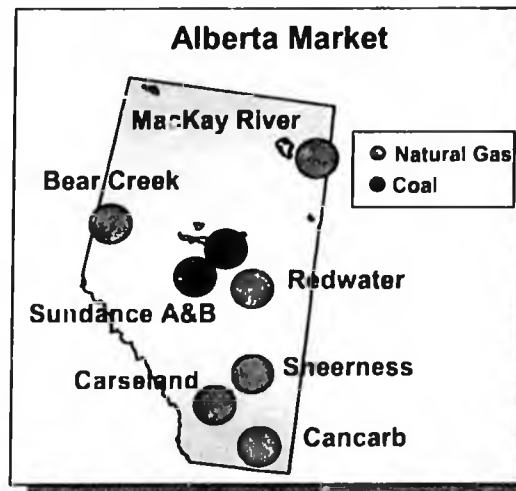


Source: TransCanada Investors Day Presentation November 21, 2007

ALBERTA MARKET

- Alberta is a deregulated market and pool prices tend to be very volatile
- TransCanada's resources match the market average
- Exposure to natural gas volatility is mitigated by natural gas cogeneration which produces much lower cost power due to higher efficiency
- Natural gas assets strategically complement pipeline and storage assets in the same market
- Coal capacity consists of long-term PPA which expires in 2017 and 2020

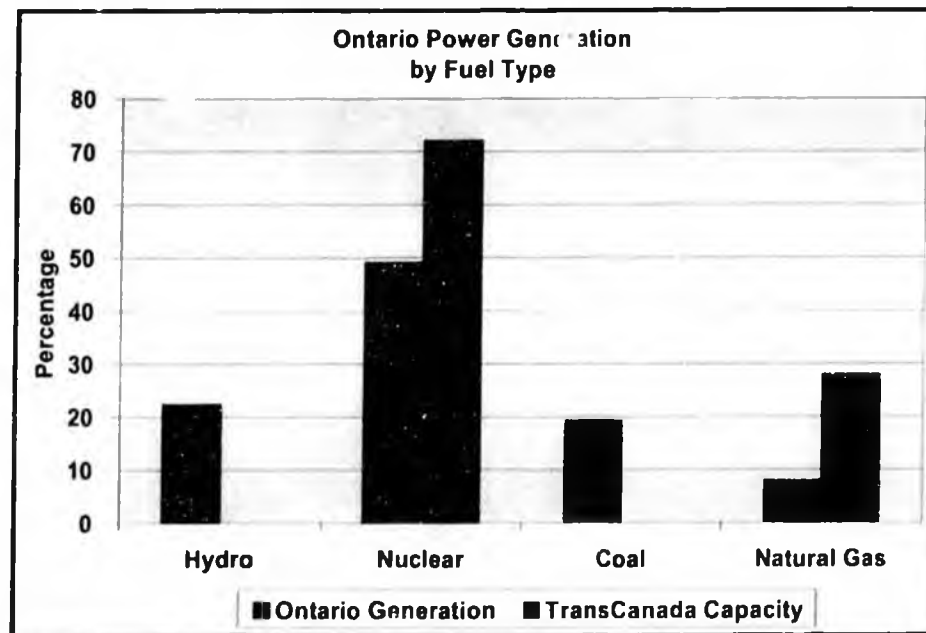
Alberta Key Statistics	
2007 Demand	9,580 MW
2007 Resources	10,698 MW
2007 Reserve Margin	11.7%
Forecast Demand Growth Rate	3.3%/Yr
Forecast 2011 Reserve Margin	11.3%



ONTARIO MARKET

- Ontario is a very low cost market due to the high percentage of nuclear and hydro capacity
- TransCanada assets are more weighted to low cost nuclear than the market average
- Natural gas capacity is under long-term contract which assures stable cash flows
- Natural gas assets strategically complement pipeline assets in the market

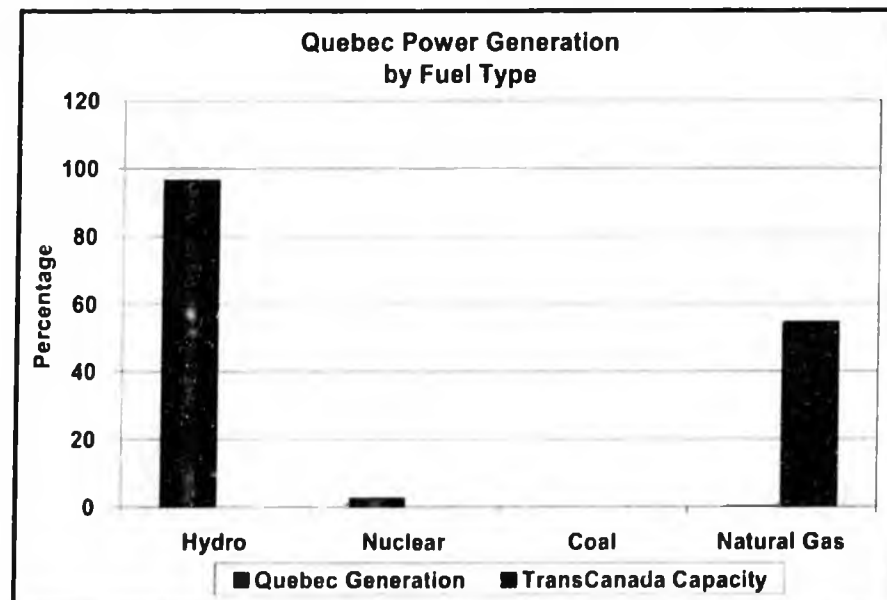
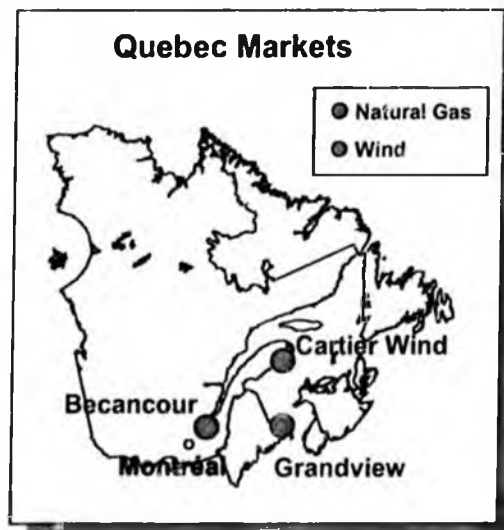
Ontario Key Statistics	
2007 Demand	25,423 MW
2007 Resources	28,727 MW
2007 Reserve Margin	13.0%
Forecast Demand Growth Rate	2.0%/Yr
Forecast 2011 Reserve Margin	17.0%



QUEBEC MARKET

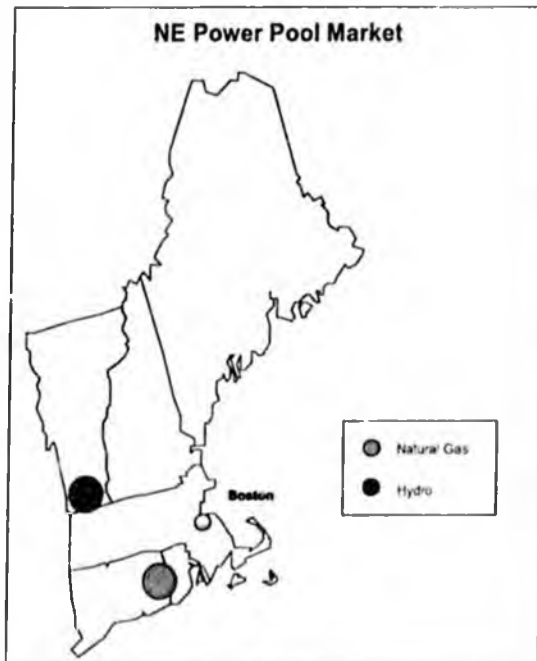
- Quebec is dominated by low cost hydro capacity
- All assets are under long-term contract which assures stable cash flows

Quebec Key Statistics	
2007 Demand	35,569 MW
2007 Resources	39,597 MW
2007 Reserve Margin	11.3%
Forecast Demand Growth Rate	0.6%/Yr
Forecast 2011 Reserve Margin	10.0%

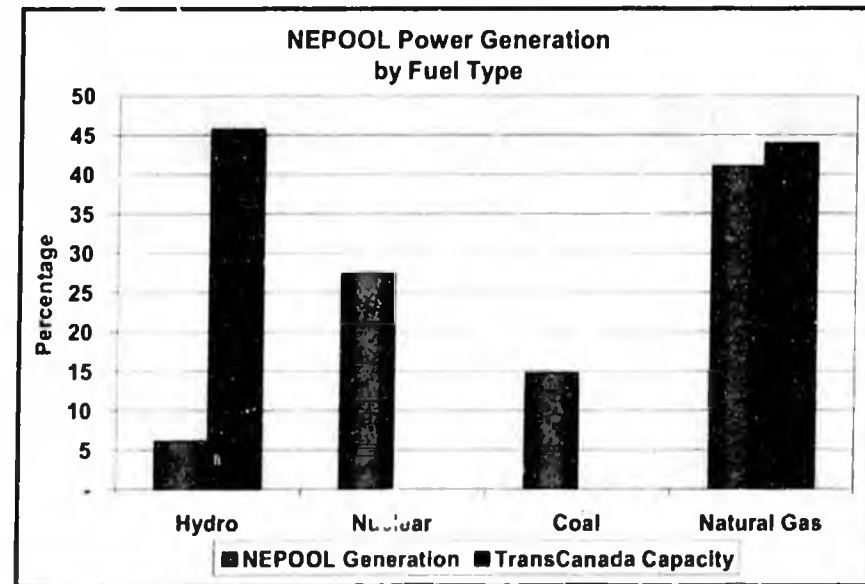


NEPOOL MARKET

- TransCanada has a high percentage of low cost hydro capacity
- Capacity payments are available in this market which provide some insulation from market volatility
- Natural gas capacity is subject to reliability capacity payments due to its location in a transmission constrained zone



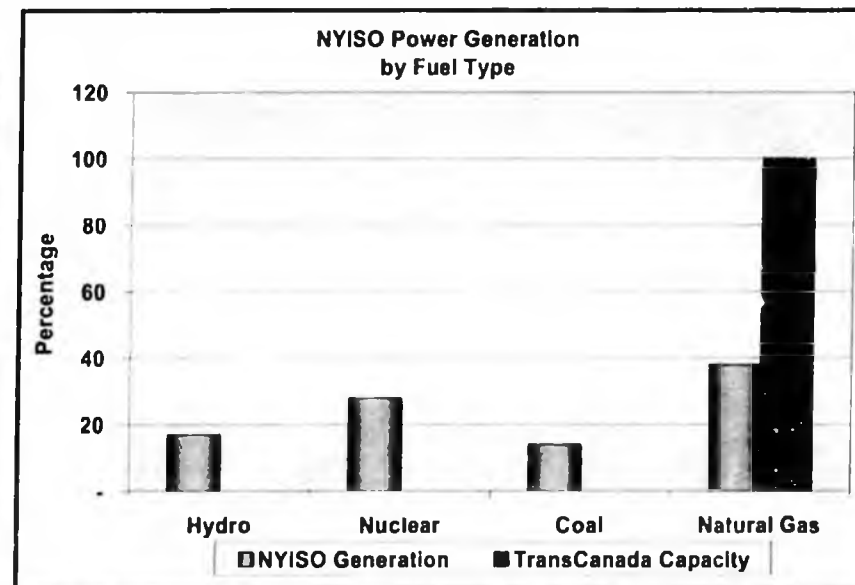
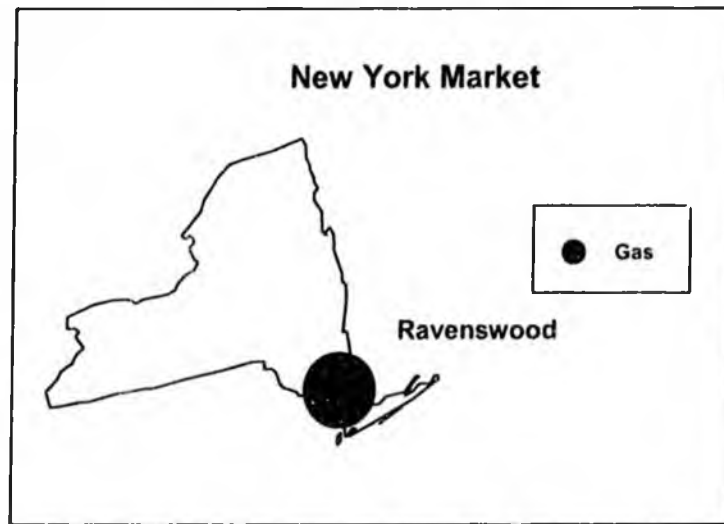
NEPOOL Key Statistics	
2007 Demand	27,041 MW
2007 Resources	31,053 MW
2007 Reserve Margin	14.8%
Forecast Demand Growth Rate	2.3%
Forecast 2011 Reserve Margin	9.2%



NYISO MARKET

- The recent acquisition of the 2,800 MW Ravenswood Station is the only TransCanada asset in the NYISO market
- The high exposure to natural gas is mitigated by a location within Zone J (New York City) which is a supply constrained zone dominated by natural gas fueled stations

NYISO Key Statistics	
2007 Demand	32,541 MW
2007 Resources	40,897 MW
2007 Reserve Margin	25.7%
Forecast Demand Growth Rate	1.1%/Yr
Forecast 2011 Reserve Margin	18.5%



HB 3001

SB 3001

6/5/08

SPECIAL

SESSION

DOCUMENTS

**Some things to look for and ask
about in the AGIA License
Determination**

Dan E. Dickinson CPA

Legislative Budget and Audit Committee

Alaska State Legislature

June 2008 Special Session

My Assignment:

- Part I. Talk about “What to look out for - Questions to ask - Help legislators examine the issues.”
 - Commissioner Galvin: “This is just the beginning – need to understand as well as vote.”
- Part II. Ways to think about a vote

Part I. Major Reasons Given to Vote for TransCanada License

- (1) Enforceable commitments
- (2) Makes a “dazzling” amount of money for everyone – so producers will sign on and project will advance
- (3) “Guarantees” State’s must-haves for an “enhanced open-access pipeline”
- (4) Best way of getting LNG export
- (5) Best way of meeting in-state gas needs

Another Reason to Support a TransCanada License

- Probably won't harm the prospects for a line and may strengthen them

Item #1. What are the Enforceable Commitments in the License?

- Licensee agrees to 20 “must-haves” listed in AS 43.80.140 (AGIA)
- 7 Procedurals related to obtaining license
- 3 Pre-sanction commitments (ex-tariff)
- 5 Tariff commitments
- 5 Local commitments

7 License Procedurals

1. File an application on time
2. Provide thorough description
8. Describe GTP (including some rate commitments)
9. Propose reimbursement plan
16. Waive right to appeal license decision
19. Detailed description of applicant
20. Demonstrate readiness to implement project

3 Pre-Sanction Milestones

3. (FERC) & 4. (RCA) Milestones

- Open Season within 36 months
- Use FERC pre-filing procedure
- Apply for CPCN by date certain

5. Assess market every two years (also in tariffs)

Is there an enforceable commitment for a pipeline?

Is there an enforceable commitment for a licensee to build a pipeline? Is there an enforceable commitment for a licensee to sanction a pipeline?

“We are not obligated to build a pipeline. That is not what AGIA requires.” – TC Vice-President, Tony Palmer, February 6, 2008, Presentation to House Open Caucus.

What is the “Enforceable Commitment” for an Open Season?

- “Must-have” is
- “...conclude by a date certain, that is not later than 36 months after the date the license is issued, a binding open season...” (AS 43.90.130 (3))
- TransCanada certifies they will “comply with AGIA”
- If license granted this summer – open season by Summer 2011?

Is there an “Enforceable Commitment” for an earlier Open Season?

- TransCanada commits...***subject to the License being issued by April 2008***, to conclude an initial binding Open Season within 18 months after issuance of the AGIA license. (TC Application page 10)
- TransCanada commits ... to conclude a binding Open Season by September 30, 2009 (TC Application page 2.2-85)
- TransCanada would conduct the Open Season...within 18 months following the date the License is issued (TC Application page 2.2-53)

Reminder: What does an Open Season accomplish?

- A Open Season is where shippers make Firm Transportation commitments – if there is a line built they will ship or pay.
- It is these commitments-to-pay that underwrite the financing of the line.
- Typically it is these commitments that demonstrate the need for the pipeline to the FERC.
- Question: Will a pipeline be built without FT?

What is the “Enforceable Commitment” for a Certificate of Public Convenience and Necessity (CPCN)?

- “Must-have” is
- “...apply for a FERC CPCN ... by a date certain” (AS 43.90.130 (3))
- TransCanada commits...subject to the License being issued by April 2008, to apply for FERC CPCN by December 2011. (TC Application page 10)
- TransCanada commits ... to apply for a FERC CPCN by December 30, 2011 (TC Application page 2.2-85)

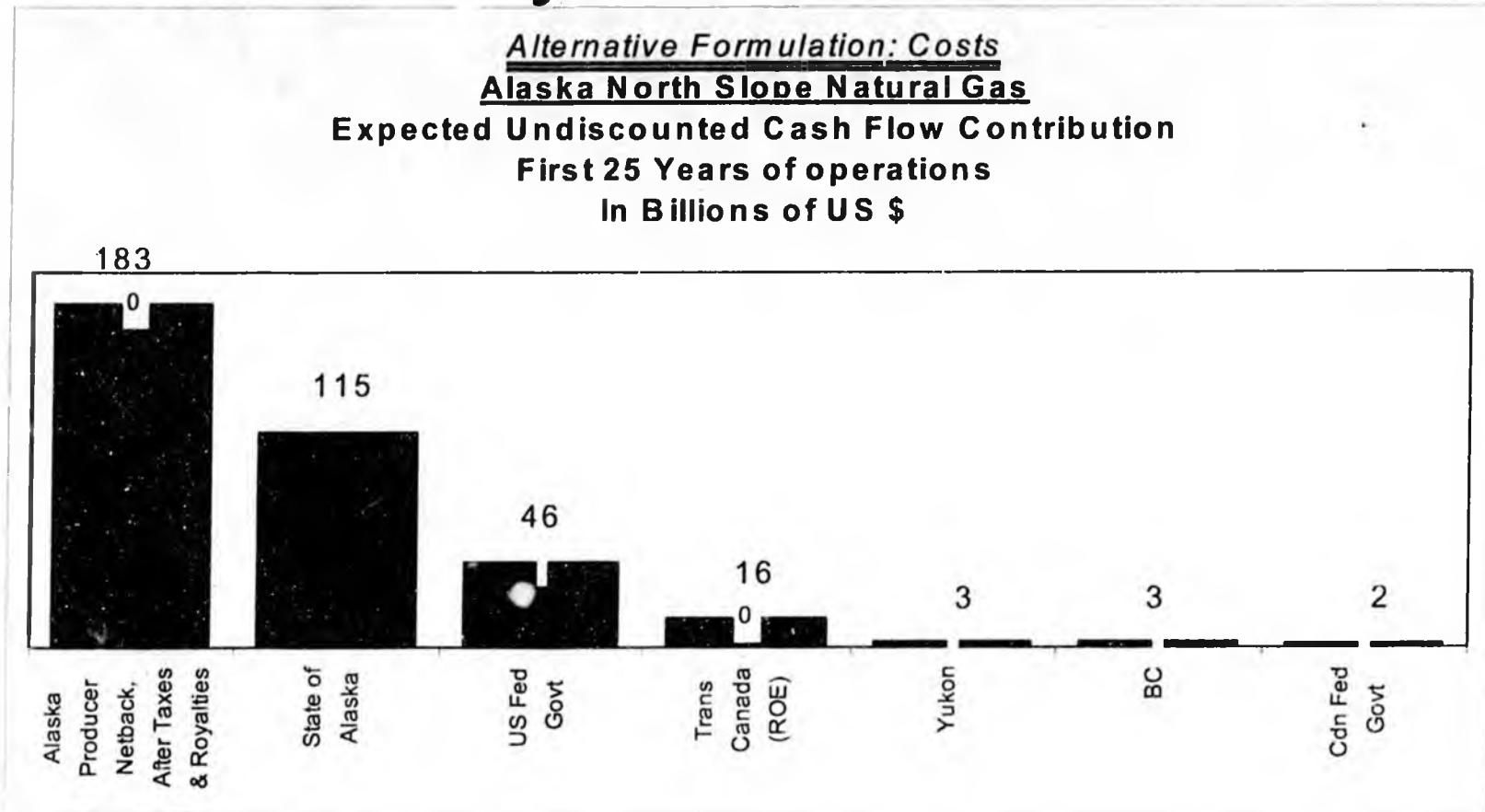
What does getting a CPCN accomplish without FT?

- If the FERC sees a project with FT commitments on the horizon will they favor a project without FT commitments?
- When do pipeline companies start placing orders? When they have FT or the Certificate?

Item #2 What kind of money does everyone make?

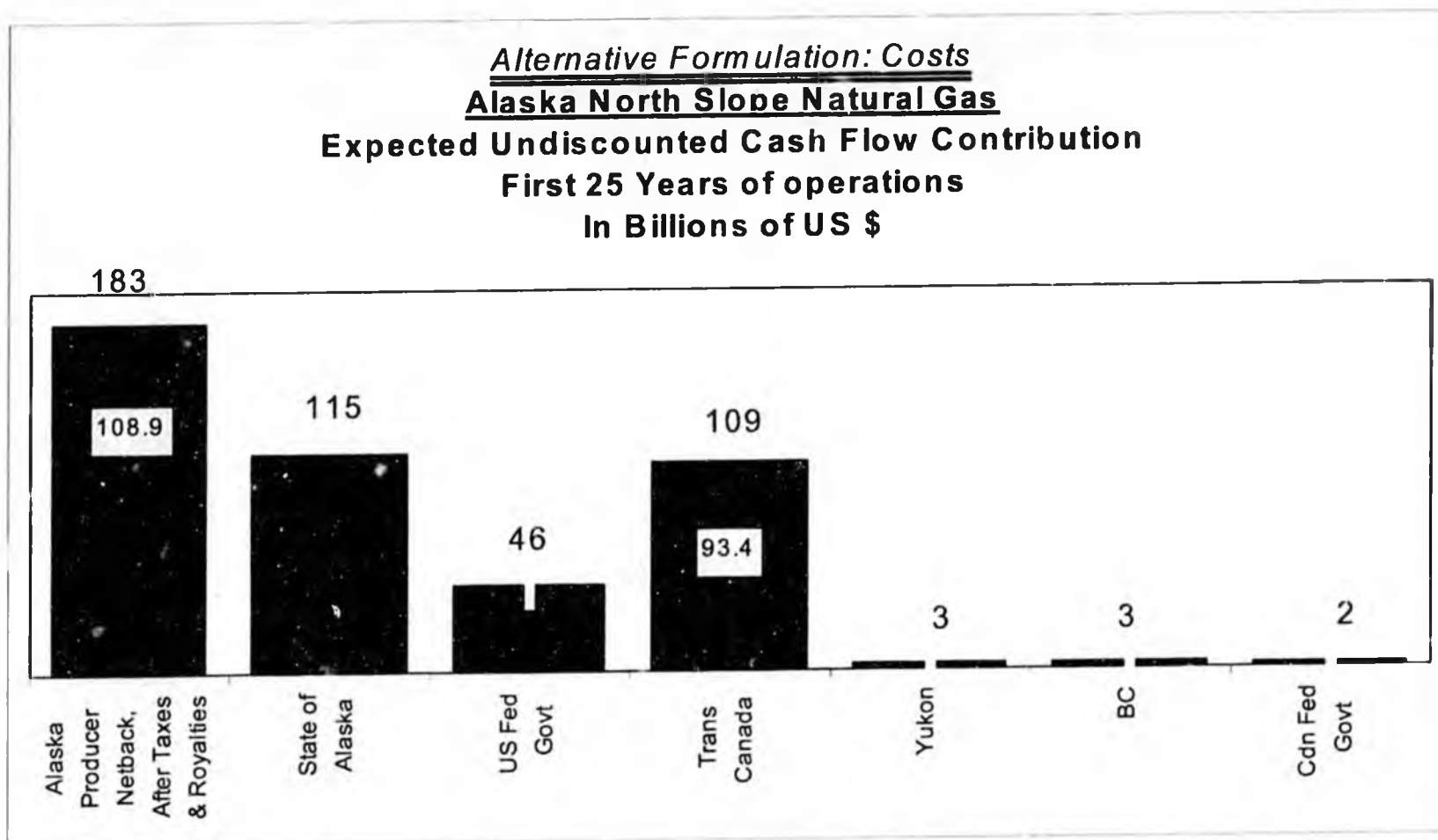
- (will return to the enforceable commitments for the other “must-haves” later – as they all assume a working project.)
- “Everyone” is Three Parties:
- Shippers: Producers (or their customers) that own the gas and are taking the commodity price risk - they pay production & income taxes and royalties directly to State.
- State Collects Taxes and Royalties. (US federal and Canadian authorities also collect some taxes.)
- TC is Carrier, can make a regulated rate of return shipping contracted gas. (Income and property taxes passed on in tariff to shippers.)
 - US Federal Taxes, Canadian Federal Taxes, Canadian Provincial Taxes

Who makes what money in TC January 2008 Version ?



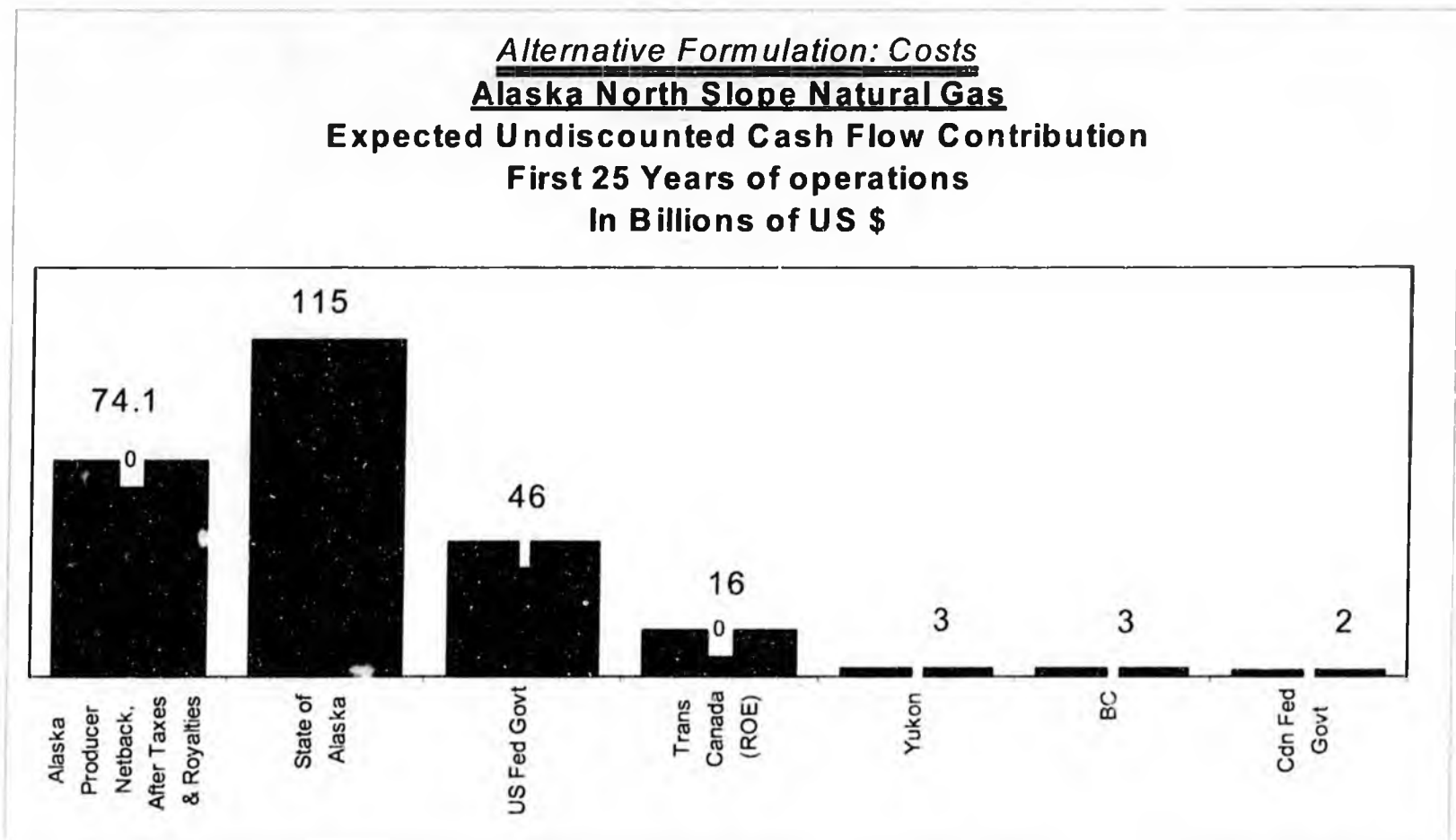
Source: TC Application, January 15, 2008, Corrections Atch D page 2.10-6

Does parallel treatment of costs yield a clearer picture of who makes money?



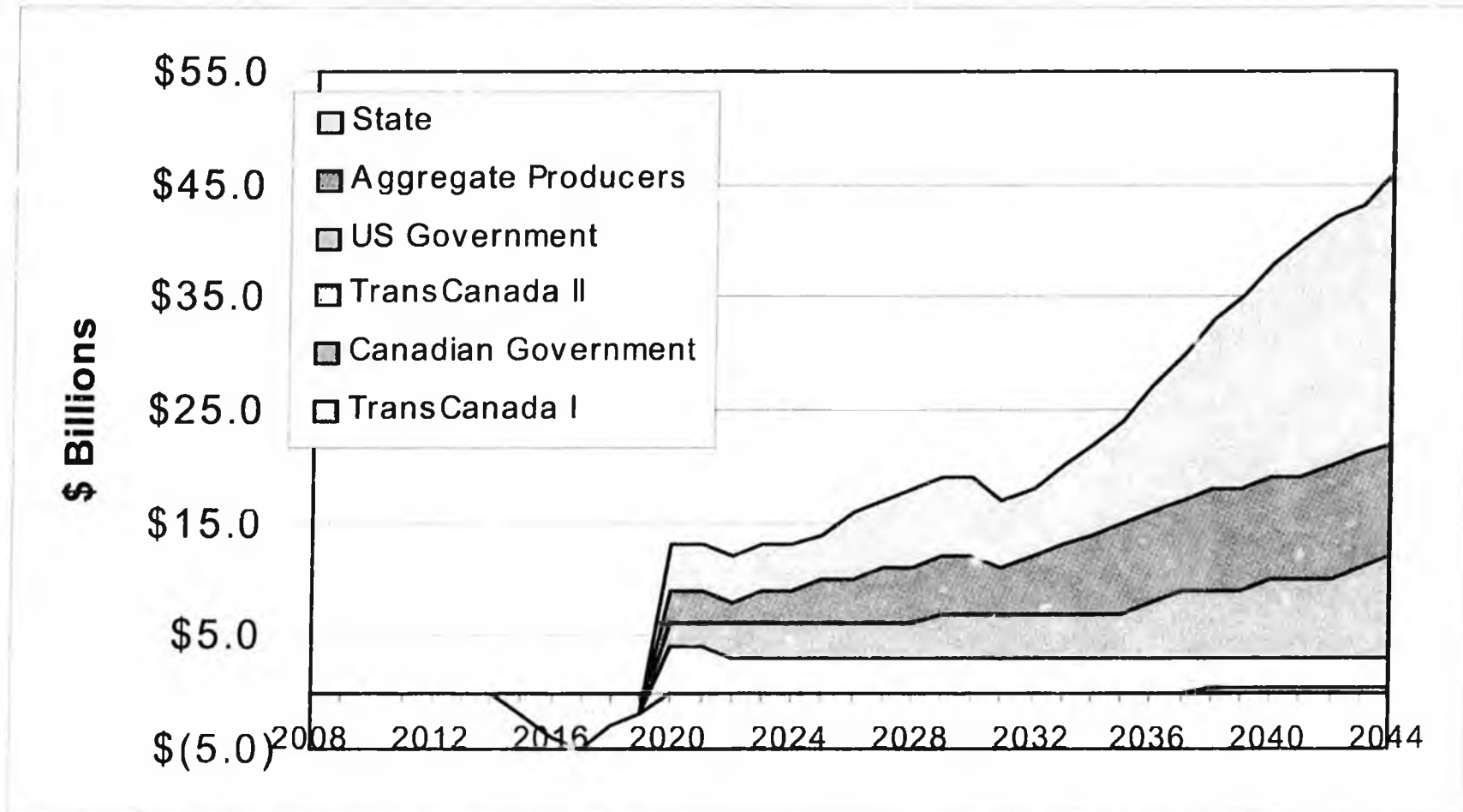
Source: TC Application, January 15, 2008, Corrections Atch D page 2.10-6

Does parallel treatment of costs yield a clearer picture of who makes money?



Source: TC Application, January 15, 2008, Corrections Atch D page 2.10-6

Who makes money in Black & Veatch May 2008 Version?



Reproduction of Figure 5-2 Bcf/d Proposal Base Case Expected Cash Flows (AGIA NPV Analysis Report, Black & Veatch, May 2008, page 122)

Who makes money in Black & Veatch May 2008 Version?

Expected Cash Flows extrapolated from figure 5-2

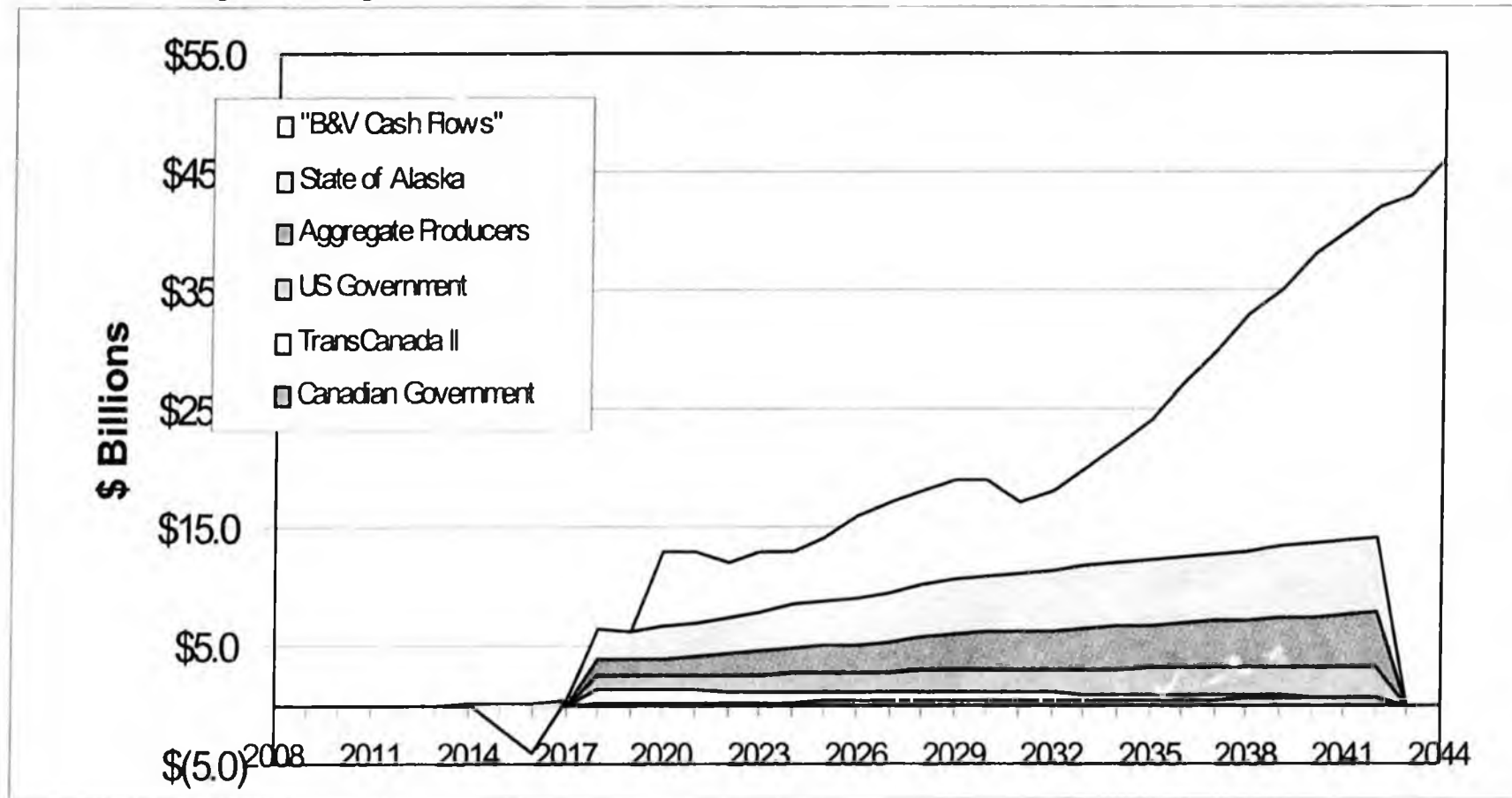
	Total Dollars	Discounted Dollars	
	Estimate of Black & Veatch Analysis	Discount Rate	Black & Veatch Analysis
In Billions of Dollars			
Canadian Govts	\$ 3.5	5.0%	\$ 0.7
US Federal Govt.	114.0	5.0%	30.5
State of Alaska	257.0	5.0%	66.1
Trans Canada	57.5	8.8%	4.5
Producers	154.0	10.0%	13.5
Producers		15.0%	5.2
Total Dollars	\$ 586.0		

(AGIA NPV Analysis Report, Black & Veatch, May 2008, pages 123, 193 173, 160, 175 for NPVs)

How do the Black and Veatch May 2008 Analysis and TransCanada Jan 2008 Analysis of 4.5 bcf/d, 25 year project compare?

	Total Dollars (undiscounted)			Percent Change between Analyses	Discounted Dollars			Percent Change between Analyses
	Trans Canada Application	Estimate of Black & Veatch Analysis			Discount Rate	Trans Canada Application	Black & Veatch Analysis	
In Billions of Dollars								
Canadian Govts	\$ 8.2	\$ 3.5		-57%	5.0%	\$ 2.4	\$ 0.7	-72%
US Federal Govt.	46.4	114.0		146%	5.0%	14.7	30.5	107%
State of Alaska	114.6	257.0		124%	5.0%	36.1	66.1	83%
Trans Canada	16.4	57.5		251%	8.8%	3.6	4.5	25%
Producers	74.1	154.0		108%	10.0%	8.1	13.5	67%
Producers					15.0%	3.4	5.2	53%
Total Dollars	<u>\$ 259.7</u>	<u>\$ 586.0</u>						

How do the Black and Veatch May 2008 Analysis and TransCanada Jan 2008 Analysis of 4.5 bcf/d day 25 year project compare graphically?



TransCanada "Economic Viability Analysis", TransCanada, January 15, 2008

Correction to AGIA Application, Appendix R

Dan E. Dickinson, CPA

Legislative Budget and Audit

21

June 2008

What prices were used in Black & Veatch work ?

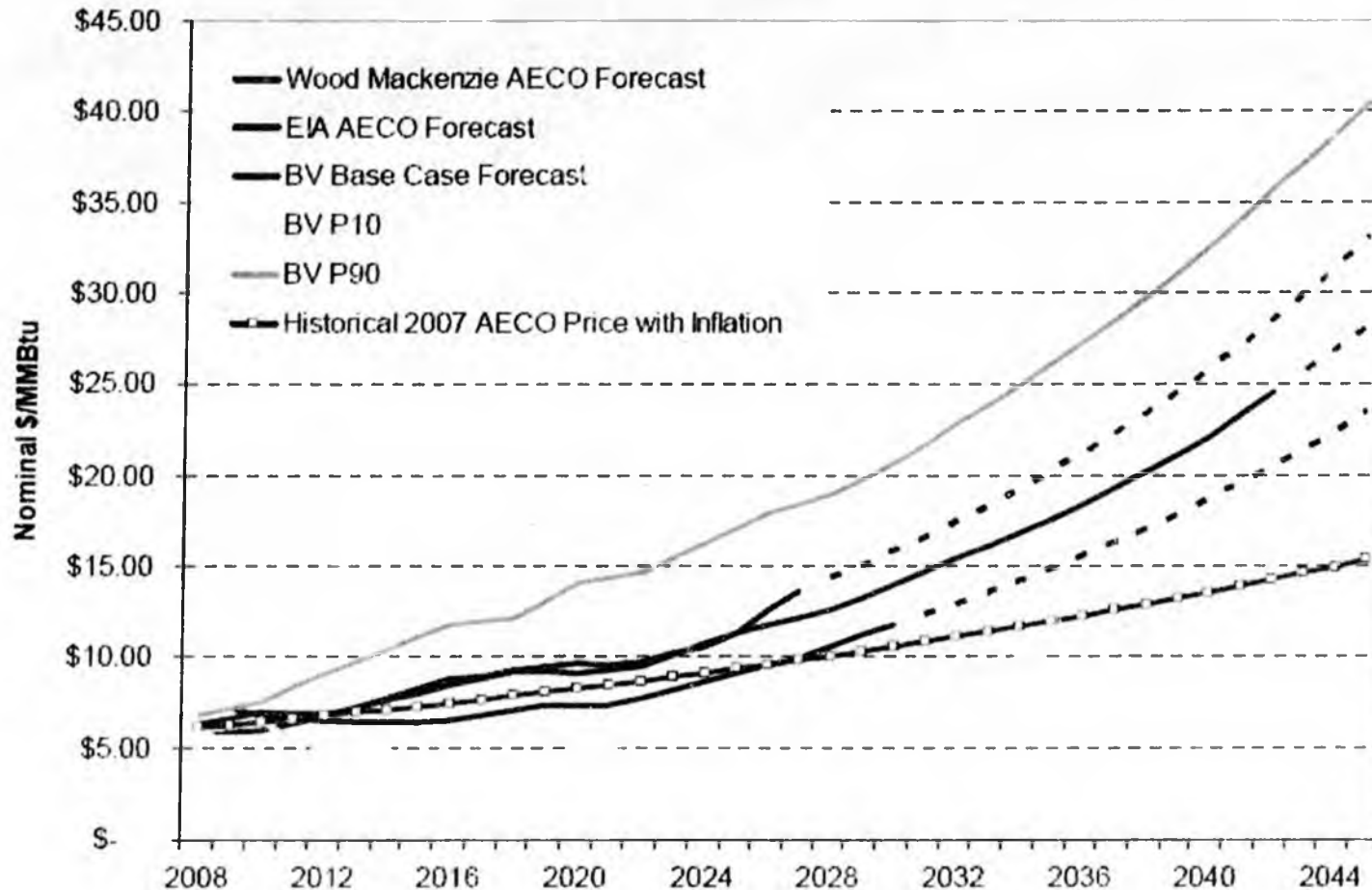


Figure 4-35 Aeco Price Forecasts (Nominal \$) (AGIA NPV Analysis Report, Black & Veatch, May 2008, page 105)