

Alaska Highway Gas Pipeline Project Update

Resource Development Council
Anchorage, Alaska

November 18, 2004



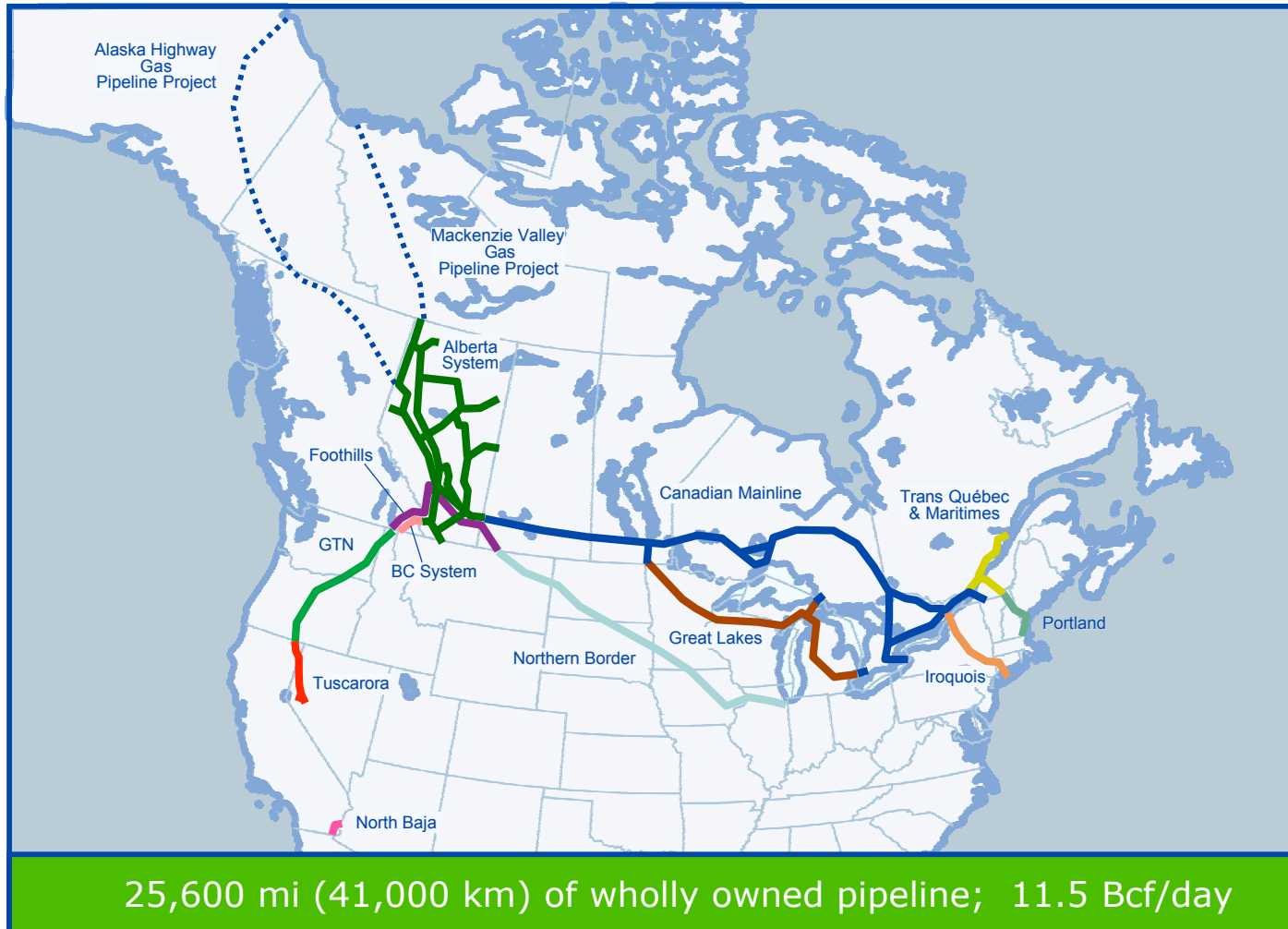
Leading North American energy company



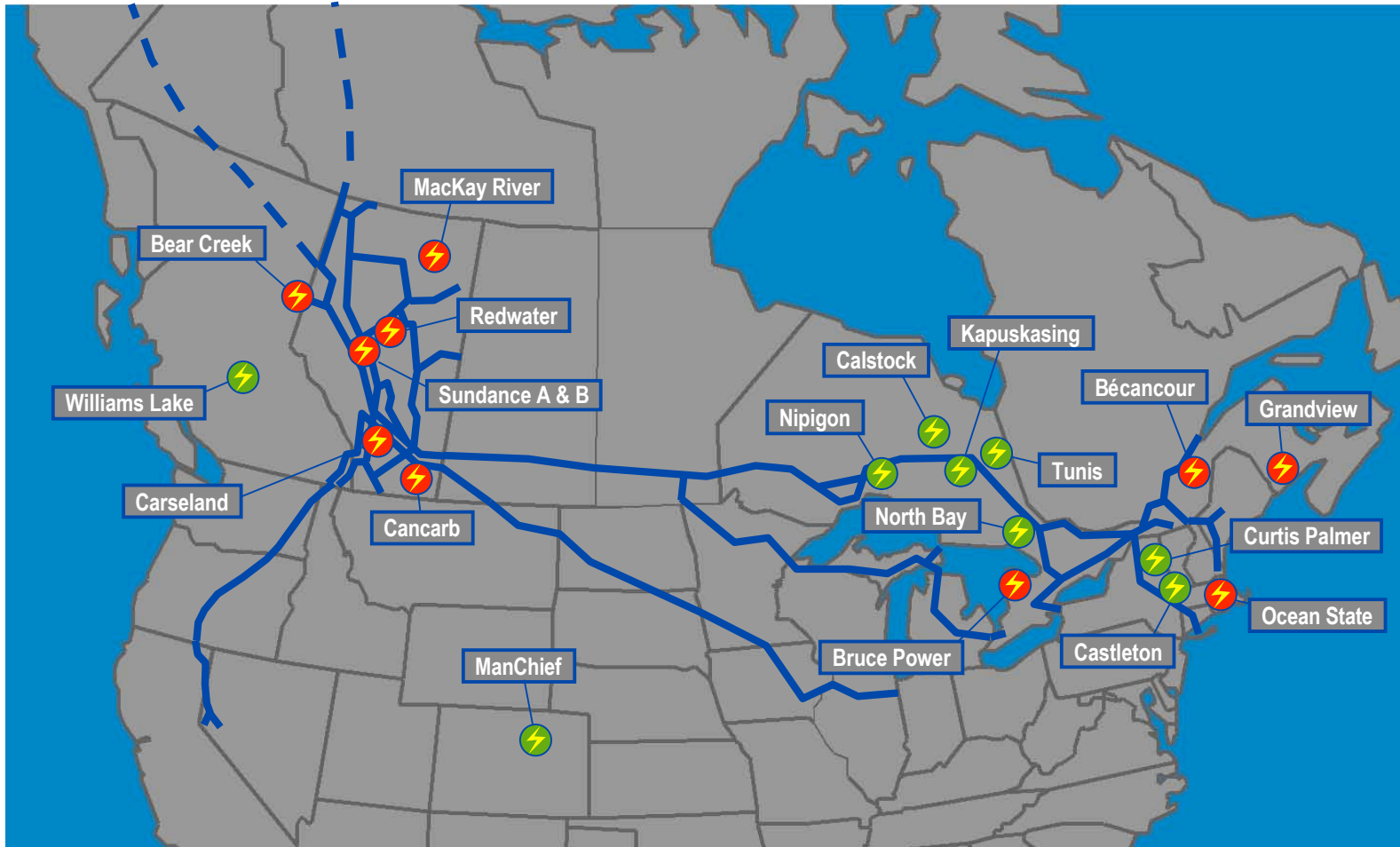
- Competitively positioned in natural gas transmission & power services
- \$20.5 billion of premium pipe and power assets (\$Cdn at Dec. 31, 2003)
- Skilled, expert people with strong technical knowledge
- Strong financial position



Natural Gas Transmission Assets



Power Generation Assets



TransCanada 20 plants; 4,700 MW
(including LP and plants in development)



TransCanada Power, L.P.
9 plants; 688 MW

Alaska Highway Pipeline Project Update



- TransCanada, with certificates in Canada and Alaska, is ready to work with all stakeholders to move the project forward.
- Collaborative process ahead with the State, Alaska producers and other stakeholders.
- Commercial terms must be settled in 2005 to achieve 2012 in-service date.

Components of a Successful Project



- Legislative and regulatory framework
- Commercial Structure
- Project development and operations

Legislative and Regulatory



- Framework in place.
 - Canada / U.S. Agreement (Treaty).
 - ANGTA / Enabling Legislation in U.S.
 - Stranded Gas Development Act in Alaska.
 - Northern Pipeline Act (NPA) in Canada.

Northern Pipeline Act (NPA)



- The Canadian regulatory structure is in place to achieve 2012 in-service.
- NPA awarded Foothills Pipe Lines Ltd. certificates for Canadian portion of the pipeline.
- TransCanada now owns 100% of Foothills.
- Foothills' system integrated with pipeline grid in Western Canada.
- TransCanada has invested more than C\$2 billion in the Alaska Highway Project over the past 25 years.

NPA - Advantages



- Regulatory certainty – Northern Pipeline Act is in full force and effect. “Consummated” by Pre-build.
- Competitive process resulted in issuance of certificate to Foothills.
- Clear advantages from the existing International Treaty and the NPA versus a new “to-be-negotiated” agreement.
- The NPA has proven to be dynamic, flexible and effective during the 20+ years that Foothills has been governed by it.
- Northern Pipeline Act provides manpower and procurement benefits for Canadians.
- Property tax levels already negotiated.

NPA – Certification and Consultation



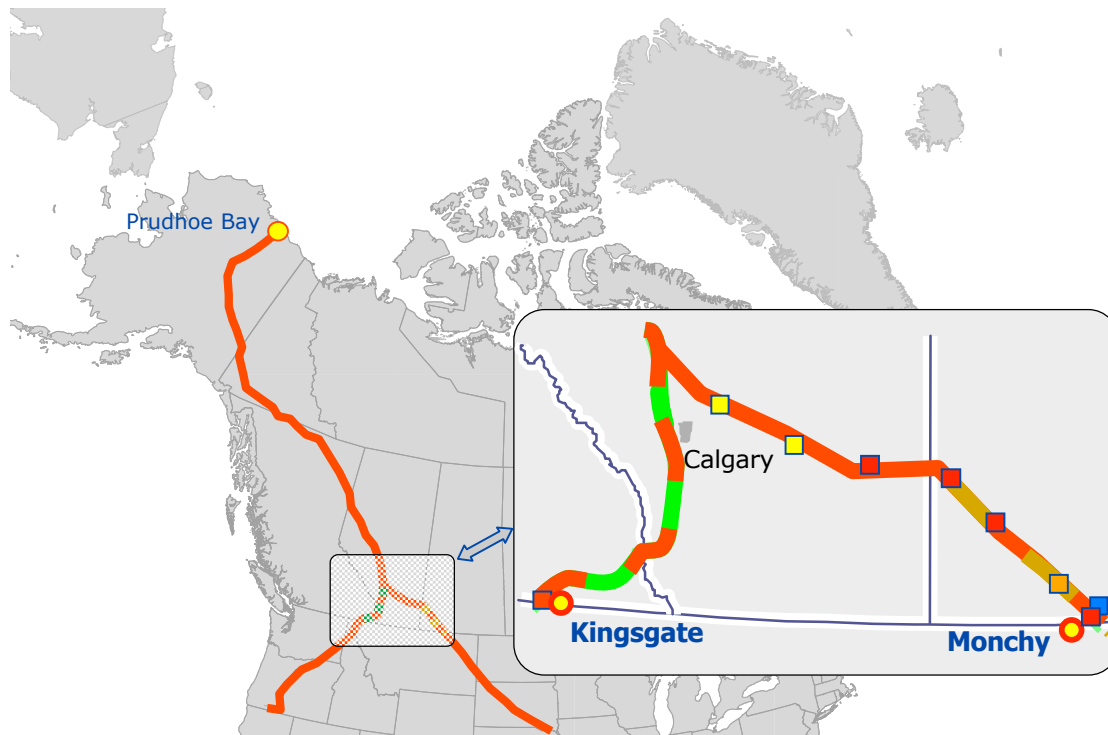
- Not an issue of NPA versus NEB.
- The Northern Pipeline Agency is a single-window regulatory authority.
 - Coordinate expedition of the project.
 - Consultation with stakeholders.
 - Review and approve design, construction, environmental plans.
- Certificates are an important first step.
 - Environmental “Go” decision already made.
 - Environmental compliance will be “state of the art”.
 - Yukon ROW access in hand.
 - Next steps.
 - Consultation plan, open houses, field studies.

NPA Flexibility



NPA withstands the test of time

- Five expansions under NPA regime since original Prebuild construction 1981/82 – latest in 1998
- Prebuild currently moves 3.0 Bcf/d



- 1981 Prebuild - West Leg**
- 1982 Prebuild - East Leg**
- 1990 Compressor Station**
- 1992 Compressor Stations**
- 1993 West Leg Expansion**
- 1994 Compressor Station**
- 1998 East Leg Expansion**
- Next - Alaska Highway Project**

Commercial Structure



- Appropriate commercial structure.
 - TransCanada has robust updated plan to construct the Alaska Highway Pipeline.
 - Comprehensive capital cost estimate.
 - Competitive commercial proposal.
 - Experience-based construction plan.
 - Advanced technology.
 - TransCanada ready to share project risks/benefits.
 - Integration with existing infrastructure in Alberta and use of existing legislation will expedite the project and mitigate risks.

Project Development and Operations

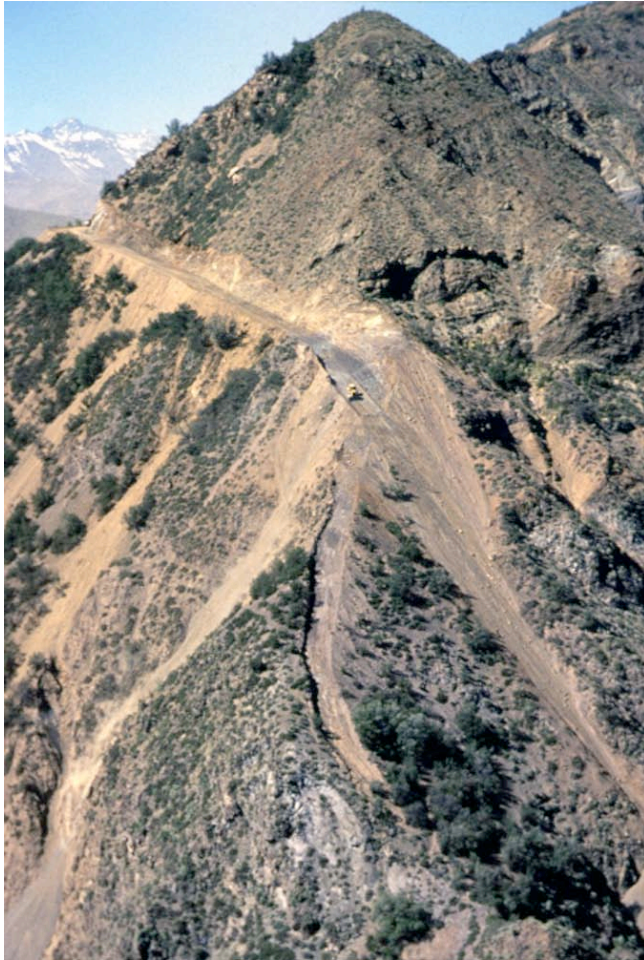


- TransCanada credentials
 - 50 years of exemplary natural gas pipeline construction, ownership and operations experience.
 - Proven track record of cost control
 - Access to diverse markets via key pipeline facilities
 - Proven long-term record of basin development
 - Gas transmission technology leadership

TransCanada – Successful Pipeline Developer and Owner / Operator



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TransCanada Cost Control Record – North America



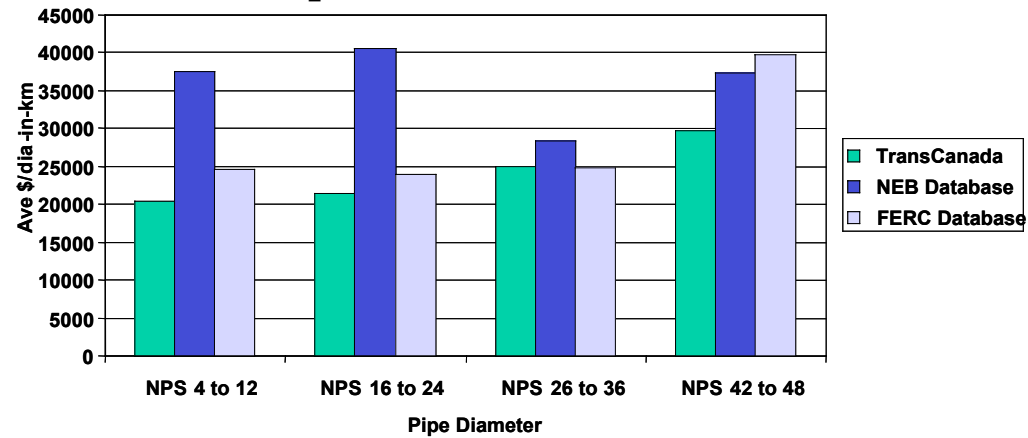
Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Total
Capital Expenditures Pipelines (C\$million)	1,193	1,947	1,814	1,341	1,291	1,038	891	1,466	1,700	982	309	\$13,973M
Pipeline Additions (km)	1,281	1,600	1,436	1,039	1,653	1,392	612	749	594	281	120	10,756km
Compression Additions (MW)	275	166	397	197	214	186	98	383	258	177	12	2,361MW

- Tight cost controls.
 - C\$14 billion program completed within 0.6% of budget target.
- On schedule
 - 7,000 miles of pipeline and 2,300 MW of compression completed with no substantial schedule setbacks.

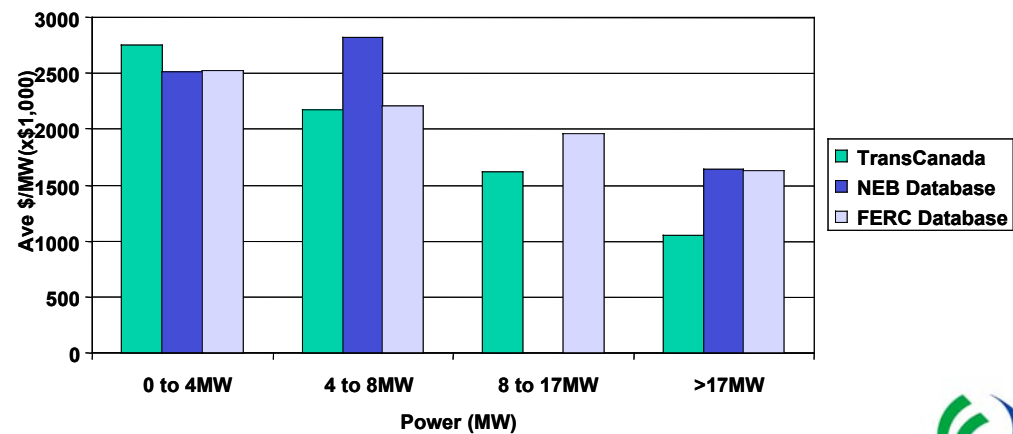
TransCanada Cost Control Record – Benchmarking



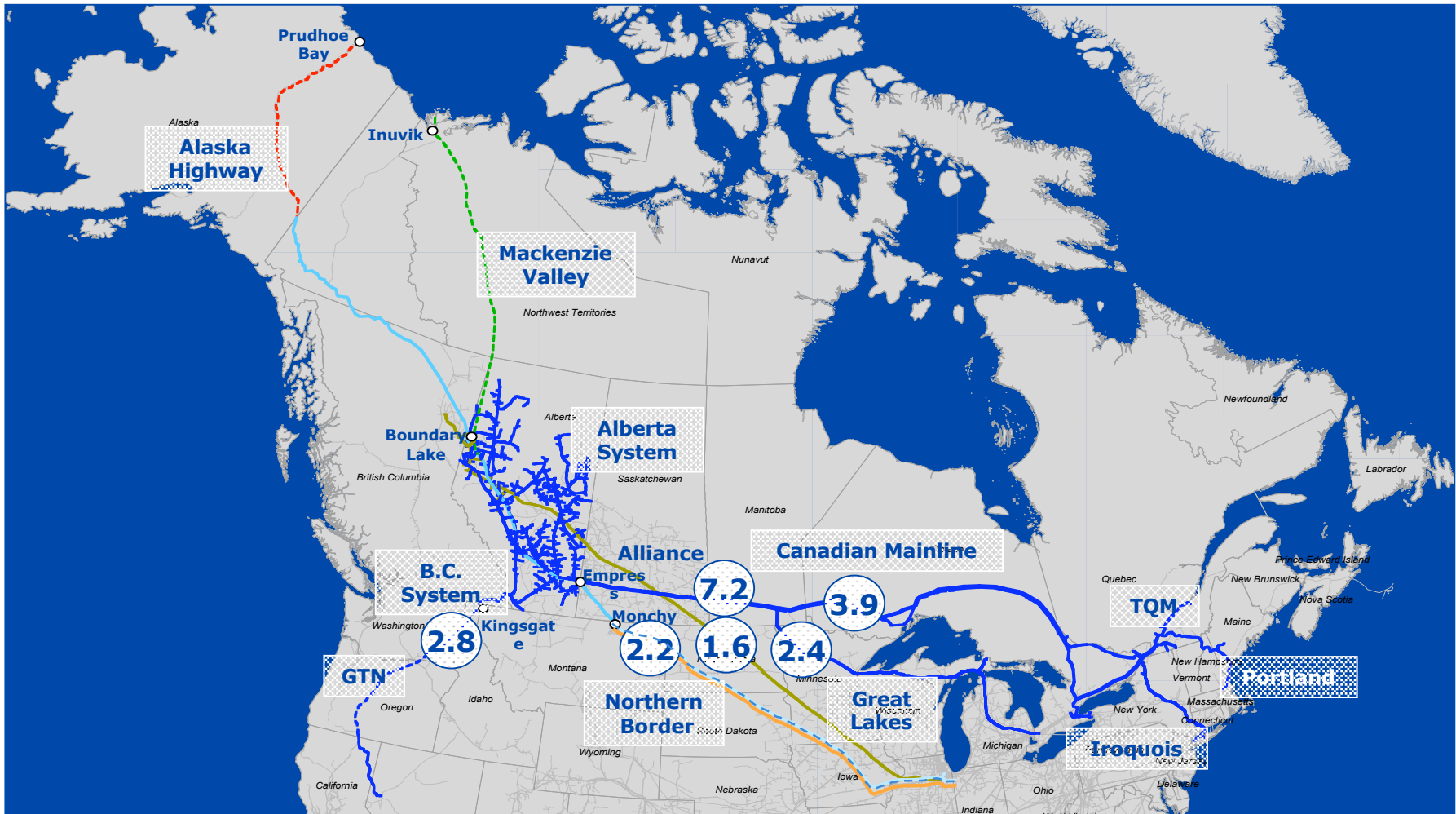
Pipeline 1990-2000



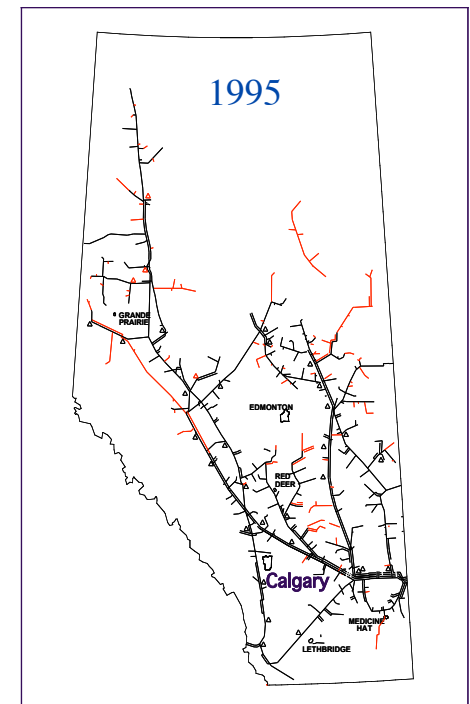
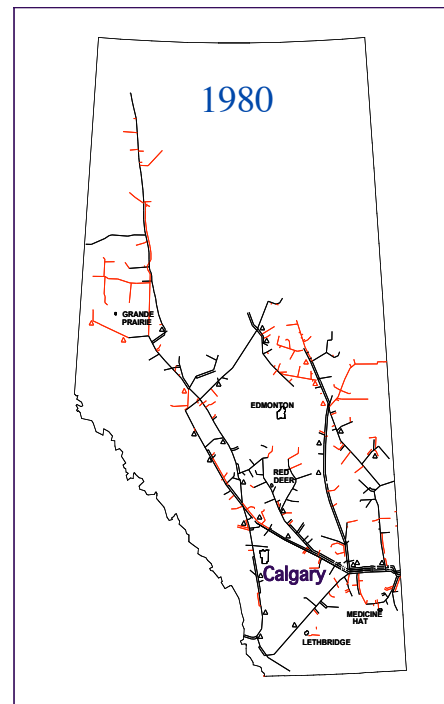
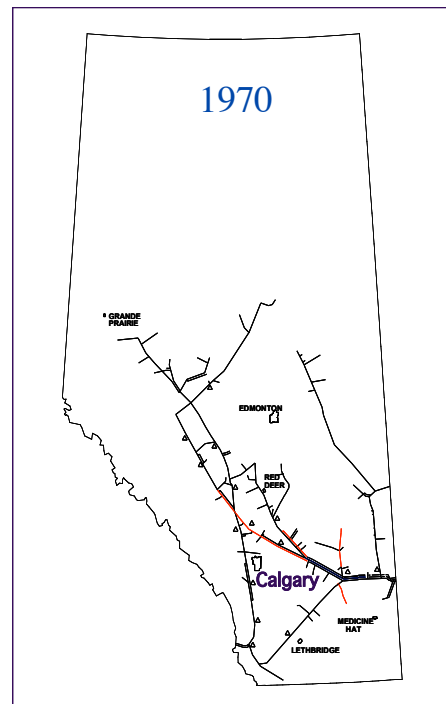
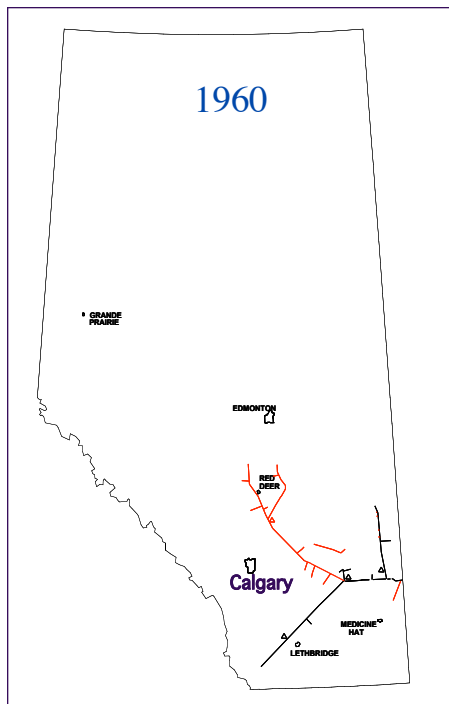
Compression 1990-2000



Access to Diverse Markets



Proven Basin Development – TransCanada's Alberta System



TransCanada's Technology Leadership



- 6400 km of 42" pipe in-service
- 2800 km of 48" pipe in-service
- 500 km of X80 pipe in-service over past 10 years
- World's first X100 line pipe in 2002
- 33 MW compressor in 2003
- Mechanized welding



Summary



- U.S. legislation is in place.
- Regulatory certainty in Canada with NPA and Canada / U.S. treaty.
- Positive market outlook for Alaskan gas.
- TransCanada has 50 year-history of technology advances and cost reductions.
- Stranded Gas negotiations between State and ANS Producers, and State and TransCanada underway.
- TransCanada is fully committed and ready to proceed to achieve 2012 in-service if commercial terms can be settled in 2005.



Thank you.