TSO 2009: Overview & Results

Presentation to the Tolls Task Force

Greg Zwick
Québec City - June 03, 2009

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TransCanada's Outlook
Key Messages

North America

- Short-term recessionary impact
- Gas prices: 7 $US/MMBtu flat long term (NYMEX Henry Hub).
- Growth in supply due to unconventional production in Mid-continent, Rockies and B.C. unconventional gas.
- LNG supply still needed to meet growing N.A. demand

Western Canada

- WCSB supply relatively flat in the next decade with growth in unconventional production (Montney, Horn River and Coal Bed Methane).
- Oil Sands gas demand to grow, but forecast incorporates project delays (relative to proponents) thus stronger Western Canadian exports.

Eastern Canada

- Demand growth driven by Ontario's "Off-coal" program partially off-set by declining industry demand.
- Flow from Canaport LNG terminal expected to start fall 2009.

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2

Canadian Regional Economic Outlook

Western Canada

- Western Canada in recession in 2009 due to free-fall in energy prices – no recovery until prices do
- Longer-term economic outlook is still strong: oil sands still needed in an energy-intensive world
- Unconventional gas in Horn River and Montney show promise
- Costs have fallen - will enable a quicker recovery

Eastern Canada

- Canadian manufacturing is in serious trouble due to fall in exports and automotive industry woes
- The "Detroit 3" will not survive in current form
- Canadian exports depend on economic turnaround in the U.S.
- A lower Canadian dollar will help buoy recovery when it occurs

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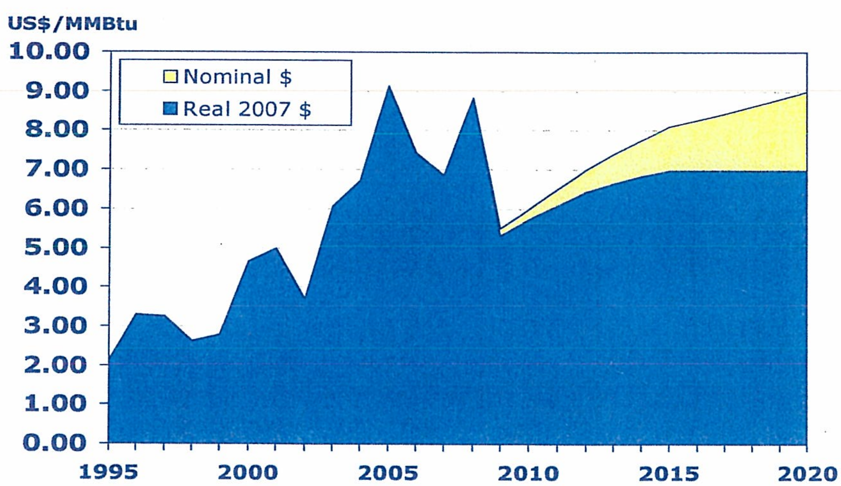
3

NYMEX Gas Prices: January 2009 Forecast



Source: TransCanada, January 2009 Forecast

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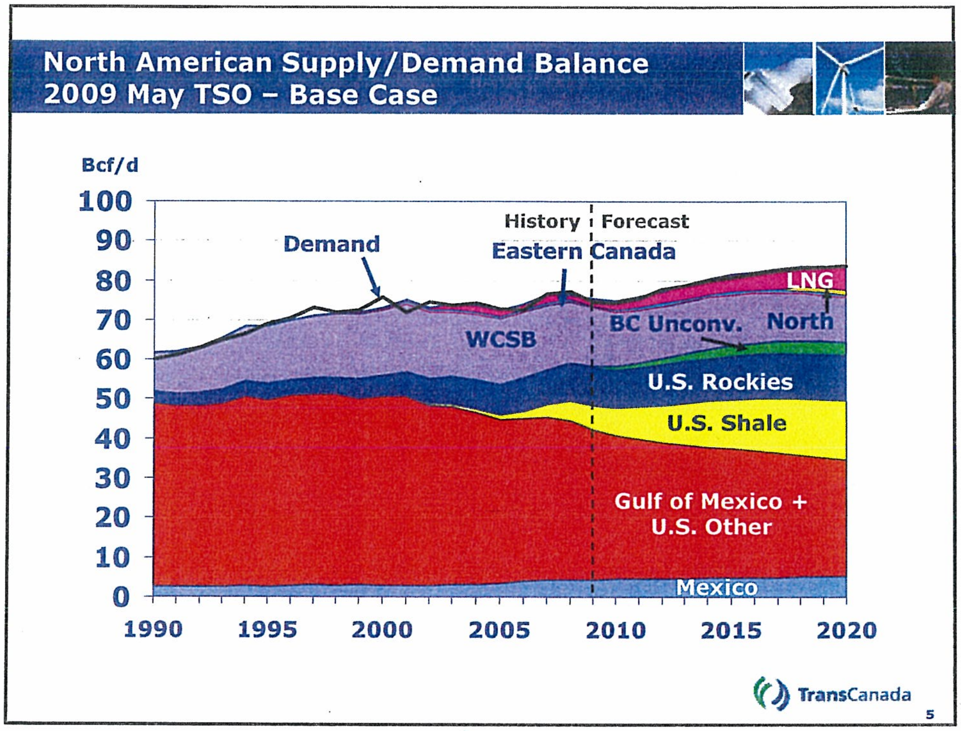
4


North American Supply/Demand Balance
2009 May TSO – Base Case
Bcf/d
100
90
80
70
60
50
40
30
20
10
0
1990
1995
2000
2005
2010
2015
2020
History
Forecast
Demand
Eastern Canada
LNG
North
BC Unconv.
WCSB
U.S. Rockies
U.S. Shale
Gulf of Mexico +
U.S. Other
Mexico
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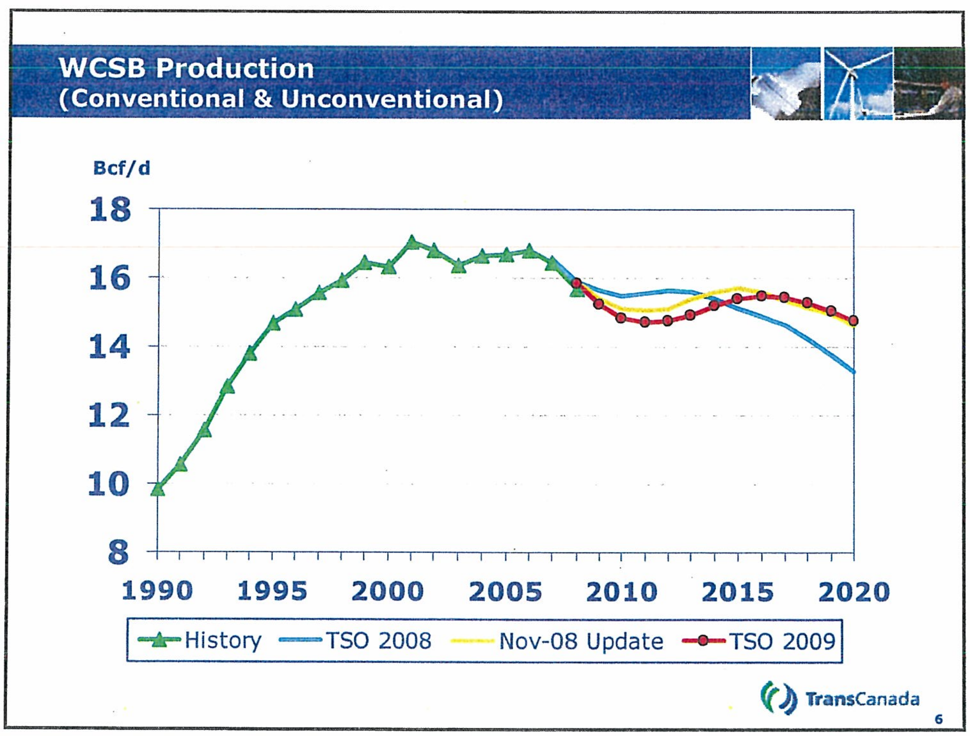
5


WCSB Production
(Conventional & Unconventional)
Bcf/d
18
16
14
12
10
8
1990
1995
2000
2005
2010
2015
2020
History
TSO 2008
Nov-08 Update
TSO 2009
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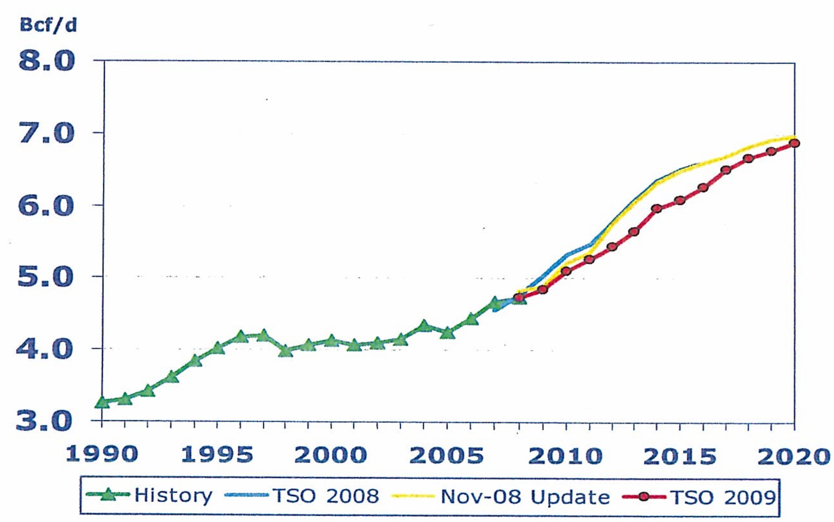
6

Western Canadian Demand



7

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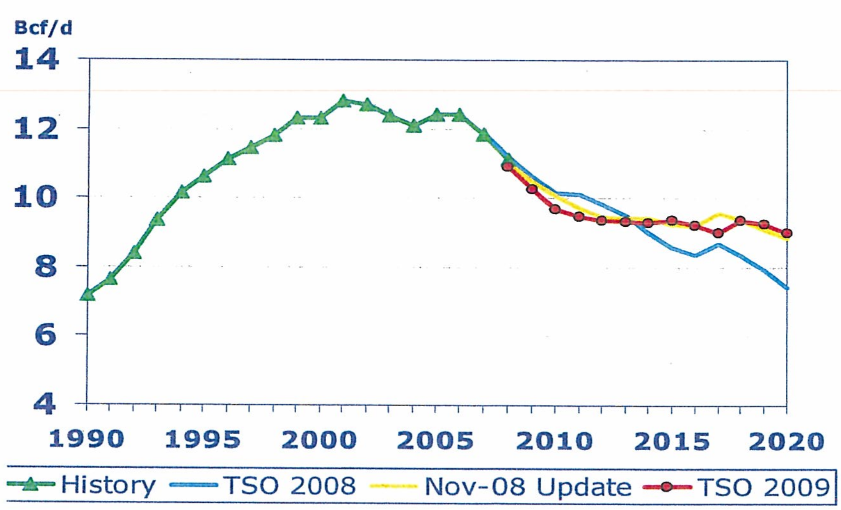
Western Canadian Exports



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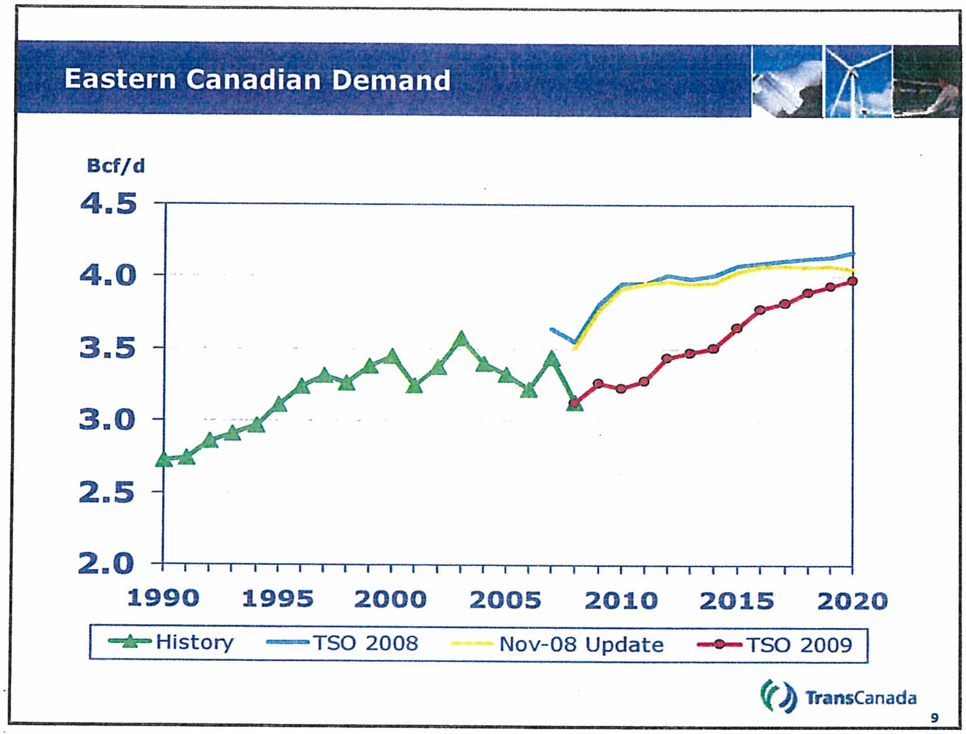
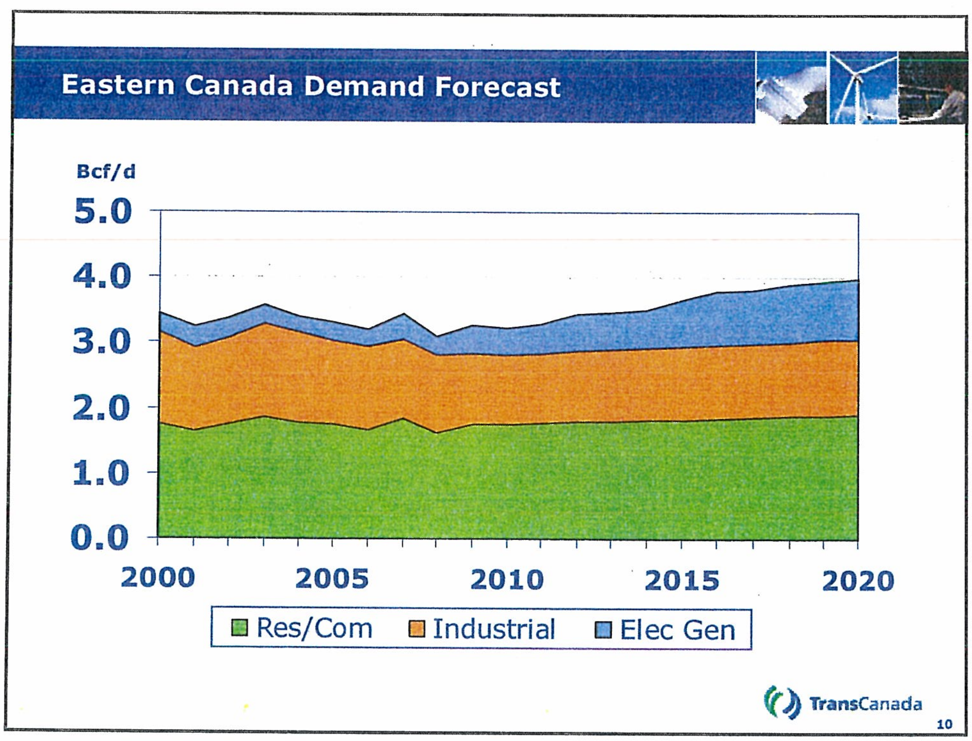

Eastern Canadian Demand
Bcf/d
4.5
4.0
3.5
3.0
2.5
2.0
1990
1995
2000
2005
2010
2015
2020
History
TSO 2008
Nov-08 Update
TSO 2009
TransCanada
9


Eastern Canada Demand Forecast
Bcf/d
5.0
4.0
3.0
2.0
1.0
0.0
2000
2005
2010
2015
2020
Res/Com
Industrial
Elec Gen
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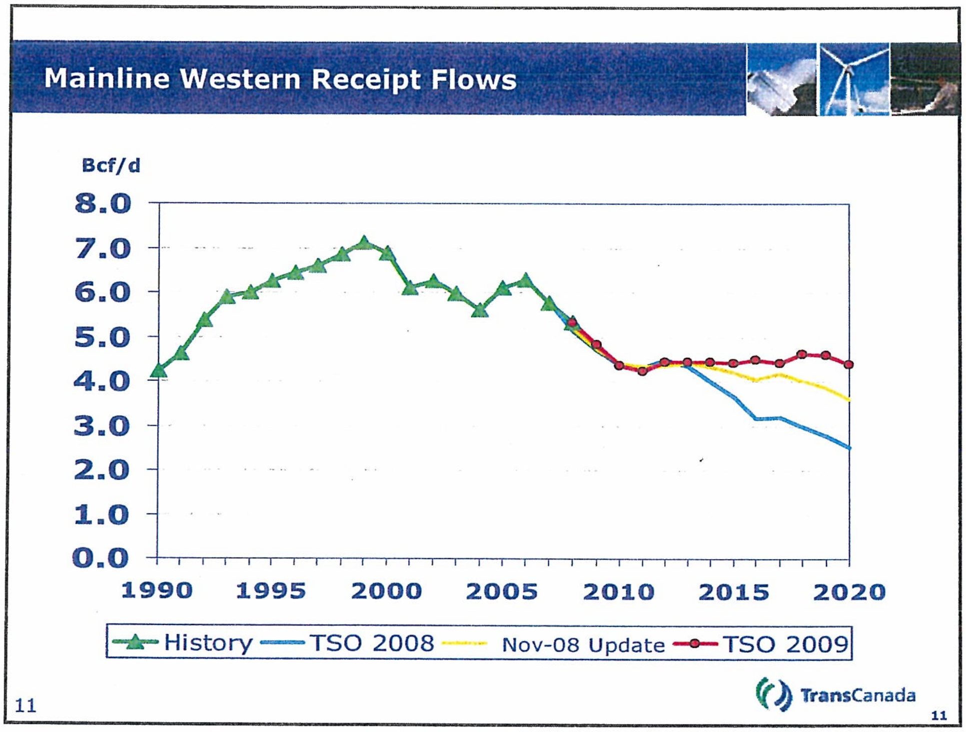
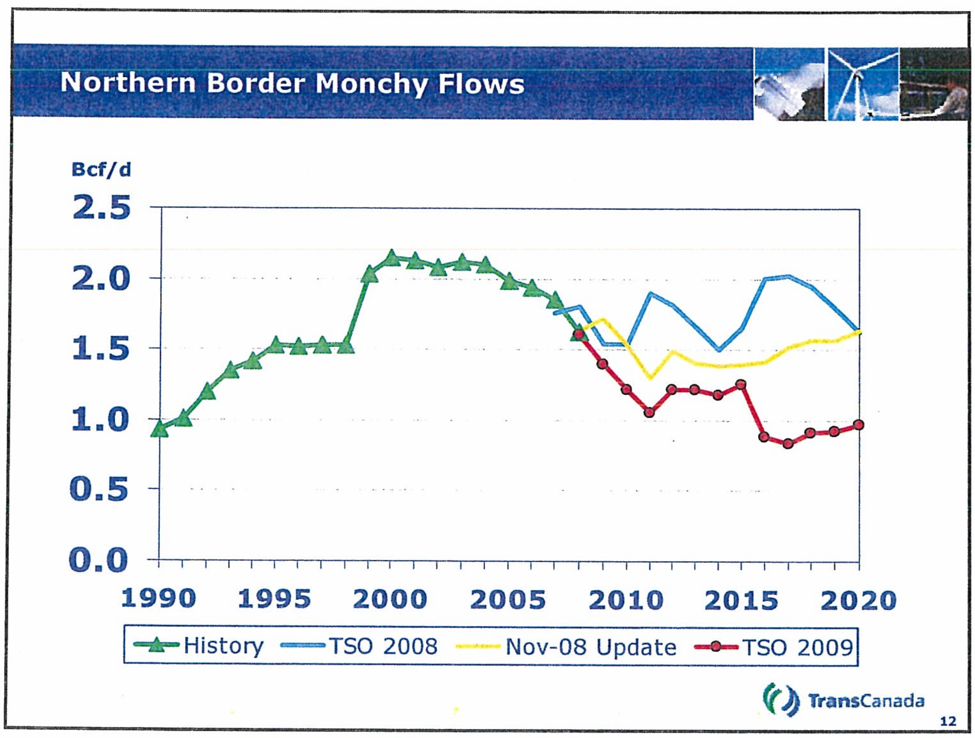
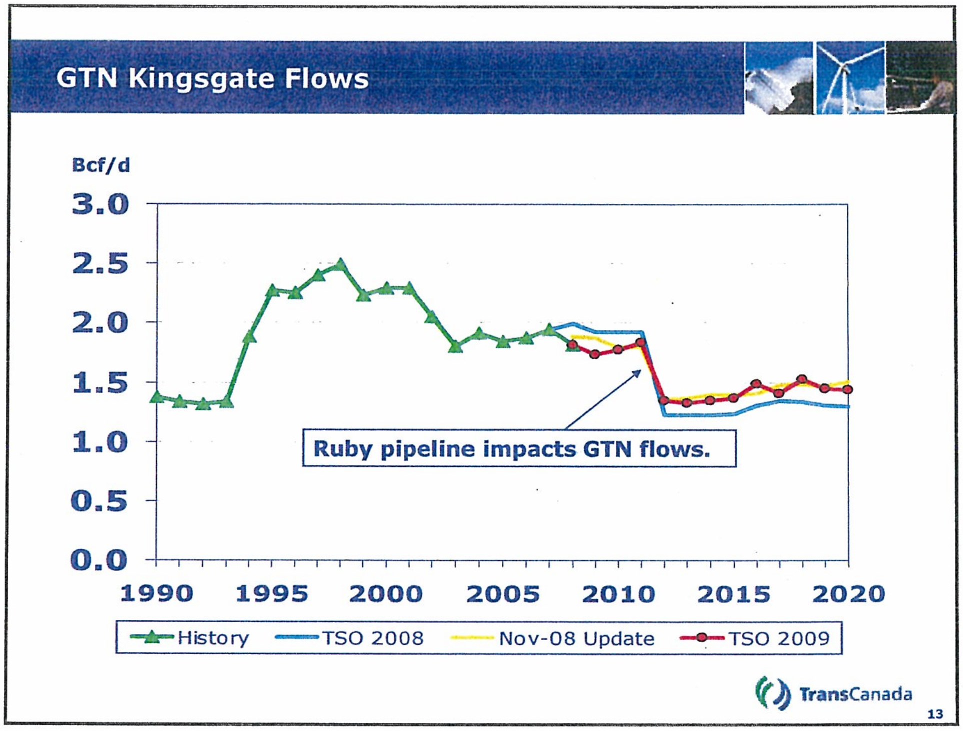
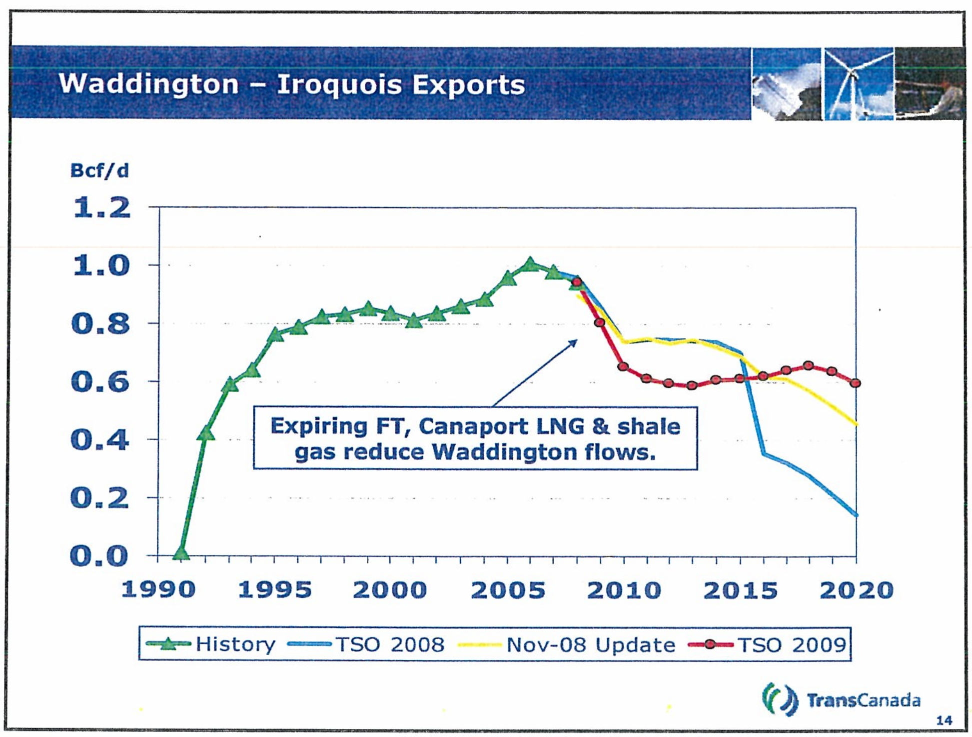
10


Mainline Western Receipt Flows
Bcf/d
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
1990
1995
2000
2005
2010
2015
2020
History
TSO 2008
Nov-08 Update
TSO 2009
11
TransCanada
11


Northern Border Monchy Flows
Bcf/d
2.5
2.0
1.5
1.0
0.5
0.0
1990
1995
2000
2005
2010
2015
2020
History
TSO 2008
Nov-08 Update
TSO 2009
TransCanada
12


GTN Kingsgate Flows
Bcf/d
3.0
2.5
2.0
1.5
1.0
0.5
0.0
1990
1995
2000
2005
2010
2015
2020
Ruby pipeline impacts GTN flows.
History
TSO 2008
Nov-08 Update
TSO 2009
TransCanada
13


Waddington – Iroquois Exports
Bcf/d
1.2
1.0
0.8
0.6
0.4
0.2
0.0
1990
1995
2000
2005
2010
2015
2020
Expiring FT, Canaport LNG & shale gas reduce Waddington flows.
History
TSO 2008
Nov-08 Update
TSO 2009
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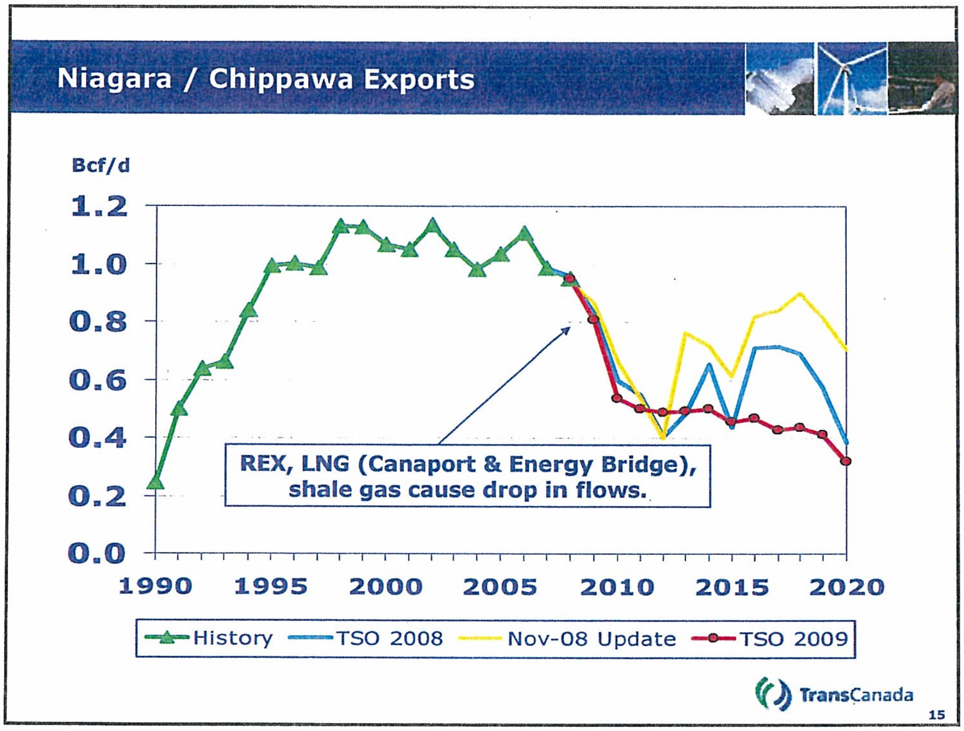
14


Niagara / Chippawa Exports
Bcf/d
1.2
1.0
0.8
0.6
0.4
0.2
0.0
1990
1995
2000
2005
2010
2015
2020
REX, LNG (Canaport & Energy Bridge), shale gas cause drop in flows.
History
TSO 2008
Nov-08 Update
TSO 2009
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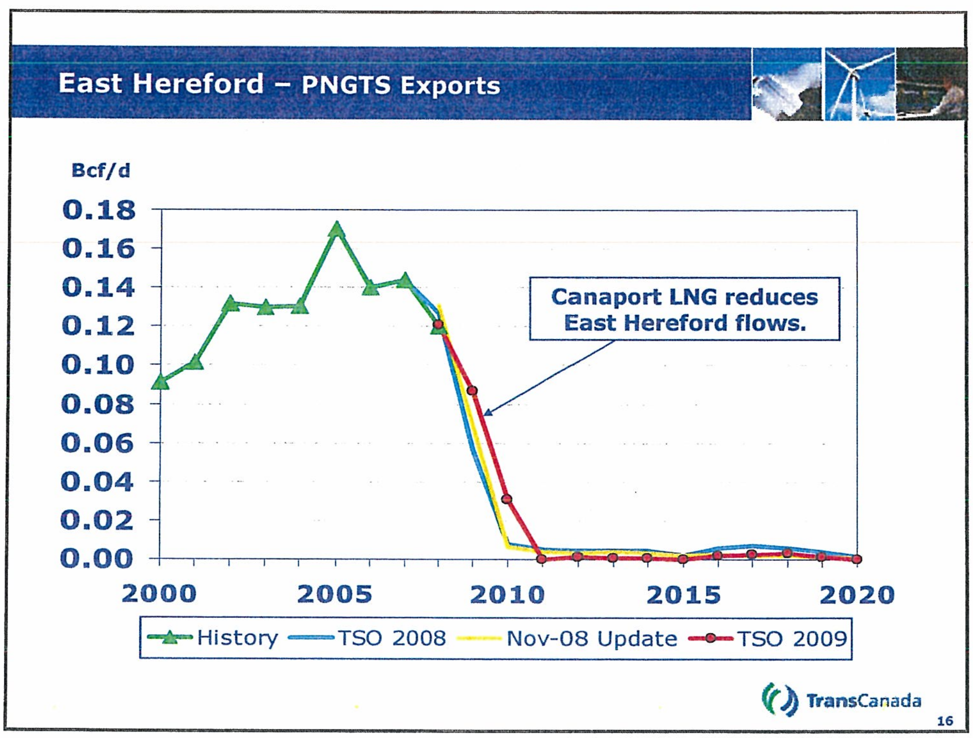
15


East Hereford – PNGTS Exports
Bcf/d
0.18
0.16
0.14
0.12
0.10
0.08
0.06
0.04
0.02
0.00
2000
2005
2010
2015
2020
Canaport LNG reduces East Hereford flows.
History
TSO 2008
Nov-08 Update
TSO 2009
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16

Pipeline Projects – TSO 2009 Base Case

Pipeline Project	Timing	Capacity (MMcf/d)
Bison	Jan 2011	400
Bison Expansion Extension*	Nov 2015	600
Ruby Pipeline	Nov 2011	1200
Vector/Union	Dec 2009, Nov 2014	100, 150
Dawn Gateway	Nov 2011, Nov 2015	400, 300
REX to Lebanon	June 2009	1800
REX to Clarington	June 2010	1500
Kern River	Nov 2010, Nov 2011	170, 270
Mackenzie Delta	Nov 2017	1300
Mid-Cont. Shale Laterals**	2009+	Numerous Laterals

* To interconnect with Bison (expanding to 1 Bcf/d total capacity)

** To connect growing shale production to existing long-haul pipelines

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17

Western Canada Forecasts for 2009

Bcf/d	February 2009 Forecast	May 2009 Forecast	Difference
WCSB Supply	15.16	15.04	-0.12
Net Storage Draw	0.04	0.04	0
Net Supply	15.20	15.08	-0.12
WC Demand	4.86	4.86	0
Exports	10.34	10.22	-0.12
Mainline	4.80	4.80	0
Northern Border	1.40	1.31	-0.09
GTN	1.77	1.78	+0.01
Alliance	1.65	1.61	-0.04
Northwest Pipeline	0.73	0.75	+0.1

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18

Western Canada Forecasts for 2010

Bcf/d	February 2009 Forecast	May 2009 Forecast	Difference
WCSB Supply	14.78	14.80	+0.02
Net Storage Draw	-0.01	0.00	+0.01
Net Supply	14.77	14.80	+0.03
WC Demand	5.11	5.11	0
Exports	9.67	9.69	+0.02
Mainline	4.29	4.30	+0.01
Northern Border	1.32	1.23	-0.09
GTN	1.70	1.77	+0.07
Alliance	1.65	1.59	-0.05
Northwest Pipeline	0.72	0.78	+0.06

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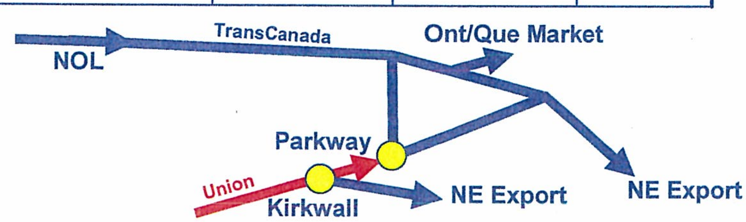
19

Eastern Canada Forecasts for 2009

Bcf/d	February 2009 Forecast	May 2009 Forecast	Difference
NOL	2.33	2.33	0
Kirkwall receipts	0.88	0.69	-0.19
Parkway receipts	0.39	0.28	-0.12
Ont/Que Market	1.76	1.72	-0.04
NE Export Deliveries	1.84	1.59	-0.26



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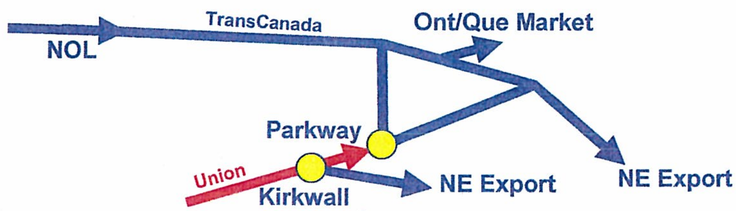
20

Eastern Canada Forecasts for 2010

Bcf/d	February 2009 Forecast	May 2009 Forecast	Difference
NOL	2.06	1.90	-0.16
Kirkwall receipts	0.67	0.62	-0.05
Parkway receipts	0.59	0.46	-0.13
Ont/Que Market	1.83	1.68	-0.15
NE Export Deliveries	1.49	1.30	-0.19



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21

Summary Messages

WCSB Supply

- Declining conventional supply to be offset by unconventional growth
- Overall level fairly flat at about 15 Bcf/d out till 2020

Western Canada Demand

- Oilsands project delays have reduced gas demand forecast from previous outlook, but substantial increase of 2 Bcf/d still expected by 2020
- Fertilizer and petrochemical demand forecasts lower

Western Canada Exports

- Updated supply and demand outlooks lead to stronger medium to long term exports from Western Canada

Exports from Eastern Canada to U.S. Northeast

- Decreasing in near term, leveling off post 2010
- Competition from growing U.S. shale production and LNG imports

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22

Thank you.

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