

Foothills Collaborative Shipper Meeting

July 15, 2008

For Discussion Purposes of the Foothills Working Group - Confidential Communication



Agenda



- BC Green House Gas Emissions
- STFT Bid Revisions
- Update on BC Maintenance
- Open Season Capacity Update

BC Green House Gas Emissions

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Canadian Climate Change Policy Developments



Federal Government

- Still a politically-volatile issue
- *Regulatory Framework for Air Emissions* released April 26, 2007
- March 10, 2008 update to the regulatory framework – “Turning The Corner”

BC Provincial Government

- The Carbon Tax Act – effective July 1, 2008 – applies to all fossil fuel combustion sources
- Greenhouse Gas Reduction Act – enabling legislation for a cap and trade system

Federal GHG Regulations



Element	Turning The Corner
Intensity Reduction target	18% escalating 2%/year
Effective Date	2010 - 2020
Threshold	Unknown
Baseline	2006
New facility	Operation in 2004
Metric for Pipelines	GHG/GJ x (option of DOH)
Facility definition	P/L = Legal entity
NOx	40% reduction in 2012

BC GHG Regulations



The BC Carbon Tax Act:

- Applies to all combustion sources in the province
 - July 1, 2008 - \$10/tonne of CO₂ equivalent (Approx. 49.66 cents per GJ)
 - 2009 - \$15/tonne CO₂e
 - 2010 - \$20/tonne CO₂e
 - 2011 - \$25/tonne CO₂e
 - 2012 - \$30/tonne CO₂e

The Greenhouse Gas Reduction Act:

- Enabling legislation
- The details of how it will be applied are still in the early phases of development.

TransCanada's Ongoing Activities



Compliance Activities:

- Preparing baselines for federal regulations
- Reviewing cost curves for technology options that reduce GHG intensity
- Working with BC and Federal governments to ensure Natural Gas delivery is regulated appropriately

Financial Disclosure Requirements:

- Carbon Disclosure Project
- MD&A for Annual and Quarterly Reports

TransCanada's Ongoing Activities cont'd



GHG Mitigation Activities:

- Assessment of technologies to manage greenhouse gas emissions (Patent received for gas-gas ejectors)
- Ongoing implementation of emissions reduction projects (fugitive emissions, methane management, engine efficiency)
- Ongoing improvement of GHG inventories in order to best manage compliance options
- Evaluation of switching to electric drive units

BC GHG Forecast



	BC Carbon Tax (\$/tonne of CO2 equivalent)	BC Carbon Tax Payment (\$ millions)
2008*	10	0.9**
2009	15	2.9
2010	20	3.8
2011	25	4.6
2012	30	6.1

*Effective July 1, 2008 (6 months only)

**To be recovered in rates effective January 1, 2009

Foothills BC Facility Implications



- BC costs escalate to over \$6 million per year by 2012
- TransCanada is exploring electric drive units as a method to reduce emissions costs
 - Approximately \$40 million for an electric drive
 - Future electric rates are uncertain
 - Connection costs are uncertain
- Awaiting additional certainty on future emissions costs (with Federal) and options to mitigate
- Continue analysis to determine cost/benefit analysis prior to recommendation
 - Update in Q4 2008 or Q1 2009

STFT Bid Revisions

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STFT Bid Revisions



Current Process

- Shippers submit a fully executed Schedule of Service for each bid
- Once received by Foothills, the bid is irrevocable

Proposal

- Shippers may revise a bid up to the bid deadline
- A new Schedule of Service must be issued clearly identifying that it is a ***revision***
- Any revision must be received by Foothills prior to the closing time of the open season

STFT Bid Revision Benefits



- There have been instances where shippers have asked to revise bids prior to the deadline, for example:
 - Clerical errors
 - Duplicate bids which were unintended
- Foothills has identified possible mistakes on bid forms

Benefits

- Allows shippers to correct errors prior to the bid deadline
- Allows TransCanada the opportunity to contact shippers for clarification prior to the bid deadline
- Creates alignment with other TransCanada Canadian Pipelines
 - Filed with AUC for approval in June

Tariff Revisions



Modify subsection 4.2.2 (b) of Capacity Allocation Procedures

Current

Prospective Shippers' bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Closing Date of such STFT Capacity Open Season

Proposed

Prospective Shippers' bids must be received by Company by 11:00 hours CCT on the Closing Date of such STFT Capacity Open Season and shall be irrevocable at that time

STFT Bid Revisions Next Steps

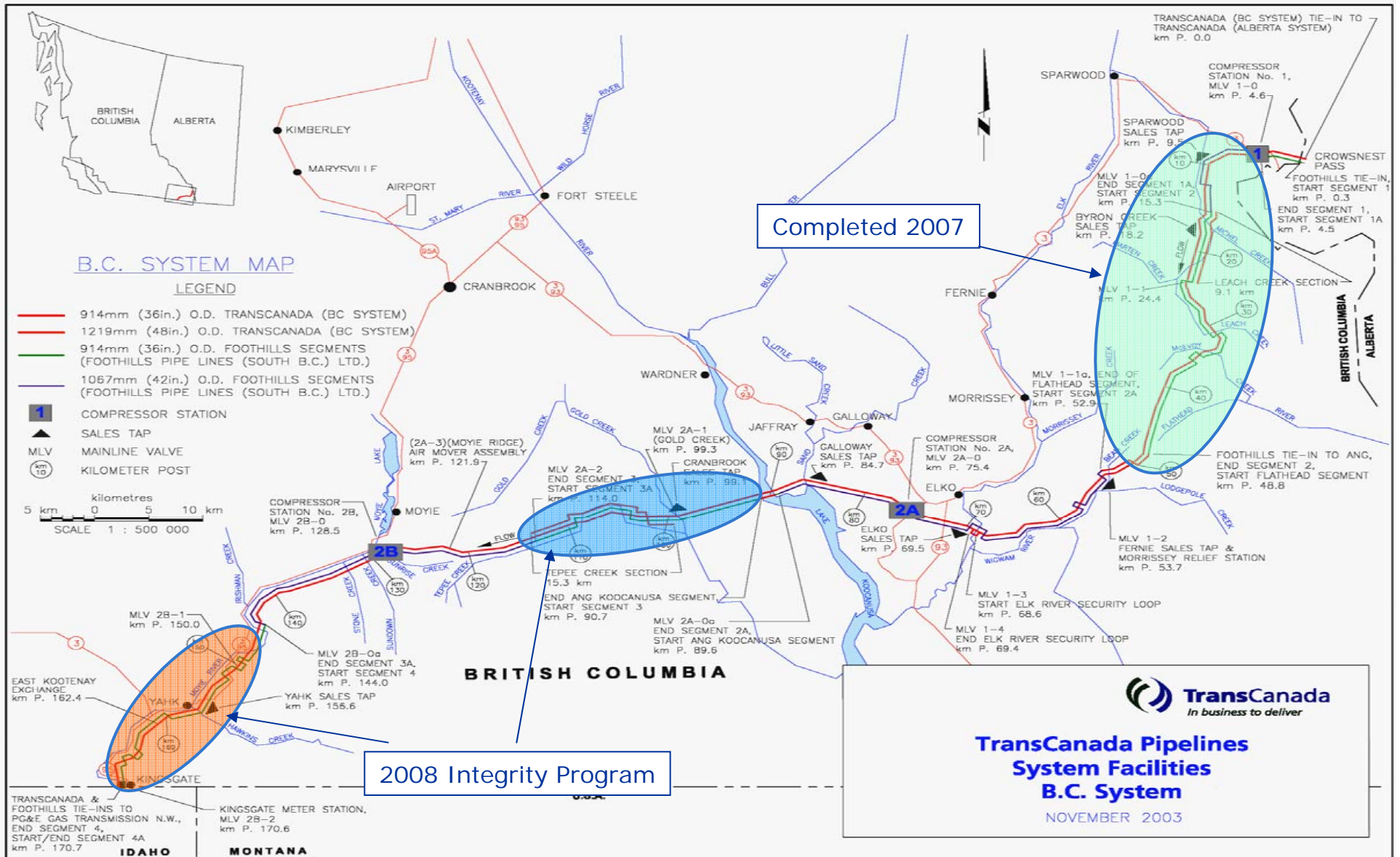


- File Tariff changes with NEB (early August)
- Align implementation date with Alberta – target for September 1, 2008 pending approval

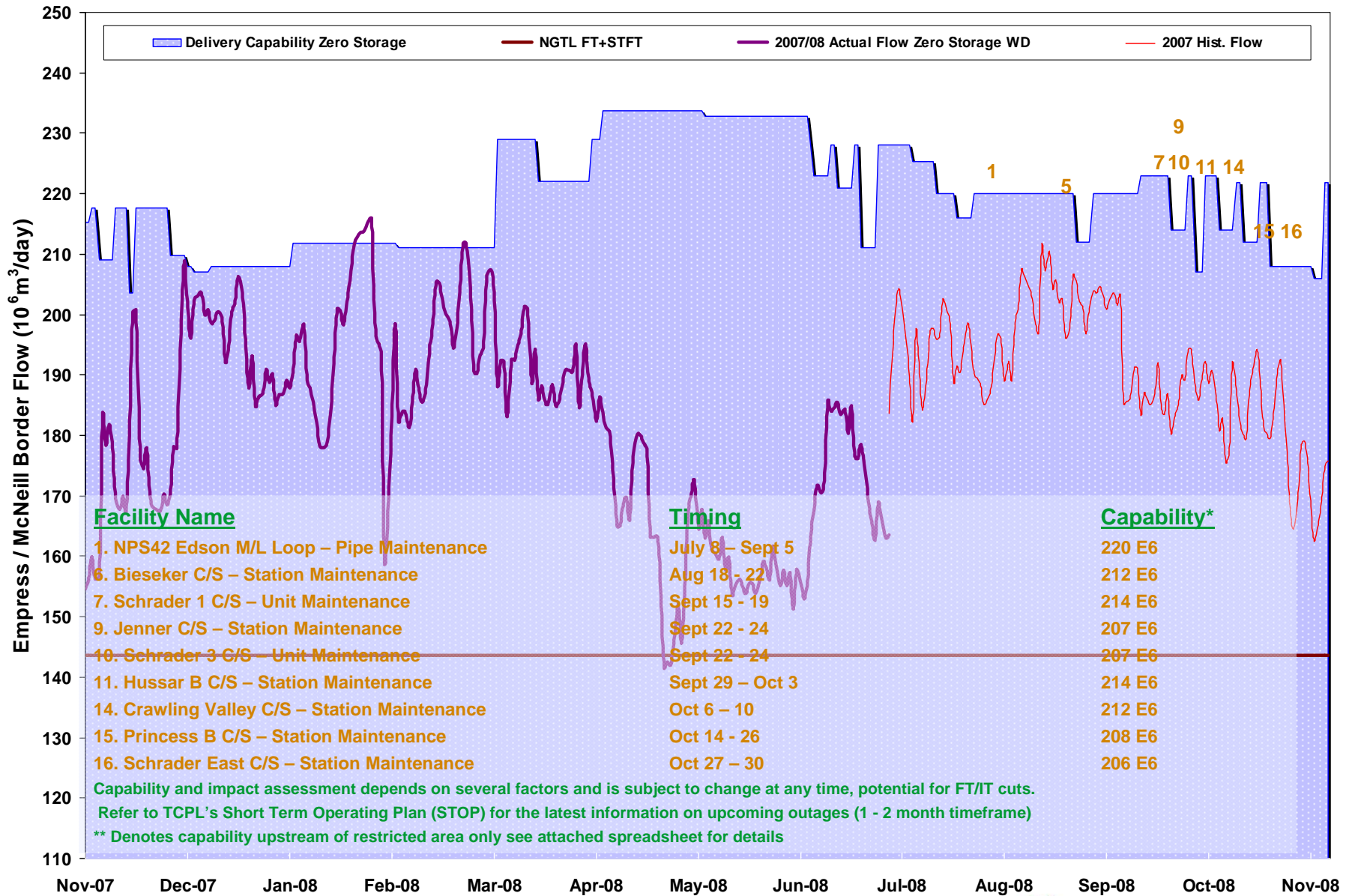
Foothills BC Maintenance Update

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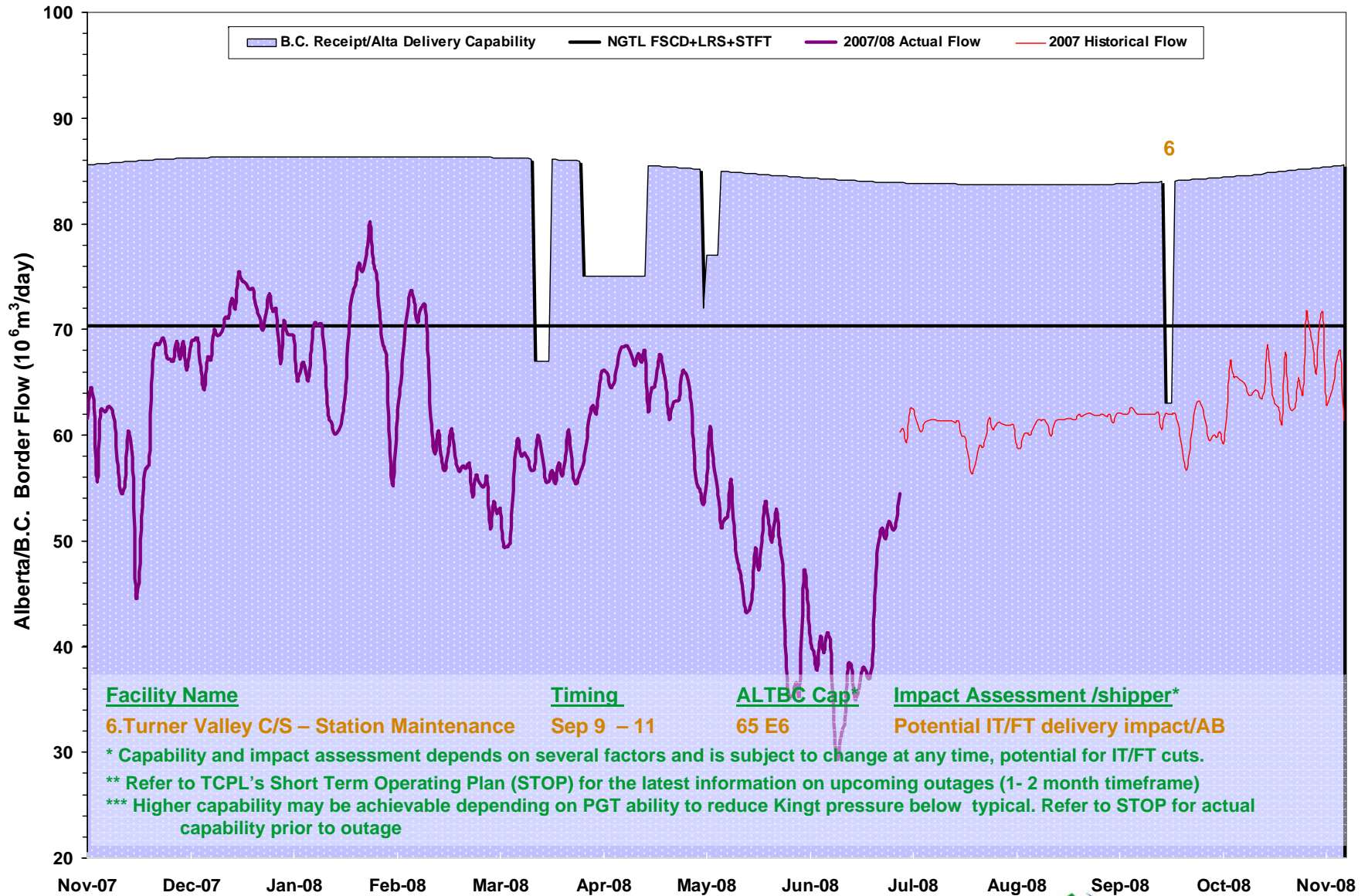




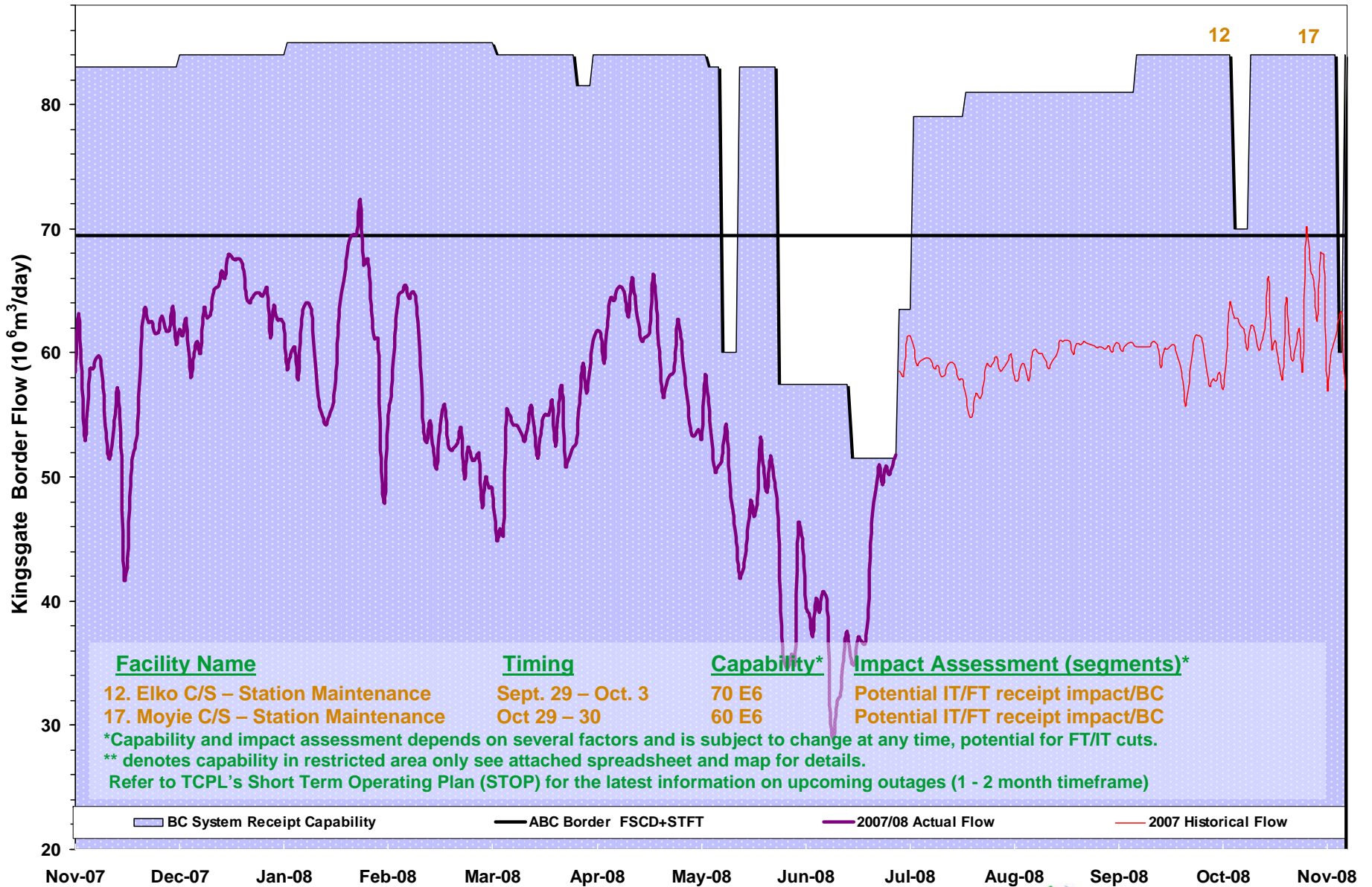
Empress / McNeill Border Outlook



Alberta B.C. Border Outlook



Kingsgate Outlook



Foothills BC Maintenance Update



- Segment 3 & 4 digs completed:
 - Positive correlation to inspection results
 - On schedule
 - Did not impact flow
- New ILI tool run completed for Segment 2
 - July 8 & 9, 2008
 - Did not impact flow
- A more normal level of maintenance is now expected for the next couple years

Open Season Capacity Update

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TransCanada
In business to deliver

Available Capacity



- FT and STFT currently available in daily open season
 - 104,000 GJ posted for Foothills BC
 - Over 1,000,000 GJ available Foothills Saskatchewan
- Over next few weeks, Foothills BC available capacity will increase to 350,000 GJ
 - Increasing further to 600,000 GJ commencing November 1
- Current Alberta System ABC Border available capacity in the daily open season is 450,000 GJ
 - Increasing further to 600,000 GJ commencing November 1
- Foothills and Alberta System border capabilities are updated annually in September

Questions?

