



Western Canada Summer 2012

Gas Supply Update

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Supply Analyst



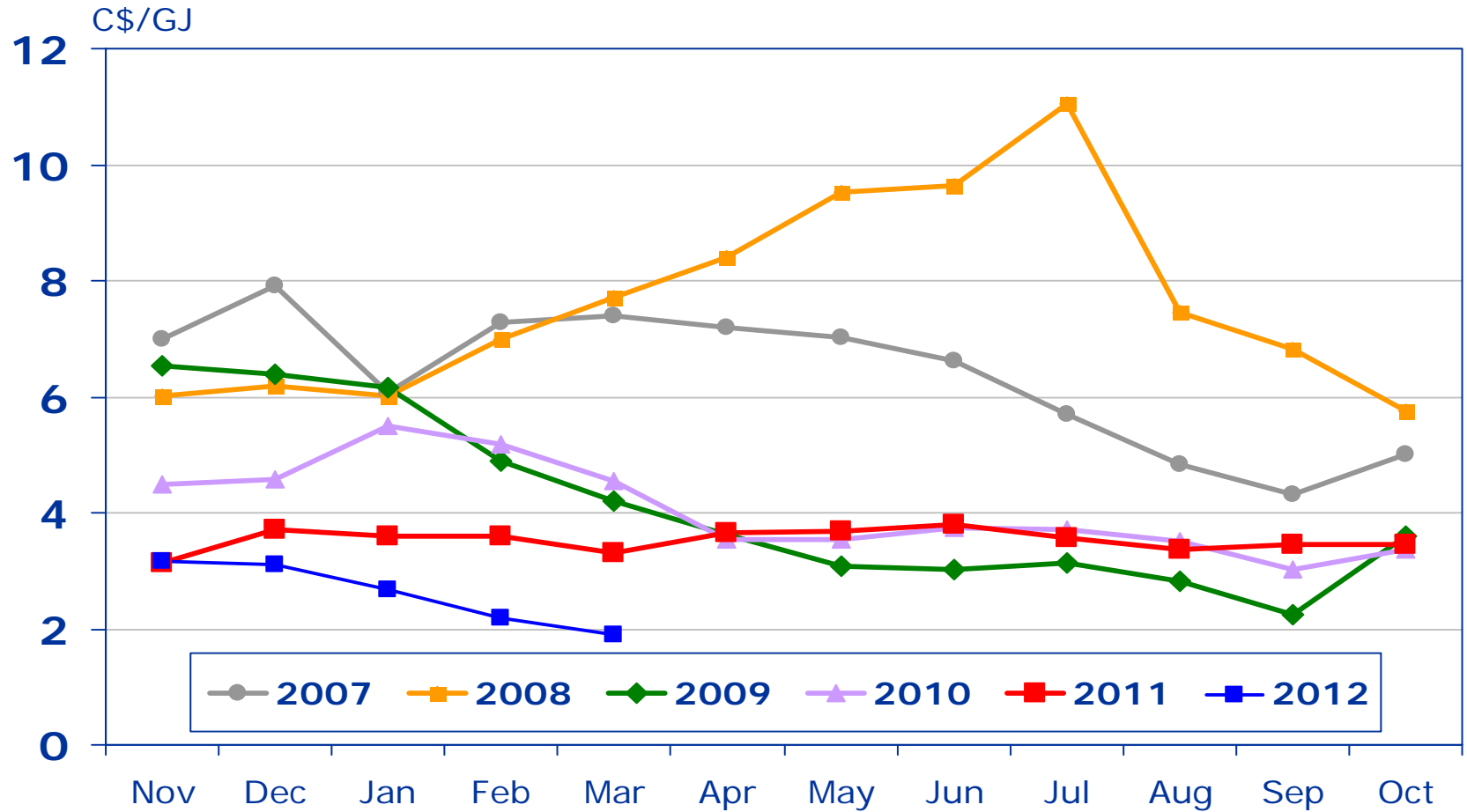
TransCanada
In business to deliver

Observations



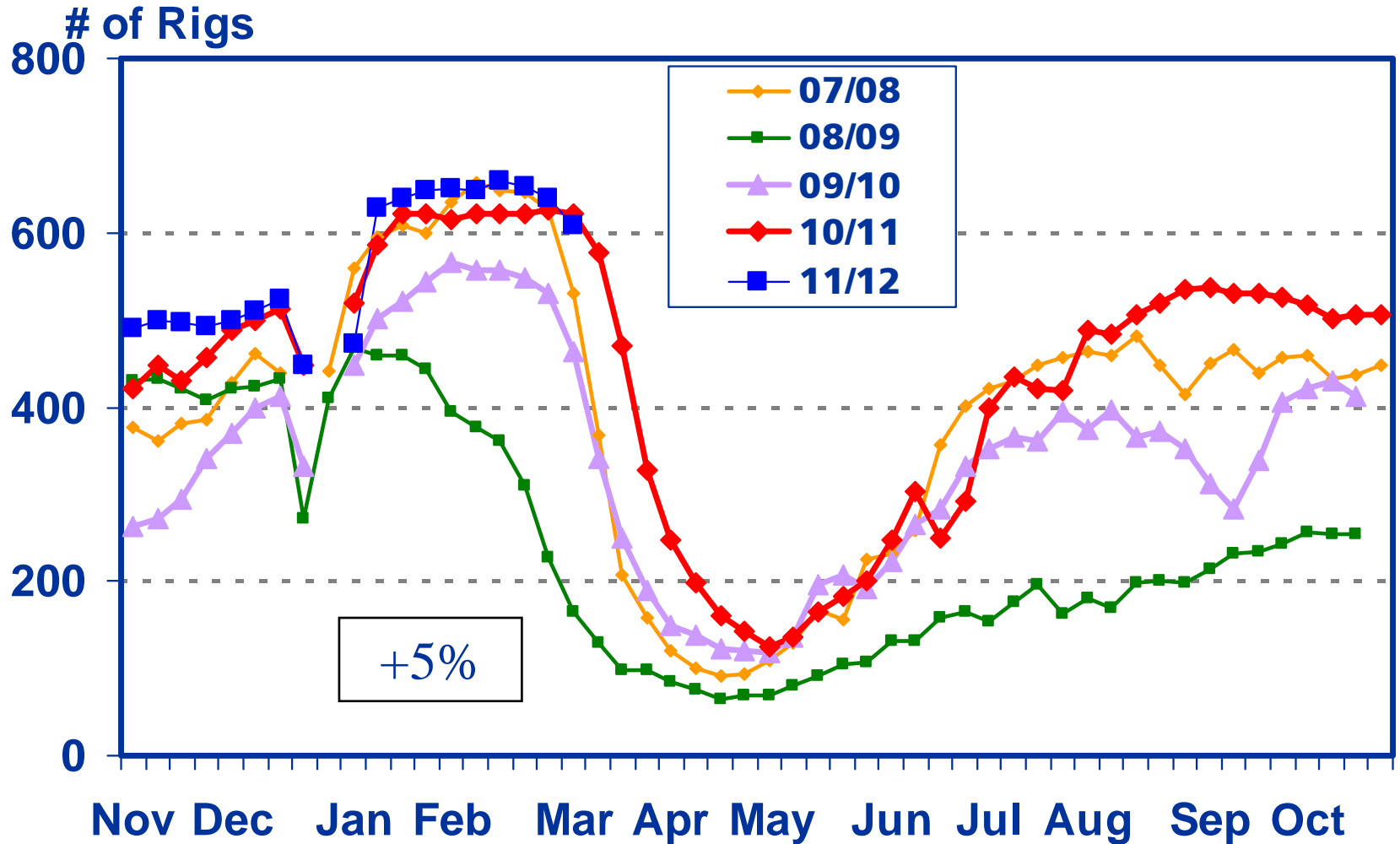
- **Average 2012 AECO/NIT gas price lowest in 10 years**
 - March price is C\$1.86/GJ, lowest since October 1998
- **Storage will finish the winter well above last year's levels**
 - Record high levels are seen in WCSB, Eastern Canada and US
- **As a result, WCSB gas supply is expected to drop by approximately 500 Mmcf/d compared to last year**
 - This is due to a combination of postponing drilling plans, delaying connections of drilled wells, and shutting in uneconomic producing wells

AECO/NIT Gas Prices



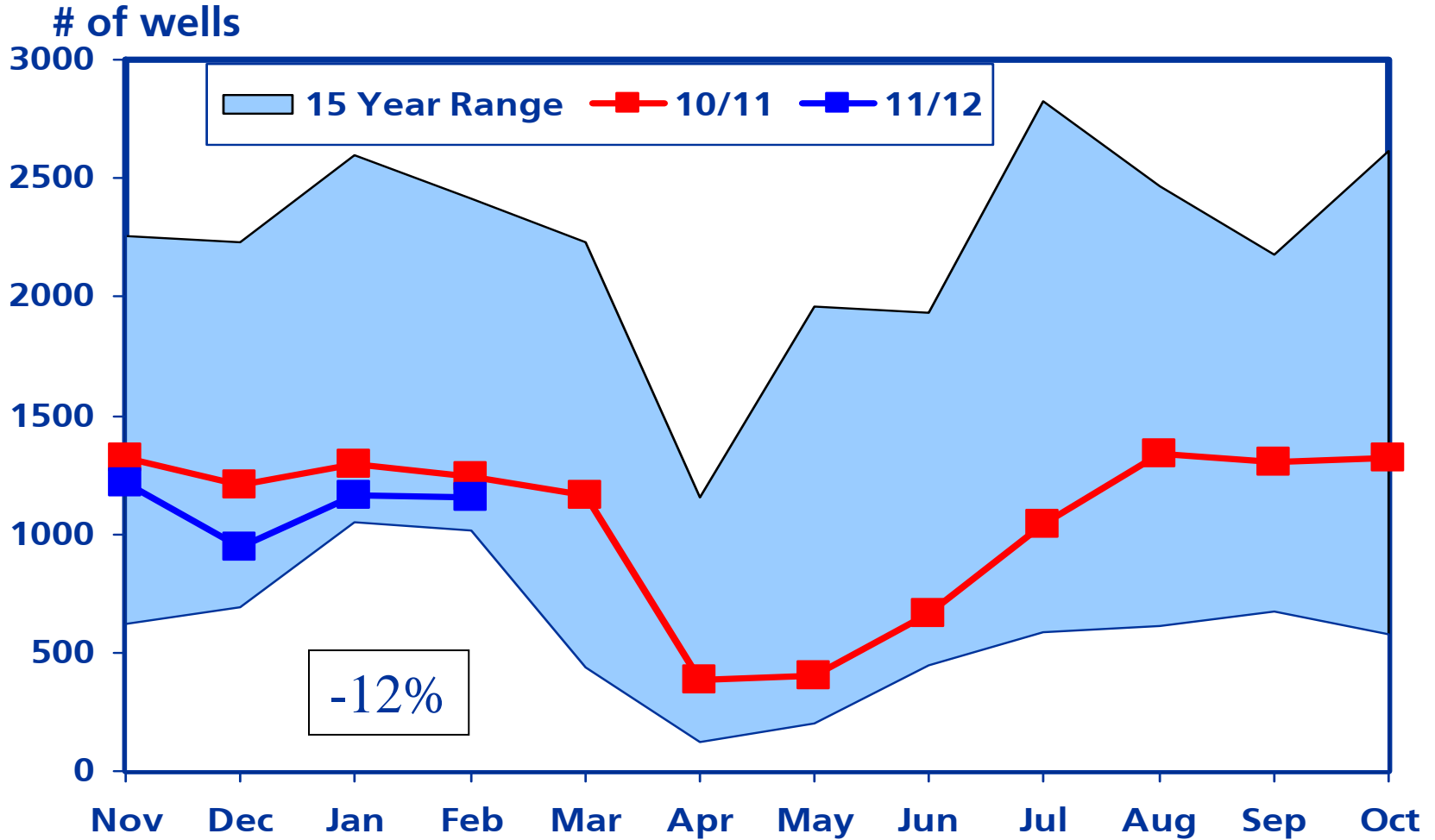
NGX AB-NIT Bidweek Index Price

WCSB Active Drilling Rigs



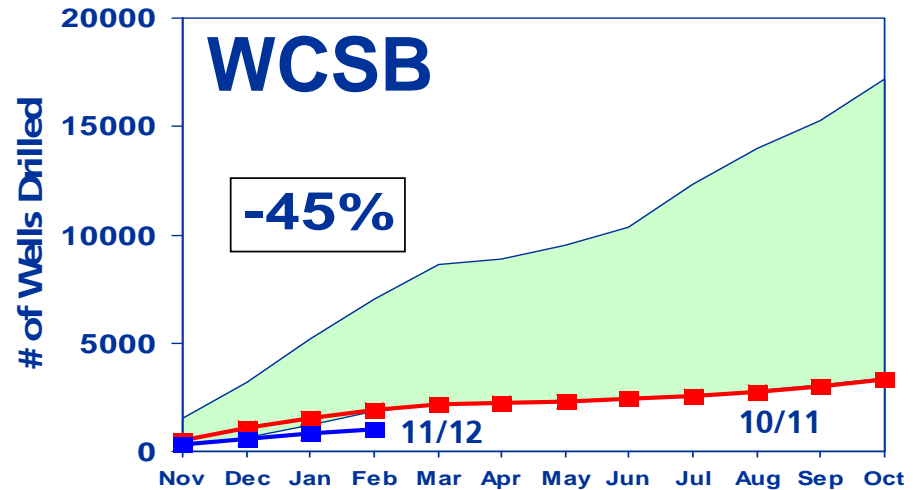
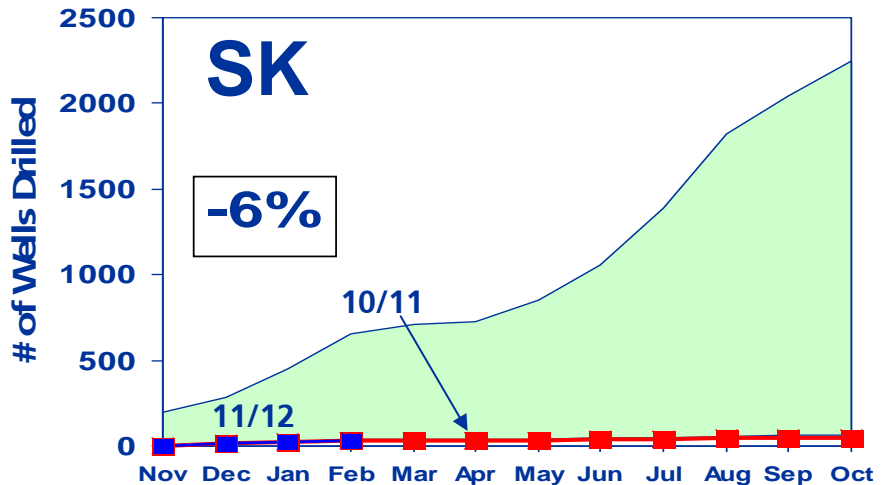
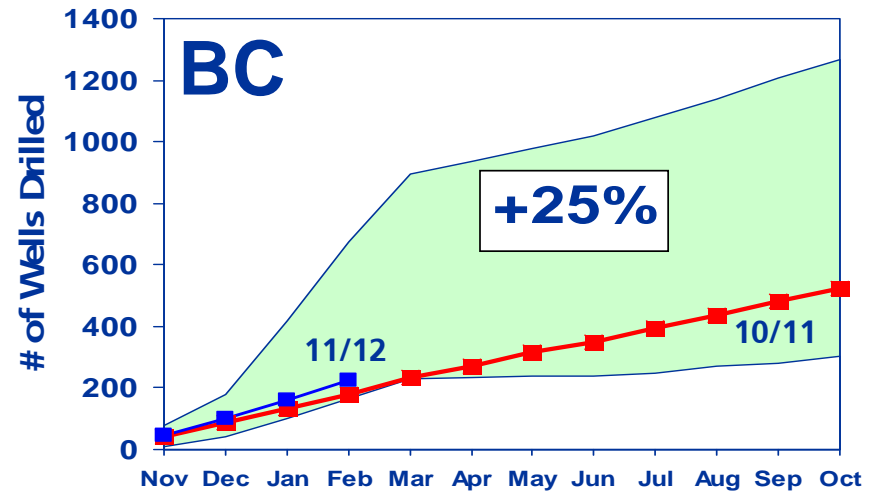
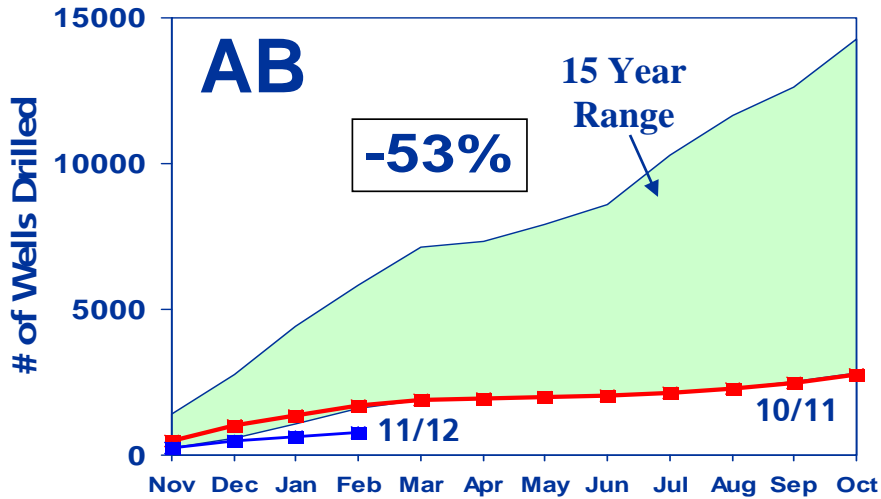
Source: DOB and TCPL data to Feb. 2012
Rig activity includes oil and gas wells

WCSB Total Wells (Gas, Oil and Dry) Drilled/Month



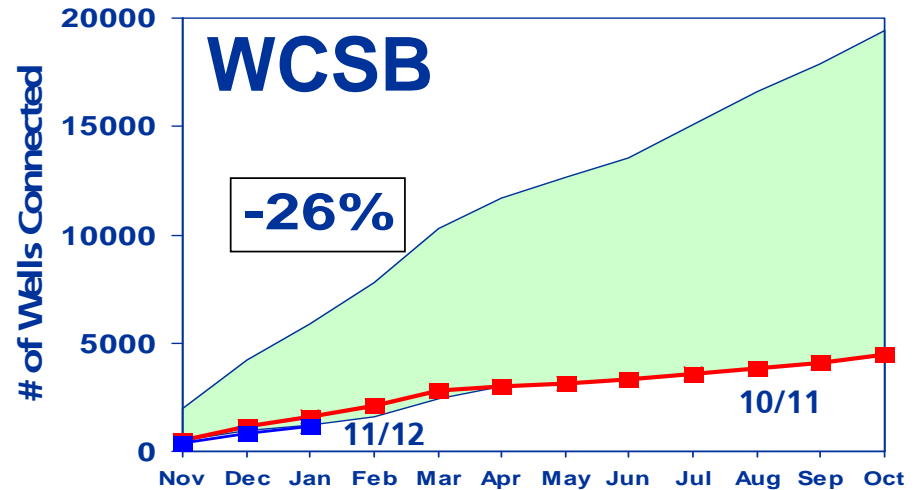
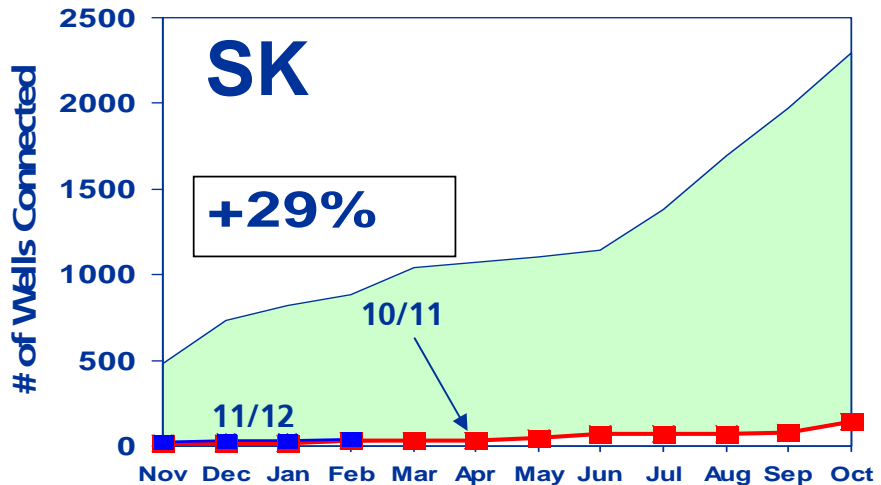
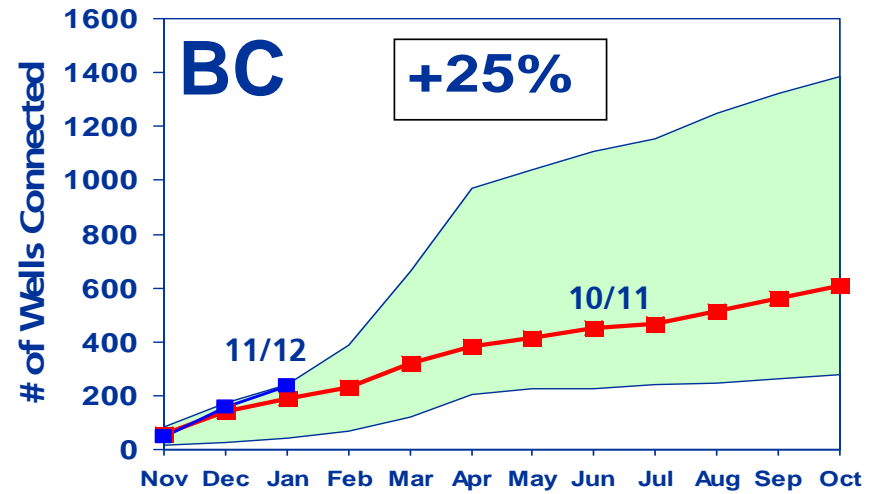
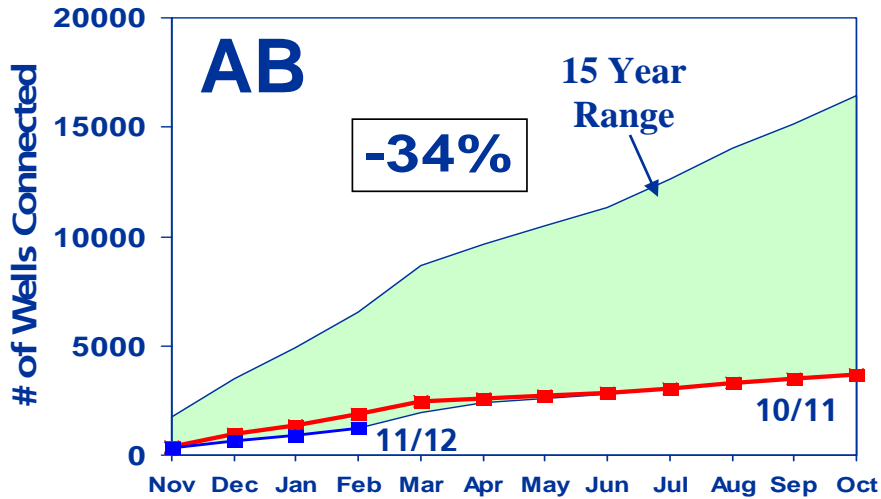
Source: DOB, TCPL data

Cumulative Gas Wells Drilled By Province



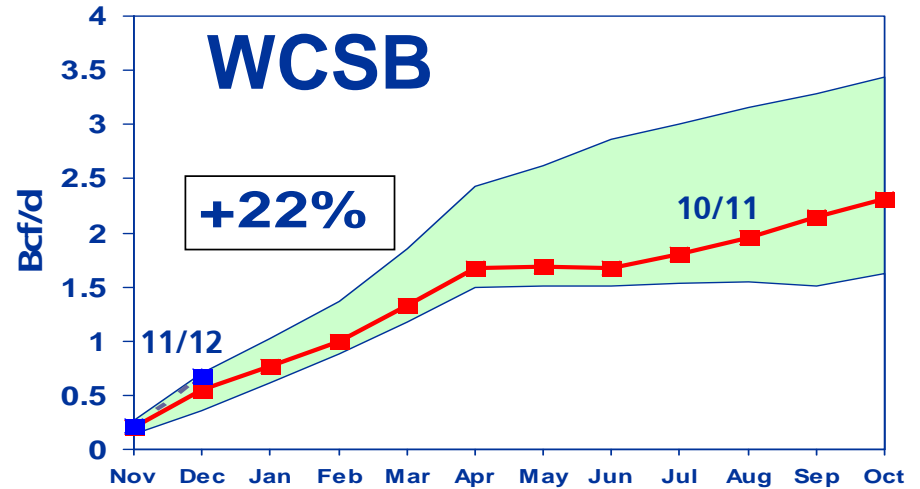
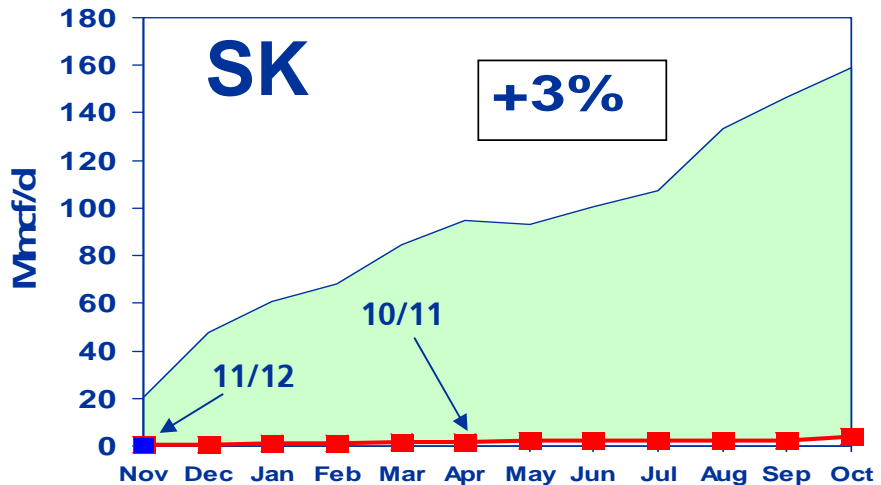
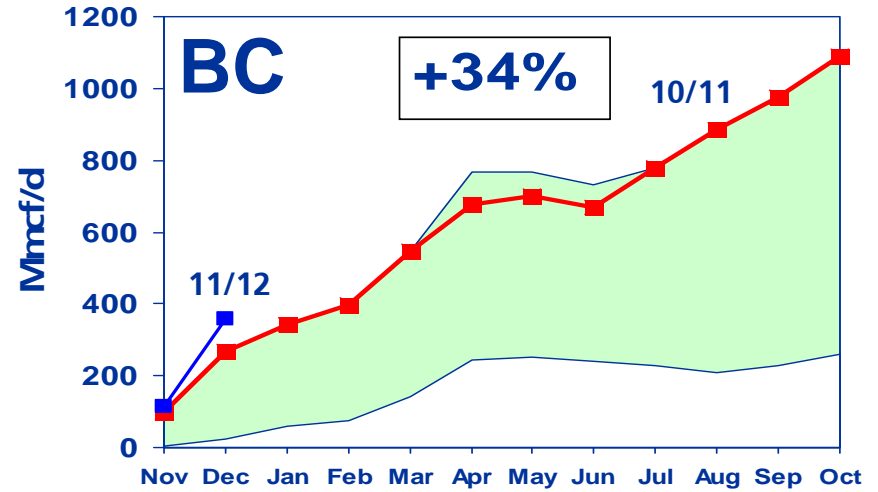
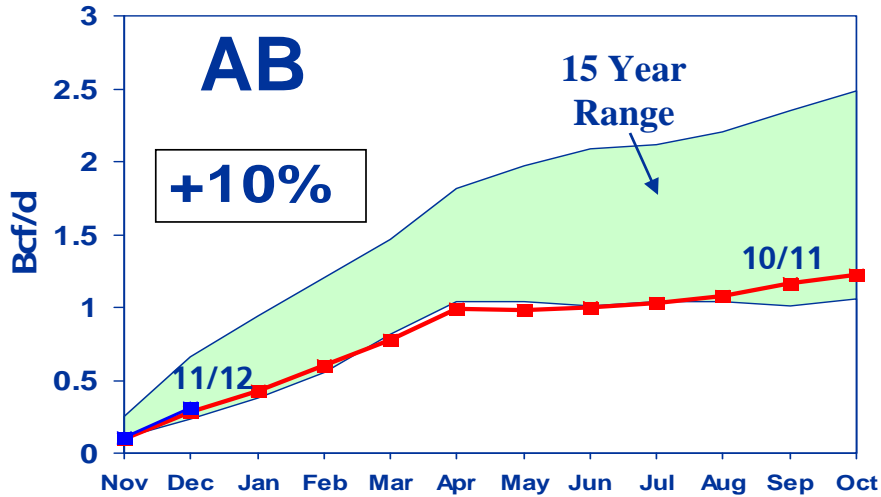
Source: DOB, TCPL data

Cumulative Gas Well Connections By Province



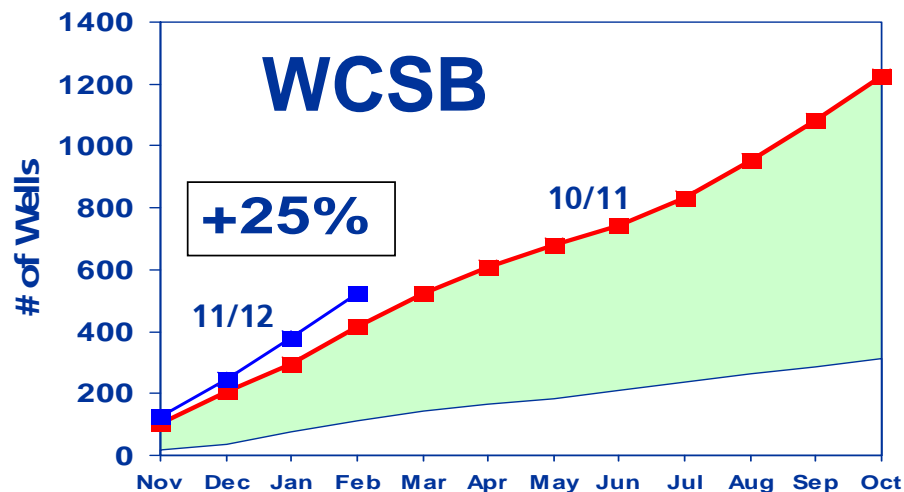
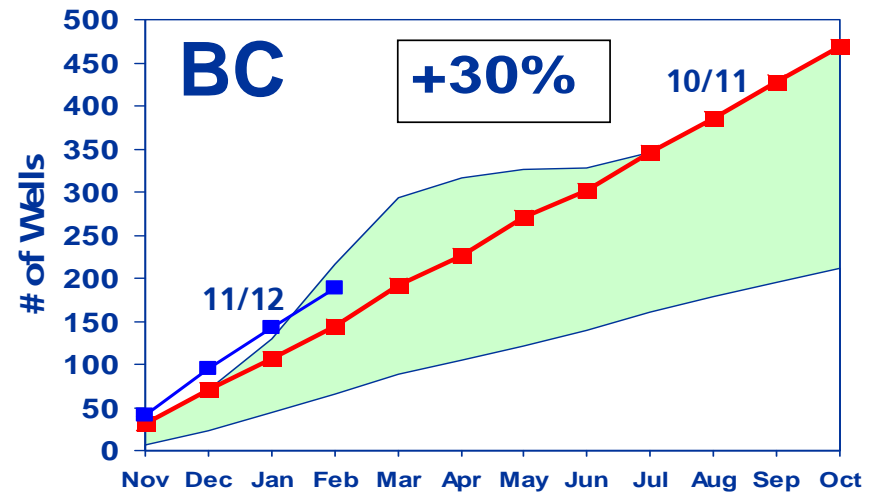
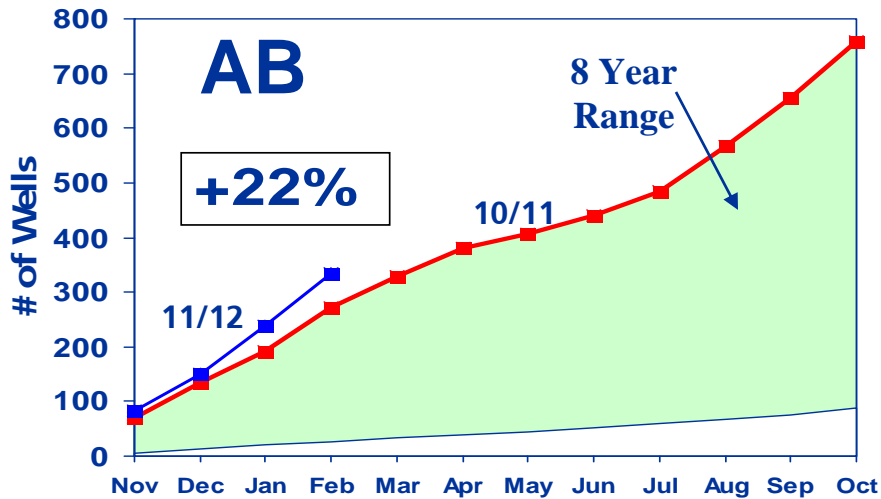
Source: GWA, GeoVista, TCPL data

New Tie-in Supply By Province



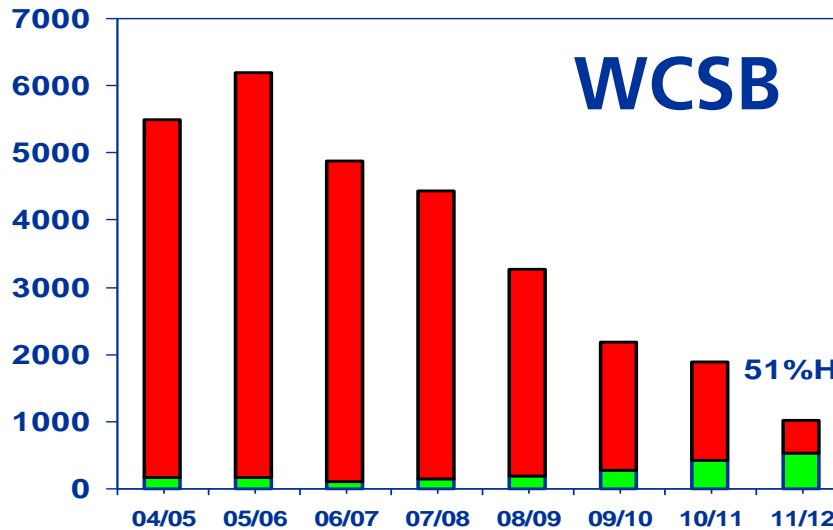
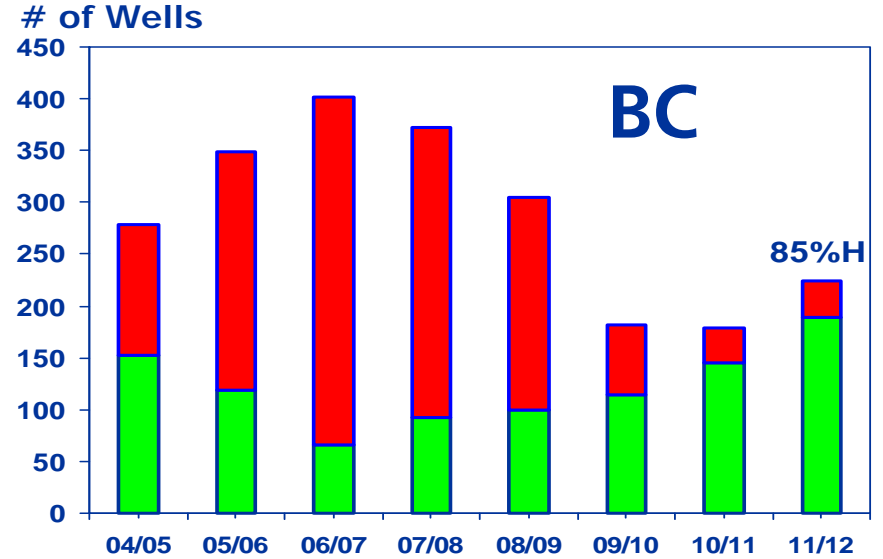
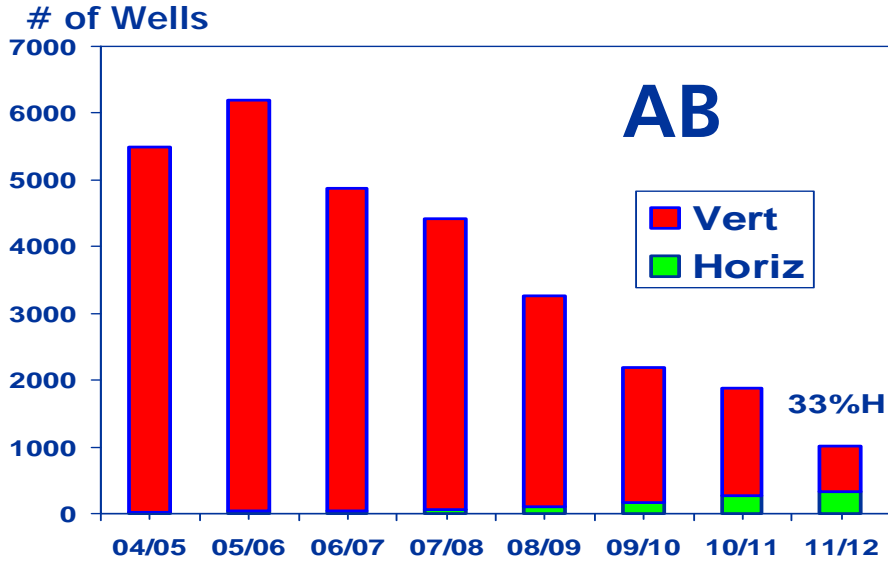
Source: QC, GeoVista, TCPL data

Horizontal Gas Wells Drilled By Province



Source: DOB, TCPL data

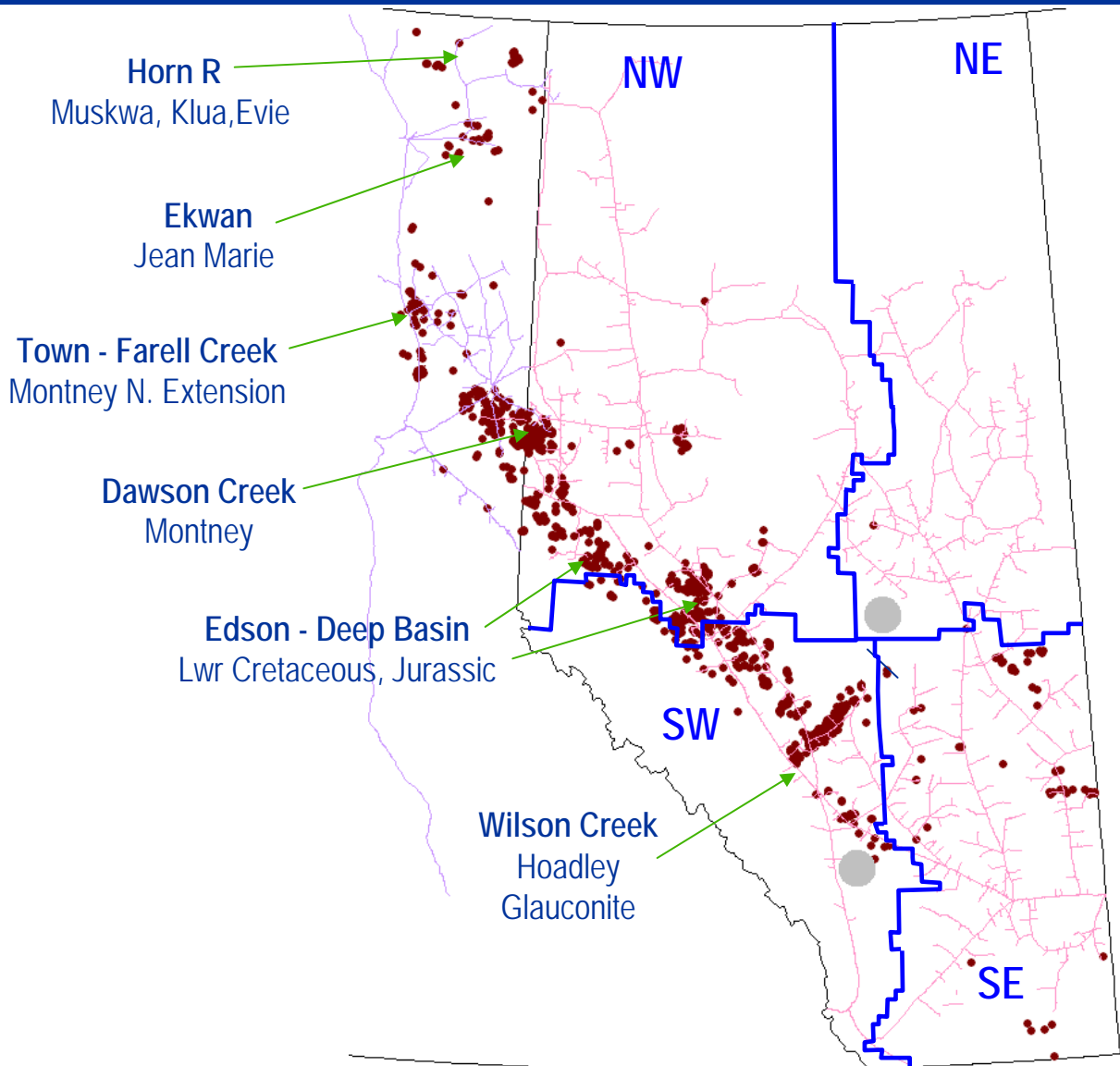
Horizontal/Vertical Gas Wells Drilled By Province



Nov-Feb
comparison

Source: DOB, TCPL data

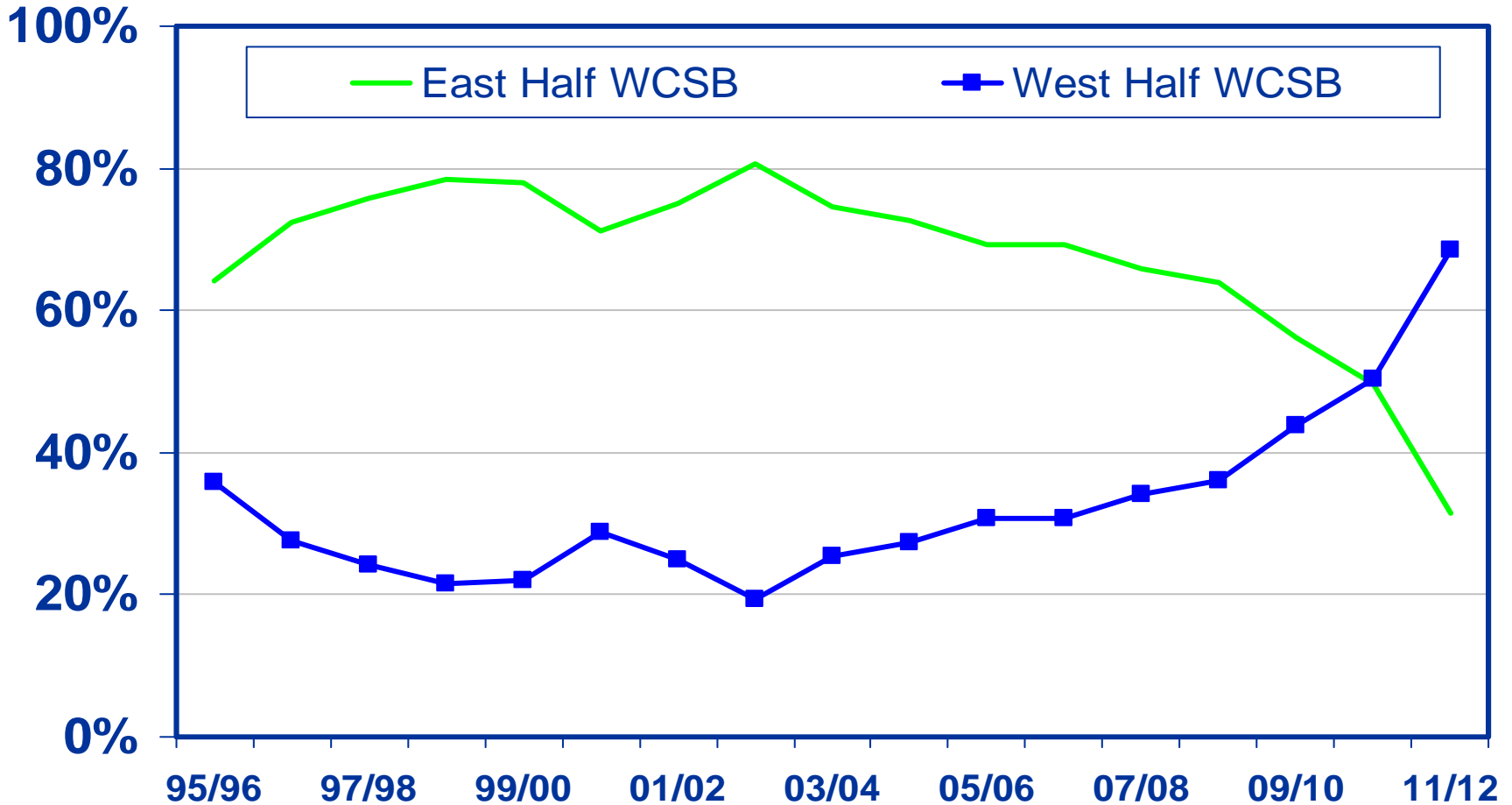
Horizontal Gas Well Completions (2011)



WCSB Gas Wells Connected



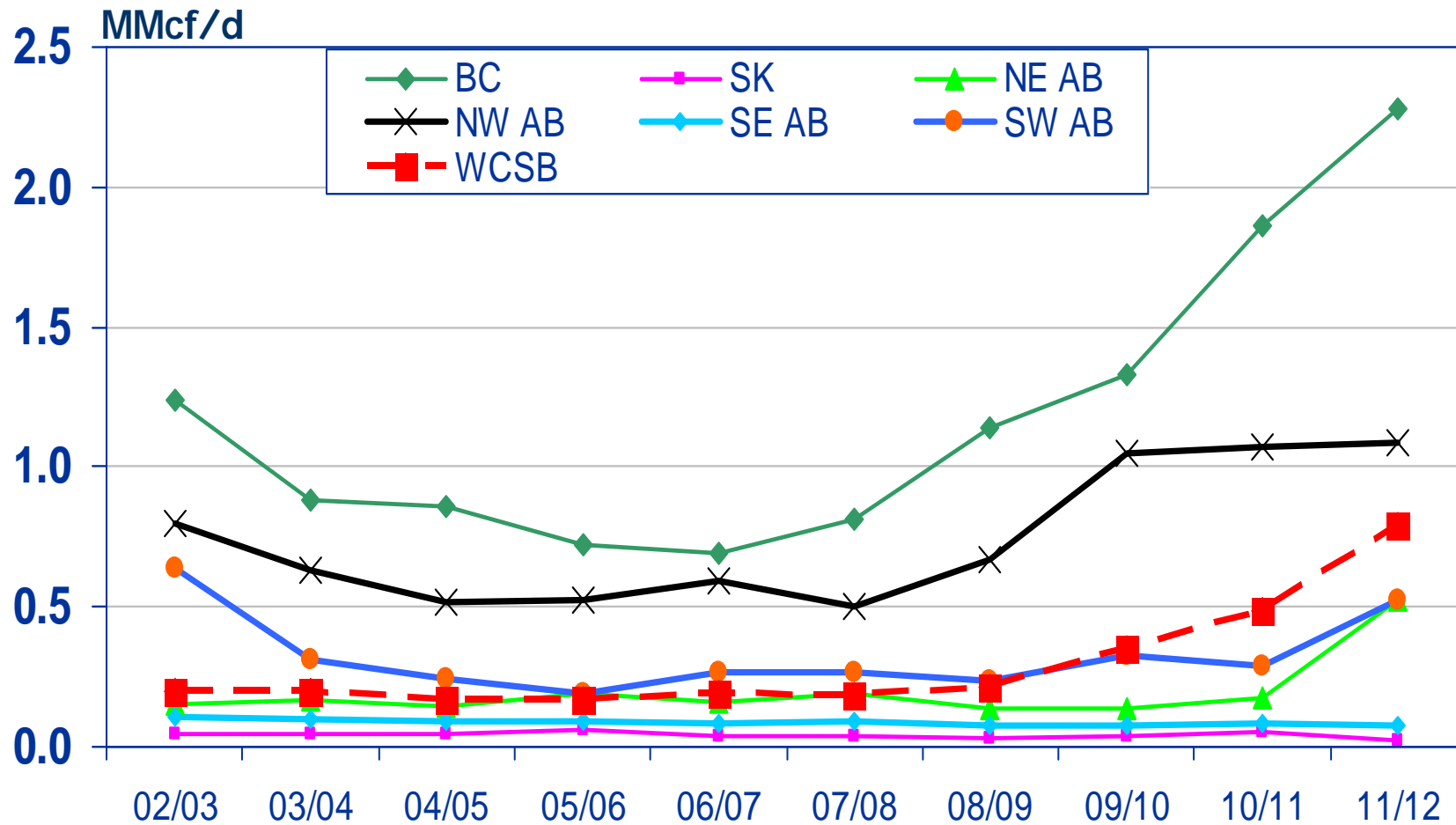
% of WCSB Connections



Nov - Jan. comparison

East/West boundaries displayed on Slide 11

Initial Well Productivity by Region



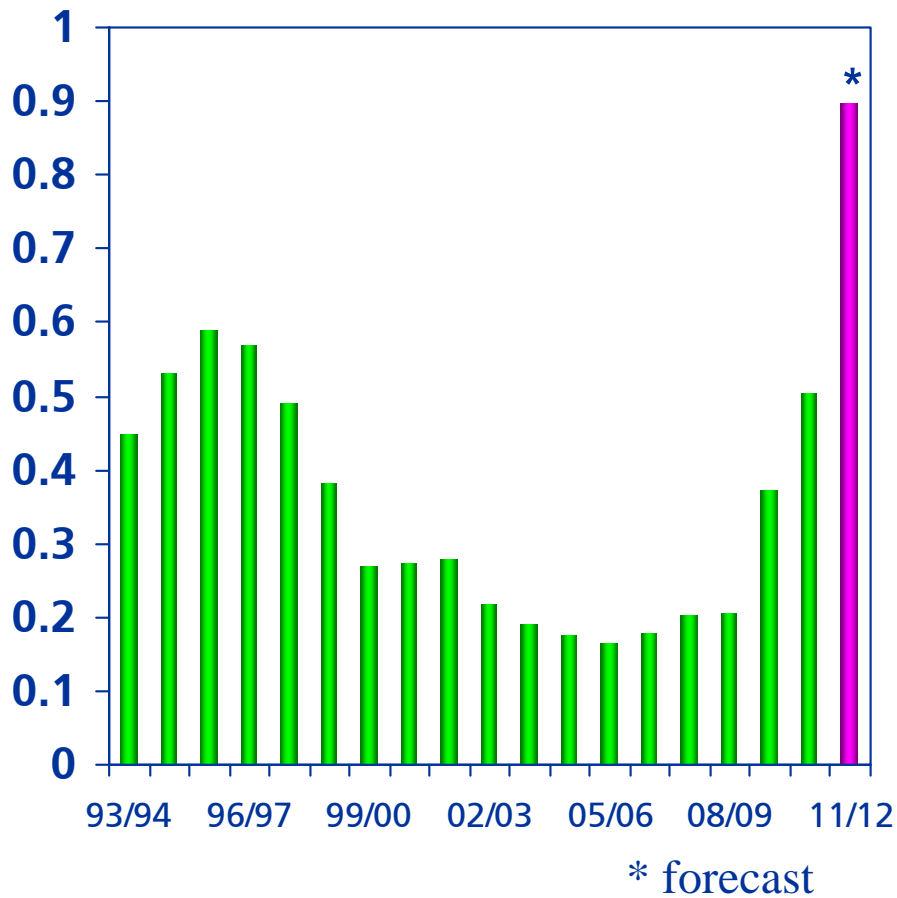
Nov. to Dec. comparison

WCSB Initial Gas Well Production Rates/Decline Rate

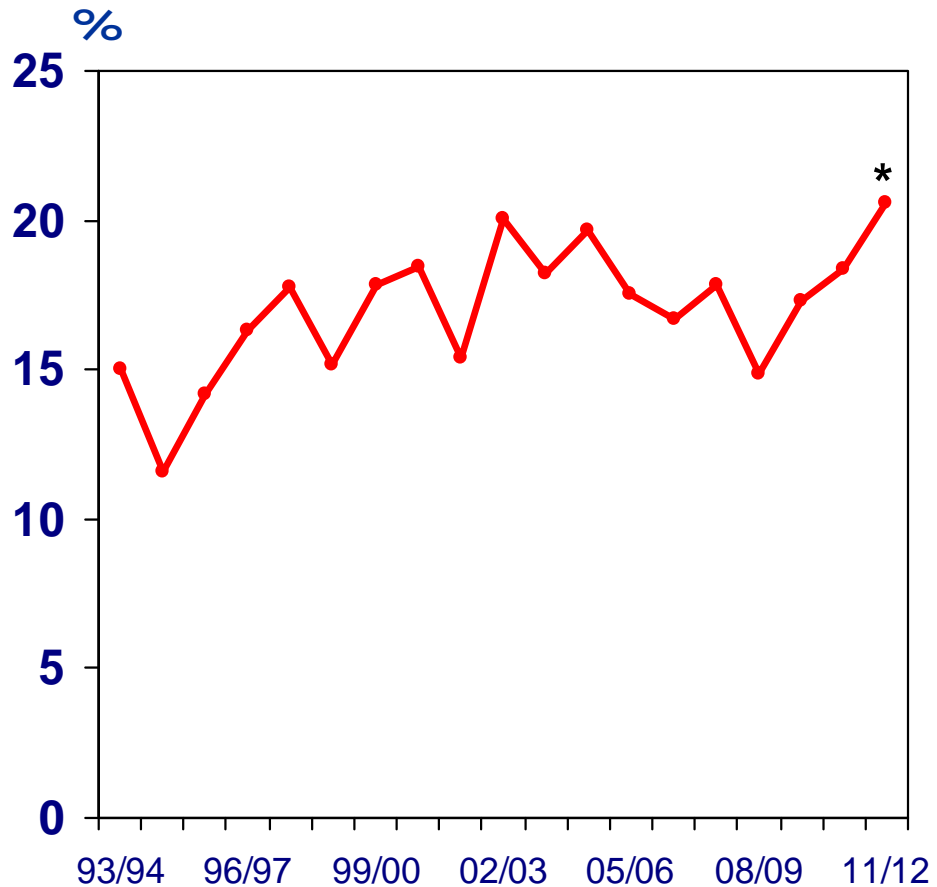


Initial New Well Production Rate

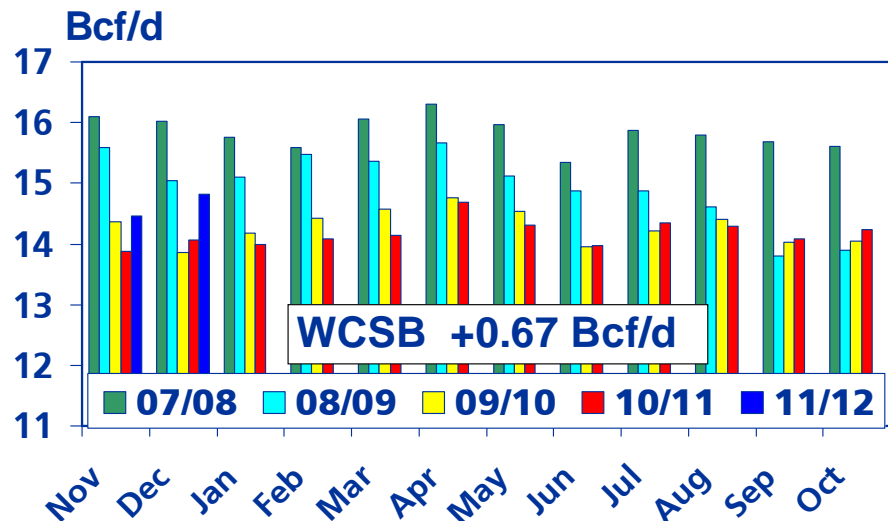
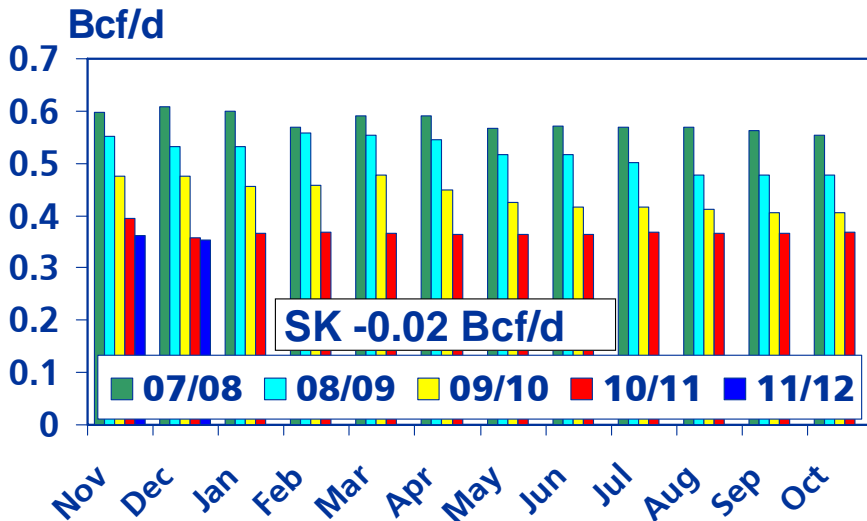
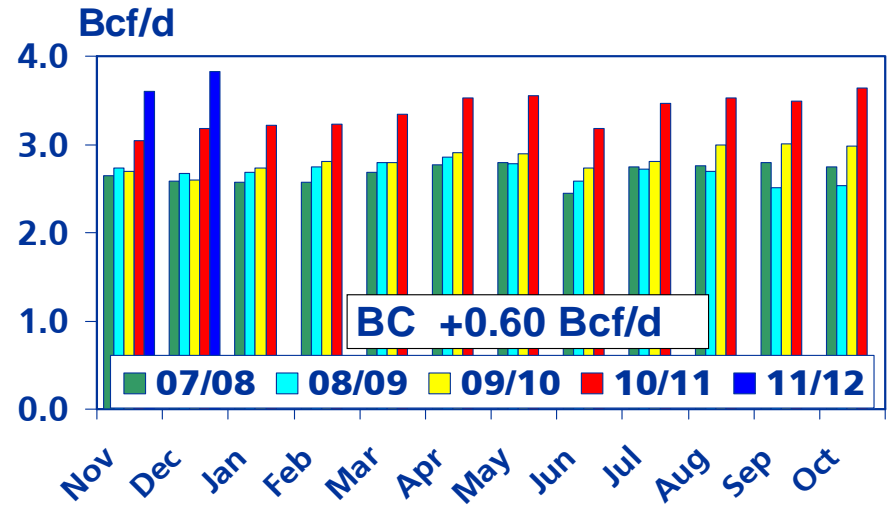
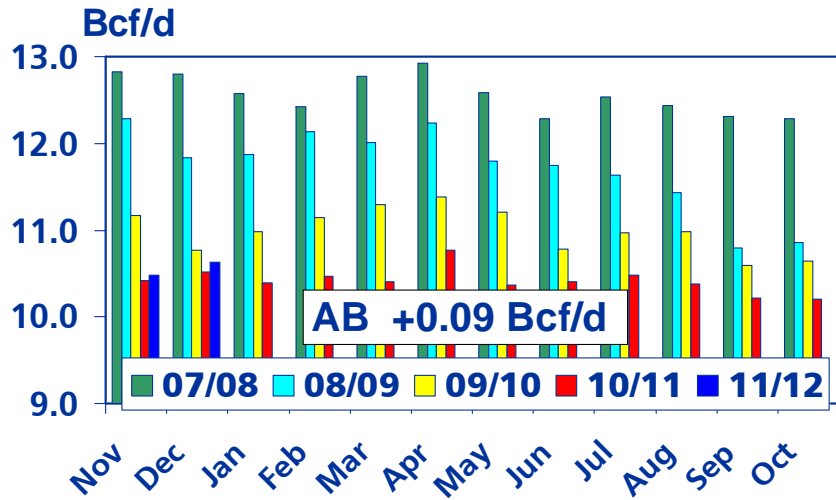
MMcf/d/well



Composite Decline Rate

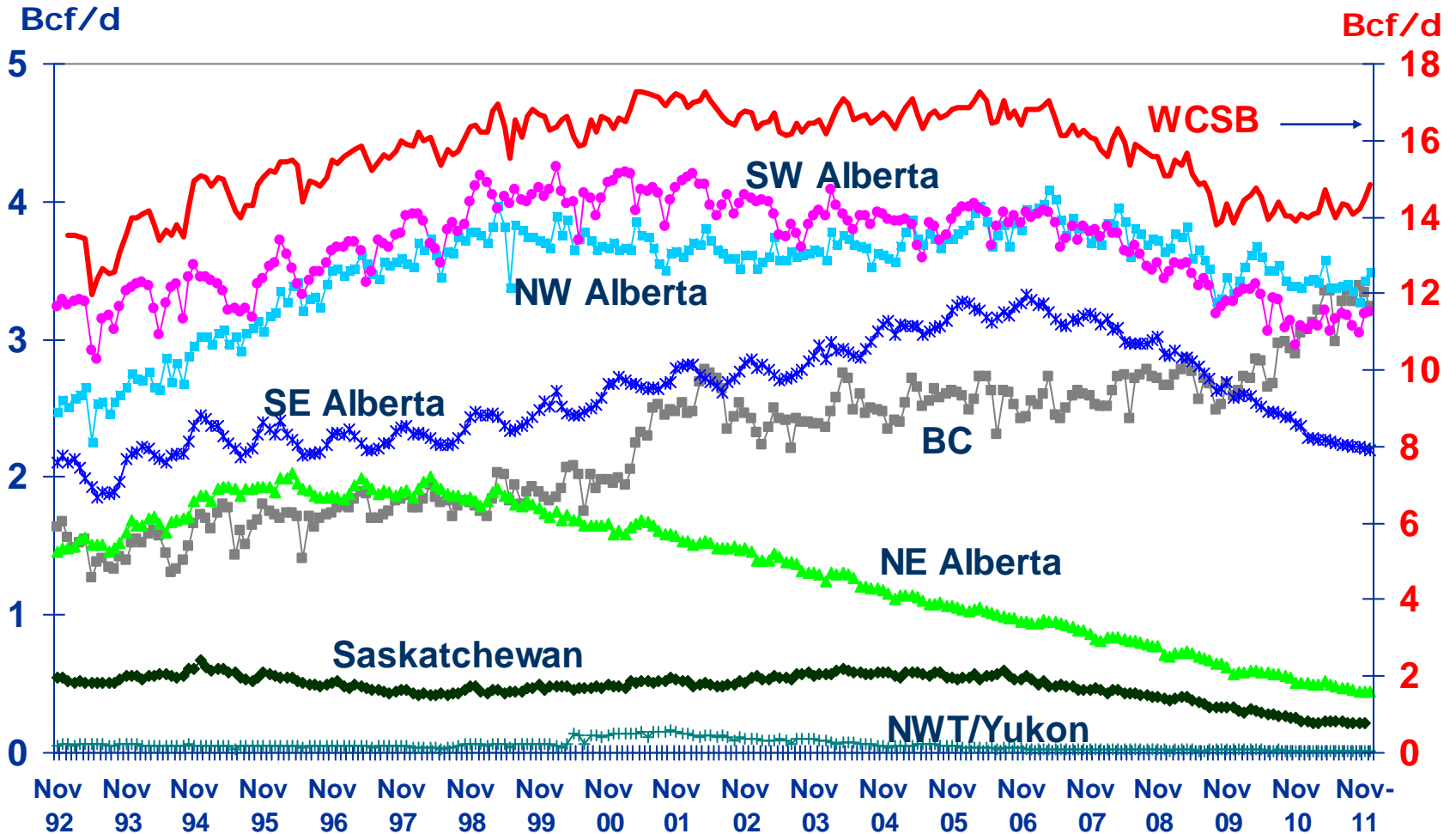


WCSB Monthly Production



Marketable gas from Government sources, includes solution gas (some reporting lag)

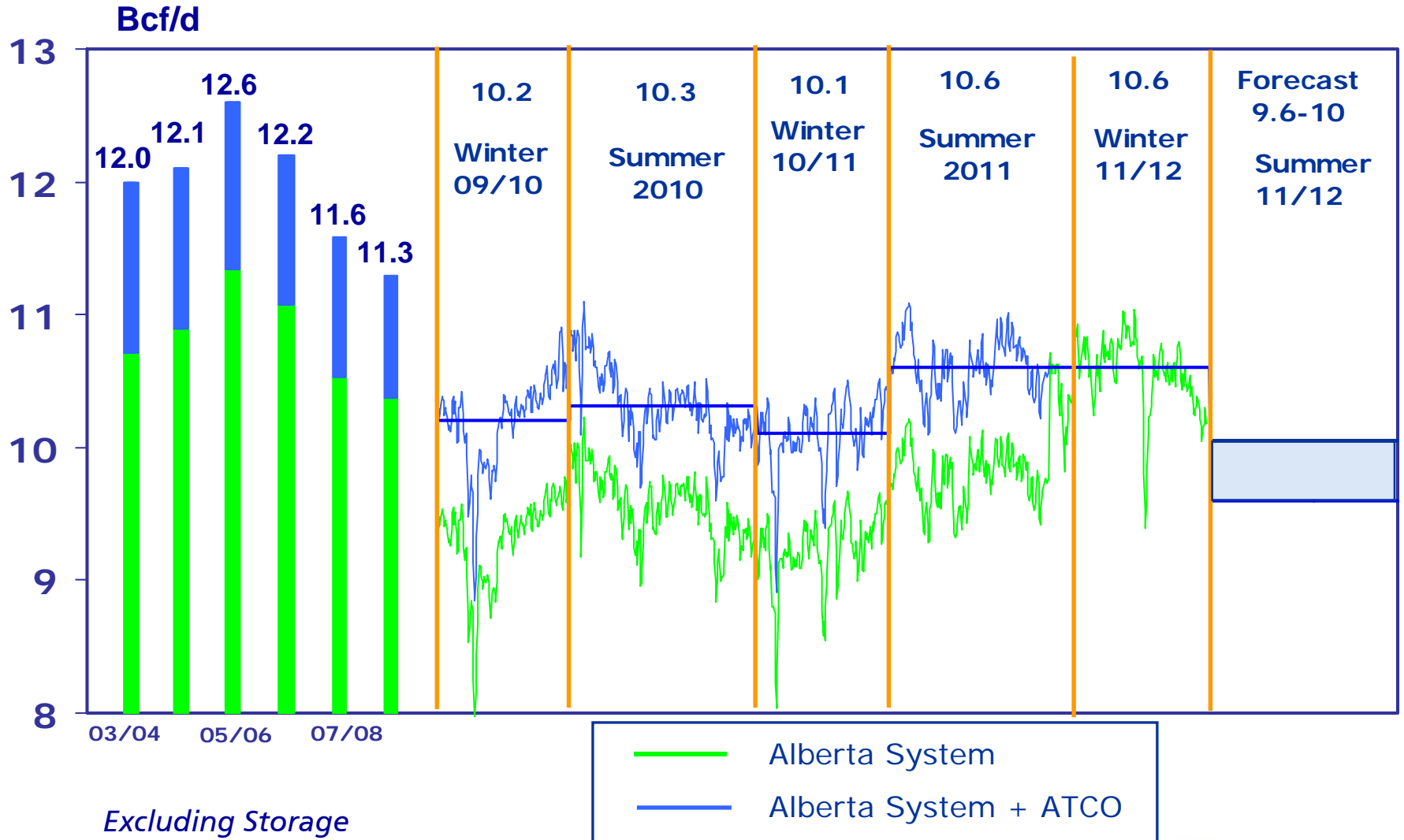
Historical WCSB Regional Production



Non-associated gas only for all areas except WCSB which includes solution gas

Data to Dec. 2011

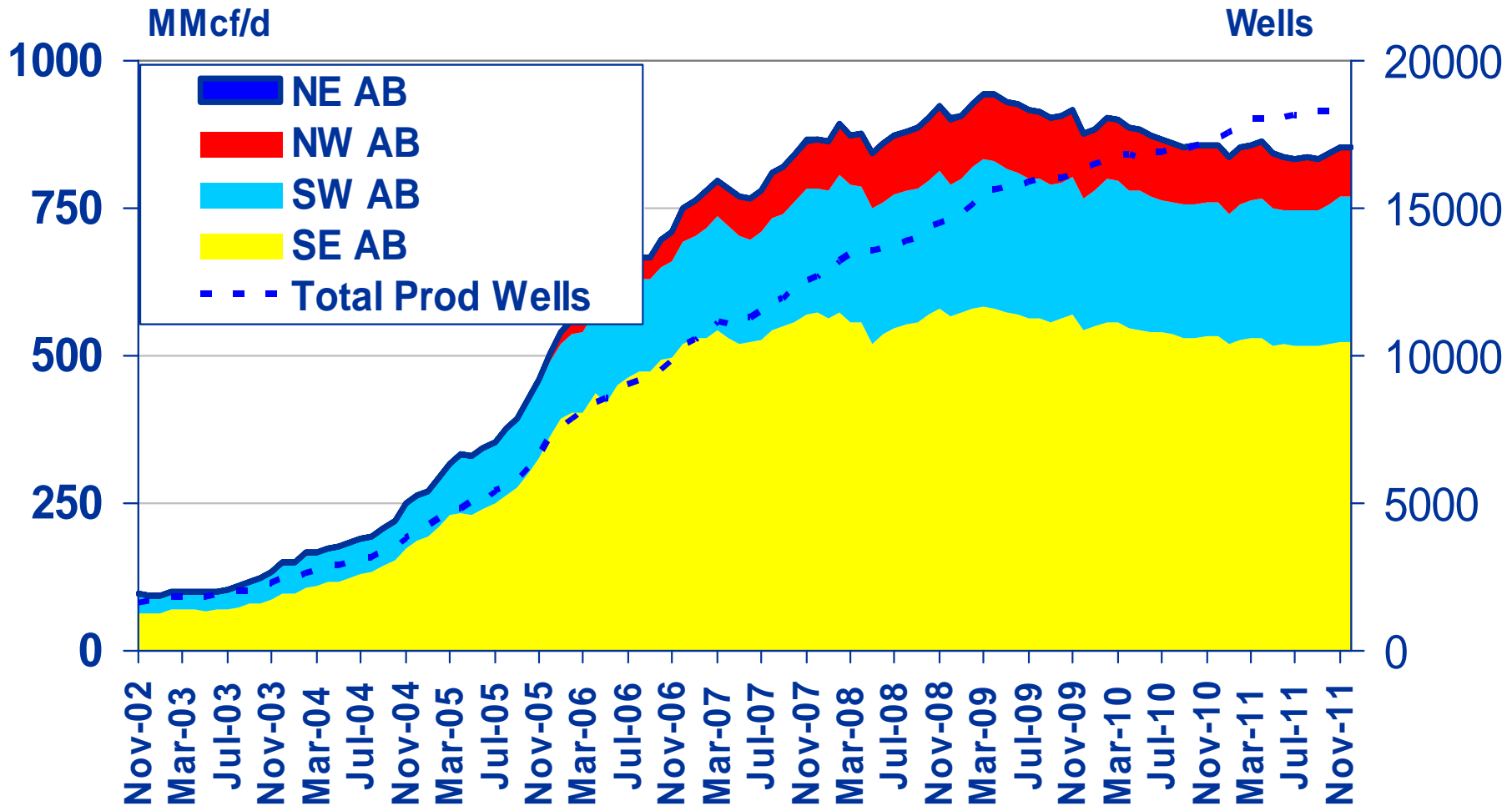
Seasonal Flows on the Alberta System



Excluding Storage

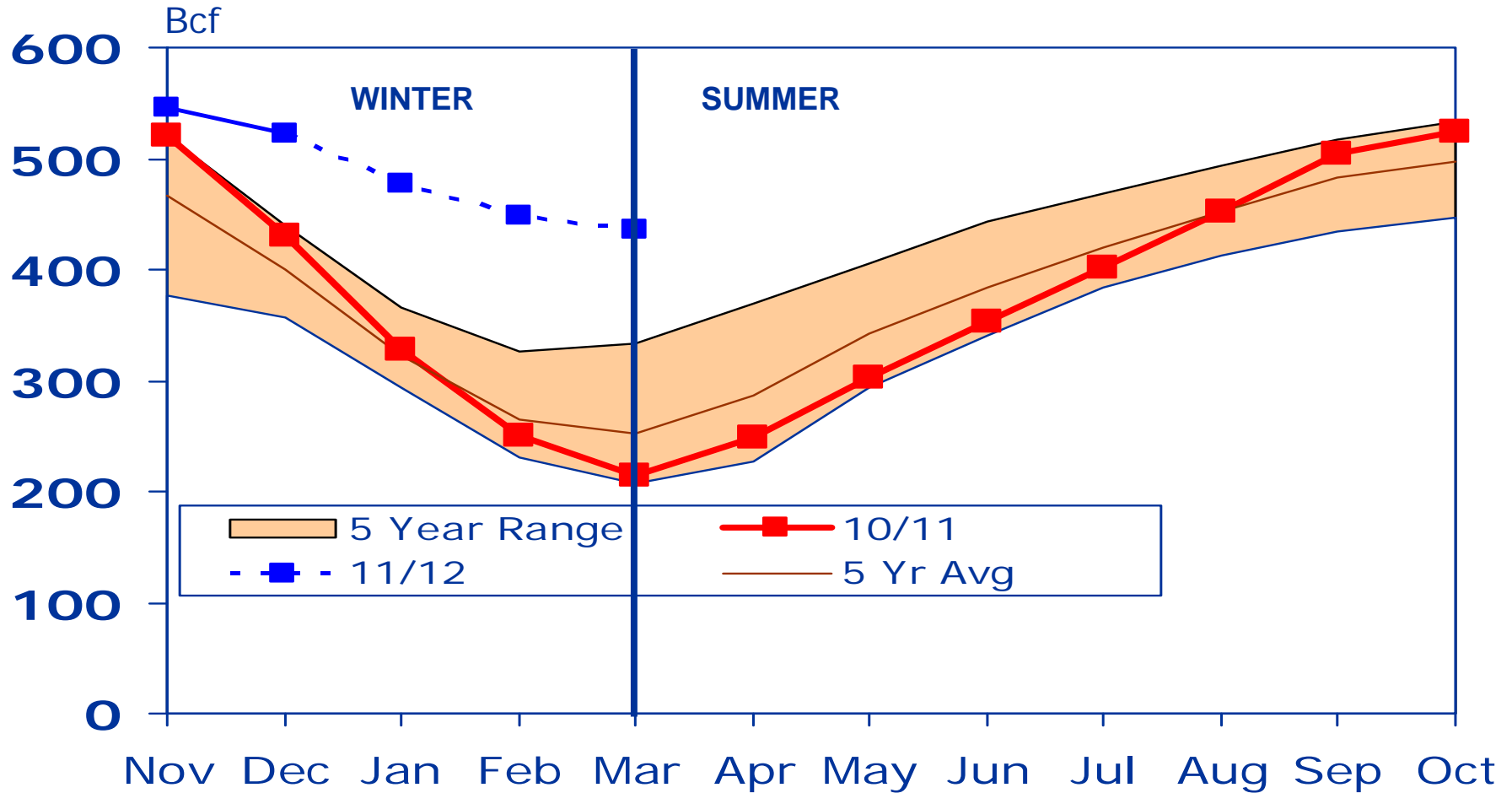
Data Current to Mar 27, 2012

WCSB Coalbed Methane Production



Source: QC Data, as of Dec. 2011

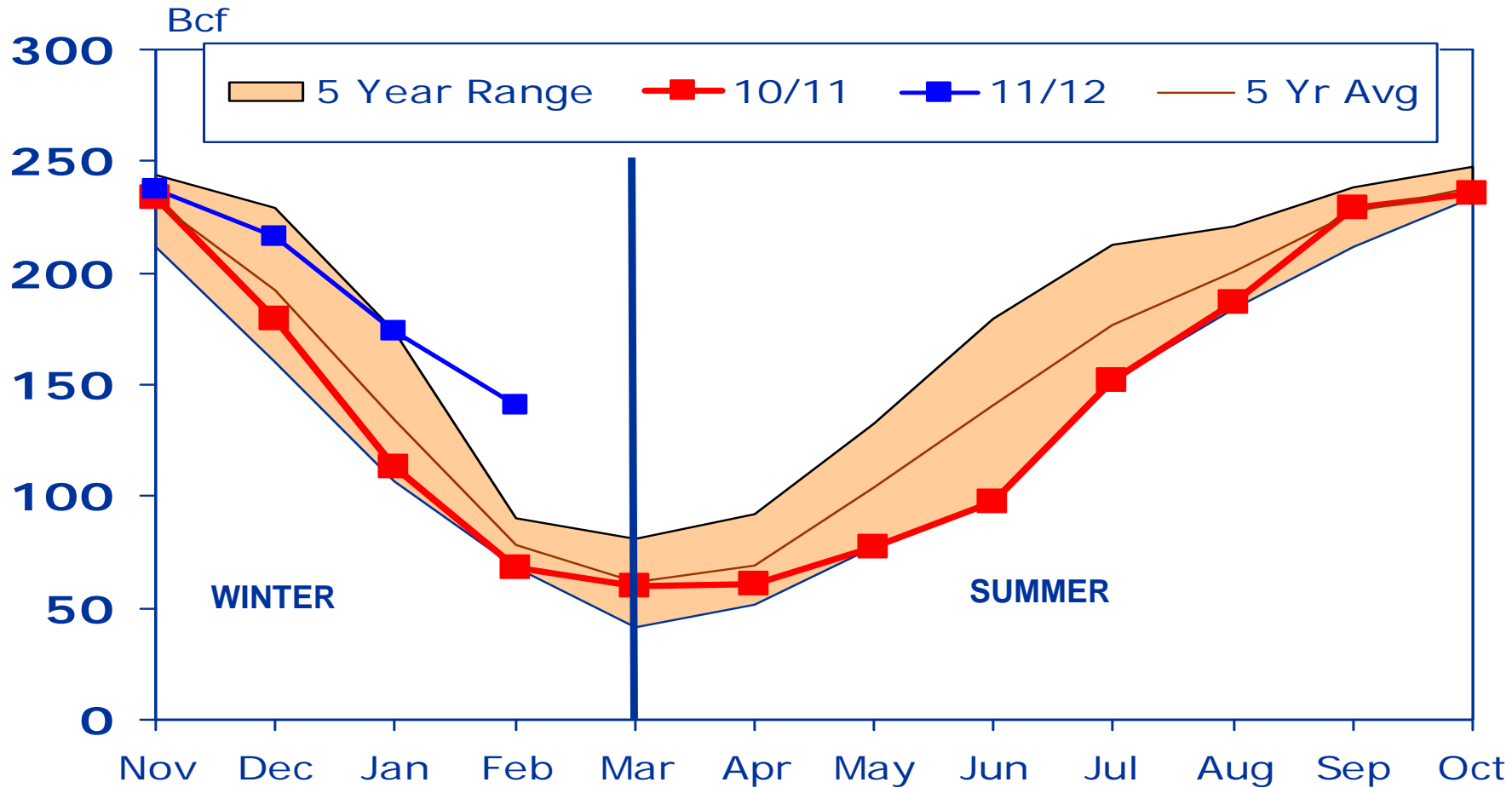
Western Canada* Working Gas in Storage



Source: BC, Sask, AB governments, TransCanada

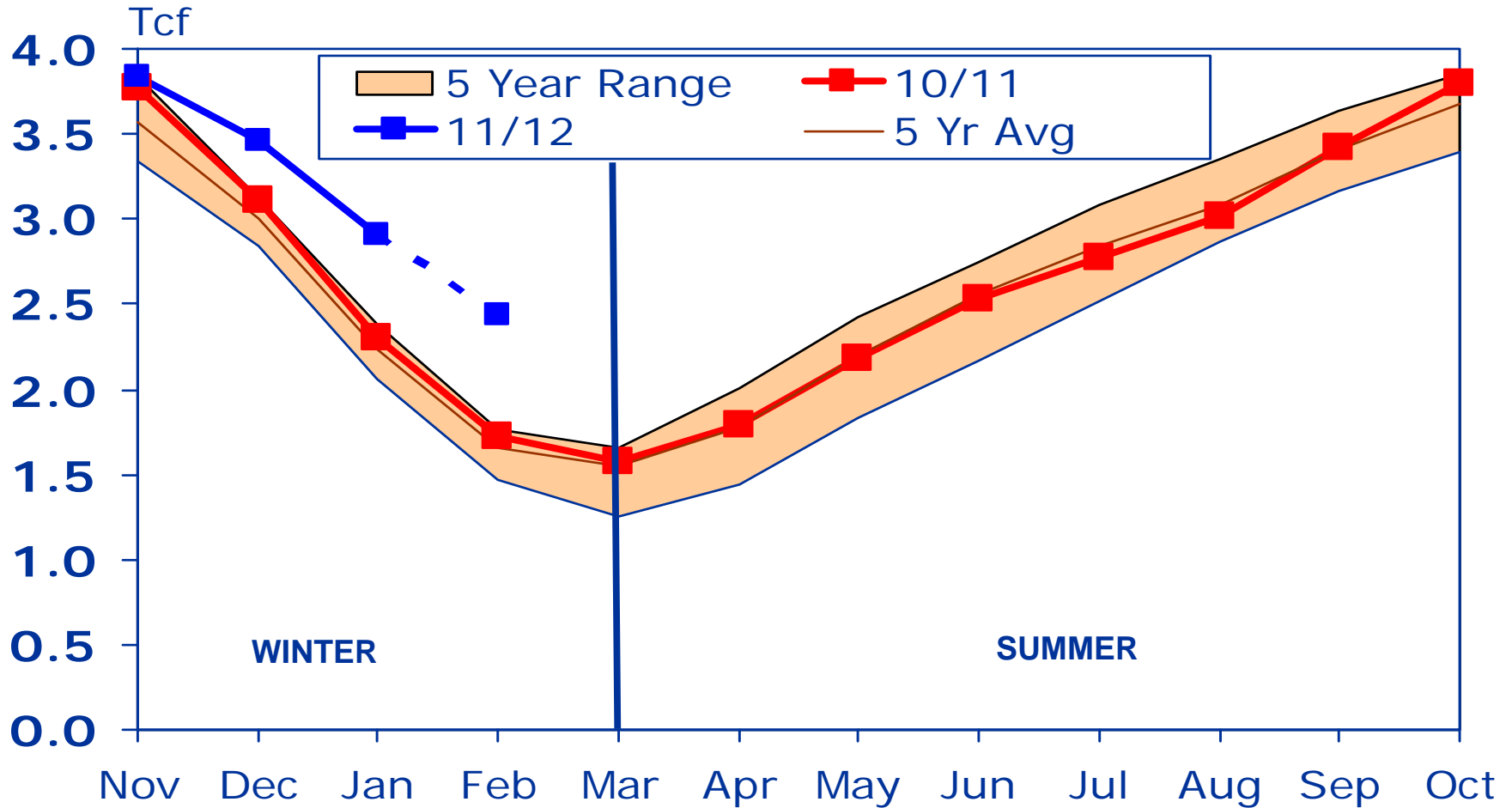
Dashed lines signify estimated levels

Eastern Canada Storage Status



Source: Canadian Enerdata

U.S. Storage Status



Source: EIA

Dashed lines signify estimated levels

Conclusions



- Field capacity for gas remains strong, however the short-term price collapse will result in significant production declines.
- WCSB supply is expected to drop 500 MMcf/d in 2012 compared to 2011.
- Reduced production will be in conventional gas, mainly in Alberta and Saskatchewan.
- Throughput on the Alberta System is expected to average 9.6 – 10.0 Bcf/d this summer compared to 10.6 Bcf/d summer 2011.