

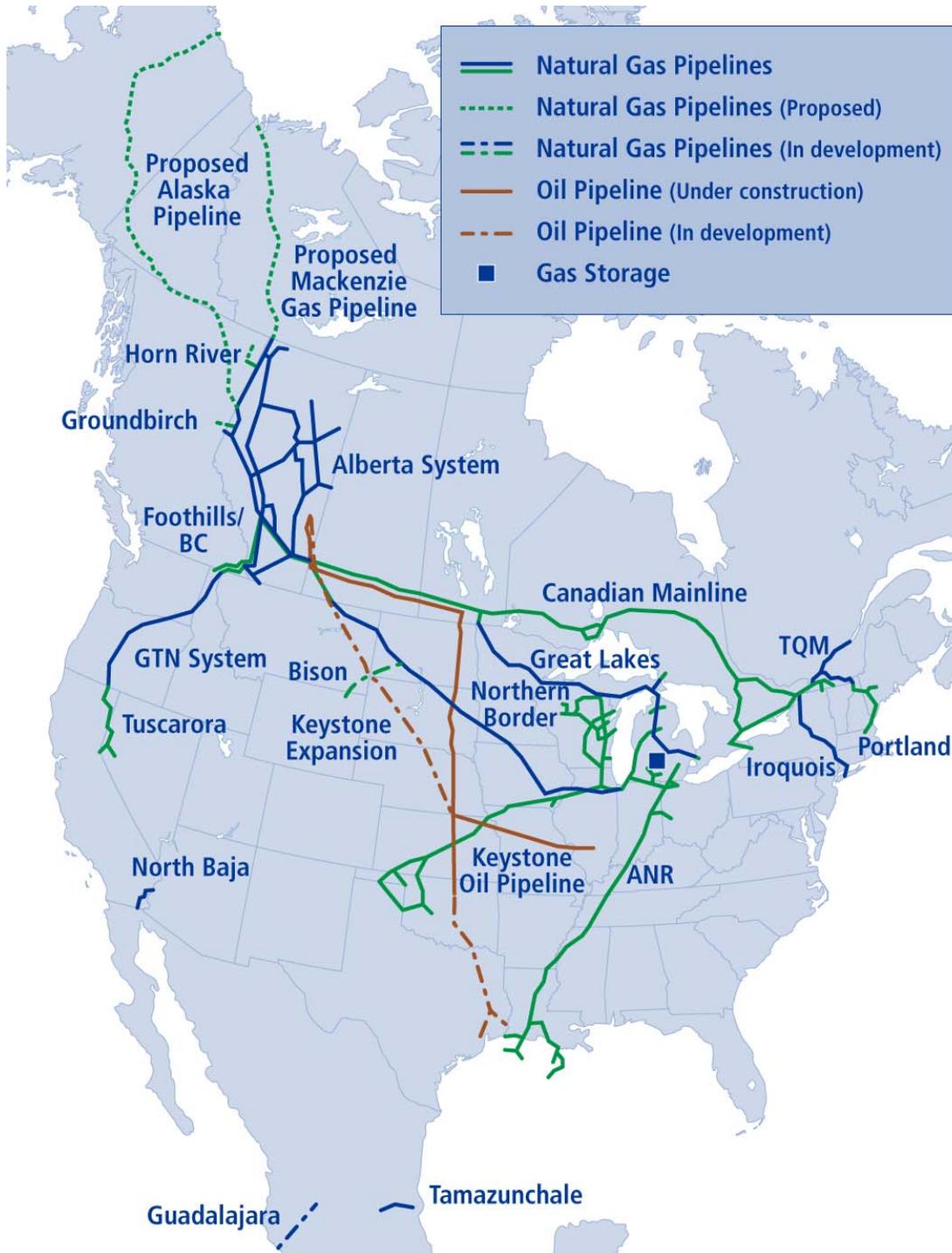
North Baja Pipeline

Presentation to the Arizona Corporation Commission

October 19, 2009



TransCanada's Pipeline Assets



- 59,000 km (36,500 mi) of wholly owned natural gas pipeline
- Interests in an additional 7,800 km (4,800 mi) of natural gas pipeline
- 250 Bcf of regulated natural gas storage capacity
- Unparalleled connections from traditional and emerging basins to growing markets
- Average daily volume of approximately 15 Bcf
- Keystone oil pipeline 1.1 million Bbl/d

TransCanada's Energy Assets



- 19 plants
- 10,900 megawatts
- Diversified portfolio primarily consists of low-cost, base-load generation
- 120 Bcf of unregulated natural gas storage capacity in Alberta



North Baja Pipeline Regional Map



Background

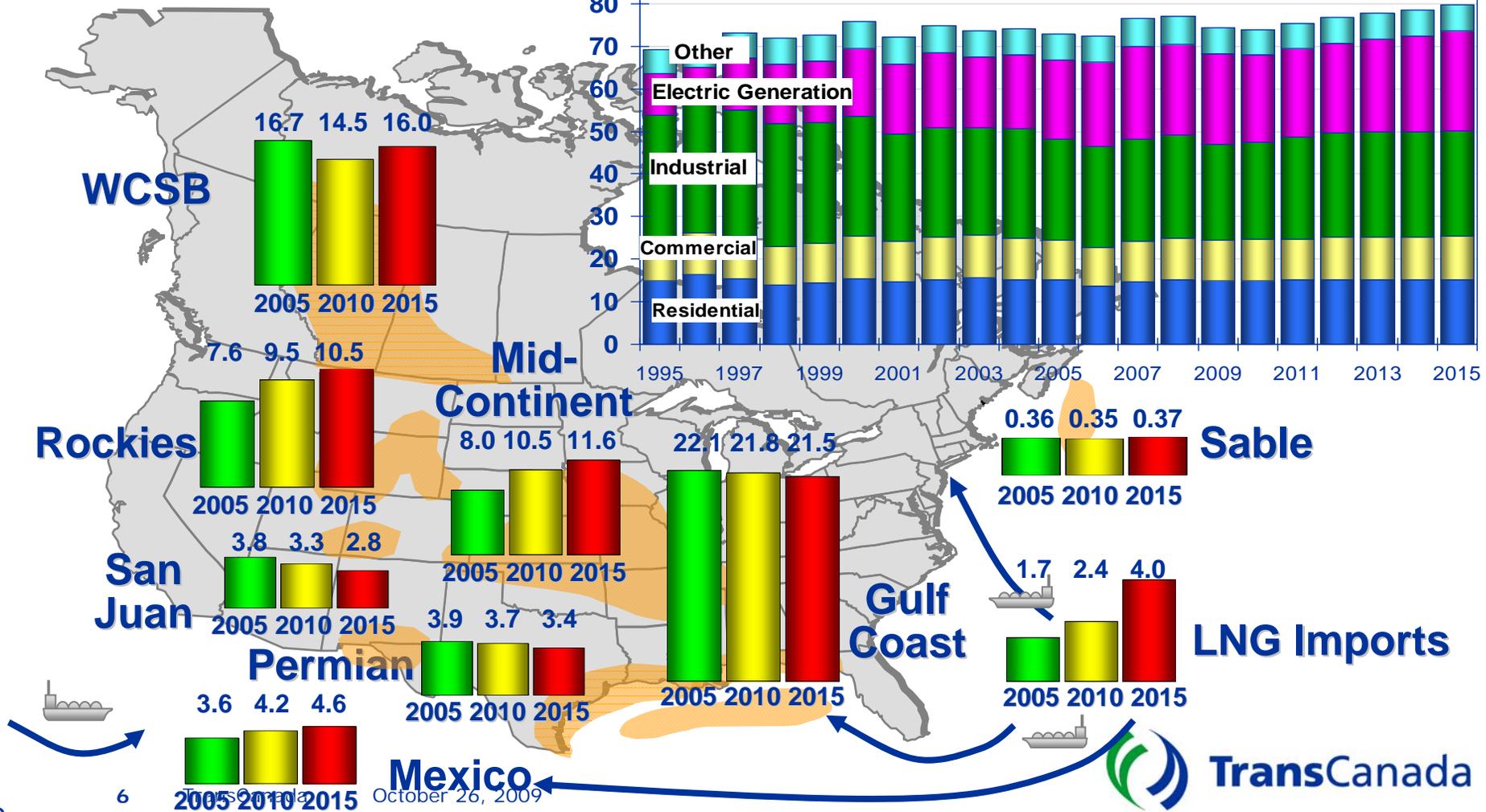
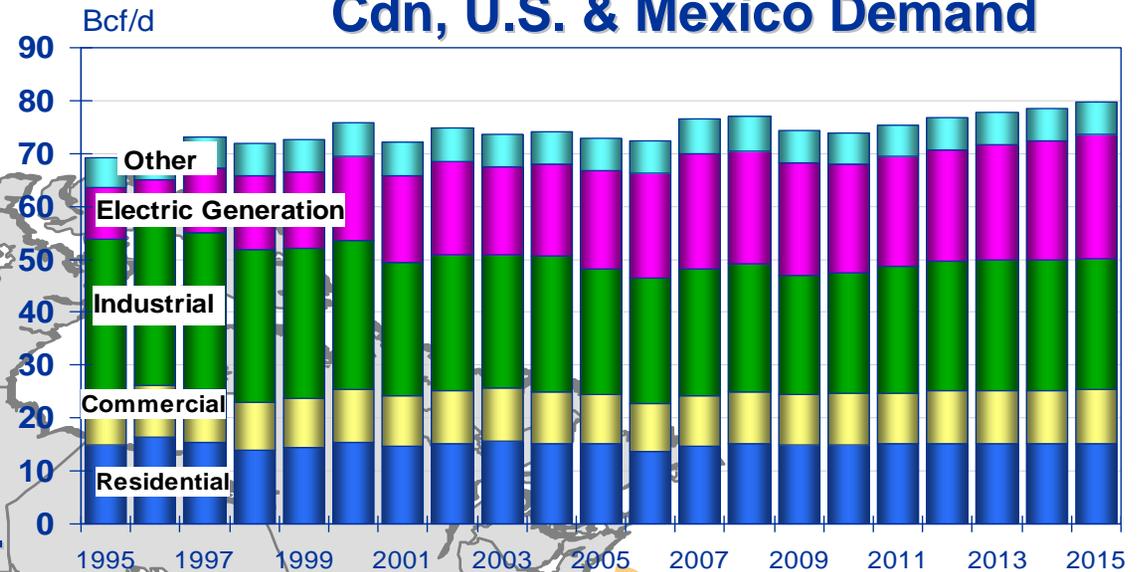


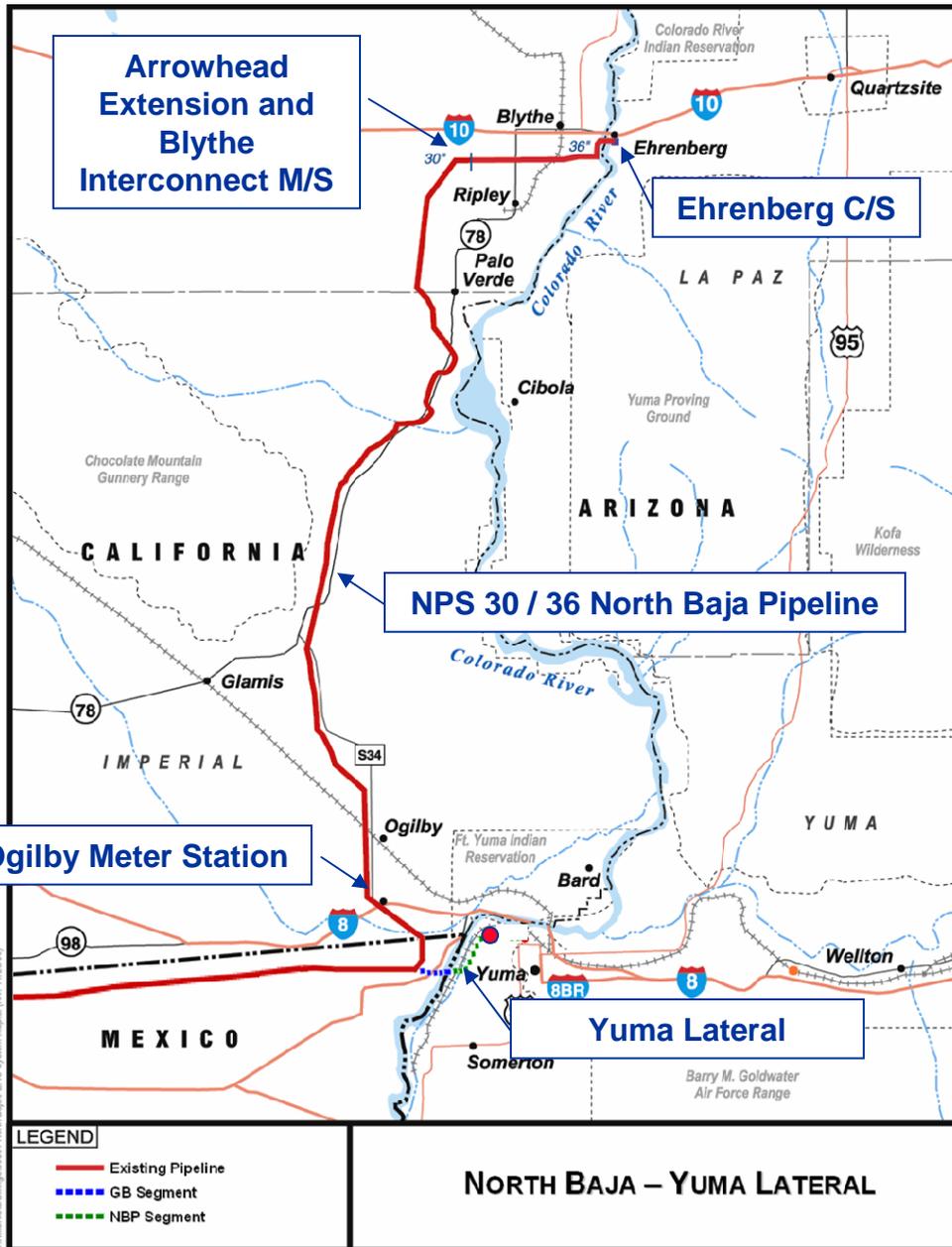
- North Baja Pipeline (NBP) was originally placed into service in 2002
- NBP Expansion-Phase 1 was completed in April 2008. The system is now bi-directional.
- Sempra's Energia Costa Azul LNG Terminal, located north of Ensenada, is completed and has been in operation since April 2008. LNG ships have made deliveries to the terminal and the frequency is expected to increase.
- NBP Expansion-Phase 2 is pending the expansion of the LNG terminal
- Recently NBP was Transferred to TransCanada Pipelines, LP

North American Supply/Demand (Bcf/d) – TSO 2009 September Update



Cdn, U.S. & Mexico Demand





North Baja Pipeline System Map

NBP Expansion Project



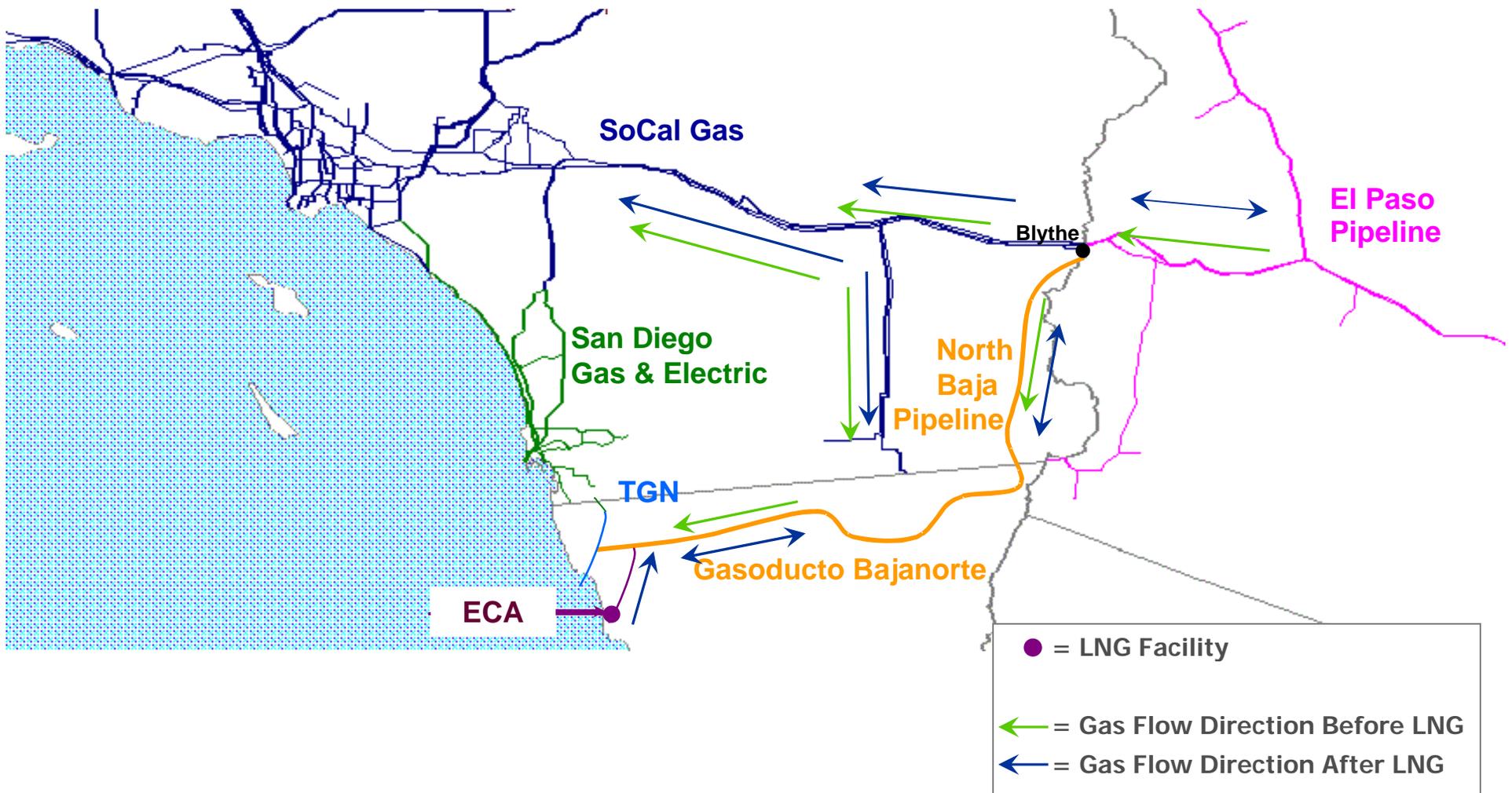
NBP Expansion Phase 1

- FERC Approval Oct 2007
- System is now bi-directional
 - 500 MMcf/d southbound
 - 600 MMcf/d northbound
- Complete in April 2008

NBP Expansion Phase 2

- FERC approval October 2007
- Allows expansion of up to 2.7 Bcf

Impact of LNG Terminal on Gas Flows in the Southwest & Baja California

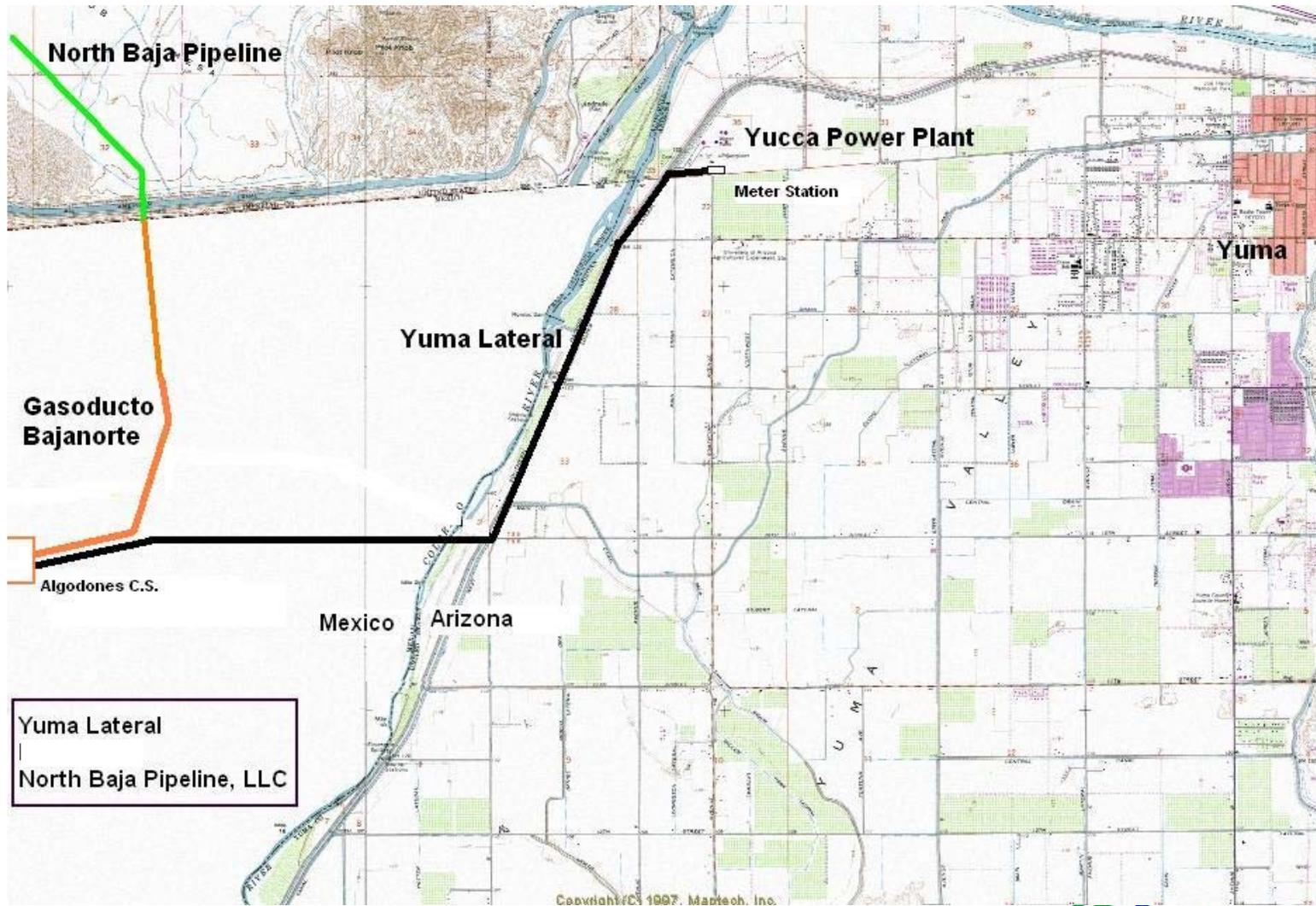


How the Expanded NBP Pipeline will help the Southwest



- It will provide a new source of natural gas to the region to replace traditional sources that are in decline
- By competing with traditional sources, it will provide a moderating impact on the cost of gas
- It will improve reliability of supply in the region by providing an alternative pipeline path to bring a new supply into the region
- It will provide additional property tax revenue to the counties where the facilities are located.

Yuma Lateral - Map



NBP – Yuma Lateral Project



Yuma Lateral

- FERC Approval granted September 2, 2008
- 7 mile 12-inch lateral to an APS power plant in Yuma
- Capacity 80 MMcf/d
- Right of Way acquisition difficulties has delayed the construction phase of the project
- In-service March 1, 2010

Future NBP Expansion Potential



- 1-Ehrenberg to Topock
- 2 -Yuma to Phoenix

