

North Baja Pipeline

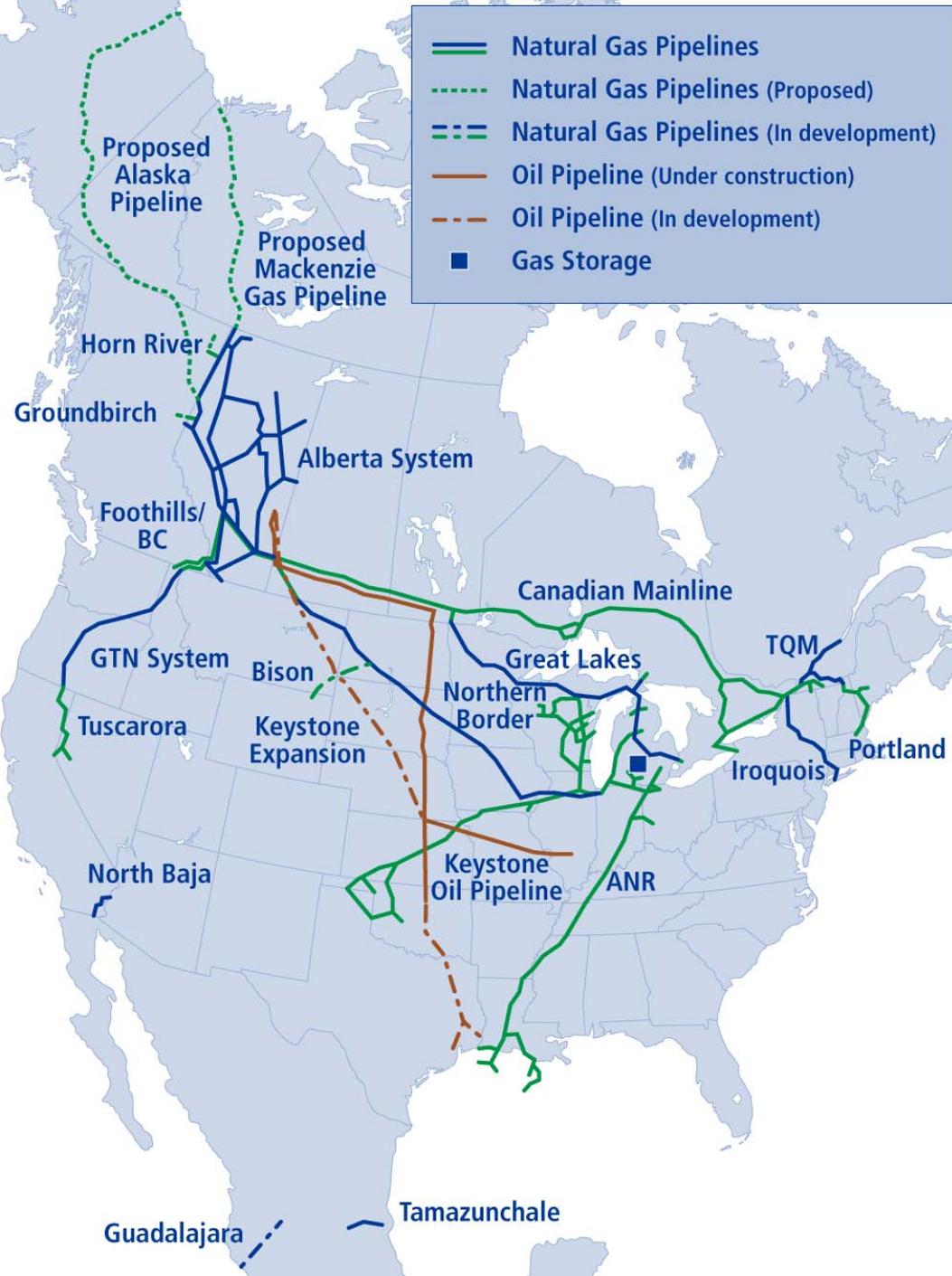
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Presentation to the Arizona Corporation Commission

October 28, 2010



TransCanada's Pipeline Assets

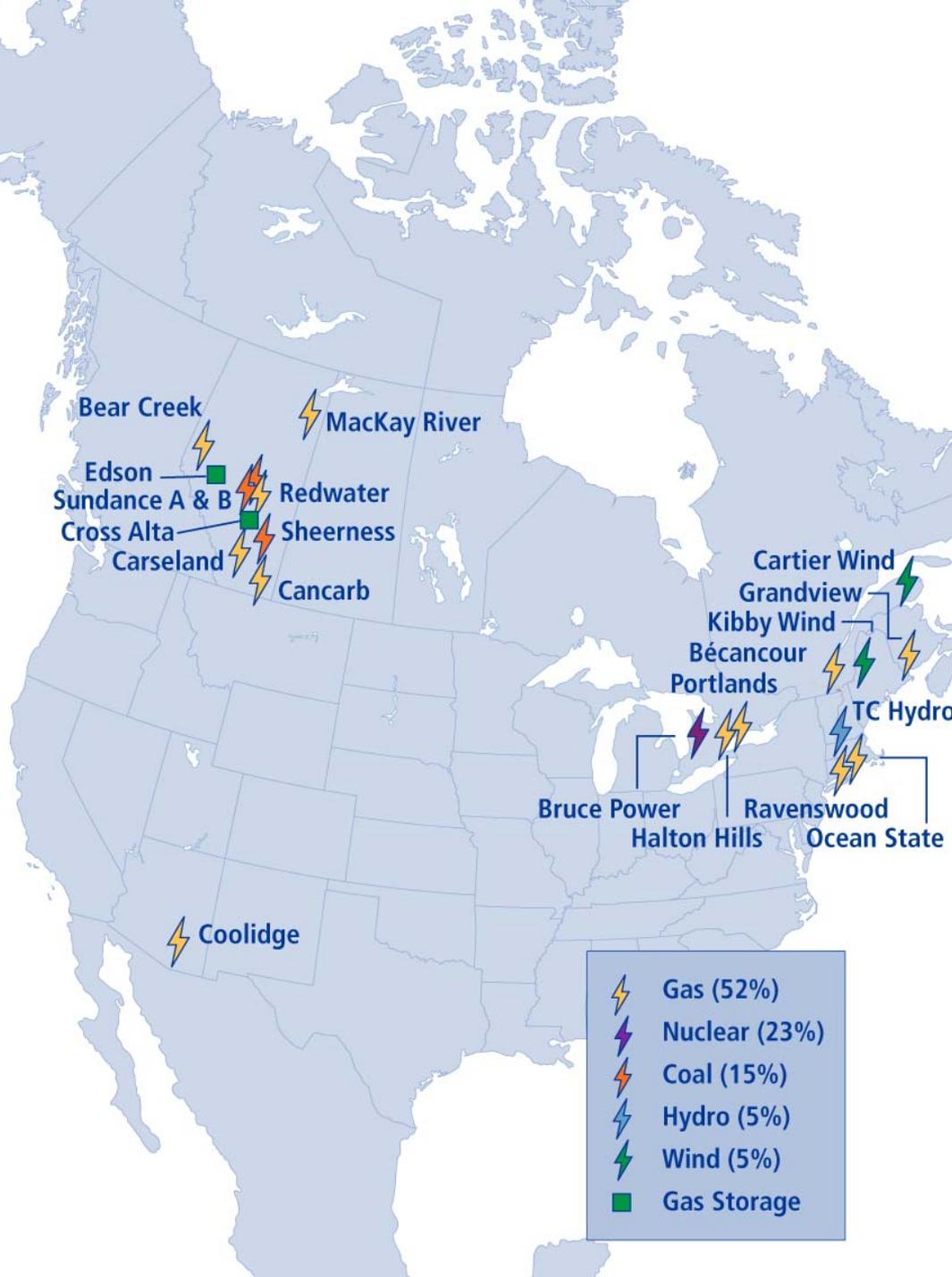


- 60,000 km (37,000 mi) of wholly owned natural gas pipeline
- Interests in an additional 7,800 km (4,800 mi) of natural gas pipeline
- 250 Bcf of regulated natural gas storage capacity
- Unparalleled connections from traditional and emerging basins to growing markets
- Average daily volume of approximately 15 Bcf
- Keystone oil pipeline 1.1 million Bbl/d

TransCanada's Energy Assets



- 20 plants
- 11,800 megawatts
- Diversified portfolio primarily consists of low-cost, base-load generation
- 120 Bcf of unregulated natural gas storage capacity in Alberta



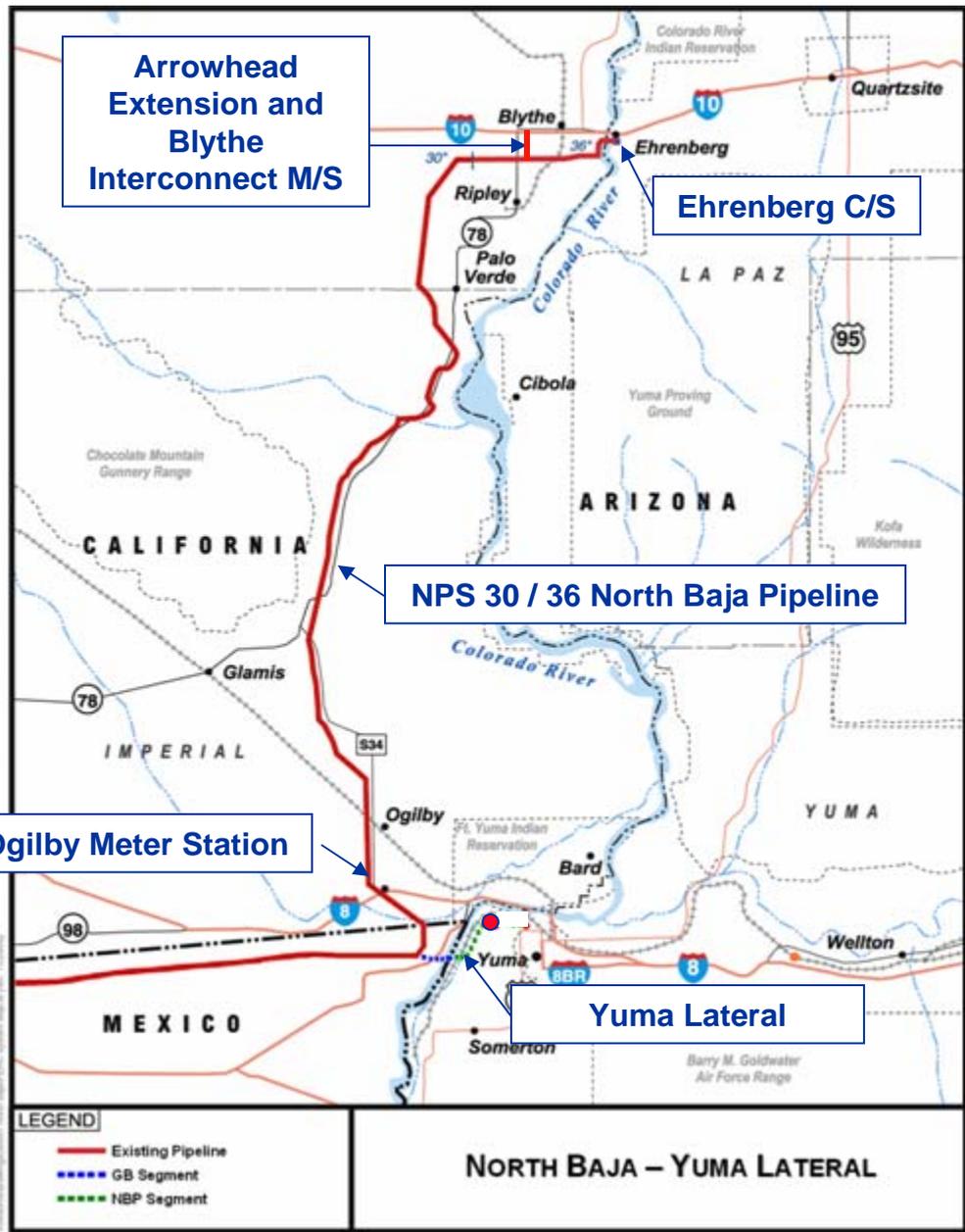
North Baja Pipeline Regional Map



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
- NBP Expansion-Phase 2 is pending the expansion of the LNG terminal



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

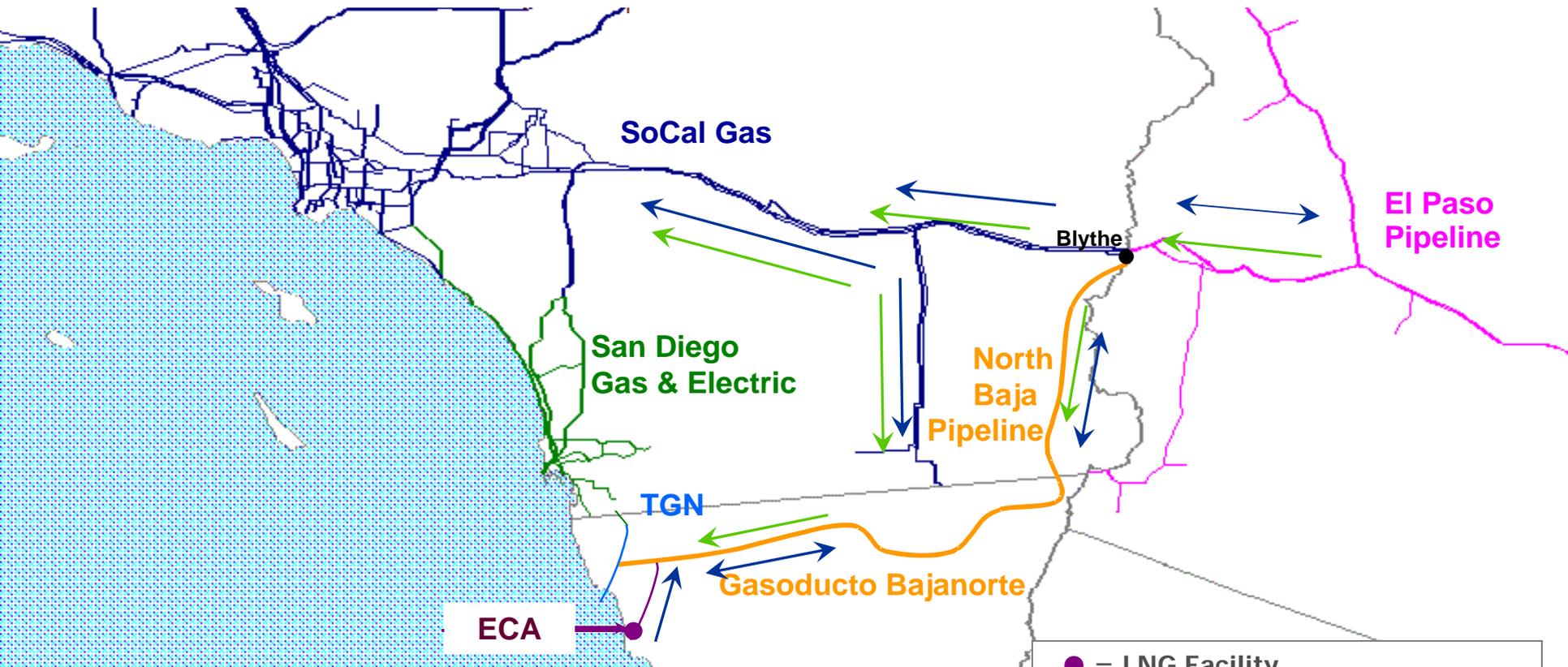
- FERC approval October 2007
- Allows expansion of up to 2.7 Bcf

Energia Costa Azul (ECA) Status



- ECA became operational in April 2008 and started providing intermittent supplies
- ECA has been providing consistent natural gas supplies since March 2010
- 57 BCF delivered since March 2010
- Approximately 250 MMcf/d of LNG sourced gas to the North Baja system

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

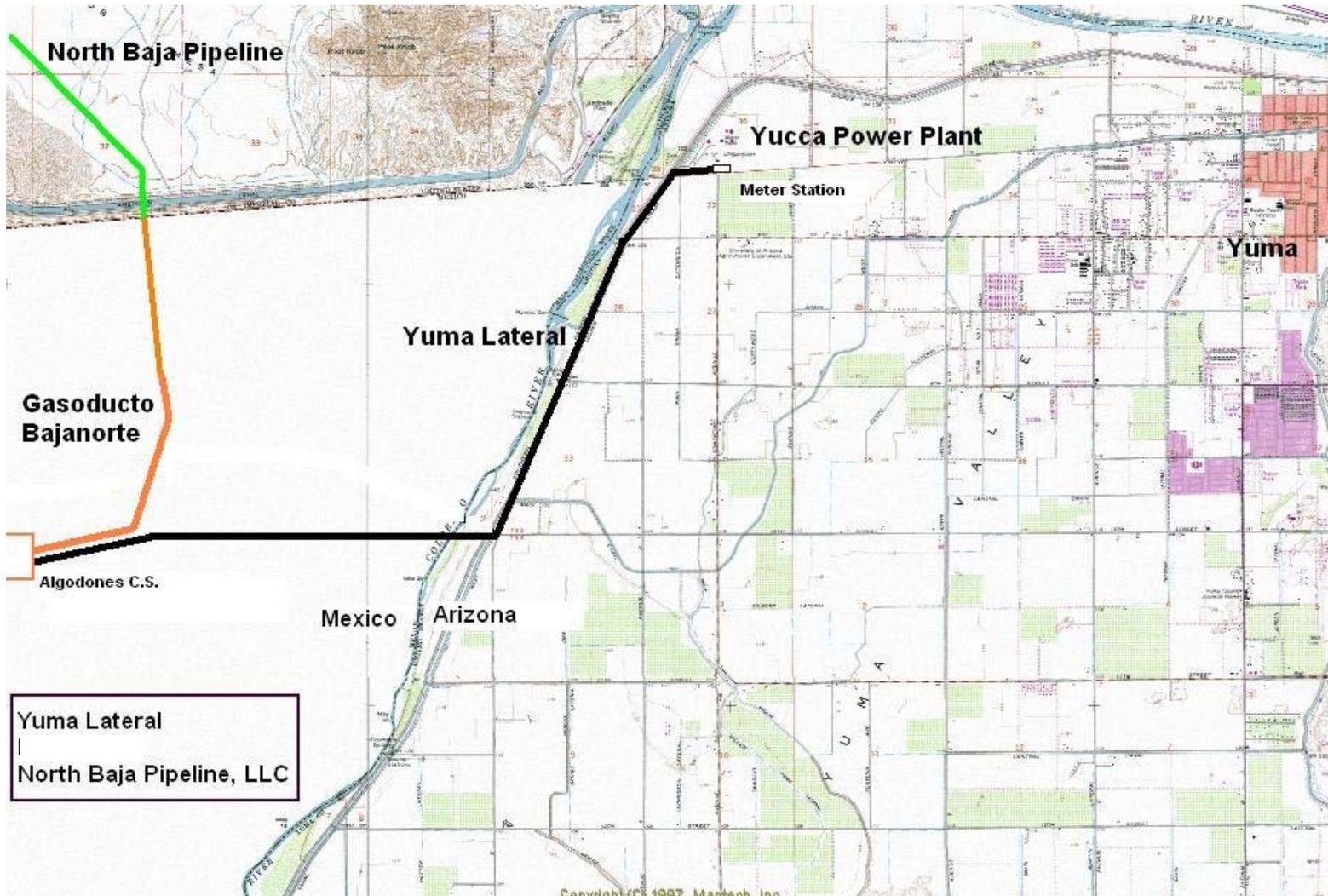


● = LNG Facility

← = Gas Flow Direction Before LNG

← = Gas Flow Direction After LNG

Yuma Lateral - Map



Yuma Lateral
North Baja Pipeline, LLC

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
- Lateral became operational on March 13, 2010
- Now serving the new APS units at the Yucca power plant
- IID units at Yucca will be receiving service in March 2011

Yuma Lateral Construction



Question--How safe is the pipeline?



Safety is built into the system at several different levels

- **Design**—significant safety factor built in
- **Material** - Improvements in material science underlying pipe fabrication
- **Construction** – testing to 125% of maximum operating pressure
- **Pipeline Coating/Cathodic protection** (safeguard against corrosion)
- **Operations**
 - Pigging
 - Aerial patrols
 - Gas Control monitors system 24/7
- **Frequent audits** by federal Office of Pipeline Safety

NBP Safety Issues



- TransCanada's NBP takes pipeline safety very seriously
- The NBP mainline was originally constructed in 2002
- The mainline and Yuma Lateral are fully piggable
- Integrity Management plans are in place
- Public Awareness Programs educate the public/officials/first responders
- 811 - Call Before You Dig number
- Pipeline locations - www.npms.phmsa.dot.gov