



Social License for Energy Projects

Keystone Oil Pipeline – an unfinished Case Study

Remarks of William C. (Bill) Taylor

CCRE Energy Roundtable



Forward-Looking Information



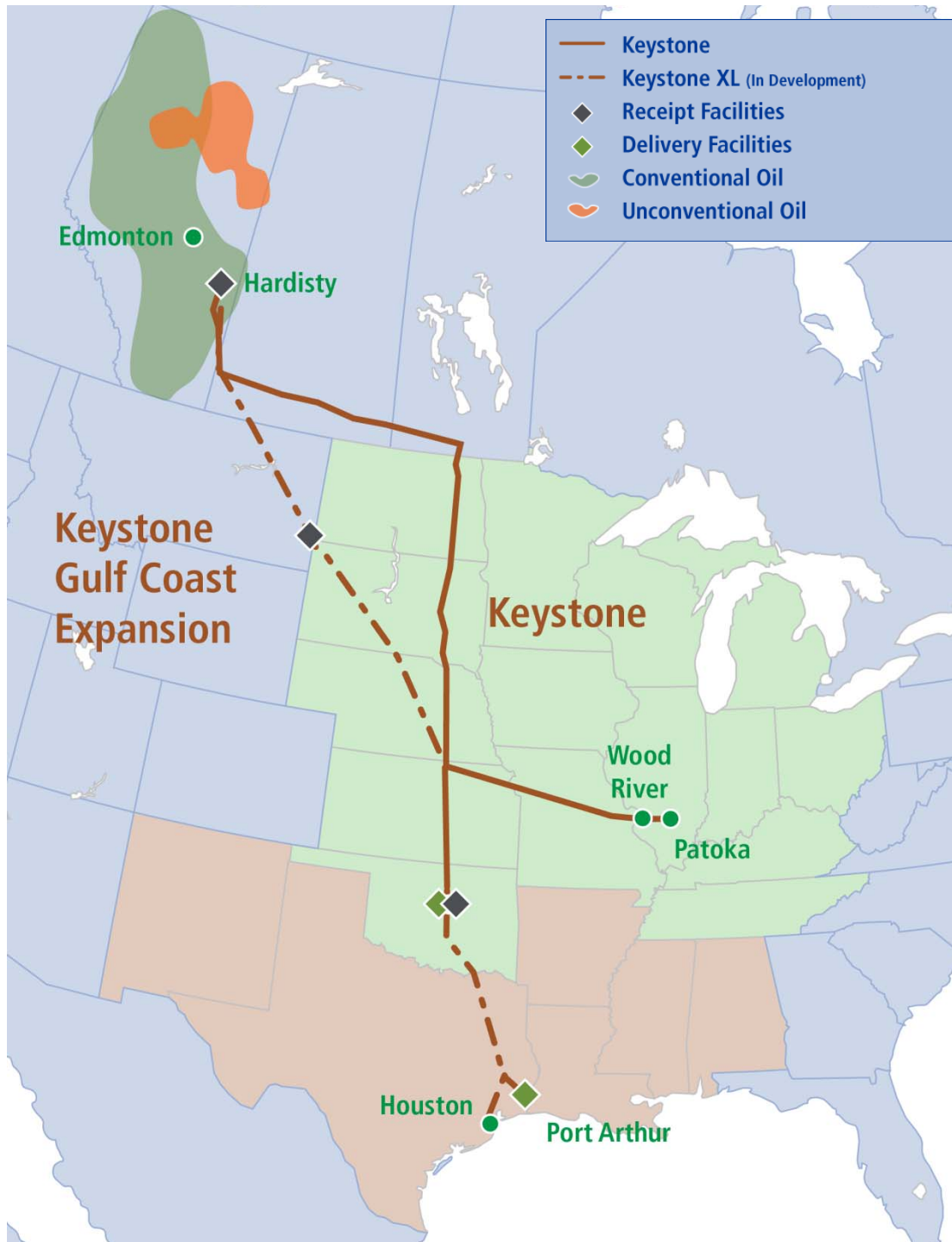
This presentation contains certain information that is forward looking and is subject to important risks and uncertainties. The words "anticipate", "expect", "believe", "may", "will", "should", "estimate", "project", "outlook", "forecast", "intend", "target", "plan" or other similar words are used to identify such forward-looking information. Forward-looking statements in this presentation are intended to provide TransCanada security holders and potential investors with information regarding TransCanada and its subsidiaries, including management's assessment of TransCanada's and its subsidiaries' future plans and financial outlook. Forward-looking statements in this presentation may include, but are not limited to, statements regarding anticipated business prospects; financial performance of TransCanada and its subsidiaries and affiliates; expectations or projections about strategies and goals for growth and expansion; expected cash flows; expected costs; expected costs for projects under construction; expected schedules for planned projects (including anticipated construction and completion dates); expected regulatory processes and outcomes; expected outcomes with respect to legal proceedings, including arbitration; expected capital expenditures; expected operating and financial results; and expected impact of future commitments and contingent liabilities.

These forward-looking statements reflect TransCanada's beliefs and assumptions based on information available at the time the statements were made and as such are not guarantees of future performance. By their nature, forward-looking statements are subject to various assumptions, risks and uncertainties which could cause TransCanada's actual results and achievements to differ materially from the anticipated results or expectations expressed or implied in such statements. Key assumptions on which TransCanada's forward-looking statements are based include, but are not limited to, assumptions about inflation rates, commodity prices and capacity prices; timing of debt issuances and hedging; regulatory decisions and outcomes; arbitration decisions and outcomes; foreign exchange rates; interest rates; tax rates; planned and unplanned outages and utilization of the Company's pipeline and energy assets; asset reliability and integrity; access to capital markets; anticipated construction costs, schedules and completion dates; and acquisitions and divestitures.

The risks and uncertainties that could cause actual results or events to differ materially from current expectations include, but are not limited to the ability of TransCanada to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; the operating performance of the Company's pipeline and energy assets; the availability and price of energy commodities; amount of capacity payments and revenues from the Company's energy business; regulatory decisions and outcomes; outcomes with respect to legal proceedings, including arbitration; counterparty performance; changes in environmental and other laws and regulations; competitive factors in the pipeline and energy sectors; construction and completion of capital projects; labour, equipment and material costs; access to capital markets; interest and currency exchange rates; weather; technological developments; and economic conditions in North America.

Additional information on these and other factors is available in the reports filed by TransCanada with Canadian securities regulators and with the U.S. Securities and Exchange Commission (SEC). Readers are cautioned against placing undue reliance on forward-looking information, which is given as of the date it is expressed in this presentation or otherwise stated, and not to use future-oriented information or financial outlooks for anything other than their intended purpose. TransCanada undertakes no obligation to publicly update or revise any forward-looking information in this presentation or otherwise stated, whether as a result of new information, future events or otherwise, except as required by law.

Keystone Oil Pipeline



- Links growing crude oil supply with US refiners
- “Keystone” in service 600,000 Bbl/day
- “XL” under regulatory review (53 months now), roughly 700,000 Bbl/day “new”
- 1.3 Million Bbl/day total system
- Critical energy infrastructure creating critically needed jobs
- Keystone XL will create \$20 billion of stimulus
- Keystone XL has the ability to reduce US reliance on OPEC crude by 40%

National Interest Determination



- Security of Supply
- Supply Diversity
- Foreign Policy
- Economic Benefits
- Environmental Impacts (FEIS)

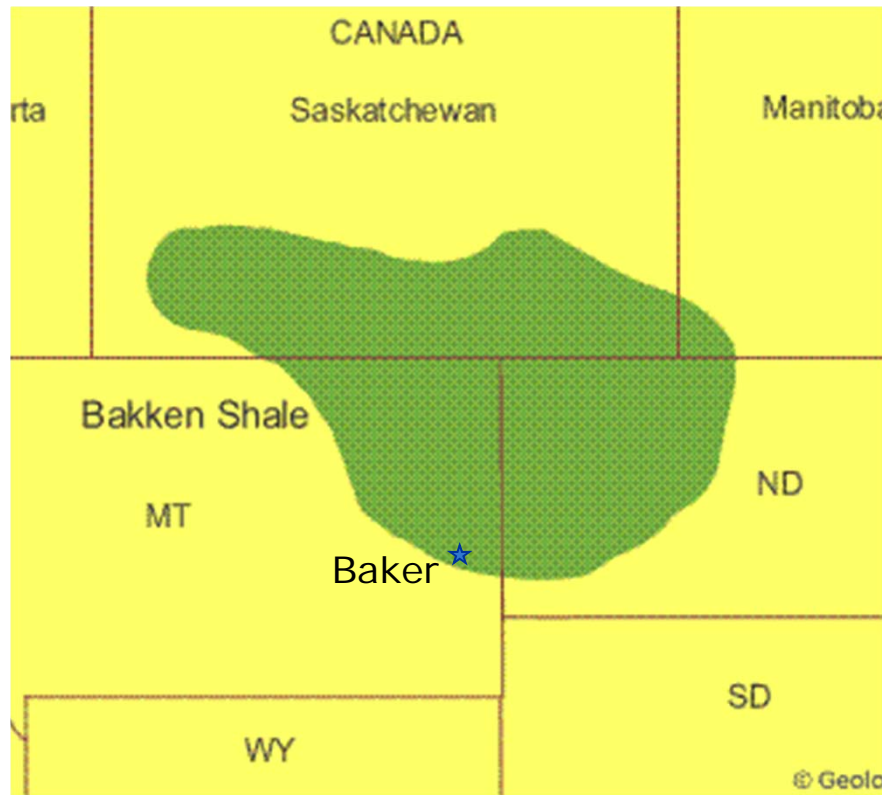
Benefits of Keystone to US



- Access for Canadian and American crude oil
- An ongoing, stable and secure source of crude oil for the U.S.
- Significant and ongoing stimulus to U.S. economy*
 - **\$20 billion in economic benefit to the American economy**
 - **20,000 high-quality, well-paying jobs for American workers**
 - **More than \$585 million in contribution in taxes for the states and communities along the pipeline route**
 - **An additional \$5.2 billion in property taxes over the operating life of the pipeline**
 - **Provides U.S. based producers with new options to move crude oil to American refineries**

* Source: *The Perryman Report - June 2010*

Keystone XL route helps facilitate growth in U.S. crude oil production

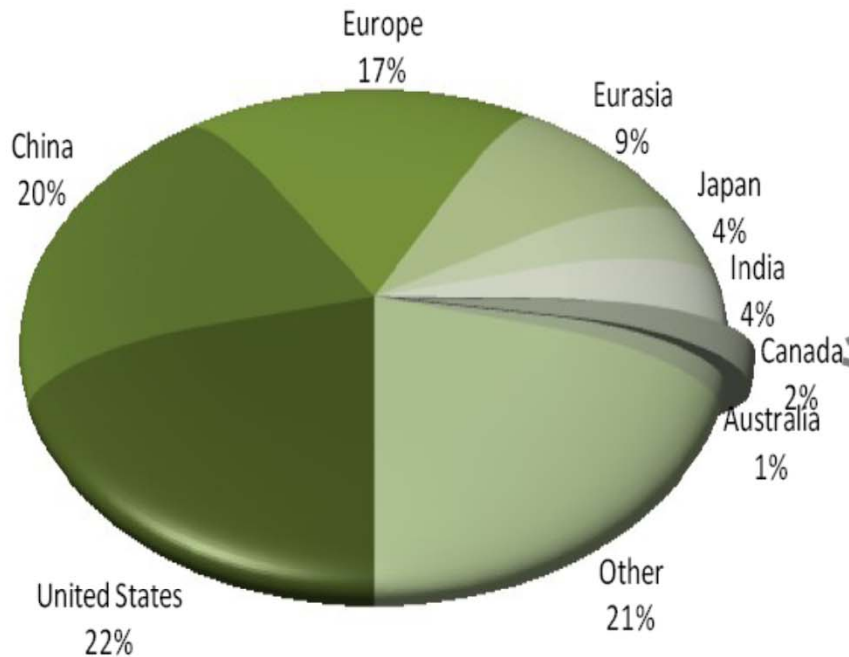


- Bakken deposit in Williston Basin hailed as the single largest oil find in U.S. history
- Three Forks deposit located below may rival Bakken
- Pipeline capacity has been exhausted, limiting further increases in domestic production in eastern Montana and the Dakotas
- Keystone XL will take on Bakken shipments at Baker, Montana
- Bakken shippers have made firm commitments of 65,000 bpd
- Regional production forecasted to grow by >200,000 bpd by 2015

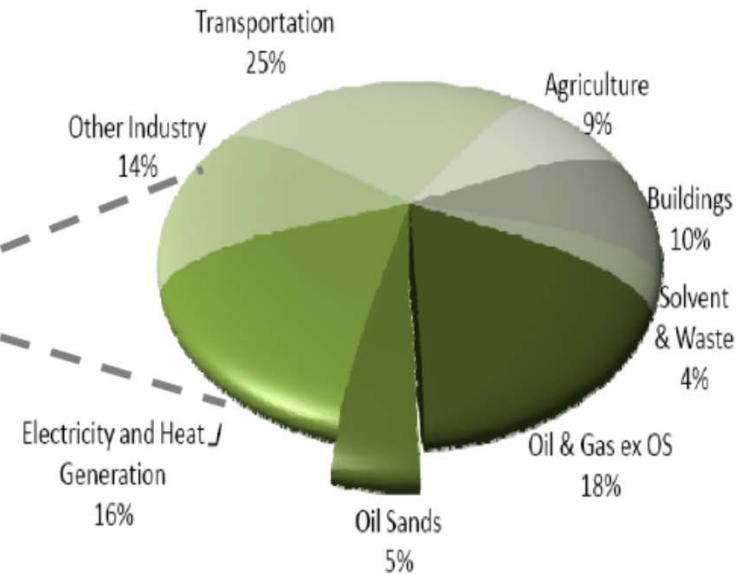
Canada's GHG Emissions In Context



Global Energy Related Emissions By Country



Canada's GHG Emissions By Sector

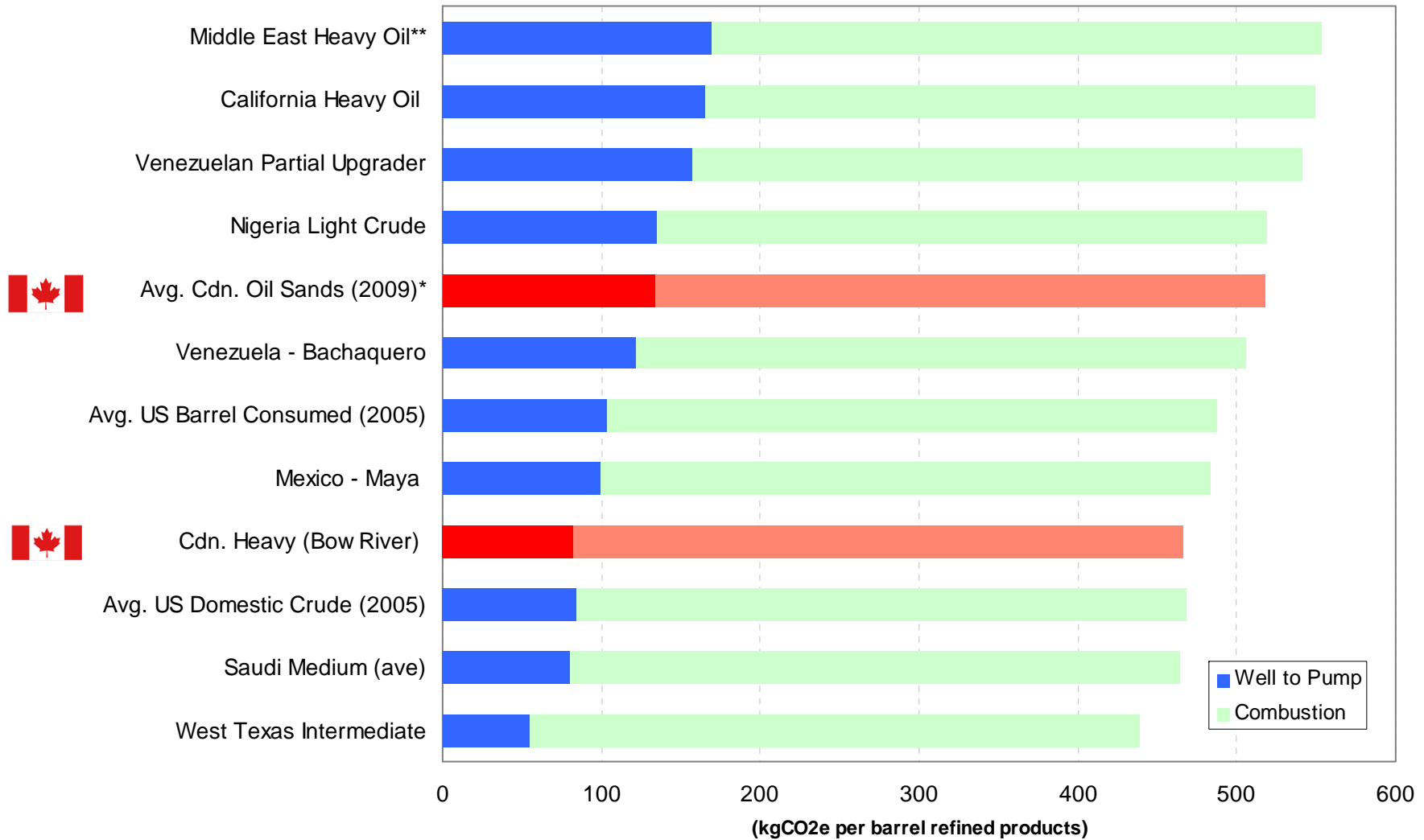


GHG emissions from oil sands:

- less than 0.1% of global GHG emissions
- 5% of Canada's GHG emissions
- GHG intensity reduced by 33% from 1990 to 2007

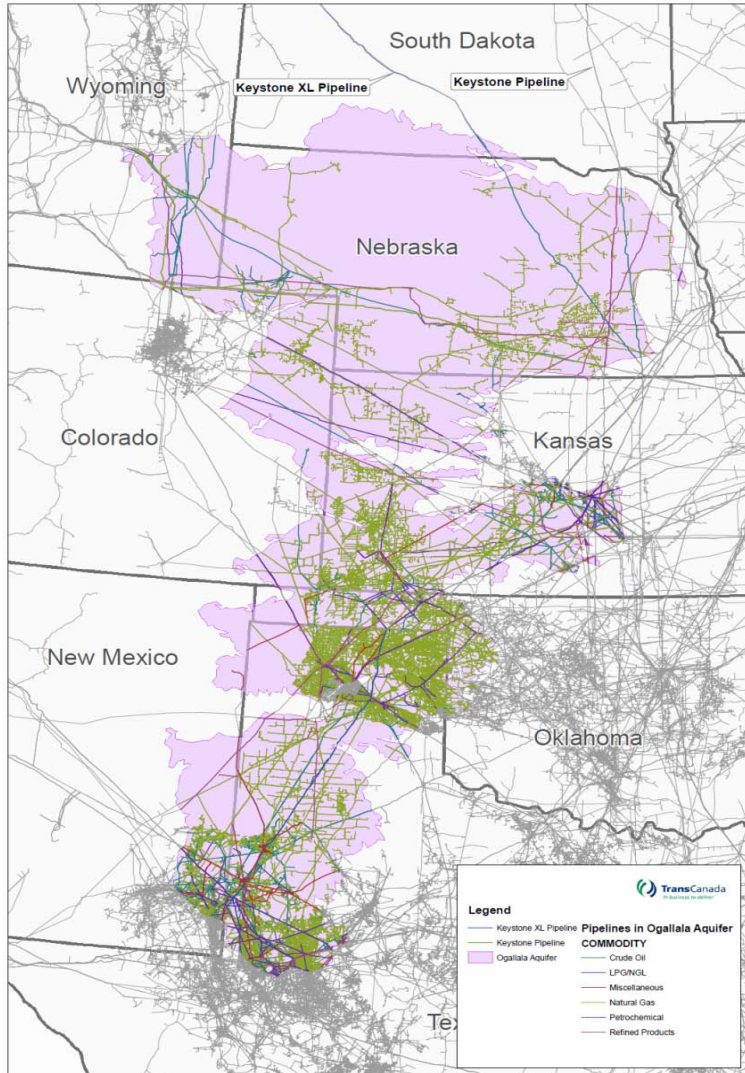
Source: CAPP, Achieving Balance, The Canadian Oil Sands Story, Insight Energy Conference, (February 2, 2010)

Well-to-Wheels Greenhouse Gas Emissions for Oil Sands and Other Crudes



Source: IHS CERA September 2010 Special Report Oil Sands, Greenhouses Gases, and US Oil Supply: Getting the Numbers Right

Pipelines in the Ogallala Aquifer



Over 2 million barrels of crude oil transported through the aquifer daily

Nearly 25,000 miles of liquid hydrocarbon pipelines within the Ogallala Aquifer

State	Total Pipelines	Crude Oil Pipelines	Liquid Pipelines*
Nebraska	8,700	940	2000
Wyoming	2,100	930	1300
Kansas	18,100	2000	4500
Colorado	3,100	260	680
Oklahoma	6,400	300	980
Texas	50,200	8900	13200
New Mexico	5,200	1600	2300
Total	93,820	14,930	24,960

Distances are in miles
* Includes Crude Oil

Social License (defined)



“The public’s unwritten acceptance of a business or industry which allows it to operate”

Source: Lovelace, M. “Social License” Humboldt Watershed Council <http://newforestry.org>

“Social License” in practice



- It is not the same as “reputation”
- It is not the same as “favorability”
- It is perception based -- the facts don’t matter
- It involves the complexity of influence and politics

Social License (defined)



“The public’s unwritten acceptance of a business or industry which allows it to operate”

Q: Will Hydrocarbon based energy projects always struggle against this definition of Social License so long as the GHG debate persists ?