

Western Canada Winter 2007/08 Supply & Demand Outlook

Craig Yano



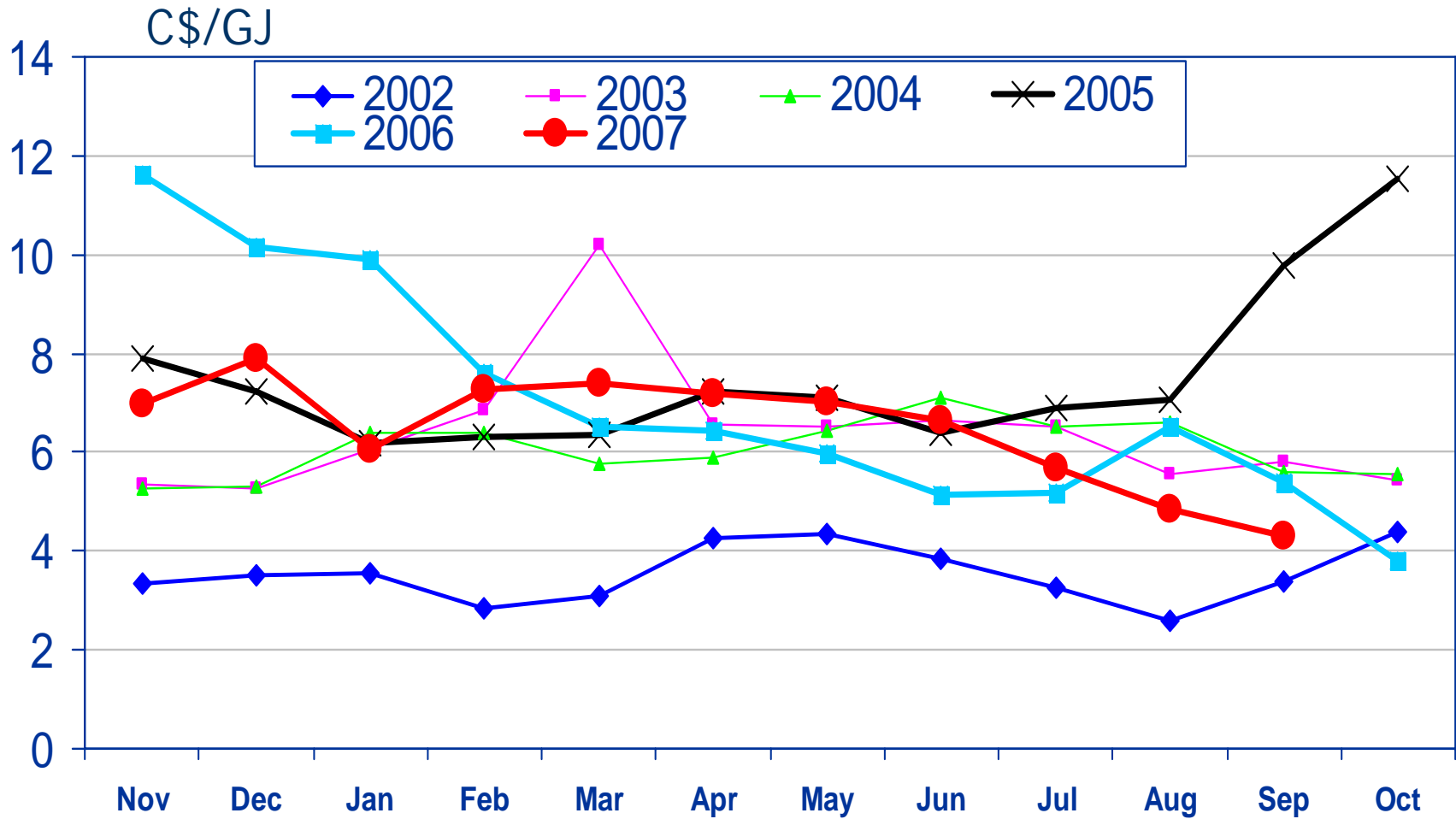
TransCanada
In business to deliver

Perspectives

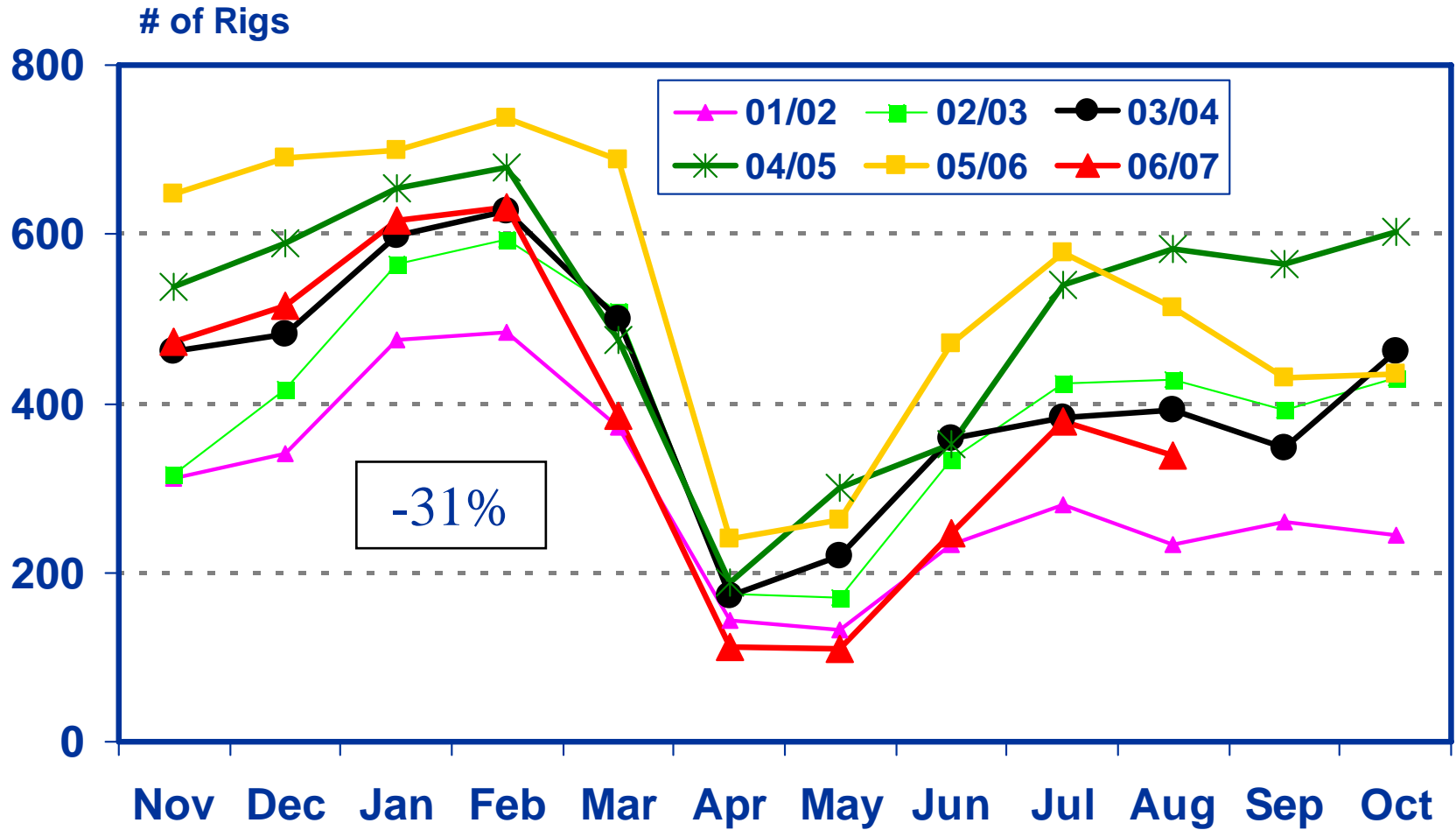


- **Gas well drilling continues to lag last year**
 - Connections down to a lesser extent, larger negative impact next year
- **High grading of locations in some areas**
 - Lessening negative impact of lower drilling
- **Western Canada storage continues at record high**
 - Gas in storage will mitigate decline in field supply this winter
- **Slight increase in exports this winter**
 - Increasing demand met by higher storage withdrawals

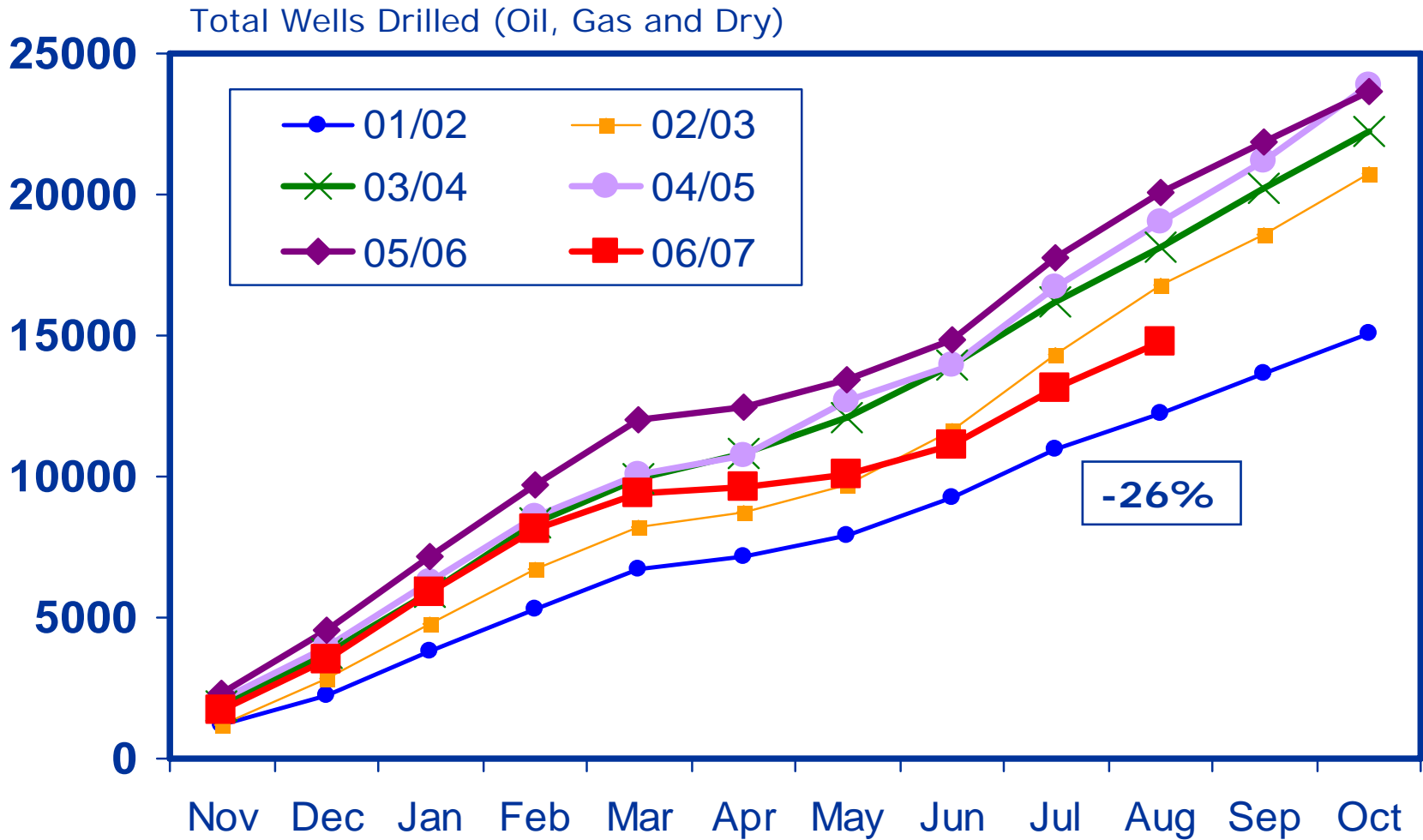
AECO/NIT Gas Prices



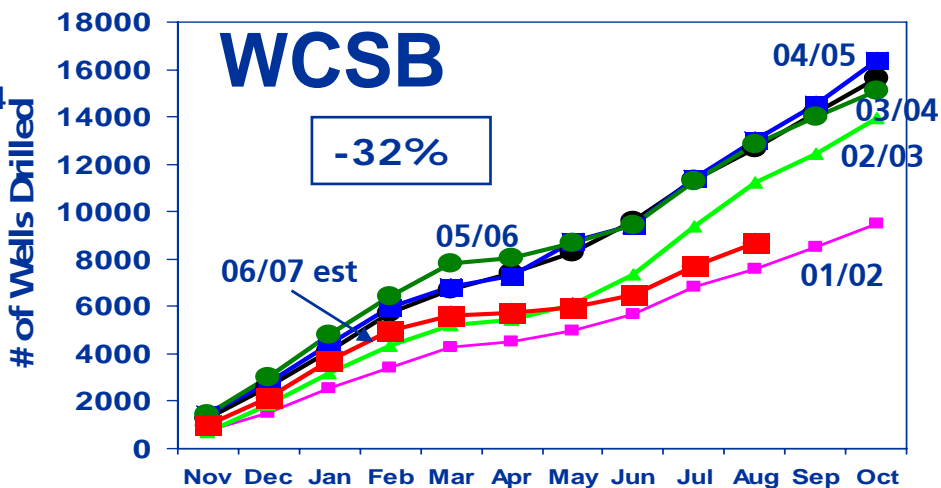
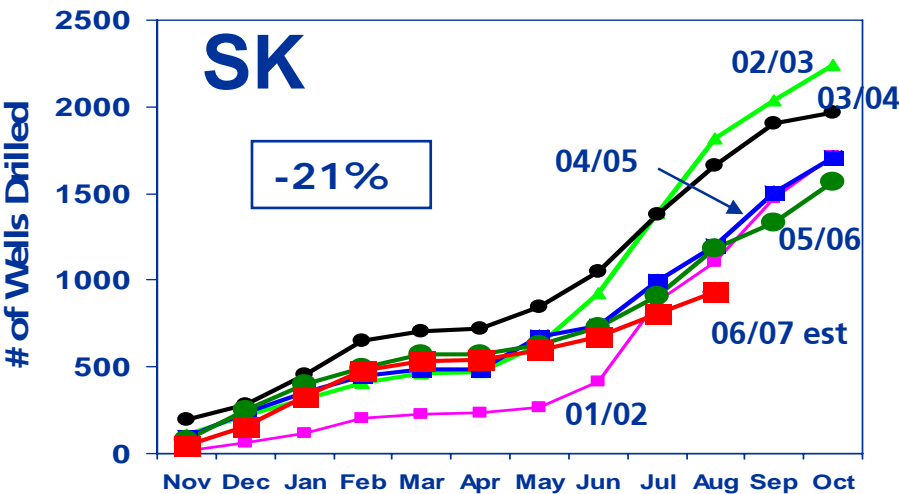
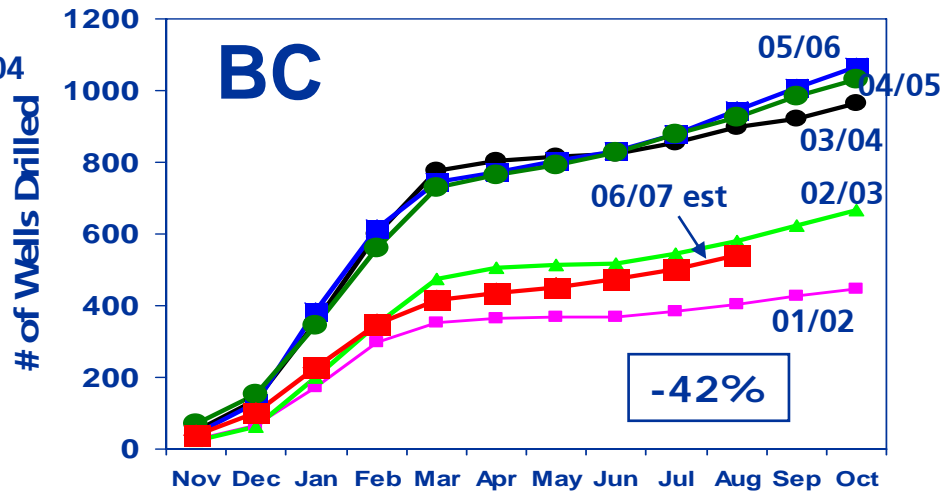
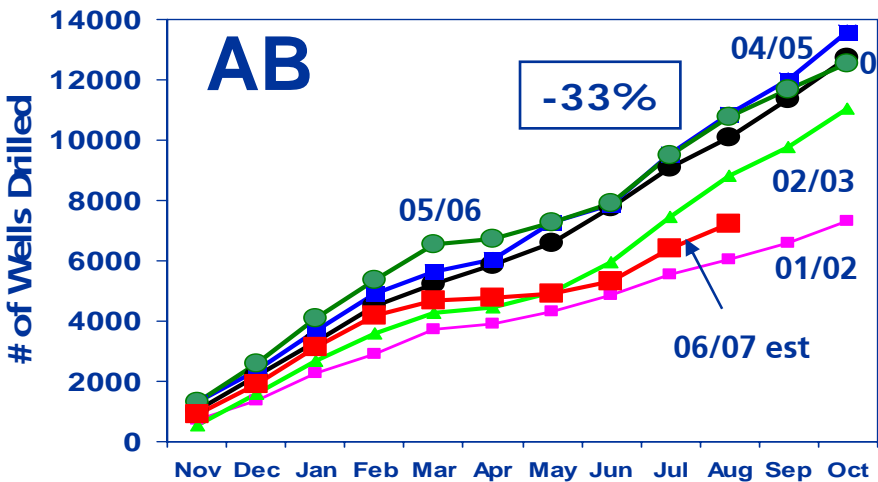
WCSB Active Drilling Rigs



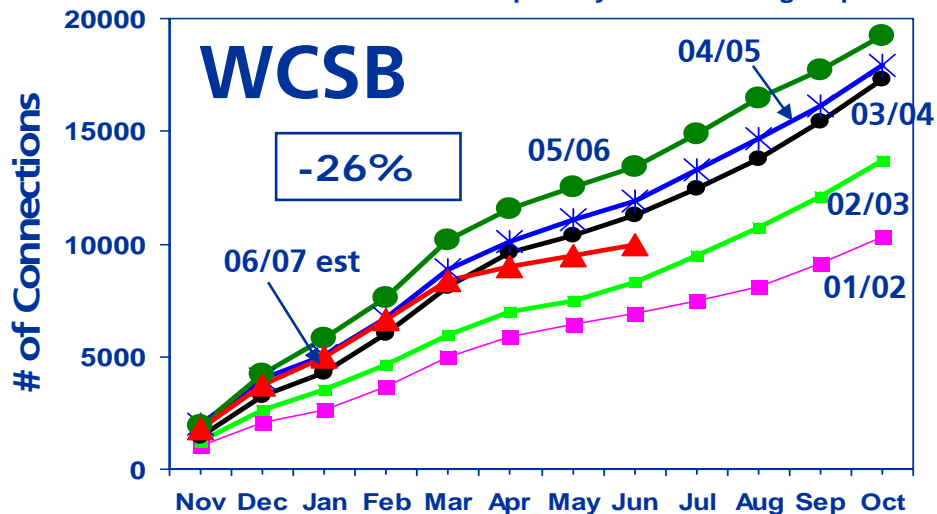
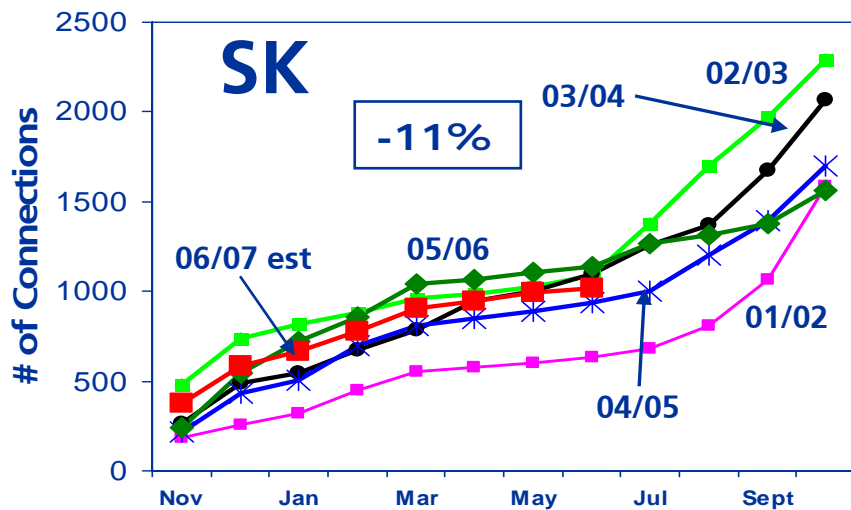
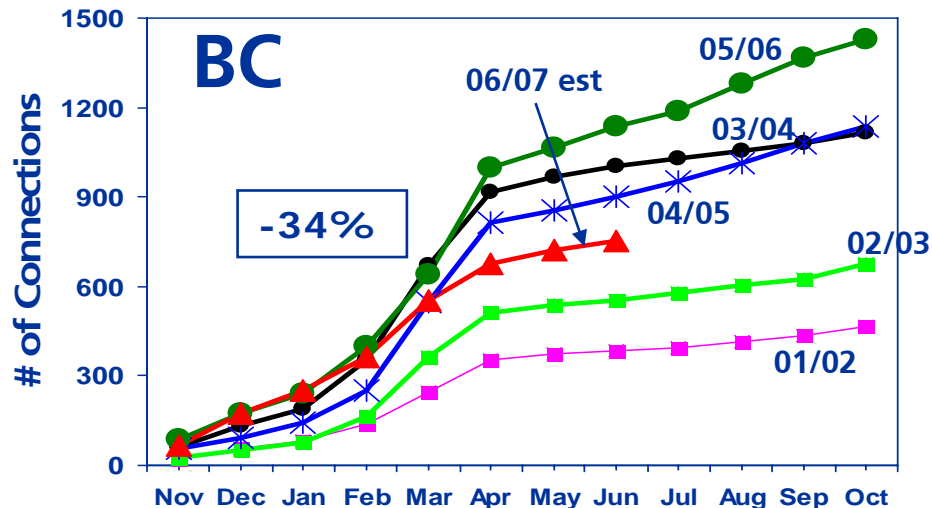
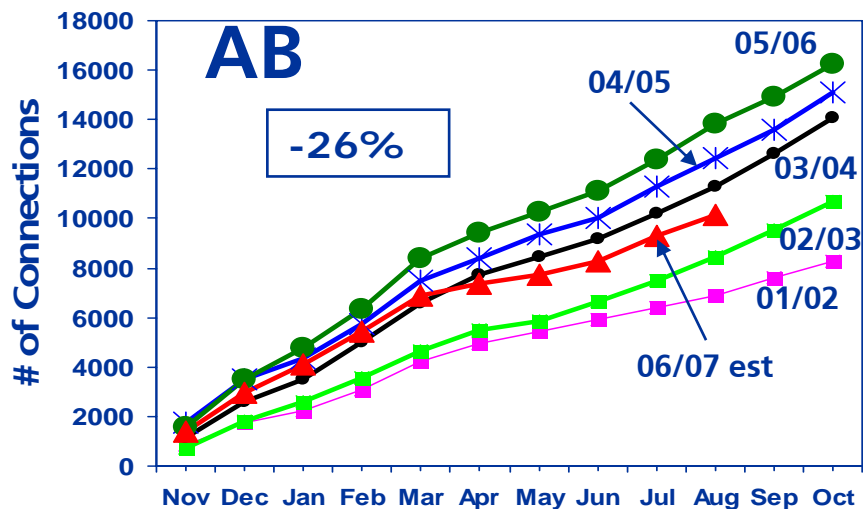
WCSB Drilling Activity



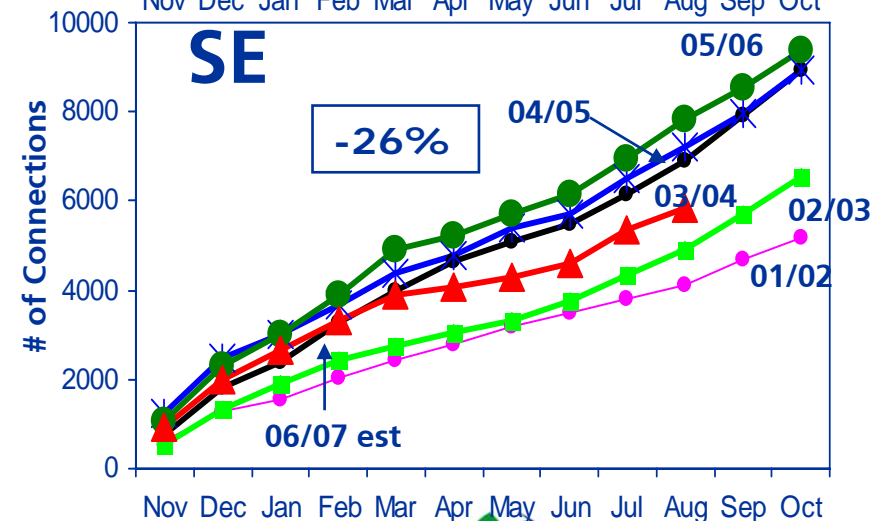
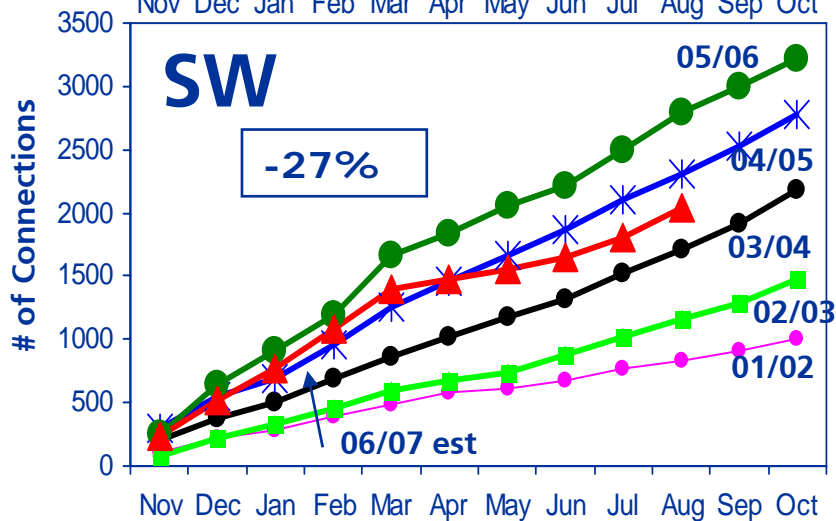
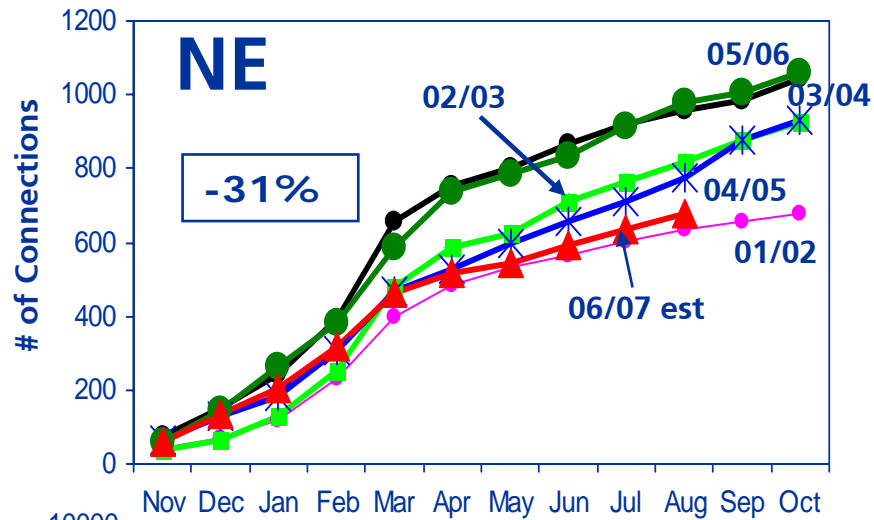
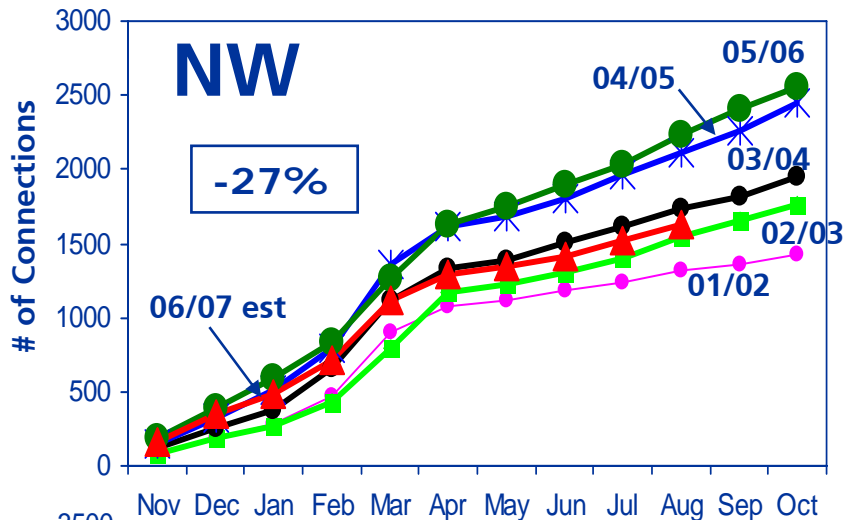
Cumulative Gas Wells Drilled By Province



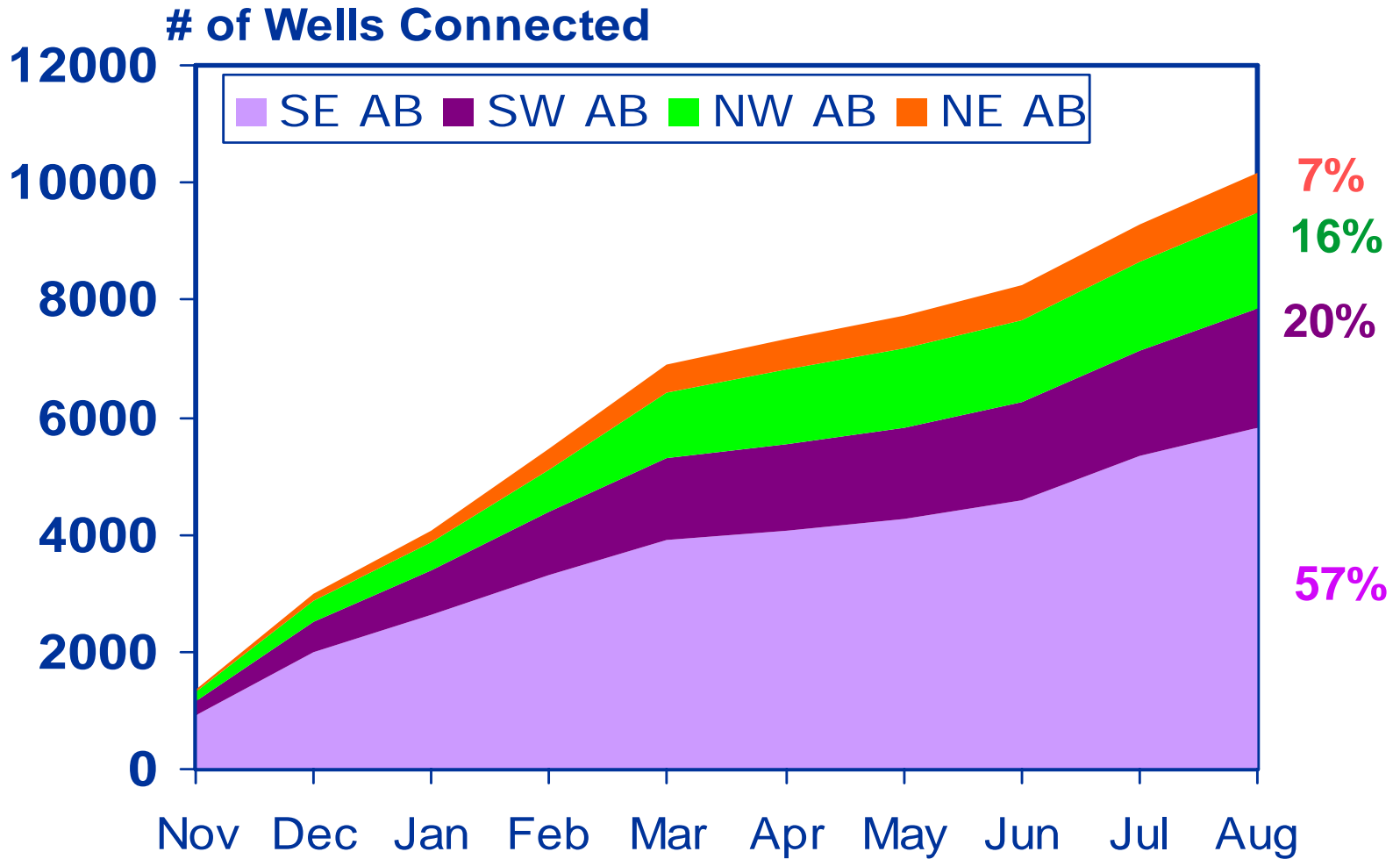
Cumulative Gas Well Connections By Province



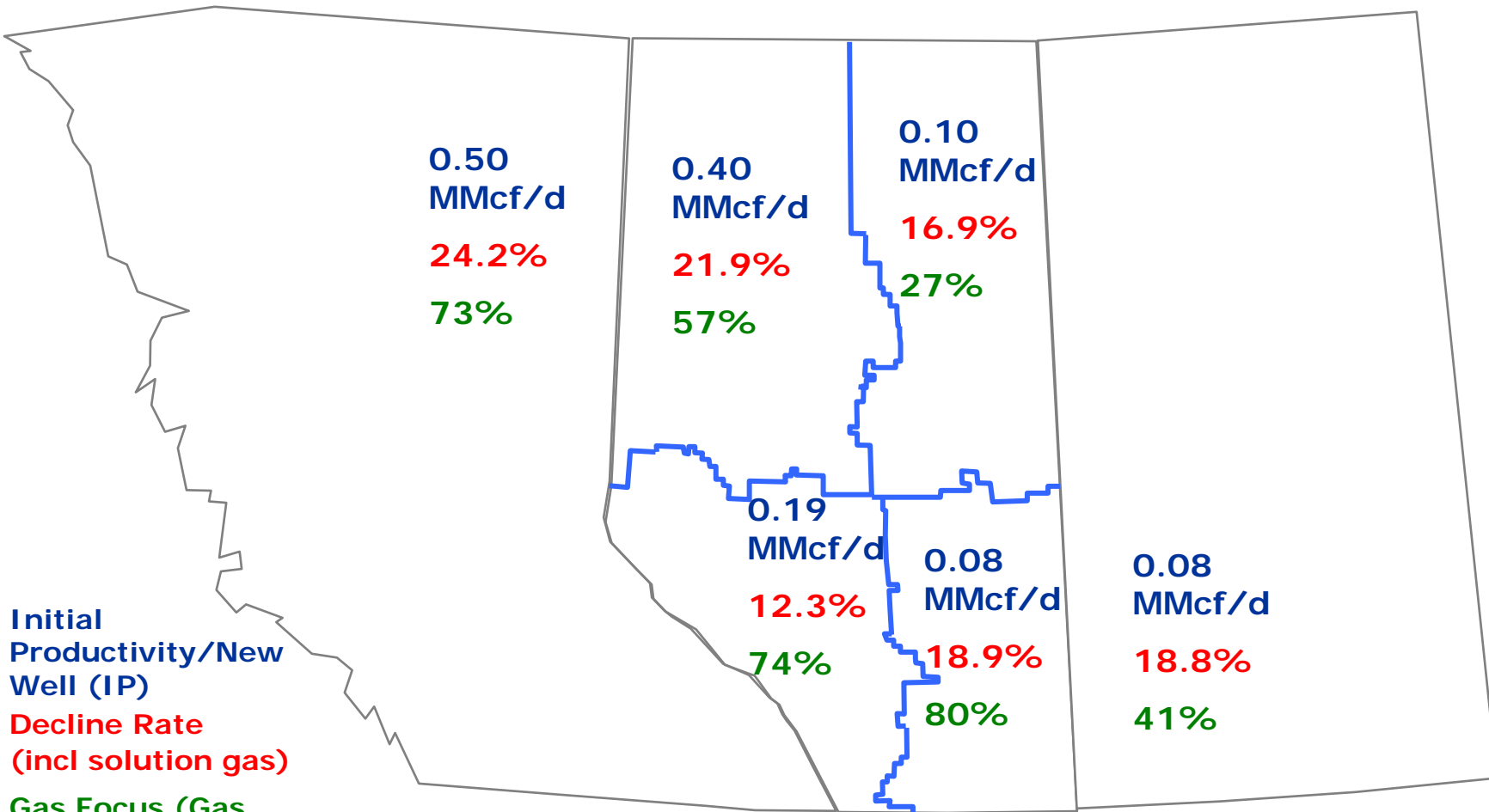
Alberta Gas Well Connections By Quadrant



Alberta Cumulative Gas Wells Connected By Quadrant



Regional Parameters



Initial Productivity/New Well (IP)
 Decline Rate (incl solution gas)
 Gas Focus (Gas wells/Total Wells Drilled)

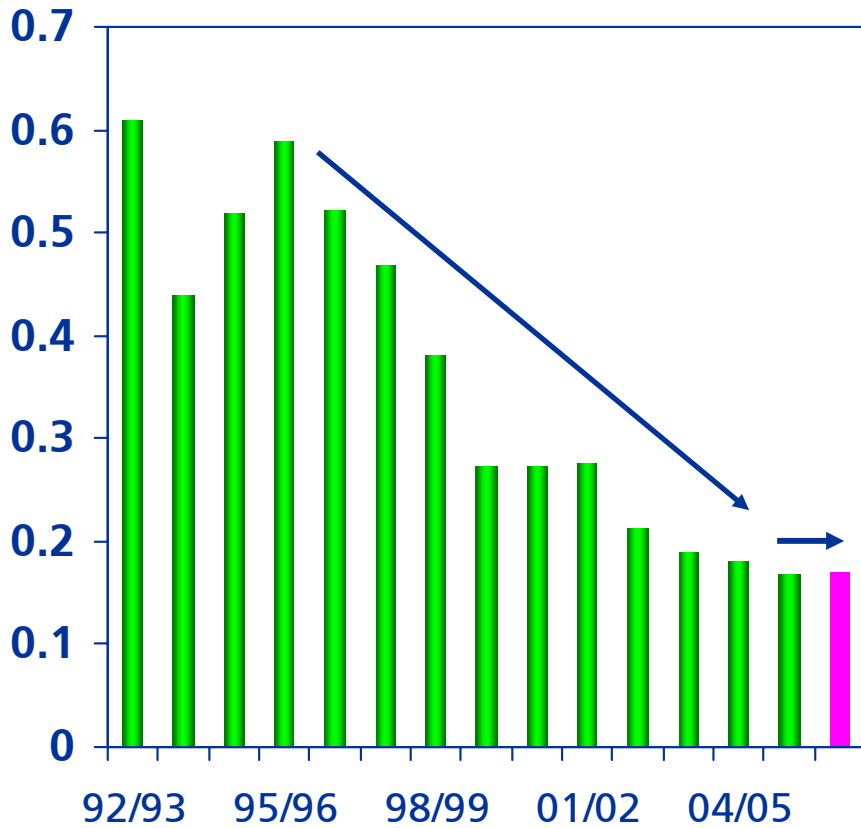
(All based on 05/06 gas year)

WCSB Initial Gas Well Production Rates/Decline Rate



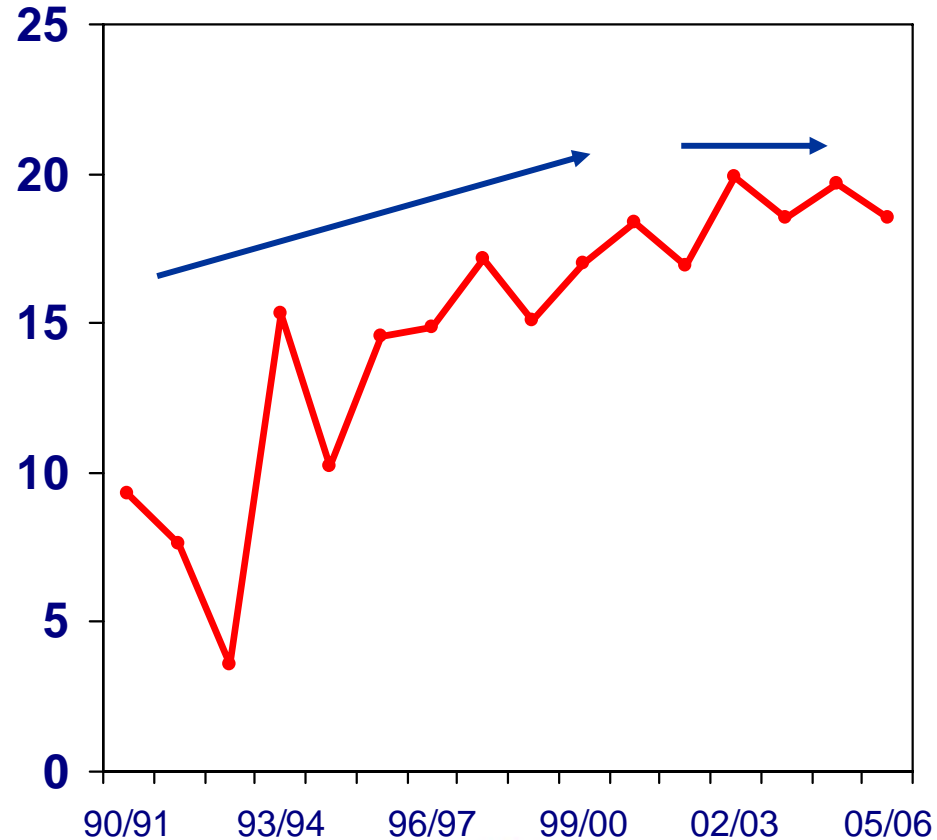
Initial New Well Production Rate

MMcf/d/well

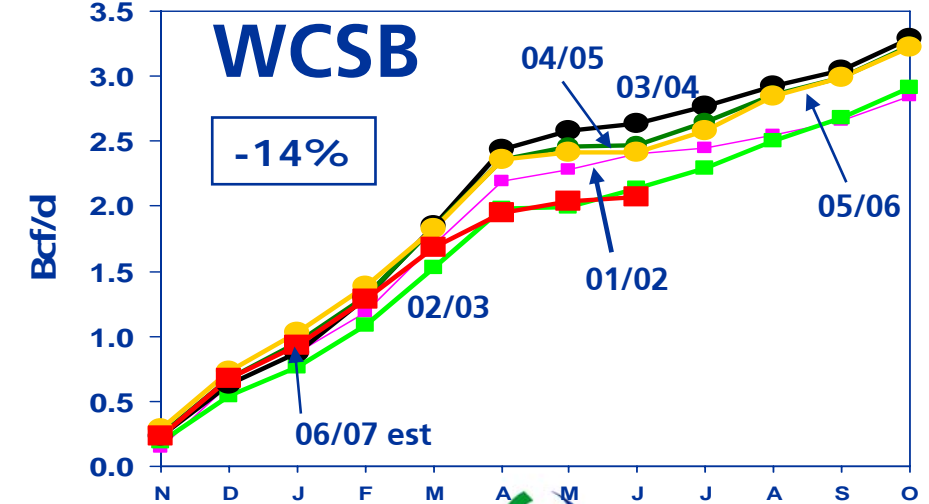
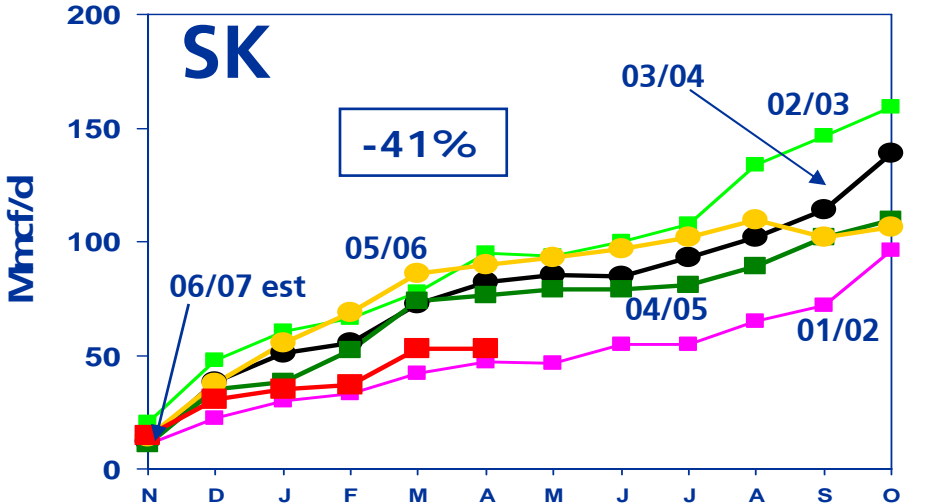
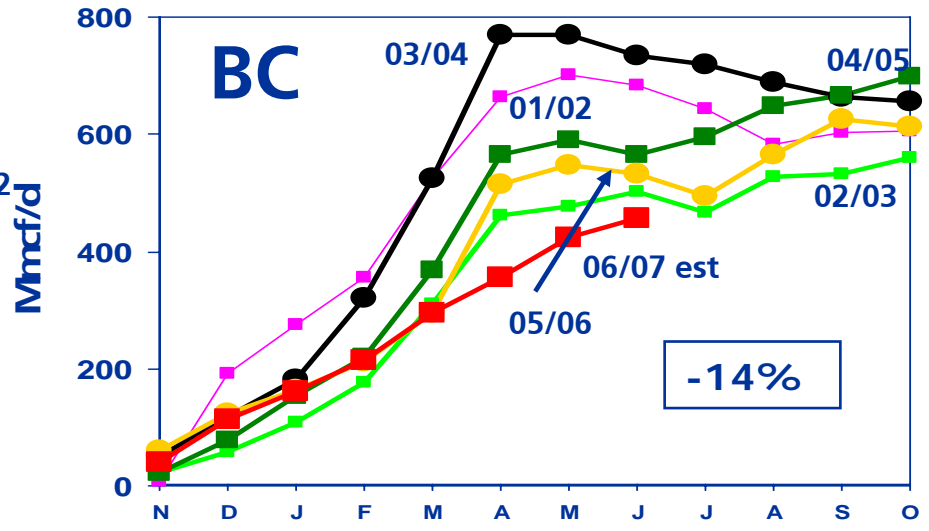
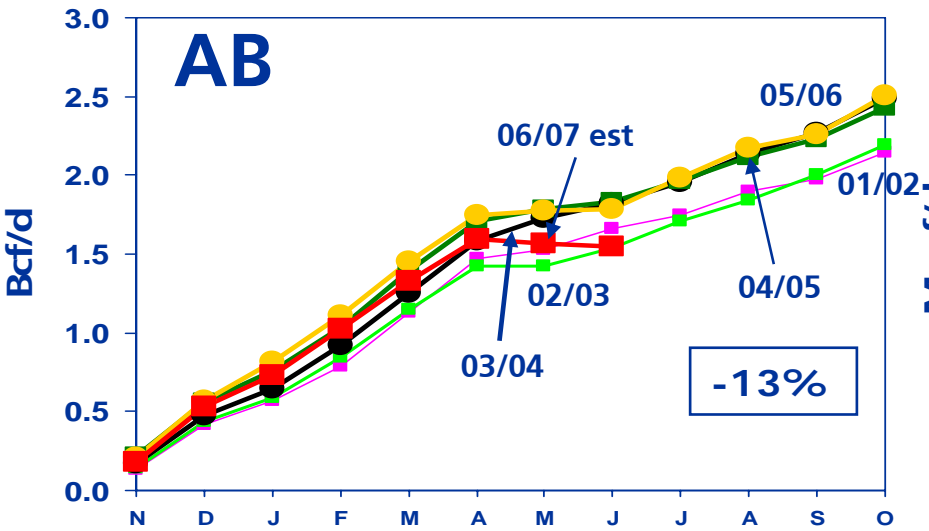


Composite Decline Rate

%

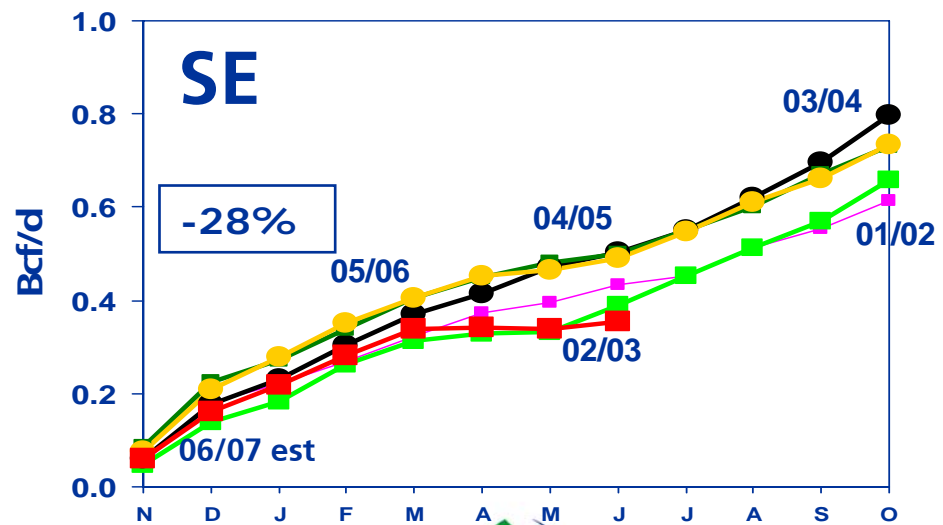
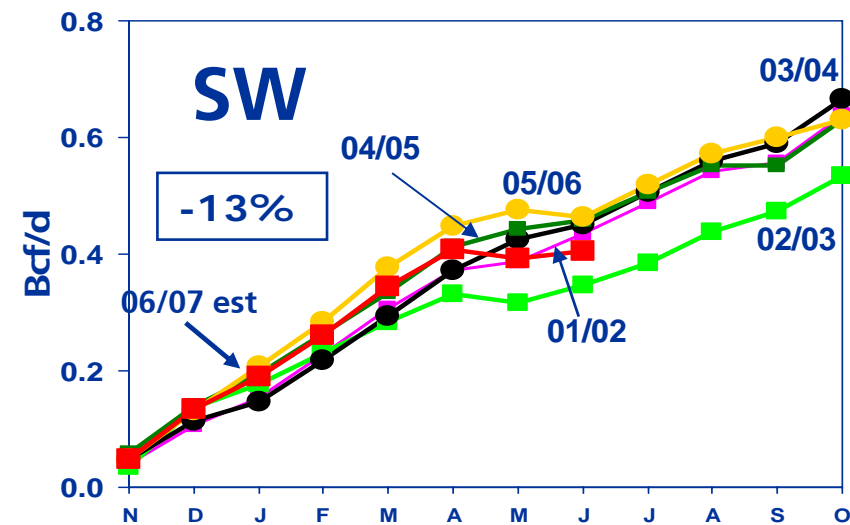
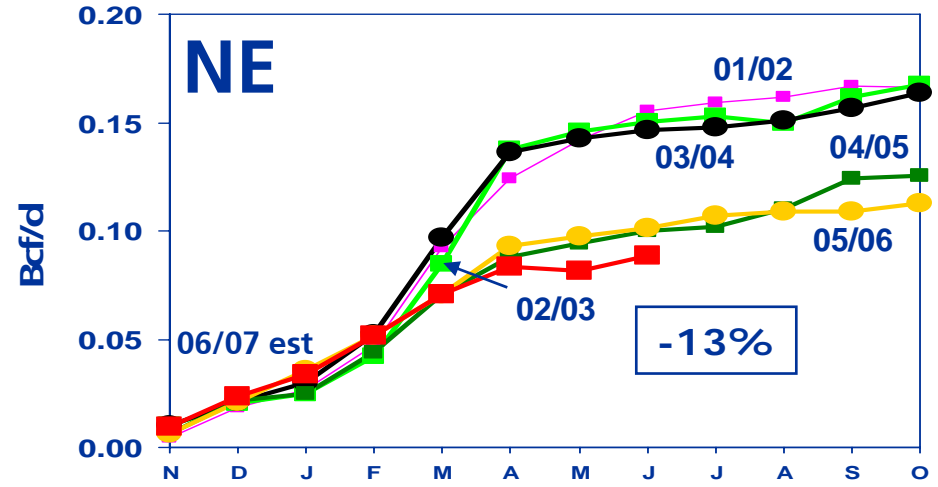
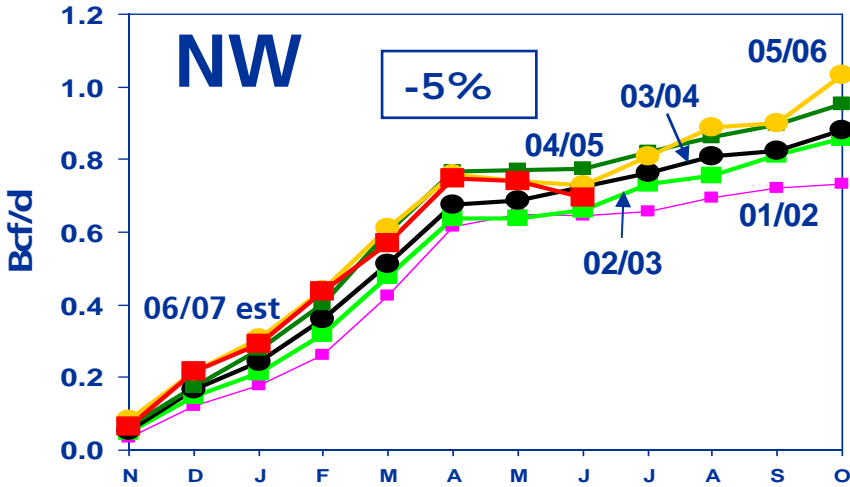


New Tie-in Supply By Province



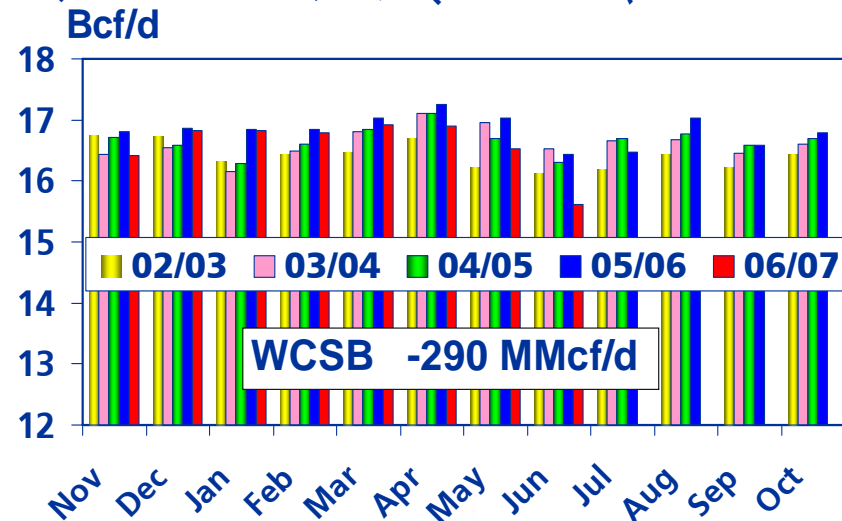
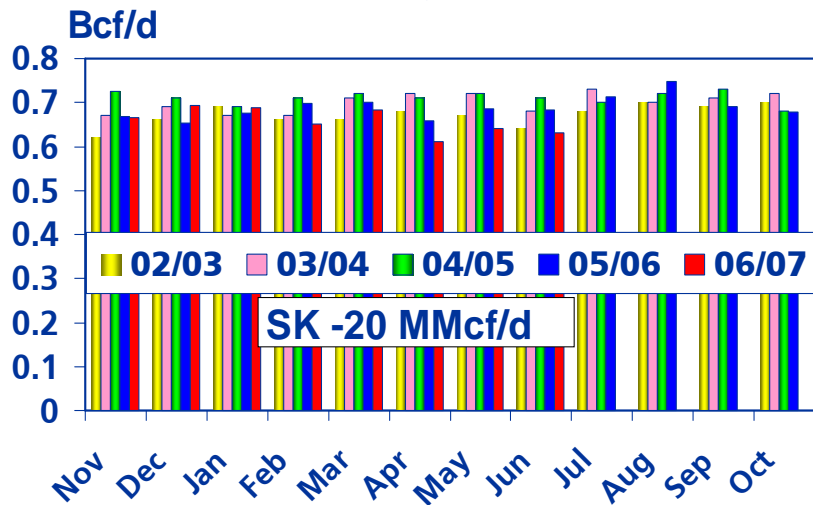
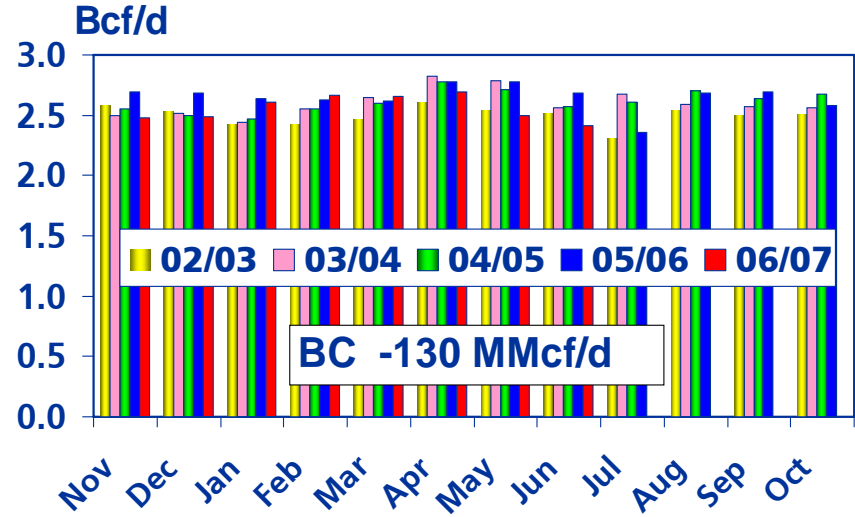
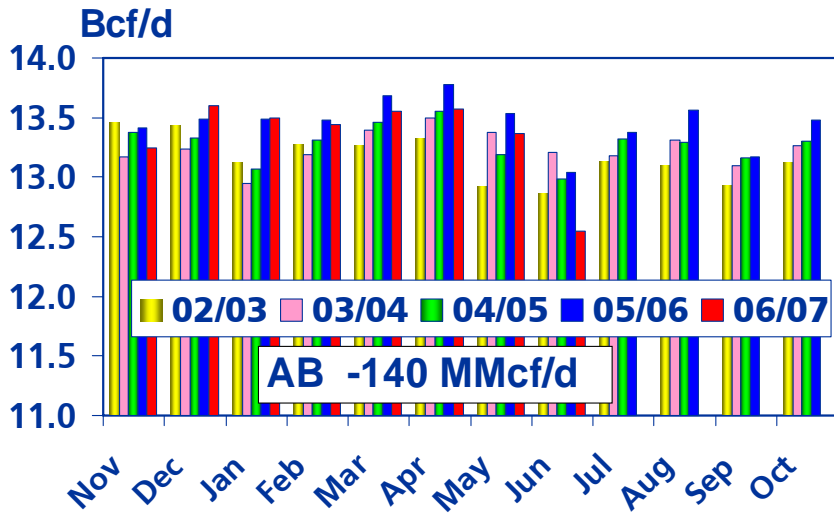
Non-associated gas only

Alberta New Gas Tie-in Supply By Quadrant



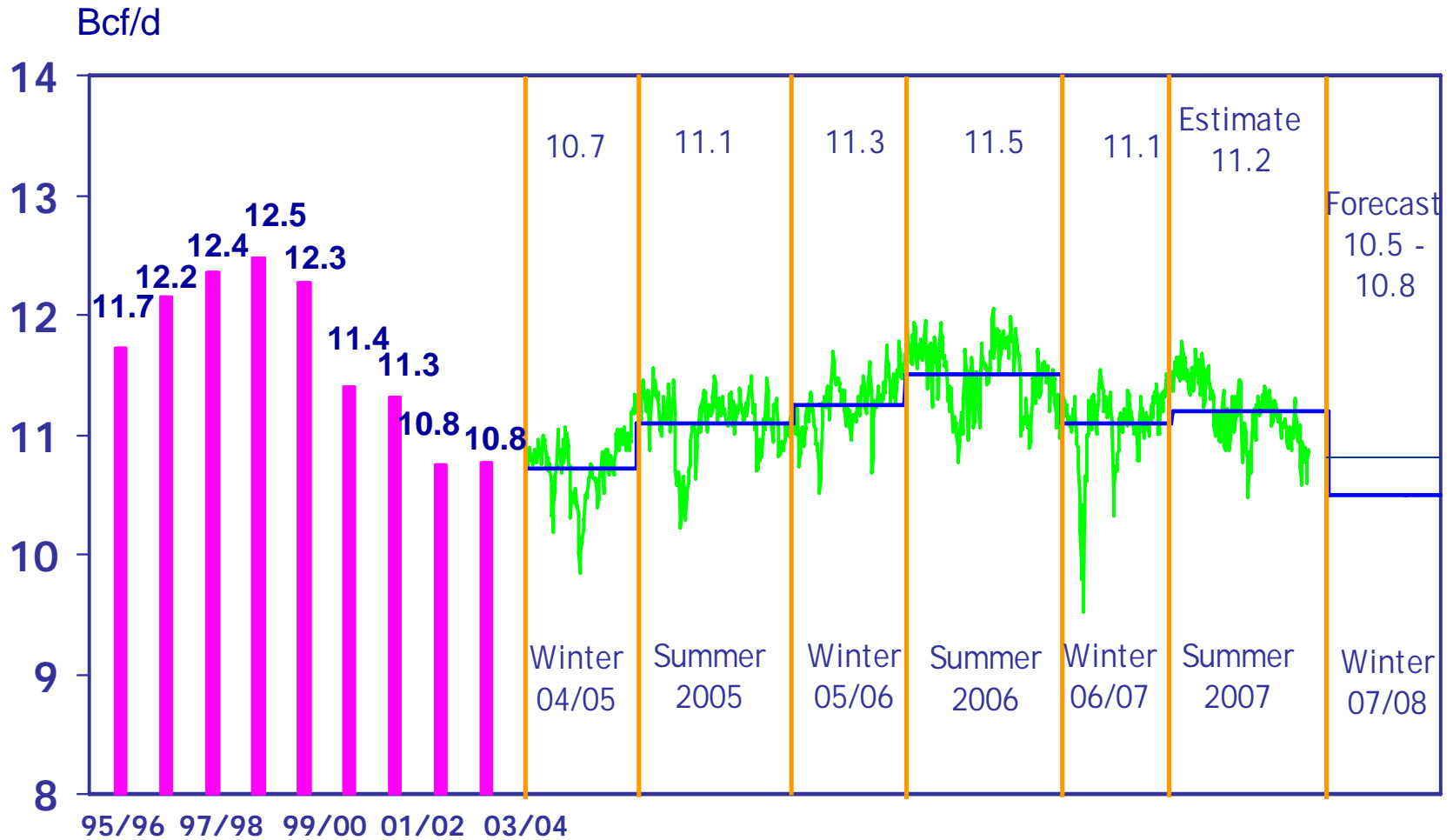
Non-associated gas only

WCSB Monthly Production



Marketable gas from Government sources, includes solution gas

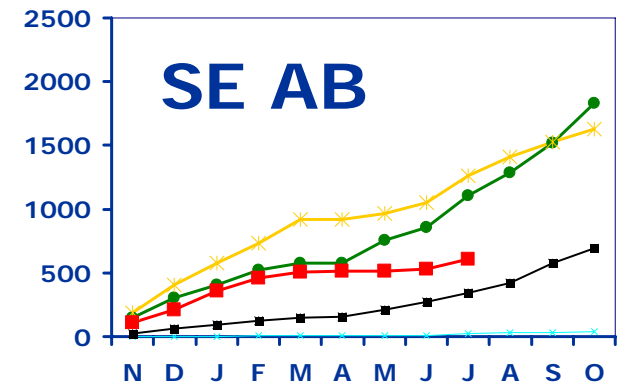
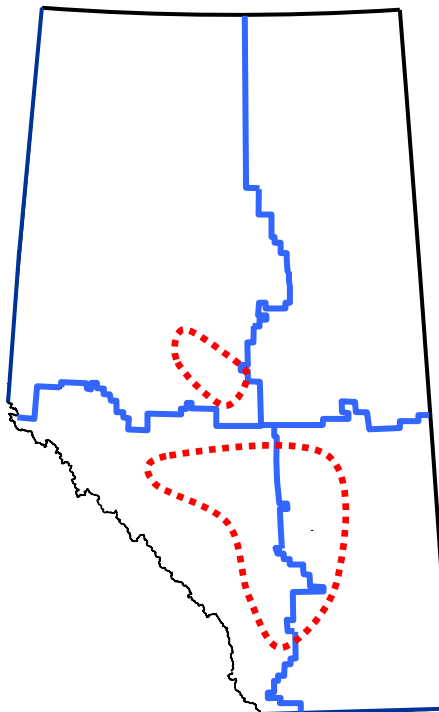
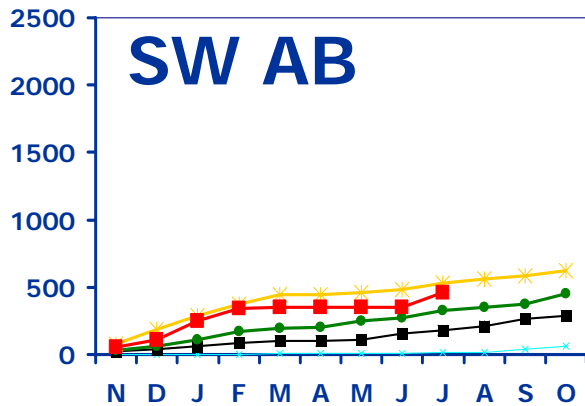
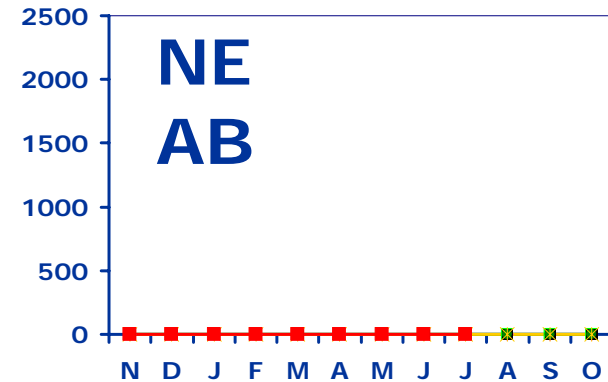
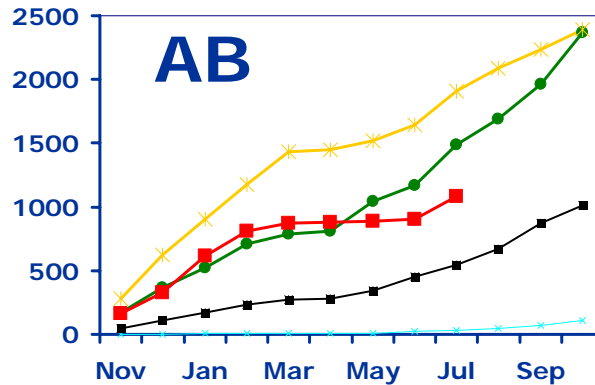
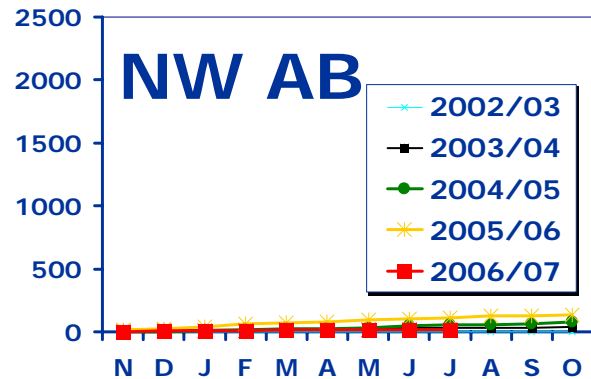
Seasonal Flows on the Alberta System



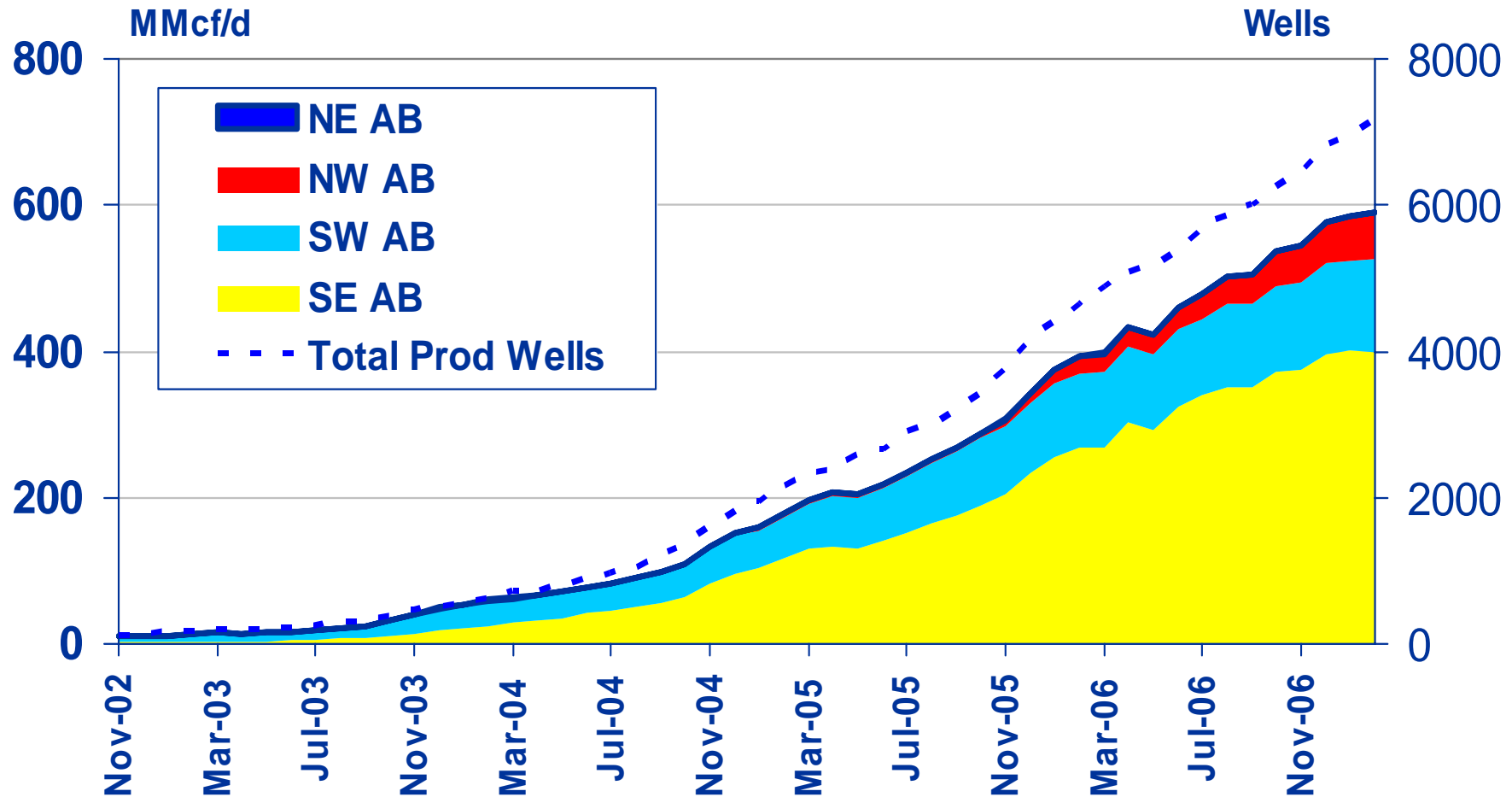
Excluding Storage

Data Current to Oct. 4, 2007

Drilled Alberta CBM Wells By Region

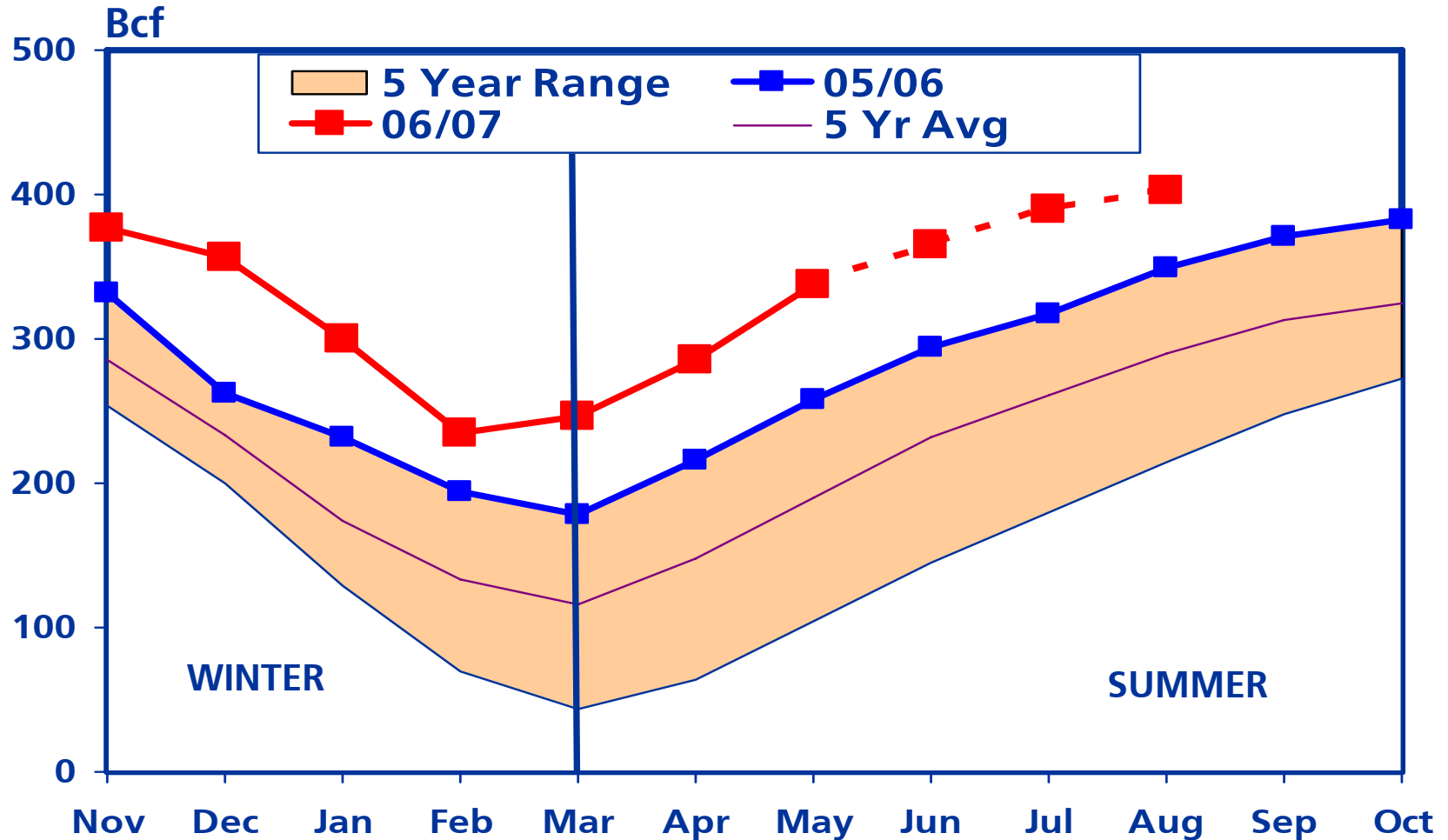


WCSB Coalbed Methane Production



Data as of June 2007

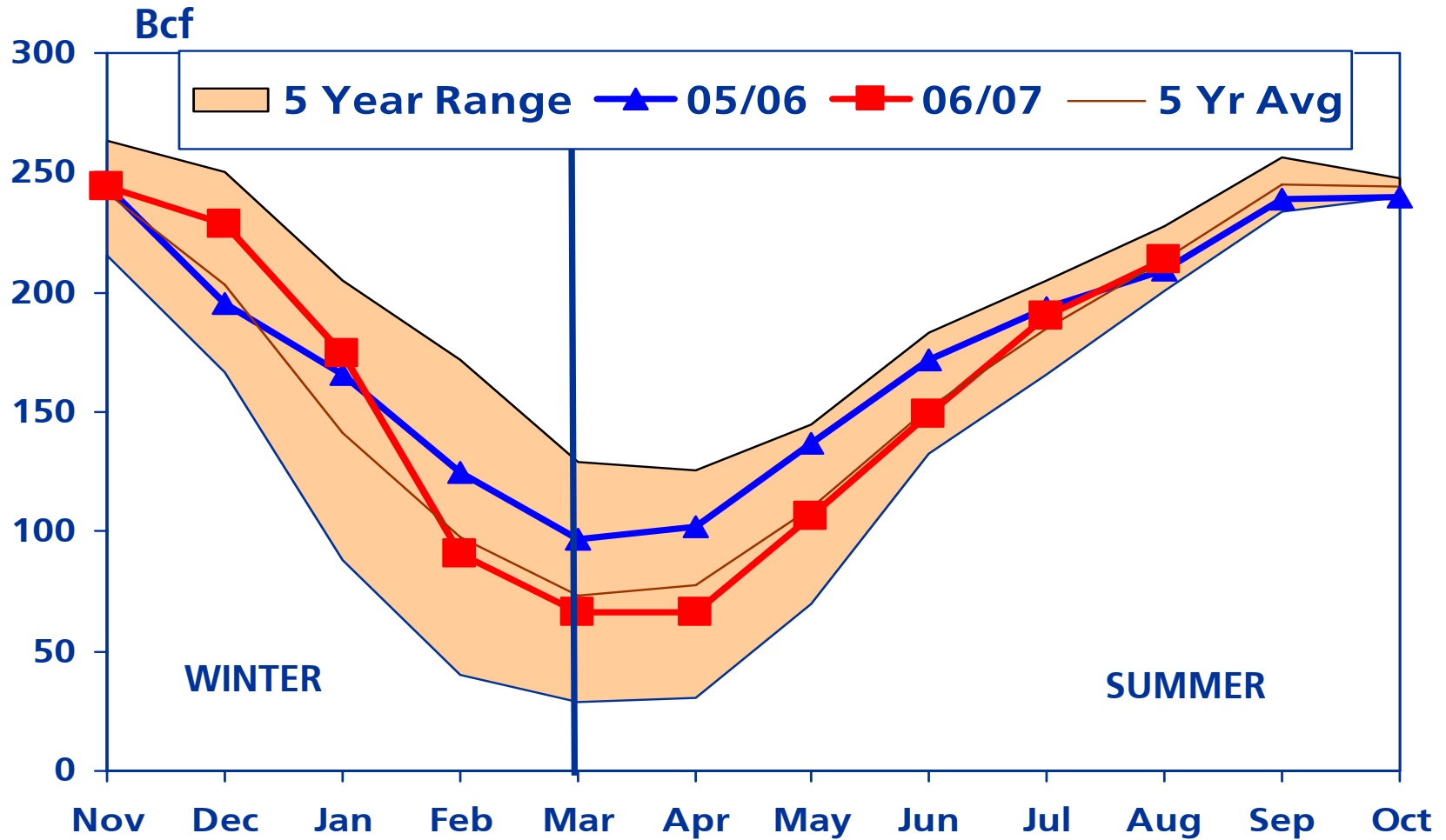
Western Canada* Working Gas In Storage



Source: BC, Sask, AB governments, TransCanada

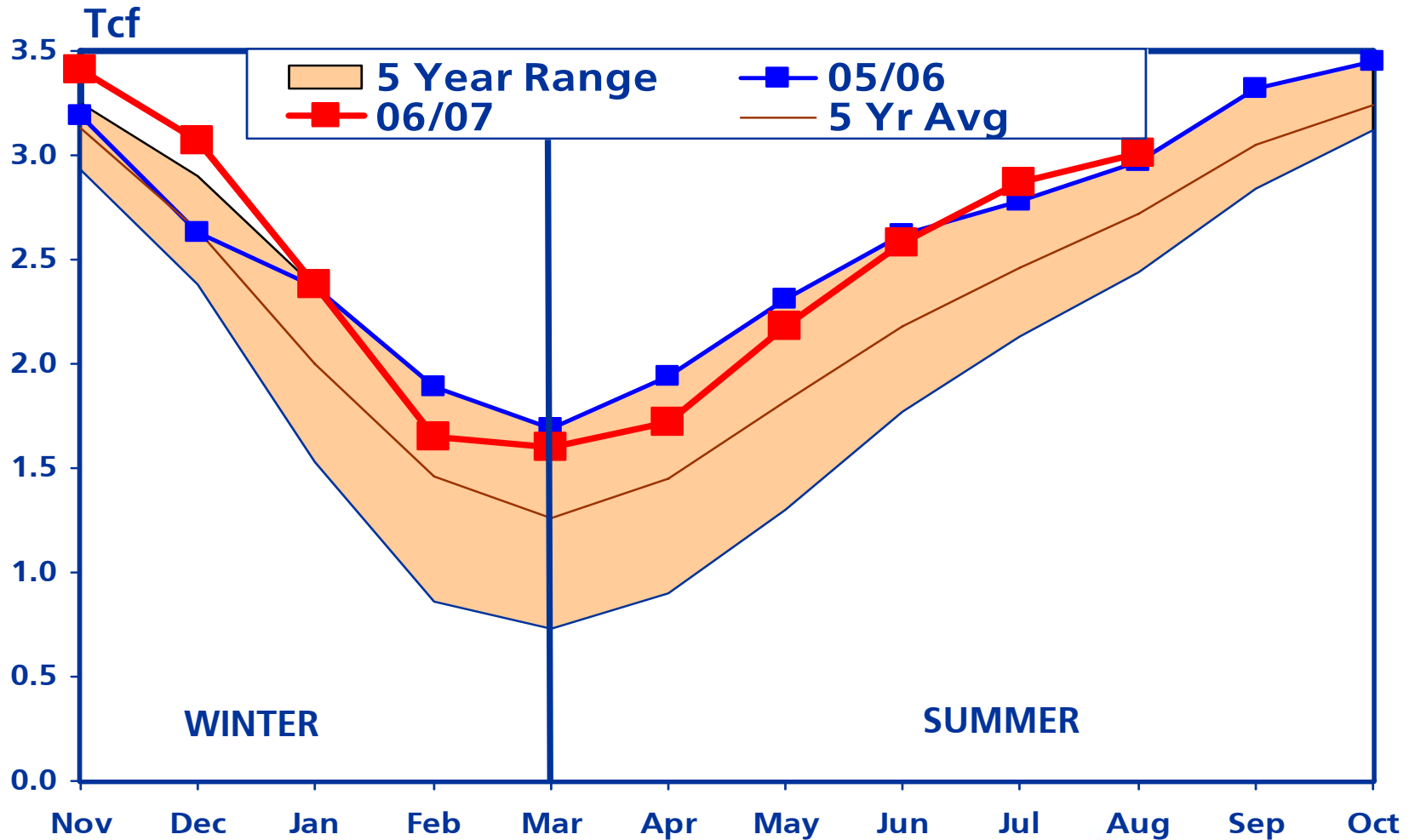


Eastern Canada Storage Status



Source: Canadian Enerdata

U.S. Storage Status

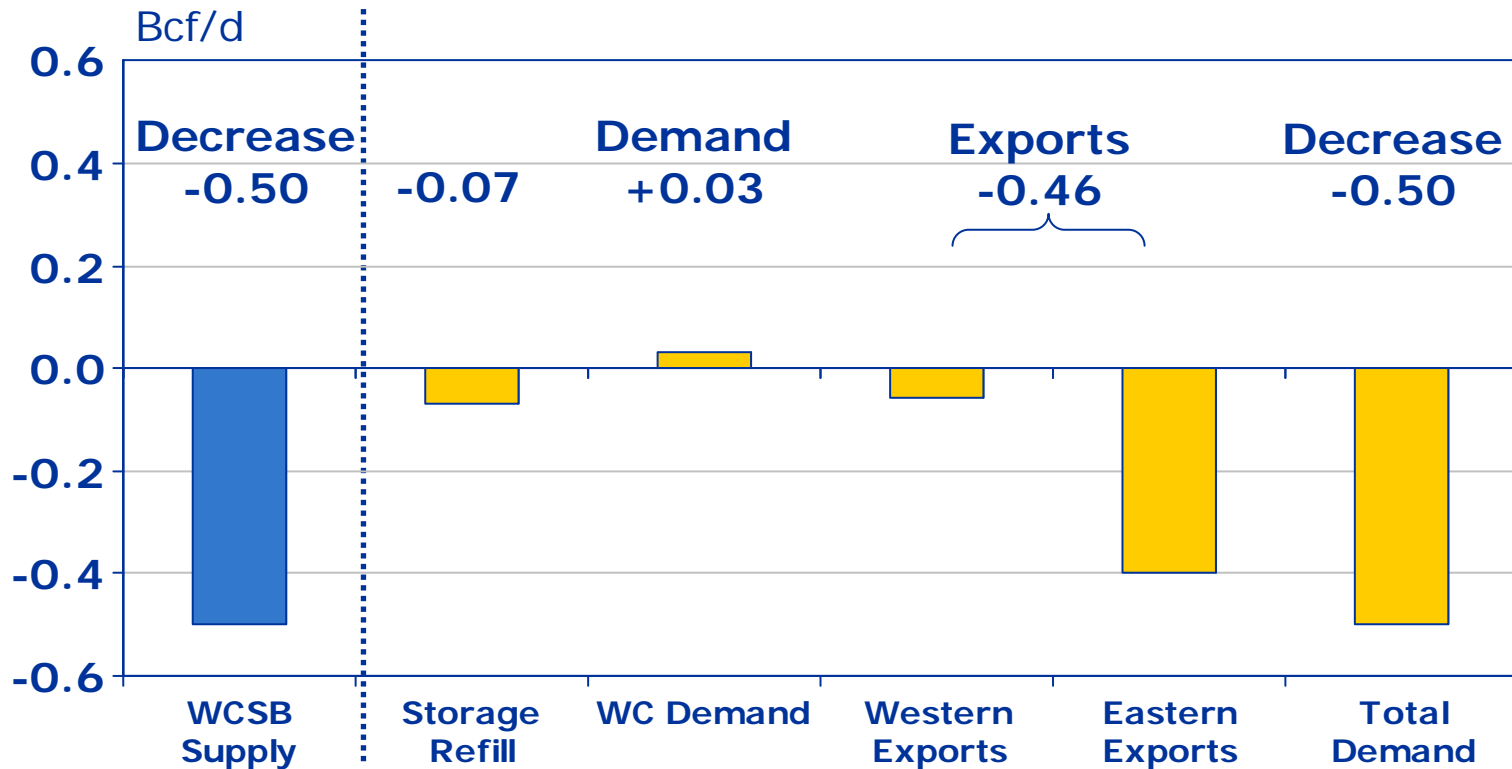


Source: EIA

WCSB Summer 2007 (estimate*)



Year-over-Year Changes

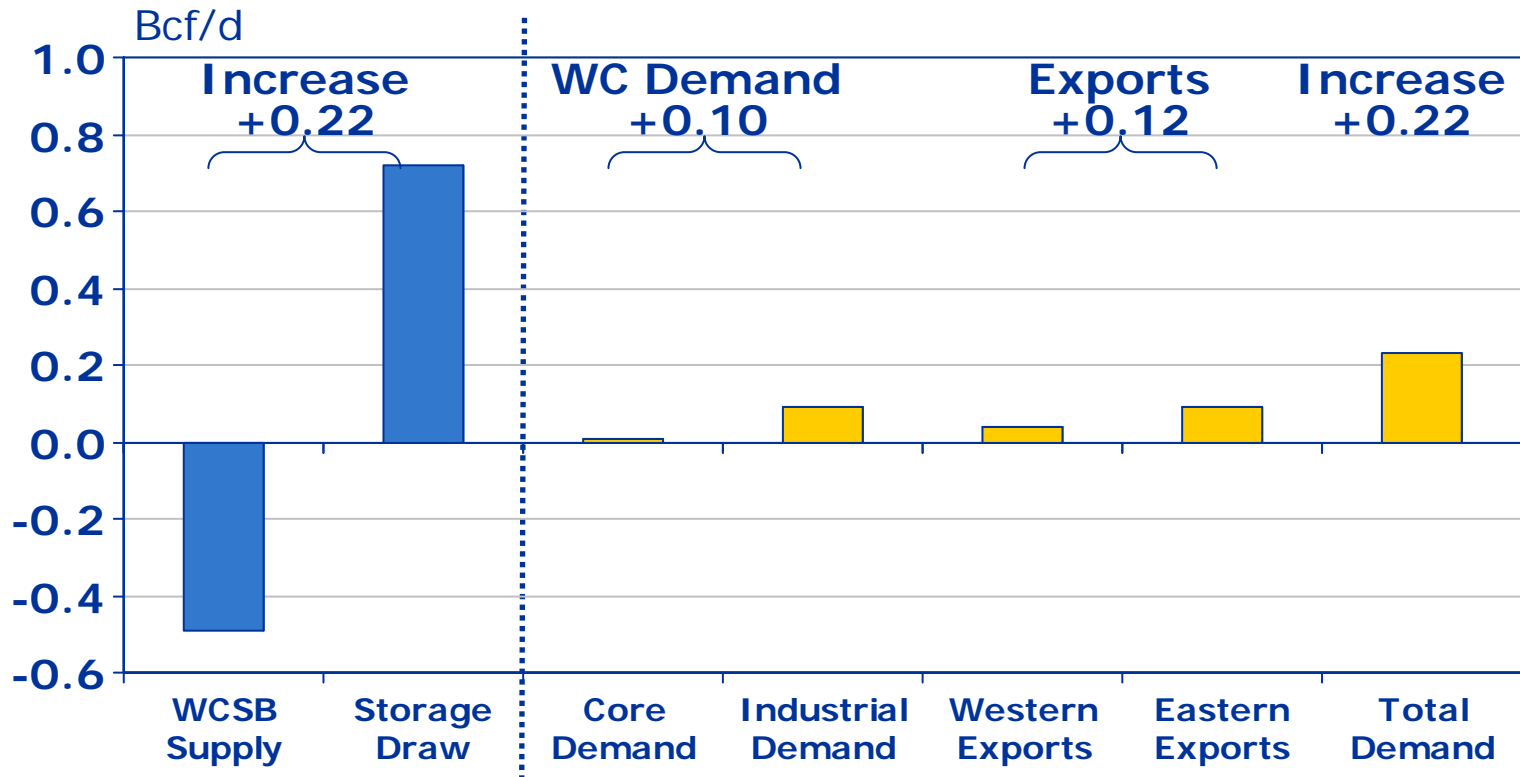


* Estimate as of Sept 27

WCSB Winter 2007/08 (forecast)



Year-over-Year Changes



Conclusions



- WCSB supply will decline this winter even more than last winter.
- Initial well productivity to continue to flatten or increase slightly due to high-grading (targetting only the very best locations).
- Throughput on the Alberta System is expected to average 10.5-10.8 Bcf/d this winter compared to 11.1 last winter.
- Western Canada exports to increase slightly this winter due to excess gas in storage and normal weather in eastern Canada and the U.S..