



2009

Corporate Responsibility Report

 **TransCanada**
In business to deliver



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TransCanada: A leader in energy infrastructure

TransCanada is quickly becoming North America's leader in energy infrastructure.

We currently deliver 20 per cent of the natural gas consumed in North America each day through our 60,000-kilometre (37,000-mile) pipeline network. In 2009, we entered the oil pipeline business as well (size and scope). We are also the second largest natural gas storage provider in North America.

In terms of electrical power, TransCanada now owns, controls or is developing some 11,700 megawatts of generation capacity in Canada and the U.S - enough capacity to power nearly 12 million homes. Our diversified power portfolio includes nuclear, natural gas, coal, hydro and wind generation. We also conduct wholesale and retail electricity marketing and trading in Alberta, Ontario and the northeastern U.S.

CEO's Message

Responsible delivery of essential services

I am sometimes asked to name the single most important component of TransCanada's effort to be socially and environmentally responsible. It's a tough question because our company contributes to the well-being of North Americans in so many ways.

Is it our long-standing commitment to investment in the communities where we work?

In 2009, we contributed more than \$7 million to important initiatives that matter greatly to local communities. Our focus is on projects that emphasize education, health, the environment, human services, and civic investment.

Across the Midwest, for example, we spearheaded a fund-raising campaign that saw \$100,000 in new donations earmarked for police services, fire departments and community organizations. This benefited first responders, children and the elderly in more than 50 communities. Projects like these make life better for people across the continent.

Is it the respect that TransCanada shows towards its employees, business partners, and community stakeholders?

Relationships are a key component of our success. We strive constantly to create and sustain a safe working environment that balances the professional and personal lives of our employees, encourages and celebrates greater diversity in our workforce, and rewards teamwork while inspiring innovation. We have top quartile employee engagement. We honour positive, longstanding relationships with our peers and our suppliers. We are always looking for opportunities to work more closely with exemplary companies, forward-thinking regulators, decisive policy-makers, and inspirational community leaders. We believe their wish to collaborate on our projects reflects the strong ethical values they see in us.

Or is it our stewardship of the environment?

We take great pride in the fact that our company, which constructs, operates and maintains a massive, 60,000-kilometre (37,000-mile) network of infrastructure across the continent, rarely faces the unwelcome challenge of an incident on one of our pipelines. On the occasions when we do, we are able to mobilize environmental experts and specialized equipment with remarkable speed and effectiveness. Part of the explanation for the scarcity of such events is the thoroughness and prudence with which we approach all project planning and development. The safety of people and the environment always comes first.

But our commitment to the environment goes far beyond superior infrastructure planning, installation and maintenance. We also contribute significantly to good causes ranging from the preservation of more than 1.2 million acres of remnant native parkland ecosystem near Red Deer,

Alberta to safeguarding the breeding grounds of the Common Loon in Vermont. Prevention and conservation are our watchwords when it comes to the environment.

As these examples make clear, corporate responsibility does not reside in a single policy or action. Rather, it is an attitude that permeates our company. At TransCanada, there is a pervasive culture of responsibility supporting everything we do. You can trace it from the boardroom to the workplace, and from the natural environment to the human environment of all the communities we touch every day.

Consider for a moment the tagline of our new employee recruitment initiative - "Make What You Do Matter". This tagline was inspired by the comments of our employees.

TransCanada projects are so broad in scope and large in scale that the work of a single employee can actually make a significant difference to the lives of millions in the United States, Canada and Mexico. Our 4,100 employees enthusiastically shoulder such tremendous responsibilities each and every day. They're up to the challenge. That's why we hire them. And it's a big part of why people love working here. Our employees work collaboratively to make a difference.

At TransCanada, every employee and contractor is acutely aware that we alone are responsible for delivering the gas and keeping the lights on across a vast expanse of North America. The minute we fail at those tasks is the minute we renege on our promise of reliability and security to hundreds of thousands of people who count on us. We are, in short, an essential service.

As an essential service, we are always asking ourselves how we can do even better. Given that we are in the energy business, we believe the most important thing we can do is to increase our energy efficiency without sacrificing the reliability that is so important to our customers. We have already achieved that in many ways.

For example, we pioneered the development of friction-reducing, internal pipeline coatings that cut the amount of energy it takes to move natural gas to market. And we installed combined-cycle gas turbines in Ontario that meet growing electricity needs while reducing the consumption of the gas needed to power generating plants. We could cite many similar, energy efficient innovations.

Whenever we design and implement more efficient technologies like these, we make it possible for the world to do more with less. This conserves strategic natural resources and benefits the environment without compromising the way of life that North Americans have come to expect.

That's why we consider our efficient and reliable delivery of essential services to be the most important component of our broad social and environmental responsibility. That's what we believe TransCanada should aim for in all its endeavours. That's what you can expect to see more of as we continue to build North America's leading energy infrastructure company.

TransCanada is, and will continue to be, a responsible partner in the lives of millions of North Americans.

CEO's Message

Hal Kvisle
President and Chief Executive Officer
TransCanada Corporation

The Business

In our company, responsibility begins in the boardroom, progresses through the organization, and benefits society at large. This is no accident. We believe our values, as expressed through our day-to-day actions, can and should have a positive effect on everyone touched by our business.

Integrity, Collaboration, Responsibility, and Innovation - these are the values that guide us.

You see those values reflected in our emphasis on energy efficiency, in our stewardship of the environment and in our culture of safety, project management and corporate governance. You see them in the hundreds of projects we support in the communities where we live and work. You see them in the awards we receive for leadership in technological innovation, employment standards, and corporate governance. You see them everywhere because they reflect the progressive way in which we do business.

At TransCanada, we not only adhere to high standards; we set them.

Strengthening international relations

Lorena Patterson, Director, Business Development in Mexico, has received an award from Canadian Governor General Michaëlle Jean for her “significant contributions” to Canada-Mexico relations.

The Queen’s Canadian representative presented the award during her official state visit to Mexico in December. The visit came as Canada and Mexico celebrated 65 years of excellent diplomatic relations.

Prior to joining TransCanada in 2005, Lorena represented the Province of Alberta at the Canadian Embassy. Through her related work with the Canadian Chamber of Commerce she was active in facilitating bilateral business relationships and in raising funds for the cancer ward of a children’s public hospital in Mexico City.

More recently, she has chaired the Energy Group within the Canada-Mexico Partnership. The Partnership, established in 2004, is a public-private sector forum that addresses economic issues of importance to both countries.

According to Lorena, “the friendly and positive atmosphere the Partnership provides for discussions about common energy matters has already led to progress on many important fronts.”

Recently, TransCanada won the contract to construct a 300-kilometre (186-mile) pipeline between Manzanillo on Mexico’s Pacific Coast and the interior city of Guadalajara, capital of the State of Jalisco.

“I’m proud to be associated with TransCanada,” says Lorena. “The company is seen as very ethical and is well-respected in Mexico. It’s wonderful to work for a company like that.”

Preparing for any crisis

TransCanada plans for the continuation of normal business operations in the face of an emergency. This, according to Glenn Reiersen, Director, Corporate Security, “is a critical part of the company’s overall crisis management plan.”

Proactive planning ensures the company can function without serious disruption to our many customers if disaster, either environmental or man-made, strikes. As the provider of essential energy resources to millions of homes and businesses across North America, TransCanada takes this responsibility very seriously.

Our goal for business continuity is to identify and eliminate all hazards to the smooth operation of our company. We accomplish this through various initiatives, including intensive employee training, site-specific risk assessments, incident and issue tracking, simulated tabletop and field emergency exercises and broader business continuity planning. Potential incidents are evaluated and managed according to the level of operational risk they present.

The holistic approach we have adopted allows us to deal effectively with emergencies across multiple jurisdictions as well. For example, on our new Keystone pipeline project, which crosses three Canadian provinces and six U.S. states, we implemented an Incident Command System (ICS). ICS streamlines the response activities and structure during training exercises and real incidents, whether large or small.

In 2009, our operations field employees on the Keystone project also completed training related to Hazardous Waste Operations and Emergency Response (HAZWOPER). This standard refers to five types of hazardous waste operations conducted in the U.S. Although not required by law, TransCanada also trained its Canadian-based employees in HAZWOPER response.

“These exercises are the best way for us to evaluate the level of our preparedness and provide hands on training for our employees,” said Vern Meier, Vice President, U.S. Field Operations. “Emergency preparedness is critical to ensure the success of the pipeline.”

Reporting clearly and openly

“We are committed to reporting regularly and openly about our performance,” says Don DeGrandis, Corporate Secretary. “By being honest and transparent, we’ve earned the continued trust of our stakeholders and built a strong, more resilient company.”

As the years go by, more and more observers from outside TransCanada are recognizing the transparency and clarity we try to bring to all our communications.

This year, for example, TransCanada took the bronze plaque in the International ARC Awards for our 2008 online annual report entitled Celebrating yesterday. Delivering today. Building for tomorrow.

Often called the Academy Awards of annual reports, the ARC Awards are sponsored by MerComm, Inc., the world's only independent awards organization specializing in the field of communication. Companies, government agencies, non-profit organizations, public relations firms and individuals from nearly 60 countries compete for this honour each year.

Our 2008 annual report also garnered TransCanada recognition from the Canadian Institute of Chartered Accountants for financial reporting, corporate governance disclosure, electronic disclosure and sustainable development reporting.

Building a reputation for risk management

According to Corporate Knights Inc., an independent organization focused on corporate responsibility, TransCanada is one of the “global firms most willing and able to deal with the key social and environmental factors they face in their everyday operations.”

That assessment has landed us on the Corporate Knights Global 100 list of the most sustainable corporations in the world for the fourth year in a row. Corporate Knights looks at the track record of 1,800 worldwide publicly traded companies to create its Global 100 list. In 2010, only 9 companies from Canada and 12 from the U.S. made the list.

Responding to news of the award, David Moneta, TransCanada Vice President, Investor Relations and Corporate Communications, said:

“I am proud to see us named among the world's best. It will help us in maintaining our solid financial position and continuing to build our reputation as North America's leading energy infrastructure company.”

Keeping good company

For the eighth consecutive year, TransCanada has been recognized by the Dow Jones Sustainability World Index (DJSI) as one of the most sustainable companies in the world.

What does that mean?

The Business

It means that our overall approach to business allows us to achieve long-term shareholder value while honoring the basic principles of sustainability in everything we do. In short, we consistently balance corporate growth and our economic, environmental and social responsibilities.

TransCanada was one of only ten Canadian companies to make the 2009-2010 world index.

On a related note, we secured a spot on the Dow Jones Sustainability North America Index for the fifth year in a row.

The DJSI assesses companies like ours according to six criteria:

- Climate change strategies;
- Energy consumption;
- Human resources development;
- Knowledge management;
- Stakeholder relations; and
- Corporate governance.

We are particularly pleased to receive this recognition because the DJSI criteria are an excellent reflection of our continual efforts to address the everyday needs of the marketplace while effectively managing the associated risks.

The Workplace

Our employees are the face of corporate responsibility in hundreds of communities across North America. The company's reputation is in their hands. We are extraordinarily proud of the way they represent our company and its values as they go about their daily work.

TransCanada strives to give them a respectful workplace where they can flourish. We offer them a competitive Total Rewards compensation package, furnish opportunities to grow in their careers, foster cultural diversity across the organization, encourage healthy and safe lifestyles at work and at home and provide excellent retirement benefits.

And when it comes to recruiting employees, the more than 4,100 existing members of our workforce throughout Canada, the United States and Mexico are, without question, the best ambassadors TransCanada could ever want. We appreciate their confidence in our company - a sentiment that has earned us a place on the 2009 Alberta Top Employers list, courtesy of Mediacorp Canada Inc.

Our employees are the difference

Our employees are the difference between good results and great results. Without the contributions they make each and every day, we would be far less successful. They are the lifeblood of our company.

TransCanada never stops pursuing the best and the brightest employees. In 2009, we launched a new employee recruitment initiative called Make What You Do Matter. Unveiled at career fairs in Vancouver, Calgary, Edmonton and Waterloo, the campaign invited job candidates to dream big along with us and contribute their talents to the growth and development of one of North America's most respected energy infrastructure companies.

The impetus for the campaign came, not surprisingly, from TransCanada employees. We began by asking them how they felt about working here and how they saw their contributions. Over and over again we heard how proud they are to be working on projects so large that they had the potential to change aspects of everyday life in North America. Their comments do much to shape the message and tone of our recruitment efforts.

Today, TransCanada's Make What You Do Matter theme is visible in newspapers, online advertisements, on posters, at open houses and at job fairs across the continent. We have also linked the new campaign to our existing employee referral program. The program encourages existing employees to put forward the names of friends, relatives or professional contacts for employment with us.

In the words of Jill Gilhuly, Human Resources Manager, "Everyone at TransCanada plays an important role in recruitment."

Defining success in the workplace

Sarah Raiss, Executive Vice President, Corporate Services, says the next few years will present TransCanada employees with great opportunities for career advancement.

“The tremendous growth of our company offers employees the chance to enjoy multiple careers suited to their talents. If you are good at managing projects and strengthening and managing relationships with our suppliers, regulators, business partners or community residents, there will be many new opportunities in the years ahead. We are always looking for people who can improve the way we do business. You simply need to focus on your strengths and leverage them.”

Never one to pigeon-hole herself, Sarah has pursued a remarkable career trajectory. She has successively tackled and overcome the challenges inherent in engineering, marketing, consulting, operations and corporate administration. Frequently found on the Canada’s Most Powerful Women: Top 100 list, she was inducted in 2007 to the Top 100 Hall of Fame.

“My definition of success,” she says, “is bigger than a title and money. It is much broader. I want to make a difference in my company and my community. I want to continue to learn and be challenged in my career. And I want to work with people I like and respect. All of these are elements of success.”

Sarah advises ambitious employees to take a hard look at themselves first. Where does your talent lie? How do your skills align with where the company is heading? Who knows about your goals?

“Be visible. Ask questions. Define your goals. Make things happen with the help of others. That’s the real path to success.”

Diversity: driving corporate innovation

As a company that values collaboration and innovation, TransCanada is committed to encouraging diversity of background, gender and experience in the workplace. When our employees are able to bring a wide range of knowledge and opinion to the table, their decisions are invariably more creative.

“Such diversity of thought propels our company forward,” according to Renate Poole, Senior Human Resources Consultant, HR Talent Acquisition, “and keeps us on the leading edge of the industry.”

For years we have reached out to many who have long been under-represented in the workforce - women, Aboriginal people, visible minorities and people with disabilities - through training opportunities and employment programs. We have made great strides on all those fronts.

In the first quarter of this year, we embarked on yet another venture in the field of diversity. We partnered with the national, not-for-profit Youth in Motion organization to connect new Canadians under the age of 20 with TransCanada employees who expressed an eagerness to mentor them about the world of work.

Between January and April, 21 Calgary-based TransCanada employees each volunteered five to seven hours of their time to this important program. They connected with their “mentees” either face-to-face or via email or telephone and shared their insights into the lifestyle and expectations of corporate Calgary. Formal training for the mentors was provided by Youth in Motion staff.

To the surprise of some mentors, they found that they, too, learned a great deal. They came away from the experience with a new appreciation of the different perspectives their young mentees brought to the discussions and a host of ideas about how to serve as more effective leaders within our own company.

“We sometimes forget that mentoring is a two-way street,” says Renate. “As a result, opportunities like this have much to contribute to the understanding of diversity and the removal of age-old employment barriers.”

Welcoming New Canadians to our workforce

Immigrants often confront obstacles to workplace success in their adopted countries, regardless of their employment qualifications. Everything from a lack of language fluency to unrecognized skills credentials can make it difficult for them to find employment or advance rapidly.

TransCanada recognizes those challenges and works to overcome them. Our efforts in this area were recognized in 2009 when we were chosen one of the Best Employers for New Canadians. This annual award is sponsored by Mediacorp Inc. and the Toronto Region Immigrant Employment Council.

Our company was singled out for this honour because we routinely offer paid internships and employment to new immigrants, assist them with credentialing issues, give them time away from work to focus on skills such as becoming more fluent in English, and offer cross-cultural training to our recruitment personnel.

This year we took advantage of Calgary’s annual WordFest literary festival to invite award-winning author Wayson Choy to speak to our employees and contractors about the new immigrant experience. Choy’s books have focused on the struggles of Chinese immigrants to Canada as they face poverty and racism every day.

The Workplace

Outside the workplace, TransCanada takes steps such as partnering with BOWEN Workforce Solutions to support Immigrant Works, a program that matches underemployed and foreign-educated Canadians with meaningful work.

Such initiatives matter, says Juan Gil, Manager, Business Systems. Juan emigrated with his family from Venezuela four years ago in search of a better life. At TransCanada, Juan feels valued for his education and experience. “This award will have a positive impact on the number and quality of new Canadian applicants we see in the future,” he says. “Many new Canadians want to work in a place that recognizes your contributions without ethnicity barriers.”

Proudly carrying the Flame

Ten of our employees from Canada and the United States had the good fortune to take part in the Vancouver 2010 Olympic Torch Relay in late 2009 and early 2010.

Their participation was due to TransCanada’s role as an Official Supplier to the Games in the category of Natural Gas Pipeline Operator. Over the course of the sponsorship, TransCanada committed to introducing programs that gave our employees the chance to participate in the Olympic experience.

Originating in ceremonies preceding the ancient games in Olympia, Greece, today’s Torch Relay reflects the enduring Olympic values of peace, brotherhood and enlightenment.

In the same spirit, we asked employees to nominate themselves or colleagues who exemplify our corporate values of Integrity, Collaboration, Responsibility and Innovation at work, at home or in the community. The response was overwhelming and the quality of the nominations was very high.

The following employees acted as torchbearers:

- Laun Bell, Senior Environmental Specialist, Rocky Mountain/Wildrose Regions, Airdrie Service Centre, Airdrie, Alberta;
- John Coutts, Mechanical Technician, Station 41: Île des Chênes, Manitoba;
- Russ Girling, Chief Operating Officer and President, Pipelines, Calgary, Alberta;
- David Haag, Manager, Rates and Regulatory Affairs, Portland Natural Gas Transmission System, Portsmouth, New Hampshire;
- Keith Leong, Lab Technologist, Edmonton Service Centre, Edmonton, Alberta;

The Workplace

- Laura McIntyre, Senior Contract Analyst, Supply Chain Operations, Calgary, Alberta;
- Sean McMaster, Executive Vice President, Corporate and General Counsel and Chief Compliance Officer, Calgary, Alberta;
- Joan Muzzey, Regional Associate, Lake Michigan Region, Tinley Park, Illinois;
- Ross Parker, Director, Operations Program, Engineering and Asset Reliability, Calgary, Alberta; and
- Matthew Teevens, Project Manager, Compression Projects, Calgary, Alberta.

Each runner carried the flame for some 300 metres along the 45,000-kilometre route in the longest Olympic Torch Relay ever.

None will ever forget the run. As Laura McIntyre said, “In my 20-some years of running, I’ve taken part in races like the Boston Marathon, but there’s really no comparison. This was really meaningful to me, and I’m so pleased that TransCanada gave me the chance to do this.”

Maintaining a healthy workforce

There was a great deal of public concern and confusion about the severity of seasonal influenza in 2009. TransCanada monitored the changing situation closely to ensure all employees and contractors had access to the best medical advice and services.

We launched an educational campaign that we called “Stop the Flu Before It Stops You.” All employees who exhibited flu symptoms were asked to stay at home. As it became clear that one of the flu hotspots around the globe was Mexico, where we operate, we curtailed all but essential travel to and from that country.

These proactive measures are part of TransCanada’s larger Business Continuity Plan. For the past two years, our Business Continuity Planning Team (BCPT) has determined the nature and level of resources needed to ensure the smooth, uninterrupted operation of our business.

At TransCanada, we leave nothing to chance.

Turning the Spotlight on exceptional employees

Receiving a formal award for excellent service is all well and good, but nothing beats the spontaneous, heartfelt appreciation of a co-worker for a job well done.

That's the philosophy behind TransCanada's newest employee recognition program.

Called Spotlight, it focuses attention on the small things that make a big difference: a colleague who volunteers to stand in for you when you have a family crisis to deal with, goes out of his or her way to mentor you in a new role without being asked, or whose superb organizational skills make every meeting run like clockwork. The positive attitude behind such everyday exceptionalism fosters a working environment that everyone enjoys and benefits from.

By introducing the online Spotlight program, TransCanada has made it easy for anyone in the company to send a note or a gift of appreciation to a deserving colleague.

"We enjoy competitive compensation, interesting career challenges and ongoing development opportunities at TransCanada," says Wendy Hanrahan, Vice President, Human Resources. "Being recognized for our efforts and appreciated by our colleagues is equally important in creating a rewarding work experience."

Safety before anything else

Excavation is central to many of our construction projects. As a result, we are taking special measures to ensure the well-being of our employees and contractors who dig trenches, tunnels and other openings.

"Safety," says Colleen Goertz, Manager, Operations and Engineering Employee Development, "is more than a priority - it is one of TransCanada's corporate values."

TransCanada has launched a new training program to make sure these employees have the right knowledge and skills to work in complete safety. Within the High-Risk Work (HRW) training program, every participant is trained to assess excavation sites, develop and implement related work plans and supervise the work of others on the job site. This training, which was developed with the assistance of machinery operators, is mandatory. Once an employee has completed the textbook training, he or she is evaluated in the field.

In 2009, we first tested the newly developed HRW module on the Keystone project site in Saskatchewan, the Corrosion Dig Program site in Alberta and the Hydro Test program site in Ontario. So far, 22 evaluators - 18 in Canada and 4 in the U.S. - have taken part in the program.

This is only the first part of the HRW training program. We anticipate this segment will be the model for additional training and evaluation programs designed to reduce risks to our employees, the public and the environment. Our company's expansion in recent years has made it imperative that all employees adhere to the same training and safety procedures.

The Workplace

We plan to deliver additional HRW programs in 2010, including ones that address electrical work, line locating and crossings and encroachments.

The Environment

When it comes to environmental stewardship, TransCanada does much more than meet regulatory requirements. We are constantly seeking better approaches to new project development, issues tracking and the thorough clean-up of legacy sites.

Comprehensive risk assessment guides our efforts. With ever more sophisticated analytical tools at our disposal, many of which we develop ourselves, we manage greenhouse gas and air emissions, maintain biodiversity, foster energy efficiency, engage in policy discussions and respect the diverse cultures in which we operate. We take a life cycle approach to environmental protection, avoiding impacts whenever possible and minimizing or mitigating effects when avoidance is not an option.

Our environmental responsibilities do not end there. In communities across North America, we work closely with local organizations and government representatives to conserve important landscapes, protect threatened and endangered species and conduct leading-edge scientific research studies that will bring future benefits.

This holistic philosophy of sustainability provides optimal protection of the natural environment and human health.

Building better risk management tools

TransCanada routinely looks at the environmental risks associated with our operations. We want to ensure that our activities are not harmful to people or the environment.

Historically, we applied a system that we called SARM (Site Assessment, Remediation and Monitoring). Based on generic regulatory standards and assumptions, SARM gave us a subjective assessment of risks but lacked tools that were specific to individual operational sites.

We knew we could do better.

Working with Wai Chi Kwan, an expert in toxicology and risk modeling, our environmental engineers developed an objective means of quantifying the environmental risks inherent in our operations. We called the new model QuEST (Quantitative Environmental Safety Tool).

In 2009 we used QuEST to assess all 124 compressor stations on our Canadian Mainline and the Alberta System. The results were excellent.

For example, at Compressor Station 68 near Thunder Bay, Ontario, there is a beaver dam and associated ponds. The customary approach for dealing with potentially harmful sediments would be to dredge or excavate the pond. Unfortunately, this would destroy the beaver habitat.

The Environment

QuEST showed us that the risk to the environment and people was low. As a result, we did not have to disrupt the beaver habitat. Instead, we will continue to monitor what is, by all scientific measures, a healthy environment.

In QuEST we have, for the first time, a reliable, site-specific risk assessment and management tool that allows us to focus our attention on issues of genuine importance.

Protecting fish in New York's East River

At Ravenswood, our electricity generating plant across the East River from Manhattan, we are installing state-of-the-art equipment to minimize our impact on marine life.

Plants like Ravenswood affect fish in three main ways. First, cooling water is heated as it passes through the plant, raising the temperature of the water returned to the river and causing thermal stress. Second, larger fish may be trapped against the intake screens by the water being drawn into the plant. Finally, smaller organisms may pass through the intake screens and experience mechanical or chemical stresses on their way through the plant systems.

The Clean Water Act and New York regulations require that generating plants use the best technology available to reduce these impacts. The studies that measure the plant's effect on aquatic life and the plan to install technology improvements were initiated by the companies that preceded us as plant owners. Since acquiring Ravenswood in 2008, TransCanada has continued to implement these mitigation plans.

New York State and the U.S. Environmental Protection Agency initially requested that cooling towers replace the existing cooling water intake systems; however, this is not possible at Ravenswood due to the limited space available for construction. As an alternative, we modified the intake screens and now plan our outages to coincide with spawning season.

TransCanada is currently in the midst of a \$10 million capital project to install variable speed drives on each of the cooling water pumps. The drives will allow us to reduce the flow rate of the water when we are operating the station at lower loads. This change is a key component of our plan to reduce impact to aquatic species in the river.

“TransCanada consistently demonstrates its commitment to safety, environment and long-term sustainability,” says Kevin Fennessey, Environmental Specialist at Ravenswood. “This project will be no different; we’ll find the best solution that allows us to operate at the maximum potential while minimizing our impact, even if it costs a little more to do it.”

Completed installation of the new drives is estimated by 2011. We are confident they will have a very positive impact on local marine life.

Somerset: a reservoir of conservation

At Somerset reservoir, deep in the Green Mountains of southern Vermont, we work with local wildlife experts to ensure the survival of the Common Loon.

Famous for their haunting call, loons are also known among biologists as an “indicator species”. This means they are highly sensitive to habitat changes, usually experiencing population declines before other species.

In 1983, State of Vermont biologists noted a sharp drop in the number of breeding pairs - from 19 to 8 in just one season. Vermont declared the Common Loon an endangered species and stepped up the activities of the Vermont Loon Recovery Project (VLRP) that had existed since 1978.

The VLRP works with citizens, lakeshore owners, hydro dam operators, lake associations, state agencies and other conservation groups to monitor and manage loon populations.

As the operator of the 600-acre (243-hectare) Somerset reservoir, which feeds our hydroelectric facilities on the Connecticut and Deerfield Rivers, TransCanada agreed to help by holding the water level in the reservoir to within three inches of nesting loons.

This is important because loons nest near the shoreline. Abrupt changes in the water level can swamp a nest or strand chicks. We also placed a nesting raft on Somerset to provide a safe and secure nesting site.

As a result of similar actions taken by others on nearly 100 Vermont lakes, the loons started to make a comeback. More and more chicks survived until volunteer observers counted more than 60 breeding pairs in 2008. In 2009, our observer was again able to identify a known territorial pair on the North Islands at Somerset during the annual July count.

TransCanada is pleased to be contributing in this small way to the recovery of Vermont’s loon population.

Lowering greenhouse gas emissions

TransCanada is constantly examining and investing in new technologies to make our operations more efficient. Great efficiency equals fewer greenhouse gas emissions.

One technology that has been used successfully in Canada and is now being implemented in the U.S. involves the use of pull-down compressors whenever we need to undertake routine maintenance on large diameter, high pressure pipelines. TransCanada performs about 30 pipeline pull-downs annually on its Canadian operations.

Historically, during certain maintenance procedures, pipeline companies like ours vented natural gas to the atmosphere, reducing pipeline pressure in order to create safe working conditions for our employees.

Pull-down compressors, both in-line and portable, allow us to lower gas line pressure while dramatically reducing venting. The compressors literally suck the gas from the pipeline segment under repair and inject it into the operating pipeline. In many cases, we are able to reduce the volume of gas discharged to the atmosphere by 90 per cent.

The higher costs for increased labour and for compressor purchase and operation are offset by the volume of undischarged gas that is able to be marketed.

Use of this technology is one more component of TransCanada's long-term strategy for increasing energy efficiency on a company-wide basis.

Pull-down compressors: good for our bottom line, good for the atmosphere.

Preparing for an oil-based environmental incident

TransCanada has undertaken emergency response training exercises related to natural gas pipelines for years. With the advent of our new 3,461-kilometre (2,151-mile) Keystone pipeline, we have simulated high priority emergency situations to ensure the same level of responsiveness with regard to oil-based crises.

The basic idea is to make sure all necessary employees are satisfactorily trained in emergency response procedures and know how to respond effectively to an incident in the unlikely event of an oil release from a pipeline.

Major simulations were conducted in Kindersley, Saskatchewan, Brandon and Winnipeg, Manitoba and Atchison, Missouri. Several regulatory agencies participated in the TransCanada exercises as observers.

One exercise was conducted on dry land, another on water at normal temperatures and a third on an ice-covered water body at minus 42 degrees Celsius. For most of our employees, the water-based exercises presented new challenges such as the deployment of oil spill containment booms in rapidly moving water. Their performance was exceptional.

“The very nature of an oil release is far more involved from a clean-up perspective,” explains Randy Schmidgall, Director, Canadian Field Operation, Central Region. “It’s of longer duration due to more extensive cleanup and remediation, as well as the number of response experts required.”

More exercises of this sort are scheduled for the coming months.

Innovative thinking about wetlands protection

When TransCanada relocates a section of pipeline in the U.S., the associated landscape disturbance must be offset. This is usually accomplished through sensitive restoration of the existing landscape. It may also be achieved through the improvement of more distant ecosystems.

In Wisconsin, where wetland forests are an important natural resource, the Wisconsin Department of Natural Resources and the United States Army Corps of Engineers operate a kind of wetlands land bank program. The program allows companies like TransCanada to purchase wetland credits in one area of the state to offset land disturbances elsewhere.

In 2009, our ANR Pipeline project team needed to relocate a section of pipe on the north shore of Lake Butte des Morts, near the community of Oshkosh. The area included a forested wetland. Rather than purchase wetland credits in an area some 300 miles from our project site, we offered to restore part of the immediate wetlands forest. In this way, we hoped to benefit the local community directly.

Working closely with the engineers, we developed a detailed plan. Local feedback improved our plan further. For example, landowner advice led us to alter the mix of trees that we planted, reconsider the locations where we planted certain species and install game fencing to minimize damage from white-tailed deer.

We began the restoration in October with the planting of more than 200 trees in Winnebago County, Wisconsin. These trees, which are healthy and producing buds, will re-vegetate the forested wetland area affected by the pipe relocation. Although the restoration will not be completed for some time, the future looks bright for the project.

Protecting a river with horizontal drilling

During the winter of 2008-09, TransCanada accomplished the astonishing feat of installing 1,110 metres (3,642 feet) of 42-inch pipe under northern Alberta's broad Peace River. This was a Canadian record.

An innovative technology called horizontal directional drilling made it possible.

The technique, which is sometimes called "trenchless" technology, allows pipeline construction in locations that include obstacles such as rivers, steep slopes, structures, roads or railway crossings. It also reduces the overall impact of the development.

“We consider several factors when choosing the appropriate crossing method for a project, including technical feasibility and cost effectiveness,” explains Heather Bishop, TransCanada Senior Environmental Advisor. Our goal is to use the most practical construction method resulting in the least adverse effect on fish, their habitat and the overall river environment.”

The successful design and construction of a horizontal directional drill is determined after consideration of safety, terrain, geotechnical and hydrological aspects, environmental parameters, land use, economics, and public input.

Test bores were made to determine the right depth for the pipe. In this case, it was as much as 35 metres beneath the riverbed. A pilot hole was bored and reamed out to the right size. Our work crews then welded the pieces of pipe together, coated them to prevent corrosion and abrasion, hoisted them into position with 12 mobile cranes and then pulled them through the bore hole atop rollers. The drilling alone took 154 days.

This massive undertaking was part of our North Central Corridor pipeline project, designed to increase northern Alberta’s pipeline capacity and move its natural gas to market more efficiently and reliably. This also enabled us to reduce our fuel consumption by 50 per cent resulting in much lower emissions overall.

Sponsoring grizzly bear research

TransCanada has been a founding sponsor of the Foothills Research Institute (FRI) Grizzly Bear Program since 1999. Over the past 10 years TransCanada and more than 50 other sponsors have worked toward a common goal of “providing new knowledge and planning tools to ensure the long-term conservation of grizzly bears in Alberta”.

Since 1999, researchers at FRI have monitored grizzly bear activity across the province to gather and map data on various facets of grizzly bears, ranging from habitat selection to mortality risks. Overall, this investigation has assembled the most comprehensive and extensive data set in North America ever assembled on grizzly bears.

TransCanada believes that grizzly bear research and the objectives of this project align with company priorities, specific to the overall management of the industrial footprint in the boreal environment. In addition, it provides us with the opportunity to influence the direction of landscape management in this extensive geographic area of the province, while supporting the overall health of grizzly bears as a species at risk.

Seeking new frontiers in renewable energy

In the years ahead, solar power may become an important part of TransCanada's on-going effort to produce more of its power generation portfolio from renewable sources.

TransCanada's growing commitment to increasing the supply and availability of renewable energy sources is well known. For example, our company has constructed wind power farms in Quebec and the northeastern United States. In New Hampshire, Vermont and Massachusetts, we operate 13 hydro-electrical facilities on the Connecticut and Deerfield rivers. Right now, approximately 10 per cent of TransCanada's power generation comes from wind and hydro sources.

Recently solar power has begun to attract a great deal of favourable attention. It is easy to understand why. The conversion of free sunlight into electricity, either through the use of photovoltaic cells or by concentrating the sun's heat to generate steam, has the theoretical potential to provide more than one thousand times our current global energy consumption. Furthermore, it would do so while bringing about a sharp reduction in the production of greenhouse gases.

The construction of solar generating facilities is land intensive and does require large tracts of land. For these reasons TransCanada is tracking the environmental issues associated with development in desert landscapes and seeking potential sites where impacts would be minimized, including developing projects on previously developed sites or disturbed land.

Governments around the world are beginning to recognize the inherent benefits of solar power for the security and reliability of their energy supplies. Some, such as the governments of Germany, Spain, Australia, Canada and the United States, are encouraging power generation companies to produce an ever-greater proportion of their power from renewable or alternative energy sources. The policies and legislation driving such change, whether mandated or voluntary, are typically referred to as Renewable Portfolio Standards or RPS.

As a North American power producer, TransCanada is most interested in the opportunities that exist within the United States and Canada. There, some 30 States have already committed to Renewable Portfolio Standards either as a matter of law or as an explicit policy goal. In California, for example, power companies will have to produce one-third of their energy from renewable sources by 2020. In Canada, the Province of Ontario is promoting solar development through Feed In Tarrifs (FIT) under its Green Energy and Green Economy Act. Federal governments in Canada and United States both strongly endorse the use of renewable and alternative energy sources, the source of further incentives.

In 2009, TransCanada investigated the U.S. potential in the sun-blessed Southwest. Our initial conclusion is that investment in solar power would likely be a good "fit" for our company. In the view of Brad Howard, Manager, Solar Development, "there is a huge opportunity before us. Our challenge will be to define and execute on a development strategy that makes sense for TransCanada." As a result of this initial study, we have committed greater internal resources to

The Environment

examining the varied opportunities within this emerging market and to acquiring the expertise needed to succeed on a commercial basis. We anticipate that this planning phase will continue over the next two years.

If investment in solar energy proves viable for us, TransCanada's participation in that market would increase the reliability and security of energy production in North America, benefit the environment by reducing the consumption of fossil fuels, create many "green" jobs and enhance the financial performance of our company.

The Community

Links with communities in which we work and live are critical to the success of the company. We continuously strengthen those links by freely sharing information about our plans, consulting thoroughly to understand local issues and concerns and identifying the best possible fit between corporate needs and community needs.

TransCanada values stakeholder advice. We respect the pivotal role such advice plays in defining projects that are essential, sustainable and mutually rewarding. Whether shareholders, customers, community residents, landowners, Aboriginal and Native American peoples, regulators, governments, environmental organizations, industry peers, partners or suppliers, every TransCanada stakeholder contributes greatly to the building of projects that recognize and serve the interests of our company and our neighbours.

Keeping our stakeholders informed

In 2009, TransCanada launched one of the largest and most successful public awareness campaigns in its history.

The campaign involved the pipelines and landowners of our Alberta System. This 23,500-kilometre (14,100-mile) network gathers natural gas for use within the Province of Alberta and for delivery to provincial border points, where it connects to other North American systems. One of the largest networks on the continent, the Alberta System, gathers two-thirds of western Canada's natural gas.

The Alberta System has been regulated by agencies of the Government of Alberta since 1954. In 2008, TransCanada applied to have regulation of the line transferred to Canada's National Energy Board (NEB).

The idea was to allow cross-border expansion of the line - something not allowed under provincial regulation - while reducing costs to natural gas shippers. The NEB consented to our request in April 2009.

We wanted to make sure our stakeholders were clear about the reasons for the change and that we understood all public concerns about it.

We launched a major information campaign in the spring of 2009. This was done in accordance with our Integrated Public Awareness program. Our representatives consulted extensively with stakeholders, including 6,263 landowners who each had an opportunity to speak with a representative directly.

Patrick Leys, Manager, Land Services for TransCanada, says that the most common questions he received were related to the new safety zone, which increased under the new regulations. "Nearly 90 per cent of the stakeholders we reached had no objections at all to the changes."

Others wondered if such a change might make a difference in matters like compensation, crossings, farming restrictions, pipeline abandonment, and liability.

National Energy Board regulation will be, if anything, even stricter than previous guidelines on the Alberta System have been. TransCanada is committed to upholding the NEB's standards as we expand our pipeline network in western Canada.

Building community relationships

Whenever TransCanada launches a project in a new area, we try to show residents that we're committed to being a good neighbour for the long haul.

In northeastern British Columbia, where we have started work on two major shale gas pipeline projects, we recently established a new community office in the City of Fort St. John. It is managed by two full-time contract employees and also serves as a meeting place for the project teams and members of the community.

We chose Fort St. John because it is central to the Horn River and Groundbirch project areas. These proposed pipelines will transport sweet natural gas from two of the most significant shale gas deposits in North America.

Kerry Auger, regional Aboriginal and Community Liaison, says "A presence like this in the area gives community members a sense that the company is here for a while and that they intend to treat stakeholders respectfully."

As part of the official office opening, TransCanada employees took part in a local tradition called a "smudge" ceremony. Local Aboriginal Elder Al Cardinal burned sacred plants and herbs to purify the community office and help create a "positive mental perspective" within its surroundings.

"Northeast B.C. represents a new market for TransCanada and as such we want to establish strong trusting relationships with members of the communities in that area," said Sandeep Mann, project manager for the Groundbirch Mainline project.

The Fort St. John office will also serve as a hub for local and traveling employees working on our two proposed projects in the region.

Getting everyone on the same page

Responding effectively to an emergency demands precise co-ordination among everyone who might be affected by the crisis. In 2009, TransCanada undertook an unusual emergency response exercise that challenged our personnel and enhanced their approach to working with outside agencies.

The exercise involved our Moore Dam, which straddles the boundaries of New Hampshire and Vermont. The 178-foot (54-metre) dam, built in 1957, created a 3,500-acre (1,416-hectare) reservoir on the Connecticut River. Any breach of the dam structure could potentially affect the residents and communities of three States.

TransCanada has had detailed emergency protocols in place for years. We practice as many as a dozen of these drills every year across our North American operations. We do this to ensure their comprehensiveness and to refine our response actions.

However, since the events of September 11, 2001, and the breach of the New Orleans levees following Hurricane Katrina in 2005, more stringent requirements have emerged. Now the Department of Homeland Security expects State and local agencies to follow a standardized set of exercises that use a common language for communicating about emergencies and a common, coordinated response.

For us, a year of planning came down to six-and-a-half intense hours of simulation. The situation grew increasingly more dangerous and complex as the integrity of the dam was in jeopardy, heavy rains added to the flooding, lightning impaired our ability to communicate, rising water stranded people and piles of debris threatened local bridges and other structures.

Personnel reacted quickly at every level - community police and other first responders, State and local agencies, State Homeland Security, emergency operations centres and TransCanada's Corporate Emergency Operations Centre in Calgary. In all, some 200 people took part in the exercise, one of the largest TransCanada has ever undertaken.

“The exercise was a huge success,” said John Ragonese, TransCanada's FERC License Manager. “It worked very well while pointing out where we could improve. Now we will address those issues to fine-tune our responsiveness. Exercises like these are important, not just because they improve co-ordination but also because they assure local communities that TransCanada is on top of any emergency that may arise from our assets.”

Preserving Canada's Aboriginal heritage

The story of Aboriginal occupation and use of Canada's prairies, which extends thousands of years into the past, continues to unfold through rigorous archaeological research.

In 2009, TransCanada contributed once again to that important work by funding investigations along a proposed pipeline right-of-way near Hardisty, Alberta.

In Alberta, archaeological investigations are a regulatory requirement under the Province's Historical Resources Act.

The initial assessment revealed a 1400-year old buffalo pound where Aboriginal people trapped, killed and butchered bison for food, clothing, tools, trade and ceremonial purposes.

Prehistoric buffalo pounds are rare. In fact, the Hardisty site is one of very few pounds located within the aspen parkland region of central Alberta. It provided a special opportunity to gain new insight into the complex and enduring lifeways of the Aboriginal plains cultures.

"In keeping with TransCanada's Aboriginal Relations Policy, we notified the local Aboriginal groups of the discovery and worked closely with them during all of the subsequent site review, excavation, and preservation efforts," explains David Cole, Aboriginal Relations Advisor.

Representatives of the Siksika Nation, Alexander First Nation, Saddle Lake First Nation and the four communities of the Maskwacis Cree Nation were involved in the initiative's success.

Committed to Aboriginal communities

TransCanada's relationship with Aboriginal and Native American peoples strengthens with each passing year.

This is as it should be, for many of our pipelines and power generation plants are located on Treaty lands or traditional Aboriginal territories.

Before any of those projects proceed, we engage local communities to learn more about their particular needs and concerns.

Recently, in northeastern British Columbia, the elders stressed how important it was for them to harvest medicinal plants before we began our project development. We respected that request and worked out a schedule that satisfied the needs of everyone.

The Community

Whenever possible, we offer contract opportunities to Aboriginal and Native American companies and individuals in the areas affected by our development and operations. In 2009 alone, we spent \$50 million on such opportunities.

We also provide skills training and employment prospects to Aboriginal and Native American individuals. In Calgary, at SAIT Polytechnique, TransCanada continues to sponsor the work of the Chinook Lodge Aboriginal Resource Centre. The Centre provides Aboriginal students with tutoring, leadership skills, bursaries, and personal counseling.

Our company is often able to offer graduates of technical institutes like SAIT and the Northern Alberta Institute of Technology in Edmonton with on-the-job experience as well.

Initiatives like these, which are of mutual interest and benefit, help communities to develop sustainable local economies. Just as importantly, they continue to strengthen a relationship that has served TransCanada and Aboriginal and Native American people well for more than 30 years.

Educating young people about nature

“You should have seen the smiles on their faces - the kids were just having a blast.”

That was Ken Alton talking last May about the 9th annual Herricks Cove Wildlife Festival held near Bellows Falls, Vermont. Ken is our External Relations Representative for the Connecticut River area.

TransCanada is one of the sponsors of the Wildlife Festival, which draws families from far and wide to this critical stopover point for migratory birds.

The children got to build bat boxes, visit a giant moose display, see live owls and eagles, learn to fish, and pepper biologists and game wardens with their questions.

TransCanada is delighted to help make the Festival a success. We see public education as a key to changing attitudes about the environment. In fact, education is central to our overall community investment program.

We have been involved in many environmental initiatives in New Hampshire, Vermont and Massachusetts, where we own and operate 13 clean, renewable hydroelectric generating stations.

We use our 32,000 acres of utility corridors to showcase work focusing on environmental sustainability, including:

- River clean-ups;
- Salmon reintroduction efforts;

- Construction of nesting platforms for loons in reservoirs;
- Removal of invasive species;
- Stabilization of riverbanks; and
- Restoration and enhancement of wetlands.

Herricks Cove is special to us. That's why we worked extensively with the Mount Ascutney chapter of the Vermont Audubon Society to restore the wetlands and riverside ecosystem. Kids aren't the only ones who get excited about this beautiful part of the river.

Celebrating our industrial past

In May, TransCanada was delighted to receive an award from the National Hydropower Association as an Outstanding Steward of America's Waters.

The award was for an educational video called *Vernon Station: Honoring the Past, Powering the Future*. The video, documenting our modernization of a heritage hydro-electrical power plant, will be distributed without charge to public schools, libraries and museums in Vermont and New Hampshire.

Vernon Station, constructed on the Connecticut River in 1909, was the first plant east of Niagara Falls to transmit power over a long distance. The beautiful red brick structure was not only an architectural, engineering and technological marvel of its day, but also the cornerstone of today's integrated power system in New England.

TransCanada worked closely with local historical preservation officers to ensure that the heritage fabric and values of the building were not compromised. We also underwrote the costs of digitizing historical photographs of the Station and purchase of a museum building to house them and other community artifacts.

"We can't ask for better partners than TransCanada," said John Smith, President of the Hinsdale Historical Society.

TransCanada's John Ragonese, FERC License Manager, proudly noted that "we completely re-engineered and doubled the capacity of 4 of the 10 units at the century-old facility without altering the Vernon Station's footprint or historic character."

As a result, the cherished historical landmark will continue to provide New England residents with reliable, renewable energy for many years to come.

Watching a parade of blades

In early June, Maine residents of Belfast, Farmington and Stratton got a close-up view of a most unusual sight: wind turbine blades, each nearly the width of a football field in length, lashed to flatbed trucks that wound slowly through town on their way to TransCanada's new wind power site on Kibby Mountain in northern Franklin County.

The huge blades are only one component of the hardware needed to construct the wind turbines. Between March and July, 44 Swedish-built Vestas V-90 turbines, which turn the blades, were also transported inland from the docks at Searsport. When completed in 2010, the Kibby Mountain project will produce 132 megawatts of electricity, enough to meet the needs of 50,000 New England homes.

"With police car lights flashing and children cheering and everyone taking pictures along the route, the event felt like a Fourth of July parade," recalls Caroline Beaudry, Community Relations Advisor. TransCanada made the wait seem shorter by handing out everything from balloons to ice cream bars to Colorado Blue Spruce seedlings.

Elizabeth Chandler of Farmington, who waited patiently for the trucks to arrive, had a very personal reason for being there:

The power line runs right near my camp in Alder Stream Plantation. I am proud to say it is in my backyard. It's been a long time coming. It's a positive step for the environment, and I'm proud of the state of Maine for accepting this alternative energy source.

Just the Numbers

Social

Numbers

- Total employees: ~4,150
- Canadian employees: ~2,500
- U.S. employees: ~1,630
- Mexico employees: ~8

New employees

- Expected new hires per year: approximately 400
- Voluntary turnover: approximately 3 per cent in 2009

Total Community Investment cash donations: \$7,760,170

Total In-Kind donations: \$225,172

Environment

Air Emissions

Air emissions are an ordinary by-product of TransCanada's business operations. We use turbine engines to compress gas and move it through our pipelines. Some of our facilities utilize electrical energy, while others use natural gas to fuel the turbine engines. Our simple cycle, combined cycle and co-generation power facilities also use natural gas to fuel their turbines. As a result, these facilities generate nitrous oxide emissions. Consequently, we manage air emissions by operating our facilities in a manner that meets the stringent air quality guidelines and requirements of the various jurisdictions in which we operate.

Greenhouse Gases

TransCanada's commitment to better air quality and the management of greenhouse gas emissions is well known. For more than a decade, we have managed energy efficiency across the entire company. These efforts have included the reduction of pipeline energy consumption through the installation of high-

SOURCE	MILLIONS METRIC TONNES
Canada - Pipelines	4.5
Canada - Power Generation	1.9
U.S. - Pipelines	3.7
U.S. - Power Generation	2.3
TOTAL	12.4

efficiency compressors and turbines. We've also managed methane loss from our pipeline system by adopting advanced welding techniques, industry leading fugitive emissions management, minimization of venting and blowdowns and optimization of pipeline operation and outages.

Water Management

TransCanada adheres to strict government requirements to ensure water quality is not compromised. Within our energy assets, water requirements are always considered early in the design process. The use of water for cooling and for helping reduce air emissions, the interplay of technology and local requirements are among the key considerations. Our power facilities are designed to use minimal volumes of water and, whenever possible, to recycle it safely back into the environment.

Waste Management

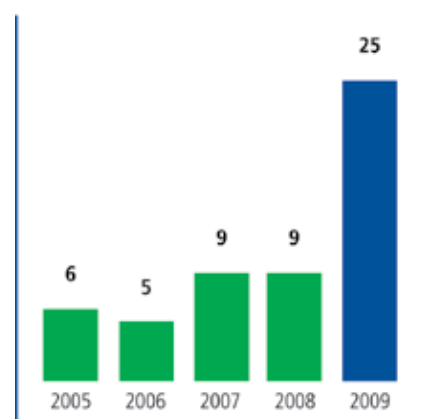
Although TransCanada's facilities do not generate large quantities of waste, we have a comprehensive hazardous materials and waste management program tailored to our operations. The program prescribes the conditions for responsible management of hazardous materials and wastes throughout the full life cycle of our facilities.

Spills

TransCanada reports all company and third-party spills. We document even minor spills to identify areas where we could improve our performance. We respond to all spills to ensure proper clean-up and to minimize any potential for a negative impact to the environment.

Of the 25 reportable spills, it is important to note that nearly half were less than 10 gallons (38 litres). All spills were contained and cleaned up in accordance with regulatory requirements.

Reportable Spills



Habitat conservation across North America

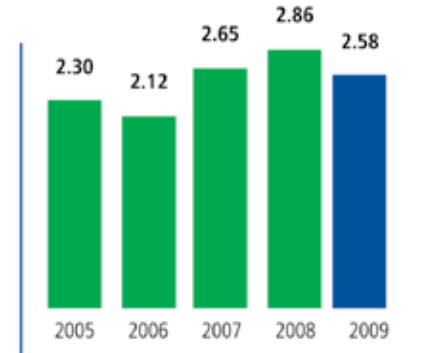
TransCanada mitigates its impacts on the environment and helps to sustain natural biodiversity. We accomplish this by involving environmental specialists on every project we develop, by working closely with governmental and environmental organizations and by contributing to leading-edge scientific research and policy development. Our work routinely includes research and mitigation projects related to fisheries, birds, wildlife habitats and vegetation.

Safety

Vehicle Incident Frequency - 2.58

Vehicle Incident Frequency is the number of recordable vehicle incidents recorded for every 1,000,000 kilometres that our employees drive. A recordable vehicle incident is any incident (regardless of fault) involving a fleet or rental motor vehicle which results in an injury to any person or damage to any vehicle or property, unless the vehicle was safely and legally parked at the time of the incident. On average in 2009, TransCanada experienced one incident every 386,972 kilometres traveled. This is better than the most recent 2009 industry average for Canada of one incident for every 291,354 kilometres.

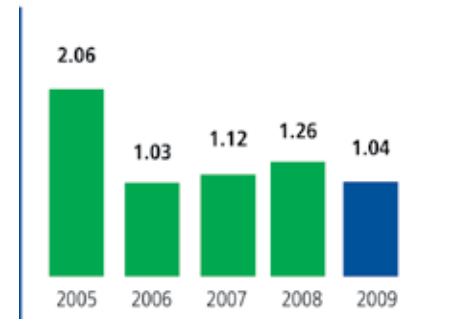
Vehicle Incident Frequency



Total Recordable Case Rate - 1.04

The Total Recordable Case Rate refers to the number of recordable cases per 100 full-time employees. On average in 2009, TransCanada experienced one recordable case every 96 person-years worked, better than the most recent 2009 industry average for Canada of one recordable case every 46 person years worked. The majority of these injuries required only minor medical treatment. Minor medical treatment includes such items as the need for prescriptions, stitches or restrictions in work; and does not include an individual incurring time away from work. As well as injuries requiring only minor medical treatment, recordable cases are illnesses and work related injuries that result in loss of consciousness, restriction of work or motion, transfer to another job, loss of life or injuries that require medical treatment beyond first aid.

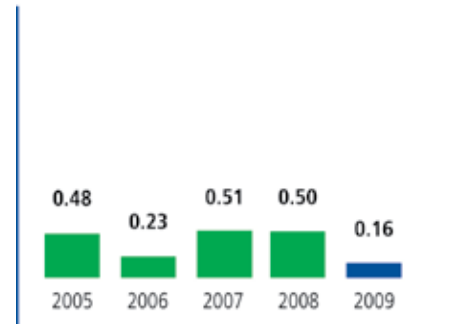
Total Recordable Cases



Away from Work Case Rate - 0.16

The Away from Work Case Rate refers to the number of away-from-work cases per 100 full-time employees where an employee would have worked but could not because of occupational injury or illness. On average, TransCanada reported 639 person-years of work for every reported case, or better than the most recent 2009 industry average for Canada of one away-from-work case every 214 person years worked.

Away From Work Case Rate



Business

For detailed information on TransCanada's financial performance in 2009, please refer to our Annual Report at www.transcanada.com.

Find Out More

As always, we welcome your comments and suggestions. To provide us with your views, please contact communications@transcanada.com.

Glossary

Blowdown	Energy derived from sources that are constantly replenished by natural processes such as wind, water, solar and geothermal.
combined cycle	In a typical natural gas combined-cycle facility, electricity is generated combining the energy from two power generating cycles. Natural gas is burned in the gas turbine which turns an electricity generator. The hot exhaust from the gas turbine is used to produce steam, which turns a steam turbine and another electricity generator. By combining the cycles together, the resulting energy efficiency is about 55% compared to 35% for a typical gas turbine alone.
Dow Jones Sustainability Indexes	Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide. See www.sustainability-index.com .
environmental stewardship	A broad term for reducing the impact of human daily activities on the environment. Such actions may range from individual behavioural changes to large-scale programs such as waste management, contaminated sites management, or energy audits that demand complex, coordinated approaches.
greenhouse gases (GHGs)	<p>Gaseous components of the atmosphere from natural and man-made processes that contribute to the greenhouse effect. Common GHGs include carbon dioxide, nitrous oxide, methane, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>The operation of TransCanada's pipeline and power facilities produces "direct" emissions of three GHGs: carbon dioxide, methane and nitrous oxide. TransCanada also accounts for indirect emissions, which are produced by companies that generate the electricity TransCanada purchases for use at our facilities. GHG impacts are global, which means reductions in any part of the world will help limit the effects of these emissions on the climate.</p>
remediation	The removal of contaminants or pollutants from a specific environmental location.
renewable energy	Energy derived from sources that are constantly replenished by natural processes such as wind, water, solar and geothermal.
stakeholder	Someone with a vested interest in the outcome of a decision. TransCanada's key stakeholders include our employees, shareholders, customers, community residents, landowners, Aboriginal peoples, regulators, environmental organizations, industry peers, and business partners.



TransCanada: A leader in energy infrastructure

TransCanada is quickly becoming North America's leader in energy infrastructure.

We deliver 20 per cent of the natural gas consumed in North America each day through our 60,000-kilometre (37,000-mile) pipeline network. In 2009, we entered the oil pipeline business as well. We are also the second largest natural gas storage provider in North America.

TransCanada also owns, controls or is developing some 11,700 megawatts of generation capacity in Canada and the U.S. – enough capacity to power nearly 12 million homes. Our diversified power portfolio includes nuclear, natural gas, coal, hydro and wind generation. We also conduct wholesale and retail electricity marketing and trading in Alberta, Ontario and the northeastern U.S.

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