



Western Canada Winter 2012-2013

Gas Supply Update

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Supply Analyst



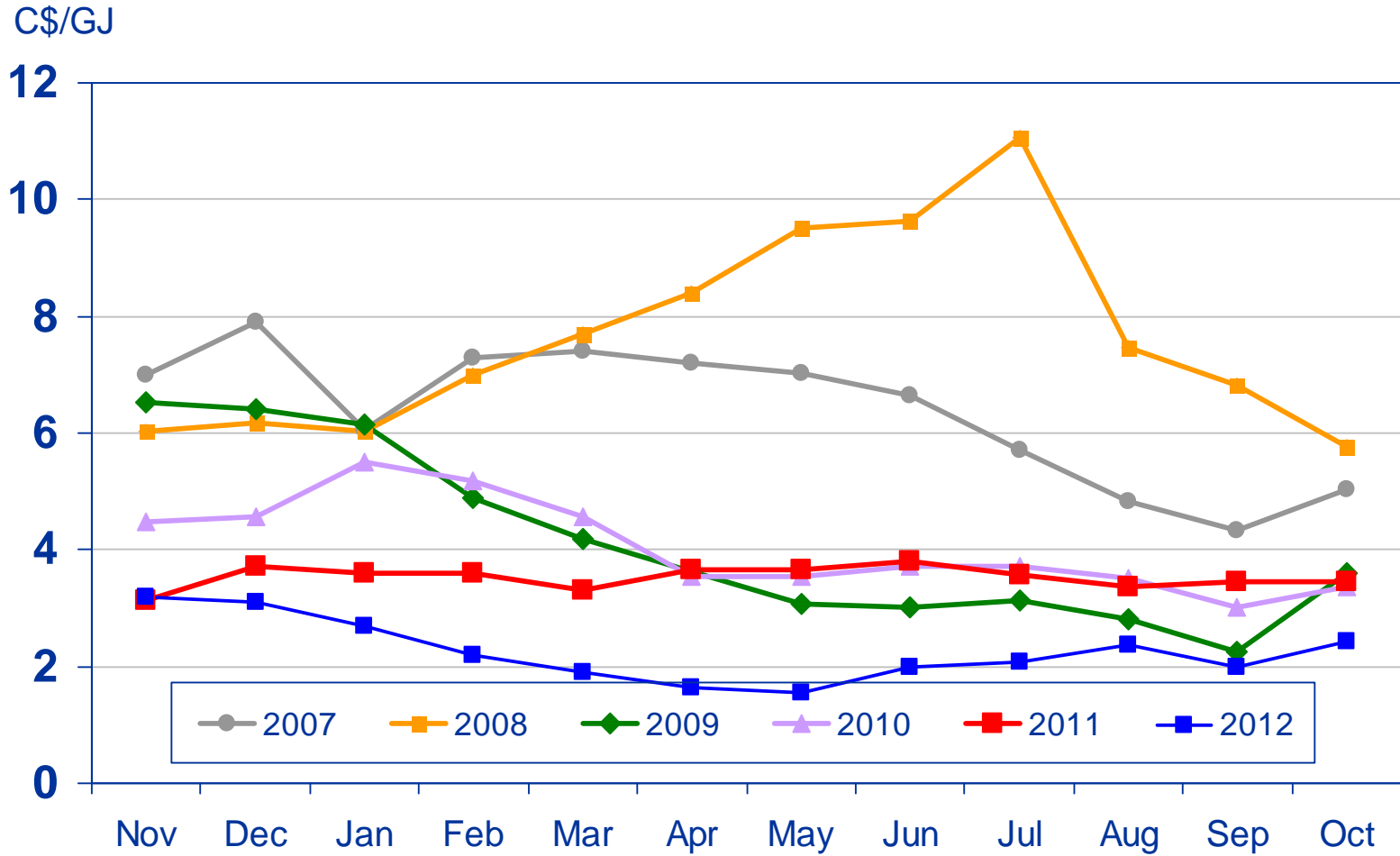
TransCanada
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Observations



- **Average 2011/12 AECO/NIT gas price lowest in over 10 years**
 - Lowest monthly gas price since 1998 seen in May 2012
- **Storage will finish the summer at record high levels**
 - Storage is at or near capacity in the WCSB, Eastern Canada and US
- **While steep decline in supply occurred in early summer, WCSB production has been stable since June**
 - Low natural gas prices have resulted in reduced drilling and some shut-in of producing wells
 - Lower natural gas liquid prices have also contributed to slow down in drilling
 - However, gas well productivity continues to climb

AECO/NIT Gas Prices

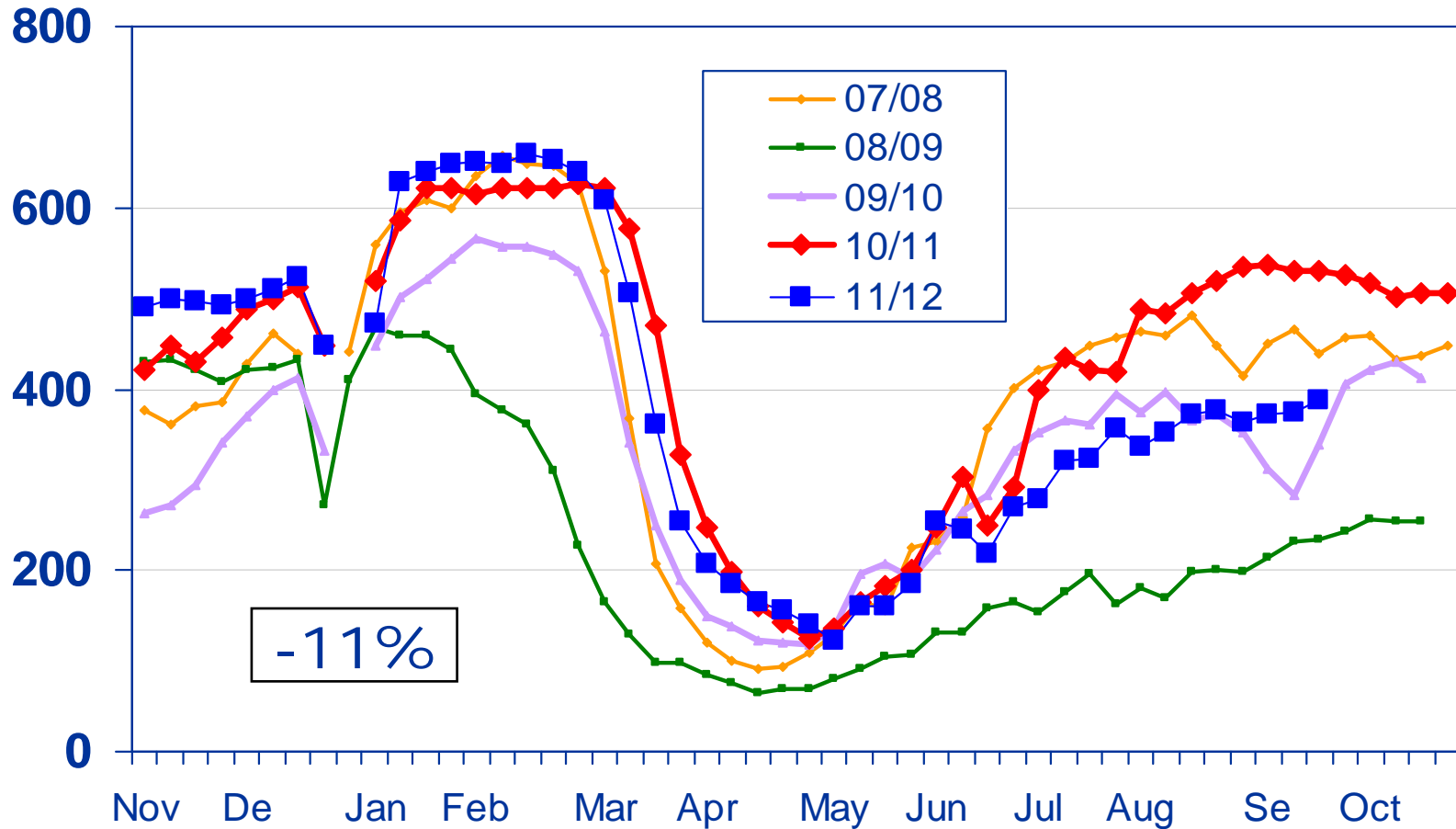


NGX AB-NIT Bidweek Index Price

WCSB Active Drilling Rigs

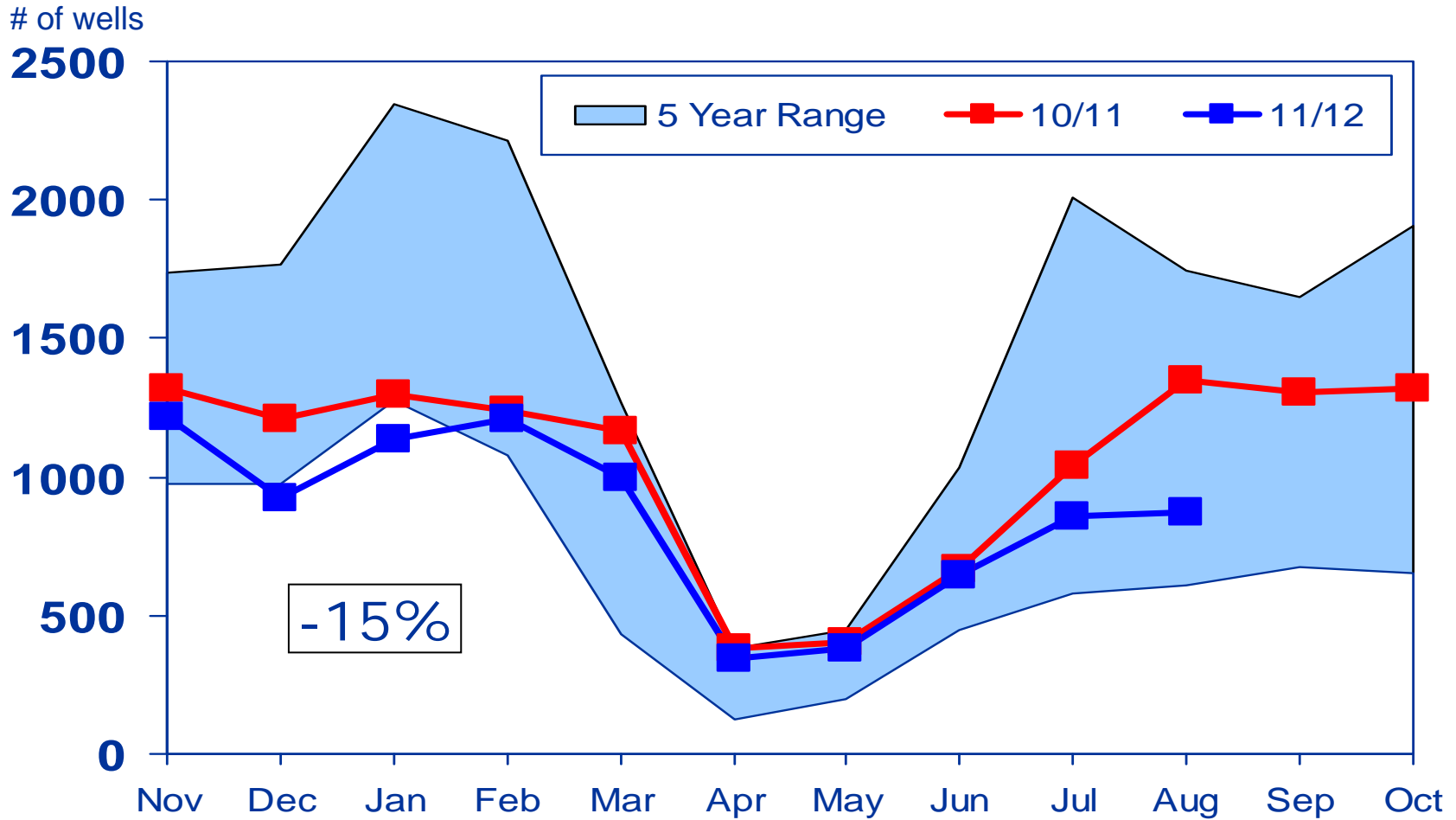


of Rigs



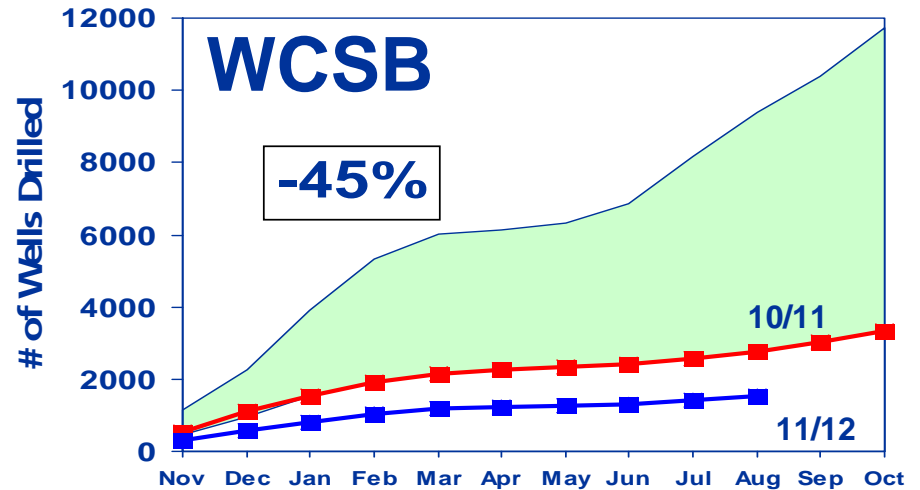
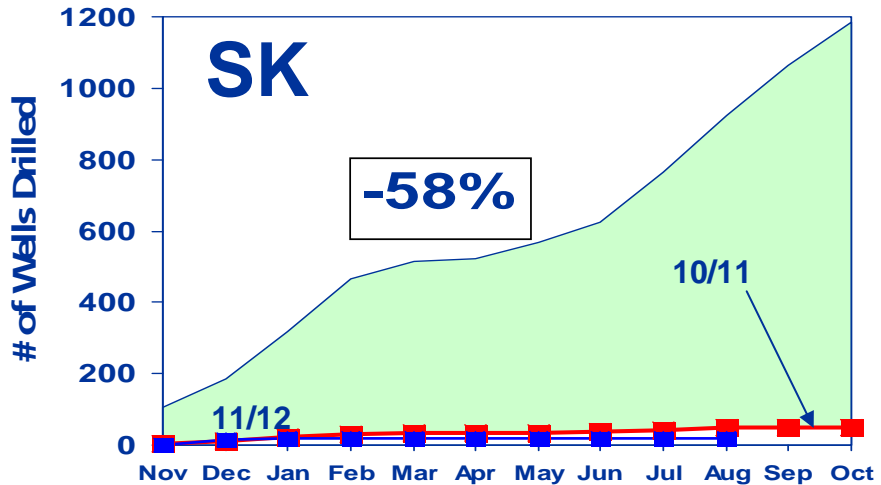
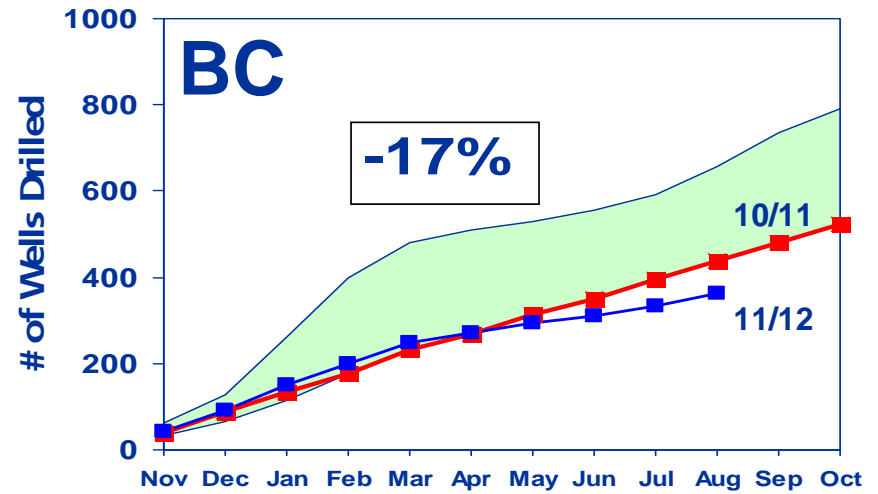
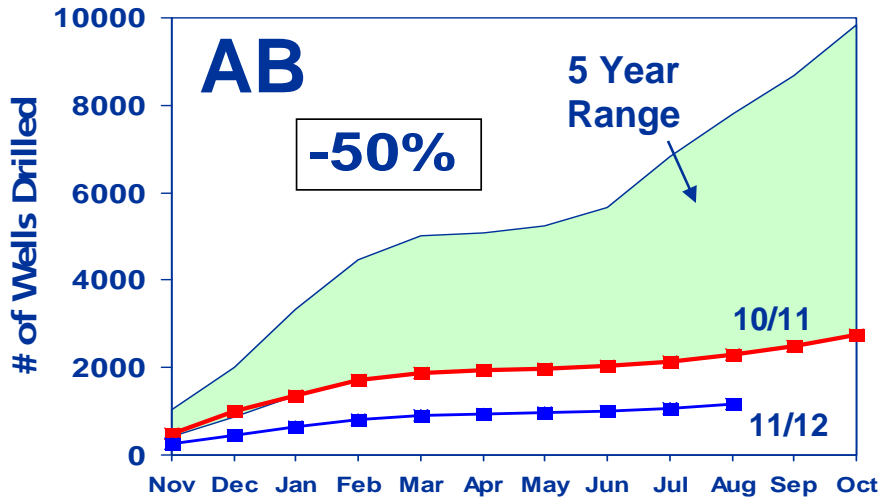
Source: DOB and TCPL data to Sept. 2012
Rig activity includes oil and gas wells

WCSB Total Wells (Gas, Oil and Dry) Drilled/Month



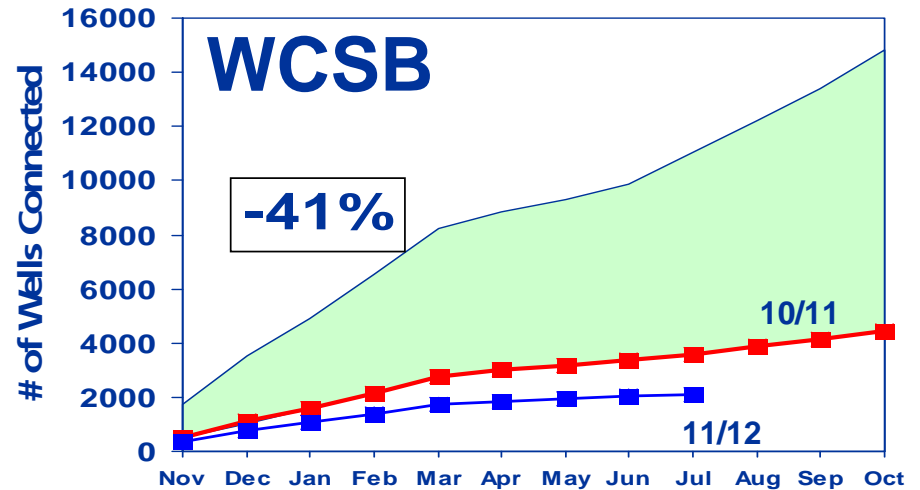
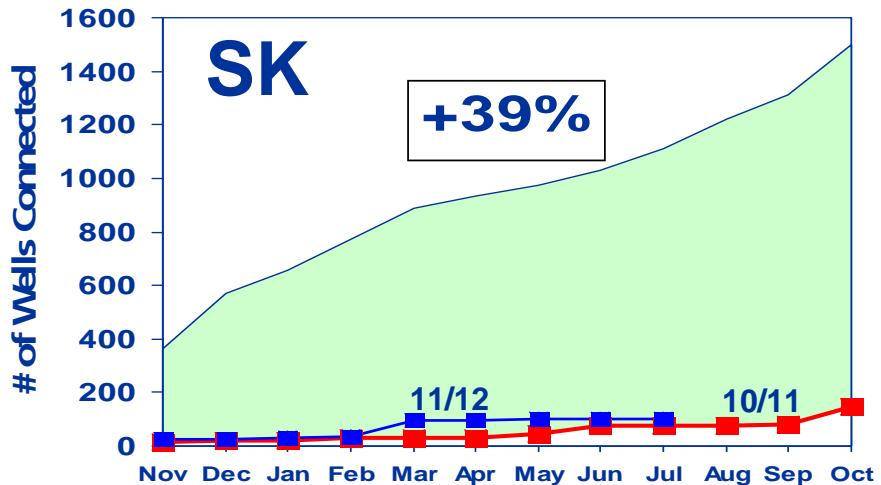
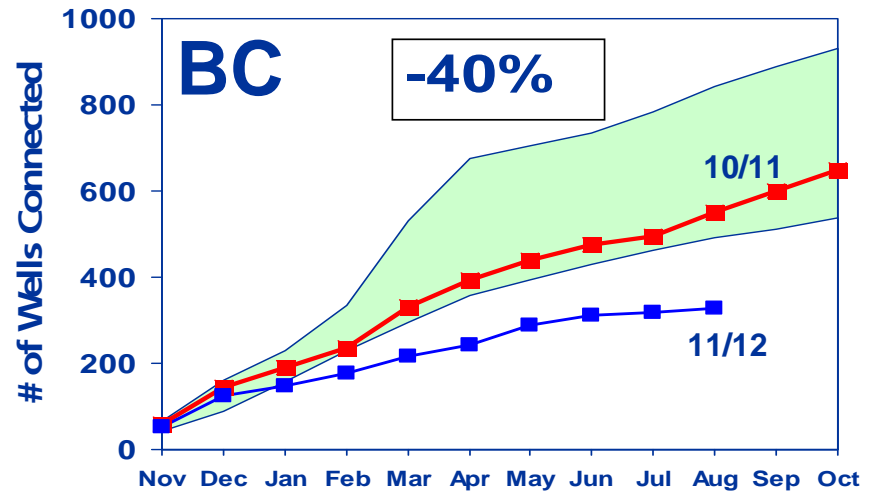
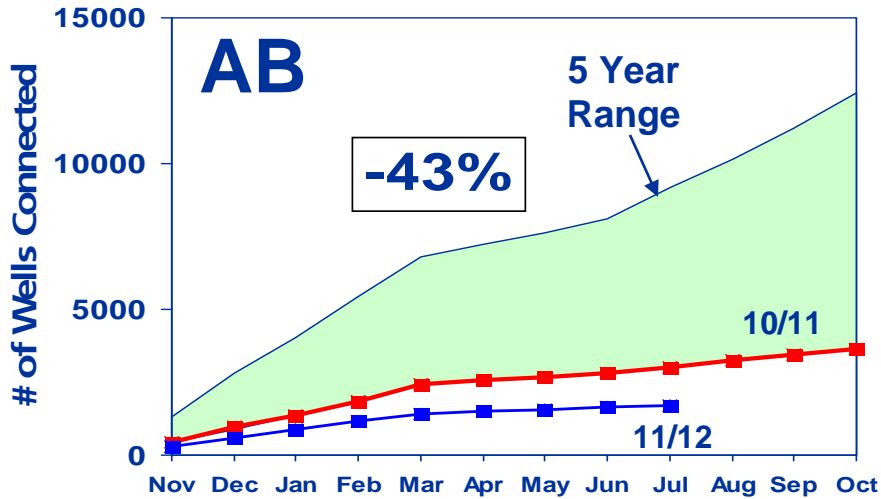
Source: DOB, TCPL data

Cumulative Gas Wells Drilled By Province



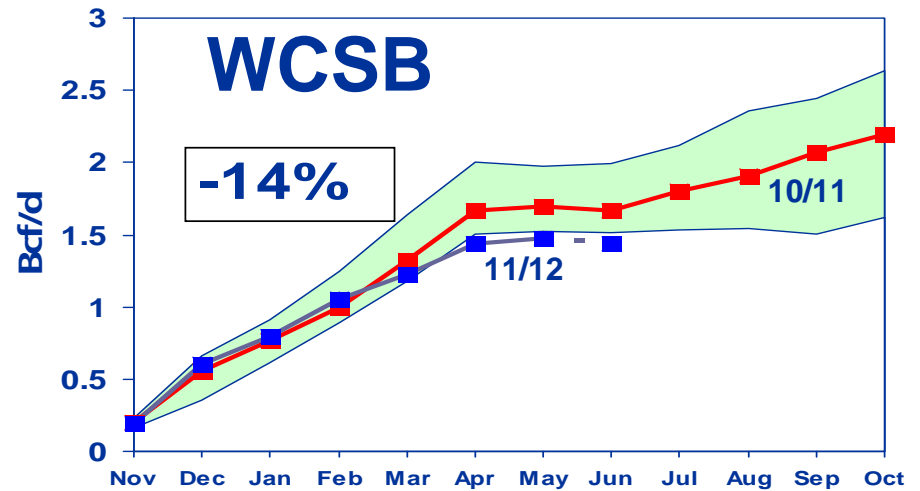
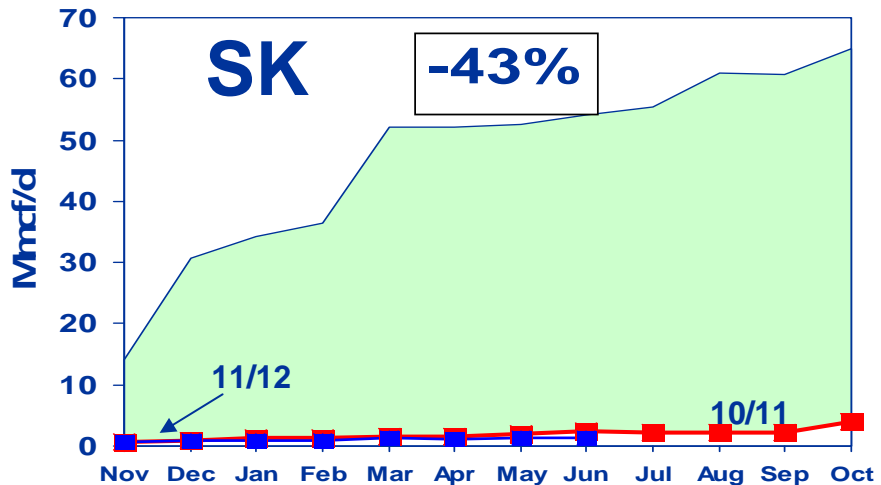
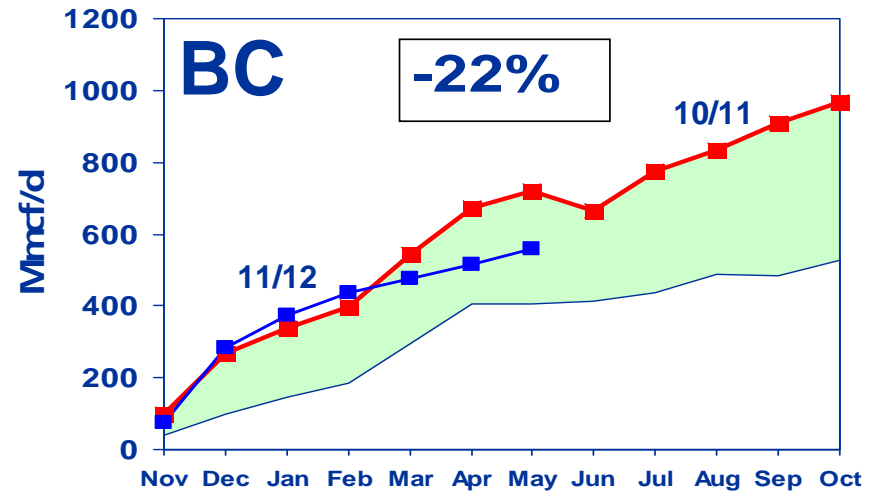
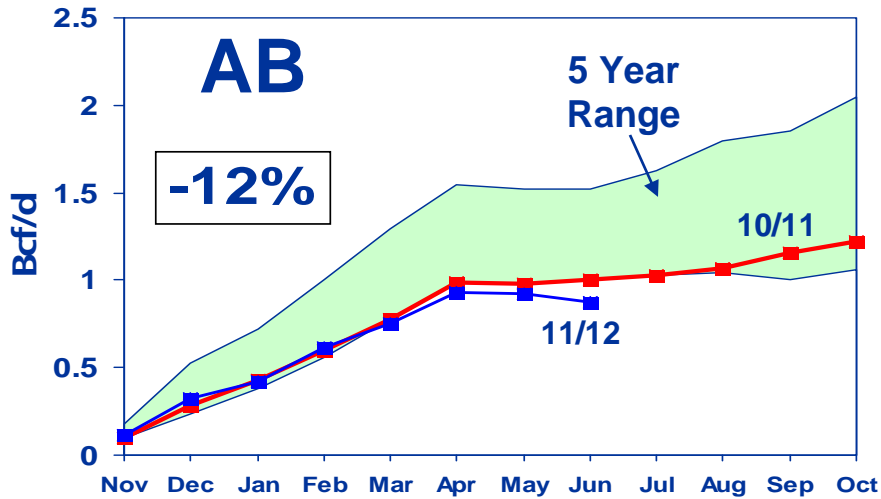
Source: DOB, TCPL data

Cumulative Gas Well Connections By Province



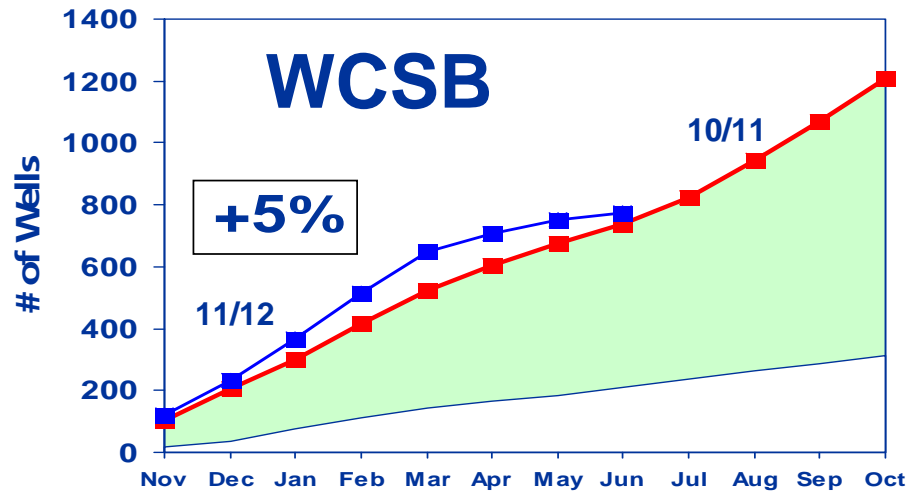
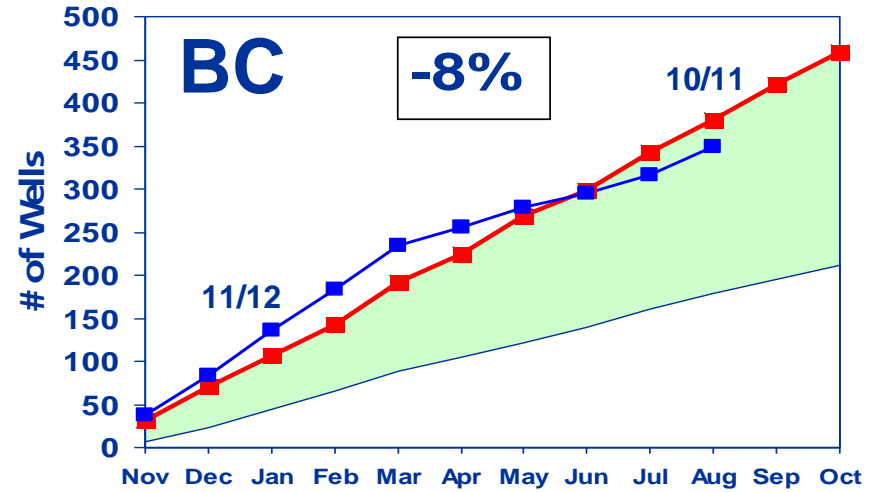
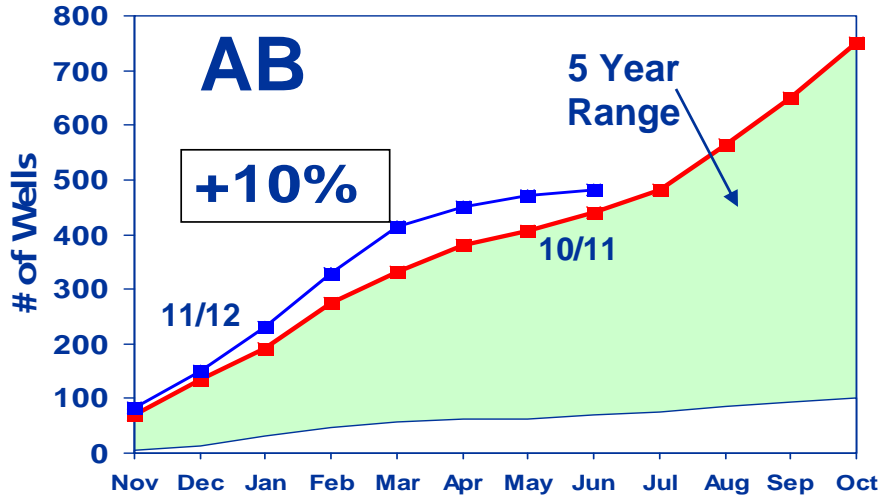
Source: GWA, GeoVista, TCPL data

New Tie-in Supply By Province



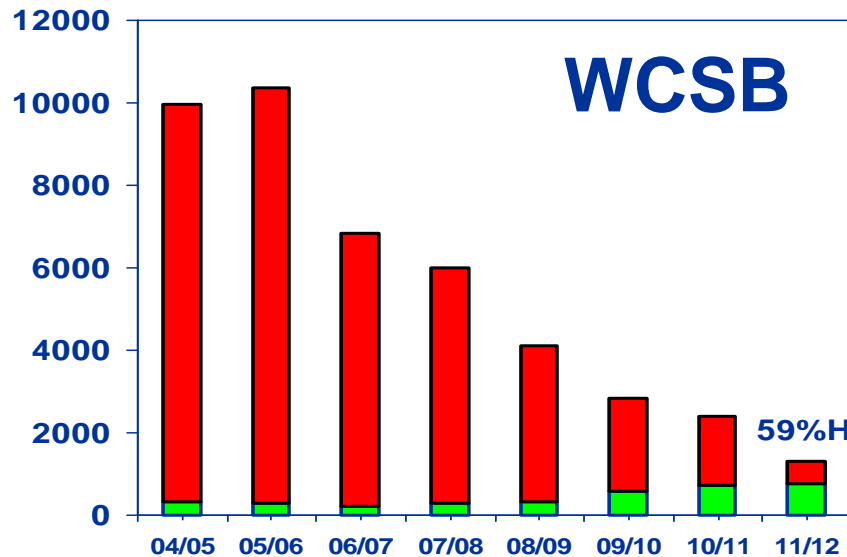
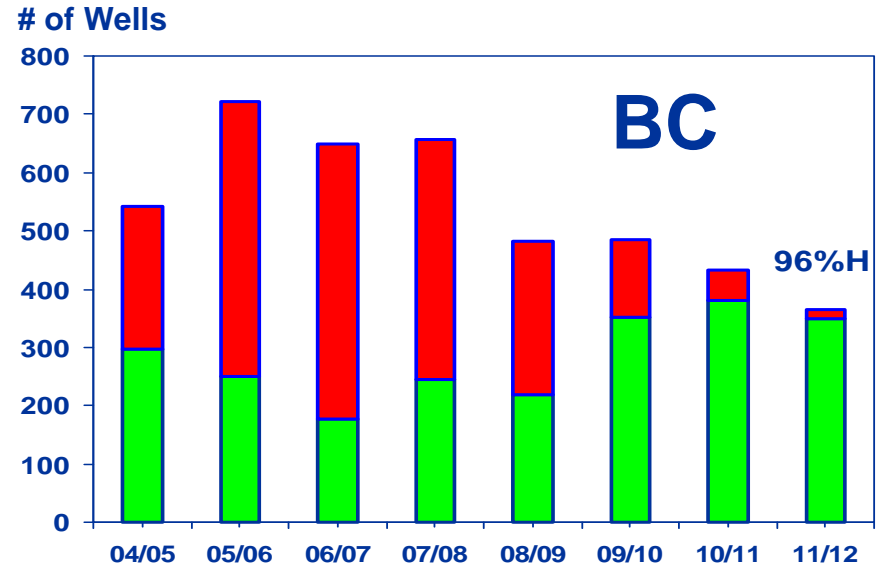
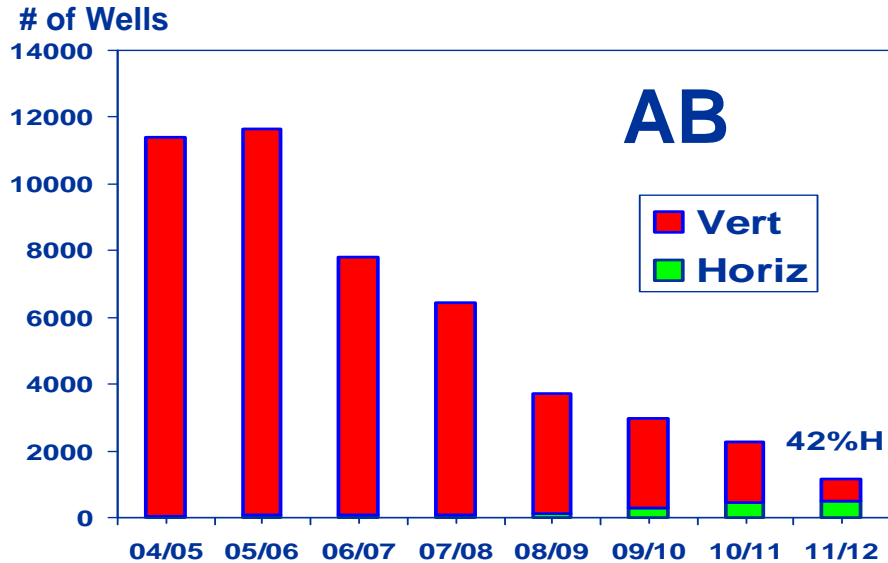
Source: QC, GeoVista, TCPL data

Horizontal Gas Wells Drilled By Province



Source: DOB, TCPL data

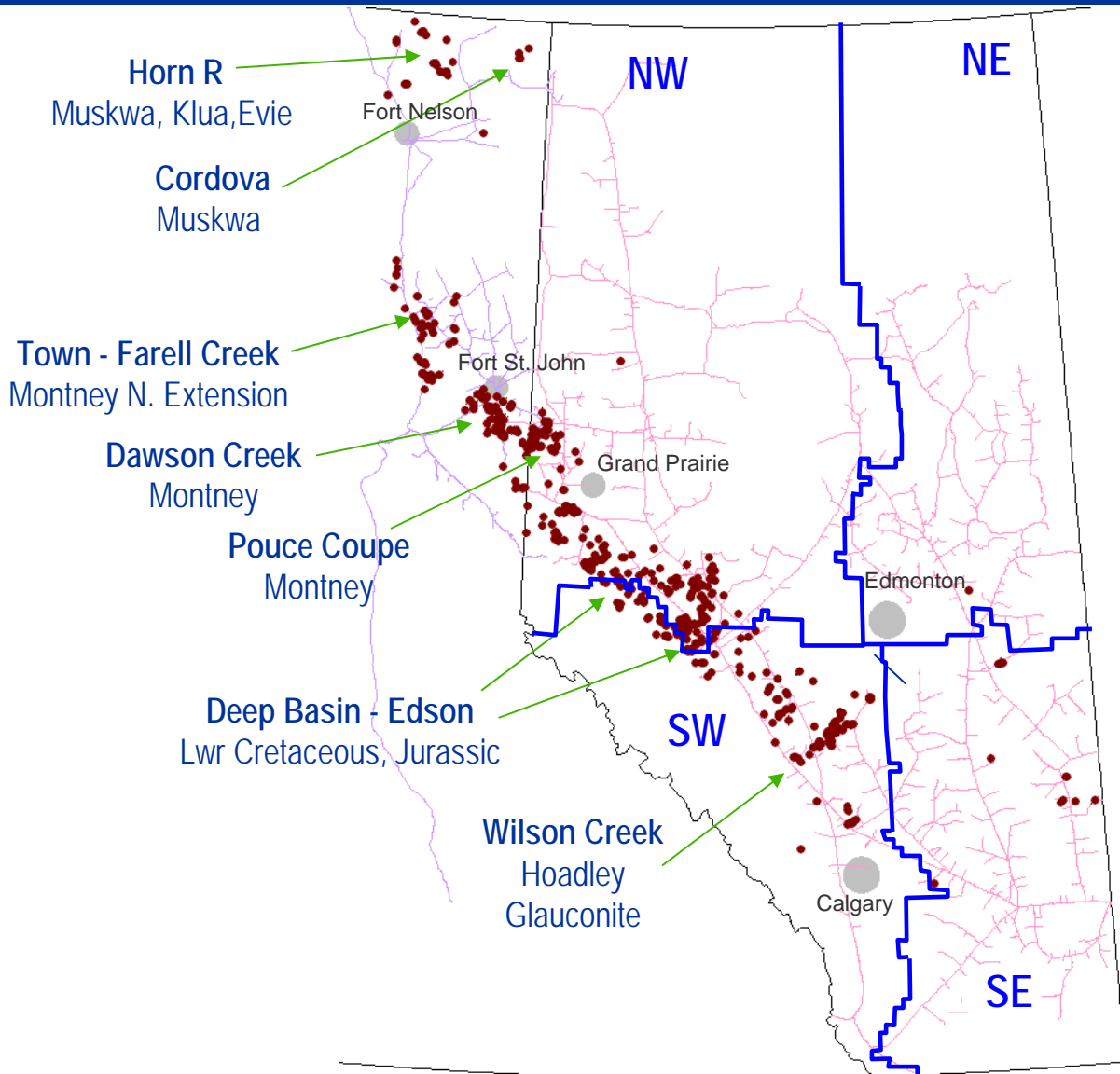
Horizontal/Vertical Gas Wells Drilled By Province



Nov-Aug
comparison

Source: DOB, TCPL data

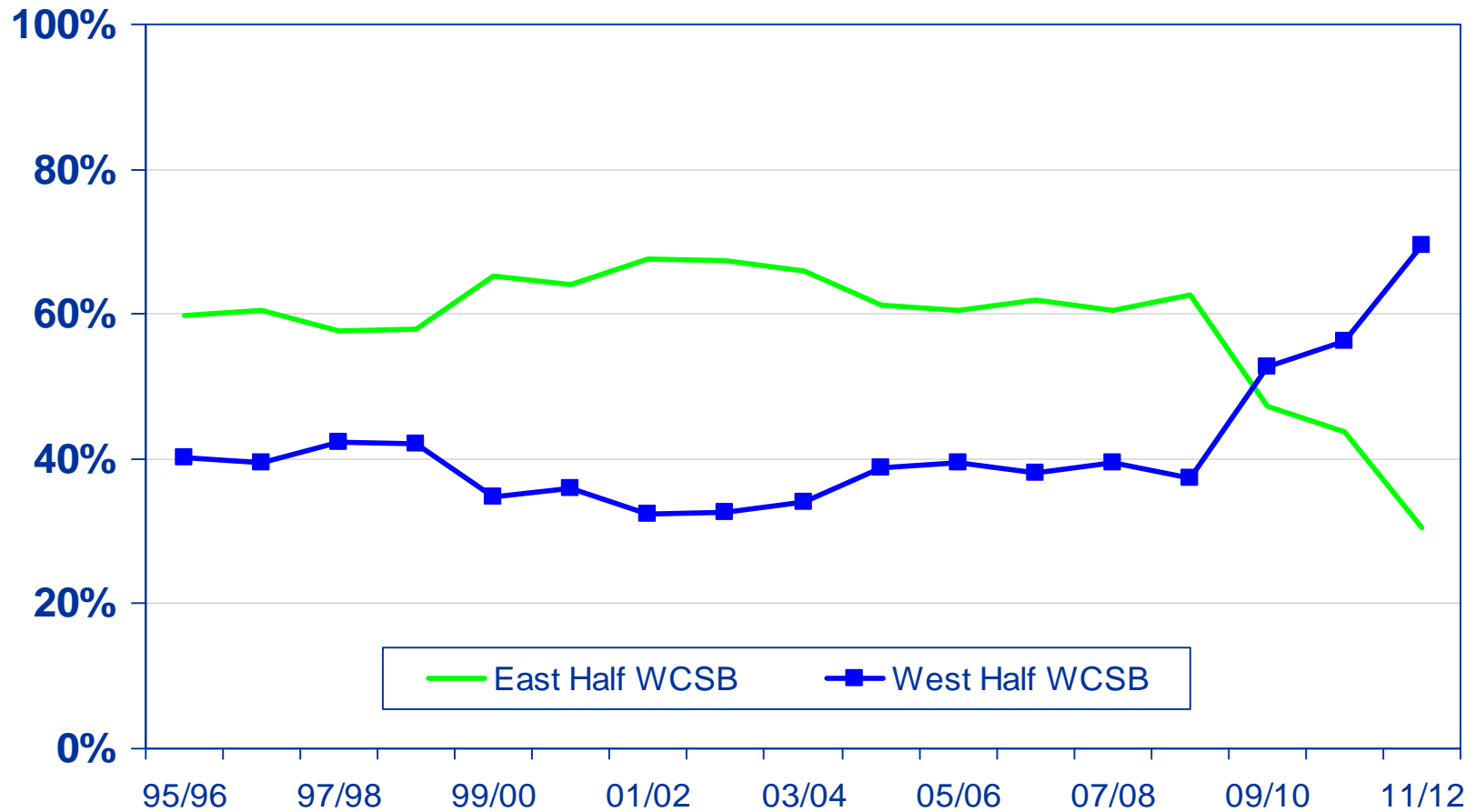
Horizontal Gas Well Completions 2012 YTD



WCSB Gas Wells Connected



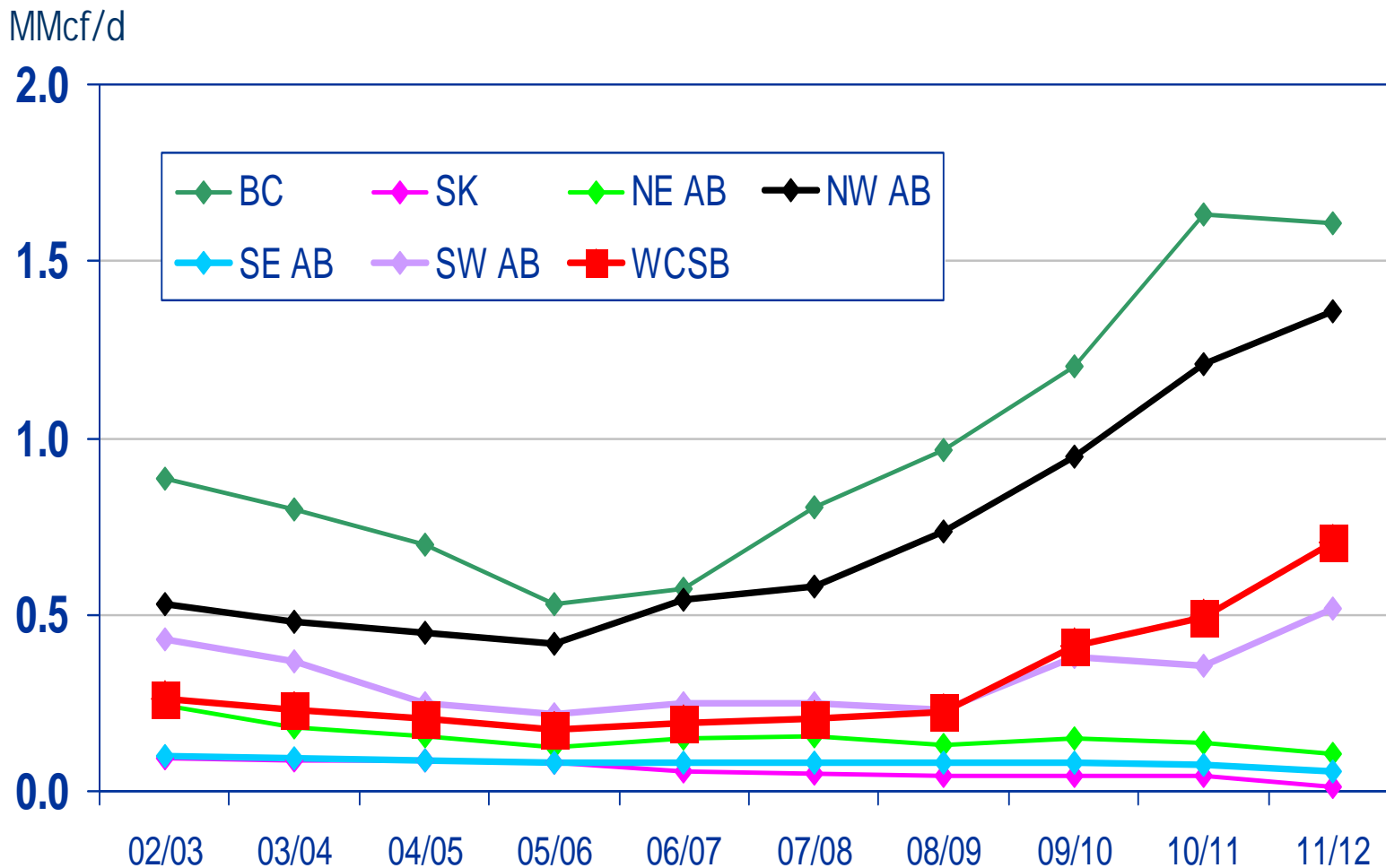
% of WCSB Connections



Nov - Jun. comparison

East/West boundaries displayed on Slide 11

Initial Well Productivity by Region



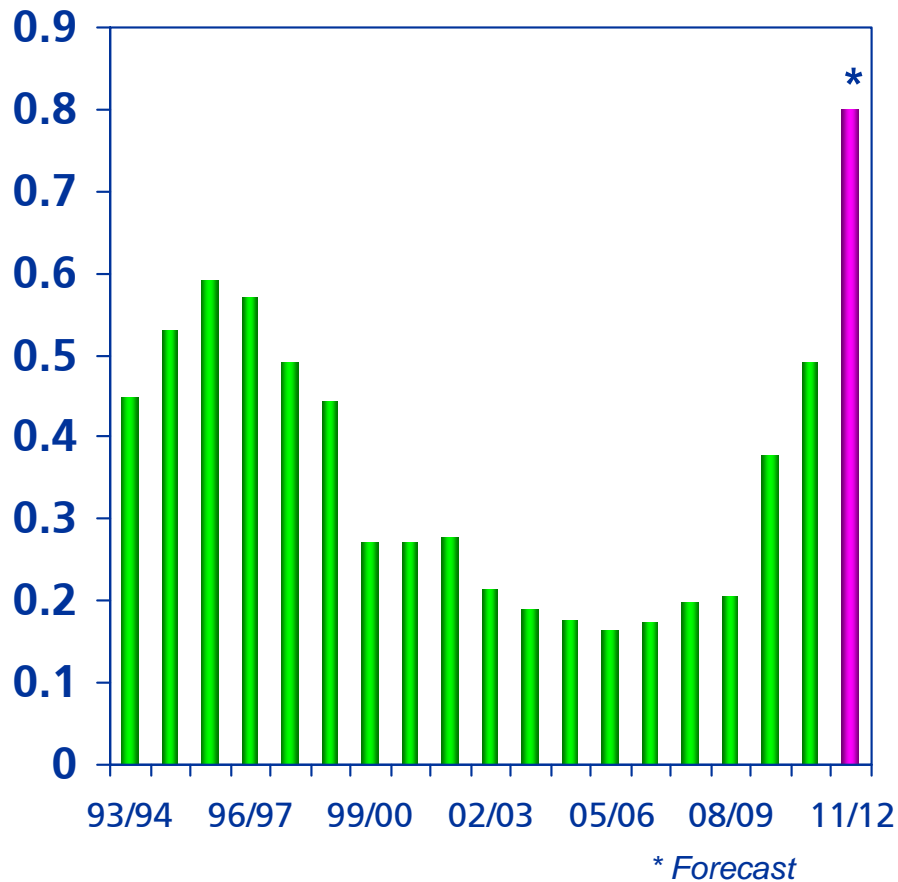
Nov. to May. comparison

WCSB Initial Gas Well Production Rates/Decline Rate



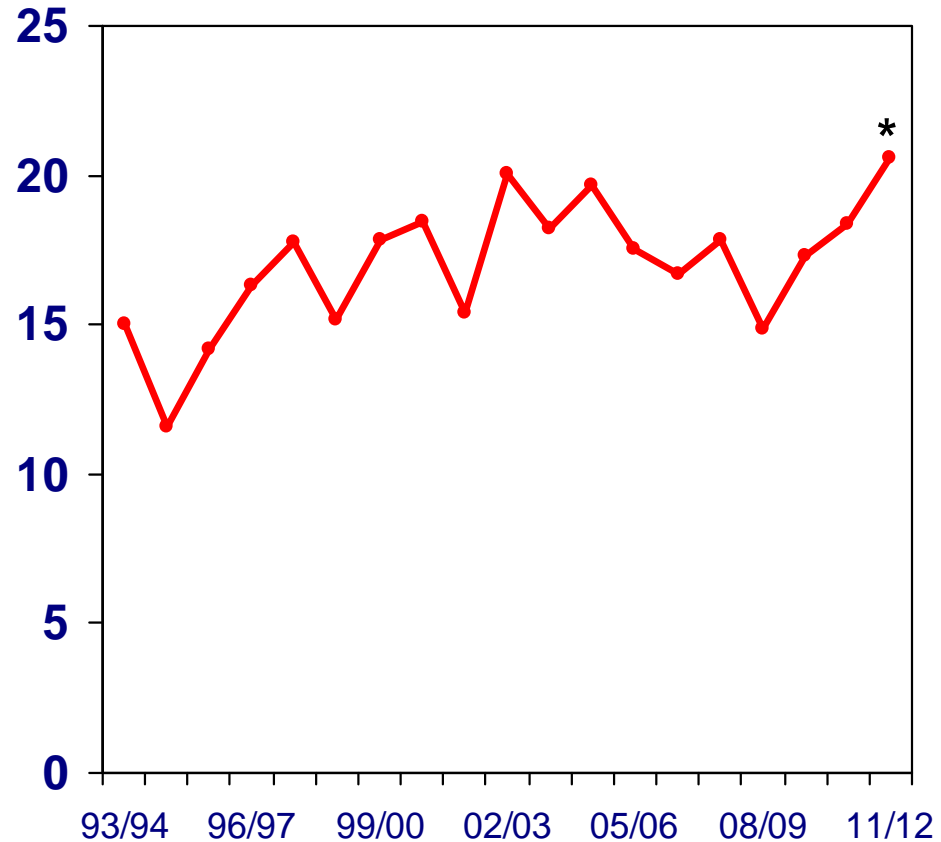
Initial New Well Production Rate

MMcf/d/well

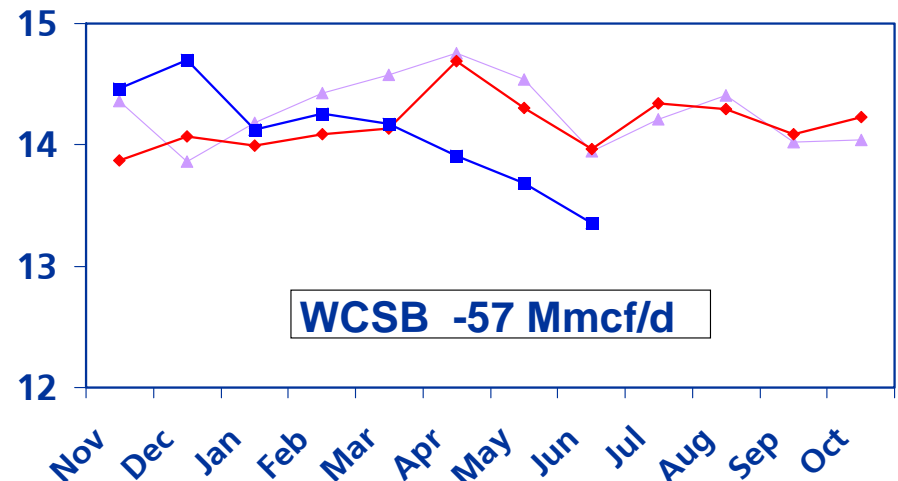
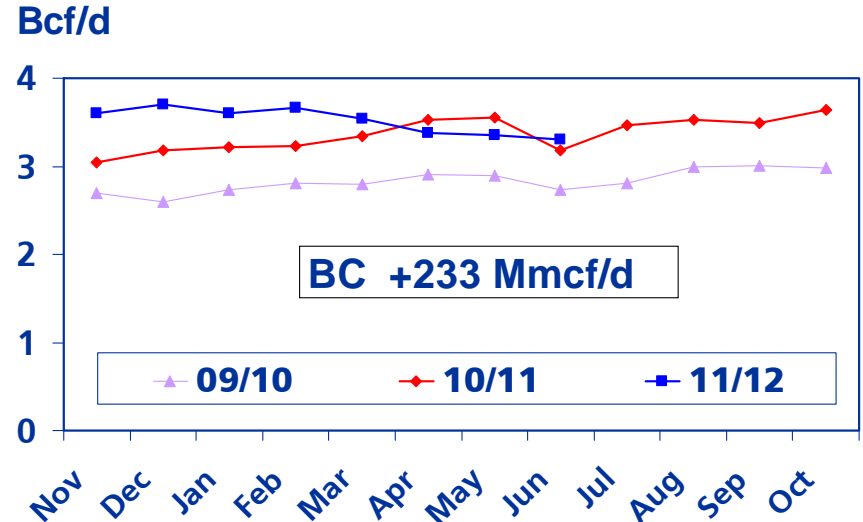
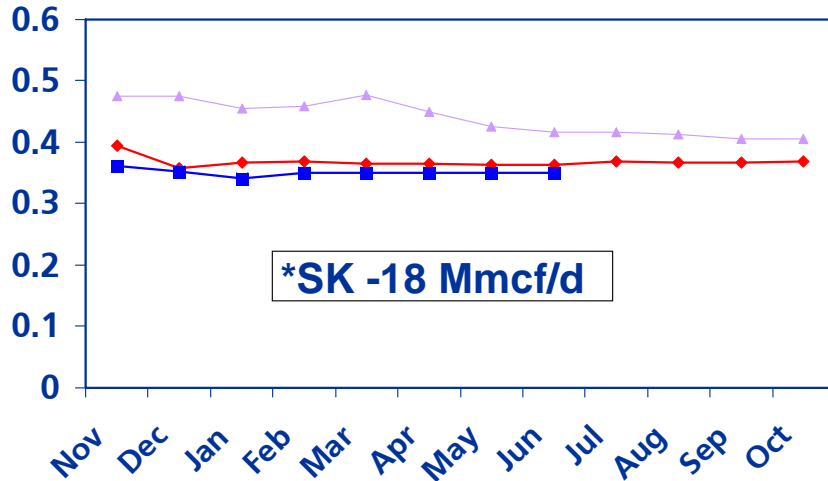
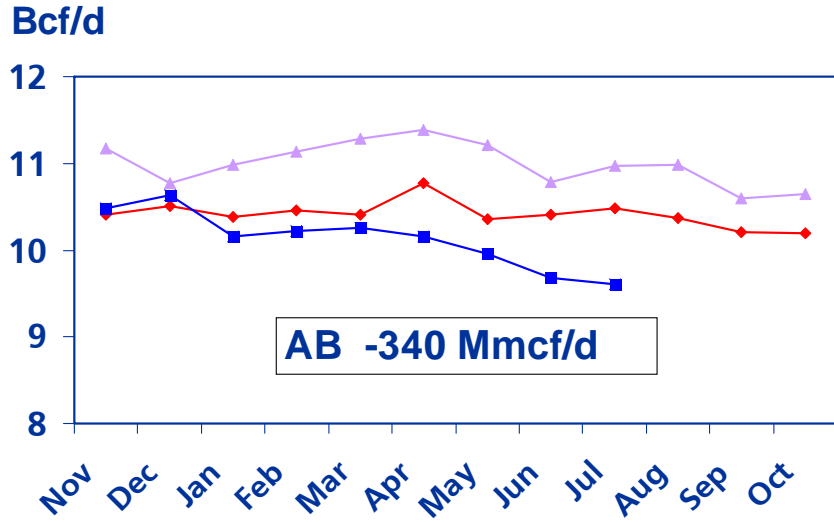


Composite Decline Rate

%



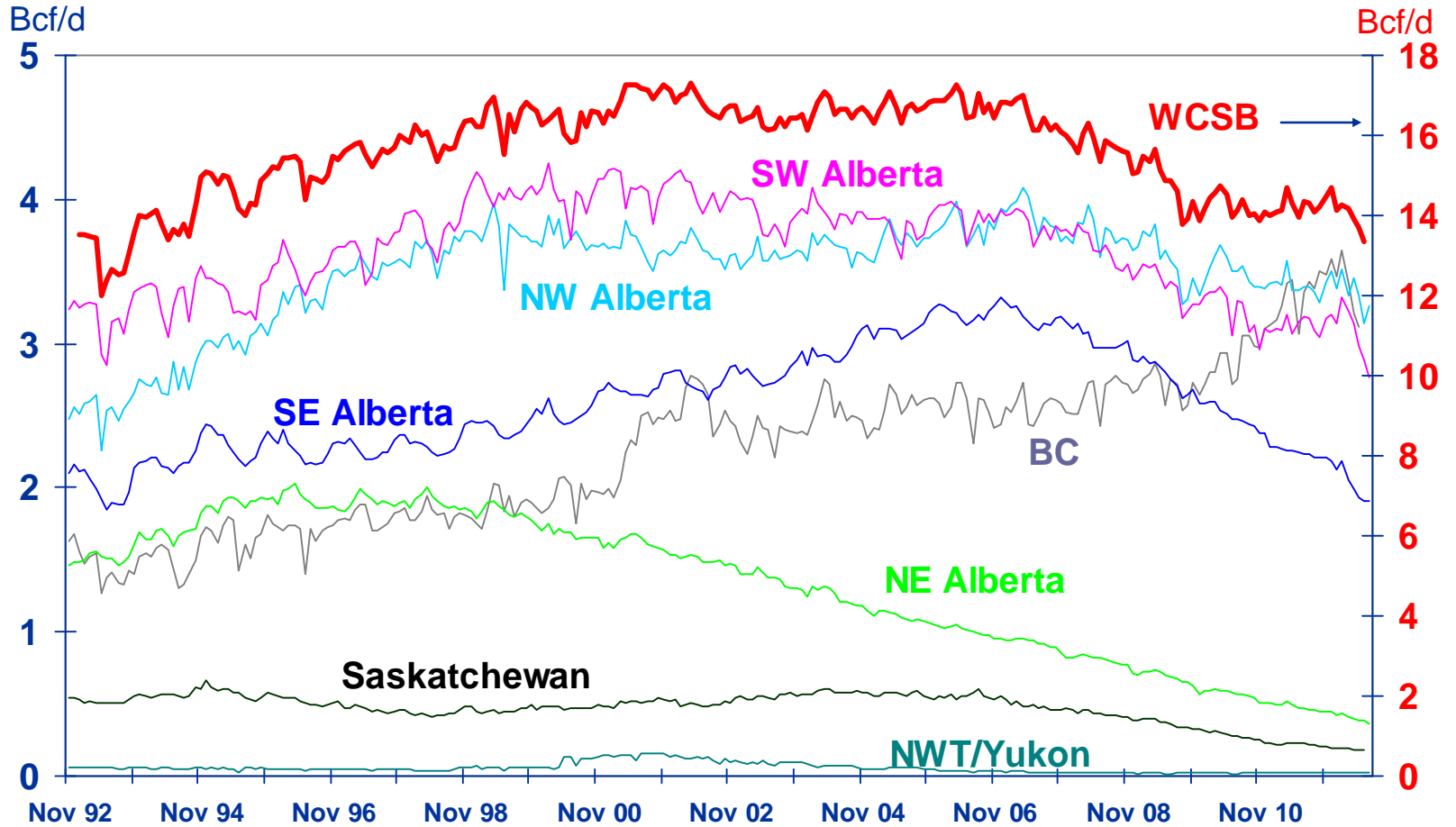
WCSB Monthly Production



Marketable gas from Government sources, includes solution gas (some reporting lag)

*SK natural gas sales unavailable as of Mar 2012; estimates by TCPL for Mar – Jun

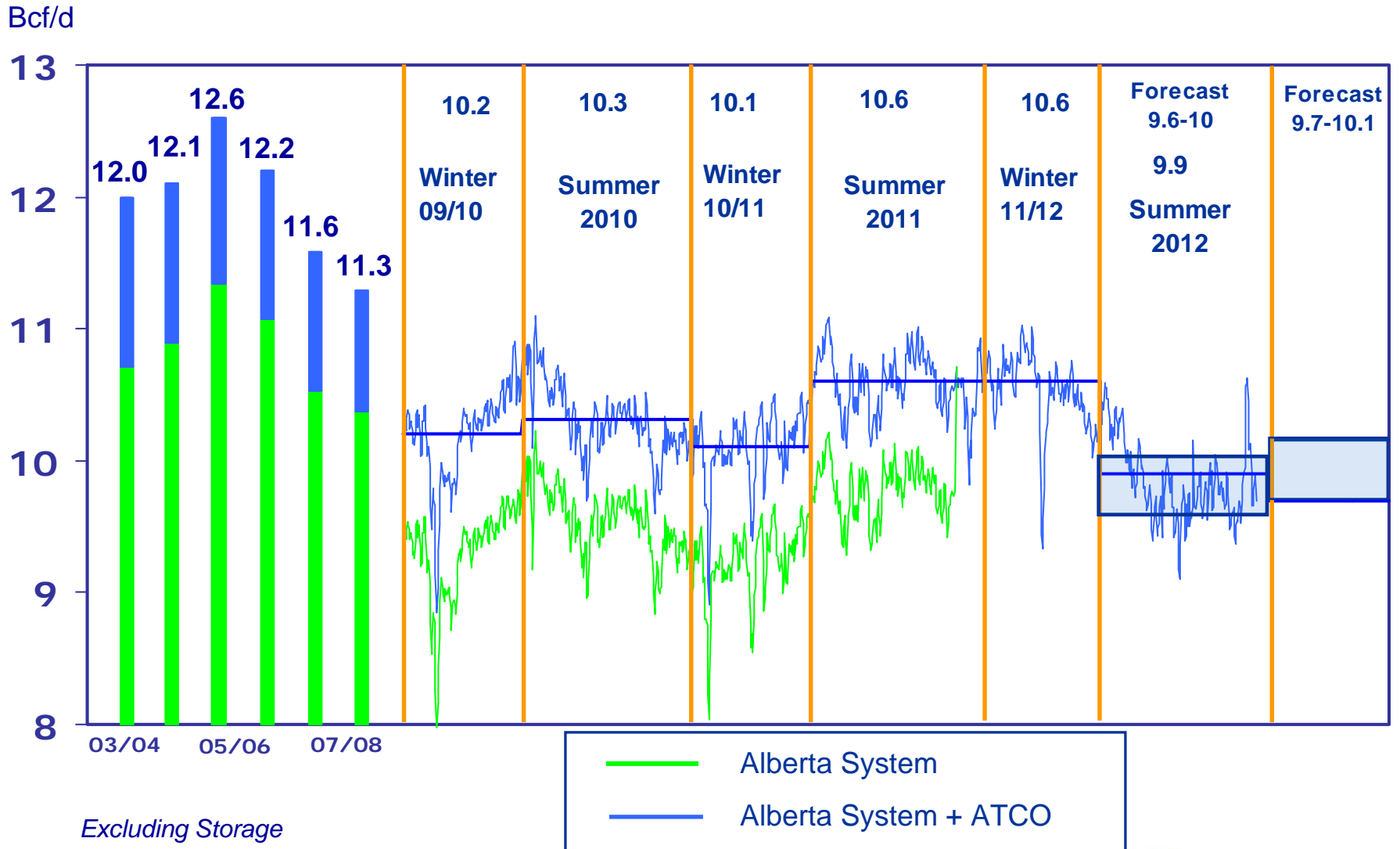
Historical WCSB Regional Production



Non-associated gas only for all areas except WCSB which includes solution gas

Data to Jun. 2012

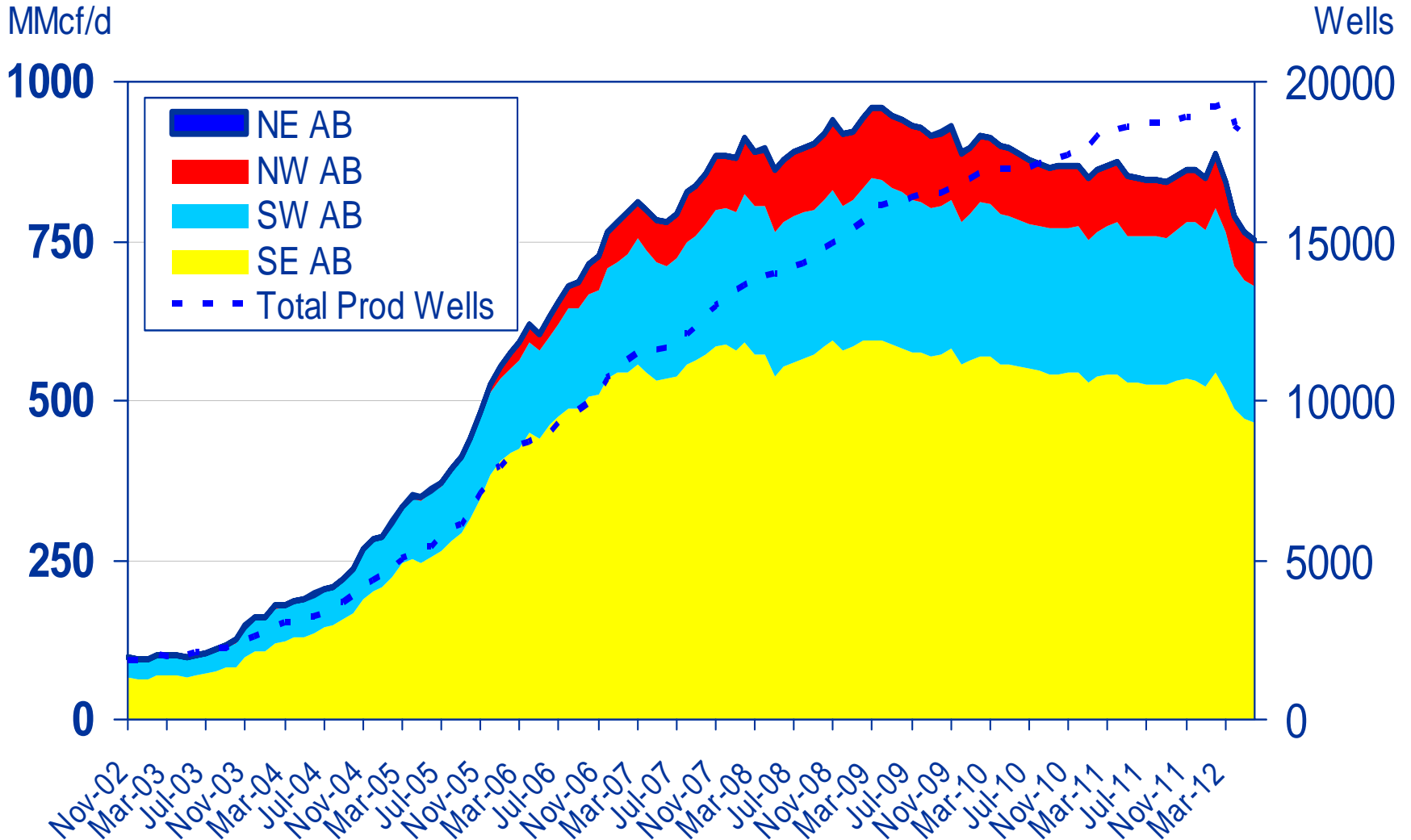
Seasonal Flows on the Alberta System



Excluding Storage

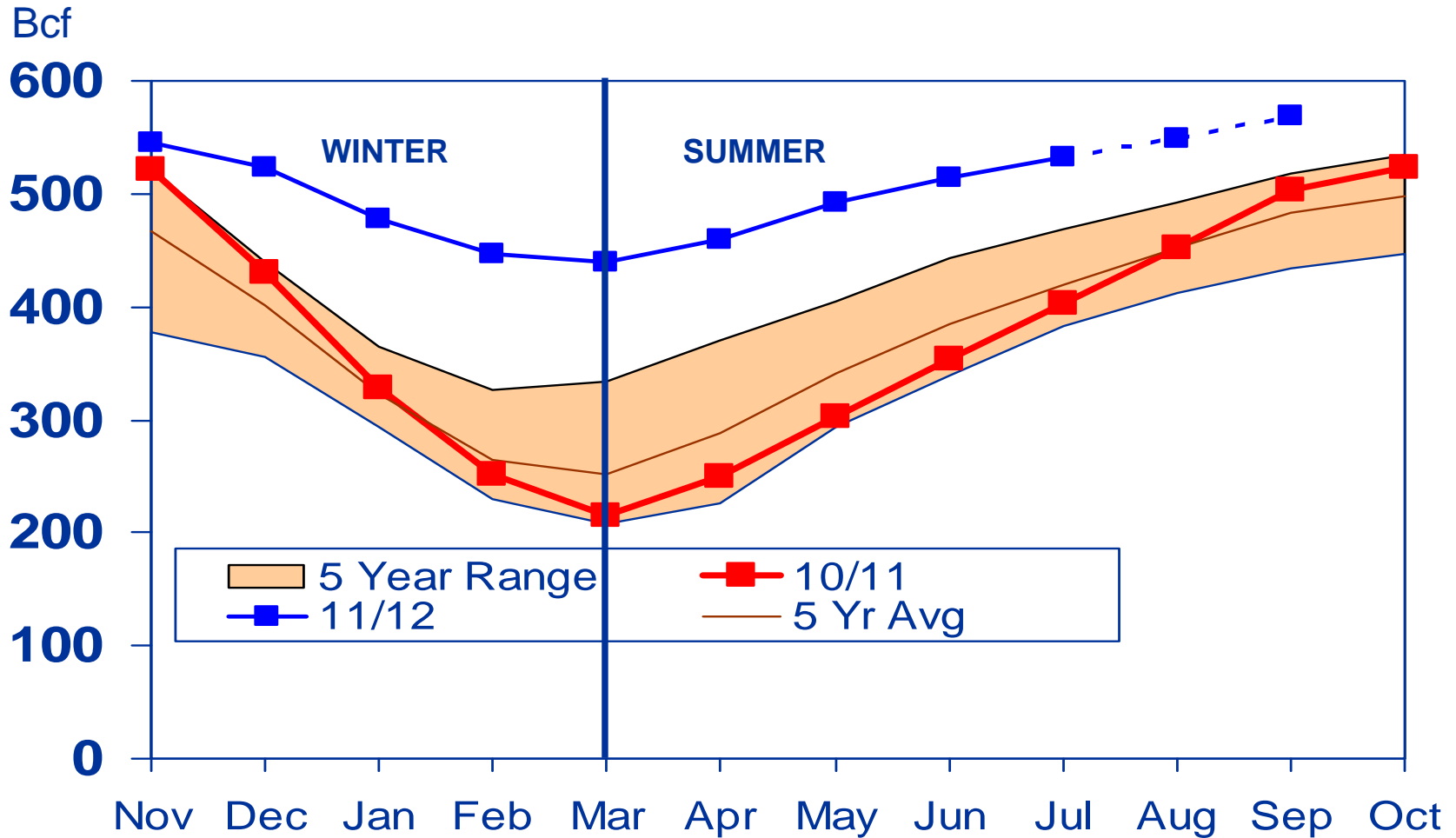
Data Current to Oct 16, 2012

WCSB Coalbed Methane Production



Source: QC Data, as of June 2012

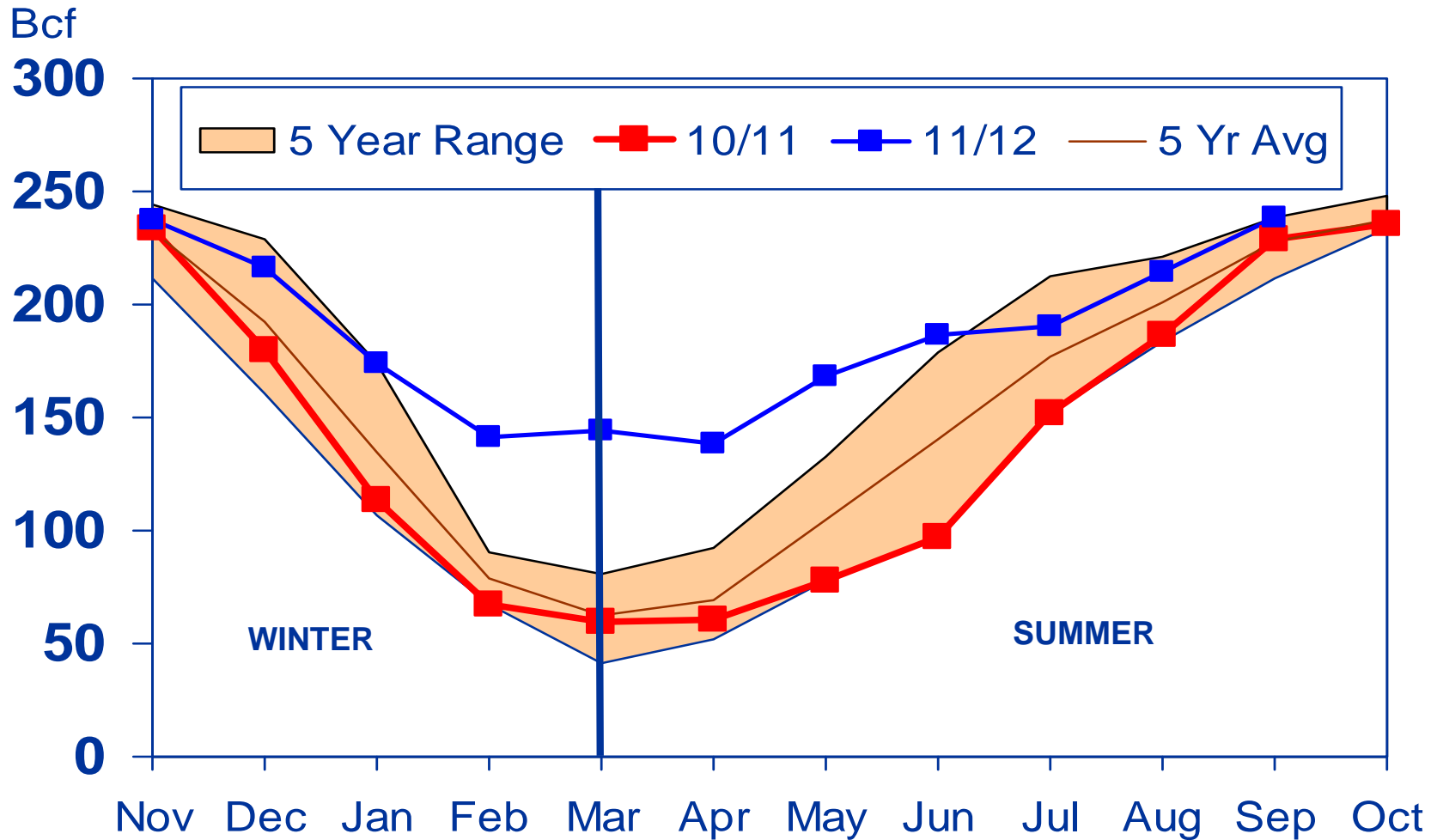
Western Canada* Working Gas in Storage



Source: BC, Sask, AB governments, TransCanada

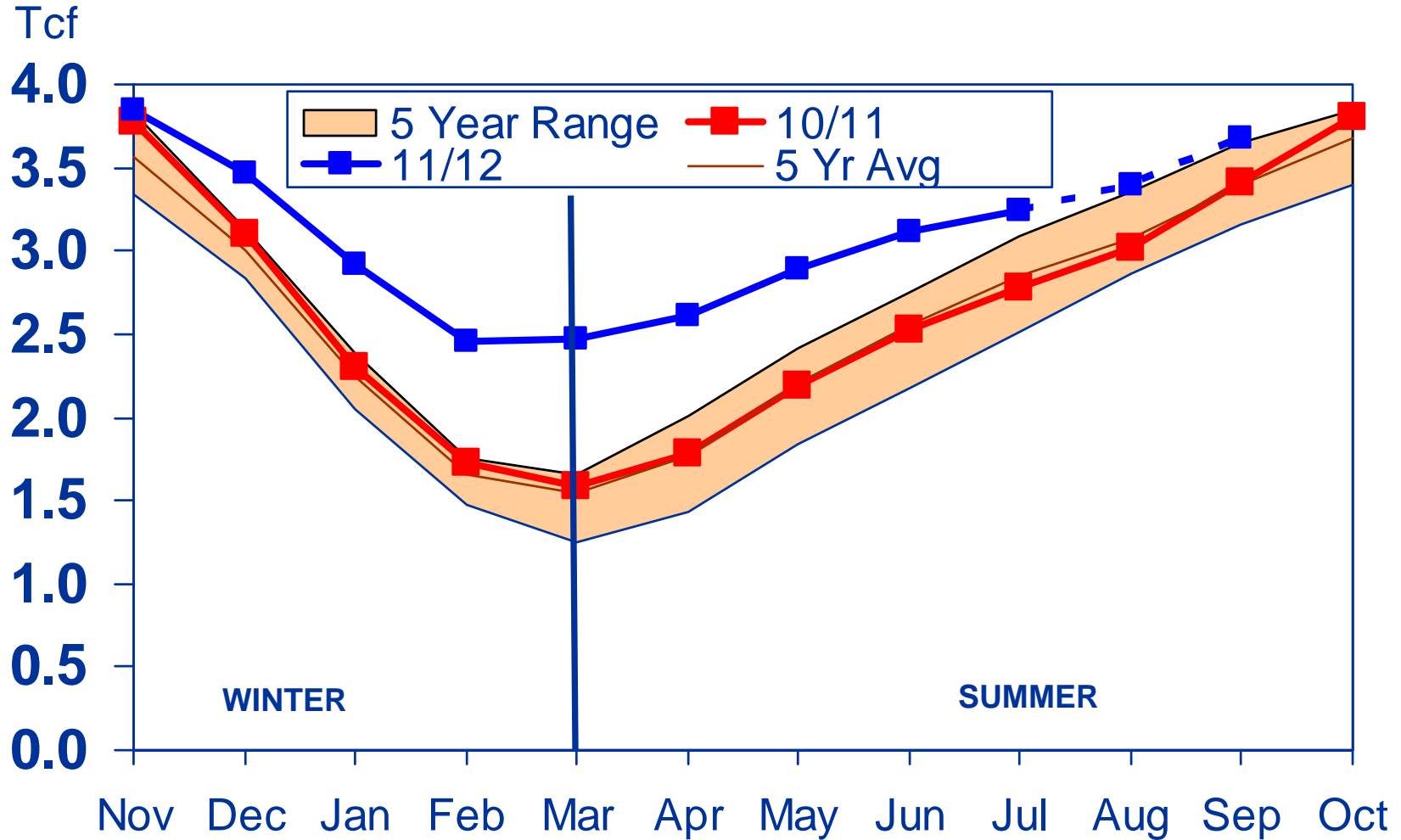
Dashed lines represent estimated levels

Eastern Canada Storage Status



Source: Canadian Enerdata

U.S. Storage Status



Source: EIA

Dashed lines represent estimated levels

Conclusions



- WCSB supply is expected to be essentially flat to slightly declining in 2013 compared to 2012.
- Expected stronger gas prices due to colder weather will incent producers to bring shut-in gas back online.
- However, supply volumes will continue to lag behind winter 2011 levels, due to significantly less gas drilling and connections in 2012
- Throughput on the Alberta System is expected to average 9.7 – 10.1 Bcf/d this winter compared to 10.6 Bcf/d winter 2011.