

KPEDD Industry Outlook Forum, January 2010



AGIA

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- There is reason to be optimistic
- We have been waiting for an Open Season on Alaska gas for 30 years
- In 2010 we will have two Open Seasons

Alaska Pipeline Project (APP)

- ExxonMobil + TransCanada
Alaska = Alaska Pipeline
Project
- The project demonstrates
the commercial alignment
AGIA was developed to
encourage
- TransCanada has 36,000
miles of wholly-owned
natural gas pipeline in N.
America

ALASKA
PipelineProject

 **TransCanada**  **ExxonMobil**

Alaska Pipeline Project (con't.)

ALASKA
PipelineProject

 **TransCanada**  **ExxonMobil**

ExxonMobil provides:

- World class project expertise
- Extensive knowledge of gas treatment plants
- Unparalleled financial capacity



Gearing up for Open Season APP ...

- Obtained access to project data in the form of TAPS owner information and a 2002 Alaska Gas Producer's Pipeline team study
- Employed over 100 full-time employees to continue engineering and field work
- Regularly engaged in discussions with potential shippers
- Engaged 24 Alaska-based companies (as part of its commitment to meet Alaska business and local hiring provisions of AGIA)

Session & beyond



An aerial photograph of a mountain valley. A wide, snow-covered river or road winds through the center of the valley, flanked by dense evergreen forests. The mountains in the background are also covered in snow and forest, with some peaks visible under a clear sky.

Open Season Notice: a peek under the hood

- TransCanada Alaska will submit its Open Season notice to the FERC at the end of the month
- The notice will include: a description of the route, design & delivery points, cost estimates, estimated in-state delivery rates, general tariff terms, bidder information, expectation for precedent agreements follow-up and negotiations

What is Open Season and why is it held?

- Project sponsor proposes terms and parameters for the project
- Open Season is a required by the Federal Energy Regulatory Commission (FERC) to ensure a project is noticed and that potential shippers have an opportunity to participate
- The goal of Open Season is to get the sponsor and potential shippers to reach precedent agreements

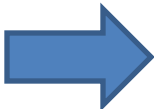
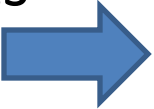


What is a Precedent Agreement?

A precedent agreement is essentially a contract indentifying the terms under which the parties will participate in a project

Precedent agreements typically include: the scope of the project, key commercial terms and other conditions and obligations identified by the participants

Typical Outcomes for an Open Season

- IF Shippers submit conditioned bids requiring further negotiation  • THEN Project Sponsors continue negotiations to remove or amend conditions and find terms that are agreeable to the parties
- IF shippers express interest but commitments are insufficient to proceed with significant cost outlays and certificate filing  • THEN project sponsors revise project scope, commercial terms and conduct further negotiations and additional open seasons

Where to learn more

- For more information regarding the Alaska Gasline Inducement Act, go to: <http://gov.state.ak.us/agia/>
- For an explanation on Open Season policy and process, including a discussion of the Alaska Open Season process, go to:
- <http://www.ferc.gov/EventCalendar/Files/20100112163148-AK-prefiling-foley.pdf>
- For an explanation on how to register to obtain information and submit electronic comments of Alaska gas pipeline projects, go to:
- <http://www.ferc.gov/EventCalendar/Files/20100112163220-ElectronicInfoSystem.pdf>
- TransCanada's Alaska Pipeline Project pre-filing docket number is PF09-11-000