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Media Advisory: U.S. Department of Energy Report Supports Keystone XL Study Shows Pipeline Will Reduce Middle East Oil Dependence

CALGARY, ALBERTA--(Marketwire - Feb. 2, 2011) - TransCanada Corporation (TSX:TRP) (NYSE:TRP) (TransCanada) today pointed to a new report prepared for the U.S. Department of Energy (DOE) that finds the Keystone XL pipeline would help reduce U.S. imports of foreign oil from sources outside of North America. The study found that growing Canadian oil sands imports and U.S. demand reduction have the potential to very substantially reduce U.S. dependency on non-Canadian foreign oil, including oil from the Middle East.

The study was prepared by EnSys Energy for the Department of Energy Office of Policy and International Affairs. EnSys was asked to conduct an evaluation of the impacts on U.S. and global refining, trade and oil markets of the Keystone XL project to bring additional Canadian crudes, including oil sands, into the U.S.

DDE commissioned the analysis for the Department of State as part of its environmental review of the Keystone XL pipeline and its review of the request for a Presidential Permit.

Other findings of the study include:

- The construction of Keystone XL would not change global refinery CO2 and total life cycle greenhouse gas emissions (GHGs)
- The principal choice for Western Canadian crude oil exporters over the next 20 years is between moving increasing oil volumes to the U.S. or Asia. If more oil is shipped to Asia instead of the U.S., this would lead to higher U.S. imports of crude oil from non-Canadian sources, notably the Middle East
- Capacity to move Western Canadian Sedimentary Basin (WCSB) crudes via pipeline to the U.S. Gulf Coast remains limited to less than 100,000 barrels per day (Bbl/d). PADD3 represents the major U.S. growth market, with the potential to process up to two million barrels per day of WCSB crudes by 2030 from less than the 100,000 barrels per day today being processed
- A market opportunity exists for pipeline capacity to deliver heavy WCSB crudes to the U.S. Gulf Coast to fill a gap being created by declining supply from traditional heavy crude suppliers such as Mexico and Venezuela. It is projected this gap would otherwise be filled by increasing supplies from non-Canadian sources such as the Middle East

"This study supports what we have been saying for some time - that Keystone XL will improve U.S. energy security and reduce dependence on foreign oil from the Middle East and Venezuela," says Russ Girling, TransCanada's president and chief executive officer. "Keystone XL will also create 20,000 high-paying jobs for American families and inject \$20 billion into the U.S. economy."

With the recent announcements of the Bakken and Cushing Marketlink projects, TransCanada will also have the ability to transport 250,000 barrels per day of American crude oil from Montana, North Dakota and West Texas supplying American refineries in the U.S. mid-continent and along the U.S. Gulf Coast. As noted in the study, these projects would add capacity to bring U.S. Bakken crudes to market and/or reduce congestion at Cushing by increasing capacity to take domestic U.S. crudes to the U.S. Gulf Coast.

The Keystone XL project is a 2,673-kilometre (1,661-mile), 36-inch crude oil pipeline that would begin at Hardisty, Alberta and extend southeast through Saskatchewan, Montana, South Dakota and Nebraska. The pipeline will then continue on through Oklahoma and Texas to delivery terminals near Houston, to serve Gulf Coast refineries.

The Department of Energy report can be found at <http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf/AssmtDrftAccpt.pdf?OpenFileResource>

With more than 50 years' experience, TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada's network of wholly owned natural gas pipelines extends more than 60,000 kilometres (37,000 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with approximately 380 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns, or has interests in, over 10,800 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America's largest oil delivery systems. TransCanada's common shares trade on the Toronto and New York stock exchanges under the symbol TRP. For more information visit: www.transcanada.com

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