

## NEWS RELEASE

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### FERC ISSUES DRAFT ENVIRONMENTAL REPORT ON BROADWATER

Report confirms Broadwater is needed and compatible with environment

RIVERHEAD, NY – Broadwater Energy today reached another major milestone when the Federal Energy Regulatory Commission (FERC), an independent, bipartisan agency, issued the Draft Environmental Impact Statement (DEIS) for Broadwater's proposed offshore liquefied natural gas (LNG) facility in Long Island Sound.

Key conclusions include:

- Additional natural gas supply is needed for electrical generation and to meet regional air quality objectives.
- Broadwater would result in fewer environmental impacts than any alternatives considered.
- Broadwater would not impact sensitive onshore or nearshore resources.

The draft report represents a collaborative effort by the FERC staff and cooperating federal and state agencies to compile extensive environmental and technical information concerning the proposed site and the project. The report provides a balanced, objective analysis of the potential environmental impacts and appropriate mitigation measures. The DEIS release begins a public comment period, which will be followed by the release of the Final EIS.

Broadwater Energy is proposing to build an LNG import terminal and connecting pipeline that would help the region meet its growing need for affordable and reliable supplies of natural gas. The proposed facility will be located 9.2 miles from the nearest Long Island coastline and 10.2 miles from the nearest Connecticut coastline. Broadwater will provide approximately 1 billion cubic feet (Bcf) per day of natural gas to the region - enough to meet the daily energy needs of about four million homes. The bulk of the natural gas is expected to be used by the region's power plants to provide residents with cleaner, more affordable electricity year round. In a region that has some of the country's highest energy costs, Broadwater is expected to save the average homeowner about \$300 annually.

"The issuance of the DEIS is an important step forward for the Broadwater project to provide Long Island, New York City and Connecticut with a safe, affordable supply of clean-burning natural gas, and we are encouraged by these preliminary findings," said John Hritcko, Sr. Vice President, Broadwater Energy. "Impacts have been identified as limited or negligible, and Broadwater will continue working with agencies and interested parties to identify ways that would further reduce or avoid them."

In September, the United States Coast Guard released its Waterways Suitability Report (WSR), which found that by employing certain measures to ensure navigation safety and maritime security, the Long Island Sound is a suitable location for Broadwater. The project anticipates that FERC will issue a Final Environmental Impact Statement in 2007 after a public comment period and series of public hearings. Broadwater must receive all required federal and state permits before the project can commence construction. The first delivery of natural gas to the Broadwater terminal is expected in late 2010.

"The DEIS acknowledges the energy needs of this region and confirms that Broadwater is able to supply plentiful and affordable energy while ensuring the Long Island Sound is protected," said Mr. Hritcko.

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Broadwater is a joint venture between TransCanada and Shell US Gas and Power. TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure. TransCanada's network of approximately 25,600 miles of pipeline transports the majority of Western Canada's natural gas production to key Canadian and U.S. markets. A growing independent power producer, TransCanada owns, or has interests in, approximately 7,700 megawatts of power generation in Canada and the United States.

For more than 40 years, Shell has been a leader in producing natural gas, converting it to Liquefied Natural Gas (LNG) — its highly compact liquid form — and transporting it to markets beyond the reach of pipelines. Today, Shell is the world's largest private producer of LNG and a leader in supplying it to the world. As pioneers of the industry, Shell has set the pace in developing LNG technology and establishing the safety of LNG operations and shipping standards used throughout the industry.

