

April 10th, 2008

Contact: Broadwater media line (631) 208-8350

NEW YORK DEPARTMENT OF STATE ISSUES COASTAL ZONE DETERMINATION FOR BROADWATER

The New York State Department of State (NYSDOS) today announced they have issued a negative consistency determination in Broadwater Energy's (Broadwater) Coastal Zone Management Act application, finding the project is not consistent with the state's coastal zone policies.

The determination comes two weeks after the bi-partisan Federal Energy Regulatory Commission (FERC) unanimously approved (in a vote of 5-0) construction and operation of Broadwater on March 20th 2008. The FERC decision was based in part on the findings and recommendations of final environmental impacts statement (FEIS) released in January 2008. NYSDOS was a cooperating agency in the development of the environmental impact statement along with: the Department of Homeland Security, U.S. Coast Guard, the U.S. Army Corps of Engineers, the U.S. Environmental Protection Agency, the National Oceanographic and Atmospheric Administration and the National Marine Fisheries Service.

"We are disappointed and concerned with the NYSDOS' decision," said John Hritcko, Senior Vice President and Regional Project Director, Broadwater Energy. "We specifically designed this project to be consistent with the State's coastal management policies and offered a number of additional commitments that would further enhance the State's coastal resources."

The regulatory process provides the project a number of options going forward and Broadwater will review the specifics of the decision before deciding on potential next steps. "We continue to believe that the Broadwater project, as proposed, is the best option for New York State to meet its growing demand for clean, affordable, reliable natural gas – and does so with no near shore or onshore impacts. Further, the U.S. Coast Guard and the Federal Energy Regulatory Commission have determined that with the mitigation measures proposed by Broadwater and those they have recommended, Broadwater can operate safely and securely in Long Island Sound and will have less environmental impacts than any other alternative," noted Hritcko.

Thousands of consumers and businesses believe that Broadwater is the right project, in the right place at the right time – to bring additional new natural gas supply to an area that is desperately in need of clean, affordable, reliable energy. "On behalf of the entire Broadwater team, we want to thank the tens of thousands of New Yorkers who spoke out on behalf of millions of others in support of this project," concluded Hritcko.

###

Broadwater Energy | 889 Harrison Avenue, Riverhead, New York 11901 | Phone: (631) 208-8349 or 1-800-798-6379 | Fax: (631) 208-8346 | www.broadwaterenergy.com

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 36,500 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.

