

*\*Information contained in this presentation is dated as of 1/28/2010. For current project scope and information on the Trans Mountain Pipeline expansion project, please see [www.transmountain.com](http://www.transmountain.com)*

# **Kinder Morgan Canada**

---

*Ian Anderson*

*President Kinder Morgan Canada Group*

*January 28, 2010*

# Trans Mountain Pipeline



## Capacity

- Recently Expanded from 225,000 bpd to 300,000 bpd

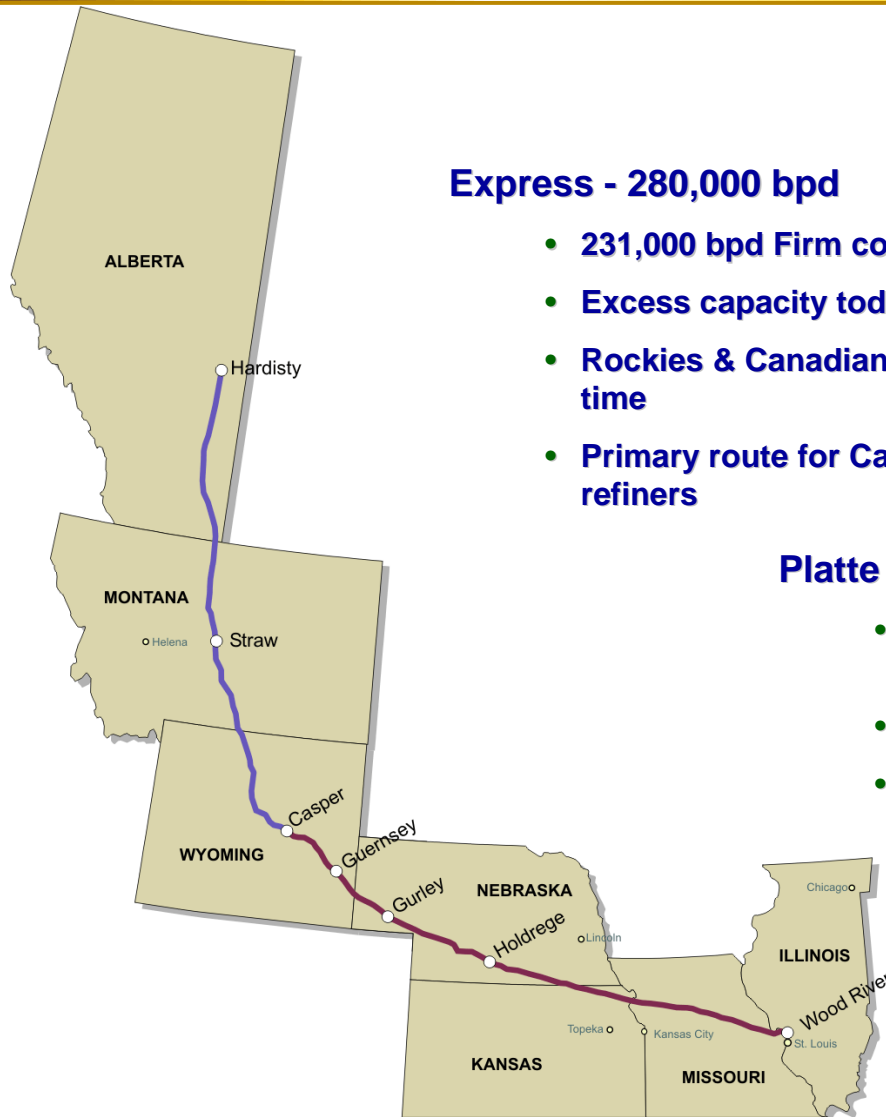
## Markets

- Lower Mainland BC
- Washington State Refineries
- Westridge Dock to markets in U.S. and Asia

## Regulation/Tolls

- National Energy Board Regulated
- Tolling Agreement with shippers thru 2010
- Work underway now on new toll arrangement proposal, extension of existing agreement possible

# Express – Platte Pipeline System



## Express - 280,000 bpd

- 231,000 bpd Firm contracts thru 2012-15
- Excess capacity today
- Rockies & Canadian production will fill space over time
- Primary route for Canadian production to PADD IV refiners

## Platte - 143,000 - 165,000 bpd

- Platte is full - Canadian & local US barrels compete for space in Platte
- Lowest cost into Wood River / Patoka
- Access to Bakken through Guernsey

# Kinder Morgan Canada – Growth

(millions \$US)

	<u>Actual 2006 <sup>2</sup></u>	<u>Actual 2009</u>	<u>Budget 2010</u>	<u>2006-10 Growth</u>
<b>Trans Mountain <sup>1</sup></b> (Distributable Cash Flow)	<b>62.0</b>	<b>147.4</b>	<b>147.7</b>	<b>85.7</b>
<b>Express</b> (Cash Distributions)	<u><b>1.7</b></u>	<u><b>14.6</b></u>	<u><b>12.9</b></u>	<u><b>11.2</b></u>
	<u><u><b>\$63.7</b></u></u>	<u><u><b>\$162.0</b></u></u>	<u><u><b>\$160.6</b></u></u>	<u><u><b>\$96.9</b></u></u>

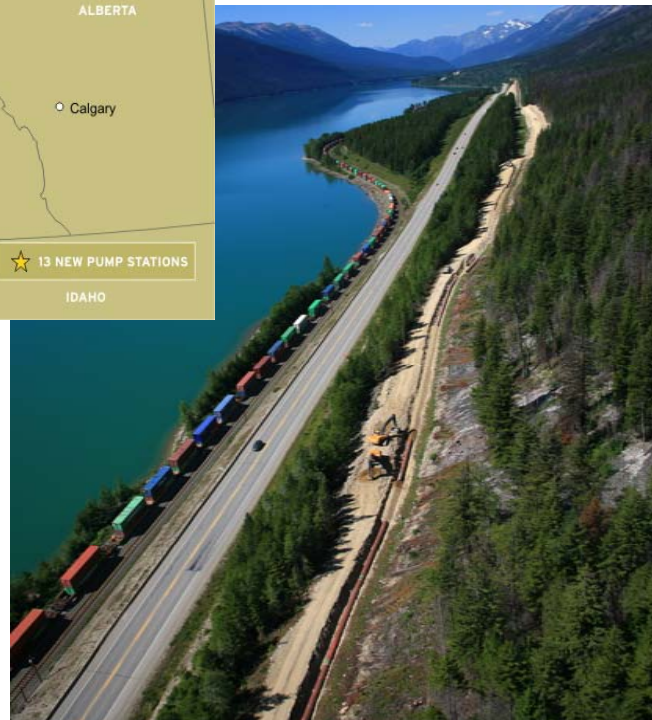
1. Growth Capex \$720MM; Capacity 225,000 BPD to 300,000 BPD
2. First Full Year Under Kinder Morgan Ownership

# Trans Mountain Expansion Project



Initial System  
Phase I – Pump Stations  
-11 New Stations  
Phase II - Anchor Loop  
-60 miles Jasper Spread  
-38 miles Robson Spread  
-2 New Stations

	Cost (USD\$M)	In-Service	Capacity (bpd)
Initial System			225,000
Phase I – Pump Stations -11 New Stations	\$198	April 2007	260,000
Phase II - Anchor Loop -60 miles Jasper Spread -38 miles Robson Spread -2 New Stations	\$522	May 2008 Nov 2008	285,000 300,000
	<b>\$720</b>		



- In-Service Ahead of Schedule
- Capacity Available Immediately
- Most Challenging Pipeline Project in Canada in Decades

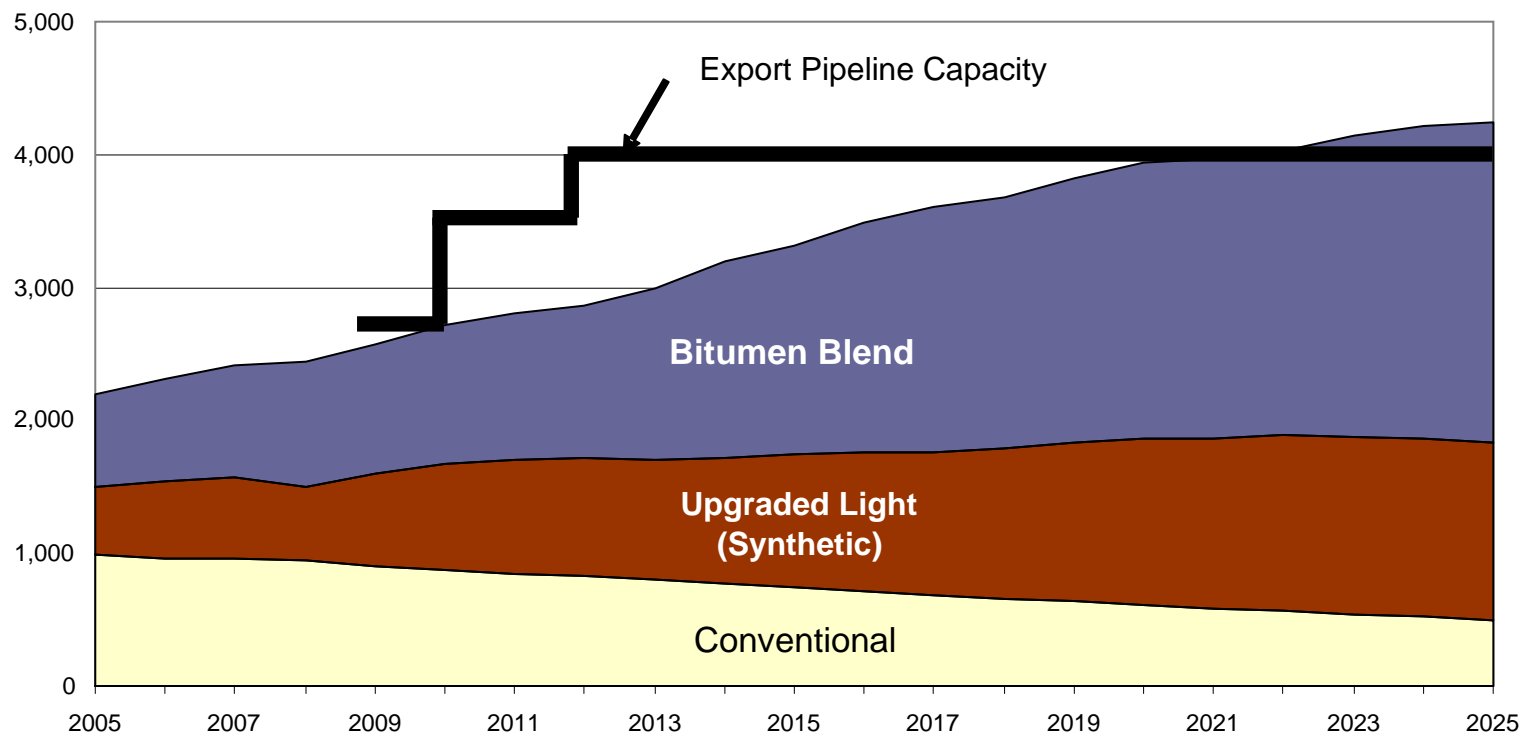
# Anchor Loop Project – Challenges Overcome



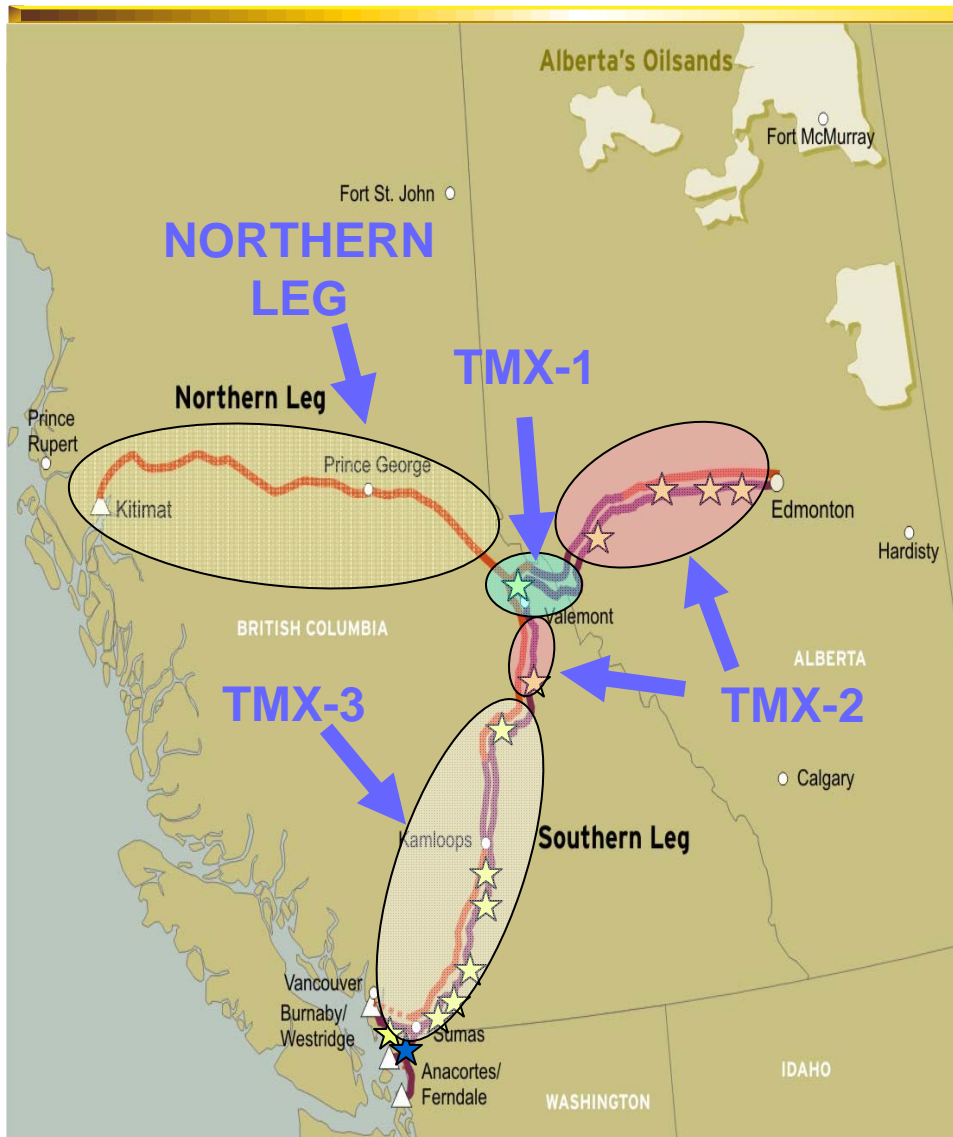
- **Extreme Regulatory Oversight**
  - Canadian Environmental Assessment Agency Screening
  - Parks Canada
  - National Energy Board
  - Department of Fisheries and Oceans
  - Transport Canada
  - BC Ministry of Environment
- **Environmental Sensitivity**
  - UNESCO World Heritage Site
  - 110 River / Stream Crossings
  - Heritage / Archaeological Sites
  - Stringent Protection Measures
  - Extensive Restoration Requirements
- **Terrain / Topography / Weather**
  - Steep Terrain
  - Narrow Right-of-Way
  - Proximity to Utilities / Infrastructure
  - Winter Conditions / Wet Weather
- **Heated Construction Market**
- **Stakeholder and Aboriginal Consultation and Management**
- **Project Safety**

# Oil Sands Production – Pipeline Capacity

- Canadian producers will have spare pipeline capacity to the United States for many years
- Trans Mountain can be expanded in stages to better meet growing demand offshore, including China



# Trans Mountain Expansion



## Phased Expansion

	<u>Planned Completion</u>	<u>Total Capacity</u>	<u>Estimated Cost</u>
TMX-1 (+75,000)	Nov. 2008	300,000 BPD	\$720MM
TMX-2 (+80,000)*	2013/14	380,000 BPD	\$1.4B
TMX-3 (+320,000)*	2015/16	700,000 BPD	\$2.1B
Northern Leg (+400,000)*	Post TMX-3	1,100,000 BPD	\$3.5B

**\*Pending Shipper support and obtaining necessary permits**



## Increasing Crude Oil Exports

# Port Metro Vancouver Safe, Efficient

Annual Exports (bpd)

80,000

60,000

40,000

20,000

2009: 75,000 bpd

1953

1958

1963

1968

1973

1978

1983

1988

1993

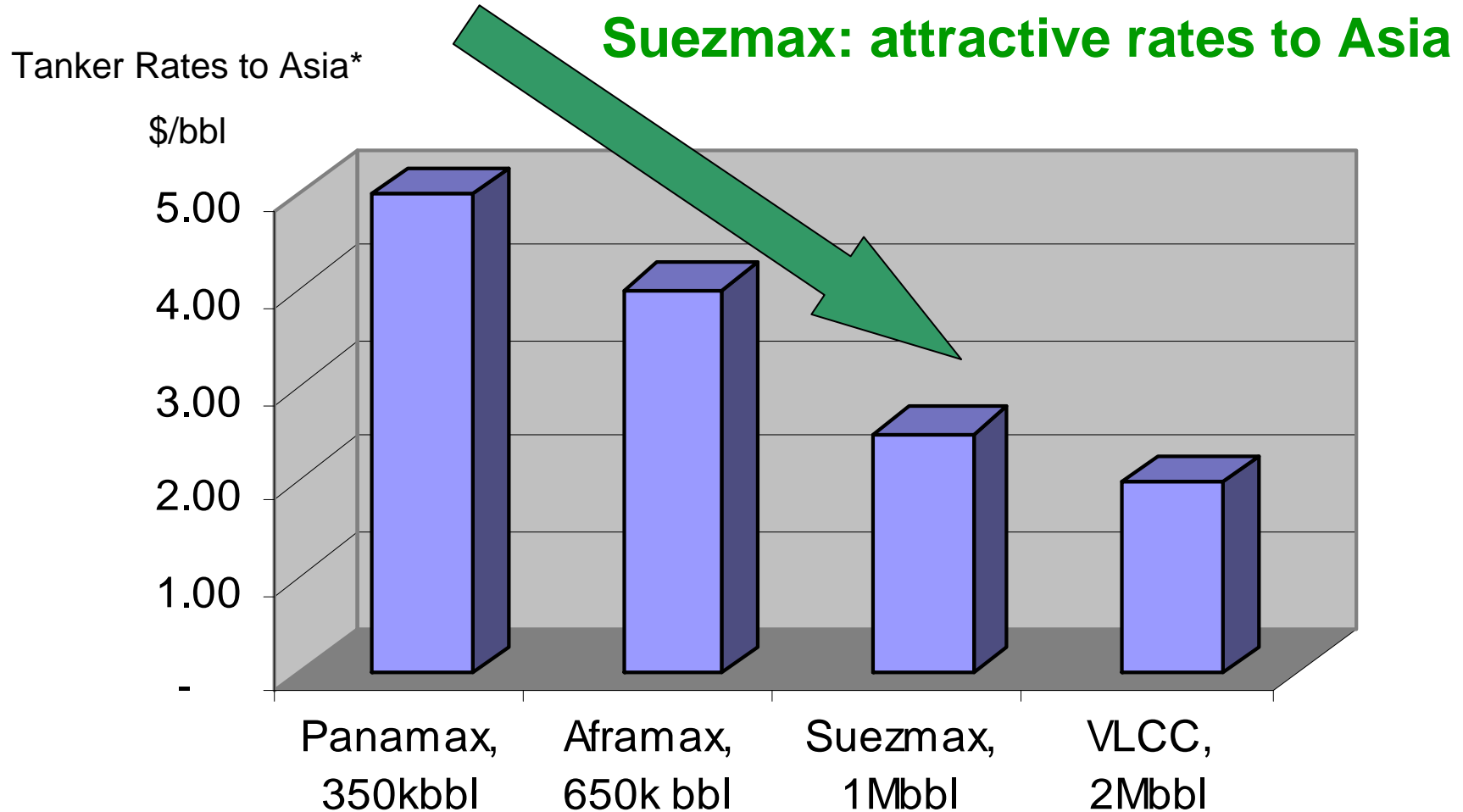
1998

2003

2008

Monthly Record in 2009: 134,000 bpd

# Attractive Tanker Rates



\* KMC estimate of tanker rates, used for evaluating relative costs for tanker shipments

# Trans Mountain Expansion Benefits

---

## 1. Cheaper

- ✓ 25% of new pipeline already built
- ✓ Lower capital, operating costs / follow existing pipeline
- ✓ Expand for Suezmax tankers
- ✓ Share existing pipe for Northern option

## 2. Faster

- ✓ Trans Mountain is already operating
- ✓ 50,000 bpd firm capacity available in 2010
- ✓ +80,000 bpd expansion, 2013-14
- ✓ +320,000 bpd by 2015-16
- ✓ +400,000 bpd after 2015

## 3. Less Risk

- ✓ Incremental capacity
- ✓ Established pipeline route / less environment and aboriginal issues
- ✓ Established tanker traffic

## 4. More Options

- ✓ Pipeline connected – enhances trading value
- ✓ Two pipes – separate crude types, higher quality

