



April 28, 2010

Via fax and Canada Post

To TransCanada Corporation's Health and Safety Committee

Mr. E. Linn Draper - Chairman
Dr. Wendy K. Dobson
The Hon. Paule Gauthier
Mr. Kerry L. Hawkins
Mr. W. Thomas Stephens

The Citizens For Clean Air (C4CA) is a concerned group of residents from Oakville and Mississauga opposed to the proposed location of TransCanada Energy Limited's (TCEL) 975 megawatt natural gas fired power plant. We represent a broad cross-section of the Oakville and Mississauga community including many, who like you, have served at senior corporate levels.

As members of TransCanada Corp's Health, Safety and Environment Committee, you are charged with responsibility for monitoring the health, safety, security and environmental practices and procedures of TransCanada and its subsidiaries. We note, and support, the high standards that TransCanada has set for itself, as stated in the Company's 2009 Management Discussion and Analysis "*The Company is committed to being an industry leader in conducting its business so that it meets or exceeds all applicable laws and regulations, and minimizes risk to people and the environment.*"

We are writing to you, however, to point out that the proposed Oakville Generating Station fails, in our view, to meet the standards set forth in this statement of commitment, and exposes the communities of Oakville and Mississauga to serious, and potentially catastrophic risks.

This power plant would be located 300 metres from a school, 400 metres from houses and adjacent to high traffic rail lines carrying thousands of GO Train commuters and hazardous materials. This location provides no buffer zone and no margin for error in the event of an accident at the plant or to a high traffic rail line that is only 30 metres from the site.

We all know that risk management, safety or quality assurance systems can never provide absolute assurance or protection from breakdowns or accidents - whether they are caused by design defects, human error, technology malfunction, mechanical breakdowns or acts of God. The unfortunate experience of the Toyota Motor Corporation, which had a world class reputation for quality, proves this point. Sadly, we can also point to recent precedents - the tragic explosion at a smaller natural gas fired power plant in Middletown, Connecticut, in February 2010 which resulted in 6 fatalities and 26 injuries. There have also been train derailments in Pickering on

March 30, Oshawa on February 19, and, this month's train derailment in Oakville. TransCanada's commitment to safety, and its track record, does not, and cannot, eliminate the possibility of serious and potentially catastrophic accidents, nor does it eliminate the need for prudence and establishing meaningful buffer zones as a precautionary measure.

Consider the following:

- The Kleen Energy natural gas fired power plant was a 600 megawatt plant located on a 137 acre site in Middletown, Connecticut.
- TCEL's 600 megawatt natural gas fired plant in Halton Hills is on a 79 acre site, of which 24 acres is used for the plant, with no residential communities or rail lines adjacent or nearby this facility.
- The Oakville Generating Station which is 50 percent larger than either the Kleen Energy plant or the Halton Hills plant, would be constructed on a 13.5 acre site which is 1/10th the size of the Kleen Energy site and 1/2 the size occupied by the Halton Hills plant – WITH NO BUFFER ZONE.

In our view, TCEL, TransCanada and its Board of Directors would be putting the health, safety and security of the residents of Oakville and Mississauga, including school children, at serious risk should this power plant proceed. In light of the lack of any reasonable buffer zone, we expect there would be catastrophic consequences should there be an incident, such as an explosion or train derailment. Knowingly taking on such risks could very well create very significant liability exposures for TCEL, your senior executives and your board of directors, if the construction of the power plant proceeds and a high impact, low probability risk, occurs.

The decision to build this huge power plant without any reasonable buffer zone has shocked our community, frightened our citizens and is damaging TransCanada's reputation. We have found no evidence that a thorough assessment of health, safety and security risks was performed before this contract was awarded to, and accepted by, TCEL. People in Oakville and Mississauga constantly ask – why would anybody make a billion dollar investment to build a 975 megawatt power plant on a 13.5 acre site in a residential community with no buffer zone and no assessment of the health and safety risks to the community? The answer seems to lie in the statement made by TransCanada's CEO last November on the third quarter analyst call, when he said that: *"TransCanada expects to invest approximately \$1.2 billion CAD in this natural gas-fired combined cycle plant with an expected after tax unlevered internal rate of return of 9%."* The people of Oakville and Mississauga have concluded that profits, not safety, are driving this decision and TransCanada's actions.

It has been suggested that community health and safety risks will be addressed in the Environmental Review Report being completed by TCEL's management. Unfortunately, any

post contract assessment of community health, safety and environmental risks by TransCanada lacks objectivity and credibility given the substantial financial rewards contained in this 20 year contract and TCEL's (and TransCanada's) continual statements of commitment to the project and to using natural gas to replace coal fired power plants – and a process that involves no consideration of alternatives.

Let me emphasize, again, that our communities strongly believe that this proposed power plant threatens our health, safety and security. This is not a Not-In-My-Back-Yard (NIMBY) issue, and it should not be viewed as such. Our opposition to the project is because of the health, safety and security risks inherent in building a power plant at this location, not because it is natural gas or the generation of electricity. Our concerns are shared and supported by the Mayors and elected councils of Oakville and Mississauga, the regional government, Halton and Peel Chief Medical Officers of Health, and our elected members of Parliament and the Ontario Legislature.

Last Thursday, members of all Ontario's political parties voted in favour of the second reading of Bill 8, "The Separation Distances for Natural Gas Power Plants Act, 2010, a Private Members Bill" that was introduced by Oakville MPP Kevin Flynn. Bill 8 passed by a margin of 28 votes to 1 with support from MPPs from all parties, including 15 Liberal MPPs. This bill would prohibit the construction of a natural gas power plant within 1,500 metres of land zoned residential or for a school, day nursery or health care facility. The following comments were made in support of this Bill:

"Having observed the extensive review processes required by the State of Connecticut, the federal government as well as our own local regulatory commissions, I would like to encourage you to continue to insist on a careful, transparent and objective evaluation of all of the issues involved in the siting of electric power generating plants. We were fortunate in that the Kleen plant is located in a very remote and sparsely populated area of Middletown."
- Sebastian N. Giuliano, Mayor, City of Middletown, Connecticut, U.S.A. comments on proposed TransCanada facility in Oakville following the explosion at the Kleen Energy natural gas power plant in his community

Bill 8's proposed set back requirements are consistent with principles set forth in Ontario's New Rules for Renewable Energy that were implemented by the Ontario Government on September 24th, 2009. The regulations contain minimum setbacks for even a 50 kw wind turbine (almost 20,000 times smaller than the proposed gas plant) of 550 meters from sensitive receptors. TransCanada's 2008 Corporate Responsibility Report contains the corporation's crucial set of core values, one of which is - *"We make safety a priority for ourselves, each other, our contractors and for members of our communities."* In our view, it is not appropriate or reasonable to propose a 975 megawatt gas-fired power plant on a 13.5 acre site, 320 metres from a school and 400 metres from houses, where you could not even have a wind turbine. This is clearly not making safety a priority for local communities and is contrary to TransCanada's stated core values.

As Directors of TransCanada and as members of the Board's Health, Safety and Environment Committee you understand that you are tasked with some very specific responsibilities and we pose the following questions:

1. Has your Committee fully examined, and are you prepared to personally accept, the health and safety risks posed to thousands of people who live, work and go to school within the immediate area that would most likely be impacted by this power plant if there were an incident such as the one that occurred in Connecticut?
2. Does your Committee support a business practice of signing billion dollar investment contracts before conducting a comprehensive risk assessment, including the health, safety, security and environmental risks that will impact the communities in which your investments will be located? How can a business practice that puts profits ahead of safety satisfy the standards you have set for the corporation, and the corporate reputation you strive to build?
3. Are you comfortable that, in the absence of a buffer zone, complete reliance and responsibility will be placed on TCEL's engineering and management practices, and the oversight thereof, to protect the school children, businesses and other residents in the adjacent community (i.e., there is no margin for error)?
4. Do you support the actions of TCEL's management to overturn the Town of Oakville's Interim Control By-law No. 2009-065? This by-law is simply to allow for the necessary review prior to locating a power plant in our community, so that safety issues and reasonable buffer zones can be addressed.
5. Can you really support building a 975 megawatt gas fired power plant on a site where the building of a wind turbine would be prohibited – simply because there are no set back requirements, as yet, for gas fired power plants? Does this really satisfy your standard for meeting or exceeding all applicable laws and regulations?

In response to my letter of February 26, 2010 to Mr. Kvisle, your management replied that "We continue to believe that our site is an excellent one for this clean energy project that supports the Province's initiative to phase out coal fired electricity generation." We invite you to come to Oakville and see for yourself just how wrong and misleading this statement is by touring the site and the community adjacent to it.

We ask that you please take the time to reflect on this project, the risks you and TCEL are assuming, and the risks you are forcing our communities to assume. And then encourage TCEL management to work together with us to find a better, safer and healthier alternative.

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Yours truly,

Frank M. Clegg,

Chairman of the Board of Directors, C4CA

CC:

Board of Directors, TransCanada Corporation
The Hon. Dalton McGuinty, Premier of Ontario
The Hon. Brad Duguid, Minister of Energy and Infrastructure
The Hon. John Gerretsen, Minister of the Environment
The Hon. Deb Matthews, Minister of Health and Long Term Care
Colin Andersen, CEO, Ontario Power Authority
Rob Burton, Mayor of Oakville
Hazel McCallion, Mayor of Mississauga
Kevin Flynn, MPP, Oakville
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