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June 29, 2007

Alberta Securities Commission
British Columbia Securities Commission
Autorité Des Marchés Financiers
Manitoba Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Nova Scotia Securities Commission
Ontario Securities Commission
Saskatchewan Financial Services Commission
Securities Office, Prince Edward Island
Registrar of Securities, Northwest Territories
Registrar of Securities, Nunavut
Registrar of Securities, Yukon Territory

c/o John Stevenson, Secretary
Ontario Securities Commission
via e-mail to: jstevenson@osc.gov.on.ca

c/o Anne-Marie Beaudoin, Directrice du secrétariat
Autorité Des Marchés Financiers
via e-mail to: consultation-en-cours@lautorite.com

Re: Proposed Repeal and Substitution of Form 51-102F6 – Statement of Executive Compensation, Proposed Amendments to NI 51-102 – Continuous Disclosure Obligations, and Related Proposed Policy and Form Amendments

Dear Sirs and Mesdames:

In response to the Notice and Request for Comment dated March 29, 2007 of the Canadian Securities Administrators (the "CSA") and relating to the Proposed Repeal and Substitution of Form 51-102F6 – Statement of Executive Compensation) (the "Proposed Rules") and Proposed Amendments to National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") and related proposed policy and form amendments, we are pleased to provide the following comments.

TransCanada and many other large reporting issuers have gone to great lengths in recent years to voluntarily exceed the disclosure requirements under the current NI 51-102 so that our disclosure provides investors and other stakeholders with meaningful information. Best practices have developed on a number of fronts and we are concerned that in many areas, the proposed CSA rules did not take into account those practices. Thus, in our opinion, the Proposed Rules do not provide investors with the most meaningful and easily understandable information or balance the value of the information to the time required to consolidate and disclose it.

We would like to acknowledge our unsolicited support of many of the comments provided to the CSA by Ms. Lisa Slipp and Mr. Scott Clausen of Mercer Human Resource Consulting ("Mercer") in their letter dated June 14, 2007. Mercer has expressed key concerns which echo many of TransCanada's opinions on these matters. Specifically, we are supportive of their comments on:

- Being cautionary about seeking complete harmony between the US and Canadian disclosure rules both from a practicality perspective and based on the acknowledged transitional issues the SEC is currently addressing (pages 2, 3 and 7);
- The proposed valuation methodology of equity awards, the inclusion of such arguably inappropriate values in the Summary Compensation Table ("SCT") and the usage of this value in the calculation of total compensation in the SCT (comment 1 and responses to the request for comment 10 and 16);
- Disclosure of pension and retirement plan values as it relates to the proposed valuation methodology of defined benefit ("DB") plan benefits, the inclusion of these actuarial values for DB plans in the SCT and in the calculation of total compensation, and the inequity of proposed disclosure requirements between DB and defined contribution ("DC") plans (comment 2 and responses to the request for comment 11 and 12). We are particularly supportive of Mercer's proposals to include:
    - the employer-provided value of the increase in an NEO's accumulated benefit under all DB plans;
    - all registered and non-registered DC plan contributions (along with the DB valuation as proposed by Mercer) in a new column in the SCT titled, "Pension Value"; and
    - Mercer's proposed retirement plan benefits table as noted on page 16 of their letter.
- The need for the CSA to clarify that the new disclosure requirements be phased in over a three-year period (response to request for comment 7);
- Concerns noted regarding the use of the terms "bonus" and "incentive plans" (response to request for comment 8);
- The uncertainty and inconsistency of the proposed disclosure of equity and non-equity awards (response to request for comment 9); and
- The effective date of the Proposed Rules and, in particular, that by delaying the effective date of the Proposed Rules, the CSA could learn from the numerous issues being raised regarding the SEC rules (comment 3 and response to request for comment 25).

In addition to supporting Mercer's comments referenced above, we provide the following specific responses to several of your request for comments.

A. Form 51-102F6: Statement of Executive Compensation

5. Should we require companies to provide specific information on performance targets?

We appreciate the CSA recognizing that disclosure of many of the performance targets used in the awarding of executive compensation is sensitive, competitive information for companies. Of concern, however, is how the Proposed Rules assume that all plan-based incentive programs use performance targets in the same comparable, formulaic manner and that all are based on numeric criteria. Since this is not the case for every issuer, instituting a requirement for the disclosure of performance targets does not provide the investor with a platform for comparability. We suggest that the CSA consider requiring a discussion of only the principal performance objectives and relative performance against those objectives (as at the end of the performance period) as there are often a multitude of criteria (both quantitative and qualitative) considered in actual pay determination.

6. Will moving the performance graph to the CD&A and requiring an analysis of the link between performance of the company's stock and executive compensation provide meaningful disclosure?

We are concerned that including the performance graph in the Compensation Discussion and Analysis ("CD&A") along with requiring a discussion of the compensation trend as it compares to company share performance will bring undue attention to this one element (share performance) as being a measure of the appropriateness of total compensation. Share price may be sensitive to factors unrelated to corporate performance (for example: interest rates or currency fluctuations) and as such, organizations tend not to consider it as a solitary performance measure. Well-designed executive compensation programs use various performance measures in the

determination of different elements of total compensation. These performance measures are generally chosen based on the length of the performance period and how each of those measures correlate to a company's business drivers. As such, we are of the opinion that the rules should focus on requiring a fulsome discussion of these various performance measures including why different measures are used for different programs and the process by which each of the performance criteria are considered in the determination of the different elements of total compensation. The stock performance graph should remain separate from the CD&A.

11. and 15. Should the change in the actuarial value of defined benefit pension plans be attributed to executives as part of the summary compensation table? Will a total compensation number calculated as proposed provide investors with meaningful information about compensation?

While we are not averse to including an appropriate valuation of pension benefits in the SCT and in the calculation of total compensation, we do not support the proposed use of the change in the actuarial value of DB plans as such a value measure. The CSA recognizes in its comments to item 3(e) that this amount includes both compensatory and non-compensatory factors such as a change in interest rates. The determination of Named Executive Officers ("NEOs") does not include the pension amounts and thus also infers that these are not purely compensatory. We are concerned that two issuers, one with a DB plan and one with a DC plan, could report materially different compensation figures for the NEO's even if both companies intend to provide the same total pension value at retirement which would result in misleading comparisons by shareholders.

13. Have we retained the appropriate threshold for perquisite disclosure given the changes to compensation amounts included in the bonus column of the summary compensation table?

We acknowledge the CSA's comment that although the threshold in the definition of perquisite is not proposed to be amended, by revising what is included as a bonus and what is non-equity compensation creates a very significant shift in the past requirement of perquisite disclosure. We feel the threshold of being less than $50,000 and less than 10 per cent of the NEO's total salary and annual bonus was appropriate, where bonus is understood as a variable cash payment that is considered annually for award which may or may not be based on pre-determined performance criteria. We recommend that the CSA reconsider the definitions of "Bonus" and "Non-equity Incentive Plan Compensation" as they relate to the calculation of the perquisite threshold.

14. Should we provide additional guidance on how to identify perquisites?

We submit that further clarification is required as there has been a significant amount of debate in the United States as to what is included as a perquisite. The test being proposed by the CSA, which is based on the SEC's approach, is not appropriate. As the CSA explains, being integrally and directly related is a narrow test and means something must be "required" and is "necessary" to do that person's job. Even the example used by the CSA of a wireless device that allows a person to remain in contact with work would almost always be considered a perquisite under this test as a person could likely still perform their job without it, perhaps just not as timely or efficiently. The wireless device is not "required" and "necessary" to perform the persons job thus would not be "integral" and would be a perquisite under the CSA's proposed test. We thus suggest the word "integrally" be removed from the proposed test for a perquisite. If something is directly related to a person's job, that is a high enough standard to meet even if it is not "required" and "necessary" for their job.

If the words "integrally and directly" remain in the definition, few items would likely meet this very high threshold thus whether there is a personal benefit becomes an important determination. Again, using the CSA's example, the wireless device which is very likely not "required" and "necessary" to do a person's job (although directly related to the person's job and very beneficial in many instances) and the device is used to send the occasional personal e-mail, would be a perquisite.

Furthermore, if an item does not pass the threshold of being "integrally and directly" related to an executive's duties, and it is determined that there is some personal benefit (no matter how small), the additional threshold of that benefit being generally available to "all" employees is too high a standard. The word "all" should be removed so that it is a benefit being "generally available to employees" and the location of comparable employees should be a consideration as companies often have differences in what they offer to employees in differing jurisdictions.

16. Will the disclosure of the grant date fair value of stock and options awards, along with the disclosure provided in the summary compensation table, provide a complete picture of executive compensation?

We question the appropriateness of disclosing accounting costs of stock and option awards as an indication of the value received by an NEO in a given year. The SCT is intended to provide investors with an overview of the compensation received by an NEO. As such, we support the inclusion of the grant date fair value of stock and options granted in a given year in the SCT given that this is a material consideration in the awarding of such grants. We also support the elimination of any disclosure on accounting or finance costs of equity compensation since they have little or no compensatory relation to the NEO.

20. Will it be too difficult to provide estimates of potential payments under different termination scenarios? Should we only require an estimate for the largest potential payment to the particular NEO?

We believe it would be difficult to provide estimates under all of the different scenarios under which a termination payment may arise. Narrative disclosure providing a summary of how executives are treated under various scenarios, as is currently required, provides sufficient information for an investor to ascertain how an executive may be treated upon termination. However, if quantification is instituted, we suggest that the CSA limit the disclosure to specific termination situations that tend to be of the greatest interest to shareholders, namely change-in-control, involuntary termination without cause or with good reason and voluntary termination without retirement.

Any situation where there are discretionary payments, such as payments to be made at the discretion of a committee of the board, which are frequently found in executive separation agreements or in compensation plan texts, would make it very difficult and possibly misleading to attempt to substantiate what the actual monetary amount of payments under various scenarios might be. If the CSA institutes a required disclosure of potential termination payments, we would request that the CSA also include the value of outstanding or deferred compensation forfeited in order to provide a balanced perspective.

26. Do you think the suggested timeline will give companies enough time to implement these proposed disclosure requirements?

If the rules become final no later than August 1, 2007 and the CSA commits to not make further changes to the rules for the 2008 proxy season, it is our opinion that the proposed timeline is feasible. However, given the issues that have been raised in the United States and that the SEC has acknowledged that it may provide further guidance to issuers this year, TransCanada believes that it would be in the best interest of the CSA and Canadian issuers to delay finalizing the rules until the dissemination of the SEC's newest guidance. This would position the CSA to institute their new rules for financial years ending on or after December 31, 2008 after fulsome deliberation on all relevant sources of information for consideration.

B. NI 51-102 – Continuous Disclosure Obligations

The CSA is proposing to amend the definition of "Venture Issuer" in NI 51-102 and related policies and forms to remove debt-only issuers with total assets of over $25 million which would thus require these issuers to file an Annual Information Form ("AIF") including the information contained in Form 51-102F6. We question the relevance of this information to debt investors who principally invest on the company's credit rating, debt service ratios, rate of return and financial performance. The information contained in an AIF does not contain any additional meaningful information for debt only investors when read in conjunction with a company's financial statements and management discussion and analysis.

We also propose that if the definition of "Venture Issuer" is amended, it should not provide in the definition that the issuer "has distributed only debt securities to the public" but should provide that its "only securities outstanding to the public are debt securities". An issuer which had distributed equity securities to the public, but which no longer has those securities outstanding to the public, would not be considered a Venture Issuer under the proposed CSA definition.

The CSA has also proposed that Venture Issuers who do not file an AIF must file a Form 51-102F6 annually. We propose that issuers who are wholly owned subsidiaries of public companies who file an AIF, who are managed by that parent company and who have the identical NEOs, are provided an exemption from this requirement and also the requirement to file an AIF if they are debt only issuers, as discussed above. In these circumstances, information regarding the parent company will be disclosed and the information provided for the subsidiary would simply be a subset of that information.

C. Other Comments

We would like to take this opportunity to express our concern that Canada is lagging behind the United States by continuing to require issuers to mail proxy circulars to shareholders. The NYSE rules have been amended to permit companies to provide notice to shareholders when an electronic version of their proxy circular is available and to make hard copies of the document available free of charge upon request. This saves companies hundreds of thousands of dollars in printing and mailing expenses and decreases the environmental impact while maintaining the accessibility of disclosure for investors.

In summary, we have made purposeful changes to our disclosure over the past few years to move toward our corporate philosophy of transparent and fulsome disclosure for our shareholders. In our opinion, the adoption of the Proposed Rules in their current form may cause us to lose ground on this worthy objective. We are fully supportive of the CSA's objectives for the Proposed Rules but strongly encourage the CSA to consider amendments to specific areas of the Proposed Rules that we and others have identified as problematic.

We hope you will find the above comments helpful and look forward to your response. If you have any questions or concerns, please contact please contact the undersigned at (403) 920-7685 or Michael Mercier at (403) 920-7663.

Regards,

(signed) "*Donald J. DeGrandis*"

Donald J. DeGrandis, Corporate Secretary