



TransCanada

In business to deliver

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Dear Madames:

TransCanada Corporation (TransCanada) is pleased to submit its comments in response to the CSA Concept Paper 52-402, Possible Changes to Securities Rules Relating to International Financial Reporting Standards.

TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure, including natural gas pipelines, power generation, gas storage facilities and projects related to oil pipelines and liquefied natural gas facilities.

TransCanada supports the goal of a single set of high-quality accounting standards that are accepted and applied globally. We believe the conversion of reporting requirements to International Financial Reporting Standards (IFRS) will accomplish this goal. Our responses to the questions raised in the Concept Paper are set out below.

Question 1 Do you agree we should allow a domestic issuer to adopt IFRS-IASB for a financial year beginning on or after January 1, 2009? If not, why?

We do not agree that a domestic issuer should be permitted to early adopt IFRS-IASB prior to the mandatory change over date (financial years beginning on or after January 1, 2011). As noted in the Concept Paper “allowing early adoption of IFRS would introduce a third set of standards for domestic issuers for a limited period (until the mandatory changeover date), and therefore reduce the comparability of financial statements in our market”.

Transition to IFRS in the Canadian marketplace will require significant education of financial statement users. Studies performed on European companies post IFRS adoption, indicate that for some companies key financial items such as equity and net income were significantly

impacted by IFRS adoption. Education of financial statement users will be key to ensuring that users understand the differences created on IFRS conversion and are able to differentiate them from other business and financial changes. Prior to the mandatory changeover date, many domestic issuers will, as a part of their IFRS conversion plan, undertake investor and analyst education with respect to IFRS. Allowing early adoption will require that peers of early adopters accelerate their IFRS financial statement user education strategy in order to be in a position to explain IFRS differences between themselves (under Canadian GAAP or US GAAP) and the early adopters (under IFRS) prior to the mandatory change over date. We believe such a situation could foster market interpretation challenges and reduce overall the comparability of financial statements within the Canadian market.

The CSA Concept Paper outlines other factors to consider with regards to permitting early adoption, some of which note favorable effects of early adoption. We believe that the risk of reducing the overall comparability of financial statements in the Canadian market by far outweighs any positive results that may be realized by permitting early adoption.

Question 2 Are there additional factors, not discussed in this paper, to consider in deciding whether to allow a domestic issuer to adopt IFRS-IASB before 2011?

We believe that the factors discussed in the Concept Paper are complete.

Question 3 Do you agree we should not allow a SEC issuer to use US GAAP for financial years beginning on or after January 1, 2009, with the exception that a SEC issuer filing US GAAP financial statements in Canada for its most recent financial year ending on or before December 31, 2008, could continue doing so until 2013? If not, why do you disagree, and how, if at all, would you modify existing rules?

We understand that certain Canadian issuers currently report under US GAAP for competitive, financing and other reasons. While we strongly encourage convergence to one global set of accounting standards, we feel that it would be inappropriate to force these companies to adopt IFRS at this time. At such time that the United States has fully committed to adopting IFRS, then the timeline for eliminating US GAAP for Canadian issuers should be aligned accordingly.

Question 4 Are there additional factors, not discussed in this paper, to consider in deciding whether to allow a SEC issuer to use US GAAP?

We believe the factors discussed in the Concept Paper are complete.

Question 5 Is the proposed transitional period of five years from 2009 to 2013 appropriate?

Please see our response to Question 3.

Question 6 Do you agree that we should require a domestic issuer to prepare its financial statements in accordance with IFRS-IASB and require an audit report on such annual financial statements to refer to IFRS-IASB? If not, why?

We agree that that a domestic issuer should prepare its financial statements in accordance with IFRS-IASB and the audit report should make reference to the same. We are concerned that reference to Canadian GAAP may confuse both domestic and international investors by implying that Canada has a jurisdiction specific version of IFRS.

Question 7 Are there additional factors, not discussed in this paper, to consider in deciding whether securities rules should refer to IFRS-IASB rather than Canadian GAAP?

We believe the factors discussed in the paper are complete. We note that it may be necessary in certain circumstances for issuers to request disclosure in their audit report that their financial statement comply with both IFRS-IASB and Canadian GAAP.

Other comments

We request that the CSA provide guidance to issuers with respect to whether a mandated conversion to IFRS meets the definition of a “material change” under applicable securities laws.

We also request that the CSA issue specific guidance on disclosure requirements related to year ends leading up to the IFRS conversion. Specifically, guidance on the extent of qualitative or quantitative disclosure required in each of the 2008, 2009 and 2010 annual reports is needed in the near term to facilitate IFRS transition planning.

Finally, we encourage the CSA and the AcSB to work closely to reach joint conclusions on key issues. This is important to ensure confusion amongst market participants be avoided.

We thank you for the opportunity to comment on the CSA Concept Paper. Please contact the undersigned if you would like to discuss our comments further.

Yours very truly,

A handwritten signature in black ink, appearing to read 'G Menuz', written in a cursive style.

Glenn Menuz
TransCanada Corporation
Vice President and Controller

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