

Contract Signed to Build Napanee Generating Station

Calgary, Alberta – **December 17, 2012** – TransCanada Corporation (TSX, NYSE: TRP) (TransCanada) announced today it has signed a contract with the Ontario Power Authority (OPA) to develop, own and operate a new 900-megawatt (MW) natural gas-fired power plant. The facility will be located at Ontario Power Generation's Lennox Generating Station property in the town of Greater Napanee in eastern Ontario.

"The contract signing will allow TransCanada to move forward with our plans to provide a reliable source of electricity to the people of Ontario," said Russ Girling, TransCanada's president and chief executive officer. "We will take the necessary steps to ensure this is an environmentally responsible project and will also focus on the safety of the community, our employees and being a good neighbour."

Construction of this 900-MW facility will mean an investment of millions of dollars in the local community that supports the creation of approximately 600 construction jobs and an expected 25 long-term jobs resulting in approximately \$4 million in annual salaries and benefits. The power plant will contribute to the local tax base each year, providing officials with the ability to invest those dollars locally.

We are committed to building, operating and maintaining our power plants safely. The safety of our employees, our facility neighbours and the public are top priorities for TransCanada. Our corporate safety performance is regularly amongst the highest in our industry. In addition, this new, clean burning, natural gas fired plant would use leading edge environmental technologies to control emissions.

The details of the contract are based on terms of the memoranda of understanding that were signed in late September. The Napanee power plant will act as a replacement facility for one that was planned in the community of Oakville. It will operate under a 20-year power purchase arrangement with the OPA that will generate stable earnings and cash flow over the next two decades.

TransCanada currently operates the 683-MW Halton Hills Generating Station in Ontario, has a 50 per cent ownership in the 550-MW Portlands Energy Centre on the Toronto waterfront and has agreed to purchase nine Ontario solar plants that would produce 86 MW of clean energy. We also own a large portion of the Bruce Power nuclear facility - 49 per cent of Bruce A and 32 per cent of Bruce B. Bruce Power consists of two generating stations (Bruce A & B) with each station housing four nuclear reactors with an overall power output of 6,200 MW.

With more than 60 years' experience, TransCanada is a [leader](#) in the [responsible development](#) and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada operates a network of natural gas pipelines that extends more than 68,500 kilometres (42,500 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with approximately 380 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns or has interests in over 11,800 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America's largest oil delivery systems. TransCanada's common shares trade on the Toronto and New York stock exchanges under the symbol TRP. For more information visit: <http://www.transcanada.com> or check us out on Twitter @TransCanada.

FORWARD LOOKING INFORMATION

This publication contains certain information that is forward-looking and is subject to important risks and uncertainties (such statements are usually accompanied by words such as "anticipate", "expect", "would" or other similar words). Forward-looking statements in this document are intended to provide

TransCanada security holders and potential investors with information regarding TransCanada and its subsidiaries, including management's assessment of TransCanada's and its subsidiaries' future financial and operation plans and outlook. All forward-looking statements reflect TransCanada's beliefs and assumptions based on information available at the time the statements were made. Readers are cautioned not to place undue reliance on this forward-looking information. TransCanada undertakes no obligation to update or revise any forward-looking information except as required by law. For additional information on the assumptions made, and the risks and uncertainties which could cause actual results to differ from the anticipated results, refer to TransCanada's Management's Discussion and Analysis filed February 15, 2012 under TransCanada's profile on SEDAR at www.sedar.com and other reports filed by TransCanada with Canadian securities regulators and with the U.S. Securities and Exchange Commission.

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Contact Information

TransCanada Media Enquiries:

Shawn Howard/Grady Semmens

403.920.7859

800.608.7859

TransCanada Investor & Analyst Enquiries:

David Moneta/Lee Evans

403.920.7911 or 800.361.6522