



The **New** Encana:
the clear energy choice

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Natural Gas Economy

The Natural Gas Economy Creating Increased Markets for Natural Gas

Calgary | March 16, 2010

New York | March 18, 2010



Natural Gas Economy Mission

Our mission is to establish natural gas as the foundation of North America's energy portfolio

- Abundant!
- Affordable!
- Clean!
- Reliable!
- Domestic Solution!



Encana's Future Vision

Cleaner, More Attractive Energy Solutions

Abundance of Natural Gas enables an energy plan that will include...

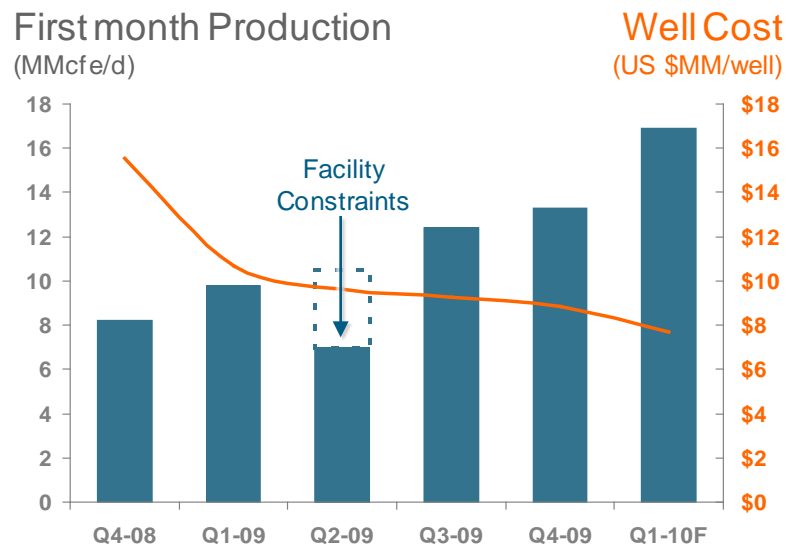
- Natural gas as preferred fuel for power generation
 - Clean, price competitive and improved health benefits
 - Addresses large component of emission targets

- Creation of Natural Gas Highways
 - New industry creates jobs, government revenue, economic growth

Natural Gas Future Has Changed

Technology Unlocks Shale Plays

Evolution of the Haynesville Play

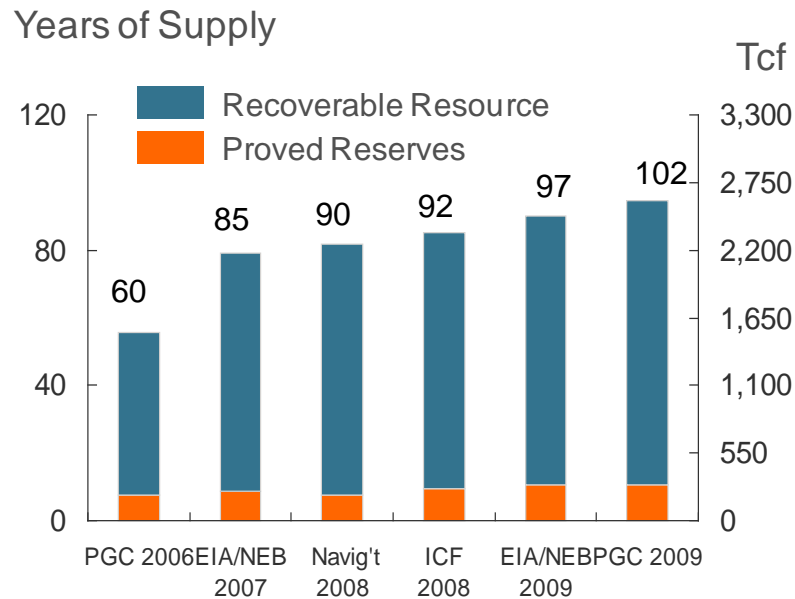


- Stronger wells for less cost
- Well costs down 20%
- Production up over 100%

Gas shale plays are an industry changing breakthrough

Source: EIA, CSUG, IHS Energy

Canada and U.S. Resource Estimates



- 2,600 Tcf of total resource
- 100+ year supply at 70 Bcf/d
- 70+ year supply at 100 bcf/d

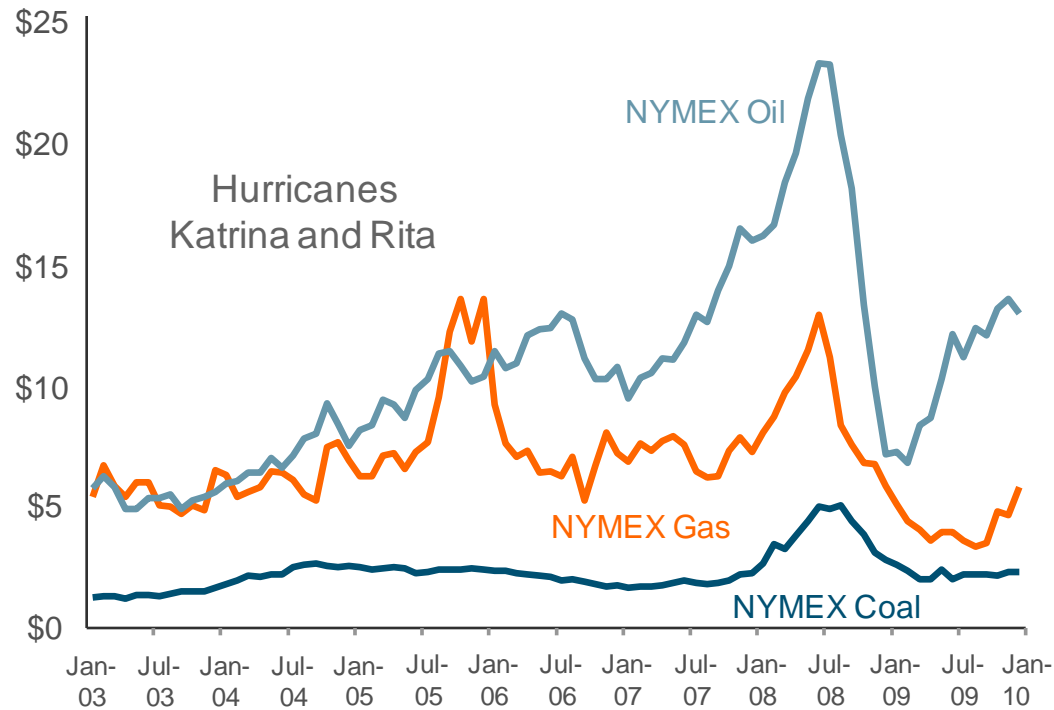
Target new market
25 Bcf/day or 30% increase

New Abundance Has Changed Price

Natural Gas - The Most Economically Competitive Fuel

NYMEX Oil, Coal and Gas Spot Prices

Price per MMBTU



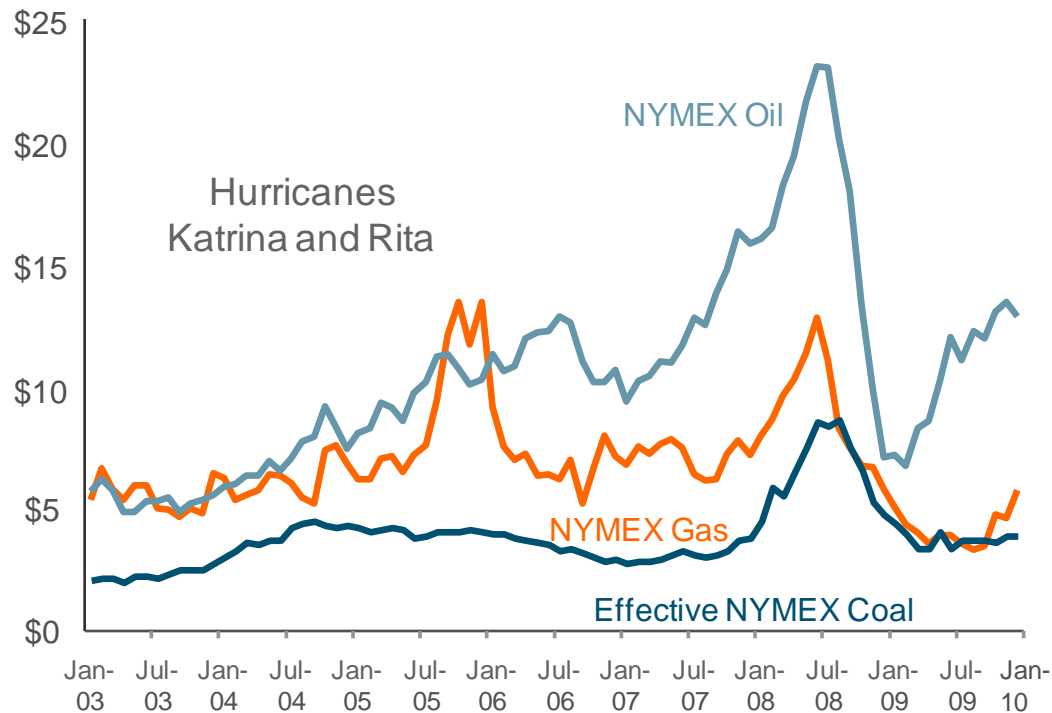
- Abundant natural gas supply minimizes price fluctuations
- Cost of natural gas is at least 50% lower than oil

New Abundance Has Changed Price

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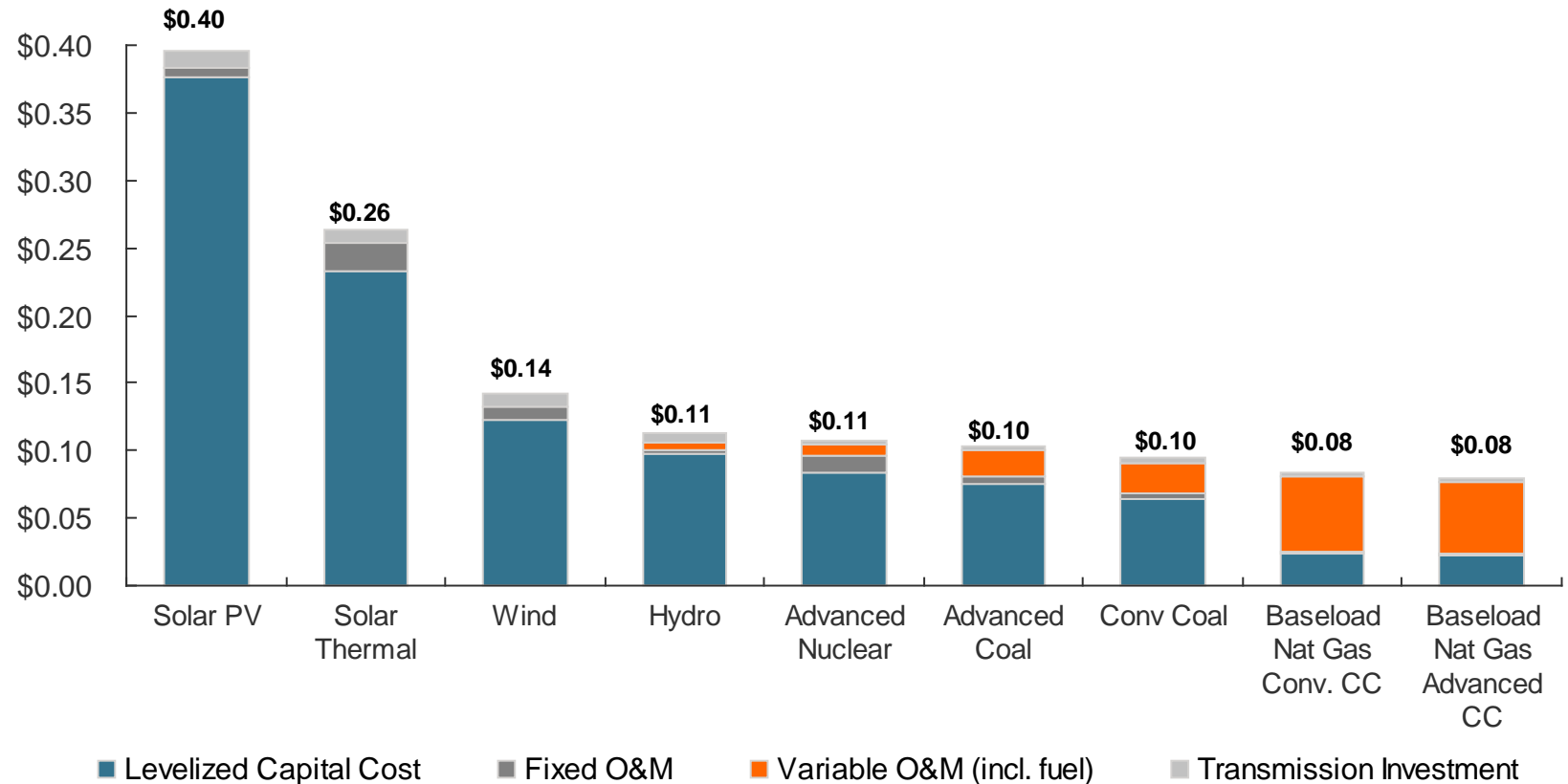
- Natural gas can have more than 60% greater efficiency in power generation
- Can be price equivalent on a unit of power basis
- In certain markets, natural gas is the most economic choice

Natural Gas is the Most Affordable Choice

Levelized Cost Profile of New Generation

Average Cost for Plants Entering Service by 2016

US\$/kWh



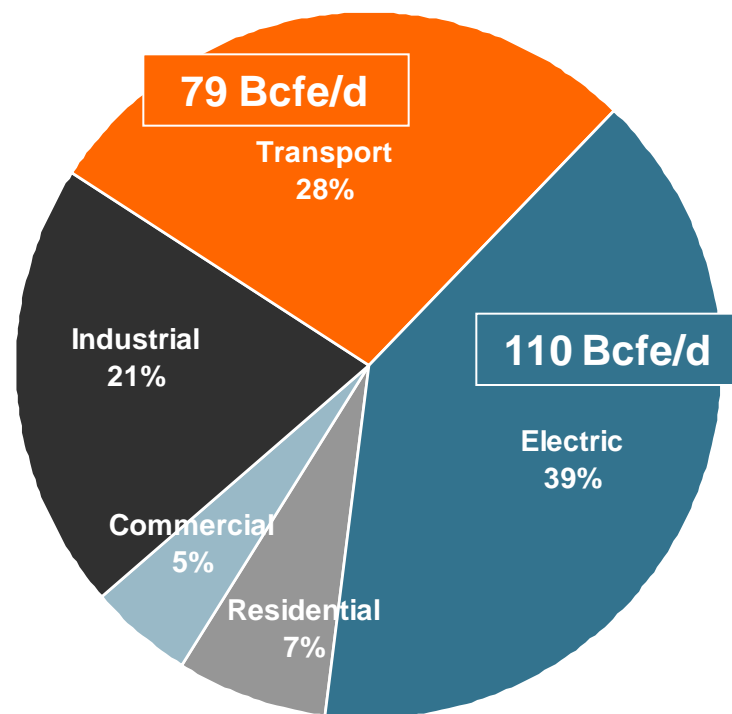
Source: EIA, Annual Energy Outlook 2009

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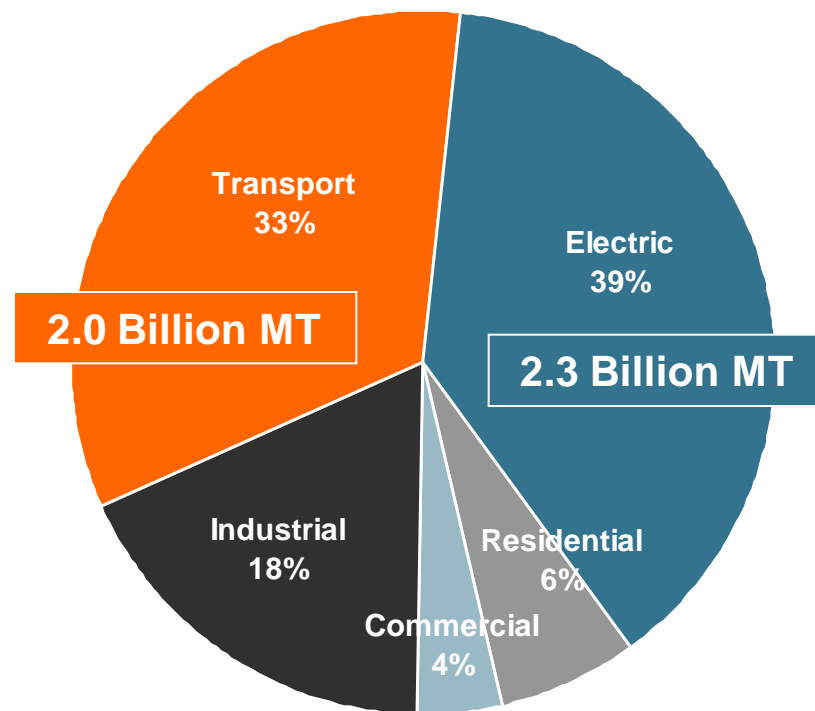
Where are the largest opportunities?

Canada and U.S. Energy Consumption by Sector

Input Energy Consumption
(281 Bcfe/d)



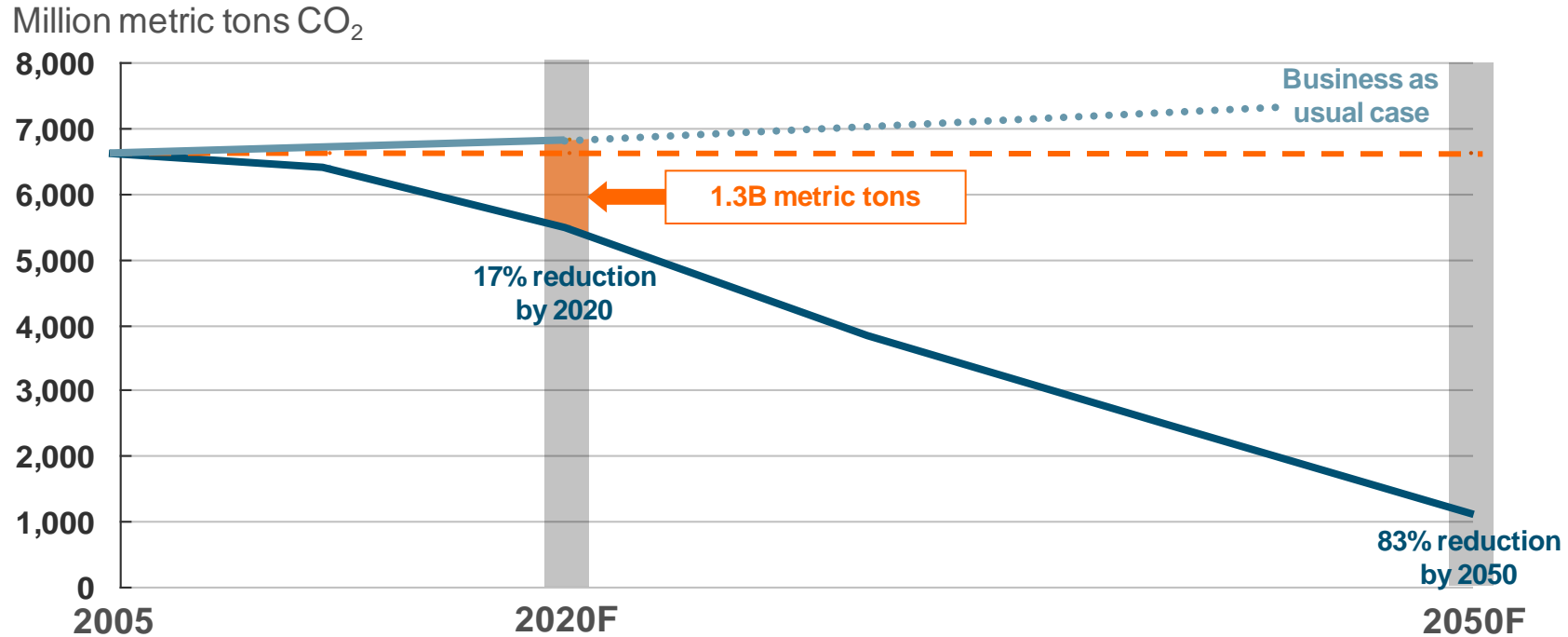
Annual CO₂ Emissions
(6.1 Billion Metric Tonnes)



Need to focus on Electric Power and Transportation Sectors
(70% of total emissions) to move the “Emission Reduction Needle”

Canada and U.S. Emissions Solutions

Federal Targets Aligned for 2020



2020F Impacts

- Proposed natural gas plans can accomplish the emissions reduction goal through:
 - Displacement of coal-fired electricity generation
 - Partnership with renewable sources of electricity generation
 - Evolution of natural gas for transportation

Solutions to Emission Reduction Plan

Canada and U.S. 2020 Emission Reduction Options

What can 15 Bcfe/d in electricity generation and 10 Bcfe/d in transportation achieve?

Scenarios	Electricity	Transportation	Industrial/Res/Com	Total Savings
All sectors responsible for meeting 17% reduction target	-534	-443	-342	-1,319
	-17%	-17%	-17%	-17%
Natural gas solution for: electricity (+15 Bcfe/d) and transportation (+10 Bcfe/d)	-1,455	-227	+363	-1,319
	-51%	-7%	+24%	-17%

Natural gas enables the 1,319 million tonne target for 2020

- First row - emissions reductions from business as usual in million tonnes of CO₂
- Second row percent reductions are from 2005 levels
- Assumes gas 34% and renewable 25% of electrical generation mix

Natural Gas - Cleanest and Affordable Choice

Electrical Generation Options to 2020

Current Mix (2009) – 4,500 TWH					
<u>Coal</u>	<u>Natural Gas</u>	<u>Nuclear</u>	<u>Renewables</u>	<u>Emissions</u>	<u>Cost</u>
42%	21%	20%	17%	= 2,340 MMT	0.09 \$/kWH
Case 1: 2020 Mix (Growth in Renewables) – 5,200 TWH					
<u>Coal</u>	<u>Natural Gas</u>	<u>Nuclear</u>	<u>Renewables</u>	<u>Emissions</u>	<u>Cost</u>
42%	13%	20%	25%	= 2,490 MMT	0.10 \$/kWH
Case 2: 2020 Mix (Growth in Renewables and Natural Gas) – 5,200 TWH					
<u>Coal</u>	<u>Natural Gas</u>	<u>Nuclear</u>	<u>Renewables</u>	<u>Emissions</u>	<u>Cost</u>
21%	34%	20%	25%	= 1,837 MMT	0.10 \$/kWH

If growth in renewable energy and natural gas displace coal, the cost will be the same, but the emissions will be 30% lower

The Natural Gas Solution to Better Air Quality

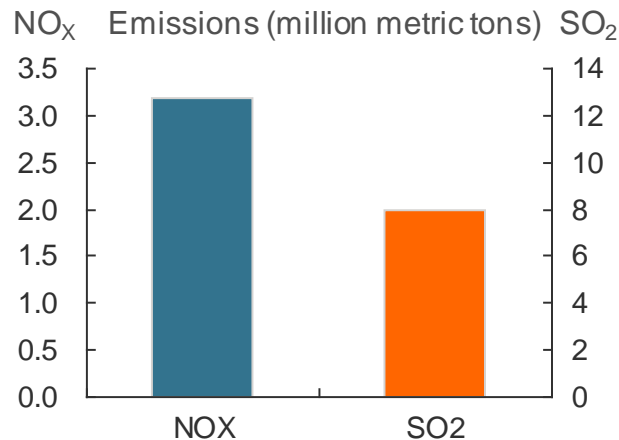
Additional Social and Economic Benefit

✓ Increased natural gas use creates significant reduction in other harmful emissions

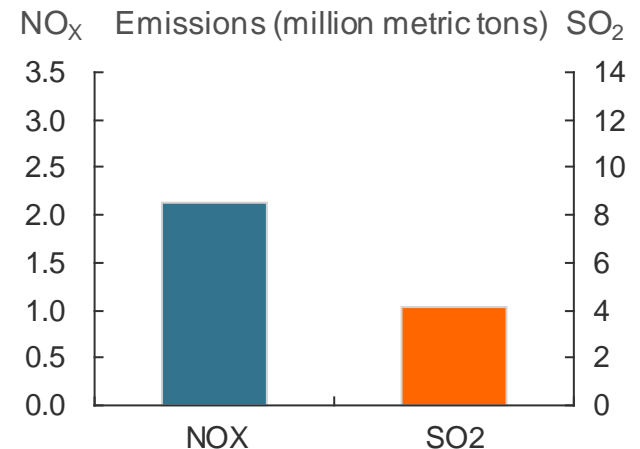
- Less NO_x, SO₂, mercury, arsenic and others
- Better human health
- Study indicates health cost can contribute up to ~\$0.03/KWhr for coal power generation

Large improvements to hazardous NO_x (38%) and SO₂ (52%) emissions

Case 1: Coal Weighted



Case 2: Natural Gas Weighted



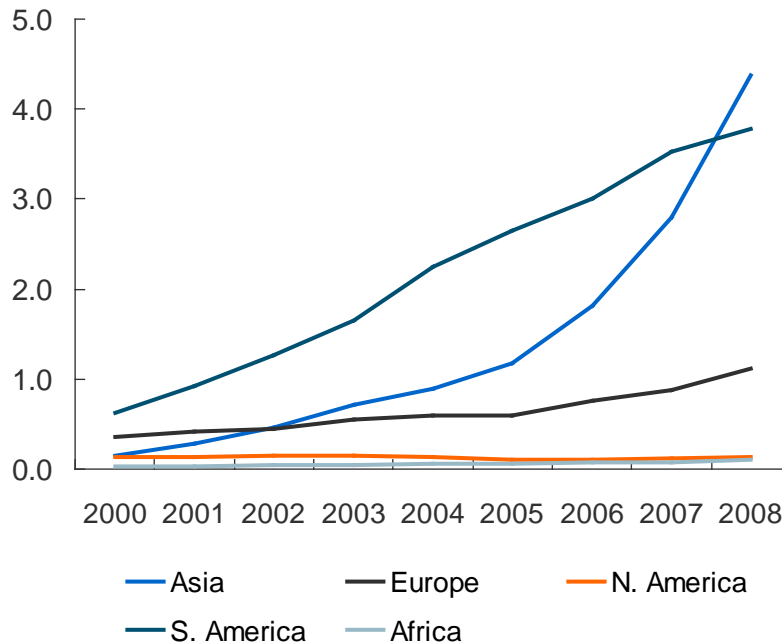
Sources: National Academy of Science, Encana estimates with 15 Bcf/d of coal displacement

North American Opportunity: Transportation

Natural Gas Vehicle Growth by Continent

Natural gas vehicles by continent

Natural gas vehicles (millions)



Italy as an analog

- ~600,000 NGVs
- 37% growth since 2007
- NGVs have 7% market share of all new vehicles purchased
- Cost of CNG is 50% to 60% less expensive than gasoline
- Government incentives
- Italy imports 89% of natural gas

Fiat Qubo
Natural Power

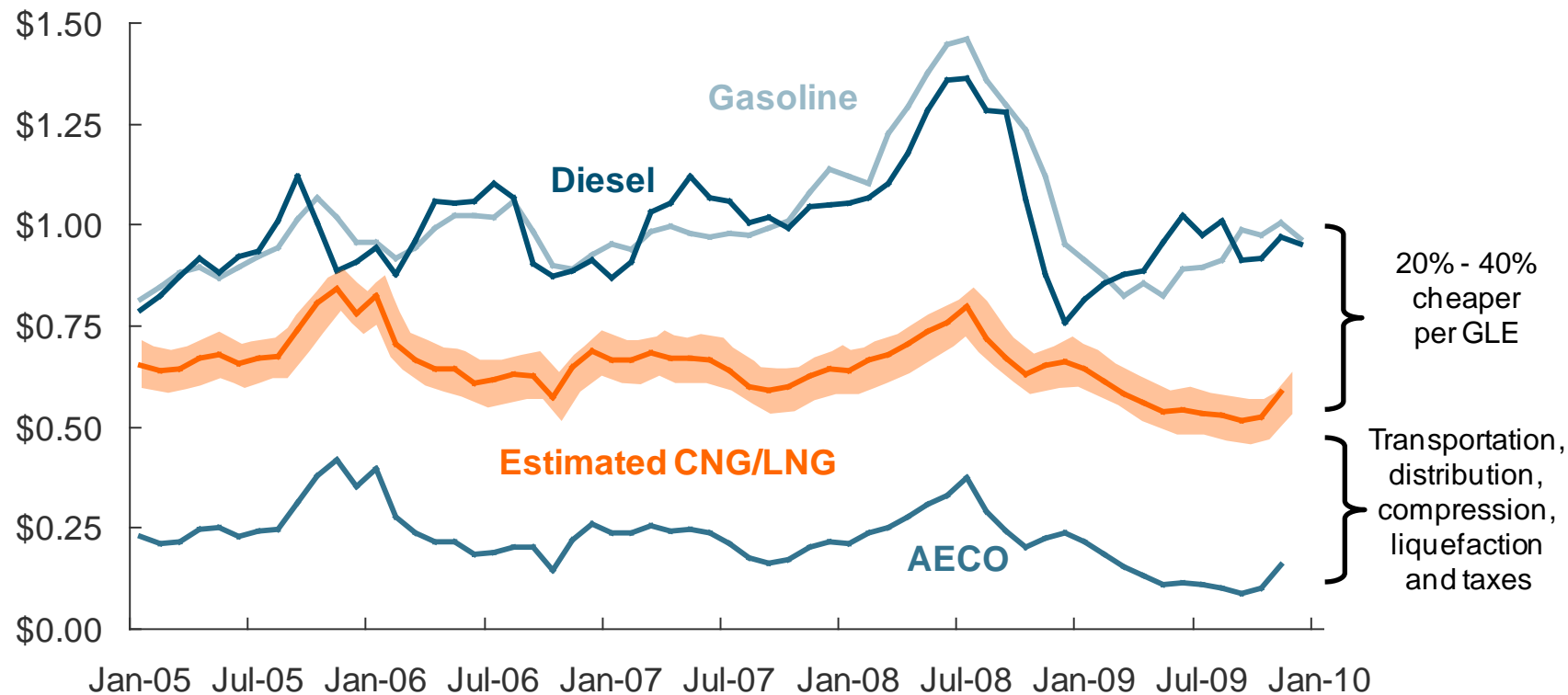


Natural Gas as Transportation Fuel

Most Affordable and Cleanest Choice

Retail Cost of Fuels

Price per gasoline litre equivalent (GLE) in C\$



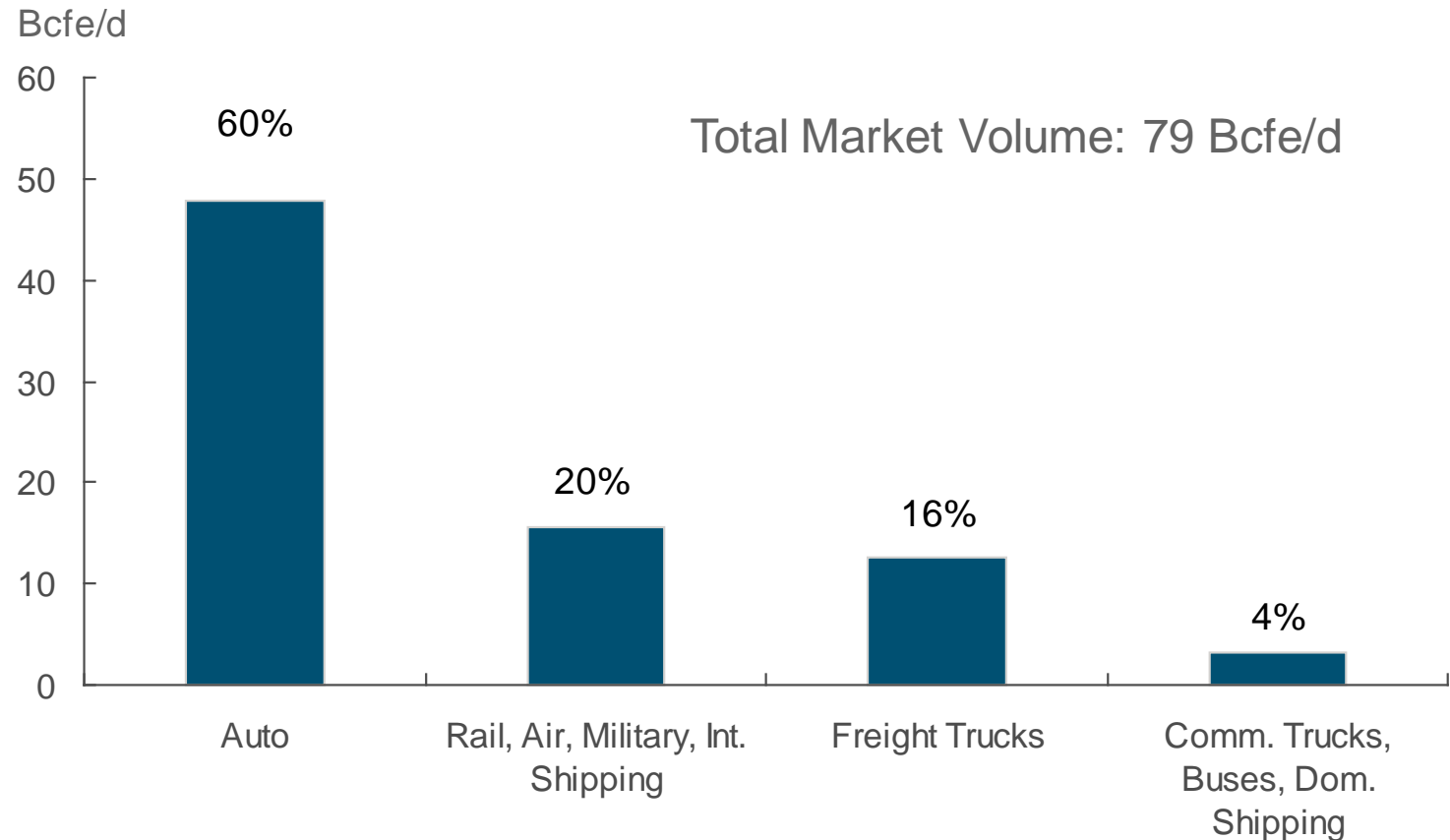
Source: Natural Resources Canada; Encana

www.encana.com

U.S. & Canada Natural Gas Use Opportunity

Transportation Sector

2009 Consumption by Vehicle Type



Source: Data and forecast from EIA

www.encana.com

Canada's Natural Gas Highways

Clean, Affordable, Job Creation, Economic Growth

- Proposed world leading clean energy transportation corridors
 - East: Quebec City, QC to Windsor, ON
 - West: Edmonton, AB to Vancouver, BC
- Industry partners, federal and provincial governments



Canada's Natural Gas Highways

Highlights of a New Canadian Industry

A Vision for 2025

- 145,000 clean burning natural gas trucks fueled by LNG
- 2.4 million light duty vehicles fueled by CNG
- Approximately 1.4 Bcf/d of natural gas consumption in transportation
- 15-30 medium size and 10-20 large size LNG plants
- Over 900 CNG and/or LNG natural gas fueling stations
- Over 50,000 new jobs
- 4-6 million tons per year CO₂ emissions reductions

Natural Gas Economy

Encana's Natural Gas Transportation Project Activity



- Company CNG Stations forecast
 - Clearwater Q4 2010
 - Fort Nelson Q4 2010
 - DJ Basin Partnership Q3 2010
 - Colorado Western Slope Q3 2010
 - Coushatta, Louisiana Q3 2010
- Conversion of company trucks (approx 150)
- Calgary and Edmonton Clean City Projects
- East and West Canada Natural Gas Highways
- Colorado Natural Gas Corridor
- Haynesville Clean Development Project

Natural Gas Challenges & Opportunities

- Lower natural gas prices are likely here to stay!
- The natural gas industry must be advocates for increased usage of clean natural gas in North America
 - Expanded use for electricity generation
 - Develop a natural gas for transportation fuel strategy
 - Remove barriers to expanded natural gas usage, and prevent new barriers from being put in place

