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Sundance A Arbitration Award

The Sundance Unit 1 and Unit 2 generating units covered by the Sundance A Power Purchase Arrangement (PPA) have not operated since 2010. TransAlta (Owner) filed for termination of the PPA in February, 2011. TransAlta's claim was disputed by both TransCanada and the Balancing Pool and the matter was submitted to arbitration per the provisions of the PPA.

On Friday July 20th an independent arbitration panel charged with adjudicating the Sundance A dispute issued its ruling. The panel has ruled as follows:

1. TransAlta's termination claim is refused. The PPA is not terminated.
2. The panel has ordered that TransAlta repair the Units and return them to service. It is expected that the Sundance A Units will be returned to service by the third quarter of 2013.
3. TransAlta's Force Majeure claim has been accepted but the panel has only provided TransAlta with Force Majeure relief during the 8 month period immediately prior to the award date and during the repair period. The Balancing Pool is responsible for paying Capacity Payments to TransAlta during the Force Majeure period.

Estimates of the financial impacts of the award have been estimated by both TransAlta and TransCanada and are available on their respective websites at: www.transalta.com and www.transcanada.com

Please direct all related inquiries to Bruce Roberts, Acting CEO at 403 539-5353

